



UNDER SECRETARY OF DEFENSE  
1100 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1100

COMPTROLLER

MAY - 8 2014

The Honorable John Culberson  
Chairman  
Subcommittee on Military Construction,  
Veterans Affairs, and Related Agencies  
Committee on Appropriations  
U.S. House of Representatives  
Washington, DC 20515

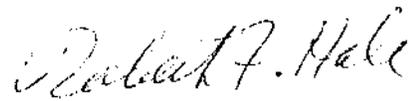
Dear Mr. Chairman:

The purpose of this letter is to notify the committee of the proposed reprogramming of funds for the projects and amounts shown below. A detailed justification is enclosed.

<u>#</u>	<u>Service/Agency/Installation</u>	<u>Project</u>	<u>Program</u>	<u>Request(\$)</u>
<u>Navy</u>				
1	Tinker Air Force Base, Oklahoma	E-6B Hangar	2014	5,626,000
<u>Defense Logistics Agency</u>				
2	Marine Corps Air Station Yuma, Arizona	Replace Truck Unload Facility	2013	400,000
<u>Department of Defense Education Agency</u>				
3	Kadena Air Base, Japan	Replace Elementary School	2013	15,800,000
<u>Army National Guard</u>				
4	Fort Irwin, California	Maneuver Area Training and Equipment Site, Phase III	2013	7,612,000
5	Hinesville, Georgia	Maneuver Area Training and Equipment Site, Phase 1	2012	2,331,000
<u>Army Reserve</u>				
6	Fort Hunter Liggett, California	Operational Readiness Training Complex (ORTC)	2013	5,975,000

A similar letter is being sent to the Chairman of the Senate Subcommittee on Military Construction, Veterans Affairs, and Related Agencies. Additional details will be provided separately. Thank you for your continued support of DoD programs.

Sincerely,

A handwritten signature in black ink that reads "Robert F. Hale". The signature is written in a cursive style with a large initial 'R'.

Robert F. Hale

Enclosure:  
As stated

cc:  
The Honorable Sanford D. Bishop, Jr.  
Ranking Member



UNDER SECRETARY OF DEFENSE

1100 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1100

COMPTROLLER

MAY - 8 2014

The Honorable Tim Johnson  
Chairman  
Subcommittee on Military Construction,  
Veterans Affairs, and Related Agencies  
Committee on Appropriations  
United States Senate  
Washington, DC 20510

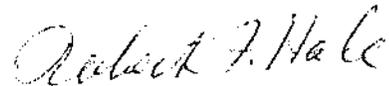
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Robert F. Hale

Enclosure:  
As stated

cc:  
The Honorable Mark Kirk  
Ranking Member

Bid Expiration: July 6, 2014  
Military Construction, Navy  
Reprogramming Request

Installation: Tinker Air Force Base, Oklahoma  
Project: E-6B Hangar (P-136)  
Authorization: National Defense Authorization Act for Fiscal Year (FY) 2014,  
Public Law 113-66

Estimated Cost (\$000):

Previously Appropriated	14,144
Previously Reprogrammed (Prior Approval)	-
Requested Reprogramming	5,626
Total Estimated Cost	19,770

Description: This project will construct an aircraft maintenance hangar, aircraft parking apron and vehicle parking in support of the E-6B aircraft squadron. The hangar will be steel frame construction with standing seam metal roof. Built in equipment includes entrance door and a bridge crane. Site work includes utilities, site preparation and special foundation features.

Justification: During design development, the project cost increased due to longer than originally estimated operational interruptions to construction activities, equipment costs, fire protection requirement and soil removal.

The construction requires phasing (i.e. interruptions to work activities) in order to minimize impacts to aircraft maintenance and airfield operations. Maintenance operations inside the hangar require more costly utility systems than planned to support heavy metals processing. Analysis of existing water supply and fire protection systems have resulted in the need for additional backup fire pumps. The utility connection point originally planned for potable water has to be extended to an alternate existing pipe that was in satisfactory condition, since service lines closer to the project site have deteriorated beyond repair and will not satisfy the requirement. The expansive clay soil under the building has to be removed and disposed offsite to comply with Federal, State and local environmental requirements, thus adding to the cost.

Cost mitigations have been investigated and incorporated; however, additional cost reductions could not be found resulting in a required cost increase of \$5,626,000 for this project. Without this reprogramming, the aging E-6B aircraft will not be available to meet U.S. Strategic Command mission requirements to provide command and control of strategic weapons to the National Command Authority at a moment's notice. Instead, the

aircraft will have to be diverted from Tinker AFB to other locations for depot level maintenance, increasing both aircraft downtime and degradation of mission readiness.

A Title 10 USC §2853 notification was submitted to Congress on March 6, 2014.

Source of Funds: Bid savings on the following projects will fund this requirement.

(Dollars in Thousands)

<u>Location/Project</u>	<u>Fiscal Year</u>	<u>Amount Appropriated</u> <sup>1/</sup>	<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
Camp Lejeune, NC Consolidated Infotech/ Telecom Complex, Hadnot Point (P-1311)	2010	38,078	33,458	4,617
Camp Lejeune, NC Bachelor Enlisted Quarters, Wallace Creek (P-1196)	2010	37,587	32,880	1,009
Total:				5,626

<sup>1/</sup> Reflects FY 2013 sequestration reductions

Bid Expiration Date: N/A  
 Military Construction, Defense-Wide (Defense Logistics Agency)  
 Reprogramming Request

Installation: Marine Corps Air Station (MCAS) Yuma, Arizona  
Project: Replace Truck Unload Facility  
Authorization: National Defense Authorization Act for Fiscal Year (FY) 2013,  
 Public Law 112-239

Estimated Cost (\$000):

Previously Appropriated*	1,299
Sequestration Reduction	<u>-100</u>
Revised Appropriated Amount	1,199
Previous Reprogrammed (Below Threshold)	254
Requested Reprogramming	<u>400</u>
Total Estimated Cost	1,853

*\*Reflects Section 3001 and 3004 rescissions in P.L. 113-6*

Description: This project constructs a 600-gallon-per minute five-position fuel unload facility. It provides secondary containment and overflow provisions for the loading facility in support of the MCAS training mission at Yuma. There is no change to the original scope of this project.

Justification: Based on a competitive bid, an additional \$400 thousand is needed to complete this project. The project was awarded on August 13, 2013. The cost increase is associated with providing updated remote spill containment capability. In addition, the sequestration reduction applied to this project has contributed to the need for a prior approval reprogramming action. The reduction had a detrimental impact on the ability to provide a complete, functionally adequate, and usable facility that meets mission requirements.

A Title 10 USC §2853 notification was submitted to Congress on February 26, 2014.

Source of Funds: Bid savings from the following project are available to fund this requirement.

(Dollars in Thousands)

<u>Location/Project</u>	<u>Fiscal Year</u>	<u>Amount Appropriated*</u>	<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
Eielson AFB, AK Upgrade Rail Line	2012	14,677	13,717	400
Total:				400

*\*Reflects reduction associated with the FY 2013 sequestration order.*

Bid Expiration Date: June 14, 2014  
Military Construction, Defense-Wide (DOD Education Activity)  
Reprogramming Request

Installation: Kadena Air Base, Japan  
Project: Replace Elementary School  
Authorization: National Defense Authorization Act for Fiscal Year (FY) 2013,  
Public Law 112-239

Estimated Cost (\$000):

Previously Appropriated*	71,677
Sequestration Reduction	<u>-5,533</u>
Revised Appropriated Amount	66,144
Requested Reprogramming	<u>15,800</u>
Total Estimated Cost	81,944

*\*Reflects section 2001 and 3004 in P.L. 113-6*

Description: (There is no change to the original scope.) This project will construct a new 194,692 square foot two story elementary school to replace the existing elementary schools that are currently in poor/failing condition. The project will include neighborhoods containing learning studios, learning hubs, group learning/virtual learning, one-to-one teaching spaces, staff planning/collaboration areas and instructional storage; administration areas, miscellaneous offices, guidance counseling center, special education offices, professional development center, health services, flexible labs, art and music rooms, commons, information center, theater/auditorium, gym, food service/kitchen, recycling center, janitorial administration, maintenance support, school supply/storage, technology service center, and other required areas for a fully functioning school. The project includes related infrastructure to include site utilities and site improvements.

Justification: Based on competitive bids received to date, an additional \$15.8 million is needed to award this project and provide for a complete and usable facility that meets mission requirements. The additional funds needed are primarily due to the volatile construction climate in Japan resulting from a wide variety of factors and effects including: natural disasters (the Great Tohoku Earthquake and resultant tsunami); Japanese government policies, economic stimulus, and reform; future planned developments (2020 Tokyo Olympic Games); and supply and demand of labor and materials, which has added costs to the project in the following categories:

- Labor cost (\$6.0M)
- Material cost(\$2.5M)
- Equipment cost (\$0.5M)
- Subcontractor markups (\$2.3M)

- Prime contractor markup (\$4.5M)

In addition, the sequestration reduction applied to this project has contributed to the need for a prior approval reprogramming action. The sequestration reduction had a detrimental impact on the ability to provide a complete, functionally adequate, and usable facility.

A Title 10 USC §2853 notification was submitted to Congress on March 19, 2014.

Source of Funds: Savings from the following projects are available to fund this requirement.

<u>(Dollars in Thousands)</u>				
<u>Location/Project</u>	<u>Fiscal Year</u>	<u>Amount Appropriated*</u>	<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
Osan AB, KR Replace Osan ES	2013	39,344	32,900	6,444
Fort Campbell, KY Replace Barkley ES	2013	45,178	44,304	800
NSF Dahlgren, VA Addition Dahlgren E/MS	2012	1,835	0	1,835
Yokota AB, JA Replace Temp Building, Joan K. Mendel ES	2012	12,084	10,832	634
Fort Bragg, NC Replace McNair ES	2011	22,620	20,085	613
Boeblingen, GE Replace Boeblingen HS	2011	48,657	44,658	3,999
Boeblingen, GE Replace Boeblingen ES	2010	49,789	48,019	1,475
Total:				15,800

*\*Reflects reductions associated with the FY 2013 sequestration order.*

Bid Expiration Date: July 18, 2014  
Military Construction, Army National Guard  
Reprogramming Request

Installation: Fort Irwin, California  
Project: Maneuver Area Training and Equipment Site, Phase III  
Authorization: National Defense Authorization Act, Fiscal Year (FY) 2013,  
Public Law 112-239

Estimated Cost (\$000):

Previously Appropriated*	24,181
Previously Reprogrammed (Prior Approval)	-
Requested Reprogramming	7,612
Total Estimated Cost	31,793

*\*The appropriated amount includes a reduction of \$0.819 million as directed in Public Law 112-25, the Budget Control Act of 2011.*

Description: This project will construct the final phase of the Maneuver Area Training Equipment Site (MATES) at Fort Irwin, CA. The MATES will provide modern facilities for maintenance of vehicle equipment sets that allow for collective training of units. The project includes adequate spaces for maintenance, training, storage, and administrative areas to support units' readiness and training requirements. Also, it will include weapons cleaning, vault, turn-in sheds, military and privately-owned vehicle parking, bulk fuel storage and dispensing systems, canvas repair building, wash facility, mess shelter facility, access roads and utilities.

Justification: This project was designed with a base bid and six additive bid items and was solicited with restricted competition for Small Business Set Aside. The solicitation method resulted in bids that exceeded the appropriated amount. The 10 U.S.C. §2853 cost increase notification was sent to the congressional committees on February 21, 2014, reflecting a current working estimate (CWE) of \$31.8 million. Additional funds in the amount of \$7.6 million are required to award the project's remaining authorized scope.

Source of Funds: Bid savings from the following projects will fund this action.

<u>Location/Project</u>	<u>Fiscal Year</u>	<u>Amount Appropriated</u>	<u>(Dollars in Thousands)</u>	
			<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
Muscatatuck, IN Combined Arms Collective Training Facility. Ph 2 PN: 180145	2010	10,018 <sup>1/</sup>	8,000	1,500
North Las Vegas, NV Readiness Center PN: 320143	2010	25,807 <sup>2/</sup>	20,000 <sup>3/</sup>	3,112
Hanscom AFB, MA Armed Forces Reserve Center (JFHQ) PN 250087	2010	27,595 <sup>4/</sup>	25,446	2,000
Gowen Field, ID Combined Arms Collective Training Facility PN: 160120	2010	10,024 <sup>5/</sup>	7,753 <sup>6/</sup>	1,000
		<b>Total:</b>		<b>7,612</b>

PN = Project Number

<sup>1/</sup> The appropriated amount of \$10.018 million includes a reduction of \$0.082 million as directed in Public Law 112-25, the Budget Control Act of 2011.

<sup>2/</sup> The appropriated amount of \$25.807 million includes a reduction of \$0.193 million as directed in Public Law 112-25, the Budget Control Act of 2011.

<sup>3/</sup> A 10 U.S.C. §2853 cost reduction notification was sent to congressional committees on February 21, 2014 reflecting an award CWE of \$20.0 million. This project is 100% complete with final estimate at \$20.0 million.

<sup>4/</sup> The appropriated amount of \$27.595 million includes a reduction of \$1.405 million as directed in Public Law 112-25, the Budget Control Act of 2011.

<sup>5/</sup> The appropriated amount of \$10.024 million includes a reduction of \$0.076 million as directed in Public Law 112-25, the Budget Control Act of 2011 and a reduction of \$6.0 million for an approved Above Threshold Reprogramming (ATR).

<sup>6/</sup> A 10 U.S.C. §2853 cost reduction notification was sent to congressional committees on June 17, 2010, reflecting an award CWE of \$7.8 million. Bid savings from this project will be used on other MCNG ATR Requests. This project is 100% complete with final estimate at \$7.8 million.

Bid Expiration Date: N/A  
 Military Construction, Army National Guard  
 Reprogramming Request

Installation: Hinesville (Fort Stewart), Georgia  
Project: Maneuver Area Training and Equipment Site, Ph 1  
Authorization: National Defense Authorization Act, Fiscal Year (FY) 2012,  
 Public Law 112-81

Estimated Cost (\$000):

Previously Appropriated*	16,924
Previously Reprogrammed (Prior Approval)	-
Requested Reprogramming	2,331
Total Estimated Cost	19,255

*\*The appropriated amount includes a reduction of \$0.576 million as directed in Public Law 112-25, the Budget Control Act of 2011.*

Description: This project constructs phase one of the Maneuver Area Training and Equipment Site (MATES) in Hinesville, GA. The MATES will provide adequate spaces for maintenance, training, storage, and administrative areas to support units' readiness and training requirements. Supporting facilities will include weapons cleaning, turn-in sheds, military and privately-owned vehicle parking, fuel storage and dispensing systems, loading ramp, flammable material storage building, controlled waste handling facility, sidewalks, access roads and utilities.

Justification: This reprogramming is required to address a shortfall as a result of the sequestration reduction in FY 2013. This project was appropriated in FY 2012 for \$17.5 million and awarded for \$18.939 million on September 25, 2012, including a below threshold reprogramming (BTR) of \$1.439 million. An error in the accounting system in early FY 2013 indicated this project was unobligated and the project amount was reduced to \$16.924 million due to sequestration cuts. The current working estimate is \$19.255 million and an additional \$2.331 million are required to correct the shortfall.

Source of Funds: Bid savings from the following project will fund this action.

<u>Location/Project</u>	<u>Fiscal Year</u>	<u>Amount Appropriated</u>	<u>(Dollars in Thousands)</u>	
			<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
Fort Benning, GA Readiness Center PN: 130077	2010	15,283 <sup>1</sup>	8,622 <sup>2</sup>	2,331

PN = Project Number

<sup>1/</sup> The appropriated amount includes a reduction of \$0.217 million as directed in Public Law 112-25, the Budget Control Act of 2011.

<sup>2/</sup> A 10 U.S.C. §2853 cost reduction notification was sent to congressional committees on February 24, 2010, reflecting an award CWE of \$8.4 million. This project is 100% complete with final estimate at \$8.6 million.

Bid Expiration Date: November 29, 2014  
Military Construction, Army Reserve Program  
Reprogramming Request

Installation: Fort Hunter Liggett, California  
Project: Operational Readiness Training Complex (ORTC), Project Number 71482  
Authorization: National Defense Authorization Act for Fiscal Year (FY) 2013,  
Public Law 112-239

Estimated Cost (\$000):

Previously Appropriated*	59,283
Previously Reprogrammed (Below Threshold)	1,500
Requested Reprogramming	5,975
Total Estimated Cost	66,758

*\*The appropriated amount includes a reduction of \$4.717 million as directed in Public Law 112-25, the Budget Control Act of 2011.*

Description: This project constructs a standard design battalion sized Operational Readiness Training Complex (ORTC), to include battalion headquarters (11,237 square feet), company operations (19,579 square feet), enlisted barracks (122,232 square feet), officer quarters (22,579 square feet), company storage sheds (4,800 square feet), and organizational vehicle parking (33,000 square yards). Buildings will be of permanent construction with reinforced concrete foundations, concrete floor slabs, structural steel frames, and energy-saving technologies will be incorporated into the facility. The new facility will comply with Energy Policy Act of 2005.

Justification: This reprogramming is required to address shortfalls resulting from the sequestration reduction in FY 2013 and higher than expected costs.

An additional \$5.975 million is required for this project. Public Law 112-25, the Budget Control Act of 2011, reduced the Program Amount by \$4.717 million. Other factors contributing to the cost include labor and material costs due to the project's location. Fort Hunter Liggett is located in southern Monterey County about 250 miles north of Los Angeles and 150 miles south of San Francisco. The remoteness of the installation and long distances to a major city led to increased costs for the offerors such as higher than expected shipping costs for machinery and materials, increased housing costs for subcontractors and the higher tax rates in California. Also contributing to the high costs were the stringent environmental requirements in California as well as the site location adjacent to numerous historical sites on the Installation. The State Historical Preservation Office determined that additional architectural features were required to be incorporated in the project to comply with the installation's Spanish Revival theme. The solicitation also specified a longer than normal bid expiration period. This was necessary due to the uncertainty of funding but resulted in the offerors having to accept a higher level of risk which they mitigated by increasing their costs.

A Title 10 USC §2853 was submitted to Congress on March 14, 2014.

Source of Funds: Bid savings from the following projects will fund this requirement.

(Dollars in Thousands)

<u>Location/Project</u>	<u>Fiscal Year</u>	<u>Amount Appropriated</u>	<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
Fort Hunter Liggett, CA Grenade Launcher Range PN: 71699	2011	1,395 <sup>/1</sup>	1,378	16
Fort Hunter Liggett, CA Hand Grenade Familiarization Range PN: 71700	2011	1,395 <sup>/2</sup>	1,380	14
Fort Hunter Liggett, CA Light Demolition Range PN: 71701	2011	2,670 <sup>/3</sup>	2,545	125
Fort Hunter Liggett, CA ECS Tactical Equipment Maintenance Facility PN: 72097	2011	21,914 <sup>/4</sup>	21,831	82
Fort Hunter Liggett, CA Tactical Vehicle Wash Rack PN: 72098	2011	9,450 <sup>/5</sup>	9,216	234
Fort Hunter Liggett, CA ECS Warehouse PN: 72103	2011	14,921 <sup>/6</sup>	14,293	627
Fort Benjamin Harrison, IN Army Reserve Center PN: 67673	2012	56,307 <sup>/7</sup>	50,822	4,877
Total:				5,975

PN = Project Number

<sup>/1</sup> The appropriated amount is reflective of the 0.2% rescission and the year-long Continuing Resolution as reflected in P.L. 112-10, Sections 1119 and 2001 and a reduction of \$0.005 million as directed in Public Law 112-25, the Budget Control Act of 2011.

<sup>/2</sup> The appropriated amount is reflective of the 0.2% rescission and the year-long Continuing Resolution as reflected in P.L. 112-10, Sections 1119 and 2001 and a reduction of \$0.005 million as directed in Public Law 112-25, the Budget Control Act of 2011.

<sup>/3</sup> The appropriated amount is reflective of the 0.2% rescission and the year-long Continuing Resolution as reflected in P.L. 112-10, Sections 1119 and 2001 and a reduction of \$0.030 million as directed in Public Law 112-25, the Budget Control Act of 2011.

<sup>/4</sup> The appropriated amount is reflective of the 0.2% rescission and the year-long Continuing Resolution as reflected in P.L. 112-10, Sections 1119 and 2001 and a reduction of \$0.086 million as directed in Public Law 112-25, the Budget Control Act of 2011.

<sup>/5</sup> The appropriated amount is reflective of the 0.2% rescission and the year-long Continuing Resolution as reflected in P.L. 112-10, Sections 1119 and 2001 and a reduction of \$0.050 million as directed in Public Law 112-25, the Budget Control Act of 2011.

<sup>/6</sup> The appropriated amount is reflective of the 0.2% rescission and the year-long Continuing Resolution as reflected in P.L. 112-10, Sections 1119 and 2001 and a reduction of \$0.079 million as directed in Public Law 112-25, the Budget Control Act of 2011.

<sup>/7</sup> The appropriated amount is a reduction of \$0.693 million as directed in Public Law 112-25, the Budget Control Act of 2011.