



UNDER SECRETARY OF DEFENSE

1 100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

COMPTROLLER

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

MAR 23 2016

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 the project is enclosed.

#	<u>Service/Agency/Installation</u>	<u>Project</u>	<u>Program</u>	<u>Request (\$)</u>
	<u>Army</u>			
1	Aberdeen PG, Maryland	Command & Control Facility	2012	10,000,000
2	Fort Lee, Virginia	Advanced Individual Training Barracks Complex, Phase 3	2015	90,500,000
	<u>Navy</u>			
3	Unspecified Worldwide	Planning & Design	2012	9,121,000
	Unspecified Worldwide	Planning & Design	2013	8,385,000
	Unspecified Worldwide	Planning & Design	2014	19,137,000
	Unspecified Worldwide	Planning & Design	2015	11,357,000
	<u>Army National Guard</u>			
4	Columbia, Mississippi	National Guard Readiness Center	2016	12,800,000

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

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

MAR 23 2016

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cc:
The Honorable Jon Tester
Ranking Member

Bid Expiration Date: August 30, 2016

Military Construction, Army

Reprogramming Request

Installation: Aberdeen Proving Ground, Maryland

Project: Command and Control Facility

Authorization: National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2012,
Public Law 121-81

Estimated Cost (\$000):

Previously Appropriated	63,000
Previously Reprogrammed	-
Requested Reprogramming	10,000
Total Estimated Cost	73,000

Description: Renovate two existing buildings to provide a command suite with offices, a sensitive compartmented information facility (SCIF), an arms room, an operations center, conference rooms, and storage areas for the 20th Chemical, Biological, Radiological, Nuclear and High Explosives (CBRNE) Command. This project is required to provide adequate and functionally efficient facilities at Aberdeen Proving Ground, Maryland to support the 20th CBRNE Command's command and control, first responder, and weapons of mass destruction elimination and site exploitation missions.

Justification: The contract for this project was initially awarded in September 2013, but was terminated for convenience. As originally authorized, the project would have combined new construction with renovation of three existing facilities. It was subsequently determined that it would not be cost effective to renovate one of the existing facilities, and that the proposed new construction's impact on wetlands necessitated a design change. The new design calls for reducing the project scope by only renovating the two remaining existing facilities. A 10 U.S.C. §2853 scope reduction notification dated August 27, 2015 was provided to the congressional committees. The cost increase is based on actual contractors' bids of the new design, with projected cost growth due to the costs associated with termination of the previously-awarded contract, and redesign costs.

Source of Funds: Bid savings from the following project 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>
Joint Base Lewis-McChord, WA Aviation Complex PH 1B PN 76768	2012	48,000	21,400 ¹	10,000
Total:				10,000

PN = Project Number

¹ A 10 U.S.C. §2853 scope and cost reduction notification dated January 20, 2016, was provided to the congressional committees, reflecting an award CWE of \$21.4 million.

Bid Expiration Date: August 31, 2016

Military Construction, Army

Reprogramming Request

Installation: Fort Lee, Virginia

Project: Advanced Individual Training Barracks Complex, Phase 3

Authorization: Carl Levin and Howard P. 'Buck' McKeon National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2015, Public Law 113-291.

Estimated Cost (\$000):

Previously Appropriated	0
Previously Reprogrammed	-
Requested Reprogramming	90,500
Total Estimated Cost	90,500

Description: Project will construct the final phase (Phase 3) of an Advanced Individual Training (AIT) complex, to include barracks with company operations for 900 persons, a large dining facility, and physical training areas. The facility is required to meet the Army's training throughput at Fort Lee, VA.

Justification: This project was submitted as a priority unfunded requirement by the Chief of Staff of the Army in FY 2015 and was authorized for \$86 million in section 2101 of the NDAA, but the Consolidated and Further Continuing Appropriations Act, 2015 did not include funding for this project. The reprogramming is necessary to increase the authorization amount and to provide funding for this project. Design of the project is currently 65% complete and the Current Working Estimate (CWE) is \$90.5 million.

Source of Funds: Savings from the following cancelled projects 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>
Fort Bliss, TX Applied Instruction Building PN 77489	2012	8,300	0 ¹	8,300
Fort Bliss, TX JLENS Tactical Training Facility PN 73690	2012	39,000	0 ¹	39,000
Fort Bliss, TX Vehicle Maintenance Facility PN 73688	2012	19,000	0 ¹	19,000
Vicenza, IT Simulations Center PN 64079	2013	31,958 ²	0 ¹	24,200 ³
Total:				90,500

PN = Project Number

¹ The projects at Fort Bliss, TX and Vicenza, IT are no longer required. A 10 U.S.C. §2853 cancellation notification dated December 17, 2015 was sent to the committees.

² The revised amount reflects a reduction of \$.042 million as part of the across-the-board rescission directed by Division G, Sections 3001/3004, Public Law 113-6.

³ The remaining funds from the Vicenza project will be used to meet other Military Construction, Army requirements.

Bid Expiration Date: N/A

Military Construction, Navy

Reprogramming Request

Installation: Unspecified Worldwide Locations

Project: Planning and Design, P-212, P-213, P-214, P-215

Authorization: National Defense Authorization Act for Fiscal Year 2012,
(Public Law 112-81)
National Defense Authorization Act for Fiscal Year 2013,
(Public Law 112-239)
National Defense Authorization Act for Fiscal Year 2014,
(Public Law 113-66)
Carl Levin and Howard P. 'Buck' McKeon National Defense Authorization
Act for Fiscal Year 2015, (Public Law 113-291)

<u>Estimated Cost (\$000):</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>	<u>TOTAL</u>
Previously Appropriated *	83,872	96,889	80,638	33,366	294,765
Previously Reprogrammed	2,028	15,444	0	0	17,472
Requested Reprogramming	9,121	8,385	19,137	11,357	48,000
Total Estimated Cost	95,021	120,718	99,775	44,723	360,237

** Includes any applicable general reductions, rescissions, and/or sequestration.*

Description: Additional funds totaling \$48,000,000 are required for architectural and engineering services and construction design for Department of the Navy (DoN) Military Construction (MCON) projects in accordance with 10 USC 2807. These funds are required to alleviate an existing planning and design (P&D) shortfall.

Justification: The current funding requirement for additional funds is attributable to the following:

- a) High Design Costs (+\$48M):
Naval Facilities Engineering Command (NAVFAC) executes construction projects by either the Design-Build or Design-Bid-Build project delivery method. In the Design-Build delivery method, P&D funds are used to prepare a performance-based construction contract package which typically entails a 35 percent design effort providing a conceptual design and project program. In the Design-Bid-Build delivery method, P&D funds are used to prepare 100 percent of the design effort. On average, designs are budgeted at 4% and 8% of the budgeted construction cost for Design Build and Design-Bid-Build, respectively.

Over the past several years, the DoN has seen design costs trending upwards for both commercial architectural and engineering and in-house design efforts resulting in a P&D shortfall. There have been an increased number of mandates requiring more engineering to complete designs, including executive orders for high performance buildings, climate change, and sustainable design as well as new requirements for energy and cyber security. There have also been significant cost increases for design work performed at locations outside the continental United States (OCONUS) primarily projects in Romania and Poland where projects required extensive and very complex site integration to enable fast track stand-up and operation of critical weapon systems located at new Navy installations. Additionally, as the types of projects that are suited for Design Build have declined, the program has shifted to having a higher proportion of more technically complex projects, including unique and one-off projects requiring more time and design services. As a result, the DoN has experienced several high cost design projects, costing between 16-39% of budgeted construction amounts, exceeding programmed P&D levels.

To exacerbate the problem of high design costs, the DoN P&D funding algorithm has not kept pace with the shift to more complex designs that use the Design Bid Build delivery method. The existing funding algorithm used to program P&D is heavily weighted towards program execution of projects using the Design Build delivery method yet the greater share of projects have characteristics that are more appropriately acquired using full designs (Design Bid Build). As designs are budgeted at 4% and 8% of the budgeted construction cost for Design Build and Design-Bid-Build, respectively, the result is a misalignment in allocating P&D, which further contributes to shortfalls.

The DoN is working to identify P&D resourcing improvements. A contract was awarded on September 30, 2015, which will conduct a comprehensive review and analysis of existing P&D program policies, processes, costs and funding algorithms used to allocate resources to P&D. The study will reassess the current metrics for calculating P&D costs and will help inform future P&D program levels.

Without this reprogramming, the Department expects design delays in FY 2016, disrupting execution and the ability to meet mission schedules.

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

<u>Location/Project</u>	<u>Fiscal Year</u>	<u>(Dollars in Thousands)</u>		
		<u>Amount Appropriated</u> ^{1/}	<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
NAS Jacksonville, FL P-8A Training & Parking Apron Expansion (P659)	2014	20,752	14,000 ^{2/}	6,752

<u>Location/Project</u>	<u>Fiscal Year</u>	<u>(Dollars in Thousands)</u>		<u>Proposed Reprogramming</u>
		<u>Amount Appropriated^{1/}</u>	<u>Current Working Estimate</u>	
NAVBASE Kitsap, WA Integrated Water Treatment Sys Dry Docks 3&4 (P420)	2014	18,189	12,705 ^{3/}	5,484
NAS Jacksonville, FL P-8A Runway Thresholds and Taxiways (P631)	2015	21,652	16,295	5,357
NAVSUPPACT Souda Bay, Greece Aircraft Parking Apron Expansion (P907)	2013	18,932 ^{4/}	15,775 ^{5/}	3,157
NAVSUPPACT Bahrain P-8A Hangar (P955)	2015	27,826	22,969	3,000
MCB Twentynine Palms, CA Child Development Center (P212)	2012	23,502	20,660	2,083
NAVBASE Kitsap, WA Integrated Water Treatment System DD 1, 2,& 5 (P422)	2015	16,401	13,137	2,000
MCB Camp Lejeune, NC 2nd Combat Engineer Maintenance/Ops Complex (P1253)	2012	74,835	72,229	2,000
Camp Lemonnier, Djibouti Armory (P227)	2014	6,420	4,303 ^{6/}	1,910
NAVBASE Ventura Cty Pt Mugu, CA BAMS Maintenance Training Facility (P900)	2013	12,076	10,398	1,678
MCAS Yuma, AZ Double Aircraft Maintenance Hangar (P545)	2012	81,521	79,710	1,611

<u>Location/Project</u>	<u>Fiscal Year</u>	<u>(Dollars in Thousands)</u>		
		<u>Amount Appropriated^{1/}</u>	<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
Camp Lemonnier, Djibouti Unaccompanied Housing (P921)	2014	22,580	20,434	1,600
NAVSUPPFAC Diego Garcia Communications Infrastructure (P148)	2013	1,596	0 ^{7/}	1,596
NAVSTA Great Lakes, IL Decentralize Steam System (P816)	2012	89,435	86,519	1,400
MCB Camp Pendleton, CA Individual Equipment Issue Warehouse (P1037)	2012	15,292 ^{8/}	9,692 ^{9/}	1,348
NAVBASE Ventura Cty Pt Mugu, CA Unaccompanied Housing Conversion (P599)	2014	33,600	30,344	1,256
NAVBASE Ventura Cty Pt Mugu, CA Aircraft Engine Test Pads (P281)	2014	7,198	5,954	1,244
NSA South Potomac, VA Cruiser/Destroyer Upgrade Training Facility (P290)	2013	15,574	14,481	1,093
Camp Lemonnier, Djibouti Entry Control Point (P330)	2015	9,923	8,104	1,000
NAS Jacksonville, FL BAMS Mission Control Complex (P655)	2013	20,753	19,892	861
NAS Whidbey Island, WA EA-18G Facility Improvements (P239)	2014	32,482	31,862	620

<u>Location/Project</u>	<u>Fiscal Year</u>	<u>(Dollars in Thousands)</u>		
		<u>Amount Appropriated^{1/}</u>	<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
MCB Twentynine Palms, CA Multi-Purpose Building Addition (P541)	2012	16,056	15,713	343
MCB Twentynine Palms, CA Tracked Vehicle Maintenance Cover (P105)	2012	15,730	14,546	336
NAVBASE Guam Dehumidified Supply Storage Facility (P637)	2014	17,170	16,899	271
Total				48,000

^{1/} Reflects FY 2013 sequestration reductions.

^{2/} A 10 U.S.C. §2853 cost and scope reduction notification dated June 29, 2015, was sent to the congressional committees.

^{3/} A 10 U.S.C. §2853 cost and scope reduction notification dated August 25, 2014, was sent to the congressional committees.

^{4/} Reflects a revised PA of \$18.932M as a result a \$0.417M reduction associated with the FY 2015 unobligated balance rescission (P.L. 113-235).

^{5/} A 10 U.S.C. §2853 cost and scope reduction notification dated October 16 2014, was sent to the congressional committees.

^{6/} A 10 U.S.C. §2853 cost and scope reduction notification dated December 19, 2014, was sent to the congressional committees.

^{7/} A 10 U.S.C. §2853 cost and scope reduction notification dated June 19, 2014, was sent to the congressional committees.

^{8/} Reflects a revised PA of \$15.292M as a result of a \$0.760M reprogramming decrease approved by Congress in January 2014.

^{9/} A 10 U.S.C. §2853 cost and scope reduction notification dated April 18, 2012, was sent to the congressional committees.

Bid Expiration Date: September 30, 2016
Military Construction, Army National Guard
Reprogramming Request

Installation: Columbia, Mississippi

Project: National Guard Readiness Center, PN 281501

Authorization: Title 10 U.S. Code, Section 2854, Restoration or replacement of damaged or destroyed facilities

Estimated Cost (\$000):

Previously Appropriated	-
Previously Reprogrammed (Prior Approval)	-
Requested Reprogramming	12,800
Total Estimated Cost	12,800

Description: Constructs a 43,105 square foot National Guard Readiness Center that supports individual and collective training, administrative, automation and communications, and logistical requirements for the Mississippi Army National Guard. This facility will be built on State Land.

Justification: On December 23, 2014, a tornado completely destroyed the Readiness Center in Columbia, MS. The loss of this facility has caused a shortage of required space for platoon, squad and individual training that severely impacts the training mission. The unit is currently operating from transient facilities at Camp Shelby, MS. In order to conduct training, the unit must borrow additional facilities, which is not always feasible. Unit equipment is stored at various locations across Camp Shelby, which severely hinders property accountability and operator maintenance during training. Without a new facility, soldier readiness will decline due to reduced training time. A 10 USC §2854 congressional notification dated December 10, 2015, was sent to the congressional committees.

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

(Dollars in Thousands)

<u>Location/Project</u>	<u>Fiscal</u>	<u>Amount</u>	<u>Current</u>	<u>Proposed</u>
	<u>Year</u>	<u>Appropriated</u>	<u>Working</u>	<u>Reprogramming</u>
Fort Buchanan, Puerto Rico National Guard Readiness Center PN: 430010	2012	56,285 ¹	38,387 ²	12,800
	Total:			12,800

PN = Project Number

¹ The appropriated amount reflects a reduction of \$0.715 million as directed in Public Law 112-25, the Budget Control Act of 2011 (Sequestration).

² This project is 100% complete with final estimate at \$38.387 million. A 10 USC §2853 cost reduction notification dated October 10, 2012, was sent to the congressional committees, reflecting an award CWE of \$40.6 million.