



MANPOWER AND
RESERVE AFFAIRS

OFFICE OF THE ASSISTANT SECRETARY OF WAR
1500 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-1500

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY (IEE)
ASSISTANT SECRETARY OF THE NAVY (EIE)
ASSISTANT SECRETARY OF THE AIR FORCE (IEE)
CHIEF OF STAFF, DEFENSE COMMISSARY AGENCY

SUBJECT: Fiscal Year 2027 Commissary Surcharge, Nonappropriated Fund, and Privately Financed Construction Program

The Department of War Components' submissions for the Fiscal Year 2027 Commissary Surcharge, Nonappropriated Fund, and Privately Financed Construction Program are due by Friday, May 15, 2026. The documents must be delivered electronically via <https://safe.apps.mil>. To connect, users must select either their SIGNATURE certificate, issued by the DoD email Certificate Authority, or their AUTHENTICATION PIV certificate from the DOD Identifier Certificate Authority.

A complete FY 2027 program submission includes seven reporting elements: (1) an executive summary, (2) an individual project narrative for each major construction project, (3) a program workbook, (4) a 5-year recapitalization summary, (5) an initial post-occupancy review on completed projects, (6) a cost assessment and program evaluation report, and (7) any cost or scope change re-reports.

In addition to any required narratives, the Component completes the workbook template (TAB A-1) and maintains the remaining reporting requirements from DoDI 7700.18, "Commissary Surcharge, Nonappropriated Fund (NAF), and Privately Financed Construction Reporting Procedures," on file. Although these documents are not part of the initial submission, the Component must be prepared to provide them upon request during the review and approval process. It is also required that all financial information in the submitted documents and briefings uses net income/loss, not net income before depreciation.

Each Category C activity project must meet one of two criteria. The project must either be essential for sustaining a financially healthy Category C program that already generates a positive net income, or it must deliver a significant return on investment. This return on investment is required to either convert an unprofitable activity to a profitable one or to increase the net income generated to better support other MWR programs..

For each Category C major construction project submitted for approval, the component will provide comprehensive supporting documentation. The submission must include a five-year projected net income for the facility, ensuring the figure represents net income, not net income before depreciation; for fact-of-life projects, the submission must provide net income data for the MWR activity it supports. The project validation assessment must document the installation's

assigned population and all prospective customers. Furthermore, the Component must detail the net income and capital purchase expenses from the previous five-year period, breaking down these expenses into amortization (if applicable), furniture, fixtures and equipment (FFE) depreciation, and both locally and centrally funded facility depreciation. Finally, the submission must report the replacement costs for all fully depreciated capital items, including FFE and facilities, that remain in service.

The five-year recapitalization summary must detail the planning and programming assumptions used to determine requirements. It must also propose courses of action for addressing any resourcing shortfalls. Furthermore, the Service will present its plan to address the recapitalization of MWR activities that have incurred a sustained net loss over the last five years.

To fulfill the post-occupancy review requirement (TAB B), the submitting Component will provide an analysis for all major construction projects completed in FY 2022. This review must evaluate the facility's design, equipment requirements, building layout, and its financial and operational performance against the original projections and programming expectations, including all lessons learned. The review focuses on FY 2022 projects, as they have been operational for three years, which allows for the capture of complete data. The submission must also highlight any FY 2022 projects deferred to the next review cycle and include any deferred analyses from FY 2021 or earlier.

DoD Components are required to provide program briefings for the FY 2027 program. These briefings must address each major construction project, including all privately financed projects; significant changes to the management, administration, and funding of the construction program; the overall capital investment goals; the specific goals for major and minor construction; the five-year recapitalization summary; and a summary of post-occupancy reviews. The briefings are scheduled for the June/July 2026 timeframe.

My point of contact is Mr. Troy Milburn (troy.l.milburn3.civ@mail.mil).

A handwritten signature in black ink, enclosed in a hand-drawn oval. The signature is stylized and appears to read 'G. Garrison'.

Glenn T. Garrison
Director, MWR and Resale Policy
(Military Community and Family Policy)

Attachments:

- TAB A – FY2027 Construction Workbook template
- TAB B – FY2027 Post Occupancy Review template
- TAB C – FY2027 Project Documentation template
- TAB D – FY2027 Project Certification template
- TAB E – FY2027 Cost/Scope change template
- TAB F – CAPE cost example