



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

NOV 14 2016

COMPTROLLER

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

Dear Mr. Chairman:

The purpose of this letter is to notify the committee of the proposed reprogramming of funds for the project and amount 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	Fort Gordon, Georgia	Command & Control Facility	2016	13,700,000
	<u>Navy</u>			
2	Cherry Point Marine Corps Air Station, North Carolina	Water Treatment Plant Replacement	2015	14,412,000
	<u>Air Force</u>			
3	Worldwide	Planning & Design	2013	4,300,000

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

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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Enclosures:
As stated

cc:
The Honorable Jon Tester
Ranking Member

Bid Expiration Date: April 1, 2017
Military Construction, Army
Reprogramming Request

Installation: Fort Gordon, Georgia
Project Title: Command and Control Facility
Authorization: National Defense Authorization Act for Fiscal Year (FY) 2016,
Public Law 114-92

Estimated Cost (\$000):

Previously Appropriated	90,000
Previously Reprogrammed	-
Requested Reprogramming	13,700
Total Estimated Cost	103,700

Description: The project provides a command and control facility to accommodate the U.S. Army Cyber Command/Joint Forces Headquarters. The facility must be constructed to Sensitive Compartmented Information Facility (SCIF) standards and includes areas divided into specified security zones and operations areas. The facility will support the Service Cyber Component mission to plan, coordinate, integrate, synchronize, direct and conduct network operations and defense of all Army and other supported networks as well as support to joint and unified land operations.

Justification: The Current Working Estimate (CWE) for this project, based on the lowest technically acceptable bid, exceeds the authorized cost by \$13.7 million or 15 percent. It represents current pricing for the work based on competitive bids that were all in the same range. This project presents a high risk to the contracting community due to the level of security required and the project phasing necessary to construct a large facility on a restrictive site immediately adjacent to a National Security Agency (NSA) facility without impacting its operations. The price increase is attributed to several factors, including: 1) the project is located within the restrictive NSA fence line which has stricter requirements than a similar facility of this type and 2) the HVAC design is more intricate than typical administrative space and more robust due to higher process loads.

A 10 U.S.C. §2853 cost notification dated September 20, 2016 was submitted to the Congressional committees.

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 Leonard Wood, MO Trainee Barracks Complex 3, Phase 2 PN 54489	2013	57,923 ¹	51,606 ²	6,200
Fort Campbell, KY Unmanned Aerial Vehicle Hanger PN 73542	2015	23,000	19,846	3,225
Fort Drum, NY Unmanned Aerial Vehicle Hanger PN 81349	2015	27,000	21,729	4,275
Total:				13,700

PN = Project Number

NOTES:

¹ The revised amount reflects a rescission of \$.077 million as part of the across-the-board rescission directed by Division G, Sections 3001/3004, Public Law 113-6.

² A 10 U.S.C. §2853 cost and scope reduction dated September 20, 2016 was sent to the Congressional committees, reflecting an award CWE of \$51.606 million. The project is 99.3% complete.

Bid Expiration Date: December 30, 2016
Military Construction, Navy and Marine Corps
Reprogramming Request

Installation: Cherry Point Marine Corps Air Station, North Carolina
Project: Water Treatment Plant Replacement
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	41,588
Previously Reprogrammed	0
Requested Reprogramming	14,412
Total Estimated Cost	56,000

Description: Constructs a new water treatment plant (WTP) and associated potable water wells in compliance with the Safe Drinking Water Act and builds administrative space for the plant operators, provides climate and instrumentation control for the water treatment process renovates an existing building for re-utilization as an operational vehicle garage and demolishes the existing system components. A very specific membrane system WTP was selected since it is the only technology that can adapt and account for the future salt water intrusion into the aquifer that is anticipated over the life cycle of the plant.

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

a) Specialized Work Qualification Requirements (\$6.800M):

Specialized qualification requirements limited competition more than anticipated. Due to the specialized technology required for the WTP, the contractor was required to have completed at least one WTP project of similar size, scope, and complexity within the past ten years. These restrictive qualifications were established due to the specific membrane system selected for the WTP. For example, the membrane system equipment is highly susceptible to damage during installation and start up testing activities and specialized pipe fitting and related skills are required due to higher hydraulic pressures than a normal WTP. Membrane systems and their related chemical cleaning systems instrumentation and controls require a higher level of automation by a specialized subcontractor. There was an erroneous assumption that multiple contractors would qualify and that a general contractor could self-perform the majority of the work.

b) Market Conditions (\$6.179M):

Current market conditions also limited competition more than anticipated. There are currently over 60 WTP improvement projects being constructed in North Carolina. This

reduced the potential pool of qualified general contractors and subcontractors with available capacity and capability to compete for this project. Some of these projects are in the same regional area. For example, a similar WTP project in Craven County, NC (less than 10 miles away from MCAS Cherry Point) further restricted the potential pool of general contractors and specialty subcontractors available for this project.

- c) Increase in Contingency and Supervision, Inspection & Overhead Costs (\$1.433M):
The contingency and SIOH 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>Amount Appropriated^{1/}</u>	<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
Kaneohe, HI MV-22 Hangar and Infrastructure (P904)	2013	76,017 ^{2/}	65,824 ^{3/}	10,193
Cherry Point, NC Marine Air Support Squadron Compound (P163)	2013	30,652 ^{4/}	28,607	2,045
Kaneohe, HI Aircraft Staging Area (P905)	2013	13,860	12,278	1,582
Iwakuni, Japan Vertical Take-Off and Landing Pad North (P996)	2013	7,003	6,349	592
Total:				14,412

^{1/}Reflects FY 2013 sequestration reductions.

^{2/}Reflects a revised PA of \$76.017M as a result of a \$2.000M reprogramming decrease approved by Congress in August 2016.

^{3/}A 10 U.S.C. §2853 cost reduction notification dated March 6, 2014 was sent to the Congressional committees.

^{4/}Reflects a revised PA of \$30.652M as a result of a \$1.743M reprogramming decrease approved by Congress in August 2016.

Bid Expiration Date: N/A
 Family Housing Construction, Air Force:
 Reprogramming Request

Installation: Worldwide

Project: Planning and Design.

Authorization: National Defense Authorization Act for Fiscal Year 2013, Public Law 112-239

Estimated Cost (\$000):

Previously Appropriated	3,952
Previously Reprogrammed	-
Requested Reprogramming	4,300
Total Estimated Costs	8,252

Description: This program provides for planning and design of family housing facilities. It includes: 1) preliminary and site adaptation studies; 2) working drawings, specifications, estimates, project planning reports; and 3) final design drawings. This includes the use of architectural and engineering services in connection with any family housing new construction or construction improvement projects.

Justification: Due to the Fiscal Year 2015 strategic pause in Family Housing Construction and the underestimation of requirements, it has created a shortfall in the Planning and Design program. Additional funding is needed for planning and design requirements attributable to mission changes in the Pacific and European theaters, such as, family housing requirements in Japan related to the Defense Policy Realignment Initiative, Spain and Germany.

Source of Funds: Bid savings from the following projects are the funding sources:

<u>Location & Project</u>	<u>Fiscal Year</u>	<u>(Dollars in Thousands)</u>		
		<u>Amount Appropriated (\$000)</u>	<u>Current Working Estimate (\$000)</u>	<u>Proposed Reprogramming (\$000)</u>
Kadena Air Base, Japan, Improve Infrastructure, Phase 2 ¹	2013	30,253	2,411	1,799
Misawa Air Base, Japan, Improve Family Housing, Phase 2 ²	2013	15,725	1,582	1,999

Misawa Air Base, Japan, Improve Family Housing Infrastructure, Phase 2 ¹	2013	27,959	1,734	502
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Total:				4,300
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¹ 10 U.S.C. 2853 notifications were previously completed for these projects.

² Total CWE of \$15.571M includes FY 2009 funds and is within 25% of program amount. Therefore, no 10 U.S.C. 2853 notification is required.

1. COMPONENT Army		FY 2016 MILITARY CONSTRUCTION PROJECT DATA			2. DATE 02 FEB 2015
3. INSTALLATION AND LOCATION Fort Gordon Georgia			4. PROJECT TITLE Command and Control Facility		
5. PROGRAM ELEMENT 85796A	6. CATEGORY CODE 14190	7. PROJECT NUMBER 85811	8. PROJECT COST (\$000) Approp. 90,000		
9. COST ESTIMATES					
ITEM		UN (M/E)	QUANTITY	UNIT COST	COST (\$000)
PRIMARY FACILITY					
14190 SCIF/Command & Control Facility		m2 (SF)	15,979 (172,000)	3,919	69,476 (62,622)
82610 Expand Central Energy Plant		kWr (TN)	4,396 (1,250)	624.45	(2,745)
81160 Install Standby Generator		EA	1 --	277,149	(277)
Sustainability/Energy Measures		LS	--	--	(1,225)
Building Information Systems		LS	--	--	(2,607)
SUPPORTING FACILITIES					
Electric Service		LS	--	--	11,720 (9,647)
Water, Sewer, Gas		LS	--	--	(725)
Steam/Chilled Water Distribution		LS	--	--	(165)
Paving, Walks, Curbs And Gutters		LS	--	--	(220)
Storm Drainage		LS	--	--	(48)
Site Imp(547) Demo()		LS	--	--	(547)
Information Systems		LS	--	--	(368)
ESTIMATED CONTRACT COST					81,196
CONTINGENCY (5.00%)					4,060
SUBTOTAL					85,256
SUPV, INSP & OVERHEAD (5.70%)					4,860
TOTAL REQUEST					90,116
TOTAL REQUEST (ROUNDED)					90,000
INSTALLED EQT-OTHER APPROP					(79,223)
10. Description of Proposed Construction Construct a Command and Control Facility (C2F). The project will accommodate the Army CYBER (ARCYBER) Command/Joint Forces Headquarters-Cyber (JFHQ-C) requirement. The entire facility will be constructed to Sensitive Compartmented Information Facility (SCIF) standards in compliance with Intelligence directives. Project includes an administrative area divided into specified security zones and operations area that includes special use space for a SCIF, Operations Center (OC), Specialized Technical Operations (STO), and Special Access Program (SAP) area. Construction includes expansion of a Central Energy Plant, redundant mechanical and electrical systems with dual generator backup power to critical areas, loading/service areas, information systems, fire detection, protection and alarm systems, Intrusion Detection System (IDS) installation and Closed Circuit TV (CCTV) installation, and Energy Monitoring Control Systems (EMCS) connection. Facilities will be designed to a minimum life of 50 years in accordance with DoD's Unified Facilities Code (UFC 1-200-02) including energy efficiencies, building envelope and integrated building systems performance. Sustainability and energy enhancement measures are included. Supporting facilities include site development, utilities and connections, lighting, paving, Privately Owned Vehicles (POV) parking, walks, curbs and gutters, storm drainage, information systems, landscaping and signage. Heating and air conditioning will be provided by connection to the existing energy plant. Measures in accordance with the Department of Defense (DoD) Minimum Antiterrorism for Buildings standards will be provided. Comprehensive building and furnishings related interior design services are required. Access for individuals with disabilities will be provided. Building information					

1. COMPONENT		FY 2016 MILITARY CONSTRUCTION PROJECT DATA		2. DATE	
Army				02 FEB 2015	
3. INSTALLATION AND LOCATION			4. PROJECT TITLE		
Fort Gordon Georgia			Command and Control Facility		
5. PROGRAM ELEMENT	6. CATEGORY CODE	7. PROJECT NUMBER	8. PROJECT COST (\$000)		
85796A	14190	85811	Approp	90,000	
DESCRIPTION OF PROPOSED CONSTRUCTION: (CONTINUED)					
systems for this facility are unique in nature and are not included in the unit cost of the building. Air Conditioning (Estimated 7,034 kwr/2,000 Tons).					
11. REQ:	28,335 m2	ADQT:	NONE	SUBSTD:	NONE
PROJECT: Construct a non-standard Command and Control Facility at Fort Gordon, Georgia. (Current Mission)					
REQUIREMENT: This project is required to provide command and control as well as operation facilities for the recently established Army Cyber Command (ARCYBER) at Fort Gordon, GA. The Secretary of Defense has approved the JFHQ-C led by dual-hatted Service Cyber Component Commanders with the appropriate level of presence at each Crypto Logic Center and NSA-Washington. This unique facility will support this dual-hatted Service Cyber Component mission to plan, coordinate, integrate, synchronize, direct and conduct network operations and defense of all Army and other supported networks as well as support to joint and unified land operations.					
CURRENT SITUATION: ARCYBER Headquarters is temporarily split and stationed in seven different buildings within a 50-mile radius on Fort Belvoir, Virginia, and Fort Meade, Maryland. The buildings provide approximately 71% of the command's required space which limits staff cohesion and interoperability as well as consumes considerable time and resources as the staff is forced to travel between locations. Existing permanent command and control facilities are not available on Fort Gordon.					
IMPACT IF NOT PROVIDED: If this project is not provided, the ability to support the full range of Department of Defense, Army Service Component Commands, Homeland Defense, and Combatant Commands cyberspace/operations mission will be severely degraded due to the lack of co-location, integration and synchronization. The Army's ability to execute the full range of cyberspace operations to include operation and defense of Army and other supported networks, as well as enabling and actual operations in support of joint and unified land operations, will be negatively impacted. Failure to consolidate the planning and warfighting capability will hamper the ability to analyze, predict, block, isolate and engage in a rapidly expanding and changing threat environment.					
ADDITIONAL: Required assessments have been made for supporting facilities and the project is not in a 100-year floodplain in accordance with Executive Order 11988. 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. Alternative methods of meeting this requirement have been explored during project development. This project is the only feasible option to meet 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 and will follow the guidance detailed in the Army Sustainable Design and Development Policy - complying with applicable laws and executive orders.					
12. SUPPLEMENTAL DATA:					
A. Estimated Design Data:					
(1) Status:					

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12. SUPPLEMENTAL DATA (CONTINUED...)

A. Estimated Design Data: (CONTINUED...)

(a) Date Design Started.....	JAN 2014
(b) Percent Complete as of January 2015.....	35.00
(c) Date 35% Designed.....	JAN 2015
(d) Date Design Complete.....	OCT 2015
(e) Parametric Cost Estimating Used to Develop Costs..	YES
(f) Type of Design Contract: Design-bid-build	
(g) An energy study and life cycle cost analysis will be documented during the final design.	

(2) Basis:

(a) Standard or Definitive Design: YES	
(b) Where Design Was Most Recently Used: Fort Belvoir	
(c) Percentage of Design utilizing Standard Design ...	25

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

(a) Production of Plans and Specifications.....	2,568
(b) All Other Design Costs.....	4,280
(c) Total Design Cost.....	6,848
(d) Contract.....	4,280
(e) In-house.....	2,568

(4) Construction Contract Award..... MAR 2016

(5) Construction Start..... AUG 2016

(6) Construction Completion..... MAR 2018

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>
Audio/Visual Equipment	OPA	2017	492
UPS (2,700 KW)	OPA	2017	5,223
Standby Generators (2,375 KW)	OPA	2016	1,755
Security Equipment	OPA	2018	974
Info Sys - ISC	OPA	2017	3,732
Info Sys - PROP	OPA	2017	67,047
		Total	79,223

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Installation Engineer
Phone Number:

706-791-3225/9733