



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

COMPTROLLER

JUN 23 2016

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 the project is enclosed.

#	<u>Service/Agency/Installation</u>	<u>Project</u>	<u>Program</u>	<u>Request (\$)</u>
	<u>Army</u>			
1	Fort Carson, Colorado	Aircraft Maintenance Hangar	2014	5,000,000
2	Picatinny Arsenal, New Jersey	Explosives R&D Loading Facility	2004	10,500,000
	<u>Army National Guard</u>			
3	Kankakee, Illinois	Aircraft Maintenance Hangar	2014	10,100,000
4	Kankakee, Illinois	Readiness Center	2014	3,100,000

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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JUN 23 2016

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

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Sincerely,

Michael McCord

Enclosures:  
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cc:  
The Honorable Jon Tester  
Ranking Member

Bid Expiration Date: September 7, 2016

Military Construction, Army

Reprogramming Request

Installation: Fort Carson, Colorado

Project: Aircraft Maintenance Hangar

Authorization: National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2014,  
Public Law 113-66

Estimated Cost (\$000):

Previously Appropriated	66,000
Previously Reprogrammed	-
Requested Reprogramming	5,000
Total Estimated Cost	71,000

Description: Construct a standard-design maintenance hangar, aircraft maintenance equipment storage, aircraft washing apron, parking aprons, taxiways, airfield lighting, building information systems, Intrusion Detection Systems (IDS) installation, Energy Monitoring and Control System (EMCS) connections, fire/smoke detection and alarm systems and connections to installation systems. Supporting facilities include electric service; water, sewer and gas utilities; paving, walks, curbs and gutters; parking; storm drainage; site work and information systems.

Justification: An additional \$5 million is required for this project to provide a self-contained packaged heating and cooling system and for mandatory modifications. The Army originally intended to connect this facility to a central energy plan; however, studies showed that it was more economical in the long-term to use a self-contained packaged system versus a centralized system. The required modifications also include increased site work due to unforeseen soil conditions, mandatory fire suppression system requirements that were revised after the project was programmed, as well as to correction to design errors/omissions. Since the Government is the designer of record, liability recovery is not applicable.

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 Estimate</u>	<u>Proposed Reprogramming</u>
Joint Base Elmendorf-Richardson, AK Brigade Complex, Phase 2 PN 72270	2012	67,200 <sup>1</sup>	63,462 <sup>2</sup>	3,001
Fort Bragg, NC Brigade Complex Facilities PN 70751	2012	49,000	45,756	1,500
Fort Jackson, SC Modified Record Fire Range PN 67022	2012	4,900	4,376	400
Camp Henry, KO Barracks Complex PN 76235	2012	31,574 <sup>3</sup>	31,475 <sup>4</sup>	99
Total:				5,000

PN = Project Number

<sup>1</sup> This project was appropriated at \$74 million. The revised amount reflects a rescission of \$5.54 million as part of the FY 2014 unobligated balance rescission as directed in Section 130 of P. L. 113-76. Additionally, the Army reprogrammed \$1.26 million to the Vehicle Maintenance Facility at Fort Hood, TX (action was approved on February 16, 2016).

<sup>2</sup> A 10 U.S.C. §2853 cost reduction notification dated November 21, 2012 was sent to the congressional committees, reflecting an award CWE of \$60.3 million. The current CWE reflects the cost to complete the project.

<sup>3</sup> This project was appropriated at \$48 million. The revised amount reflects a rescission of \$426 million as part of the FY 2016 unobligated balance rescission as directed in Section 125 of P.L.114-113. Additionally, the Army previously reprogrammed \$12.6 million to the Storage Building, General Purpose at Fort Bragg, NC (action was approved on March 14, 2013) and \$3.4 million to the Planning & Design account (action was approved on July 10, 2015).

<sup>4</sup> A 10 U.S.C. §2853 cost reduction notification dated April 20, 2012 was sent to the congressional committees reflecting an award CWE of \$32.3 million. This project is fiscally complete and the amount above reflects the final CWE.

Bid Expiration Date: August 30, 2016

Military Construction, Army

Reprogramming Request

Installation: Picatinny Arsenal, New Jersey

Project: Explosives Research and Development Loading Facility (ERDLF)

Authorization: National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2004,  
Public Law 108-136

Estimated Cost (\$000):

Previously Appropriated	8,000
Previously Reprogrammed	-
Requested Reprogramming	10,500
Total Estimated Cost	18,500

Description: This project consolidates the Energetics and Warheads Research and Development mission, which is presently dispersed among 28 different aging, failing buildings. Facilities will include a machine processing building, administrative building, magazines, and walkways.

Justification: This FY 2004 ERDLF project was awarded as a design-build contract in February 2005. The contract was terminated for contractor default in December 2008. Subsequent to contract termination, the Army determined that the contractor's design did not meet explosive safety criteria. The US Army Armament Research, Development and Engineering Center (ARDEC, the end user of the facilities); the US Army Corps of Engineers; and Headquarters, Department of the Army jointly agreed to finish the partially completed buildings to allow beneficial use at a reduced net explosive weight (NEW) but within the scope of the approved DD Form 1391.

The original concept calling for 400 pounds NEW per operations bay, and 2,000 pounds NEW for the entire facility, was an unconstrained requirement. ARDEC has refined its operational concept to make the best use of the approximately 70% completed facility. The current concept for 80 pounds NEW per operations bay, and 160 pounds NEW for the entire facility, will provide an enhanced capability and an increased level of safety compared to existing facilities. Reauthorization of the project to provide increased scope to meet the original unconstrained NEW is not feasible because sufficient acreage is not available at the site to provide the required safety arcs. Meeting the original concept would require split operations, which would negatively impact the ARDEC mission.

The current operational concept will require retention of 11 (of 28) existing buildings on Picatinny Arsenal which would have been demolished under the original concept. Five of these retained buildings will not be used on a full-time basis, but will be maintained for use when higher NEW operations are required. The remaining six retained buildings will be used to house new Research and Development programs not associated with the ERDLF.

Section 129, Division J of the FY 2014 Consolidated Appropriations Act provided authority for the Secretary of the Army to use any available military construction funds to complete construction of this project. The cost increase is primarily due to inflation and price escalation in a less favorable bid environment (the project was initially designed in FY 2004), redesign costs, and the requirement to provide building systems that meet 2016 codes and standards (vice 2004/2005 codes and standards).

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

<u>Location/Project</u>	<u>Fiscal Year</u>	<u>Amount Appropriated</u>	(Dollars in Thousands)	
			<u>Current Estimate</u>	<u>Proposed Reprogramming</u>
Joint Base Lewis-McChord, WA Aviation Complex PH1B PN 76768	2012	48,000	21,400 <sup>1</sup>	6,700
Fort Carson, CO Barracks PN 77264	2012	67,000	58,343 <sup>2</sup>	3,800
Total:				10,500

PN = Project Number

<sup>1</sup> 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. Funds from this project are also being used for other congressional reprogramming requests.

<sup>2</sup> A 10 U.S.C. §2853 cost reduction notification dated September 27, 2012 was provided to the congressional committees, reflecting an award CWE of \$62.6 million. The project is now 100% complete. Additional savings resulted from unused contingency funds.

Bid Expiration Date: September 1, 2016  
Military Construction, Army National Guard  
Reprogramming Request

Installation: Kankakee, Illinois

Project: Aircraft Maintenance Hangar, Project Number 170127

Authorization: National Defense Authorization Act, Fiscal Year (FY) 2014, Public Law 113-66

Estimated Cost (\$000):

Previously Appropriated:	28,000
Previously Reprogrammed:	-
Requested Reprogramming:	10,100
Total Estimated Cost:	38,100

Description: This project will provide a new Army aviation support facility consisting of aircraft maintenance hangars and administrative facilities at the Kankakee Airport in Kankakee, Illinois. When completed, the project will provide for the relocation of multiple aviation units currently stationed in facilities constructed in the 1940s at Midway Airport in Chicago, Illinois.

Justification: Additional funds for this project are required as a result of an unfavorable bidding climate. The estimated project cost was developed when the construction industry was struggling and contractors were bidding low to maintain operations. However, when this project was solicited the construction industry was beginning to recover, resulting in bids that exceeded the estimated cost. Additional funds are required to award the project within the original planned scope which includes construction of a 28,000 square foot unheated storage hangar (protects stored aircraft during harsh weather conditions) and placement of 920 square yards of concrete for military equipment parking (will significantly reduce the wear and tear, as well as damage from foreign objects, to turbines and blades from gravel and dust if aggregate parking is installed).

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

(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 Buchanan, Puerto Rico National Guard Readiness Center PN: 430010	2012	43,485 <sup>1</sup>	38,587 <sup>2</sup>	4,870
Dundalk, Maryland Readiness Center Add/Alt PN: 240017	2012	15,771 <sup>3</sup>	12,531 <sup>4</sup>	3,160
Lakehurst, New Jersey Army Aviation Support Facility PN: 340115	2012	48,795 <sup>5</sup>	46,289 <sup>6</sup>	2,070
Total:				10,100

PN = Project Number

<sup>1/</sup> This project was appropriated at \$57 million. The revised amount reflects a reduction of \$0.715 million as directed in Public Law 112-25, the Budget Control Act of 2011 (Sequestration). Also, \$12.800 million of bid savings are committed to a 10 USC §2854 reprogramming for Columbus, Ohio.

<sup>2/</sup> This project is 100% complete with final estimate at \$38.587 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.

<sup>3/</sup> The appropriated amount reflects a reduction of \$0.229 million as directed in Public Law 112-25, the Budget Control Act of 2011 (Sequestration).

<sup>4/</sup> This project is 100% complete with final estimate at \$12.531 million.

<sup>5/</sup> The appropriated amount reflects a reduction of \$0.205 million as directed in Public Law 112-25, the Budget Control Act of 2011 (Sequestration).

<sup>6/</sup> This project is 100% complete with final estimate at \$46.289 million.

Bid Expiration Date: September 1, 2016  
Military Construction, Army National Guard  
Reprogramming Request

Installation: Kankakee, Illinois

Project: Readiness Center, Project Number 170033

Authorization: National Defense Authorization Act, Fiscal Year (FY) 2014, Public Law 113-66

Estimated Cost (\$000):

Previously Appropriated:	14,000
Previously Reprogrammed:	-
Requested Reprogramming:	3,100
Total Estimated Cost:	17,100

Description: The project consists of building a new Readiness Center at the Kankakee Airport in Kankakee, Illinois. When completed, the project will provide for the relocation of multiple aviation units currently stationed in a readiness center constructed in the 1940s at Midway Airport in Chicago, Illinois.

Justification: This reprogramming is required because of an unfavorable bidding climate. The estimated project cost was developed when the construction industry was struggling and contractors were bidding low to maintain operations. However, when this project was solicited the construction industry was beginning to recover, resulting in bids that exceeded the estimated cost. An additional \$3.1 million in funding is required to support the initial award, allow for the use of concrete in lieu of crushed aggregate for the military parking lot, and provide a complete and usable facility.

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

(Dollars in Thousands)

<u>Location/Project</u>	<u>Fiscal Year</u>	<u>Amount Appropriated</u>	<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
Grand Island, Nebraska Readiness Center PN: 310085	2012	21,913 <sup>1/1</sup>	18,727 <sup>2/2</sup>	2,100
Fort McClellan, Alabama Readiness Center Ph 2 PN: 010263	2012	16,413 <sup>3/3</sup>	14,493 <sup>4/4</sup>	1,000
	Total:			3,100

PN = Project Number

<sup>1/1</sup> The appropriated amount reflects a reduction of \$0.087 million as directed in Public Law 112-25, the Budget Control Act of 2011 (Sequestration).

<sup>2/2</sup> This project is 100% complete with final estimate at \$18,727 million.

<sup>3/3</sup> The appropriated amount reflects a reduction of \$0.087 million as directed in Public Law 112-25, the Budget Control Act of 2011 (Sequestration).

<sup>4/4</sup> This project is 100% complete with final estimate at \$14,493 million.