



United States Department of the Interior

National Business Center

Aviation Management

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DOI AM OPERATIONAL PROCEDURES MEMORANDUM (OPM) NO. 04-06

Subject: Services Provided, Use Rates, and Payment and Collection Policies

Effective Date: January 1, 2004

Supersedes: OPM No. 03-06 dated January 1, 2003

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.1 Purpose. This OPM identifies services available through the Department of the Interior, Aviation Management (DOI AM) and establishes costs to the using bureau or office for the requested services.

A. Office of the Secretary Appropriation. DOI AM receives a direct appropriation to provide oversight of Department-wide aviation policies and procedures.

B. Working Capital Fund. Most services furnished by DOI AM to ordering and using bureaus are financed through the operation of a Working Capital Fund (revolving fund). The enabling legislation dictates the Working Capital Fund (WCF) must recover all costs of operations. This is normally accomplished through a process of billing for services provided on a direct expense basis (paid to vendor, etc.) plus an appropriate administrative overhead expense on the requested services. For DOI customers, the administrative expense will be paid annually at the bureau level and the DOI AM bills to field users will reflect no additional surcharge amount. For non-DOI customers, the DOI AM will continue to bill on the basis of direct costs, plus the appropriate percentage for administrative overhead expense unless an agreement specifies a different payment plan.

.2 Technical, Safety and Training Services Provided Through the Working Capital Fund. Services currently available to the requesting DOI bureau or office as part of the total aviation support provided by the DOI AM to the Department includes items such as:

A. Aviation Management and User Safety Training. This activity includes aviation use, safety and management training for all DOI employees involved with programs using aviation services. Training ranges from elementary safety through technical programs such as transportation of freight, hazardous materials, rappelling, helitorch, and aviation management courses. The technical programs also include hosting DOI pilot workshops and standardization of DOI pilots employed by various bureaus of the Department.

B. Aviation Safety. This activity includes hazard identification within a proposed or existing aviation operation, policy or procedure; providing DOI (bureau/agency) management a risk assessment of aviation operations as a tool to assist them in developing sound aircraft accident prevention measures within their aviation programs; inspection and evaluation of aviation operations, including maintenance and fueling facilities and hazardous materials transportation by aircraft; investigation of all DOI aircraft mishaps; maintenance and analysis of aircraft accident and incident data; providing recommendations resulting from aviation mishap analysis which is oriented to aircraft accident prevention measures and reduction of personnel injuries or deaths.

C. Transportation Studies. The DOI AM can assist any DOI bureau with a study of the total region, area, or state transportation needs. The result will be a report to management on the most safe, cost effective, and efficient method of meeting transportation needs.

D. Aviation Technical Services. This activity includes flight checking DOI pilots for proficiency; development of technical specifications for aircraft contracting; research of specialized equipment requirements, advisory services with respect to cost/benefit comparisons of various equipment options; and assistance to bureaus in the field with respect to technical operational problems.

.3 Aircraft Services to DOI Bureaus. Bureaus using aircraft, aircraft services and other related services provided by the DOI AM will pay the costs for these services. One of the major benefits of having centralized aircraft procurement is the extensive Management Information System (MIS) available to all offices using the Aircraft Use Report (OAS-2 and OAS-23) flight reporting and payment system. This system can be of great assistance in management decisions based on past data or forecasts for the future. The available services, rate computations, and payment and collection policies are as follows:

A. DOI AM Fleet Aircraft Services.

(1) General Utility Aircraft. General utility aircraft are defined as a fleet of aircraft owned by the Department and operated, and maintained by DOI AM, under operational control of DOI AM, and available on an as-needed basis.

(2) Project Aircraft. Project aircraft are aircraft owned by the Department but crewed by a bureau and assigned to that bureau for exclusive use and operational control for an extended period of time (up to one year). Assignments will be made on the basis of a negotiated written agreement between the DOI AM Associate Director, or the DOI AM Alaska Regional Director and the proper official of the user bureau.

(3) Use Rates. Operation of fleet aircraft will be charged to a user bureau by a flight-hour and monthly use rate. These use rates are established so that DOI AM may recover costs of operating the aircraft, including scheduled and unscheduled maintenance; time between overhaul (TBO) maintenance reserves; accident/incident reserves; fuel; and aircraft depreciation/replacement/refurbishing reserves. When a general utility aircraft is needed by a using bureau, a request must be made to the appropriate DOI AM Flight Coordination Center (FCC). The use rates are available by contacting FCC. Orders must be accompanied by the user bureau's Agency Order Number. The aircraft owned by the Department in the contiguous 48 states will normally be handled as Project Aircraft.

(4) Loss or Damage to Aircraft. DOI AM assumes responsibility for loss or damage to aircraft when crewed by DOI AM pilots or by DOI AM-approved bureau pilots, unless other specific arrangements are addressed in the above mentioned annual agreement. While DOI AM assumes costs for loss or damage to the aircraft, liability is limited to the blue book value at the time of the accident, plus retrieval cost. The user assumes any third-party liability that may arise from the operation of the aircraft.

B. Contract Services.

(1) Definition. Contract services include the procurement of aircraft, aircraft components and accessories, aircraft maintenance and commercial aviation services by formal contract in accordance with 353 DM 1.

(2) Funding. DOI bureaus will pay for these services through the WCF Centralized Billing process.

(3) Additional Charges. Contract services or the purchase of fleet aircraft that require extensive travel or per diem by DOI AM employees may result in additional bureau charge for travel and per diem only. No additional charges for labor shall apply. Reimbursements of this type shall be coordinated and agreed upon by the bureau and DOI AM in advance using a special reimbursable agreement.

C. DOI AM Aircraft Rental System Services and Charters. Services include arrangement of commercial aviation services through the DOI AM aircraft rental system using Aircraft Rental Agreements (ARAs) in accordance with 353 DM 2. Orders for commercial aviation services may either be placed through an DOI AM Flight Coordination Center or by a bureau representative holding appropriate authority within the bureau to place orders against the DOI AM agreement.

(1) Definition. Aircraft rental services include charters and other aircraft usage of a relatively short duration covered by an ordering agreement; i.e., one trip, one job, etc.; and which are obtained at an estimated cost not to exceed the open-market limitation.

(2) Funding. DOI bureaus will pay for these through the WCF Centralized Billing process.

(3) Aircraft Services Procurement Ratification. If a system user orders aircraft services from a commercial vendor or aircraft not on the current DOI AM source list, or otherwise available under an DOI AM procurement document, a Ratification of Unauthorized Commitment must be prepared before the vendor can be paid by DOI AM. Ratification is costly; it requires an extensive documentation, justification and approval process, the costs of which are not anticipated in DOI AM overhead rates. When ratification is required, the ordering office shall be responsible for furnishing a written justification explaining the circumstances leading to the unauthorized commitment and actions being taken to preclude reoccurrence. The DOI AM procurement staff will review

the justification and, when justified, prepare a ratification statement for approval by the Associate Director-DOI AM in accordance with Federal Acquisition Regulations. When DOI AM pays for such ratified commitments, DOI AM will bill the bureau for the flight services, and if warranted, charge the bureau, on the same billing, an additional \$1000 to cover ratification expenses incurred.

D. Miscellaneous Services. Other aviation related services not identified in A, B, or C above will be identified as Miscellaneous Services.

(1) Definition. These services will include Open Market and small purchase transactions, personnel support, pilot training, etc.

(a) Open market services include purchase transactions accomplished by DOI AM on behalf of the requesting bureau or office for aviation-related items or support, such as, purchase order procured aircraft components and accessories, fuel, aircraft crew field accommodations, etc.

(b) Personnel support services includes additional personnel support on aircraft-related projects, etc., which are furnished by DOI AM upon request by a bureau. Such services will be subject to DOI AM staffing and operational limitations.

(2) Administrative Surcharge. The charges for these services will be negotiated with the requesting bureau and set forth in a written agreement, signed by both parties, prior to the performance of the requested service.

.4 Services to Agencies Outside Department of the Interior. Services provided to non-DOI agencies will be subject to staffing and operational limitations with priority given to bureaus within DOI.

A. DOI AM Fleet Aircraft Services. Aircraft owned by the Department may be made available to agencies outside DOI at rates negotiated with the requesting organization, the current DOI bureau to which the aircraft is assigned, and DOI AM.

B. Contract Services.

(1) Commercial aviation services will be provided to agencies outside DOI based upon the direct contract costs, plus a percentage administrative expense determined by the annual estimated contract price of each aircraft calculated separately. The non-DOI user service charge schedule is outlined as follows:

<u>Cost Per Individual Aircraft</u>	<u>Percentage</u>
\$ 0 - 250,000	11%
\$ 250,001 - 500,000	9%
\$ 500,001 - 1,500,000	7%
\$1,500,001 and above	6%

(a) Aviation services procured through competitive negotiation, at the request of the user agency, require substantial effort and expense over and above that required by the regular sealed bid process. The extra travel and per diem costs incurred in this negotiation process will be charged to the requesting organization, in addition to the above published administrative overhead percentage.

(b) Non-DOI users of DOI AM contractually procured commercial aviation services receive many of the same related DOI AM services as do DOI agencies such as routine contracting staff effort in the procurement, similar vendor payment, user billings, and Management Information System output. Also, the percentage for administrative expenses covers certain other items which are available to DOI users such as technical specifications preparation or amendments for the contracts, one-day user aviation safety training for field crews using the aviation equipment, and technical inspection of vendors, equipment and pilots.

(c) Additional safety training, requested safety surveys or evaluation, excessive accident investigation costs (e.g., aircraft retrieval or engine tear down analysis expenses), extraordinary management training sessions, etc., are not included in the percentage administration expense and, therefore, must be arranged to be handled as reimbursable services as identified in .3D, Miscellaneous Services.

(2) Aircraft Purchases. Services related to the acquisition of aircraft may be provided to non-DOI bureaus at a service charge of 6% with an upper limit negotiated with the requesting organization. This rate will apply to the purchase price of the aircraft, as well as to any components and accessories not purchased on the same contract as the aircraft. When an acquisition involves used equipment or price negotiation where extensive travel is required, travel and per diem will be charged in addition to the 6% service charge.

C. Aircraft Rental Services. These services will be provided in accordance with paragraph .3C of this OPM. The use rate for non-DOI users is actual costs paid to the vendor plus a 14% DOI AM administrative overhead expense.

D. Miscellaneous Services. Additional aviation service available through DOI AM will be provided to agencies outside DOI on a direct-cost-plus-14% administrative expense. In special cases this administrative expense may be negotiated lower prior to the performance of the requested service, if agreed to by both parties.

.5 Billing Policy. DOI AM will bill the using bureau or office through the user-entered DOI AM assigned Billee Code in the appropriate location on the Aircraft Use Report (Form OAS-2 or OAS-23). The complete and accurate completion of the Aircraft Use Report is very important to allow DOI AM to prepare complete and accurate payments to vendors and bills to users. An Aircraft Use Report should include user bureau or office accounting or charge code in the "Other Agency Information" block. Aircraft services provided by DOI AM for the specific use of the original requesting federal bureau may, however, be used by a secondary federal bureau, as well as other users outside the Federal Government, provided permission is given by the original requesting bureau and the secondary user has an assigned Billee Code. All charges for such secondary service furnished by DOI AM will be billed to and recovered from the original bureau if the secondary user refuses to pay for the services provided. Any discounts derived from DOI AM's prompt payments to contract or rental operators will be passed on to the user agencies. Any Prompt Payment Act interest penalty incurred due to user agency actions, i.e., paperwork delayed by using or benefiting bureau will be billed to that using organization along with the appropriate aircraft service costs.

.6 Billing Procedures. DOI AM uses the Department of the Treasury Intra-governmental Payments and Collection (IPAC) system to recover the cost of services provided. Each 15 days a "Detail of Charges" printout will be provided to each using office for all DOI/AM fleet, contract, and rental (ARA) aircraft services, as well as DOI AM fuel charges. "Miscellaneous Services Detail of Charges" printout is issued at the end of each month. These printouts will include flight dates, flight hours, etc., with the cost for each item and flight reflected. The "Detail of Charges" will state in the lower left corner when these charges will be collected through the IPAC system from the user's finance office. On the stated IPAC collection date, DOI AM will provide the appropriate finance office with a summary of all charges supported by the appropriate "Detail of Charges" printouts.

.7 Payment of Bills. User bureaus or organizations outside the IPAC system are expected to pay all DOI AM bills (Form DI-1040 or SF-1080) in full within 15 days of receipt by the user in accordance with GAO Policy and Procedures Manual for Guidance of Federal Agencies, Title 7, Chapter 2.

Billings to non-Federal customers will be subject to the appropriate debt collection rules and regulations, which include interest and penalties on delinquent bills. If there are any questions regarding a bill, users should contact Financial and Information Management, 300 E. Mallard Drive, Ste. 200, Boise, ID 83706-3991, telephone 208-433-5033 or 5038.

/s/ Michael A. Martin

Associate Director