



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

NOV 19 2012

COMPTROLLER

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 project and amount shown below. A detailed justification is enclosed.

<u>Service/Installation</u>	<u>Project</u>	<u>Program</u>	<u>Request (\$)</u>
<u>Defense-Wide</u> Blue Grass Army Depot, Kentucky	Ammunition Demilitarization Facility Phase 10	2010	36,434,000

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 DoD programs.

Sincerely,

Robert F. Hale

Enclosure:
As stated

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



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NOV 19 2012

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:

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Robert F. Hale

Enclosure:
As stated

cc:
The Honorable Mark Kirk
Ranking Member

Chemical Demilitarization Construction, Defense

Reprogramming Request

Installation: Blue Grass Army Depot, Kentucky

Project: Ammunition Demilitarization Facility Phase 10

Authorization: National Defense Authorization Act for Fiscal Year 2011, P.L. 111-383;
Consolidated Appropriations Act for Fiscal Year 2010, P.L. 111-117

Estimated Cost (\$000):

Previously Appropriated:	59,041
Previously Reprogrammed:	-
Requested Reprogramming:	36,434
Total Estimated Cost:	95,475

Description: This project constructs a toxic chemical munitions demilitarization complex based on neutralization followed by supercritical water oxidation. This project is required to provide the capability to demilitarize and dispose of the toxic chemical agents and munitions stored at the Blue Grass Army Depot in a safe, environmentally acceptable manner.

Justification: The Assembled Chemical Weapons Alternative (ACWA) program is mandated by Public Laws 110-181 and 110-116 to destroy the remaining 10 percent of the U.S. chemical weapons stockpile by the deadline established by the international treaty known as the Chemical Weapons Convention (CWC) (April 2012) and in no circumstances later than December 31, 2017. Further, P.L. 110-181 specifically directs the Secretary of Defense to “make every effort to plan for, and to request in the annual budget of the President submitted to Congress, adequate funding to complete the elimination of the United States chemical weapons stockpile in accordance with United States obligations under the CWC and in a manner that will protect public health, safety, and the environment, as required by law.”

The Blue Grass Depot stores approximately 101,800 nerve agent and mustard-filled munitions. The stockpile includes 70,000 nerve agent-filled rockets that are about 50 years old and 20 to 30 years past their planned shelf life. The risks of munitions leaking chemical agent and the potential for catastrophic event to cause chemical incident will continue to increase over the duration of continued storage.

Under the FY 2013 Continuing Resolution (CR), funding is limited to \$36.730 million in the Chemical Demilitarization Construction account during the six-month CR period. This level

of funding is insufficient to cover the cost of personnel and materials needed to continue construction activities, to avoid layoffs, and to purchase bulk materials. The Blue Grass project is currently at the peak of its construction effort, and additional funds are required to satisfy contractual requirements for construction activities including installation of piping, electrical wiring, and duct work for heating, ventilation, and air conditioning.

If an additional \$36.4 million is not provided for the Blue Grass facility, approximately 410 contract personnel will be laid off on January 2, 2013, and an additional 90 personnel will be laid off in early March. In addition, \$20 million of procurements will be delayed, completion of systemization and the start of chemical weapons destruction operations will be delayed 12-18 months, and the overall life cycle cost would increase by approximately \$80-130 million.

Further, failure to get this additional funding will also result in the inability to comply with congressional mandates and the CWC, and will increase the risk to the Blue Grass community of a chemical incident due to continued storage.

This reprogramming action uses transfer authority contained in the Consolidated Appropriations Act, 2010 (P. L. 111-117), an authority provided each year as part of the Military Construction, Defense-Wide appropriations language. Specifically, this language states, “that such amounts of this appropriation as may be determined by the Secretary of Defense may be transferred to such appropriations of the Department of Defense available for military construction or family housing as the Secretary may designate, to be merged with and to be available for the same purposes, and for the same time period, as the appropriation or fund to which transferred.

Source of Funds: Bid savings from the following projects are available to fund this requirement using the authority stated above.

<u>Location/Project</u>	<u>Fiscal Year</u>	<u>Amount Appropriated</u>	(Dollars in Thousands)	
			<u>Current Estimate</u>	<u>Proposed Reprogramming</u>
Ft. Carson, CO/ Health and Dental Clinic	2010	31,900	20,666	11,234
Ft. Stewart, GA/ Health and Dental Clinic	2010	22,200	12,827	9,373

(Dollars in Thousands)

<u>Location/Project</u>	<u>Fiscal Year</u>	<u>Amount Appropriated</u>	<u>Current Estimate</u>	<u>Proposed Reprogramming</u>
Ft. Campbell, KY/ Health Clinic	2010	8,600	6,773	1,827
Ft. Bragg, NC/ Health Clinic	2010	31,272	17,272	14,000
Total				<u>36,434</u>