United States Department of the Interior
Office of Aviation Services
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DOI OPERATIONAL PROCEDURES (OPM) MEMORANDUM NO. 13-08

Subject:	Planning, Budgeting and Acquisition of Aircraft Assets
Effective Date:	January 1, 2013
Supersedes:	OPM 11-08 issued on December 19, 2011
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1. PURPOSE. To implement policy and procedures contained in Office of Management and Budget (OMB) Circular A-11, Part 7, Planning, Budgeting and Acquisition of Capital Assets (2007), refer to Appendix 1.

2. SCOPE. This Instruction will cover all Departmental agencies.

3. BACKGROUND. OMB Circular A-11, Part 7 (Appendix 1) prescribes policy and procedures for the planning, budgeting and acquisition of capital assets. A memorandum signed by the Assistant Secretary - Policy, Management and Budget (Appendix 2), outlines the Department's procedures for implementing OMB Circular A-11 and key policy and procedural requirements. This process, under current guidelines from the Department, applies to: (1) construction projects that require funding in more than one fiscal year of $500,000 or more; (2) construction projects with total costs in excess of $10 million; and (3) Information Technology (IT) systems considered to be mission essential. However, these guidelines have now been extended to aircraft.

In June 2006, OMB revised its Capital Programming Guide (Appendix 3), a supplement to OMB Circular No. A-11 Part 7, expanding upon the original concepts from 1997, and specifically included aircraft as a capital asset requiring a formal capital programming process. In OMB Circular A-11, this is defined as an integrated process within an agency for planning, budgeting, procuring, and managing agency's capital assets to achieve agency strategic goals and objectives with the lowest life-cycle cost and least risk. The capital programming requirement will require an OMB Circular A-11, Exhibit 300, a Capital Asset Plan and Business Case.

The General Services Administration (GSA), in coordination with OMB, has published a Draft Aircraft & Vehicle Capital Asset Planning Desk Guide (Life-Cycle Management & Budgeting), dated July 10, 2007 (Appendix 4), to help simplify the Exhibit 300 process, and highlight only the areas required for aircraft.

4. POLICY. In general, the application of policies and procedures outlined in this OPM and its appendices are the responsibility of each bureau within the Department who use or operate aircraft in the performance of their mission. As defined on page 18 of the Draft Aircraft & Vehicle Capital Asset Planning Desk Guide dated July 10, 2007, a capital asset is "equipment (including motor and aircraft fleets)...used by the Federal Government." Exhibit 300 Base-Lining is "required regardless of whether the aircraft/vehicles are secured by means of purchase, lease or through commercial service contract. Additionally, individual or cumulative agency commercial services contracts exceeding 200 hours of aircraft usage per year must be accounted for under A-11, Part 7, Exhibit 300 budget reporting." While an Exhibit 300 will eventually be required for all aircraft used by the Department, this initial policy will only apply to fleet aircraft, and will be phased in for other forms of procurements in future years, including contract, call-when-needed, and rental aircraft, as determined necessary.

A. Exhibit 300 Documents:

1) **Exhibit 300 Base-Line**, OMB Circular No. A-11 Part 7. The Base-Line Exhibit 300 document requires completion of Exhibit 300 Part 1, Sections A-B and Part III. The Base-Line document is required for all fleet aircraft currently owned by the Department. Cost information in Section B must be updated annually, with explanations for variances greater than 10%. Refer to the Exhibit 300 Base-Line Template, Appendix 5.
2) **Aircraft Requirements Analysis,** OMB Circular No. A-11 Part 7. The Aircraft Requirements Analysis is required for all new purchase, refurbishment or replacement. The Requirements Analysis document is the foundation for determining which aircraft will meet the needs of the program(s), by detailing and documenting the current program; mission requirements; any shortfalls; historical and anticipated usage; and metrics that will be employed to determine if the replacement aircraft has met mission objectives. Refer to the Aircraft Requirements Template, Appendix 6.
3) **Business Case Analysis,** OMB Circular No. A-11 Part 7. The Business Case Analysis is required for all new purchase, refurbishment or replacement. The Business Case Analysis document builds on the Requirements Analysis, by documenting the alternatives available to accomplish the previously identified mission requirements and the cost to the program. The recommended alternative should demonstrate the selection of the best option, or mixes of options, to cost effectively meet the mission requirements. Refer to the Business Case Analysis Template, Appendix 7.
4) **Exhibit 300,** OMB Circular No. A-11 Part 7. The comprehensive Exhibit 300 is the final document to be completed and approved for new purchase, refurbishment or replacement. The comprehensive Exhibit 300 is a summary of the information contained in the Needs Requirements and Business Case Analyses, which may be provided to Department management or the OMB, as required or upon request. Cost information in Section B must be updated annually, with explanations for variances greater than 10%. Refer to the Exhibit 300 Template, Appendix 8.

Note: Multiple aircraft may be included in the Exhibit 300 documents for baseline, replacement or new purchase when aircraft are the same make/model and for similar mission requirements. Questions regarding the feasibility of listing multiple aircraft in a document submission should be directed to the OAS Accountant.

B. Existing Fleet Aircraft. Agencies which operate existing aircraft currently in the fleet, and which will not be replaced prior to FY 2010, will be required to complete and submit an Exhibit 300 Baseline for each aircraft no later than September 30, 2010. Refer to Appendix 5 for a template to be used for this purpose, including bureau and DOI approval requirements. Once completed and approved, the final Exhibit 300 Baseline should be submitted to the OAS Accountant.

The Baseline information will need to be updated annually by the bureau and OAS with the actual cost spent for operation and maintenance of the asset and submitted to the OAS Accountant prior to March 31 of the following year. Per the GSA Aircraft & Vehicle Capital Asset planning Desk Guide, *"base-lining involves accomplishing Exhibit 300, Part I, Sections A-B as well as Part III. Parts II and Parts IV of the Exhibit 300 do not apply when you base-line existing aircraft/vehicle assets."*

To facilitate the annual updating/base-lining of existing fleet aircraft, the OAS Accountant will provide the aircraft operations and maintenance data in the individual Baseline documents and disseminate the preloaded templates to the appropriate bureaus each year by February 28. The bureaus will then fill in the required bureau data to complete the annual update and return to the OAS Accountant by March 31. The completed package will be provided by April 30 to the ABOD for their review. Comments or questions can be directed to the OAS Accountant for a response. Refer to the Budget Cycle Timeline, Appendix 9, for a time table to meet these deadlines.

C. New Acquisition and Refurbishment or Replacement of Existing Fleet Aircraft. Agencies requesting an aircraft purchase, refurbishment or replacement beginning in FY 2010, will be required to prepare and submit a comprehensive Exhibit 300. Refurbishment refers to a major maintenance event that extends the useful life of the aircraft and would be considered a capital improvement; not simply an integral part/component of the aircraft that is being replaced or repaired. The package will include three documents which will build upon each other. The template in Appendix 6 should be used as a guide to prepare the Needs Requirements Analysis. The Needs Requirements Analysis should be completed, and approved, prior to beginning the Business Case Analysis to ensure management support of the mission performance and requirements identified. The template in Appendix 7 should be used as a guide to prepare the Business Case Analysis. The Business Case Analysis should be completed, and approved, prior to completing the comprehensive Exhibit 300 to ensure management support of the options identified, and the recommended alternative. The template in Appendix 8 should be used as a guide to prepare the comprehensive Exhibit 300. Specific approvals are required to ensure adequate review, accuracy, and agreement within the Department, prior to moving on to the next step in the process.

1) New purchase, refurbishment, or replacement of aircraft with a total cost <u>less than $2 million</u> and without a request for appropriated funds, requires the following process and approvals.

- **i.** Needs Analysis shall be completed and submitted for approval as outlined in Appendix 6. Once the Needs Analysis has been approved, preparation of the Business Case Analysis can begin.
- **ii.** Business Case Analysis shall be completed and submitted for approval as outlined in Appendix 6. Once the Business Case Analysis has been approved, preparation of the Exhibit 300 can begin.
- **iii.** Exhibit 300 shall be completed and submitted with the Needs Analysis and Business Case for approval as outlined in Appendix 6. Once these documents have been approved, they shall be submitted to the OAS Accountant.

The Exhibit 300 information will need to be updated annually by the agency with the actual cost spent for operation and maintenance of the asset, and submitted to the OAS Accountant prior to March 31 of the following year. To facilitate the annual updating/base-lining of existing fleet aircraft, the OAS Accountant will provide the aircraft operations and maintenance data in the individual Baseline documents and disseminate the preloaded templates to the appropriate bureaus each year by February 28. The bureaus will then fill in the required bureau data to complete the annual update and return to the OAS Accountant by March 31. The completed package will be provided by April 30 to the ABOD for their review. Comments or questions can be directed to the OAS Accountant for a response.

Refer to the Budget Cycle Timeline, Appendix 9, for a time table to meet these deadlines.

2) New purchase, refurbishment, or replacement of aircraft with a cost equal <u>to or greater than $2 million</u>, or requiring a request for appropriated funds, requires the following process and approvals.

- **I.** Needs Analysis shall be completed and submitted for approval as outlined in Appendix 6. Once the Needs Analysis has been approved, preparation of the Business Case Analysis can begin.
- **ii.** Business Case Analysis shall be completed and submitted for approval as outlined in Appendix 6. Once the Business Case Analysis has been approved, preparation of the Exhibit 300 can begin.
- **iii.** Exhibit 300 shall be completed and submitted with the Needs Analysis and Business Case for approval as outlined in Appendix 6. Once these documents have been approved, they shall be submitted to the Asset Management Partnership for certification and recommendation to the Asset Management Team (AMT).
- **iv.** The AMT, as the DOI oversight CPIC team, comprised of senior Departmental officials and bureau Senior Asset Management Officers, will review the request and prioritize investments, making a recommendation to the Management Initiatives Team (MIT).

v. The MIT, as the DOI validating team for the AMT, comprised of Deputy Bureau Directors and Deputy Assistant Secretaries, chaired by the Assistant Secretary for Policy, Management and Budget, will review the request and make a strategic investment recommendation for the Management Excellence Council (MEC).

vi. The MEC, as the DOI validating council for the MIT, comprised of Assistant Secretaries and Bureau heads and chaired by the Secretary and vice-chaired by the Deputy Secretary, will recommend strategic investments for the Secretary's approval, prior to being included in the Department's budget request to OMB.

Once budgetary resources have been approved, procurement of the aircraft will proceed.

The Exhibit 300 information will need to be updated annually by the agency with the actual cost spent for operation and maintenance of the asset, and submitted to the OAS Accountant prior to March 31 of the following year. To facilitate the annual updating/base-lining of existing fleet aircraft, the OAS Accountant will provide the aircraft operations and maintenance data in the individual Baseline documents and disseminate the preloaded templates to the appropriate bureaus each year by February 28. The bureaus will then fill in the required bureau data to complete the annual update and return to the OAS Accountant by March 31. The completed package will be provided by April 30 to the ABOD for their review. Comments or questions can be directed to the OAS Accountant for a response.

Refer to the Budget Cycle Timeline, Appendix 9, for a time table to meet these deadlines.

D. **Capital Planning and Investment Control (CPIC).** The Aviation Board of Directors (ABOD), as an executive level board, shall function as the Bureau Investment Review Board in order to implement portfolio management of aircraft at the bureau level, consistent with the Department's Capital Planning and Investment Control process. The ABOD will be ultimately responsible for:

1) managing and overseeing aircraft investments, to maximize the contribution each investment makes toward mission accomplishment
2) categorize, evaluate, and prioritize aircraft acquisitions when multiple requests are received, based on a full range of current and future drivers and balancing value/risk;
3) seek sound, efficient and effective solutions to aircraft asset needs, and
4) review annual updates of Exhibit 300 information to ensure anticipated results are being achieved.

5. **AUTHORITY**. OMB Circular A-11, Part 7

6. **EXCEPTIONS, LIMITATIONS**. When a conflict with a higher level policy or regulation exists, the higher level policy will take precedence.

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