



Defense Health Agency

ADMINISTRATIVE INSTRUCTION

DHA-AI 4165.02

August 14, 2024

Director-J8

SUBJECT: Classification of Work for Real Property

References: See Enclosure 1

1. PURPOSE. This Defense Health Agency-Administrative Instruction (DHA-AI), based on the authority of References (a) and (b), and in accordance with the guidance of References (c) through (l), establishes the Defense Health Agency's (DHA) procedures for classification of real property facilities work for all Defense Health Program (DHP) funded work within DHA facilities.
2. APPLICABILITY. This DHA-AI applies to the DHA Enterprise (components and activities under the authority, direction, and control of the DHA) to include assigned, attached, allotted, or detailed personnel.
3. POLICY IMPLEMENTATION. It is DHA's instruction, pursuant to References (a), (b), (d) and (l) to implement procedures for the proper classification of real property facilities work for all DHA facilities.
4. RESPONSIBILITIES. See Enclosure 2
5. PROCEDURES. See Enclosure 3
6. PROPONENT AND WAIVERS. The proponent of this publication is the Director, J-8. When Activities are unable to comply with this publication the activity may request a waiver by providing justification that includes a full analysis of the expected benefits and must include a formal review by the activities senior legal officer. The activity director or senior leader will submit the waiver request through their supervisory chain to the insert the Director-J8 to determine if the waiver may be granted by the Director, DHA or their designee.

7. RELEASABILITY. **Cleared for public release.** This DHA-AI is available on the Internet from the Health.mil site at: www.health.mil/DHAPublications and is also available to authorized users from the DHA SharePoint site at: <https://info.health.mil/cos/admin/pubs/DHA%20Publications%20Signed/Forms/AllItems.aspx>

8. EFFECTIVE DATE. This DHA-AI:

a. Is effective upon signature.

b. Will expire 10 years from the date of signature if it has not been reissued or cancelled before this date in accordance with Reference (c).

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ENCLOSURE 1

REFERENCES

- (a) DoD Directive 5136.01, “Assistant Secretary of Defense for Health Affairs (ASD(HA)),” September 30, 2013, as amended
- (b) DoD Directive 5136.13, “Defense Health Agency (DHA),” September 30, 2013, as amended
- (c) DHA-Procedural Instruction 5025.01, “Publication System,” April 1, 2022
- (d) DoD Instruction 6015.17, “Military Health System (MHS) Facilities Portfolio Management,” January 13, 2012, as amended
- (e) United States Code, Title 10, Chapter 169 “Military Construction and Military Family Housing”
- (f) Unified Facilities Criteria UFC 3-701-01 “DoD Facilities Pricing Guide,” March 17, 2022, as amended
- (g) DoD Instruction 4165.56, “Relocatable Facilities,” June 23, 2022
- (h) DoD 7000.14-R, Financial Management Regulation, Volume 2B, Chapter 8, “Facilities Sustainment and Restoration/Modernization,” current edition
- (i) DoD Instruction 4165.03, “Real Property Categorization,” August 24, 2012, as amended
- (j) DHA-Procedural Instruction 4165.01, “Real Property Asset (RPA) Management,” June 22, 2017, as amended
- (k) United States Code, Title 42, Section 11411
- (l) Assistant Secretary of Defense for Energy, Installations, & Environment (ASD(EI&E)) Memorandum, “Military Construction Project Key Stakeholders and Responsibilities,” March 25, 2022¹

¹ This reference is located at: <https://community.max.gov/x/nrK4i> and can only be accessed with an approved Max.gov account.

ENCLOSURE 2

RESPONSIBILITIES

1. DIRECTOR, DHA. The Director, DHA, will:
 - a. Implement policy, guidance, and instructions consistent with References (d) through (l).
 - b. Exercise approval authority for all facilities projects throughout the DHA, including adding and removing any asset to the DHA real property inventory.
 - c. Notify the Congressional Committees on Armed Services and Appropriations of any facilities projects exceeding requisite thresholds in accordance with Reference (e).

2. DIRECTOR – J8, DHA. The Director, J8, will:
 - a. Prepare and submit program and budget requirements for sustainment, restoration, and modernization pursuant to guidance of the ASD(HA) for the DoD Planning, Programming, Budgeting, and Execution process.
 - b. Provide programmatic oversight of the DHA Operation and Maintenance (O&M) appropriations in accordance with instructions issued by the ASD(HA), fiscal guidance issued by the Under Secretary of Defense (Comptroller)/Chief Financial Officer, and applicable law and regulations.

3. CHIEF, DHA-FACILITIES ENTERPRISE (DHA-FE): The Chief, DHA-FE, will:
 - a. Fulfill the necessary planning and design oversight requirements for all DHA facilities including all Military Construction (MILCON) and O&M-funded Sustainment, Restoration, and Modernization (SRM).
 - b. Prepare Congressional notification packages, as required by Reference (e).
 - c. Program, budget, prioritize, and provide oversight of all DHA work funded with the following appropriations as required and in coordination with DHA Financial Operations Branch: MILCON, O&M SRM, O&M Initial Outfitting and Transition, Research, Development, Testing and Evaluation and Procurement.
 - d. Budget, and prioritize O&M SRM. Budget for the medical activity's Facilities Management O&M functions.

e. Provide the appropriate “Owner’s Representative” throughout the project delivery process for all capital investment projects to ensure local user representation and coordination during the integrated project delivery process.

f. Program and execute O&M SRM for all DHA facilities. Depending on the complexity of the operations and capabilities of the local user staff, Chief, DHA-FE may delegate this responsibility, as well as specific authority levels, to the local DHA facility.

g. Review and forward all DHA facility inventory change requests (including inventory increases and reductions) and make recommendations to the DHA Director.

h. Coordinate naming convention proposals, including cost estimates, for DHA facilities and prepare final recommendations for the DHA Director to make a formal request to the relevant Military Department.

4. DIRECTORS, DEFENSE HEALTH NETWORKS (DHNs). The Directors, DHN will coordinate with DHA-FE regarding DHN focused facilities requirements via the DHA-FE Network Facilities Liaison as follows:

a. Use the Network Facilities Liaison as the primary DHN communications contact point for disseminating information between the DHN and DHA-FE.

b. Communicate the DHN’s facilities goals and objectives to the Network Facilities Liaison.

5. DHA ACTIVITY DIRECTORS. DHA Activity Directors must:

a. Ensure requirements are identified, developed, and input into the Defense Medical Logistics Standard Support – Facilities Management Requirements Module for any unfunded liability/deficiency based on work classification requirements as prescribed in Enclosure 3.

b. Facilitate execution of local O&M SRM when responsibility, as well as specific authority levels, are delegated by DHA-FE.

ENCLOSURE 3

PROCEDURES

1. REQUIREMENTS. Classification of real property facilities work is used to apply statutory and regulatory requirements by the appropriation holder. It is the responsibility of the appropriation holder to ensure compliance with applicable appropriation legislation and regulations. For DHP funds, the Secretary of Defense is the appropriation holder. The Secretary of Defense delegated authority prescribed in Reference (e), Sections 2802 (MILCON), 2805 (Unspecified minor construction), and 2811 (Repair) to ASD(HA) per Reference (a) with a further delegation of authority to DHA per paragraph 3.b of Reference (b). DHA work classification authority is further reinforced by ASD(EI&E) Memorandum defining project stakeholder responsibilities in Reference (l).

2. COORDINATION WITH HOST INSTALLATION. Although DHA has work classification authority, the DHA Activities will continue to coordinate their projects with the host installation engineer unit (and other applicable installation officials) via Department of Army Form 4283, Department of Air Force Form 332, or Department of Navy Form TF-1 as appropriate early in the project planning stage for fire compliance, safety compliance, siting approval, National Environmental Policy Act compliance, architectural compatibility, audit readiness compliance, etc.

3. CLASSIFICATION OF WORK. The classifications of work regarding real property are Maintenance, Repair, and Construction.

a. Maintenance. Maintenance is the recurring, day-to-day, periodic, or scheduled work required to preserve real property facilities, systems, or components and prevent premature failure or deterioration, so these may be effectively used for their designated purposes. Maintenance does not change the function of a facility. Maintenance costs are not considered capital improvement regardless of whether the cost equals or exceeds DoD capitalization threshold.

(1) In accordance with Reference (f), paragraph 3-3.1, maintenance activities can include:

(a) Preventive maintenance tasks,

(b) Regularly scheduled adjustments and inspections, including maintenance inspections (e.g., fire sprinkler heads, heating, ventilation, and air conditioning systems) and regulatory inspections (e.g., elevators, bridges).

(2) Maintenance does not involve the replacement of major component parts of a facility. It is the work done to:

- (a) minimize or correct wear; and
- (b) ensure the maximum reliability and useful life of the facility or component

b. Repair.

(1) In accordance with Reference (e), Section 2811, “Repair of Facilities,” a repair project means a project:

(a) to restore a real property facility, system, or component to such a condition that it may effectively be used for its designated functional purpose; or

(b) to convert a real property facility, system or component to a new functional purpose without increasing its external dimensions.

(2) In accordance with Reference (f), paragraph 3-3.1, repair activities can include:

(a) Emergency response and service calls for minor repairs, and

(b) Major repair or replacement of facility components (usually accomplished by contract) that are expected to occur periodically throughout the facility service life.

(3) Projects may be classified as repair under the following scenarios:

(a) Work to add, alter, or replace any real property systems and/or real property components within the external dimensions of an existing facility to meet applicable standards, codes, and functional requirements.

(b) Work that may result in a change of facility code or change in functional purpose, but the work does not result in a change of facility category code unit of measure (*i.e.*, both current use and converted use must possess the same primary unit of measure).

(c) Work to add exterior appurtenances (such as fire escapes, elevators, and handicap ramps) where work is required to meet applicable building codes and standards.

c. Construction.

(1) In accordance with Reference (e), Section 2801, the term “military construction” includes any construction, development, conversion, or extension of any kind carried out with respect to a military installation, whether to satisfy temporary or permanent requirements, or any acquisition of land or construction of a defense access road.

(2) Additionally, a MILCON project includes all military construction work, or any contribution authorized by Section 2801 of Reference (e) necessary to produce a complete and

usable facility or a complete and usable improvement to an existing facility (or to produce such portion of a complete and usable facility or improvement as is specifically authorized by law).

(3) Unspecified Minor MILCON. A minor construction project is a single undertaking at a military installation that includes all construction necessary to produce a complete and useable facility, or a complete and useable improvement to an existing facility and has an approved cost equal to or less than the amount specified by Reference (e), Section 2805 as the maximum amount for Unspecified Minor MILCON project.

(4) Projects will be classified as construction under the following scenarios:

(a) Work to erect, install, or assemble a new facility

(b) Work to add, expand, or extend an existing facility

1. An addition, expansion, or extension is a change that increases the overall physical dimensions of the facility.

2. An alteration is a change to the interior or exterior arrangements of a facility that improves its use for its current purpose.

3. A conversion is a change to the interior or exterior arrangements of a facility that permits its use for a new purpose.

4. A replacement is the complete reconstruction of a facility that has been damaged or destroyed beyond economical repair.

(c) Work to relocate an existing facility

1. A facility may be moved intact or disassembled and later reassembled.

2. Work includes the connection of new utility lines, but excludes the relocation of roads, pavements, or airstrips.

3. Relocation of two or more facilities into a single facility is a single project.

(5) Construction activities may be considered capital improvements if the project extends the life of a facility, enlarges the capacity or footprint, or changes the functional purpose of the facility. The capital improvement may be subject to financial reporting if it exceeds the DoD capitalization threshold.

4. CONCURRENT WORK. A DoD agency can do any of the three classifications of work (construction, maintenance, and/or repair) simultaneously as long as each portion, if done independently, would not be complete and usable without the other portions.

5. RECAPITALIZATION. Recapitalization is major renovation or reconstruction activities (including facility replacements) needed to keep existing facilities modern and relevant in an environment of changing standards and missions. Recapitalization extends the service life of facilities or restores lost service life. It includes restoration and modernization of existing facilities as well as replacement of existing facilities with new. Recapitalization may be classified as either repair or construction depending on the work.

6. DEMOLITION. When demolition of the facility, or portion of the facility, is:

a. combined with a construction project, the demolition to clear the footprint for the new facility should be classified as construction and paid for from the same fund source as the construction project. Per Reference (k), identification and public notification of unutilized or underutilized public buildings and real property are not required for facilities identified for demolition for a MILCON funded project.

b. unrelated to or which does not enable any maintenance, repair, or construction project, such as a project when the extent of deterioration to a facility, or portion of a facility, is such that it can no longer be economically maintained or because the facility is a hazard to the health and safety of personnel, it is not considered to be a class of real property work and paid for from O&M funds.

7. FACILITIES SRM. Reference (h) discusses the use of the DoD Facilities Sustainment Model as a standardized model for forecasting facilities sustainment resource requirements. Facilities SRM is a funding source classification and is not to be confused with “Work Classification.” The individual parts that make up this model are based on the following:

a. Sustainment. Per section 1.5.1 of Reference (h), sustainment means the maintenance and repair activities necessary to keep an inventory of facilities in good working order. It includes regularly scheduled adjustments and inspections, preventive maintenance tasks, and emergency response and service calls for minor repairs. It also includes major repairs or replacement of facility components (usually accomplished by contract) that are expected to occur periodically throughout the life cycle of facilities. This work includes regular roof replacement, refinishing of wall surfaces, repairing and replacement of heating and cooling systems, replacing tile and carpeting, and similar types of work. It does not include environmental compliance costs, facility leases, or other tasks associated with facilities operations (such as custodial services, grounds services, waste disposal, and the provision of central utilities).

b. Restoration. Per section 1.5.2 of Reference (h), restoration means the restoration of real property to such a condition that it may be used for its designated purpose. Restoration includes repair or replacement work to restore facilities damaged by inadequate sustainment, excessive age, natural disaster, fire, accident, or other causes.

c. Modernization. Per section 1.5.3 of Reference (h), modernization means the alteration or replacement of facilities solely to implement new or higher standards, to accommodate new

functions, or to replace building components that typically last more than 50 years (such as the framework or foundation).

GLOSSARY

ABBREVIATIONS AND ACRONYMS

ASD(HA)	Assistant Secretary of Defense for Health Affairs
DHA	Defense Health Agency
DHA-AI	Defense Health Agency-Administrative Instruction
DHA-FE	Defense Health Agency-Facilities Enterprise
DHN	Defense Health Network
DHP	Defense Health Program
DoD	Department of Defense
MILCON	Military Construction
O&M	Operation and Maintenance
SRM	Sustainment, Restoration, and Modernization