



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

COMPTROLLER

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

APR 03 2015

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 justification for each project is enclosed.

#	<u>Service/Agency/Installation</u>	<u>Project</u>	<u>Program</u>	<u>Request (\$)</u>
	<u>Army</u>			
1	Fort Jackson, South Carolina	Trainee Barracks Complex	2011	2,585,000
2	Presidio of Monterey, California	Training Barracks	2011	32,550,000
	<u>Navy</u>			
3	Philadelphia, Pennsylvania	Ohio Replacement Power & Propulsion Facility	2015	10,332,000

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,

Michael McCord

Enclosures:  
As stated

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





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Chairman Mark Kirk  
Subcommittee on Military Construction,  
Veterans Affairs, and Related Agencies  
Committee on Appropriations  
United States Senate  
Washington, DC 20510

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cc:  
The Honorable Jon Tester  
Ranking Member



Bid Expiration Date: June 1, 2015

Military Construction, Army

Reprogramming Request

Installation: Fort Jackson, South Carolina

Project: Trainee Barracks Complex, Phase I

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

Estimated Cost (\$000):

Previously Appropriated	42,615*
Previously Reprogrammed	-
Requested Reprogramming	2,585
Total Estimated Cost	45,200

*\* Amount reflects the 0.2 percent across-the-board rescission and year-long continuing resolution, as reflected in Public Law 112-10, Sections 1119 and 2001, respectively.*

Description: This project will construct a battalion-size, four company Advanced Individual Training (AIT) barracks complex to support 1,500 personnel. The primary facility consists of a barracks, company operations areas, classroom space, battalion headquarters with classrooms, standard design dining facility, running track, and lawn maintenance building.

Justification: This reprogramming request is required to address an increase in cost due to unforeseen site conditions and design errors. The mandatory changes include the unforeseen need to reroute and remove asbestos covered sanitary lines and design errors that resulted in the need to increase the size of the underground chilled water lines, change the ceiling for proper ventilation, add a cooling tower, and make mechanical revisions. The project is 99 percent complete.

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

(Dollars in Thousands)

<u>Location/Project</u>	<u>Fiscal Year</u>	<u>Amount Appropriated</u>	<u>Current Estimate</u>	<u>Proposed Reprogramming</u>
Fort Bragg, NC Brigade Complex PN 53555	2011	48,350 <sup>1</sup>	46,124	2,226
Fort Stewart, GA Modified Record Fire Range PN 67166	2011	3,742 <sup>2</sup>	3,678	64
Fort Bliss, TX Heavy Sniper Range PN 72181	2011	3,493 <sup>2</sup>	3,373	120
Fort Stewart, GA Automated Infantry Platoon Battle Course PN 72189	2011	6,188 <sup>2</sup>	6,013	<u>175</u>
Total:				2,585

PN = Project Number

<sup>1</sup> The revised amount reflects a 0.2 percent across-the-board rescission of \$0.1 million as directed in Section 1119 of Public Law 112-10 and a rescission of \$1.550 million as part of the FY 2014 \$200 million unobligated balance rescission in P.L. 113-76, Division J.

<sup>2</sup> The revised amount reflects a 0.2 percent across-the-board rescission as directed in Section 1119 of Public Law 112-10.

Bid Expiration Date: June 30, 2015

Military Construction, Army

Reprogramming Request

Installation: Presidio of Monterey, California

Project: Advanced Individual Training Barracks

Authorization: National Defense Authorization Act for Fiscal Year (FY) 2011,  
Public Law 111-383

Estimated Cost (\$000):

Previously Appropriated	62,874*
Previously Reprogrammed	-
Requested Reprogramming	32,550
Total Estimated Cost	95,424

*\*Includes the 0.2 percent across-the-board rescission as directed in Section 1119 of Public Law 112-10.*

Description: The project will provide a training barracks for 320 Soldiers with administrative and dining facilities, and will include formation areas, parking, physical training space and supporting infrastructure.

Justification: This reprogramming request is required to award the full scope of this project due to cost increases resulting from a three-year delay in construction and the need to re-site the project onto a small, steep-terrain site. The delay in construction is due to the discovery of a seismic fault and an endangered plant species at the planned construction site. These findings required an installation-wide Environmental Impact Statement (EIS), and all activities were suspended until completion of the EIS. The facilities were re-sited to a smaller footprint on steep terrain, which created additional challenges and required new design work. At the new worksite, the contractor could no longer stage materials or park on-site and incurred additional costs to continuously deliver materials and work crews to the construction site. During the construction delay, new Anti-Terrorism/Force Protection requirements for building hardening were imposed, which increased the material costs. The project was also impacted by the effects of inflation since the project was programmed using FY 2011 unit costs that are no longer valid in the current market. While the Army awarded contracts for the administrative and dining facilities on September 30, 2013, the reprogramming request is required in order to award the barracks. A 10 U.S.C. 2853 cost increase notification was sent to the congressional committees on November 21, 2014.

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

(Dollars in Thousands)

<u>Location &amp; Project</u>	<u>Fiscal Year</u>	<u>Amount Appropriated</u>	<u>Current Estimate</u>	<u>Proposed Reprogramming</u>
MOUT Collective Training Range Fort AP Hill, VA PN 65726	2011	64,870 <sup>1</sup>	64,135	735
Battalion Complex Fort Drum, NY PN 67045	2011	45,378 <sup>2</sup>	44,055	1,323
Barracks Schofield Barracks, HI PN 52267	2011	73,804 <sup>2</sup>	71,423 <sup>3</sup>	1,550
Barracks White Sands Missile Range, NM PN 72110	2011	28,942 <sup>1</sup>	0 <sup>4</sup>	<u>28,942</u>
	Total:			32,550

PN = Project Number

<sup>1</sup> The revised amount reflects the 0.2 percent across-the-board rescission as directed in Section 1119 of Public Law 112-10.

<sup>2</sup> The revised amount reflects a 0.2 percent across-the-board rescission as directed in Section 1119 of Public Law 112-10, and part of the \$200 million unobligated balances rescission directed in Section 130 of Public Law 113-76, Division J.

<sup>3</sup> A 10 U.S.C. §2853 cost reduction notification dated August 4, 2011, was sent to the congressional committees reflecting an award CWE of \$71.286 million.

<sup>4</sup> The barracks project at White Sands Missile Range, NM, is no longer required, and a 10 U.S.C §2853 cancellation notification dated September 11, 2014, was sent to the congressional committees.

Bid Expiration Date: 11 June 2015

Military Construction, Navy

Reprogramming Request

Installation: Philadelphia, Pennsylvania

Project: Ohio Replacement Power & Propulsion Facility, P-547

Authorization: Carl Levin and Howard P. "Buck" McKeon National Defense Authorization Act for Fiscal Year 2015 (P.L. 113-291)

Estimated Cost (\$000):

Previously Appropriated	23,985
Previously Reprogrammed	0
Requested Reprogramming	10,332
Total Estimated Costs	34,317

Description: This project constructs the Ohio Replacement Power & Propulsion Facility which will provide a single location to conduct full-scale electric-drive propulsion system testing to characterize and certify acoustic signature performance for electric-drive propulsion systems and related equipment for Ohio Replacement submarines. Work includes a High Bay Test Facility addition to Building #633 and 16<sup>th</sup> Street wharf improvements between the sea wall of the reserve ship basin and the High Bay Test Facility. The project also demolishes building 770 and the west portion of building 633.

Justification: The Navy requires that new ship propulsion technology be sufficiently tested, evaluated and certified to ensure proper system-level integration of the electric propulsion system components and that signature performance goals and objectives are met prior to Fleet introduction and operational use. On-time contract award and completion of P-547 is integral to the Ohio Replacement land-based testing schedule and ultimate delivery of the electric-drive system production units required to support initial ship delivery. The requirement for the additional funds is attributed to the following:

- Increased Market Pressure (+\$8.0M): Bids for P-547 were received during a period of high demand for construction and labor in the Philadelphia area, resulting in increased labor and material costs. During the construction period for this project, there will be 21 non-DoD construction projects on-going in Philadelphia valued at over \$4.1 billion. The Association of General Contractors (AGC) ranked Philadelphia metropolitan area third nationally for the number of construction jobs added in 2014. Cost growth for this project is specifically due to market pressure in skilled labor and concrete material costs and minimal competition resulting in increased costs in contractor proposals.

- Contractor Risk (+\$1.3M): Contractors provided information to the Source Selection Board during discussions that identified challenges and risks the project will encounter that the project estimate did not capture. The specific project challenges relate to the scope, logistics, and the means and methods of accomplishing the wharf rebuild and construction of multiple underground utilities at 16th Street. The work site is constrained and, as such, the contractors included additional work measures to ensure utility connectivity, efficiency and a safe work site. The increased costs for contractor risk are attributed primarily to the “16<sup>th</sup> Street Wharf Structural Reinforcement” line-item on the DD 1391. Additional items proposed include the following: a cofferdam to allow work on the building addition and utilities simultaneously; a utilities bridge relocation to accommodate temporary rerouting of utilities; and timber pile removal.
- Contingency and SIOH Increase (+\$1.1M): The costs to support the project during construction have also increased because the overall construction cost has increased.

An effort to reduce construction costs was made during the project design phase. Additional site investigations were performed to confirm existing conditions; value engineering methods were used to reduce construction material costs; and various means and methods of cost derivations were researched. Extending the construction duration was considered as a means to reduce cost, however, due to the Ohio Replacement program schedules associated with this project, additional duration is not feasible. The project was also analyzed during design for the potential of making some of the project scope bid options. However, options were not feasible and all items associated with the scope of work are critical to the base bid in order to fulfill the mission with a complete and functional facility.

This reprogramming is required to ensure that on-time delivery of the first OHIO Replacement submarine is achieved to maintain the requisite number of operational ballistic missile submarines. Delays incurred to the critical path electric-drive propulsion system test program will result in similar delays to Ohio Replacement lead-ship unit fabrication, construction, and delivery, which jeopardize the ability for the Navy to meet its strategic tasking.



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

<u>Location/Project</u>	<u>Fiscal Year</u>	(Dollars in Thousands)		
		<u>Amount Appropriated</u> <sup>1/</sup>	<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
MCAS Yuma, AZ JSF Auxiliary Landing Field (P575)	2012	35,621 <sup>2/</sup>	28,521	3,872
MCB Camp Lejeune, NC Aircraft Maintenance Hangar and Apron (P705)	2012	68,668	64,528	3,690
MCAS Beaufort, SC Vertical Landing Pads (P442)	2012	20,925	18,444	2,444
MCB Camp Lejeune, NC Ordnance Loading Area Addition (P710)	2012	9,302	7,546	326
<b>Total</b>				<b>10,332</b>

<sup>1/</sup> Reflects FY 2013 sequestration reductions, FY 2011 spend plan and 0.2% rescission in P.L. 112-10.

<sup>2/</sup> Reflects a revised PA of \$35.621M as a result of a reduction for a \$5.128M prior approval reprogramming approved by Congress in March 2014.