



UNDER SECRETARY OF DEFENSE

1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

COMPTROLLER

JUL 8 2014

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/Agency/Installation</u>	<u>Project</u>	<u>Program</u>	<u>Request(\$)</u>
<u>Navy</u>			
Charleston, South Carolina	Nuclear Power Operational Training Facility	2014	58,000,000

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

Sincerely,

Michael McCord

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 8 2014

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cc:
The Honorable Mark Kirk
Ranking Member

Critical Award Date: 8 August 2014

Bid Expiration: 9 September 2014

Military Construction, Navy
Reprogramming Request

Installation: Charleston, South Carolina

Project: Nuclear Power Operational Training Facility (P-100)

Authorization: National Defense Authorization Act for Fiscal Year (FY) 2014
(Public Law 113-66)

Estimated Cost (\$000):

Previously Appropriated	73,932
Previously Reprogrammed	-
Requested Reprogramming	<u>58,000</u>
Total Estimated Cost	131,932

Description: This project will construct a pier extension to the existing Moored Training Ship (MTS) pier structure for berthing a third MTS assigned to the Nuclear Power Training Unit, Charleston (NPTU). Work also includes the following: modifications and upgrades to the utilities and connections on the pier; a new training support building (TSB-2) with an 82-foot tall, blast hardened high-bay; a security/entry building and other force protection facilities; site improvements including a relocated road; new parking area; electrical distribution infrastructure; and a new MTS survival mooring system. This project is required to support a significant (50 percent) increase in the number of students to be trained at the NPTU as a result of the permanent shutdown (planned for 2020) of one of the two land-based nuclear training facilities at NPTU Ballston Spa, New York. These facilities are required to accommodate a long-term increase of student throughput from 1,200 to 1,800 students per year starting in 2022. Along with these facilities, a third MTS at Charleston will support 2,800 students per year from 2020 through 2021 when all student training is secured at NPTU Ballston Spa during the refueling overhaul of the other land-based training facility which occurs from 2018-2021.

NPTU currently utilizes two former ballistic missile submarines (SSBNs) as MTS for training on the nuclear reactors. The MTSs are manned 24/7 by student watch-standers under the direct supervision of qualified staff instructors. The MTSs require a high level of force protection and security similar to all nuclear-powered submarines. Students attending the NPTU are put through a rigorous training curriculum which includes classroom and hands-on laboratory and systems mock-up training in the existing TSB. The program also includes extensive time in the MTSs performing hands-on training with the nuclear propulsion systems. Existing capacity is below the current student loading which has resulted in undersized and substandard training

facilities. The two SSBN MTSs, which are approaching end of life based on the available nuclear fuel, will be replaced by newer SSN attack submarine MTSs starting in 2018. The new MTSs, paired with a new TSB-2, engine room simulators installed in TSB-2, parking, security and utility infrastructure, are required to accommodate both the temporary and large influx of students from NPTU Ballston Spa, and support the long-term 50 percent student loading increase at NPTU Charleston.

Justification: The government estimate at the time proposals were initially requested did not adequately factor in the following:

a) Changing construction market conditions (\$36,380,000):

Due to significantly increased private and public sector contracting opportunities for construction contractors in the Charleston area, the construction bid climate has shifted from being very favorable to being much less favorable for the government. The Charleston area has a number of major construction projects underway placing competitive demands on labor, subcontractors and material suppliers, particularly concrete. This project will consume large quantities of concrete for the large TSB, with thick blast-resistant walls, and for the pier extension. Subcontractor availability has become more restricted as subcontractors are already engaged in work that is less complex than P-100. There is a scarcity of subcontractors with special capabilities for providing the pure water systems required for the MTSs and the demand for these skills drives the market prices upward.

b) Environmental restrictions and concerns (\$3,000,000):

The river provides habitat to endangered and protected species of fish. As such, in-water, noise-producing work, such as pile demolition and pile driving, is restricted to specific months during the summer that are determined by the amount of noise produced by the various operations. The restrictions are required by the Environmental Assessment (EA) that was completed for the project and modification of the dates would require reopening of the EA process, requiring 12 to 18 months to complete. Missing this environmental "fish window" for any reason could delay completion of the waterfront construction and disrupt the project delivery schedule.

c) Security restrictions (\$2,500,000):

The areas immediately surrounding the TSB and the MTS piers have very tight security restrictions due to the nature of the training and the presence of nuclear reactors. All persons entering these areas must be carefully screened and all vehicles entering and leaving the areas must be checked, in addition to the screening and checks required to gain access to Joint Base Charleston. Although most major construction activities have been strategically phased to enable execution outside the NPTU secure perimeter, additional site security measures will greatly restrict the contractor's workforce access into and out of the worksite at locations within the secure perimeter. In addition, the still-active former Naval Weapons Station (now part of Joint Base Charleston) has restrictions involving times when roads leading to the NPTU are either closed or restricted due to weapons handling evolutions.

d) Restricted access to work site (\$1,000,000):

The NPTU is located on the very eastern side of the Weapons Station in a remote location along the Cooper River. The existing TSB and piers are surrounded by woods, wetlands and the river. There is very little buildable area at the site for the new TSB, parking, the security/entry building and expansion of the pier system, so the construction contractor will have very little area in which to work, thus constraining his ability to rapidly put work in place. Also, while construction of these new facilities is taking place, the existing training buildings and MTSs will be fully operational 24/7 so the contractor must maintain access for site operations and there will likely be unpredictable conflicts between the training functions and the construction operations. One very real concern of the contractors is that delays by the concrete trucks in getting to the work site could cause the concrete batches to “time out” and, thus, become unsuitable for use. The resulting waste of material adds to the cost of the contract.

e) Very limited material laydown areas at the job site (\$2,200,000):

There are no large spaces within or outside the NPTU secure perimeter, other than the areas designated to become new parking or the existing parking areas, for the contractor to use as laydown for construction materials and equipment. This means that most items will have to be stored outside of the secure perimeter and be transported in and out, thus adding to the time expended on security inspections and worksite access delays.

f) Very tight construction schedule (\$4,200,000):

The required construction completion dates for P-100 are 1 October 2016 for the installation and outfitting of training simulators and other equipment in TSB-2, and 30 September 2017 for the new pier extension and ship support systems. In addition, all new facilities must be completed and available for occupancy no later than 2018 to support the increase in student loading due to the planned start of the refueling overhaul of one land-based nuclear training facility at NPTU Ballston Spa. In order to achieve this date, a contract award date of 8 August 2014 is critical. This means that the contractor will be extremely pressed for time given the restrictions on in-water work and the large scale of the new TSB-2 and TSB-2A. Bad weather, unexpected environmental issues, scarce labor availability, and any number of unknowns could cause delays and force the contractor to take extraordinary measures to keep the delivery date on schedule.

g) Other factors (\$2,990,000):

The other factors include Special Costs (i.e. Post-Construction Contract Award Services), Operations and Maintenance Support Information, and LEED/EPACT 2005 features.

h) Contingency for above items (\$2,610,000)

i) Supervision, Inspection & Overhead for above items (\$3,120,000)

Value engineering, scope reductions, workflow process modifications and design changes have all been investigated and, where acceptable, incorporated to reduce the project cost to the absolute minimum while still providing complete and usable facilities that will meet the tight training requirements and timelines. These changes include:

- a) Most of the existing and new parking areas outside of the NPTU secure perimeter will now be made available to the contractor at the start of construction for vehicle parking and material and equipment laydown. In addition, the number of parking spaces to be maintained for NPTU students and staff at all times during the construction has been reduced from 1,100 to 400. Students and some staff will be bussed to the site during construction. This greatly improves the contractor's ability to work around on-going NPTU operations, provides more laydown areas and will allow an earlier start of construction for the new TSB-2 which could accelerate the completion date of the overall project by one year.
- b) The contract line item structure of the bid has been modified to reduce the risk to the contractor of options not being awarded, which potentially increased the general condition costs assigned by the contractors to cover their overhead for each portion of the work.
- c) The restrictions on opening the in-water port security barrier have been clarified to demonstrate to the contractors that access to the pier area, while restricted, does have some flexibility with sufficient notice to all the government to set up alternative security measures.
- d) The undercuts of the pavement areas have been reduced in size and concrete testing measures have been reduced to only the minimum required.

Without this reprogramming, the NPTU will not have the training facilities necessary for the substantial increase in student loading, which began in 2011 and will continue into the next decade.

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

<u>Location/Project</u>	<u>Fiscal Year</u>	(Dollars in Thousands)		
		<u>Amount Appropriated^{1/}</u>	<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
NAVSTA Rota SP Reception Airfield Facilities (P-898)	2010	20,766	12,048	8,718
NAVBASE San Diego, CA LCS Training Facility (P-500)	2013	59,357 ^{2/}	48,597	10,760
NAVSUPPACT Bahrain Waterfront Development (Mina Salman Pier Area) (P-928)	2010	39,761	32,639	5,522
NAVSTA Pearl Harbor, HI Production Services Support Facility (P-307)	2010	21,907	17,362	3,999
NAVSTA Norfolk, VA Pier 1 Upgrades to Berth USNS Comfort (P-862)	2011	6,435 ^{3/}	3,250	3,185
NAVBASE San Diego, CA Bachelor Enlisted Quarters, Homeport Ashore (P-405)	2011	73,408	70,229	3,179

NAS Oceana, VA A School Barracks (P-513)	2013	39,034 ^{4/}	33,430	5,604
NAVSTA Pearl Harbor, HI Missile Magazines (5), West Loch (P-182)	2010	19,181	14,110	2,888
PMRF Hawaiian Area, HI North Loop Electrical Replacement (P-400)	2012	9,373	6,597	2,776
NAVMAG Indian Island, WA Ordnance Storage Pads with Covers (2) (P-605)	2010	7,752	5,011	2,741
NAVSTA Rota, Spain Air Traffic Control Tower (P-897)	2011	22,222	19,190	2,052
NAVBASE Coronado, San Diego, CA Rotary Hangar (P-750)	2011	65,466	63,909	1,557
NAS Jacksonville, FL P-8A Training Facility (P-624)	2012	15,403 ^{5/}	13,925	1,437
NAVSTA Norfolk, VA E-2D Training Facility (P-016)	2010	9,509	5,672	1,341
NAS Jacksonville, FL BAMS UAS Operator Training Facility (P-153)	2012	4,384	3,063	1,321
NAVSTA Newport, RI Senior Enlisted Academy Renovation Bldg 1269 (P-482)	2010	9,627	8,707	<u>920</u>
Total				58,000

^{1/} Reflects FY 2013 sequestration reductions, FY 2011 0.2% rescission in P.L. 112-10, FY 10 General Reduction in P.L. 111-117 (Section 129), and FY 10 Rescission in P.L. 112-10 (Section 2009-2012.)

^{2/} Reflects a revised PA of \$59.357M as a result of a \$3.24M prior approval reprogramming approved by Congress in July 2013

^{3/} Reflects a revised PA of \$6.435M as a result of a \$3.0M prior approval reprogramming approved by Congress in March 2013

^{4/} Reflects a revised PA of \$39.034M as a result of a \$2.131M prior approval reprogramming approved by Congress in July 2013

^{5/} Reflects a revised PA of \$15.403M as a result of a \$10.0M prior approval reprogramming approved by Congress in March 2014