



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

COMPTROLLER

MAY 12 2021

The Honorable Debbie Wasserman Schultz
Chairwoman
Subcommittee on Military Construction,
Veterans Affairs, and Related Agencies
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Madam Chairwoman:

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 projects are enclosed.

#	<u>Service/Agency/Installation</u>	<u>Project</u>	<u>Program</u>	<u>Request (\$)</u>
	<u>Army</u>			
1	Military Ocean Terminal Concord, California	Access Control Point	2017	2,900,000
2	Fort Hood, Texas	Barracks	2020	17,600,000
3	United States Army Garrison Kwajalein Atoll, Republic of the Marshall Islands	Family Housing Replacement Construction	2018	8,300,000
	<u>Air Force Reserve</u>			
4	Westover Air Reserve Base, Massachusetts	Regional ISO Maintenance Hangar	2019	10,282,000

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,

Anne J. McAndrew

Performing the Duties of the Under Secretary of
Defense (Comptroller)/Chief Financial Officer

Enclosures: As stated

cc: The Honorable John Carter
Ranking Member



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The Honorable Martin Heinrich
Chairman
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 the projects are enclosed.

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Enclosures: As stated

cc: The Honorable John Boozman
Ranking Member

Bid Expiration Date: September 1, 2021

Military Construction, Army

Reprogramming Request

Installation: Military Ocean Terminal Concord, California

Project: Access Control Point

Authorization: National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2017,
Public Law 114-328

Estimated Cost (\$000):

Previously Appropriated	12,600
Previously Reprogrammed	0
Requested Reprogramming	2,900
Total Estimated Cost	15,500

Project Description: This project constructs a standard design Access Control Point (ACP) includes a Visitor Control Center, Gate House, Overwatch Booths, Guard Booths, and the vehicle and truck inspection canopies. The project also includes roadways, parking, lighting, traffic control signals, and passive and active vehicle barriers with comprehensive control systems.

Justification: An additional \$2.9 million is required to award the ACP at full scope. Circumstances associated with the project's site and design delayed the award of this project that resulted in bids exceeding previous projections. As the design for the ACP reached completion, flood plain charts were updated resulting in the original site location being included in a 100-year flood plain boundary. To comply with environmental requirements, the facility was re-sited outside of the floodplain which caused additional design delays and added to the project's complexity. The design team took steps to reduce estimated costs. After these efforts were accomplished, the current bid for the base contract work still exceeds reprogramming authority.

A 10 U.S.C. §2853 cost variation notification is not required.

Source of Funds: 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 Working Estimate</u>	<u>Proposed Reprogramming</u>
Fort Irwin, CA Multipurpose Range Complex	2019	11,400 ^{1/}	0 ^{2/}	2,900
Total				2,900

^{1/} Adjusted for prior reprogramming requests approved by Congress. The Multipurpose Range Complex at Fort Irwin, CA was appropriated at \$29 million. The Army previously reprogrammed \$4.5 million to the Battalion Headquarters Complex at Fort Hood, TX (October 2020) and \$13.1 million to the Information Systems Facility at White Sands Missile Range, NM (March 2020).

^{2/} A 10 U.S.C. §2853 cancelation notification dated April 28, 2020 was submitted to Congress.

Bid Expiration Date: July 1, 2021

Military Construction, Army

Reprogramming Request

Installation: Fort Hood, Texas

Project: Barracks

Authorization: National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2020,
Public Law 116-92

Estimated Cost (\$000):

Previously Appropriated	32,000
Previously Reprogrammed	0
Requested Reprogramming	17,600
Total Estimated Cost	49,600

Project Description: This project constructs a standard design barracks that will support 250 soldiers.

Justification: An additional \$17.6 million is required to award this project. During the project's planning and design phase, which occurred in FY 2018, unit prices and low inflation rate assumptions failed to account for the unexpected escalation of construction costs in Texas. Labor and material cost increases attributable to the local economy's recovery from the past winter and the impact of COVID-19 have resulted in an \$11.7 million increase to the project's cost. Additionally, the Privatized Utility Partner has finalized its cost estimate, which is significantly higher than originally projected, based on the details provided in the planned project award documentation. The privatized utility connection fee is contributing \$5.9 million to the overall cost increase of the project.

A 10 U.S.C. §2853 cost variation notification dated April 9, 2021 was submitted to Congress.

Source of Funds: 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 Irwin, CA Multipurpose Range Complex	2019	11,400 ^{1/}	0 ^{2/}	8,500
Soldier Systems Center, Natick, MA Human Engineering Lab	2020	50,000	40,160	7,938
Joint Base Langley-Eustis, VA Advanced Individual Training Barracks, Phase 4	2020	55,000	55,257	1,162 ^{3/}
Total				17,600

^{1/} Adjusted for prior reprogramming requests approved by Congress. The Multipurpose Range Complex at Fort Irwin, CA was appropriated at \$29 million. The Army previously reprogrammed \$4.5 million to the Battalion Headquarters Complex at Fort Hood, TX (October 2020) and \$13.1 million to the Information Systems Facility at White Sands Missile Range, NM (March 2020).

^{2/} A 10 U.S.C. §2853 cancelation notification dated April 28, 2020 was submitted to Congress.

^{3/} Sufficient funds are available to source this requirement. The Advanced Individual Barracks Complex, Phase 4, Joint Base Langley-Eustis was awarded using \$1.162 million of FY 2016 funding.

Bid Expiration Date: July 1, 2021

Family Housing Construction, Army

Reprogramming Request

Installation: United States Army Garrison (USAG) Kwajalein Atoll, Republic of the Marshall Islands

Project: Family Housing Replacement Construction

Authorization: National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2018, Public Law 115-91

Estimated Cost (\$000):

Previously Appropriated	31,000
Previously Reprogrammed	0
Requested Reprogramming	8,300
Total Estimated Cost	39,300

Project Description: This project constructs of 26 single-family housing units and demolishes 34 pre-existing housing units at USAG Kwajalein Atoll.

Justification: An additional \$8.3 million is required to award the full scope of the project. Despite the actions taken to control costs, when bids opened in May 2020, all competitive offers received were above the project's authorization and appropriation. The additional costs are due to (1) increased project scope (22 housing units to 26), (2) the rising cost of construction on Kwajalein (the Department's index for estimating construction costs increased 25% from FY 2017), (3) installation design guide changes requiring the addition of electrical transformer enclosures, (4) upgrades to the telecommunication systems to meet current network requirements, and (5) an elevated finished floor for the housing units to mitigate for flooding and sea level rise.

On January 20, 2021, the Assistant Secretary of the Army for Installations, Energy, and Environment submitted a "Report on Conditions on Use of Funds for Kwajalein Project per the Fiscal Year 2018 National Defense Authorization Act (NDAA), Section 2879 (a)(1)(C)" to Congress. Section 2879 (a)(1)(C) required, as conditions on the use of funds, that this project construct 26 family housing units and if the costs exceeded the amount authorized, in addition to meeting the requirements of section 2853 of title 10, the Secretary of the Army was to submit a separate report to the congressional defense committees. The submitted report details the reasons that the project costs exceeded the authorized amount, steps that the Army took to implement cost savings efforts to include alternatives considered, and lessons learned.

The project is required to replace failing housing. The existing units are no longer in a condition to allow renovations or upgrades. This project and the future housing projects at USAG Kwajalein Atoll are a high priority to the Army.

A 10 U.S.C. §2853 cost variation notification dated March 22, 2021 was submitted to Congress.

Source of Funds: Savings from the following projects will 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>
Camp Humphreys, KR Family Housing New Construction Increment #4	2020	83,167 ^{1/}	60,355 ^{2/}	8,300
Total				8,300

^{1/} This is the fourth and final increment of a project fully authorized in FY 2017 for 297,000,000. The project was "authorized for appropriation" \$302,569,000. Previous increments appropriated were in FY 2017 (\$100,000,000), FY 2018 (\$34,402,000), and FY 2019 (\$85,000,000). The project's total Current Working Estimate is \$279,757,000. The Army plans to use the remaining savings from this project for other reprogramming requirements.

^{2/} A 10 U.S.C. §2853 cost variation notification dated October 15, 2020 was submitted to Congress.

Bid Expiration Date: June 15, 2021

Military Construction, Air Force Reserve

Reprogramming Request

Installation: Westover Air Reserve Base, Massachusetts

Project: Regional ISO Maintenance Hangar

Authorization: John S. McCain National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2019, Public Law 115-232

Estimated Cost (\$000):

Previously Appropriated	42,600
Previously Reprogrammed	0
Requested Reprogramming	10,282
Total Estimated Cost	52,882

Project Description: This project constructs a high-bay C-5 aircraft maintenance hangar with reinforced concrete foundation and floor slab, masonry exterior walls on the office area and metal sandwich panels on the hangar area, electrically operated hangar doors, structural steel frame, architecturally compatible roof, fire protection and alarm system, utilities, secure and non-secure communications, site improvements, and other necessary support. Additional space shall be provided for shop, tool and administrative functions.

Justification: An additional \$10.3 million is required to award this project. Initial cost estimates at 100% design were consistent with the previous cost estimate. However, bids received in August 2019 exceeded the appropriated total. In an effort to control costs, portions of the project were redesigned to reduce costs and the project was resolicited in September 2020. The current bid of \$52.882 million accounts for construction cost increases due to higher structural steel and material prices, labor shortages, and productivity impacts stemming from COVID-19 preventative measures and an improving local economy.

A 10 U.S.C. §2853 cost variation notification is not required.

Source of Funds: 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>
Seymour Johnson AFB, SC KC-46A Construct Two Bay Corrosion/Fuel Cell Hangar	2017	90,000	67,532 ^{1/}	10,282
Total				10,282

^{1/} A 10 U.S.C. §2853 cost variation notification dated September 26, 2017 was submitted to Congress.