



UNDER SECRETARY OF DEFENSE

1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

COMPTROLLER

JUL 01 2016

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 the project is enclosed.

#	<u>Service/Agency/Installation</u>	<u>Project</u>	<u>Program</u>	<u>Request (\$)</u>
	<u>Army</u>			
1	Joint Base Lewis-McChord, Washington	Battalion Complex	2013	13,500,000
2	Joint Base Lewis-McChord, Washington	Airfield Operations Complex	2014	7,200,000
3	Joint Base Lewis-McChord, Washington	Aviation Battalion Complex	2014	9,200,000
	<u>Navy</u>			
4	Indian Head, Maryland	Decentralize Steam System	2012	6,232,000
5	Kaneohe Bay, Hawaii	Aircraft Maintenance Hangar Upgrades	2014	17,800,000
6	Port Angeles, Washington	Transit Protection System	2015	11,414,000
	<u>Navy Reserve</u>			
7	Moreno Valley, California	Naval Reserve Training Center	2014	4,886,000
	<u>Defense Health Agency</u>			
8	Naval Support Activity Bethesda, Maryland	Temporary Medical Facilities	2013	15,300,000
	<u>Defense Logistics Agency</u>			
9	Philadelphia, PA	Replace Headquarters	2016	3,800,000

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



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WASHINGTON, DC 20301-1100

COMPTROLLER

JUL 01 2016

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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Sincerely,



Michael McCord

Enclosures:

As stated

cc:

The Honorable Jon Tester
Ranking Member

Bid Expiration Date: September 7, 2016

Military Construction, Army

Reprogramming Request

Installation: Joint Base Lewis-McChord, Washington

Project: Battalion Complex

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

Estimated Cost (\$000):

Previously Appropriated	72,904*
Previously Reprogrammed	-
Requested Reprogramming	13,500
Total Estimated Cost	86,404

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

Description: Constructs a standard-design barracks with 324 spaces, a dining facility (DFAC), two battalion headquarters buildings with classrooms and storage buildings, and associated roads and infrastructure.

Justification: This project was partially awarded in FY 2013 (DFAC, battalion headquarters, roads and infrastructure) with one remaining contract left to award for the barracks. Both the DFAC and battalion headquarters are 98% complete and the roads and infrastructure are 86% complete. The barracks represent the largest portion of this project and solicitation was delayed due to reconsideration of the site location and project configuration. Upon determination of the best site for the barracks, the project was redesigned, solicited and bids were received in January 2016.

An additional \$13.5 million is required to award the final contract for the barracks and for the cost of mandatory modifications to complete the other three construction contracts. This increase is based on the lowest acceptable bid for the barracks and the mandatory modifications. It reflects the escalation of labor and material costs in the construction industry since this project was programmed for FY 2013.

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 Shafter, HI Child Development Center PN 64967	2012	17,500	11,723 ^{/1}	5,000
Fort Meade, MD Applied Instruction Facility PN 64939	2012	43,000	38,286 ^{/2}	1,900
JB Langley-Eustis, VA Aviation Training Facility PN 59005	2012	26,000	18,800 ^{/3}	6,600

Total:

13,500

PN = Project Number

¹ A 10 U.S.C. §2853 cost reduction notification dated March 16, 2012 was sent to the congressional committees, reflecting an award CWE of \$10.9 million. Since award, mandatory modifications have caused the CWE to increase.

² A 10 U.S.C. §2853 cost reduction notification dated September 26, 2012 was sent to the congressional committees, reflecting an award CWE of \$34.1 million. Since award, mandatory modifications have caused the CWE to increase.

³ A 10 U.S.C. §2853 cost reduction notification dated May 30, 2012 was sent to the congressional committees, reflecting an award CWE of \$18.8 million.

Bid Expiration Date: September 2, 2016

Military Construction, Army

Reprogramming Request

Installation: Joint Base Lewis-McChord, Washington

Project: Airfield Operations Complex

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

Estimated Cost (\$000):

Previously Appropriated	37,000
Previously Reprogrammed	-
Requested Reprogramming	7,200
Total Estimated Cost	44,200

Description: Construct an Airfield Operations Complex. Authorized scope includes a Flight Control Tower, Fire Station, Remote Switching Unit (RSU), a Regional Flight Center (RFC), and various Aprons and Taxiways. Supporting facilities include utilities, fire protection and alarm systems, information systems, site improvement, and walkways.

Justification: Four separate contracts were originally intended to acquire the Tower, Fire Station, RSU and RFC. The Tower and RSU were awarded on April 9, 2015 and July 9, 2015 respectively. Each bid was at a cost significantly higher than expected. Construction costs across the United States, especially in the Pacific Northwest, have escalated faster than predicted for the past three years, resulting in successive facility types significantly exceeding the government estimates. Project scope is also being reduced by removing the RFC requirement because the mission/unit that would have occupied the facility was inactivated in March 2016. Despite the scope reduction, cumulative cost growth exceeds the authorized amount for the project. The current working estimate to complete the project and provide the remaining scope is \$44.2 million.

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 Carson, CO PN 77265 Barracks	2012	46,000	42,040	2,800
Joint Base Lewis-McChord, WA PN 58046 Operational Readiness Training Complex, Ph1	2012	28,000	17,800 ¹	4,400
Total				7,200

¹A 10 U.S.C. §2853 cost reduction notification dated September 4, 2012 was sent to the congressional committees, reflecting an award CWE of \$17.8 million.

Bid Expiration Date: September 16, 2016

Military Construction, Army

Reprogramming Request

Installation: Joint Base Lewis-McChord, Washington

Project: Aviation Battalion Complex

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

Estimated Cost (\$000):

Previously Appropriated	28,000
Previously Reprogrammed	-
Requested Reprogramming	9,200
Total Estimated Cost	37,200

Description: This project constructs a standard design company operations facility (COF) with covered hardstand and a Battalion Headquarters (BNHQ) that includes classrooms. Supporting facilities include utilities, fire protection and alarm systems, information systems, site improvement, and walkways.

Justification: An additional \$9.2 million is required to provide 100% of the scope for this project. The current working estimate (CWE) of \$37.2 million is based on the most favorable bids for the two main facilities. The COF was awarded in November 2015 and the BNHQ award is pending. Both bids were significantly higher than the estimated cost and reflect the overall escalation of labor and material costs for construction in the Pacific Northwest since this project was originally programmed for FY 2013. The other factors contributing to the cost growth are mandatory modifications associated with the COF contract due to differing site conditions, soil replacement, removal of obstructions, and additional utility runs.

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>
Joint Base Lewis - McChord, WA, Battalion Complex Battalion Complex PN 64014	2012	59,000	57,065	600
Grafenwoehr Training Area, GE Convoy Live Fire Range PN 65129	2012	5,000	2,738 ¹	2,260
Camp Carroll, KO Barracks PN 72650	2012	41,000	31,100 ²	6,340
Total:				9,200

PN = Project Number

¹ A 10 U.S.C. §2853 cost reduction notification dated December 10, 2015 was sent to the congressional committees, reflecting an award current working estimate (CWE) of \$2.85 million. The Current Estimate above is based on the final cost of the completed project.

² A 10 U.S.C. §2853 cost reduction notification dated March 8, 2012 was sent to the congressional committees, reflecting an award CWE of \$31.1 million.

Bid Expiration Date: September 1, 2016

Military Construction, Navy and Marine Corps

Reprogramming Request

Installation: Indian Head, Maryland
Project: Decentralize Steam System
Authorization: National Defense Authorization Act for Fiscal Year 2012,
Public Law 112-81

Estimated Cost (\$000):

Previously Appropriated*	67,694
Previously Reprogrammed	85
Revised Appropriated Amount	67,779
Below Threshold Reprogramming	1,999
Requested Reprogramming	6,232
Total Estimated Cost	76,010

* Includes any applicable general reductions, rescissions, and/or sequestration.

Description: This project constructs a decentralized steam distribution system with nodal steam generation plants and a utilities and energy management (UEM) support building. One nodal plant will be capable of cogeneration of steam and electricity. Natural gas will serve as the primary fuel source for the nodal steam plants. This project will satisfy the EPA Consent Agreement directing reductions of toxic air emissions. The old Goddard Power Plant, multiple support buildings, and steam lines will be demolished.

Justification: The current funding requirement for additional funds is attributable to the following:

a) Steam Nodal Plants (SNP) and Decentralized Boilers (+\$1.147M)

The unit cost to deliver the required steam capacity from the nodal steam plants was underestimated. Additionally, the secondary nodal plant boiler burners were designed to run on natural gas. It was later determined that there was still some risk of a public utility outage/failure that could prevent the secondary nodal plants from producing steam; a risk deemed unacceptable to the process end-users. Therefore, in order to provide critical energy resiliency, the secondary nodal plant boiler burners will now be equipped to fire on natural gas and fuel-oil. The original project scope included secondary distribution systems without specificity as to the utility mechanism; however, the fuel source capability is driving increased costs requiring installation of new components such as fuel-oil hoses, valves and controls.

b) Significant Unforeseen Items (+\$1.255M)

Multiple sewer and water main deviations were needed due to reliance upon incomplete existing conditions documentation, requiring additional effort to complete water and sewer connections and routing. Additional unforeseen costs were due to the government's inability to self-perform utility work including the installation of a transmission line, set utility poles, and install anchors; all of which were in scope. Unanticipated costs resulted when this work had to be executed by the construction contractor.

c) Environmental Mitigation (+\$1.500M)

Costs were underestimated for demolition and on-site environmental monitoring of the coal yard, railroad tracks and storm-water runoff treatment lagoons. Additional engineering technicians are required to properly control/prevent run-off into the adjacent river, identify dust plumes outside the project boundary, and ensure proper disposal of 60-yr's accumulated coal ash waste.

d) Demolition (+\$0.705M)

Costs for proper abatement of asbestos-laden thermal insulation, pipe demolition and disposal, and demolition and disposal of pipe supports (which have lead-based paint) and foundations were not properly estimated.

e) Design Changes (+\$0.987M)

Additional Design-Build Cost related to unanticipated design effort to accommodate changes described above. The construction contractor A/E had to revise their original design to accommodate changed conditions from the request for proposal.

f) Contingency, and Supervision, Inspection, and Overhead (SIOH): (+\$0.638M):

The contingency and SIOH amounts have increased because the total project costs have increased.

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>	<u>(Dollars in Thousands)</u>		
		<u>Amount Appropriated^{1/}</u>	<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
Bremerton, WA Explosives Handling Wharf #2 - Inc 4 (P990C)	2015	83,778	81,050 ^{2/}	2,320
Bremerton, WA Integrated Dry Dock Water Treatment Fac -Ph 1 (P419)	2012	12,175 ^{3/}	10,841	1,272
Bangor, WA Waterfront Restricted Area Vehicle Barriers (P985)	2012	9,735 ^{4/}	8,948 ^{5/}	787

<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>	
Great Lakes, IL Decentralize Steam System (P816)	2012	89,435	87,367	668
San Diego, CA Rotary Aircraft Depot Maint Fac (North Is.) (P880)	2012	59,148 ^{6/}	58,500	648
San Diego, CA Multipurpose Fac/Fitness Ctr, North Island (P705)	2012	44,956 ^{7/}	44,500	456
Norfolk, VA Bachelor Quarters, Homeport Ashore (P123)	2012	72,424 ^{8/}	72,324 ^{9/}	<u>81</u>
Total				6,232

^{1/}Reflects FY 2013 sequestration reductions.

^{2/}A 10 U.S.C. §2853 cost reduction notification dated April 6, 2016 was sent to the Congressional committees.

^{3/}Reflects a revised PA of \$12.175M as a result of a \$1.000M reprogramming decrease approved by Congress in March 2016.

^{4/}Reflects a revised PA of \$9.735M as a result of a \$7.587M reprogramming decrease approved by Congress in March 2014.

^{5/}A 10 U.S.C. cost reduction notification dated March 29, 2012 was sent to the Congressional committees.

^{6/} Reflects a revised PA of \$59.148M as a result of a \$2.028M reprogramming decrease approved by Congress in July 2015.

^{7/}Reflects a revised PA of \$44.956M as a result of a \$1.542M reprogramming decrease approved by Congress in March 2016.

^{8/} Reflects a revised PA of \$72.424M as a result of a \$3.084M reprogramming decrease approved by Congress in January 2014 and a \$5.218M reprogramming decrease approved by Congress in March 2016.

^{9/}A 10 U.S.C. §2853 cost and scope reduction notification dated July 1, 2015 was sent to the Congressional committees.

Bid Expiration Date: September 1, 2016

Military Construction, Navy and Marine Corps

Reprogramming Request

Installation: Kaneohe Bay, Hawaii

Project: Aircraft Maintenance Hangar Upgrades (P863)

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

Estimated Cost (\$000):

Previously Appropriated	31,820
Previously Reprogrammed	0
Requested Reprogramming	17,800
Total Estimated Cost	49,620

Description: This project renovates existing low-rise aircraft Hangar 101 to provide a hangar bay, administrative and shop spaces for the Marine Light Attack Helicopter (HMLA) squadron and use as the H-1 Integrated Maintenance Program (IMP) work spaces. Exterior renovations will also include six small storage facilities that are adjacent to Hangar 101. Site preparation includes contaminated soil handling.

Justification: Additional funding is required due to:

a) Increased Market Pressure (+\$7.030M)

An abundance of private and public residential and commercial type construction projects has increased contracting opportunities for construction contractors in the area, creating a less than favorable bid environment which is exacerbated by the limited subcontractor and labor pool in this region.

b) Swing Space and Phasing (+\$4.660M)

The project will construct temporary facilities for swing spaces to accommodate personnel and mission impacted by the construction. Kaneohe Bay has no open hangar facilities currently available to support hangar operations during renovation. While in the project scope, costs for temporary facilities were not included in the contract scope based on swing space availability at the time and now must be added to the contract. Furthermore, limitations in size of temporary facilities prevent relocation of the entire mission to a singular location, so the contractor will have to phase construction, adding cost to the contract.

c) On-going Operations and Airfield Safety Regulations (+\$1.850M)

While a baseline of operational interruptions and construction traffic limitations were assumed in the original estimate, higher than anticipated levels of personnel safety precautions and other limitations have been identified which will impact contractor productivity. Existing

operations will cause contractor restraints on conducting and scheduling work due to the close proximity to helicopter flight line operation areas. Contractor's work schedules must be coordinated with the base air operation office to allow for runway access and closure where and when needed. Additionally, there will be higher levels of personnel safety precautions and other elements caused by concurrent construction and squadron operations.

d) Foundation Enhancement for Bridge Crane (+\$1.630M)

Unforeseen localized soil conditions under the bridge crane supports were discovered that will require micro piles to adequately support the foundation.

e) Special Materials (+\$0.800M)

A cost premium for building system components, such as special coatings for the chilled water system and the enhanced commissioning process, was not adequately estimated.

f) Site Inspection and Overhead (SIOH) and Contingency Increase (+\$1.830M)

The increase in construction cost will also raise the SIOH and contingency required to execute this project.

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>	<u>(Dollars in Thousands)</u>		
		<u>Amount Appropriated^{1/}</u>	<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
Kaneohe, HI MCAS Operations Complex (P822)	2012	57,173	54,117 ^{2/}	3,056
Twentynine Palms, CA Land Expansion (P991)	2012	5,872 ^{3/}	3,089 ^{4/}	2,783
Kaneohe, HI MV-22 Hangar and Infrastructure (P904)	2013	82,523 ^{5/}	80,523	2,000
Camp Lejeune, NC Personnel Administration Center (P711)	2013	8,048	6,218 ^{6/}	1,830
San Diego, CA Hangar 5 Renovations & Addition (P181)	2013	17,173 ^{7/}	15,353 ^{8/}	1,176
Yorktown, VA Supply Warehouse Facility (P987)	2013	8,440	6,871	1,569

<u>Location/Project</u>	<u>Fiscal Year</u>	<u>(Dollars in Thousands)</u>		
		<u>Amount Appropriated^{1/}</u>	<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
Camp Pendleton, CA Individual Equipment Issue Warehouse (P1037)	2012	12,764	9,691 ^{9/}	1,181
Cherry Point, NC Marine Air Support Squadron Compound (P163)	2013	32,395	28,607	1,743
Barstow, CA Dip Tank Cleaning Facility (P925)	2012	8,529	7,894	635
Quantico, VA The Basic School Student Quarters - Phase 6 (P567)	2012	25,312 ^{10/}	24,307	408
Camp Pendleton, CA New Potable Water Conveyance (P1045)	2012	93,551 ^{11/}	89,685 ^{12/}	318
Camp Lejeune, NC Bachelor Enlisted Quarters - Wallace Creek (P138)	2012	27,283	26,986	297
Camp Lejeune, NC Ordnance Loading Area Addition (P710)	2012	7,688 ^{13/}	7,390	279
Camp Lejeune, NC 2nd Combat Engineer Maintenance/Ops Complex (P1253)	2012	74,835	72,564	270
Camp Pendleton, CA MV-22 Double Hangar Replacement (P114)	2012	40,205 ^{14/}	39,950 ^{15/}	<u>255</u>
Total				17,800

- ^{1/}Reflects FY 2013 sequestration reductions.
- ^{2/}A 10 U.S.C. §2853 cost reduction notification dated July 24, 2012 was sent to the Congressional committees.
- ^{3/}Reflects a revised PA of \$5.872M as a result of a \$2.320M reprogramming decrease approved by Congress in March 2016.
- ^{4/}A 10 U.S.C. §2853 cost reduction notification dated January 6, 2016 was sent to the Congressional committees.
- ^{5/}Reflects a revised PA of \$82.523M as a result of a \$4.504M reprogramming increase approved by Congress in July 2013.
- ^{6/}A 10 U.S.C. §2853 cost reduction notification dated October 29, 2013 was sent to the Congressional committees.
- ^{7/}Reflects a revised PA of \$17.173M as a result of a \$9.166M reprogramming decrease approved by Congress in July 2015.
- ^{8/}A 10 U.S.C. §2853 cost reduction notification dated October 29, 2013 was sent to the Congressional committees.
- ^{9/}A 10 U.S.C. §2853 cost reduction notification dated April 18, 2012 was sent to the Congressional committees.
- ^{10/}Reflects a revised PA of \$25.312M as a result of a \$2.982M reprogramming decrease approved by Congress in March 2016.
- ^{11/}Reflects a revised PA of \$93.551M as a result of a \$16.682M reprogramming decrease approved by Congress in January 2014.
- ^{12/}A 10 U.S.C. §2853 cost reduction notification dated November 27, 2012 was sent to the Congressional committees.
- ^{13/} Reflects a revised PA of \$7.688M as a result of a \$0.326M reprogramming decrease approved by Congress in May 2015 and a \$1.288M reprogramming decrease approved by Congress in December 2015.
- ^{14/}Reflects a revised PA of \$40.205M as a result of a \$6.761M reprogramming decrease approved by Congress in January 2014 and a \$0.795M reprogramming decrease approved by Congress in March 2016.
- ^{15/}A 10 U.S.C. §2853 cost reduction notification dated August 28, 2012 was sent to the Congressional committees.

Bid Expiration Date: August 15, 2016

Military Construction, Navy and Marine Corps

Reprogramming Request

Installation: Port Angeles, Washington

Project: Transit Protection System Port Angeles Forward Operating Location

Authorization: Carl Levin and Howard P. "Buck" McKeon National Defense Authorization Act for Fiscal Year 2015, Public Law 113-291

Estimated Cost (\$000):

Previously Appropriated	20,638
Previously Reprogrammed	0
Requested Reprogramming	11,414
Total Estimated Cost	32,052

Description: This project provides a pier with access trestle to berth seven Transit Protection System (TPS) vessels, a small craft ready fuel storage and distribution system to the TPS pier, and an alert force facility. The facilities will be constructed at the TPS forward operating location at the United States Coast Guard Air Station/Sector Field Office, Port Angeles, Washington.

Justification: The current funding requirement for additional funds is attributable to the following:

a) Technical Solution Change (\$9.096M)

The project budget estimate was based on repurposing a 50-year old floating bridge pontoon highway section to be salvaged from the State of Washington SR520 bridge replacement project. A study conducted during pre-construction activities revealed that repurposing the pontoon was significantly more expensive than expected and that it was more cost effective to provide a conventional pile supported structure. The Department decided to change the technical solution from a floating pier based on (1) a lower construction funding requirement, (2) a lower total ownership cost, (3) a smaller environmental impact, and (4) schedule uncertainties due to lack of availability of the SR520 floating bridge pontoon. Construction of a fixed pier results in additional structural and material requirements required to execute the solution change.

b) Changing Construction Market Conditions (\$0.640M)

Unexpected improvements in the national economy and increases in local construction contracting opportunities have resulted in less than favorable market conditions and higher pricing than anticipated. The Navy has over seven major construction projects underway in the Pacific Northwest with a total value of over \$728M, placing competitive demands on labor, subcontractors, and material suppliers.

c) Tribal Trust and Compensatory Mitigation (\$0.546M)

Ongoing mitigation discussions with both Tribal and State agencies have resulted in higher

than anticipated costs as the Navy worked to reach agreement over suitable mitigation efforts. The agreement reached exceeds budgeted mitigation estimates.

- d) Increase in Contingency and Supervision, Inspection & Overhead (SIOH) (\$1.132M)
The contingency and SIOH amounts have increased due to higher construction costs.

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>(Dollars in Thousands)</u>			
	<u>Fiscal Year</u>	<u>Amount Appropriated^{1/}</u>	<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
Camp Lejeune, NC Landfill - Phase 4 (P1353)	2014	20,795	16,947	3,527
SW Asia, Bahrain Island P-8A Hangar (P955)	2015	27,826	22,969	1,857
Bremerton, WA Integrated Water Treatment System DD 1, 2, & 5 (P422)	2015	16,401	13,137	1,264
Bangor, ME NCTAMS VLF Commercial Power Connection (P308)	2014	40,501 ^{2/}	39,397	1,104
Camp Lemonier, Djibouti Entry Control Point (P330)	2015	9,923	8,104	819
Seal Beach, CA Strategic Systems Weapons Evaluation Test Lab (P229)	2013	28,885	28,226	659
Camp Lemonier, Djibouti Unaccompanied Housing (P921)	2014	22,580	20,434	546
Mayport, FL LCS Logistics Support Facility (P425)	2014	16,093	15,566	527
Meridian, MS Dining Facility (P317)	2013	10,316	9,851	465
Kitsap, WA Explosives Handling Wharf #2 - Inc 4 (P990C)	2015	83,778	81,050 ^{3/}	408
Coronado, CA H-60 Trainer Facility (P957)	2014	8,910	8,672	238
Total				11,414

^{1/}Reflects FY 2013 sequestration reductions.

^{2/}Reflects a revised PA of \$40.501M as a result of a \$26.701M reprogramming increase approved by Congress in March 2016.

^{3/}A 10 U.S.C. §2853 cost reduction notification dated April 6, 2016 was sent to the Congressional committees.

Bid Expiration Date: August 15, 2016

Military Construction, Navy Reserve

Reprogramming Request

Installation: March AFB, California

Project: NOSC Moreno Valley Reserve Training Center

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

<u>Estimated Cost (\$000):</u>	<u>FY2014</u>	<u>FY2015</u>	<u>TOTAL</u>
Previously Appropriated	9,086	2,000	11,086
Previously Reprogrammed	0	0	0
Requested Reprogramming	4,886	0	4,886
Total Estimated Cost	13,972	2,000	15,972

Description: The project constructs a Naval Reserve Center with administrative support, medical suite, classroom, storage, training, and drill hall spaces. The existing Moreno Valley Reserve Training Center is at March Air Force Base, California. However, this project relocates the Reserve Training Center to a new site with improved force protection features.

Justification: The current funding requirement for additional funds is attributable to the following:

a) Construction Market Conditions (\$3.910M)

In 2011 and 2012, Naval Facilities Engineering Command experienced favorable market conditions which were anticipated to continue for several years. However, these favorable market conditions were not realized in the San Bernardino-Riverside Metropolitan Area and the Los Angeles metropolitan area. This was attributable to a rise in industrial and business park development which has increased contracting opportunities for construction contractors in these areas. Additionally, the planned construction of a new football stadium is exacerbating the less than favorable bid environment resulting in higher pricing than anticipated. Research of construction projects in the southern California area shows a \$1.9 billion impact to the local economy in 2016, plus an additional \$2.0 billion worth of work in the Los Angeles area for the pending stadium ground breaking.

b) Inadequate Supporting Facilities Cost development (\$0.344M)

Structural fill and storm water drainage improvements were required at a higher than planned cost in order to mitigate site specific soil and drainage conditions. In addition, the planned cost for electrical utilities underestimated the relocation of overhead electrical distribution lines.

- c) Increase in Contingency and Supervision, Inspection & Overhead (SIOH) (\$0.632M)
 The contingency and SIOH amounts have increased due to higher construction costs.

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>	<u>(Dollars in Thousands)</u>		<u>Proposed Reprogramming</u>
		<u>Amount Appropriated^{1/}</u>	<u>Current Working Estimate^{2/}</u>	
Yuma, AZ Reserve Training Facility (P123)	2013	5,068	0 ^{2/}	4,642
Pittsburgh, PA Armed Forces Reserve Center (Pittsburgh) (P860)	2012	13,067 ^{3/}	12,394	<u>244</u>
Total				4,886

^{1/}Reflects FY 2013 sequestration reductions.

^{2/}A 10 U.S.C. §2853 cost reduction notification dated April 27, 2016 was sent to the Congressional committees.

^{3/}Reflects a revised PA of \$13.067M as a result of a \$0.500M reprogramming decrease approved by Congress in February 2015.

Bid Expiration Date: September 20, 2016

Military Construction, Defense-Wide (Defense Health Agency)

Reprogramming Request

Installation: Naval Support Activity, Bethesda, Maryland
Project: Temporary Medical Facilities
Authorization: National Defense Authorization Act for Fiscal Year 2013,
Public Law 112-239

<u>Estimated Cost (\$000):</u>	
Previously Appropriated*	26,564
Sequestration Reduction	-2,051
Revised Appropriated Amount	24,513
Requested Reprogramming	15,300
Total Estimated Cost	39,813

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

Description: This project constructs temporary medical facilities for the Walter Reed National Military Medical Center (WRNMMC) at Naval Support Activity, Bethesda, Maryland. The new facilities will serve to relocate medical staff and patients to maintain clinical operations during the demolition of buildings 2, 4, 6, 7, and 8 along with supporting the construction of the new medical center. The existing medical center facility is outdated and poorly configured to accommodate modern medical technology; it is inadequate to provide appropriately located medical departments; and it fails to provide sufficient floor area to meet the critical needs of its patients. A medical center addition/alteration project has been requested in the FY 2017 President's Budget. The demolition is required to implement the medical center project.

Justification: Bid proposals received to date are roughly \$15-\$17 million higher (62-69%) than the design original estimate. As a result, the project cannot be completed within the revised appropriated amount of \$24.513 million.

The additional \$15.3 million is needed for:

- A. \$12.5 million is required due to the increase in modular facility cost which is driven by increased costs for mechanical, electrical, and plumbing (MEP) along with increased heating, ventilation, and air conditioning (HVAC) costs. A detailed analysis of work structures established that offeror costs exceeded the Designer of Record's estimate by as much as 65%. Limited competition also contributed to higher costs. Only two contractors submitted proposals. The lack of modular building manufacturers capable of executing a project of this size and complexity is due to the fact that the modular buildings must be custom built to support a unique variety of clinical, laboratory, and

administrative space requirements. Manufacturing must be done both off-site and on-site due to the lack of materials staging/storage locations on the installation. Additional factors contributing to the increased costs include an escalation in materials costs and an increase in the need for site access security.

- B. \$1.5 million is needed to address the increase in labor costs. These costs are due to changing local construction market conditions and escalation. Over the last five years, there has been an increase in private and public contracting opportunities for construction in the area. This increase in the construction market has resulted in a shortage of qualified subcontractor labor and an escalation in labor costs. 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 strength for completing projects.
- C. \$1.3 million is required for Supervision, Inspection, and Over-Head (SIOH) and additional contingency costs.

A Title 10 USC Section 2853 cost increase notification was submitted to the Congress on May 20, 2016.

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

<u>Project / Location</u>	<u>Fiscal Year</u>	<u>Amount Appropriated^{1/}</u>	(Dollars in Thousands)	
			<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
Medical Clinic Repl Berkeley Manor MCB Camp Lejeune, NC	2013	19,538	16,400	1,800
Medical Clinic Replacement, MCAGCC 29 Palms, CA	2013	25,251	22,251	1,500
Medical Clinic Replacement, Shaw AFB, SC	2013	52,715	48,715 ^{2/}	4,000
Health Clinic Replacement, NSA Annapolis, MD	2013	61,285	53,285 ^{3/}	<u>8,000</u>
Total				15,300

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

2/ A Title 10 Section 2853 cost decrease notification was sent to Congress on July 19, 2013.

3/ A Title 10 Section 2853 cost decrease notification was sent to Congress on December 23, 2013.

Bid Expiration Date: October 3, 2016

Military Construction, Defense-Wide (Defense Logistics Agency)

Reprogramming Request

Installation: Philadelphia, PA

Project: Replace Headquarters, DSCP1501

Authorization: National Defense Authorization Act for Fiscal Year (FY) 2016, Public Law 114-92

Estimated Cost (\$000):

Previously Appropriated 49,700

Requested Reprogramming 3,800

Total Estimated Cost 53,500

Description: This project constructs a 108,500 square foot building to accommodate more than 400 employees of a Primary Level Field Activity command headquarters. The project includes a Command Suite, office areas, administrative support areas, access control, secure operational and unclassified command and control conference and Video Tele-Conference (VTC) space. The project demolishes two existing buildings totaling 109,469 square feet.

Justification: Based on bids received, an additional \$3.8 million is needed to award this project and provide a complete and useable facility that meets mission requirements. This cost increase is attributed to several factors: increasing demand for skilled labor, a rising demand for materials, higher than anticipated costs associated with site work (the impact of phasing construction efforts to accommodate work and pedestrian and vehicular traffic within a highly congested site). The full extent of the cost impacts of these items was unknown at the time the project was programmed.

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

(Dollars in Thousands)

<u>Location/Project</u>	<u>Fiscal Year</u>	<u>Amount Appropriated^{1/}</u>	<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
Hurlburt Field, FL/ Construct Fuel Storage Facility	2013	15,320 ^{2/}	14,790	557
Guantanamo Bay, CU/ Replace Fuel Pier	2013	34,651	33,166	1,107
Barksdale AFB, LA/ Upgrade Pumphouse	2013	10,207 ^{2/}	5,100	1,327
Minot AFB, ND/ Replace Fuel Pipeline	2014	6,400	4,842	<u>809</u>
			Total	3,800

^{1/} Reflects reductions associated with the FY 2013 sequestration order.

^{2/} Reflects a prior approval reprogramming action approved by Congress in May 2015.