



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

COMPTROLLER

MAY 21 2015

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

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 Bragg, North Carolina | Aerial Gunnery Range | 2013 | 13,255,000 |
| 2 | Fort Hood, Texas | Operational Readiness Training Complex | 2012 | 6,700,000 |
| 3 | Worldwide | Planning and Design | 2012 | 36,000,000 |
| <u>Navy</u> | | | | |
| 4 | Charleston, South Carolina | Nuclear Power Operational Support Facility | 2015 | 4,854,000 |
| 5 | Kittery, Maine | Structural Shops Consolidation | 2014 | 20,021,000 |
| 6 | Worldwide | Planning and Design | 2012 2013 | 2,028,000 15,444,000 |
| <u>Air Force</u> | | | | |
| 7 | Andersen Air Force Base, Guam | Low Observable Corrosion Control Composite Repair Shop | 2015 | 34,400,000 |
| <u>Army Reserve</u> | | | | |
| 8 | Fort Story, Virginia | Army Reserve Center | 2011 | 4,274,000 |
| <u>Army National Guard</u> | | | | |
| 9 | Fort William H. Harrison, Montana | Dining Facility, Transient Training | 2015 | 2,600,000 |

| | | | | |
|----------------------------------|--------------------------------------|-----------------------------|------|------------|
| <u>Defense Logistics Agency</u> | | | | |
| 10 | Grissom Air Reserve Base, Indiana | Replace Hydrant Fuel System | 2013 | 16,502,000 |
| <u>Defense Health Agency</u> | | | | |
| 11 | Aberdeen Proving Ground, Maryland | Laboratory Replacement | 2014 | 38,400,000 |

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 Defense programs.

Sincerely,



Michael McCord

Enclosures:
As stated

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



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

COMPTROLLER

MAY 21 2015

The Honorable Mark Kirk
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 projects and amounts shown below. Detailed justification for each project is enclosed.

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Defense Logistics Agency

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Sincerely,



Michael McCord

Enclosures:

As stated

cc:

The Honorable Jon Tester
Ranking Member

Bid Expiration Date: September 1, 2015
Military Construction, Army
Reprogramming Request

Installation: Fort Bragg, North Carolina
Project: Aerial Gunnery Range
Authorization: National Defense Authorization Act for Fiscal Year (FY) 2013,
Public Law 112-239

Estimated Cost (\$000):

| | |
|-------------------------|---------|
| Previously Appropriated | 41,945* |
| Previously Reprogrammed | - |
| Requested Reprogramming | 13,255 |
| Total Estimated Cost | 55,200 |

**Includes two across-the-board rescissions as directed in Sections 3001 and 3004 of Public Law 113-06 Division G.*

Description: This project will construct a modified standard Aerial Gunnery Range, which includes site preparation, live fire village, forward armament and refuel pad, operations control area, control tower, after action review building, operations/storage building, bleacher enclosure, covered mess, latrine, ammunition breakdown building, bivouac area, and building information systems. This project is required to train and test Aerial Gunnery units on the skills necessary to detect, identify, engage, and defeat stationary and mobile armor and infantry moving targets.

Justification: Additional funds are required for tree removal using remotely controlled equipment and site work necessary to maintain Line of Sight (LOS) for target emplacements from the firing points. As this range is being constructed on the site of an existing range, the original plan included removing all of the unexploded ordnance (UXO) from the site (using Operation and Maintenance (O&M) funding), in order to then clear the trees necessary to establish the proper LOS. After this project was submitted in the President's Budget, the Army determined that using newly acquired remotely controlled equipment to clear the trees would be much more cost effective than removing all of the UXO and then sending in workers to clear the trees in the conventional method. While more cost effective overall, this results in an increase in the cost of the military construction project, because the use of remotely controlled equipment was not included in the original program amount. In addition, further site work is needed to maintain the LOS requirements needed for training, including soil stabilization, seeding, cut and fill, grading, and other earthwork functions.

This reprogramming will provide 100 percent of the project scope. Reduction of project scope to fund this additional work is not feasible as it would render the range nonoperational for the required training. A 10 USC § 2853 cost increase notification, dated March 20, 2015, was sent to the congressional committees.

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

| <u>Location/Project</u> | <u>Fiscal Year</u> | <u>(Dollars in Thousands)</u> | | |
|---|--------------------|-------------------------------|-------------------------|-------------------------------|
| | | <u>Amount Appropriated</u> | <u>Current Estimate</u> | <u>Proposed Reprogramming</u> |
| Fort Bragg, NC Student Barracks PN 73930 | 2011 | 16,064 ^{/1} | 13,852 | 2,210 |
| Fort Hood, TX Unmanned Aerial System Hanger PN 72845 | 2011 | 47,290 ^{/2} | 43,819 ^{/3} | 980 |
| Grafenwoehr, GE Barracks PN 69612 | 2011 | 19,960 ^{/4} | 18,199 | 1,450 |
| Grafenwoehr, GE Barracks PN 69613 | 2011 | 18,962 ^{/4} | 18,462 | 480 |
| Fort Irwin, CA Infantry Squad Battle Course PN 71707 | 2012 | 7,500 | 3,758 ^{/5} | 3,730 |
| Fort Carson, CO Aircraft Maintenance Hangar PN 77306 | 2012 | 63,000 | 61,256 | 1,235 |
| Fort Riley, KS Chapel PN 61211 | 2012 | 10,400 | 8,437 | 620 |
| Fort Knox, KY Battalion Complex PN 65293 | 2012 | 48,000 | 44,908 | <u>2,550</u> |
| Total: | | | | 13,255 |

PN = Project Number

¹⁷ The revised amount reflects a 0.2 percent across-the-board rescission as directed in Section 1119 of P.L. 112-10 and part of the FY 2014 \$200 million unobligated balance rescission in section 130 of H.R. 3547.

²⁷ The revised amount reflects a 0.2 percent across-the-board rescission as directed in Section 1119 of P.L. 112-10, part of the FY 2014 \$200 million unobligated balance rescission in section 130 of H.R. 3547, and part of the FY 2015 prior year rescission in P.L. 113-235, Section 129.

³⁷ A 10 U.S.C. §2853 cost reduction notification dated July 21, 2011, was sent to the congressional committees, reflecting an award CWE of \$41.759 million. The Army plans to use additional bid savings from this project to fund below threshold reprogramming actions.

⁴⁷ The revised amount reflects a 0.2 percent across-the-board rescission as directed in Section 1119 of P.L. 112-10.

⁵⁷ A 10 U.S.C. §2853 cost reduction notification dated March 26, 2012, was sent to the congressional committees, reflecting an award CWE of \$3.921 million.

Bid Expiration Date: September 30, 2015

Military Construction, Army

Reprogramming Request

Installation: Fort Hood, Texas

Project: Operational Readiness Training Complex

Authorization: National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2012,
Public Law 112-81

Estimated Cost (\$000):

| | |
|-------------------------|--------|
| Previously Appropriated | 51,000 |
| Previously Reprogrammed | - |
| Requested Reprogramming | 6,700 |
| Total Estimated Cost | 57,700 |

Description: This project will construct an Operational Readiness Training Complex (ORTC). Primary facilities include transient battalion headquarters, transient barracks and officer quarters, transient dining facility, and supporting infrastructure. This project will provide facilities to support Reserve Component training, mobilization, deployment, and demobilization missions, and ensure the readiness of Reserve Component Soldiers.

Justification: The original concept for this project included a water tower to provide the water pressure and volume to meet potable water and firefighting requirements. After further review, the Army requested a design change to install a pumping station in lieu of a water tower. The pumping station would conserve water since the garrison is required to flush the water system periodically for buildings that are not in full-time use to avoid stagnant water in the system. This design change will conserve an estimated one million gallons of water per month, facilitating compliance with Executive Order 13514, which directs the reduction of the Army's consumption of potable water. The Government cost estimate showed that the design change could be accommodated through available resources.

To keep the project on schedule, the Army directed the construction contractor to begin work on the ORTC, while continuing to develop their proposal for the pumping station. During this time, the Utility Provider identified additional requirements for the pumping station (in excess of the Government's initial design) that must be incorporated into the design. The final proposal for the pumping station exceeded the funding available, and a stop work order was issued for the pumping station and associated site work.

Additional funding is required to resume work and to provide the best solution for meeting water requirements for this facility. Without the pumping station, the garrison will receive a complete and usable ORTC that meets building and fire codes; however, large amounts of water will be wasted to routinely flush the system at an installation with scarce water resources. A 10 USC § 2853 cost increase notification, dated March 20, 2015, was sent to the congressional committees.

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

| <u>Location/Project</u> | <u>Fiscal Year</u> | <u>(Dollars in Thousands)</u> | | |
|--|--------------------|-------------------------------|-------------------------|-------------------------------|
| | | <u>Amount Appropriated</u> | <u>Current Estimate</u> | <u>Proposed Reprogramming</u> |
| Schofield Barracks, HI Barracks PN 52267 | 2011 | 73,804 ^{/1} | 71,423 ^{/2} | 450 |
| Schofield Barracks, HI Barracks PN 52269 | 2011 | 61,817 ^{/3} | 49,700 ^{/4} | 2,550 |
| Fort Leonard Wood, MO Barracks PN 57194 | 2011 | 26,992 ^{/1} | 26,192 | 770 |
| Fort Irwin, CA Qualification Training Range PN 70517 | 2012 | 11,750 ^{/5} | 10,870 | 880 |
| Fort Campbell, KY Vehicle Maintenance Facility PN 18646 | 2012 | 14,150 ^{/5} | 13,710 | 440 |

| | | | | |
|--|------|---------------------|--------|--------------|
| Fort Campbell, KY Vehicle Maintenance Facility PN 64297 | 2012 | 37,000 ⁵ | 36,020 | 610 |
| Fort Campbell, KY Barracks PN 73541 | 2012 | 23,000 | 22,000 | <u>1,000</u> |
| Total: | | | | 6,700 |

PN = Project Number

¹ The revised amount reflects a 0.2 percent across-the board rescission as directed in Section 1119 of P.L. 112-10 and part of the FY 2014 unobligated balance rescission in HR 3547, Section 130.

² 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. Additional cost savings have been used to fund other Army prior approval reprogramming requirements.

³ The revised amount reflects a 0.2 percent across-the board rescission as directed in Section 1119 of P.L. 112-10 and part of the FY 2015 prior year rescission in P.L. 113-235, Section 129.

⁴ A 10 U.S.C. §2853 cost reduction notification dated October 18, 2011, was sent to the congressional committees, reflecting an award CWE of \$47.012 million. Additional savings have been used to fund other Army prior approval reprogramming requirements.

⁵ The revised amount reflects rescission as part of the FY 2014 \$200 million unobligated balance rescission in HR 3547, Section 130.

Bid Expiration Date: N/A
Military Construction, Army
Reprogramming Request

Installation: Worldwide Unspecified
Project: Planning & Design, FY 2012
Authorization: National Defense Authorization Act for Fiscal Year (FY) 2012,
Public Law 112-81

Estimated Cost (\$000):

| | |
|-------------------------|---------|
| Previously Appropriated | 255,241 |
| Previously Reprogrammed | - |
| Requested Reprogramming | 36,000 |
| Total Estimated Cost | 291,241 |

Description: Planning and Design (P&D) funding is required to provide design and engineering services for Military Construction, Army (MCA) and Unspecified Minor Military Construction (UMMC) projects, including value engineering and continued development of design criteria and standard designs (conventional functional layouts). Funds will be used by the US Army Corps of Engineers (USACE) for in-house design efforts, Architect-Engineer (A-E) contracts, and administrative support functions.

Justification: Additional funding is required due to operational changes and late definitization of work classifications. In addition, the FY 2015 National Defense Authorization Act (NDAA) fully authorized several of the Army's phased projects (the U.S. Army Pacific Command and Control Facility at Fort Shafter, HI, and the Secure Administration/Operations Facility at Fort Belvoir, VA), resulting in additional design work. In order to continue the essential level of design effort through the end of FY 2015, an additional \$36 million is required. A notification of this increase to P&D funding was sent to the congressional committees on March 20, 2015, in accordance with the Military Construction and Veterans Affairs and Related Appropriations Act, 2012.

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 Rucker, AL Combat Readiness Center PN 65429 | 2012 | 11,600 | 10,375 | 1,110 |
| Fort Carson, CO Brigade Headquarters PN 65602 | 2012 | 14,400 | 12,689 | 1,700 |
| Fort Benning, GA Rail Loading Facility PN 62953 | 2012 | 13,600 | 9,360 ^{/1} | 4,240 |
| Fort Benning, GA Trainee Barracks Complex, Ph 3 PN 69745 | 2012 | 23,000 | 21,843 | 690 |
| Fort Campbell, KY Unmanned Aerial Vehicle Maintenance Hangar PN 69501 | 2012 | 67,000 | 49,748 ^{/2} | 10,000 |
| Fort Campbell, KY Barracks Complex PN 72684 | 2012 | 65,000 | 54,888 ^{/3} | 9,500 |
| Fort Sill, OK THAAD Instruction Facility PN 74690 | 2012 | 33,000 | 31,250 | 1,750 |
| South Camp Vilseck, GY Barracks PN 69615 | 2012 | 20,000 | 17,784 | 2,210 |

(Dollars in Thousands)

| <u>Location/Project</u> | <u>Fiscal Year</u> | <u>Amount Appropriated</u> | <u>Current Estimate</u> | <u>Proposed Reprogramming</u> |
|--|--------------------|----------------------------|-------------------------|-------------------------------|
| Oberdachstetten Training Area, GY Automated Record Fire Range PN 71906 | 2012 | 12,200 | 10,221 | 1,400 |
| Camp Henry, KO Barracks Complex PN 76235 | 2012 | 35,400 ⁴ | 31,938 ⁵ | <u>3,400</u> |
| Total: | | | | 36,000 |

PN = Project Number

¹ A 10 U.S.C. §2853 cost reduction notification dated August 13, 2012, was sent to the congressional committees, reflecting an award CWE of \$9.61 million.

² A 10 U.S.C. §2853 cost reduction notification dated October 11, 2012, was sent to the congressional committees, reflecting an award CWE of \$45.4 million. Additional savings were used to settle a Department of Treasury Judgment Fund issue.

³ A 10 U.S.C. §2853 cost reduction notification dated June 22, 2012, was sent to the congressional committees, reflecting an award CWE of \$56.9 million.

⁴ While the Barracks Complex was originally appropriated at \$48 million, the Army previously reprogrammed \$12.6 million from the project to fund the 10 U.S.C. §2854 Storage Building, General Purpose at Fort Bragg, NC.

⁵ A 10 U.S.C. §2853 cost reduction notification dated April 20, 2012, was sent to the congressional committees, reflecting an award CWE of \$32.3 million.

Bid Expiration Date: 19 August 2015

Military Construction, Navy

Reprogramming Request

Installation: Charleston, South Carolina
Project: Nuclear Power Operational Support Facility, P-099
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 | 35,716 |
| Previously Reprogrammed | 0 |
| Requested Reprogramming | 4,854 |
| Total Estimated Costs | 40,570 |

Description: This project is required to provide facilities for long term steady state student training as a result of a significant (50 percent) increase in the number of students to be trained at Nuclear Power Training Unit, Charleston (NPTU) due to the permanent shutdown of one of the two land-based nuclear training facilities at NPTU Ballston Spa, New York. The FY 2014 project, Nuclear Power Operational Training Facility (P-100), provided the initial facilities to support the relocation of students, with this project providing the remaining facilities in support of maintaining full mission capability during construction.

This project will construct a new multi-story Training Support Building (TSB-2A) for the NPTU, Charleston (NPTU) to supplement the facilities provided by FY 2014. The TSB-2A will be built on a reinforced concrete pile foundation, a blast hardened envelop, roof and blast resistant doors. The facility will include training facilities, simulation technology, administrative areas and personnel support spaces. Work also includes renovation and repurposing of the existing training support building (TSB-1) and constructs a new barge survival mooring system.

Justification: The \$4.854 million cost increase results from several factors: (1) the construction market conditions in the Charleston area is much more competitive now with many large projects underway, thus placing competitive demands on labor, copper wiring, and especially concrete; (2) security restrictions inside of the NPTU require additional security screening protocol for all construction personnel; (3) restricted work site access due to isolated location on base and maintaining full operational capability 24/7 of the existing training functions while construction of these new facilities is taking place; (4) limited material laydown areas at the job site will require construction materials and equipment to be stored off-site and be

transported in and out as needed; (5) and the associated cost increases for Contingency and Supervision, Inspection and Overhead. Additional details are provided below:

1. Changing Construction Market Conditions (+\$2.50M): Increased private and public sector contracting opportunities for construction contractors in various locales around the country have produced less a favorable bidding climate for the government. The construction market in the Charleston area has improved with many large projects underway, thus placing competitive demands on labor, copper wiring, and especially concrete. This project will consume large quantities of concrete for the large TSB-2A with its thick blast-resistant walls. Subcontractor availability has become more restricted as subcontractors are now choosing work that is less complex than P-099, more short-term and potentially more profitable due to less potential risk.
2. Security Restrictions (+\$1.00M): Due to the nature of the training and the presence of nuclear reactors, additional security restrictions are required in the areas immediately surrounding the TSBs and the MTS wharfs. The renovation of the TSB will be inside of the NPTU secured perimeter during repurposing. All persons entering the NPTU secure perimeter must be carefully screened; computers and other personal electronic devices will not be allowed inside without vetting by the NPTU security department and all vehicles entering and leaving the areas must be checked.
3. Restricted Work Site Access (+\$0.574M): The NPTU is located on the very eastern side of the Weapons Station in a remote location along the Cooper River and the existing TSB and wharfs are surrounded by woods, wetlands and the river. There is minimal buildable area at the site for the new TSB, constraining the contractor's ability to rapidly put work in place. The existing training buildings and MTSs will be fully operational 24/7 while new construction is occurring, requiring the contractor to maintain access for site operations. Training and construction activities may result in potential road closures and restrictions due to weapons handling evolutions and cause delays for concrete truck deliveries; if these delays cause the concrete batches to become unsuitable for use, contract costs will increase.
4. Limited Material Laydown Areas at the Job Site (+\$0.30M): There are no large spaces within or outside the NPTU secure perimeter, other than the designated existing or new parking areas, for the contractor to use as laydown for construction materials and equipment. As a result, 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.
5. Contingency (+\$0.219M) and Supervision, Inspection, Overhead (+\$0.261M): Additional contingency and SIOH are required because the overall construction cost has increased.

Value engineering, scope reductions, workflow process modifications and design changes have been investigated. However, the design of this project is already at the minimum level of what is needed to provide complete and usable facilities that will meet scheduled training

Source of Funds: The following project was cancelled and is cited as a source of funds for this cost increase:

| <u>Location/Project</u> | <u>Fiscal Year</u> | (Dollars in Thousands) | | <u>Proposed Reprogramming</u> |
|---|--------------------|--|---------------------------------|-------------------------------|
| | | <u>Amount Appropriated</u> ^{1/} | <u>Current Working Estimate</u> | |
| NAVSUPACT Bahrain NAVCENT Ammunition Magazines (P958) | 2011 | 87.282 ^{2/3/} | -- | 4,854 |
| Total | | | | 4,854 |

^{1/} Reflects FY 2013 sequestration reductions, FY 2011 spend plan and 0.2% rescission in P.L. 112-10.

^{2/} Reflects a revised PA of \$87.282M as a result of a \$4.766M reprogramming approved by Congress in July 2013.

^{3/} A 10 U.S.C. §2853 cost and scope reduction notification dated 20 February 2015 was sent to the Congressional committees.

Bid Expiration Date: 27 September 2015

Military Construction, Navy

Reprogramming Request

Installation: Kittery, Maine

Project: Structural Shops Consolidation (P-266)

Authorization: National Defense Authorization Act for Fiscal Year 2014 (P.L. 113-66)

Estimated Cost (\$000):

| | |
|-------------------------|--------|
| Previously Appropriated | 11,522 |
| Previously Reprogrammed | 0 |
| Requested Reprogramming | 20,021 |
| Total Estimated Costs | 31,543 |

*Incorporates any applicable general reductions, rescissions and sequestration

Description: P-266 consolidates the submarine maintenance structural shops into adjacent facilities reducing unnecessary movement around the Controlled Industrial Area (CIA). To support product movement, the existing Controlled Industrial Area (CIA) fence line and turnstiles will be relocated to accommodate tractor-trailer movements and a new access gate will be provided to support Building #75 secure shipping and receiving logistics. This project demolishes Buildings #46 and #155 and demolishes portions of Buildings #75, as well as a portion of the CIA fence and gates.

Construction includes an addition in the center of Building #76 (shop space, personnel support areas and storage) and constructs a mezzanine in Building #75, which will provide offices, support spaces and training areas. Additionally, facility and infrastructure renovations in Buildings #75 and #76 will meet modern industrial shop equipment requirements and building codes. Renovation efforts will include upgrades to the electrical, mechanical, plumbing, fire protection and life safety systems. New special foundations will be provided for relocated industrial shop equipment.

Justification: The \$20.021 million cost increase results from several factors: 1) increased market pressure; 2) limited competition; 3) unanticipated conditions and design changes; 4) post construction contract award services to support the project; and 5) associated increases to contingency and Supervision, Inspection and Overhead (SIOH). Additional details are provided below:

- **Increased Market Pressure (\$5.5M):** When this project’s pricing was finalized in 2012, conditions in the national construction market were extremely favorable for Navy construction projects. Since then, significantly increased private and public sector contracting opportunities for construction contractors in the Boston and coastal New England areas have produced a less favorable bidding climate for the government. During the P-266 construction period, there will be at least 5 major non-DoD projects valued over \$2.8B ongoing in the New England, placing competitive demands on subcontractors and materials, thus driving labor and material costs upward.
- **Limited Competition (\$5.5M):** There is a limited pool of general contractors available with the capabilities and willingness to assume the various risks of working in the tight-quartered shipyard in aged facilities. The work requires complex phasing to minimize disruptions to shipyard operations. The lack of competition is considered to be a significant contributing factor to the higher than expected proposal costs. The number of contractors that submitted proposals for this project was very low.
- **Unanticipated Conditions and Design Changes (\$6.74M):** Buildings #75 and #76 are over 100 years old and have suffered significant deterioration due to time, heavy industrial use and severe weather. Upon receiving contractor bids, it was determined that the government’s project planning and design effort did not accurately capture the existing facility and equipment conditions and requirements. Additional costs are contributed for renovation of existing building systems (electrical and plumbing), interior renovations, site work, replacement of fire sprinkler system, structural repairs, and replacing exterior windows and doors.
- **Post Construction Contract Award Services (\$0.3M)**
- **Contingency and SIOH Increase (\$1.98M)**

Source of Funds: The following project was cancelled and is cited as a source of funds for this cost increase:

| <u>Location/Project</u> | <u>Fiscal Year</u> | (Dollars in Thousands) | | |
|---|--------------------|--|---------------------------------|-------------------------------|
| | | <u>Amount Appropriated</u> ^{1/} | <u>Current Working Estimate</u> | <u>Proposed Reprogramming</u> |
| NAVSUPACT Bahrain NAVCENT Ammunition Magazines (P958) | 2011 | 87,282 ^{2/ 3/} | -- | 20,021 |
| Total | | | | 20,021 |

^{1/} Reflects FY 2013 sequestration reductions, FY 2011 spend plan and 0.2% rescission in P.L. 112-10.

^{2/} Reflects a revised PA of \$87.282M as a result of a \$4.766M reprogramming approved by Congress in July 2013.

^{3/} A 10 U.S.C. §2853 cost and scope reduction notification dated February 20, 2015 was sent to the congressional committees.

Bid Expiration Date: N/A
Military Construction, Navy
Reprogramming Request

Installation: Unspecified Worldwide Locations

Project: Planning and Design, P-212, P-213

Authorization: National Defense Authorization Act for Fiscal Year 2012, (Public Law 112-81)
National Defense Authorization Act for Fiscal Year 2013, (Public Law 112-239)

| <u>Estimated Cost (\$000):</u> | <u>FY2012</u> | <u>FY2013</u> | <u>TOTAL</u> |
|--------------------------------|---------------|---------------|---------------|
| Previously Appropriated | 83,872 | 96,889 | 180,761 |
| Previously Reprogrammed | - | - | - |
| Requested Reprogramming | <u>2,028</u> | <u>15,444</u> | <u>17,472</u> |
| Total Estimated Cost | 85,900 | 112,333 | 198,233 |

**Reflects sections 2001 and 3004 in P.L. 113-6*

Description: Additional funds totaling \$17,472,000 are required for architectural and engineering services and construction design for Department of the Navy (DoN) Military Construction (MILCON) projects in accordance with 10 USC 2807. These funds are required to alleviate an existing planning and design (P&D) shortfall.

Justification: Due to the constrained financial environment, three projects requested in the FY 2014 President's Budget Request were authorized in the National Defense Authorization Act for FY 2014, but not be appropriated. The projects include the following: Camp Wilson Infrastructure Upgrades (\$33.4 million); Armory Addition and Renovation (\$13.0 million), and Engine Dynamometer Facility (\$15 million). Accordingly, the Military Construction and Veterans Affairs, and Related Agencies Appropriations Act, 2014 (Public Law 113-76) reduced Planning and Design funds by \$9,192,000.

The Consolidated and Further Continuing Appropriations Act, 2015 (Public Law 113-235) subsequently funded the three aforementioned projects. As a result, the Planning and Designs funds previously reduced are now required.

Additionally, over the past several years, the DoN has seen design costs trending upwards for both commercial architectural and engineering and in-house design efforts resulting in an additional P&D shortfall. Upward cost trends are being experienced on commercial architectural and engineering and in-house designs as a result of more complex and new Unified Facility Criteria requirements (Energy, Sustainability, and Low Impact Design), a programmatic shift to more technically complex projects requiring full designs (Design Bid Build vice Design Build), and significant cost increases for design work performed at locations outside the continental United States.

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) ^{1/}</u> | <u>Current Working Estimate (\$000)</u> | <u>Proposed Reprogramming (\$000)</u> |
|--|--------------------|--|---|---------------------------------------|
| MCAS Miramar, CA Hangar 5 Renovations & Addition (P-181) | 2013 | 26,339 | 16,787 ^{2/} | 9,166 |
| NAVSTA Rota, Spain High Explosive Magazine (P-710) | 2013 | 13,065 | 8,625 ^{3/} | 3,704 |
| MCAS Yuma, AZ Combat Aircraft Loading Apron (P-566) | 2013 | 15,093 | 12,470 | 2,574 |
| NAVBASE Coronado, CA Rotary Aircraft Depot Maint Fac (North Is.) (P-880) | 2012 | 61,176 | 58,670 | 2,028 |
| <hr/> | | | | |
| Total | | | | 17,472 |

^{1/} Reflects FY 2013 sequestration reductions.

^{2/} A 10 U.S.C. §2853 cost reduction notification dated October 30, 2013 was sent to the congressional committees.

^{3/} A 10 U.S.C. §2853 cost reduction notification dated October 31, 2013 was sent to the congressional committees.

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

Installation: Joint Region Marianas (Andersen Air Force Base), Guam
Project: Pacific Air Resiliency Low Observable/Corrosion Control/Composite Repair Shop
Authorization: Carl Levin and Howard P. 'Buck' McKeon National Defense Authorization Act for Fiscal Year 2015, Pub. L. 113-291

Estimated Cost (\$000):

| | |
|-------------------------|--------|
| Previously Appropriated | - |
| Previously Reprogrammed | - |
| Requested Reprogramming | 34,400 |
| Total Estimated Cost | 34,400 |

Description: This project constructs an adequately sized and configured shop to provide environmentally controlled areas for on-aircraft low observable restoration and repair in support of the Pacific Air Resiliency mission.

Justification: The Carl Levin and Howard P. 'Buck' McKeon National Defense Authorization Act for Fiscal Year 2015 included an authorization of \$34.4 million for the PAR Low Observable/Corrosion Control/Composite Repair Shop project at Andersen Air Force Base, Guam; the Air Force's top unfunded military construction priority. No funds were appropriated for this project in the Further and Continuing Appropriations Act, 2015 (H.R. 83 / Public Law 113-235).

The Low Observable/Corrosion Control/Composite Repair Shop facility supports the Pacific Air Resiliency mission, which provides Continuous Bomber Presence, Tanker Task Force, Global Hawk, and Theater Security Package capabilities. Fighter aircraft require an environmentally controlled area for corrosion/composite treating and repair, paint stripping, and repainting of aircraft parts. Currently, Andersen AFB has one small corrosion control/composite repair facility that provides very limited capability. An adequately sized facility is required to ensure readiness, support operational requirements, and reduce the risk of a serious mishap.

Source of Funds: The source projects received favorable bids and were awarded at full scope below the appropriated amount. These bid savings may be reprogrammed without impacting completion of the source project.

(Dollars in Thousands)

| <u>Location/Project</u> | <u>Fiscal Year</u> | <u>Amount Appropriated</u> | <u>Current Estimate</u> | <u>Proposed Reprogramming</u> |
|---|--------------------|----------------------------|-------------------------|-------------------------------|
| Andersen AFB, GU/ GP Maintenance Hangar/ AMU Squad Ops ¹ | 2014 | 132,600 | 109,950 | 23,300 |
| Andersen AFB, GU/ Tactical Missile Maintenance Facility | 2014 | 10,530 | 8,030 | 2,500 |
| Andersen AFB, GU/ Guam Strike Fuel Systems Maint Hangar (Incr 2) ² | 2015 | 64,000 | 37,736 | <u>8,600</u> |
| Total | | | | 34,400 |

¹ Title 10 USC 2853 notification was sent to Congress on November 10, 2014

² Title 10 USC 2853 notification was sent to Congress on January 25, 2015

Bid Expiration Date: June 26, 2015
Military Construction, Army Reserve Program
Reprogramming Request

Location: Vicinity of Fort Story, Virginia
Project: Army Reserve Center, Project Number 69562
Authorization: National Defense Authorization Act for Fiscal Year 2011,
Public Law 111-383

Estimated Cost: (\$000)

| | |
|--------------------------|---------|
| Previously Appropriated: | 10,183* |
| Previously Reprogrammed: | 0 |
| Requested Reprogramming: | 4,274 |
| Total Estimated Cost: | 14,457 |

** The appropriated amount includes sequestration as directed in Public Law 112-25 and a 0.2 percent rescission as directed in Section 1119 of Public Law 112-10.*

Description: This project includes an Army Reserve Center (ARC) training building, vehicle maintenance shop, unheated storage building, and organizational vehicle parking.

Justification: This reprogramming is required to address shortfalls, resulting from the relocation of the project to a new site, sequestration, and a 0.2 percent across-the-board rescission. The Army Reserve Center was originally intended to be constructed at Fort Story, Virginia (VA). After confirming there was not a suitable site on Fort Story proper, the Army Reserve located a suitable site in Suffolk, VA, and received authorization to construct 'in the vicinity of Fort Story, Virginia' in Section 2612(a) of Public Law 112-239. On October 9, 2014, a Real Property Exchange Agreement with the City of Suffolk, VA, was signed, through which the government provided the old Army Reserve Center and associated land in exchange for land on which to construct the new Army Reserve Center. However, the site development estimate in the original DD 1391 is insufficient for the new site. This reprogramming is required to allow the Army to fund 79 percent of the original scope of the project. A 10 USC § 2853 cost increase notification, dated February 27, 2015, was sent to the congressional committees.

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

| <u>(Dollars in Thousands)</u> | | | | |
|--|--------------------|----------------------------|-------------------------|-------------------------------|
| <u>Location/Project</u> | <u>Fiscal Year</u> | <u>Amount Appropriated</u> | <u>Current Estimate</u> | <u>Proposed Reprogramming</u> |
| Fort McCoy, WI ESC Tactical Equipment Maintenance Facility PN 72088 | 2013 | 25,010 ¹ | 21,511 | 3,499 |
| Baltimore, MD Army Reserve Center PN 68077 | 2013 | 9,265 ¹ | 8,490 | <u>775</u> |
| | Total | | | 4,274 |

PN = Project Number

¹ The appropriated amount reflects sequestration as directed in Public Law 112-25 and the across-the-board rescission as directed in Sections 3001 and 3004 of Division G of Public Law 113-06.

Bid Expiration Date: September 30, 2015
 Military Construction, Army National Guard
 Reprogramming Request

Installation: Fort William Henry Harrison, Montana

Project: Dining Facility, Transient Training, PN 300216

Authorization: Title 10 U.S. Code, Section 2854. Restoration or replacement of damaged destroyed facilities

Estimated Cost (\$000):

| | |
|--|-------|
| Previously Appropriated | - |
| Previously Reprogrammed (Prior Approval) | - |
| Requested Reprogramming | 2,600 |
| Total Estimated Cost | 2,600 |

Description: This project constructs a 6,206 square foot Dining Facility, Transient Training and associated utilities services, information systems, paving, curbing, sidewalks, storm drainage and site improvements. It will be built on Federal land and replaces a 200-person dining facility destroyed by fire with a new 200-person dining facility capable of meeting the training support requirements on the installation.

Justification: The Fort William Henry Harrison Transient Training Dining Facility was destroyed by fire in January 2012 and subsequently demolished due to safety concerns. The loss of this facility has caused a shortage of dining facility space that negatively impacts the training mission at Fort William Henry Harrison. Soldier readiness will continue to decline due to a loss of training time, resulting from alternate and awkward meal schedules. These non-standard feeding schedules also result in higher costs to feed Soldiers. A 10 USC § 2854 congressional notification, dated March 20, 2015, was sent to the congressional committees.

Source of Funds: Bid savings from the following project will fund this action.

| <u>Location/Project</u> | <u>(Dollars in Thousands)</u> | | | |
|---|-------------------------------|----------------------------|-------------------------|-------------------------------|
| | <u>Fiscal Year</u> | <u>Amount Appropriated</u> | <u>Current Estimate</u> | <u>Proposed Reprogramming</u> |
| Gowen Field, Idaho Operational Readiness | 2011 | 17,333 ^{/1} | 13,910 | <u>2,600</u> |

Bid Expiration Date: July 15, 2015
Military Construction, Defense-Wide (Defense Logistics Agency)
Reprogramming Request

Installation: Grissom Air Reserve Base, Indiana
Project: Replace Hydrant Fuel System
Authorization: National Defense Authorization Act for Fiscal Year 2013,
Public Law 112-239

Estimated Cost (\$000):

| | |
|-----------------------------|--------|
| Previously Appropriated* | 26,764 |
| Sequestration Reduction | -2,066 |
| Revised Appropriated Amount | 24,698 |
| Requested Reprogramming | 16,502 |
| Total Estimated Cost | 41,200 |

**Reflects Section 3001 and 3004 rescissions in P.L. 113-6.*

Description: This project constructs a 2,400 gallon-per-minute pumphouse, provides 16 aircraft hydrant fuel outlets, two 3,500 barrel aircraft fuel aboveground operating tanks, and the associated pipeline at Grissom Air Reserve Base.

Justification: Congress authorized and appropriated this project in FY 2013. Based on competitive bids received to date, an additional \$16.502 million is needed to award this contract. The current working estimate of \$41.2 million includes the result from a best value source selection and fees for supervision, inspection, and overhead. The higher than expected bids for this project are driven by the general economic market conditions, along with higher than anticipated costs for conducting work on airfield aprons while ensuring minimal disruption to airfield operations. Operational requirements dictate that only a limited amount of the apron can be replaced at any given time. These mission driven requirements were not well defined early in the project and the associated costs were higher than anticipated. The full extent of the cost impacts of these items was unknown when the project was originally programmed. This contract is currently pending award with an expected completion date of 570 calendar days from the time of award.

A Title 10 Section 2853 cost increase notification, dated March 12, 2015, was sent to the congressional committees.

Source of Funds: Bid savings from the following projects are available to fund this request. A Title 10 Section 2853 cost decrease notification for the Replace Fuel Storage Increment 4 at Point Loma, CA was sent to Congress on April 23, 2012.

| <u>Location/Project</u> | <u>Fiscal Year</u> | <u>Amount Appropriated</u> ^{1/} | (Dollars in Thousands) | |
|--|--------------------|--|-------------------------|-------------------------------|
| | | | <u>Current Estimate</u> | <u>Proposed Reprogramming</u> |
| Point Loma, CA Replace Fuel Storage, Inc4 | 2012 | 26,219 | 18,874 | 7,345 |
| Whidbey Island, WA Replace Fuel Pipeline | 2012 | 22,713 ^{2/} | 18,712 | 4,001 |
| Edwards AFB, CA Replace Fuel Storage | 2013 | 25,343 | 21,873 | 3,470 |
| Point Loma, CA Replace Fuel Pier | 2013 | 84,385 | 82,699 | <u>1,686</u> |
| Total | | | | 16,502 |

1/ Reflects reduction associated with the FY 2013 sequestration order.

2/ Reflects prior approval reprogramming approved by Congress on 2/19/15.

Bid Expiration Date: June 30, 2015
Military Construction, Defense-Wide (Defense Health Agency)
Reprogramming Request

Installation: Aberdeen Proving Ground, Maryland

Project: United States Army Public Health Command (PHC) Laboratory Replacement

Authorization: National Defense Authorization Act for Fiscal Year 2014, Public Law 113-66

Estimated Cost (\$000):

| | |
|-------------------------|---------|
| Previously Appropriated | 210,000 |
| Previously Reprogrammed | 0 |
| Requested Reprogramming | 38,400 |
| Total Estimated Cost | 248,400 |

Description: This project constructs a multistory replacement laboratory for the United States Army Public Health Command (PHC) at Aberdeen Proving Ground, Maryland. The new facility includes wet labs, field labs, vivarium, lab offices, ancillary spaces, logistics spaces, and building support spaces. Supporting facilities include utilities, storm drainage, access roads, parking, and site improvements. The Public Health Command (PHC) research focuses on prevention of poor health for members of the military and their families. Experts analyze and mitigate occupational and environmental health threats posed by next generation explosives, depleted uranium, contaminated drinking water, airborne hazards (burn pits), vector-borne diseases, vision and hearing risks, and Chemical, Biological, Radiological, Nuclear & Explosive (CBRNE) threats. PHC provides critical toxicological support in the area of military unique compounds, work which cannot be contracted to private entities. The preemptive research preserves good health which reduces the potential for escalated healthcare costs. Without the research of PHC, the risk of poor health increases and treatment of adverse conditions becomes one of reactive medicine as opposed to preventative medicine.

Justification: Congress authorized and appropriated this project in FY 2014. Bid proposals received to date were roughly \$27M-\$42M higher (15-23%) than the design original estimate. As a result, the project cannot be completed within the original appropriated amount of \$210M.

The additional \$38.4 million breaks down as follows:

- A. \$20.86 million is needed for escalated mechanical, electrical, and plumbing (MEP) costs along with increased heating, ventilation, and air conditioning (HVAC) costs. Further review of the work breakdown structures revealed that these costs represent approximately 60% of the total project cost. In addition, the lack of available MEP

subcontractors in the area is contributing to the cost increase. Only two major mechanical subcontractors, and only three major electrical subcontractors were identified in the contractors' proposals.

- B. \$11.34 million for an increase in required skilled labor costs. Labor shortages and an increase in construction labor wages in the area are the primary contributing factors. Large construction firms have already rejected projects because of labor shortages, while two-thirds of organizations have indicated that they have experienced challenges securing and maintaining the appropriate workforce for completing projects.
- C. \$6.2 million is required to address various other cost increases, Supervision and Administration (SIOH), and additional contingency costs.

The existing facilities where research currently takes place range in age from 48 to 95 years old and these facilities currently meet only 60% of the PHC space requirements. Further, the PHC will continue to be at risk for losing its current accreditation status because of the limitations of the existing facilities.

This reprogramming effort is a result of intense coordination with the industry experts; design agents; USACE, and the Defense Health Agency.

A Title 10 Section 2853 cost increase notification, dated March 31, 2015, was sent to the congressional committees.

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

| <u>Location / Project</u> | <u>Fiscal Year</u> | <u>Amount Appropriated</u> ^{1/} | (Dollars in Thousands) | |
|--|--------------------|--|---------------------------------|-------------------------------|
| | | | <u>Current Working Estimate</u> | <u>Proposed Reprogramming</u> |
| Lackland AFB, TX Ambulatory Care Center Phase 2 | 2011 | 144,566 ^{2/} | 110,555 ^{3/} | 30,000 |
| Camp Carroll, Korea Health/Dental Clinic Replacement | 2011 | 18,803 | 10,169 ^{4/} | 6,400 |
| White Sands, NM Health and Dental Clinic | 2011 | 22,408 | 15,067 | <u>2,000</u> |
| Total | | | | 38,400 |

1/ Reflects reduction associated with the FY 2013 sequestration order.

2/ Reflects a prior approval reprogramming reduction of \$13M approved by Congress in June 2012 to source the Medical/Dental Clinic Replacement at RAF Croughton, UK.

3/ A Title 10 Section 2853 cost decrease notification, dated October 17, 2011, was sent to the congressional committees.

4/ A Title 10 Section 2853 cost decrease notification, dated August 21, 2011, was sent to the congressional committees.