



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

COMPTROLLER

OCT 26 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	Ft. Detrick, Maryland	Hazardous Material Storage Bldg.	2014	3,200,000
	<u>Navy</u>			
2	Camp Pendleton, California	Ammunition Supply Pt. Upgrade	2014	5,486,000
	<u>Air Force</u>			
3	Minot Air Force Base, North Dakota	Add/Alt Aircraft Maintenance Unit	2014	4,270,000

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
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COMPTROLLER

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

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Michael McCord

Enclosures:
As stated

cc:
The Honorable Jon Tester
Ranking Member

Bid Expiration Date: February 29, 2016

Military Construction, Army

Reprogramming Request

Installation: Fort Detrick, Maryland

Project: Hazardous Material Storage Building

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

Estimated Cost (\$000):

Previously Appropriated	4.600
Previously Reprogrammed	-
Requested Reprogramming	3,200
Total Estimated Cost	7,800

Description: This project will construct a hazardous waste facility at Fort Detrick to support the National Interagency Bio-defense Campus (NIBC) mission. The primary facility includes a centralized hazardous waste handling and storage facility, installation of Intrusion Detection System (IDS), connection of Energy Monitoring and Control System (EMCS), and building information systems. Supporting facilities include utilities, fire protection and alarm systems, information systems, site improvements, access road, paved apron for trucks, walkways, and parking.

Justification: This reprogramming request is required due to a cost increase resulting from several factors. First, the Army has little recent experience with construction of this type of unique facility. As a result, the programming unit cost is not based upon robust data. Second, the project emerged as a critical requirement and entered the FY 2014 programming process late in the cycle, reducing the time available to refine the cost estimate. Finally, the project is relatively small and the pool of potential contractors expressed limited interest in bidding on it. Limited competition resulted in higher bids than would be submitted in a highly competitive environment. When the first round of proposals came in high, the Army looked at alternatives to reduce cost. However, the only viable option was to reduce project scope. Any reduction of scope would negatively impact the NIBC mission, so the Army is pursuing this reprogramming action.

A Title 10 USC 2853 notification was submitted to the Congress on August 19, 2015.

Source of Funds: Bid savings from the following project 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 NCO Academy PN 43335	2012	42,000	38,700	<u>3,200</u>
Total:				3,200

PN = Project Number

Bid Expiration: December 30, 2015

Military Construction, Navy

Reprogramming Request

Installation: Camp Pendleton, California

Project: Ammunition Supply Point Upgrade, P-970

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

Estimated Cost (\$000):

Previously Appropriated	13,124
Previously Reprogrammed	-
Requested Reprogramming	5,486
Total Estimated Cost	18,610

Description: This project is the first in a series of projects planned to build-out an existing Ammunition Supply Point (ASP) in the Las Pulgas Area (43) of Marine Corps Base Camp Pendleton. The project constructs an Ammunition Segregations Facility, an Administrative Facility, High Explosive Magazine, and a Small Arms Magazine. In addition to these facilities, the project will provide adequate mechanical and electrical utilities such as water, sewer, electrical and telecommunications infrastructure to support the build-out conditions of the ASP. These facilities are needed to enable enlisted ASP personnel to safely and properly inspect, classify, transport and store munitions from an Explosives Safety Quantity Distance approved area.

Justification: The budgeted project cost did not adequately factor in the following:

- a) Changing construction market conditions (\$2.08 million):

The bids received reflect the current market and labor conditions in the San Diego area which include higher sub-contractor mark-ups than anticipated in the Government Estimate. This trend is consistent with other recent projects in the San Diego area. The market condition influence is reflected in the bids and represents \$2.08 million of the requested reprogramming.

- b) Inadequate scope development (\$2.37 million)

Through development of the design for this project, the extent of utility work required to account for build-out conditions leading up to the ASP and the requirements for traffic

control were refined. The DD Form 1391 did not adequately identify and provide costs for ancillary components of the electrical, water, storm water collection, sanitary sewer, and natural gas utility systems. Traffic control is required to maintain access through Basilone Road, which is a main artery within the Camp Pendleton road network.

c) Environmental mitigation (\$0.300 million)

The requirement for biological and cultural monitoring when ground disturbing activities are being performed was not accounted for in the original project estimate.

d) Contingency (+\$0.238 million), Supervision, Inspection and Overhead (+\$0.287 million), and Design-Build Design Costs (+\$0.215 million)

The costs to support the project during construction have also increased because the overall construction cost has increased. This includes additional contingency, SIOH amounts, and Design-Build Design Costs.

Prior to solicitation, project cost saving opportunities were investigated to include the abandonment in place of existing utilities vice complete removal, identification of the best utility route, and the reduction of water storage tank capacity for the area. Utility routes adjacent to the road were explored; however, there would be significant cost and schedule impacts due to Environmental and National Environmental Policy Act (NEPA) constraints. The water storage tank capacity could not be reduced per current design criteria and guidelines for fire protection.

A Title 10 USC 2853 notification to the Congress was submitted on September 1, 2015.

Source of Funds: Bid savings from the following projects are cited as a source of funds for this cost increase.

<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>
COMFLEACT Okinawa, Japan Bachelor Quarters (P353)	2013	7.748	5.812	1.936
MCB Camp Pendleton, CA Armory, 1st Marine Division (P532)	2012	12.495	10.490	1,586
MCB Camp Lejeune, NC Ordnance Loading Area Addition (P710)	2012	8.976	7.688	1,288

<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>	
MCB Camp Lejeune, NC Squad Battle Course (P030)	2012	16.673	14.583	<u>676</u>
Total:				5.486

^{1/} Reflects FY 2013 sequestration reductions

Bid Expiration Date: January 25, 2016

Military Construction, Air Force

Reprogramming Request

Installation: Minot Air Force Base, North Dakota

Project: B-52 Addition/Alteration Aircraft Maintenance Unit (AMU)

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

Estimated Cost (\$000):

Previously Appropriated	15.530
Previously Reprogrammed	-
Requested Reprogramming	4.270
Total Estimated Cost	19.800

Description: This project constructs an aircraft maintenance unit facility with site improvements, pavements, communications support, and all other necessary features. The project also alters an existing facility to support the mission.

Justification: The cost of construction in the Minot Air Force Base area has increased substantially since the original estimate was submitted with the FY 2014 President's budget request (April 2013). High employment rates and a scarcity of skilled tradesmen in the local area have increased the cost of subcontractor work. Five proposals were received in March 2015, and the acceptable low bid was selected. This reprogramming action adds \$4.27 million to the \$15.53 million authorized and appropriated for this project bringing the project amount to \$19.8 million.

A Title 10 USC 2853 notification was submitted to the Congress on July 29, 2015.

Source of Funds: Funds are available from the following project due to bid savings. Full and open competition provided an excellent pricing for this dormitory project.

(Dollars in Thousands)

<u>Location/Project</u>	<u>Fiscal Year</u>	<u>Amount Appropriated</u>	<u>Current Estimate</u>	<u>Proposed Reprogramming</u>
Eielson AFB, AK/ Dormitory (168 Rm)	2012	45.000	36.620	4.270 ¹

1. COMPONENT DEF (TMA)		FY 2014 MILITARY CONSTRUCTION PROJECT DATA		2. DATE 04 APR 2013	
3. INSTALLATION AND LOCATION Fort Detrick Maryland			4. PROJECT TITLE Hazardous Material Storage Building		
5. PROGRAM ELEMENT 22096A	6. CATEGORY CODE 442	7. PROJECT NUMBER 62204	8. PROJECT COST (\$000) Approp 4,600		
9. COST ESTIMATES					
ITEM		UM (M/E)	QUANTITY	UNIT COST	COST (\$000)
PRIMARY FACILITY					2,747
Hazardous Waste Facility		m2 (SF)	1,217 (13,100)	2,086	(2,539)
Sustainability/Energy Measures		LS	--	--	(51)
Building Information Systems		LS	--	--	(157)
SUPPORTING FACILITIES					1,239
Electric Service		LS	--	--	(240)
Water, Sewer, Gas		LS	--	--	(167)
Paving, Walks, Curbs & Gutters		LS	--	--	(316)
Storm Drainage		LS	--	--	(105)
Site Imp(108) Demo(147)		LS	--	--	(255)
Information Systems		LS	--	--	(140)
Antiterrorism Measures		LS	--	--	(16)
ESTIMATED CONTRACT COST					3,986
CONTINGENCY (5.00%)					199
SUBTOTAL					4,185
SUPV, INSP & OVERHEAD (5.70%)					239
DESIGN/BUILD - DESIGN COST					167
TOTAL REQUEST					4,591
TOTAL REQUEST (ROUNDED)					4,600
INSTALLED EQT-OTHER APPROP					()
10. Description of Proposed Construction Construct a central hazardous waste facility. Work will include Intrusion Detection System (IDS) installation, Energy Monitoring and Control System (EMCS) connections, and building information systems. Sustainability/Energy measures will be provided. Building information systems for this facility are unique in nature and not included in the unit cost of the building. Supporting facilities include utilities, fire protection and alarm systems, information systems, site improvement, access road, paved apron for maneuvering trucks, walkways, and parking. Measures in accordance with DoD Minimum Antiterrorism for Buildings standards will be provided. Accessibility for individuals with disabilities will be provided. Heating will be provided by on-site, self-sustained systems. Facilities will be designed to a minimum life of 50 years and energy efficiencies meeting, on average, ASHRAE 189.1 standards through improved building envelope and integrated building systems performance. Demolish 2 buildings (TOTAL 697 m2/7,500 SF). Air Conditioning (Estimated 91 kW/26 Tons).					
11. REQ:		1,217 m2	ADQT:	NONE	SUBSTD: 697 m2
PROJECT: Construct a hazardous waste facility at Fort Detrick, Maryland. (Current Mission)					

1. COMPONENT DEF (TMA)	FY 2014 MILITARY CONSTRUCTION PROJECT DATA	2. DATE 04 APR 2013
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3. INSTALLATION AND LOCATION
Fort Detrick, Maryland

4. PROJECT TITLE Hazardous Material Storage Building	5. PROJECT NUMBER 62204
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REQUIREMENT: This project is required to provide a centralized handling and storage facility for hazardous waste before it is shipped off-site for final disposal. The project supports the National Interagency Bio-defense Campus (NIBC) expanded mission. This centralized facility will ensure the safe handling of hazardous materials within the installation.

CURRENT SITUATION: Current operations are conducted in Building 261 (214 m2) and Building 262 (485 m2). These buildings are aging, undersized and do not meet current requirements for hazardous material storage. These facilities are not designed to safely handle hazardous materials.

IMPACT IF NOT PROVIDED: If the Hazardous Waste Facility is not provided, the NIBC will continue to store, process and handle hazardous materials under current practices in outdated and undersized facilities, imposing greater safety risks to the population on and off post. The expanded mission of the NIBC will exceed the capacity of the existing Hazardous Waste facility at Fort Detrick.

ADDITIONAL: This project has been coordinated with the installation physical security plan, and all physical security measures are included. All required antiterrorism protection measures are included. An economic analysis has been prepared and utilized in evaluating this project. This project is the most cost-effective method to satisfy the requirement. The Deputy Assistant Secretary of the Army (Installations, Housing and Partnerships) certifies that this project has been considered for joint use potential. The facility will be available for use by other components. A parametric cost estimate based upon project engineering design was used to develop this budget estimate. Sustainable principles, to include Life Cycle cost-effective practices, will be integrated into the design, development, and construction of the project in accordance with Executive Order 13423, 10 USC 2802(c), and other applicable laws and Executive Orders.

12. SUPPLEMENTAL DATA:

A. Estimated Design Data:

- (1) Status:
 - (a) Date Design Started..... MAY 2012
 - (b) Percent Complete As Of January 2013..... 35.00
 - (c) Date 35% Designed..... JAN 2013
 - (d) Date Design Complete..... MAR 2014
 - (e) Parametric Cost Estimating Used to Develop Costs YES
 - (f) Type of Design Contract: Design-build
 - (g) An energy study and life cycle cost analysis will be documented during the final design.

- (2) Basis:
 - (a) Standard or Definitive Design: NO

(3) Total Design Cost (c) = (a)+(b) OR (d)+(e): (\$000)

1. COMPONENT DEF (TMA)	FY 2014 MILITARY CONSTRUCTION PROJECT DATA	2. DATE 04 APR 2013
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3. INSTALLATION AND LOCATION
Fort Detrick, Maryland

4. PROJECT TITLE Hazardous Material Storage Building	5. PROJECT NUMBER 62204
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12. SUPPLEMENTAL DATA: (Continued)

A. Estimated Design Data: (Continued)

(a) Production of Plans and Specifications.....	120
(b) All Other Design Costs.....	40
(c) Total Design Cost.....	160
(d) Contract.....	120
(e) In-house.....	40

(4) Construction Contract Award..... JAN 2014

(5) Construction Start..... MAR 2014

(6) Construction Completion..... JUL 2015

B. Equipment associated with this project which will be provided from other appropriations:

<u>Equipment Nomenclature</u>	<u>Procuring Appropriation</u>	<u>Fiscal Year Appropriated Or Requested</u>	<u>Cost (\$000)</u>
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NA

Installation Engineer:
Phone Number: 301-619-2441