



COMDTINST 5240.12

FEB 22, 2007

COMMANDANT INSTRUCTION 5240.12

Subj: INDUSTRIAL RECAPITALIZATION FUNDING AND SUBMISSION PROCESS

1. PURPOSE. This Instruction promulgates and establishes the policy and procedure for the Integrated Support Command (ISC) recapitalization of equipment used for intermediate and depot level maintenance performed on Coast Guard assets as a service within the Industrial Division.
2. ACTION. Area and district commanders, commanders of maintenance and logistics commands, commanding officers of headquarters units, assistant commandants for directorates, Judge Advocate General, and special staff offices at headquarters shall provide widest dissemination. Internet release authorized.
3. DIRECTIVES AFFECTED. None.
4. DISCUSSION. Recent changes to the Financial Resource Management Manual (FRMM) necessitated action to identify a funding source specifically for ISC Industrial Divisions. Formerly, each ISC Industrial would fund capital upgrades or replacement equipment independently through three sources: 1) their AFC30, 2) annual AFC43 sponsored Planned Obligation Priorities (POP) boards, and 3) local fall-out spending resources. Procurement of equipment using other AFCs must be done in accordance with the FRMM. Although these avenues are still available, ISC Industrials' primary funding source for recapitalization is AFC36. These funds were initialized in FY07 and shall be centrally managed by CG-441 per the Industrial Recapitalization Process guidance (enclosure 1).
5. ELIGIBILITY CRITERIA. All Integrated Support Commands with Industrial Divisions and employees (active duty, reserve, or civilian personnel) engaged in intermediate/depot-level maintenance are eligible to compete for this funding to recapitalize their machinery and equipment.

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6. SELECTION CRITERIA. Packages will compete directly with other submittals and be considered using the following criteria:
  - a. Equipment must support current business lines. Exceptions are permitted with documentation (business case analysis) which demonstrates effectiveness of new business line.
  - b. Personnel must be trained, or have the ability to be trained, on the equipment (funding for training shall not be included in request).
  - c. Equipment must be compliant with local Occupational Safety & Health Administration (OSHA) and Environmental Protection Agency (EPA) regulations.
7. SELECTION PROCESS. The Industrial Program Manager in the Logistics Program and Industrial Management Division (CG-441) shall review all submissions. The general guidelines for the selection committee include:
  - a. The committee shall meet within 90 days of the new fiscal year with the objective to initiate execution of the entire annual funding allotment.
  - b. The committee will be chaired by the Headquarters Industrial Program Manager (CG-441) and will include the Industrial Program Managers at MLCPAC and MLCLANT.
  - c. The committee shall use the criteria in paragraph 6 to evaluate packages.
  - d. The committee shall select and prioritize the equipment to be funded. There is no limitation to how many requests a unit may submit. The limiting constraint to the number of eligible pieces of equipment that may be funded is the annual budget allotment.
  - e. CG-42, CG-43, CG-45, and CG-48 will be provided with a copy of the prioritized plan and asked for comments before this plan is executed. These offices would also be involved if additional funding will be required and/or requested.
  - f. The Industrial Program Manager shall initiate, via CG-483, a Funds Transfer Authorization (FTA) to the selected units in order for the unit to procure the specific piece(s) of equipment.
  - g. Should the estimated amount exceed local Comptroller contracting warrant authorization, the unit should route the approved Procurement Request and all supporting documentation to the MLC Program Manager for further processing within the MLC
  - h. Completed procurement documents, including receiving report, shall be submitted to the Industrial Program Manager (CG-441) upon receipt of the equipment for program recording purposes.
  - i. The committee shall provide constructive feedback on all submissions.
8. ENVIRONMENTAL ASPECT AND IMPACT CONSIDERATIONS. Environmental considerations were examined and incorporated.

9. FORMS/REPORTS. The form called for in this Manual is available in USCG Electronic Forms on the Standard Workstation or on the Internet:  
<http://www.uscg.mil/ccs/cit/cim/forms1/welcome.htm> or Intranet:  
<http://cgweb2.comdt.uscg.mil/CGFORMS/Welcome.htm>.

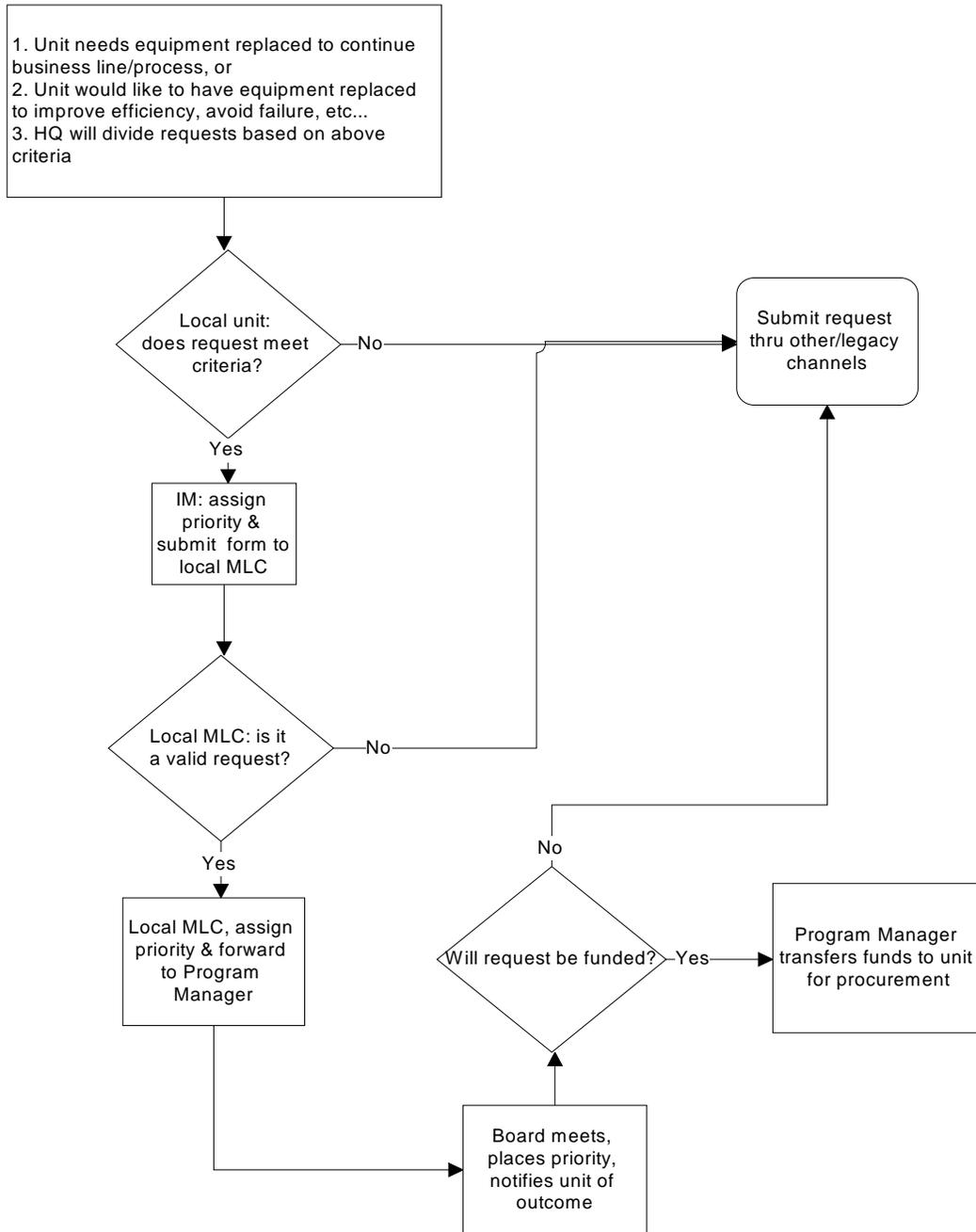
D. G. GABEL /s/  
Rear Admiral, U. S. Coast Guard  
Assistant Commandant for Engineering and Logistics

Encl: (1) Industrial Recapitalization Process & Flowchart  
(2) Industrial Equipment Recapitalization Submission form CG-5240A

## **Industrial Recapitalization Process**

- 1. Criteria for submittal of an Industrial Equipment Recapitalization Form (sample attached): Must meet all of the following:**
  - a. Equipment repair cost must exceed 50% of actual replacement cost, or cumulative repair cost must exceed 75% of actual replacement cost within a 15 year cycle.
  - b. Existing equipment must be on the Industrial's unit allowance list/property list, or justification for new equipment and/or business line presented to and approved by regional Industrial Program Manager.
  - c. Replacement equipment cost per piece must exceed \$5,000 and be less than \$300,000
  
- 2. Information inflows for determining suitability of request:**
  - a. All of the criteria must be met for request to be considered by the board.
  - b. Quality, Environmental, Safety, and Code Compliance condition.
  
- 3. Process:**
  - a. See attached flowchart.
  - b. Industrial Manager shall submit Industrial Equipment Recapitalization Form, provide a unit assessed priority ranking if submitting more than one request.
  - c. Requesting unit must provide:
    - (1) Copy of property list
    - (2) Bids/PR, quotes for requested equipment (ready to execute)
    - (3) Justification for request
  - d. Regional MLC Industrial Program Manager will review, validate, provide priority ranking, and forward to HQ Industrial Program Manager.
  - e. Board at HQ will determine priority of submittals based on criteria & mission criticality and available funding.
  
- 4. Miscellaneous:**
  - a. Requests meeting the criteria shall take priority. Requests not meeting criteria shall be rejected.
  - b. The Program Manager and the selection board may change/alter the criteria at any time.
  - c. The purchase shall be executed immediately upon receipt of funds. This allows extra/unused funds to be dispersed to other requests.
  - d. The source of funds for the centralized Industrial Recapitalization account is limited. Like most budgets, initial analysis has shown that funding will not be available to recapitalization all ISC industrial equipment in need and the industrial program will be focused on the ISC industrial equipment in most immediate need. Any unfunded remaining needs can and should be pursued through other local funding channels and executed in accordance with FRMM guidance. Any questions should be directed to the program manager in CG-441.

## Industrial Recapitalization Flow Chart



U.S. DEPARTMENT OF HOMELAND SECURITY U.S. COAST GUARD CG-5240A	<b>INDUSTRIAL RECAPITALIZATION REQUEST FORM</b> (Instructions on Page 2)		1. REQUEST NUMBER
2. INDUSTRIAL SERVICE ACTIVITY		3. PROPERTY NUMBER (if existing)	4. DATE SUBMITTED
5. EQUIPMENT INFORMATION (make, model, etc)		6. EQUIPMENT UTILIZATION (business line)	
7. CURRENT CONDITION OF EQUIPMENT (if existing)		8. EQUIPMENT SPECIFICATIONS (type, size, etc)	
9. JUSTIFICATION FOR EQUIPMENT REPLACEMENT / ACQUISITION			
10. IMPACT TO OPERATION		11. SAFETY PROBLEMS/CONCERNS	
12. UPGRADE EXISTING EQUIPMENT OR REPLACEMENT OF FAILED OR AGING EQUIPMENT		13. DISCREPS ON FILE/REPAIR COSTS ASSOCIATED WITH UPKEEP OF EQUIPMENT	
14. EQUIPMENT ORIGINAL COST		15. EQUIPMENT REPLACEMENT COST	
16. PRIORITY	17. DATE REQUIRED	18. INDUSTRIAL MANAGER SIGNATURE AND DATE SIGNED	
19. ITEM APPROVED/DISAPPROVED ( <i>Circle one</i> ), <b>INCLUDE REMARKS</b>		19a. MLC LANT/PAC ( <i>Circle one</i> )	
		19b. MLC SIGNATURE AND DATE SIGNED	
20. HQ Program Manager ITEM APPROVED/DISAPPROVED ( <i>Circle one</i> ) APPROVAL DATE _____  FTA/PO Date _____		20a. REASON FOR DISAPPROVAL ( <i>HQ Program Manager</i> )	
		20b. SIGNATURE ( <i>HQ Program Manager</i> )	

PREVIOUS EDITIONS ARE OBSOLETE

## INSTRUCTIONS FOR CG-5240A

- ITEM 1            Enter a two part serial number composed of the last two digits of the calendar year and the consecutive item number for requests prepared during that year. For example, the number 80 – 103 would represent the one hundred and third IRRF (Industrial Recapitalization Request Form) prepared by the unit in calendar year 1980.
- ITEM 2            Include OPFAC and Location.
- ITEM 3            List the Number that is located on your Property list for the particular piece of equipment you are trying to replace.
- ITEM 4            Self explanatory.
- ITEM 5            Model Number, Serial Number, Manufacturer.
- ITEM 6            List what the equipment is actually utilized for; (example: Shear for metal shop projects; Crane for weight handling, Lathe for propeller shafts and machine shop operations etc.
- ITEM 7            Provide a brief description of the situation. The item is beyond service life, broken, seized or excessively worn, doesn't support the mission etc...
- ITEM 8            List accurate specifications such as 50-Ton Crane, 48 inch sheer, 8 ft horizontal lathe, etc
- ITEM 9            This is a detailed description of why the equipment requires replacement, It must be complete and descriptive enough to accurately identify the reasons you need a new piece of equipment (This is your chance to explain in detail why this equipment requires replacement).
- ITEM 10           Give specific examples of how your facility or operation will be affected if the equipment is not replaced.
- ITEM 11           List any safety related concerns or problems associated with the equipment; i.e.; Crane is tagged out due to severe wear in the pedestal bearing and lifting cylinders, lathe is missing all safety switches or guards etc
- ITEM 12           Self-explanatory.
- ITEM 13           List all Discreps on file or accumulative repair costs associated with the piece of equipment you are trying to replace.
- ITEM 14           List the original purchase price of the equipment.
- ITEM 15           List the Replacement cost of the equipment.
- ITEM 16           Enter one of the following priorities.
- 1 – URGENT – Items required to maintain production capability or involve personnel safety
- 2 – NECESSARY – Items required to assure continued production capability.
- 3 – DESIRABLE – Items that improve the efficiency of the production schedule or are required due to a new business line. May be postponed without affecting production schedule, reliability or safety.
- ITEM 17-20       Self explanatory.

<b>U.S. DEPARTMENT OF HOMELAND SECURITY U.S. COAST GUARD CG-5240A</b>	<b>INDUSTRIAL RECAPITALIZATION REQUEST FORM</b> <i>(Continuation Sheet)</i>	1. REQUEST NUMBER
2. INDUSTRIAL SERVICE ACTIVITY		3. PROPERTY NUMBER (if existing)
9. JUSTIFICATION FOR EQUIPMENT REPLACEMENT / ACQUISITION		