



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

COMPTROLLER

MAR 31 2015

The Honorable Charles W. Dent
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. Detailed justification for each project is enclosed.

#	<u>Service/Agency/Installation</u>	<u>Project</u>	<u>Program</u>	<u>Request(\$)</u>
	<u>Army</u>			
1	Fort McNair, Washington, DC	Vehicle Storage Building	2013	5,000,000
	<u>Navy</u>			
2	Indian Head, Maryland	Agile Chemical Facility Phase 2	2011	11,040,000
	<u>Air National Guard</u>			
3	Martin State Airport, Maryland	CYBER/ISR Facility	2015	4,900,000
	<u>Defense Logistics Agency</u>			
4	Hurlburt Field, Florida	Fuel Storage Facility	2013	1,156,000
	<u>Department of Defense Education Activity</u>			
5	Boeblingen, Germany	Elementary School Replacement	2010	457,000
6	Boeblingen, Germany	High School Replacement	2011	1,028,000

A similar letter is being sent to the Chairman of the Senate Subcommittee on Military Construction, Veterans Affairs, and Related Agencies. Thank you for your continued support of Defense programs.

Sincerely,

Michael McCord

Enclosures:
As stated

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





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COMPTROLLER

MAR 31 2015

Chairman Mark Kirk
Subcommittee on Military Construction,
Veterans Affairs, and Related Agencies
Committee on Appropriations
United States Senate
Washington, DC 20510

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. Detailed justification for each project is enclosed.

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Sincerely,

Michael McCord

Enclosures:
As stated

cc:
The Honorable Jon Tester
Ranking Member



Bid Expiration Date: August 3, 2015

Military Construction, Army

Reprogramming Request

Installation: Fort McNair, District of Columbia

Project: Vehicle Storage Building, Installation

Authorization: National Defense Authorization Act for Fiscal Year (FY) 2013,
Public Law 112-239

Estimated Cost (\$000):

Previously Appropriated	7,191*
Previously Reprogrammed	-
Requested Reprogramming	5,000
Total Estimated Cost	12,191

** Includes two across-the-board rescissions as directed in Section 3001 and Section 3004 of Public Law 113-06, Division G*

Description: This project will construct a vehicle storage building to provide secure parking for forty-two vehicles in a ready status for the U.S. Army Transportation Agency (USATA). Relocation of this unit from a leased facility to a secure military location significantly enhances security and force protection for the unit, whose mission includes transporting Senior Government officials and Family members. It will provide an enclosed wash bay with oil/water separator, an operations area that includes a sensitive compartmentalized information facility (SCIF) with secure video teleconference capability, and a secure dispatch and operations area. The project will also renovate existing buildings on Fort McNair to provide administrative space, vehicle maintenance space, a kitchen, a driver's staging area, and locker rooms. The project also includes a guard booth and a vehicle gate.

Justification: The FY 2015 National Defense Authorization Act (NDAA) provided the Army authorization for additional scope to construct and renovate facilities that will fully meet USATA's mission requirements at Fort McNair. This additional scope exceeds that which was originally authorized in the FY 2013 NDAA based on the project submitted to Congress in the FY 2013 President's Budget request. An additional \$5 million is required to construct the additional scope that was approved in the FY 2015 NDAA. A Title 10 USC 2853 notification was issued on January 22, 2015.

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

(Dollars in Thousands)

<u>Location/Project</u>	<u>Fiscal Year</u>	<u>Amount Appropriated</u>	<u>Current Estimate</u>	<u>Proposed Reprogramming</u>
Schofield Barracks, HI Barracks PN 52269	2011	61,817 ^{/1}	49,700 ^{/2}	3,200
Fort Jackson, SC Trainee Barracks PN 73299	2011	20,444 ^{/3}	18,644 ^{/4}	<u>1,800</u>
Total:				5,000

PN = Project Number

^{/1} The revised amount reflects a 0.2 percent across-the-board rescission as directed in Section 1119 of P.L. 112-10 and part of the prior year rescission as directed by Section 129 of P.L. 113-235.

^{/2} A 10 U.S.C. §2853 cost reduction notification dated October 18, 2011, was sent to the congressional committees, reflecting an award current working estimate (CWE) of \$47.012 million. The Army plans to use additional bid savings from this project to fund below threshold reprogramming (BTRs).

^{/3} The revised amount reflects a 0.2 percent across-the-board rescission as directed in Section 1119 of P.L. 112-10 and part of the FY 2014 unobligated balances rescission as directed in Section 130 of the Consolidated Appropriations Act, 2014, Division J.

^{/4} A 10 U.S.C. §2853 cost reduction notification dated August 2, 2011, was sent to the congressional committees, reflecting an award CWE of \$18.935 million.

Bid Expiration Date: 31 May 2015
Military Construction, Navy
Reprogramming Request

Installation: Indian Head, Maryland

Project: Agile Chemical Facility (P-162)

Authorization: Ike Skelton National Defense Authorization Act for Fiscal Year 2011
(P.L. 111-383)

Estimated Cost (\$000):

Previously Appropriated*	33,402
Previously Reprogrammed	6,813
Requested Additional Reprogramming	11,040
Total Estimated Cost	51,255

**Incorporates any applicable general reductions, rescissions, and sequestration*

Description: P-162 constructs Phase 2 of the Agile Chemical Facility (ACF). The ACF produces a range of nitrate esters used in various weapons systems, including Otto Fuel II that is the torpedo propellant for the U.S. Navy and our allies. The project includes construction of an integrated network of new and renovated buildings, storage tanks, containment structures, and other supporting equipment and facilities.

The Naval Surface Warfare Center (NSWC) is the sole producer of Otto Fuel and the required volumes of other nitrate esters used in naval gun ammunition, missile propellants and other energetics needed by the U.S. and over 20 allies. The mission, intended to be supported by this MILCON project, was to provide a continuous production process that would meet the supply demands such that a necessary reserve is maintained during peace time.

Justification: During construction, it was determined that the project's design and construction contract documents do not accurately account for the existing facility and equipment conditions and requirements. Necessary changes have been identified and are under review to achieve the intended mission of a continuous production process. A full mission compatible technical solution does not currently exist where the necessary scope can be identified and executed prior to the expiration of the MILCON on funds. An interim solution has been identified so that a reduced mission capability can be met by a batch production process. This process is less efficient and more costly to operate than a continuous production process. The results of this short-term, interim approach are that a minimal reserve for DoD support can be maintained with support to our allies on a case by case basis.

The interim solution provides the restoration of Otto Fuel production as soon as possible to replenish and maintain the Navy's minimum strategic Otto Fuel supply. The Otto Fuel stockpile,

created to allow construction of P-162, is dwindling and will be depleted by 2017 without either renewed production or curtailing usage. Curtailing usage would adversely impact Fleet training, operations and readiness.

This projects cost was originally increased in FY 2013 (\$6.8 million) due to: 1) higher than expected costs for the decontamination and demolition of the old facilities; 2) an increase in the environmental mitigation cost due to contaminated soils; 3) an increase in the engineering support during construction due to the complexity of equipment and shop drawings; and 4) associated increases to contingency and Supervision, Inspection and Overhead (SIOH).

The current cost increase of \$11 million is due to: 1) modifying existing facilities based on unforeseen conditions; 2) support of the interim solution by modifying some of the facilities for batch processing; 3) post construction contract award services to support the project; and 4) associated increases to contingency and SIOH.

A future project will be requested when a technical solution for a continuous production process has matured.

Source of Funds: The following project was cancelled and is cited as a source of funds for this cost increase:

<u>Location/Project</u>	<u>Fiscal Year</u>	(Dollars in Thousands)		
		<u>Appropriated Amount^{1/}</u> <u>(\$000)</u>	<u>Current Working Estimate</u> <u>(\$000)</u>	<u>Proposed Reprogramming</u> <u>(\$000)</u>
NAVSUPACT Bahrain NAVCENT Ammunition Magazines (P958)	2011	87,282 ^{2/ 3/}	-	11,040
Total				11,040

^{1/} Reflects FY 2013 sequestration reductions, FY 2011 spend plan and 0.2% rescission in P.L. 112-10.

^{2/} Reflects a revised PA of \$87.282M as a result of a \$4.766M reprogramming approved by Congress in July 2013.

^{3/} A 10 U.S.C. §2853 cost and scope reduction notification dated February 23, 2015 was sent to the congressional committees.

Bid Expiration Date: Not Applicable
Military Construction, Air National Guard
Reprogramming Request

Installation: Martin State Airport, Maryland

Project: CYBER/ISR Facility

Authorization: Carl Levin and Howard P. "Buck" McKeon National Defense Authorization Act for Fiscal Year 2015, Public Law 113-291

Estimated cost (\$000):

Previously Appropriated:	\$8,000
Previously Reprogrammed:	-
Requested Reprogramming:	\$4,900
Total Estimated Costs:	\$12,900

Description: This project constructs a CYBER/ISR Facility in support of the Network Warfare Group comprised of three Network Warfare Squadrons (NWS) Squadrons; plus one ISR squadron and one Operations Support Squadron (OSS) (a 269 person unit). Cyber/Network Warfare is a new mission at Martin State Airport; this mission replaces the C-27 mission and is part of the force structure changes approved in the FY 2013 National Defense Authorization Act (NDAA).

Justification: In the FY 2014 President's budget, the National Guard Bureau (NGB) submitted Military Construction, Air National Guard justification material (DD Form 1391) for the CYBER/ISR Facility. The DD Form 1391 requested an authorization in the amount of \$12.9 million, the full scope of the project and an appropriation in the amount of \$8.0 million—the DD 1391 indicated that the \$4.9 million balance would be funded from FY 2012 unobligated balances associated with the cancelled C-27 Squadron Operations Facility project—no longer required since the C-27 mission was discontinued at Martin State Airport.

In FY 2014, the CYBER/ISR Facility was authorized and appropriated at \$8.0 million—a complete and usable facility could not be constructed for this authorized amount. In the FY 2015 NDAA, the authorized amount for the CYBER/ISR Facility was increased to \$12.9 million. This action reprograms \$4.9 million from the cancelled FY 2012 C-27 Squadron Operations Facility to the CYBER/ISR Facility project to fund the full scope of the project.

Source of funds: The required funds for this action are available from the sources listed below:

<u>Location & Project</u>	<u>Fiscal Year</u>	<u>Amount Appropriated (\$000)</u>	<u>Current Estimate (\$000)</u>	<u>Proposed Reprogramming (\$000)</u>
Martin State Airport, MD TFI – C-27 Conversion – Squadron Operations Facility (Cancelled)	2012	\$4,900	\$-	\$4,900

A Title 10 USC §2853 notification cancelling the FY 2012 C-27 Squadron Operations project was submitted to the Congressional Committees on April 21, 2014.

Bid Expiration Date: Not Applicable
Military Construction, Defense-Wide
Defense Logistics Agency
Reprogramming Request

Installation: Hurlburt Field, Florida

Project: Construct Fuel Storage Facility

Authorization: National Defense Authorization Act for Fiscal Year (FY) 2013, Public Law 112-239

Estimated Cost (\$000):

Previously Appropriated*	16,000
Sequestration Reduction	-1,255
Revised Appropriated Amount	14,745
Previous BTR Amount	1,999
Requested Reprogramming	1,156
Total Estimated Cost	17,900

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

Description: This project constructs a 2,400 gallon per minute pumphouse, two 10,000 barrel aircraft fuel aboveground operating tanks and truck facilities at Hurlburt Field.

Justification: Congress authorized and appropriated this project in FY 2013. The Army Corps of Engineers awarded a construction contract on August 1, 2013, which reflected the result from a best value source selection, and included fees for supervision, inspection, and overhead. As of February 2015, construction work is approximately 64 percent complete. During construction unforeseen site conditions have been encountered attributable to poor soil conditions along the fuel pipeline route.

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 accommodate these unanticipated costs and provide a complete, functionally adequate, and usable facility.

Additional funds are required to address these unforeseen conditions and costs. The revised current working estimate is \$17.9 million. These variations in cost were unknown when the project was originally programmed.

Source of Funds: Unobligated balances from the following completed projects are available to fund this requirement.

<u>Location/Project</u>	<u>Fiscal Year</u>	<u>Amount Appropriated*</u>	<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
Barksdale AFB, LA/ Upgrade Pumphouse	2013	10,782	5,300	575
JB Charleston, SC/ Replace Fuel Storage/Distribution Fac	2012	29,821**	29,212	581
Total				1,156

*Reflects reduction associated with the FY 2013 sequestration order.

Bid Expiration Date: May 5, 2015
Military Construction, Defense-Wide
Department of Defense Education Activity (DoDEA)
Reprogramming Request

Installation: Boeblingen, Germany

Project: Boeblingen Elementary School Replacement

Authorization: National Defense Authorization Act for Fiscal Year 2010,
Public Law 111-84

Estimated Cost (\$000):

Previously Appropriated	50,000
Sequestration Reduction	-211
Congressional Reprogramming	-1,475
Revised Appropriated Amount	48,314
Below Threshold Reprogramming	1,999
Requested Above Threshold Reprogramming	457
Total Estimated Cost	50,770

Description: (There is no change to the original scope.) This project will construct a new 94,900 square foot elementary school to replace an existing elementary school that is currently in poor/failing condition. The project includes kindergarten and general purpose classrooms, a gymnasium, a multipurpose room with cafeteria and kitchen, an information center, computer labs, supply areas, faculty work rooms, counseling areas, specialists' rooms, learning impaired rooms, storage and administrative offices. The project includes related infrastructure to include site utilities and site improvements, and includes relocation of existing facilities on the project site, to include security fencing, a dog kennel, and sports fields.

Justification: Additional funds are needed to address mandatory changes for building and life safety code compliance, as well as systems deficiencies that must be corrected in order to provide a complete and usable school facility. Construction of this school is 68 percent complete. Without approval of this reprogramming request, the construction cannot be completed. Funds are needed by May 5, 2015, to keep the project on pace to meet the planned 2015-2016 school year opening.

This project was initially awarded well below the original appropriated funding amount. As a result, bid savings from this project were utilized as a source on a prior approval reprogramming for the FY 2013 Bob Hope and Amelia Earhart Elementary School Replacement project, approved by Congress in June 2014. At that time, these bid savings were a viable source of funds, as the project was approximately 30 percent complete. There was no indication; based on DoDEA historical

project execution in Germany, that additional funds would be required. Once the project was used as a source, the reprogramming base for the Boeblingen Elementary School project was reduced to \$48.3M.

The mandatory changes now required to complete the Boeblingen Elementary School have increased the estimated cost for the project to \$50.8M, requiring a prior approval reprogramming.

Source of Funds: Savings from the following cancelled project are available to fund this request. Congress was notified of this project cancellation on March 31, 2014.

<u>Location / Project</u>	<u>Fiscal Year</u>	<u>Amount Appropriated*</u>	(Dollars in Thousands)	
			<u>Current Working Estimate**</u>	<u>Proposed Reprogramming</u>
Kadena AB, JA Replace Stearley Heights ES	2013	66,144	0	457

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

*** \$37.046M of the savings from this cancelled project have already been used as sources for reprogramming actions approved by Congress for the Zukeran Elementary School Replacement at Okinawa, JA and for the Feltwell Elementary School Replacement at RAF Feltwell, UK.*

Bid Expiration Date: 5 May 2015
Military Construction, Defense-Wide
Department of Defense Education Activity (DoDEA)
Reprogramming Request

Installation: Boeblingen, Germany

Project: Boeblingen High School (HS) Replacement

Authorization: National Defense Authorization Act for Fiscal Year 2011,
Public Law 111-383

Estimated Cost (\$000):

Previously Appropriated*	48,870
Sequestration Reduction	-213
Congressional Reprogramming	-3,999
Revised Appropriated Amount	44,658
Below Threshold Reprogramming	1,999
Requested Reprogramming	1,028
Total Estimated Cost	\$47,685

**Reflects section 3001 in P.L. 111-383*

Description: (There is no change to the original scope.) This project will construct a new 151,319 square foot high school to replace the existing high school that is inadequately sized and in poor/failing condition. The project includes general purpose classrooms, a gymnasium, a multi-purpose room with cafeteria and kitchen, information center, computer labs, supply areas, faculty work rooms, counseling areas, specialists' rooms, learning impaired rooms and storage and administrative offices. The project will also include supporting facilities and infrastructure such as sports fields, bleachers, student bus loading and unloading areas, staff and visitor parking, landscaping, walkways, paving and landscaping.

Justification: Additional funds are needed to address mandatory changes for building and life safety code compliance, as well as systems deficiencies that must be corrected in order to provide a complete and usable school facility. Construction of this school is 68 percent complete. Without approval of this reprogramming request, the construction cannot be completed. Funds are needed by May 5, 2015, to keep the project on pace to meet the planned 2015-2016 school year opening.

This project was initially awarded well below the original appropriated funding amount. As a result, bid savings from this project were utilized as a source on a prior approval reprogramming for the FY 2013 Bob Hope and Amelia Earhart Elementary School Replacement project, approved by Congress in June 2014. At that time, these bid savings were a viable source of funds, as the project was approximately 20 percent complete. There was no indication, based on DoDEA historical project execution in Germany, that additional funds would be required. Once the project was used as a source, the reprogramming base for the Boeblingen High School project was reduced to \$44.7M.

The mandatory changes now required to complete the Boeblingen High School have increased the estimated cost for the project to \$47.7M, requiring a prior approval reprogramming.

Source of Funds: Savings from the following cancelled project are available to fund this request. Congress was notified of this project cancellation on March 31, 2014.

<u>Location / Project</u>	<u>Fiscal Year</u>	<u>Amount Appropriated*</u>	(Dollars in Thousands)	
			<u>Current Working Estimate**</u>	<u>Proposed Reprogramming</u>
Kadena AB, JA Replace Stearley Heights ES	2013	66,144	0	1,028

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

*** \$37.046M of the savings from this cancelled project have already been used as sources for reprogramming actions approved by Congress for the Zukeran Elementary School Replacement at Okinawa, JA and for the Feltwell Elementary School Replacement at RAF Feltwell, UK.*