



UNDER SECRETARY OF DEFENSE

1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

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

JUL 10 2013

Dear Mr. Chairman:

The purpose of this letter is to notify the committee of the proposed Navy reprogramming request for \$75.539 million to re-baseline 35 military construction projects significantly impacted by sequestration. The balance of the projects impacted by sequestration will be addressed using below threshold reprogramming authority as required. A detailed justification is enclosed.

A similar letter is being sent to the Chairman of the Senate Subcommittee on Military Construction, Veterans Affairs, and Related Agencies. If necessary, the Navy will provide additional details separately. Thank you for your continued support of DoD programs.

Sincerely,

A handwritten signature in cursive script that reads "Robert F. Hale".

Robert F. Hale

Enclosure:
As stated

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



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COMPTROLLER

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

JUL 10 2016

Dear Mr. Chairman:

The purpose of this letter is to notify the committee of the proposed Navy reprogramming request for \$75.539 million to re-baseline 35 military construction projects significantly impacted by sequestration. The balance of the projects impacted by sequestration will be addressed using below threshold reprogramming authority as required. A detailed justification is enclosed.

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Robert F. Hale

Enclosure:
As stated

cc:
The Honorable Mark Kirk
Ranking Member

Bid Expiration: Various
Military Construction, Navy
Reprogramming Request

Installation: Various

Project: Various (Reference Attachment A)

Authorization: Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (P.L. 110-417), National Defense Authorization Act for Fiscal Year 2010 (P.L. 111-84), Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (P.L. 111-383), National Defense Authorization Act for Fiscal Year 2012 (P.L. 112- 81), National Defense Authorization Act for Fiscal Year 2013 (P.L. 112-239)

Estimated Cost (\$000):

Previously Appropriated	2,017,113
Previously Reprogrammed	-
Requested Reprogramming	75,539
Total Estimated Cost	2,092,652

Description: Military Construction projects are individually authorized; however, the appropriated value of individual military construction projects is the baseline by which specific congressional reprogramming criteria is applicable. The reprogramming criterion, which applies to military construction projects (25 percent of the appropriated value or \$2 million, whichever is less), establishes thresholds by which prior approvals are required from Congress. These prior approvals are identified as Above Threshold Reprogrammings (ATR).

On March 2, 2013, in accordance with the Balanced Budget and Emergency Deficit Control Act, sequestration reductions were levied to military construction projects that were pending award and those in execution. These sequester reductions also impacted the reprogramming baseline of military construction projects and in some cases, sequester reductions were significant enough to cause or are projected to cause the projects to become unexecutable at the lower sequester level. In order to ensure timely and cost-effective execution of certain projects, a re-baseline is requested in order to restore funds required or projected to be required for execution. This blanket re-baseline request will minimize future incremental prior approval requests and facilitate execution.

Justification: The projects which require a re-baseline fall into three categories detailed below.

Sequester reduction causes ATR for base funded projects: The first category entails those projects in which the sequester reduction itself is greater than the ATR limitation. For example, sequestration reduces P-990 – Explosives Handling Wharf #2 in Kitsap, Washington by \$15.272

million. This project's current working estimate (CWE) identifies that as a result of sequestration, additional funds exceeding prior approval thresholds are required for this increment of the project. An ATR is requested to reset the baseline and restore required funding, as the \$2 million below threshold reprogramming (BTR) limitation does not permit restoration of sufficient funds to execute this project.

Sequester pushes project over below threshold reprogramming limit for base funded projects:

The second category consists of projects that are already in execution. The CWEs for these projects had already exceeded the appropriated value. Prior to sequestration, the execution plan was to complete these projects through internal BTRs. These projects now require an ATR to successfully complete at full scope as a result of the sequestration reductions.

Overseas Contingency Operations (OCO) 1 year funds availability: The third category of projects entails OCO projects that require ATRs. The funding for these projects is only available for one year and expires on September 30, 2013. If these projects cannot be awarded below the ATR level, there is a risk that the funds availability will expire prior to completion of multiple congressional prior approval reprogrammings. The CWEs, which were revised during the acquisition process, identifies that these projects could exceed the ATR limitation. Given the compressed timeframe available to execute these projects, an ATR is requested at this time to facilitate execution.

Source of Funds: Reference Attachment B.

Attachment A
(\$ in Thousands)

Account Title	Fiscal Year	Project Number	Location Title	Project Title	Appropriated Amount	Sequester Order	Funding available	Current Working Estimate (CWE)	Delta between funding available and CWE	Reprogramming Request
ABOVE THRESHOLD REPROGRAMMING FOR BASE FUNDED PROJECTS										
MCN	2013	990	Naval Base Kitsap, Washington	Explosives Handling Wharf #2 (Increment 2)	279,671	(15,272)	264,399	280,041	(15,642)	15,272
MCN	2013		Various Locations	Planning & Design	102,483	(5,594)	96,889	102,483	(5,594)	5,594
MCN	2013	904	Marine Corps Base Kaneohe Bay, Hawaii	MV-22 Hangar and Infrastructure	82,521	(4,504)	78,017	82,630	(4,613)	4,504
MCN	2013	1132	Marine Corps Base Camp Pendleton, California	Communication Information Systems Operations Complex	78,793	(4,301)	74,492	78,897	(4,405)	4,301
MCN	2013	730	Naval Base Coronado, California	Bachelor Quarters	75,963	(4,146)	71,817	76,063	(4,246)	4,146
MCN	2013	500	Naval Base San Diego, California	LCS Training Facility	59,357	(3,240)	56,117	59,436	(3,319)	3,240
MCN	2013	992	Marine Corps Base Twentynine Palms, California	Land Expansion - Phase 2	47,208	(2,577)	44,631	47,270	(2,639)	2,577
MCN	2013	465	Marine Corps Air Station Beaufort, South Carolina	Aircraft Maintenance Hangar	41,955	(2,290)	39,665	42,010	(2,345)	2,290
MCN	2013	513	Naval Air Station Oceana, Virginia	Training Barracks	39,034	(2,131)	36,903	39,086	(2,183)	2,131
MCN	2011	958	Naval Support Activity Bahrain	NAVCENT Ammunition Magazines	82,282	(4,766)	82,516	87,282	(4,766)	4,766
MCN	2012	1046	Marine Corps Base Camp Pendleton, California	North Area Waste Water Conveyance	78,271	(4,272)	73,999	78,271	(4,272)	4,272
MCN	2011	205	Naval Base Guam	Defense Access Road Improvements	65,236	(3,561)	61,675	65,236	(3,561)	3,561
MCN	2012	611	Naval Submarine Base Kings Bay, Georgia	Crab Island Security Enclave	52,913	(2,888)	50,025	52,913	(2,888)	2,888
MCN	2010	204	Naval Base Guam	Apra Harbor Wharf Improvements (Increment 1)	117,508	(2,411)	115,097	127,638	(12,541)	2,411
					1,208,195	(61,953)	1,146,242	1,219,256	(73,014)	61,953

Account Title	Fiscal Year	Project Number	Location Title	Project Title	Appropriated Amount	Sequester Order	Funding available	Current Working Estimate (CWE)	Delta between funding available and CWE	Reprogramming Request
SEQUESTER PUSHES OVER BELOW THRESHOLD REPROGRAMMING LIMIT FOR BASE FUNDED PROJECTS										
MCN	2013	237	Naval Weapons Station Earle, New Jersey	Combat System Engineering Building Addition	33,454	(1,826)	31,628	34,351	(2,723)	1,826
MCN	2009	1008	Marine Corps Base Camp Pendleton, California	BEQ - Armory, Training Facility, SOI (52 Area)	54,730	(851)	53,879	56,016	(2,137)	851
MCN	2011	1265	Marine Corps Base Camp Lejeune, North Carolina	Utility Expansion - French Creek	54,795	(808)	53,987	56,132	(2,145)	808
MCN	2010	1094	Marine Corps Base Camp Pendleton, California	Electrical Distribution System	71,180	(103)	71,077	73,136	(2,059)	103
MCN	2009	1104	Marine Corps Base Camp Lejeune, North Carolina	Bachelor Enlisted Quarters - Hadnot Point	39,075	(45)	39,030	41,075	(2,045)	45
MCN	2009	535	Naval Station Guantanamo Bay, Cuba	Consolidated Fitness Complex	20,600	(43)	20,557	22,600	(2,043)	43
MCN	2009	1142	Marine Corps Base Camp Lejeune, North Carolina	Bachelor Enlisted Quarters - Courthouse Bay	35,890	(40)	35,850	37,890	(2,040)	40
MCN	2010	760	Naval Station Mayport, Florida	Fitness Center	24,383	(33)	24,350	26,360	(2,010)	33
MCN	2009	367	Marine Corps Recruit Depot Parris Island, South Carolina	Third Recruit Training Battalion (Phase 2)	36,400	(31)	36,369	38,400	(2,031)	31
MCN	2009	517	Marine Corps Base Quantico, Virginia	Aircraft Maintenance Hangar, Type II	27,750	(22)	27,728	29,729	(2,001)	22
MCN	2009	623	Naval Air Station Jacksonville, Florida	P-8A Integrated Training Center	48,220	(20)	48,200	50,220	(2,020)	20
MCN	2009	942	Marine Corps Logistics Base Albany, Georgia	Bachelor Enlisted Quarters Replacement	15,320	(11)	15,309	17,320	(2,011)	11
MCN	2012	222	Naval Surface Warfare Center Indian Head, Maryland	Decentralize Steam System	67,779	(85)	67,694	69,779	(2,085)	85
MCN	2011	005	Joint Base Pearl Harbor-Hickam, Hawaii	Joint POW/MIA Accounting Command	95,540	(1,364)	94,176	97,151	(2,975)	1,364
MCN	2011	263	Naval Air Station Patuxent River, Maryland	Broad Area Maritime Surveillance T&E Facility	33,034	(75)	32,959	35,034	(2,075)	75
					658,150	(5,357)	652,793	685,193	(32,400)	5,357

Account Title	Fiscal Year	Project Number	Location Title	Project Title	Appropriated Amount	Sequester Order	Funding available	Current Working Estimate (CWE)	Delta between funding available and CWE	Reprogramming Request
OVERSEAS CONTINGENCY OPERATIONS PROJECTS										
OCO	2013	230	Camp Lemonnier Djibouti	Joint HQ/Joint Operations Center Facility	42,730	(2,332)	40,398	44,630	(4,232)	2,332
OCO	2013	935	Naval Support Activity Bahrain	Transient Quarters	41,529	(2,267)	39,262	43,340	(4,078)	2,267
OCO	2013	236	Camp Lemonnier Djibouti	Fitness Center	26,960	(1,471)	25,489	28,940	(3,451)	1,471
OCO	2013	218	Camp Lemonnier Djibouti	Galley Addition and Warehouse	22,220	(1,213)	21,007	24,150	(3,143)	1,213
OCO	2013	940	Naval Support Activity Bahrain	Dining Facility	9,819	(536)	9,283	11,810	(2,527)	536
OCO	2013	121	Camp Lemonnier Djibouti	Containerized Living and Work Units	7,510	(410)	7,100	9,500	(2,400)	410
					150,768	(8,229)	142,539	162,370	(19,831)	8,229

					Grand Total					
					75,539					

Attachment B
(\$ in Thousands)

Location & Project	Fiscal Year	Appropriated Amount	Current Working Estimate	Proposed Reprogramming
SOURCES FOR: ABOVE THRESHOLD REPROGRAMMING				
Marine Corps Air Station Mirimar, California, Emergency Response Station (P-082)	2009	6,530	Cancelled*	(6,174)
Naval Submarine Base Kings Bay, Georgia, Security Enclave and Vehicle Barriers (P-601)	2011	43,997	37,278	(5,445)
Marine Corps Base Kaneohe Bay, Hawaii, Bachelor Enlisted Quarters (P-858)	2011	73,018	62,692	(2,485)
Marine Corps Base Camp Pendleton, Virginia, CNATT/FRS Aviation Training & BEQ (P-109)	2011	59,630	51,999	(6,300)
Marine Corps Base Quantico, Virginia, Student Officer Quarters, TBS (P-566)	2011	54,573	45,465	(8,039)
Naval Support Activity Bahrain, Waterfront Development, Phase 3 (P-954)	2011	62,442	40,713	(18,039)
Naval Support Activity Bahrain, Operations and Support Facilities (P-908)	2011	58,659	41,152	(15,471)
				<u>(61,953)</u>
SOURCES FOR: SEQUESTER PUSHES OVER BELOW THRESHOLD REPROGRAMMING LIMIT				
Marine Corps Base Quantico, Virginia, Research Center Addition, MCU (P-541)	2011	37,920	31,344	(3,531)
Naval Support Activity Bahrain, Waterfront Development, Phase 3 (P-954)	2011	62,442	40,713	(1,826)
				<u>(5,357)</u>
SOURCES FOR: OVERSEAS CONTINGENCY OPERATIONS PROJECTS				
Naval District Washington, DC, Child Development Center (P-026)	2009	9,340	Cancelled*	(8,229)
				<u>(8,229)</u>
			Grand Total	(75,539)

*Project was not cancelled due to sequestration