



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

COMPTROLLER

AUG 26 2011

The Honorable John Culberson
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 justifications are enclosed.

<u>Service/Installation</u>	<u>Project</u>	<u>Program Year</u>	<u>Request (\$K)</u>
Army/Fort Bliss, Texas	Transient Training Complex	2011	7,600
Air Force/Malmstrom AFB Montana	Upgrade Weapons Storage Area, Phase I	2009	3,000

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

Sincerely,

Michael J. McCord
Principal Deputy

Enclosure:
As stated

cc:
The Honorable Sanford D. Bishop, Jr.
Ranking Member



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1100 DEFENSE PENTAGON
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COMPTROLLER

AUG 26 2011

The Honorable Tim Johnson
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 project and amount shown below. A detailed justification is enclosed.

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Principal Deputy

Enclosure:
As stated

cc:
The Honorable Mark Kirk
Ranking Member

Bid Expiration Date: November 9, 2011

Military Construction, Army

Reprogramming Request

Installation: Fort Bliss, Texas

Project: Transient Training Complex

Authorization: Ike Skelton National Defense Authorization Act for Fiscal Year 2011,
Public Law 111-383

Estimated Cost (\$000):

Appropriated*	30,938
Previously Reprogrammed	-
Requested Reprogramming	7,600
Total Estimated Cost	38,538

** The appropriated amount reflects the 0.2 percent rescission directed in Section 1119 of P.L. 112-10.*

Description: The original project scope authorizes the construction of a standard design battalion sized Transient Training Complex, to include an officers quarters, dining facility, battalion headquarters, company operations facilities, covered hardstand, vehicle maintenance shop, and organizational vehicle parking. This \$7.6 million reprogramming action funds the full scope of the Transient Training Complex project by providing the funds necessary to construct the officers' quarters and battalion headquarters.

Justification: This project is required to meet the immediate need for adequate facilities to support the reserve component training, mobilization, deployment, demobilization missions at Fort Bliss and ensure the operational readiness of the reserve component soldiers. Bid estimates received from contractors were higher than expected for fuel, labor, and construction material. In addition, the private utility provider submitted an upward cost adjustment for running utility lines to the project site.

Considering the higher than planned costs associated with this high priority project, the Army sought to award as much project scope within the amount appropriated. A Title 10 USC 2853 scope reduction notification was provided to the Committees on June 10, 2011, explaining the Army's plan to award 69.8 percent of the original project scope using available funds and to award the remaining scope when funds become available. At the end of the congressional notification waiting period, the Army awarded contracts for the reduced project scope, to include the dining facility, company operations facilities, covered hardstand, vehicle maintenance shop,

and organizational vehicle parking. This reprogramming request enables the award of the remaining project scope. A corresponding Title 10 USC 2853 cost increase notification was provided to the Committees on or around July 22, 2011.

Source of Funds: Funds for this requirement will be provided from the following projects:

(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 Bragg, NC Barracks Complex PN 58491	2008	55,000	49,600	5,400
Fort Bragg, NC Unaccompanied Enlisted Personnel Housing PN 64447	2008	30,000	29,050	950
Fort Lee, VA Child Development Center PN 64143	2008	7,400	6,300	1,100
Fort Campbell, KY Child Development Center PN 59804	2008	9,900	9,750	<u>150</u>
Total				<u>7,600</u>

PN = Project Number

* Funding for these barracks and child development center projects was appropriated in the Supplemental Appropriations Act, 2008 (P.L. 110-252) and remains available until September 30, 2012.

Bid Expiration Date: Not Applicable
Military Construction, Air Force
Reprogramming Request

Installation: Malmstrom AFB, MT

Project: Upgrade Weapons Storage Area, PH I

Authorization: Duncan Hunter National Defense Authorization Act of Fiscal Year 2009,
P.L. 110-417

Estimated Cost:

Appropriated	\$10,000,000
Rescission*	-195,000
Below Threshold Reprogramming	1,995,000
Requested Reprogramming	3,000,000
Total Estimated Cost	\$14,800,000

* Education and Medicaid Assistance Act, P.L. 111-226, Section 325

Description: This project constructs an administrative building, three munitions storage igloos, an inert storage building, new roads, and utility upgrades supporting the Malmstrom AFB Weapons Storage Area (WSA).

Justification: The project was awarded at full scope in September 2009 with a Current Working Estimate (CWE) of \$11.8 million, including associated supervision, inspection, overhead, and contingencies. The increased CWE at award was attributable to the remote location, the necessity to bring in specialized supervisors/workers, the impact of severe winters on productivity, the local bidding climate, and higher than anticipated site utility costs.

The \$3.0 million cost increase—post award—is attributed to two factors: limited access to the site and a requirement to redesign/remanufacture the munitions igloo doors.

Access to the construction site was limited due to enhanced security measures, military exercises, and the movement of nonconventional weapons; these constraints delayed construction start until March 2010.

Extensive changes in WSA security procedures were implemented in response to an August 2007 nuclear security incident at Minot AFB and the failure of Malmstrom AFB to meet nuclear surety standards during the January 2010 inspection. Increased security measures were the primary cause of extensive contractor delays. Although measures were implemented to

improve accessibility to the job site, the time required to enter and exit the WSA was still greater than anticipated by both the Government and the construction contractor's proposal.

Real-world mission requirements and military exercises resulted in additional access delays. For example, the WSA must be cleared of all non-mission essential personnel when nonconventional munitions are moved (either inbound or outbound) due to the highly sensitive nature of the weapons movement. Furthermore, all construction personnel must be cleared from the WSA for both training exercises and operational readiness inspections.

Igloo doors had to be redesigned and remanufactured. The first set of igloo doors were designed to the original definitive standard; these doors do not meet the new modified standard. Therefore, a second set of doors must now be designed and manufactured to comply with the new net explosive weight storage requirements.

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

<u>Location & Project</u>	<u>Fiscal Year</u>	<u>Amount Appropriated (\$000)</u>	<u>Current Working Estimate (\$000)</u>	<u>Proposed Reprogramming (\$000)</u>
Lackland AFB, TX BMT Recruit Dormitory	2009	75,515	55,760	2,535
Travis AFB, CA C-17 Southwest Landing Zone	2008	22,000	15,450	<u>465</u>
Total				<u>3,000</u>