



UNDER SECRETARY OF DEFENSE

1 100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1 100

COMPTROLLER

MAR 0 4 2024

The Honorable John Carter
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 request committee approval of the proposed reprogramming of funds for the projects and amounts shown below. Detailed justifications for the projects are enclosed.

#	<u>Service/Agency/Installation</u>	<u>Project</u>	<u>Program</u>	<u>Request (\$)</u>
	<u>Army</u>			
1	Fort Detrick, Maryland	Medical Waste Incinerator Facility	2022	15,100,000
	<u>Navy</u>			
2	Yokosuka, Japan	Ship Handling & Combat Training Facilities	2022	30,191,000

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

Michael McCord

Enclosures:

As stated

cc:

The Honorable Debbie Wasserman Schultz
Ranking Member



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UNDER SECRETARY OF DEFENSE

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The Honorable Patty Murray
Chair
Subcommittee on Military Construction,
Veterans Affairs, and Related Agencies
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Madam Chair:

The purpose of this letter is to request committee approval of the proposed reprogramming of funds for the projects and amounts shown below. Detailed justifications for the projects are enclosed.

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2	<u>Navy</u> Yokosuka, Japan	Ship Handling & Combat Training Facilities	2022	30,191,000

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

Michael McCord

Enclosures:
As stated

cc:
The Honorable John Boozman
Ranking Member

Requested Date of Congressional Action: April 15, 2024

Military Construction, Army

Reprogramming Request

Installation: Fort Detrick, Maryland

Project: Medical Waste Incinerator Facility

Authorization: National Defense Authorization Act for Fiscal Year 2022,
Public Law 117-81

Estimated Cost (\$000):

Previously Appropriated	27,000 ^{1/}
Previously Reprogrammed	-
Requested Reprogramming	15,100
Total Estimated Cost	42,100 ^{2/}

¹ Project was appropriated at \$27 million under Section 129 of the FY22 Consolidated Appropriations Act, Public Law 117-103

² A 10 U.S.C. 2853 notification dated January 24, 2024, was submitted to the Congressional committees, reflecting a current work estimate of \$42.1 million.

Description: This project constructs a medical waste incinerator facility that includes incinerators and a refuse and garbage building that maintains capability to destroy all laboratory and medical waste generated on the installation, while meeting all Federal and state Clean Air Act requirements for laboratory, medical and infectious waste incineration. Supporting facilities include site development, utilities and connections, lighting, paving, parking, walkways, storm drainage, information systems, fencing, landscaping and signage. Heating and air conditioning will be provided by self-contained systems.

Justification: Additional funding is required to award the full scope of this non-standard design and highly complex project. The additional cost also resulted from extraordinary price escalation and labor shortages in the construction industry. This unique project limited the number of bidders for the construction contract and the design of this project evolved due to the highly technical and complex nature of medical waste incineration processes. In addition, skilled labor familiar with these processes in the local region limited the number of skilled subcontractors available to perform the specialized work.

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

<u>Location/Project</u>	<u>Fiscal Year</u>	<u>(Dollars in Thousands)</u>		<u>Proposed Reprogramming</u>
		<u>Amount Appropriated</u>	<u>Current Working Estimate</u>	
Carlisle Barracks, PA General Instruction Bldg., Incr 2	2021	34,800 ^{1/}	32,000	1,800
Fort Irwin, CA Simulations Center	2022	52,000	50,178	1,800
Fort Eisenhower, GA Cyber Instructional Facility, Incr 2	2022	61,300 ^{2/}	59,401	1,800
Fort Bliss, TX Fire Station	2023	18,200 ^{3/}	15,865	2,300
Kwajalein, KW Medical Clinic	2023	84,000 ^{4/}	73,819	5,400
Fort Carson, CO Fire Station Support Building	2023	17,200 ^{5/}	13,451	2,000
Total				15,100

¹ The second increment of the General Instruction Bldg at Carlisle Barracks, PA was originally appropriated at \$38 million in FY 2021. Congress approved the reprogramming of \$3.2 million to a commissary at Stuttgart, Germany in May 2023.

² The second increment of the Cyber Instructional Facility at Fort Eisenhower, GA originally appropriated at \$69 million in FY 2022. A 10 USC 2853 cost variance was submitted to Congress on March 5, 2021. Congress approved the reprogramming of \$7.7 million to a forward operating site at Classified Worldwide in December 2023.

³ The Fire Station at Fort Bliss, TX was originally appropriated in FY 2023 at \$15 million and increased by \$3.2 million by section 131 of the FY 2023 Consolidated Appropriations Act, PL 117-328.

⁴ The Medical Clinic at Kwajalein, KW was originally appropriated in FY 2023 at \$69 million and increased by \$15 million by section 131 of the FY 2023 Consolidated Appropriations Act, PL 117-328.

⁵ The Fire Station at Fort Carson was originally appropriated in FY 2023 at \$14.2 million and increased by \$3 million by Section 131 of the FY 2023 Consolidated Appropriations Act, PL 117-328.

Requested Date of Congressional Approval: May 23, 2024

Military Construction, Navy

Reprogramming Request

Installation: Yokosuka, Japan

Project: Ship Handling & Combat Training Facilities

Authorization: National Defense Authorization Act for Fiscal Year 2022, Public Law 117-81

Estimated Cost (\$000):

Previously Appropriated	49,900
Previously Reprogrammed	0
Requested Reprogramming	30,191
Total Estimated Cost	80,091

Project Description: Constructs training facility for Integrated Navigation, Seamanship and Ship handling Trainer, Multi-Purpose Reconfigurable Training System, Combined Integrated Air and Missile Defense and Antisubmarine Warfare Trainer, and training support and equipment maintenance and storage spaces.

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

- Material and Labor Costs: Japan has experienced significant increases in labor costs, material pricing and inflation across all major construction commodities due to material shortages, supply chain delays, transportation cost increases, increases in demand for building materials, and the COVID-19 pandemic.
- Compressed Design Schedule: In response to collisions involving the U.S.S. John S. McCain and the U.S.S. Fitzgerald, the Navy settled on a long-term investment in training systems to help eliminate accidents of this nature in the future. This project supports that training response by housing sophisticated navigation and bridge trainers. Following development of these complex realistic trainers, facilities required an accelerated design and acquisition schedule. The compressed project development and design activities were not developed in time to adequately inform the authorized cost.
- Site Restrictions: This project will be sited in close proximity to existing Building 1997, a busy sailor training facility. This requires additional efforts related to site electrical and utilities work as well as multiple temporary fenced-off corridors for pedestrian access into Building 1997. This is to ensure that it remains safely in operation during construction. The project site is also directly adjacent to a four-lane road near the base main gate entrance and

the contractor must schedule work around peak-traffic times when the road will not be permitted to be closed. Both of these site restrictions result in additional project costs.

- o Increase in Contingency and Supervision and Inspection & Overhead (SIOH) Costs: Contingency and SIOH cost increased due to higher construction cost.

A 10 U.S.C. §2853 cost variation notification dated February 6, 2024, was submitted to the Congressional committees.

Source of Funds: Savings from the following projects are cited as sources of funds for this cost increase.

<u>Location/Project</u>	<u>Fiscal Year</u>	<u>(Dollars in Thousands)</u>		
		<u>Amount Appropriated</u>	<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
Bremerton, WA Seawolf Class Service Pier	2020	48,000	38,534	8,707
China Lake, CA Runway & Taxiway Extension	2020	64,500	55,861	8,639
Sigonella, Italy Communications Station	2020	77,400	70,775	6,625
Pearl Harbor, HI Magazine Consolidation, Phase 1	2020	40,710 ^{1/}	40,516 ^{2/}	194
Pearl Harbor, HI Waterfront Improve, Wharves S1, S11-13, S20-21	2021	48,550 ^{3/}	33,070 ^{4/}	4,875
Rota, Spain Seamanship Training Facility	2021	8,500 ^{5/}	7,349 ^{6/}	1,151
Total				30,191

^{1/} Reflects a revised programmed amount of \$40.710M as a result of a \$3.094M reprogramming decrease approved by Congress in July of 2022, a \$6.486M reprogramming decrease approved by Congress in July of 2022, and a \$3.500M reprogramming decrease approved by Congress in December of 2022.

^{2/} A 10 U.S.C. §2853 cost reduction notification dated May 5, 2022, was submitted to the Congressional committees.

^{3/} Reflects a revised programmed amount of \$48.550M as a result of a \$0.440M reprogramming decrease approved by Congress in August of 2023.

^{4/} A 10 U.S.C. §2853 cost reduction notification dated September 9, 2022, was submitted to the Congressional committees.

^{5/} Reflects a programmed amount of \$8.500M as a result of \$8.500M reprogramming increase approved by Congress in March of 2021.

^{6/} A 10 U.S.C. §2853 notification dated December 18, 2020, was submitted to the Congressional committees.