



UNDER SECRETARY OF DEFENSE
1 100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

COMPTROLLER

AUG 15 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>Navy</u>			
1	Naval Air Station Fallon, Nevada	Facility Alteration for F-35 Training Mission	2015	4,214,000
2	Naval Station Mayport, Florida	Littoral Combat Ship Operational Training Facility	2015	8,330,000
3	Naval Air Station, Whidbey, Washington	P-8A Aircraft Apron and Supporting Facilities	2015	8,758,000

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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AUG 15 2016

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 the project is enclosed.

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A similar letter is being sent to the Chairman of the House 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 Jon Tester
Ranking Member

Bid Expiration Date: October 07, 2016

Military Construction, Navy & Marine Corps

Reprogramming Request

Installation: Fallon, Nevada

Project: Facility Alteration for F-35 Training Mission (P430)

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	3,499
Previously Reprogrammed	0
Requested Reprogramming	4,214
Total Estimated Cost	7,713

Description: The project alters areas within an existing hangar and constructs a pre-engineered building gun maintenance shop in support of the F-35 Joint Strike Fighter (JSF) training mission requirement at Naval Air Station (NAS) Fallon. Alterations include the renovation of existing hangar bay, maintenance shop, and administrative areas.

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

a) Gun Maintenance Shop Requirement Changes (\$2.03M):

Changes required after project design are driving cost increases for the pre-engineered gun maintenance shop. The original project scope included a gun maintenance shop and assumed that the standard pre-engineered building (metal panels, steel frame, minimal insulation) would be sufficient. As requirements were further refined during project build out, it was discovered that the standard pre-engineered gun maintenance shop was not sufficient to meet the security requirements of the F-35 platform. These refinements added significant cost for greater physical security (e.g., thicker walls, solid doors), mechanical systems and special foundations required to adequately support the F-35 training mission.

b) Electrical Utility Requirement Changes (\$1.63M):

Changes in requirements after project design resulted in the need to accommodate additional electrical load at the existing Hangar 1 (Building #300). The original project scope included electrical utilities but did not specify voltage. As platform capabilities and equipment continue to evolve, the electrical distribution system initially planned is no longer sufficient to meet the requirement. As a result, the electrical distribution systems must be modified from 4160V to 12.47kV, requiring a new substation and feeders and additional routing to a different point of connection.

- c) Increase in Contingency and Supervision, Inspection & Overhead Costs (\$0.554M):
 The contingency and SIOH amounts have increased due to higher construction costs.

Source of Funds: Savings from the following project are 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>	<u>Current Working Estimate</u>	
Pearl City, HI Water Transmission Line	2014	30,100	0 ^{1/}	4,214

^{1/}A 10 U.S.C. §2853 cost and scope reduction notification dated July 14, 2016 was sent to the congressional committees.

Bid Expiration Date: December 31, 2016

Military Construction, Navy and Marine Corps

Reprogramming Request

Installation: Mayport, Florida

Project: LCS Operational Training Facility (P423)

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	20,520
Previously Reprogrammed	0
Requested Reprogramming	8,330
Total Estimated Cost	28,850

Description: Project constructs a new steel-frame, reinforced concrete multi-story specialized training facility to provide operational training to Littoral Combat Ship (LCS) crews featuring systems trainers, simulators, classrooms, personnel support space, a high-bay operational training area and applied instruction space.

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

a) Mission Simulator Requirements (+\$3.473M):

This project provides the full operational training capability needed for sailors to deploy without traditional pre-deployment shipboard training. All training will be performed within the LCS Operational Training Facility via seaframe and tactical simulators without any training on the actual ships. Therefore it is critical that the mission bay trainer and specialized equipment are built to shipbuilding standards and shipboard tolerances to replicate the exact environment of the LCS. The original project scope included simulators without specificity as to placement in the facility. The integration of the simulators into the building is a departure from the typical open spaces normally used for stand-alone simulators and was not accounted for in the project estimate. Additionally, the electrical load requirements to support the simulators were underestimated and require additional capacity.

b) Re-routing of Communication Line (+\$3.767M):

The project requires a communication line between a communication distribution point and the project site. During project and budget development it was incorrectly assumed that the chosen point of connection had sufficient capacity to accommodate the communication line. It was later determined that the communication line needed to be rerouted 1.35 miles to connect to a different distribution point with adequate capacity in order to carry the required load.

- c) Increase in Contingency and Supervision, Inspection & Overhead Costs (+\$1.09M):
 The contingency and SIOH amounts have increased due to higher construction costs.

Source of Funds: Savings from the following project 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</u>	<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
Pearl City, HI Water Transmission Line	2014	30,100	0 ^{1/}	8,330

^{1/}A 10 U.S.C. §2853 cost and scope reduction notification dated July 14, 2016 was sent to the congressional committees.

Bid Expiration Date: January 31, 2017

Military Construction, Navy and Marine Corps

Reprogramming Request

Installation: Whidbey Island, Washington
Project: P-8A Aircraft Apron and Supporting Facilities (P259)
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	24,390
Previously Reprogrammed	0
Requested Reprogramming	8,758
Total Estimated Cost	33,148

Description: This project expands the airfield parking apron to accommodate 24 new P-8A Poseidon aircraft and relocates the following support facilities displaced by the apron expansion: sonobuoy storage, liquid oxygen (LOX) facility, support equipment shop, and the aircraft rinse facility.

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

a) Changing Construction Market Conditions (\$7.898M):

Bids received were significantly higher than the estimated cost previously programmed. 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 \$728 million, placing competitive demands on labor, subcontractors, fuel, and material suppliers.

a) Increase in Contingency and Supervision, Inspection & Overhead (SIOH) (\$0.860M):

The contingency and SIOH amounts have increased due to higher construction costs.

Source of Funds: Savings from the following project are 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>	<u>Current Working Estimate</u>	
Pearl City, HI Water Transmission Line	2014	30,100	0 ¹⁷	8.758

¹⁷A 10 U.S.C. §2853 cost and scope reduction notification dated July 14, 2016 was sent to the congressional committees.