



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

JUL 15 2008

COMPTROLLER

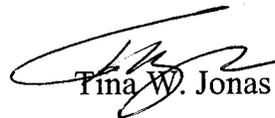
The Honorable Chet Edwards
Chairman, Subcommittee on Military Construction,
Veterans Affairs, and Related Agencies
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

The purpose of this letter is to notify the Committee of the proposed reprogramming of funds for the project and amount shown below. A detailed justification is enclosed. A similar letter is being sent to the Chairman and Ranking Member of the Military Construction, Veterans Affairs, and Related Agencies Subcommittee of the Senate Appropriations Committee.

<u>Service/Installation</u>	<u>Project</u>	<u>Fiscal Program</u>	<u>Reprogramming Request</u>
<u>Department of Air Force</u> Seymour-Johnson AFB, North Carolina	Replace Family Housing Phase 8	2005	\$4,293,000
Seymour-Johnson AFB, North Carolina	Replace Family Housing Phase 9	2006	\$8,093,000

Sincerely,



Tina W. Jonas

Enclosures:
As stated

cc:
The Honorable Zach Wamp
Ranking Member



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

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Enclosures:
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cc:
The Honorable Kay Bailey Hutchison
Ranking Member

Bid Expiration Date: August 15, 2008
 Family Housing Construction, Air Force
 Reprogramming Request

Installation: Seymour Johnson AFB, North Carolina
Project: Replace Family Housing, Phase 8, PN VKAG046002
 Replace Family Housing, Phase 9, PN VKAG046002R1
Authorization: Ronald W. Reagan National Defense Authorization Act for
 FY 2005 (P.L. 108-375)
 National Defense Authorization Act for FY 2006 (P.L. 106-163)

Estimated Cost (\$):

FY 2005:	New		Total
<u>Family Housing Phase 8</u>	<u>Construction</u>	<u>Improvements</u>	
Previously Appropriated:	32,693,000	-	32,693,000
Previously Reprogrammed:	-	-	-
Requested Reprogramming:	4,293,000	-	4,293,000
From: Dyess AFB FY 2007 Family Housing Project (bid savings)			
Total Estimated Cost:	36,986,000	-	36,986,000

FY 2006:	New		Total
<u>Family Housing Phase 9</u>	<u>Construction</u>	<u>Improvements</u>	
Previously Appropriated:	48,379,320	-	48,379,320
Previously Reprogrammed:	-	-	-
Requested Reprogramming			
From: Seymour-Johnson AFB (New Construction to Improvements)	-8,286,320	+8,286,320	-
From: Dyess AFB FY 2007 Family Housing Project (bid savings)		+8,093,000	8,093,000
Total Estimated Cost:	40,093,000	16,379,320	56,472,320

Description: The FY 2005 project to replace family housing (Phase 8) at Seymour-Johnson AFB was originally programmed to construct 167 new housing units and demolish 167 existing housing units at a cost of \$32,693,000. This reprogramming action reduces project scope by 60 units (36%). The revised project will construct 107 housing

units and demolish 107 housing units at a re-programmed amount of \$36,986,000 (\$4,293,000 greater than the original project).

The FY 2006 project to replace family housing (Phase 9) at Seymour Johnson AFB was originally programmed to construct 255 new housing units and demolish 349 housing units at a cost of \$48,379,320. This reprogramming action restructures the project from purely new construction into a combination of new construction and improvements to existing housing. The number of new units is reduced by 133 units from 255 units to 112 units (\$-8,286,320). This \$8,286,320, along with \$8,093,000 of bid savings from a Dyess AFB, Texas, housing project are requested for reprogramming to the Post Acquisition account to improve 150 existing units at Seymour Johnson AFB at a cost of \$16,379,320. The combination of new construction (\$40,093,000 for 112 units) and improvements to existing housing (\$16,379,320 for 150 units) results in a new project cost of \$56,472,320 for 262 units – 7 more units than the original project.

These reprogramming actions are required to award the contracts and meet the FY 2007 Office of the Secretary of Defense goal of eliminating inadequate housing units at CONUS installations. Bids for these projects have been extended twice and will expire on August 15, 2008.

Justification: The FY 2005 project to replace family housing (Phase 8) has been advertised three times. All proposals have significantly exceeded the programmed amount (PA). The FY 2005 project was last advertised August 17, 2006, at an approved 25% scope reduction. Proposals received were 10% to 24% over the PA. If full scope had been advertised the proposals would have been approximately 45% to 64% over the PA. Using the pricing information received from currently awarded Military Family Housing projects and using mid-range support costs as presented in the cost model from the Air Force Family Housing Guide, the programmed amount for the FY 2005 project was recalculated.

The PA for the FY 2006 project to replace family housing (Phase 9), using current pricing estimates to construct 255 housing units and demolish 113 housing units, was recalculated at \$85,483,000, which is 77% higher than the current PA of \$48,379,320. In order to meet the Housing Replacement Modernization Allocation (HRMA) requirement at Seymour Johnson in the most economical manner, this project will be reprogrammed into two projects with a total PA of \$56,472,320. The new construction project will construct 112 housing units and demolish 113 units with a PA of \$40,093,000. The improvement project will renovate 150 housing units with a PA of \$16,379,320. The revised PAs for both the construction and improvement projects are based on actual competitive bids. The FY 2006 project as originally programmed is not awardable as appropriated.

Family Housing Phase 8	New Construction	Demolition	Improvements	Total New Construction/Improvements
Original Plan	167	167	-	167
Current Plan	107	107	-	107
Change	-60	-60	-	-60

Family Housing Phase 9	New Construction	Demolition	Improvements	Total New Construction/Improvements
Original Plan	255	349	-	255
Current Plan	112	113	150	262
Change	-143	-236	+150	+7

The FY 2006 project will improve/replace a total of 267 units and demolish 113 units. This 7 unit increase above 255 units in the original plan is required due to a loss of scope from prior year family housing construction projects. Operation and Maintenance funds will be used to demolish surplus units, decreasing the number of units required for demolition using the Family Housing appropriation. The 150 units identified for improvement underwent whole house renovations in 1993. These units are all brick one-story duplex units and are in good condition—improvements include electrical upgrades, bathroom renovations, enclosing carports, and other improvements to correct fair condition ratings.

In summary, the HRMA requirement for Seymour Johnson AFB is 900 housing units. The current inventory contains 475 adequate units and 906 inadequate/surplus units. The FY 2005 (107 units), FY 2006 (262 units), and FY 2007 (56 units) projects to replace Military Family Housing, along with two O&M projects for demolition, will meet the remaining HRMA requirement and demolish inadequate/surplus units. The awarded FY 2007 to replace Military Family Housing (Phase 10) will construct 56 housing units and demolish 114 units. The remaining surplus housing units will be demolished using O&M funds.

Source of Funds. Bid savings from the following projects will be used to fund this action.

Location/Project	Fiscal Year	Amount Appropriated	Current Working Estimate	Amount Reprogrammed
Replace Family Housing Dyess AFB, Texas	2007	\$49,215,000	\$36,829,000	\$12,386,000