



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

COMPTROLLER

NOV 16 2017

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 projects is enclosed.

#	<u>Service/Agency/Installation</u>	<u>Project</u>	<u>Program</u>	<u>Request (\$)</u>
	<u>Navy</u>			
1	Naval Base Guam, Guam	Whole House Revitalization Phase II At Lockwood Terrace	2014	1,322,000
	<u>Army Reserve</u>			
2	Fort Hunter Liggett, California	Emergency Services Center	2017	3,844,000
	<u>United States Special Operations Command</u>			
3	Camp Lejeune, North Carolina	SOF Marine Battalion Company/ Team Facilities	2016	9,035,000
	<u>Defense Logistics Agency</u>			
4	Marine Corps Air Station, Iwakuni, Japan	Construct Hydrant Fuel System	2014	980,000
	<u>Defense Health Agency</u>			
5	Joint Base Langley-Eustis, Virginia	Hospital Addition/ Central Utility Plant Replacement	2015	16,000,000

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.

David L. Norquist

Enclosures: As stated

cc:

The Honorable Debbie Wasserman Schultz
Ranking Member





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NGV 16 2017

The Honorable Jerry Moran
Chairman
Subcommittee on Military Construction,
Veterans Affairs, and Related Agencies
Committee on Appropriations
U.S. Senate
Washington, DC 20515

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David L. Norquist

Enclosures: As stated

cc:
The Honorable Brian Schatz
Ranking Member



Bid Expiration: December 29, 2017

Family Housing, Navy

Reprogramming Request

Installation: Naval Base Guam

Project: Whole House Revitalization Phase II At Lockwood Terrace

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

Estimated Cost (\$000):

Previously Appropriated	23,100
Below Threshold Reprogramming	1,506
Requested Reprogramming	1,322
Total Estimated Costs	25,928

Description: FY 2014 Family Housing Improvement project HG-14-03 revitalizes 48 three and four-bedroom single family officer and enlisted family housing units. Improvements include the upgrade and reconfiguration of the living and dining area, kitchen, hallways, bedrooms, bathrooms, and utility areas. This revitalization also includes expanding existing units to accommodate a family room, laundry area, garage, and concrete covered patio.

Justification: There are three changes pending under the subject project that require funding:

1. Request for Equitable Adjustment (REA) for extended overhead due to Munition Explosives of Concern (MEC) and State Historic Preservation Office (SHPO) related changes to the contract.

During the first MEC modification negotiations, the U.S. Government did not agree with the amount of extended overhead that the contractor requested due to MEC delays. However, a second serious delay due to MEC/SHPO requirements confirms the contractor's entitlement to extended overhead. The contractor did not ask for additional overhead costs, but confirmed the amount originally requested.

2. SHPO archaeological mitigation requirements.

During the MEC work performed on the contract, the contractor uncovered historic artifacts, prompting the attention of State Historic Preservation Office (SHPO). The MEC for the initial requirements is covered under the project budget; however, costs related to the

resolution to the SHPO issues have exceeded the construction contingency for this project. Archaeological investigation and mitigation requires a combined team of Archaeologist personnel and MEC personnel to perform the work.

3. Leadership in Energy and Environmental Design (LEED) rating completion,

The above delays also resulted in the contractor being unable to capture all of the work necessary for the LEED rater during their inspection. In order to maintain a level of work for their personnel, the contractor needed to have the LEED rater inspect the units currently being worked. After the completion of the remaining MEC/SHPO requirements, the LEED rater is required to return back to Guam to inspect the remaining units. The possibility of de-scoping units is not feasible as the contractor has been performing work on all units, simultaneously.

Without approval of this reprogramming request, construction will not be completed, and family housing units will continue to fall short of DoD construction standards, degrading Naval Base Guam’s ability to provide enough suitable, modern, and adequate housing to military personnel and their families. This will continue to impact the quality of life for these service members and their families while stationed at Guam.

Source of Funds: Bid savings on the following project will fund this requirement.

Location/Project	Fiscal <u>Year</u>	<u>(Dollars in Thousands)</u>		
		<u>Amount Appropriated</u>	<u>Current Estimate</u>	<u>Proposed Reprogramming</u>
MCAS Iwakuni, Japan; Whole House Revitalization Midrise 655 (IW-H-1403-R2)	2014	18,251	15,906	1,322
			Total:	1,322

Bid Expiration Date: March 2, 2018

Military Construction, Army Reserve Program

Reprogramming Request

Location: Fort Hunter Liggett, California

Project: Emergency Services Center

Authorization: National Defense Authorization Act for Fiscal Year 2017, Public Law 114-328

Estimated Cost (\$000):

Previously Appropriated	21,500
Previously Reprogrammed	-
Requested Reprogramming	3,844
Total Estimated Cost	25,344

Description: This project provides for construction of a standard design Emergency Services Center (ESC).

Justification: An additional \$3.844 million is required to address shortfalls resulting from the unexpected high bidding climate and higher than expected project costs. The project site is located on a remote installation, which is 250 miles from Los Angeles and 150 miles from San Francisco, which limits the availability of construction contractors and subcontractors. This area has also encountered higher labor and materials costs.

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

<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>
JB McGuire-Dix-Lakehurst, NJ Army Reserve Center PN 77151	2015	26,000	22,156	3,844

PN = Project Number

Bid Expiration Date: December 29, 2017

Military Construction, Defense-Wide

United States Special Operations Command (USSOCOM)

Reprogramming Request

Installation: Camp Lejeune, North Carolina
Project: SOF Marine Battalion Company/Team Facilities, Project Number P-1219
Authorization: National Defense Authorization Act for Fiscal Year (FY) 2016, Public Law 114-92

Estimated Cost (\$000):

Previously Appropriated	54,970
Previously Reprogrammed	-
Requested Reprogramming	9,035
Total Estimated Cost	64,005

Description: This project constructs new single story metal frame structures for a Marine Battalion Headquarters and Battalion Supply, Company Headquarters and Team Facilities, Company Storage Buildings, Gate Canopy and Visitor Center, and an Operations Building. Modifications to the Battalion Aide Station building are also part of this project.

Justification: Based on two separate solicitations, an additional \$9.0 million is required to award the project for the full scope needed to meet mission requirements. The project is an essential part of the ongoing consolidation of Marine Special Operations Forces at the Stone Bay area of Camp Lejeune. The increase in cost is due to updated Hurricane Inundation Zone information published by the State of North Carolina, which necessitated a change to the project's location on Camp Lejeune. As a result, the new site requires an extension of the utilities, roadway, and perimeter fencing, driving up construction costs. Additionally, cost for labor and material are increasing in North Carolina due to the increased volume of construction projects in the region. These additional costs were unforeseen at the time the project was initially estimated.

A Title 10 USC 2853 notification was submitted to Congress on September 6, 2017.

Source of Funds: Savings from the following projects are available to fund this.

<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>
Ft. Carson, CO SOF Ground Support Battalion	2014	22,282	19,876	1,000
Torii Station, JA SOF Facility Augmentation	2014	63,621	62,450	300
Ft. Campbell, KY SOF System Integration MX Office Facility	2015	16,474	14,937	1,000
Ft. Bragg, NC SOF Training Command Building	2015	48,062	44,115	2,000
Joint Expeditionary Base- Little Creek- Ft. Story, VA SOF Indoor Dynamic Range	2015	14,888	16,304	200
NAS Fallon, NV SOF Tactical GMV Maintenance Facility	2015	20,241	20,389	600
Coronado, CA SOF Logistics Support Unit One Ops Facility #1	2015	41,740	37,142	3,535
Coronado, CA SOF Support Activity Ops Facility #2	2015	28,600	24,871	400
			Total:	9,035

*Amount includes applicable reductions and rescissions.

Bid Expiration Date: January 10, 2018

Military Construction, Defense-Wide (Defense Logistics Agency)

Reprogramming Request

Installation: Marine Corps Air Station Iwakuni, Japan

Project: Construct Hydrant Fuel System

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

Estimated Cost (\$000):

Previously Appropriated	34,000
Below Threshold Reprogramming	1,928
Requested Reprogramming	980
Total Estimated Cost	36,908

Description: This project will construct a Type III Hydrant Fuel System at Marine Corps Air Station Iwakuni airfield to fuel aircraft. The project includes a new fuel pump house with a control room, two 10,000-barrel fuel storage tanks, and an underground delivery system to five fuel hydrants. The underground delivery system includes fuel filters/separators, a product recovery system, underground stainless steel receipt and hydrant loop piping, cathodic protection, isolation valves, and truck loading facility. Utilities, pavements, and communications support are also included.

Justification: This project was initially awarded on April 7, 2015, at \$1.928 million above the appropriated amount. The Defense Logistics Agency used available funds to cover the additional cost to award the contract. The project is now 77 percent completed, but an additional \$980 thousand is required to fund contract modifications. Additional funds are needed for:

1. Differing site conditions encountered during construction (\$624k): This includes piping realignment due to conflict with steam lines; unknown abandoned pump station; and unknown underground alarm system cables.
2. Piping and tank inspections (\$321k): Additional reinforcement for pipe bridge and supports. New requirements for added tank inspections also increased cost.

3. Japanese Operations Manuals (\$35k).

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

<u>Project/Location</u>	<u>Fiscal Year</u>	<u>(Dollars in Thousands)</u>		<u>Proposed Reprogramming</u>
		<u>Appropriated Amount</u>	<u>Current Estimate</u>	
Replace & Alter Fuel Distribution Facility/Craney Island, VA	2015	36,500	35,260	594
Operations Center Ph. Richmond, VA	2014	87,000	82,134	386
			Total:	980

Bid Expiration Date: January 22, 2018

Military Construction, Defense-Wide (Defense Health Agency)

Reprogramming Request

Installation: Joint Base Langley-Eustis, Virginia

Project: Hospital Addition/Central Utility Plant Replacement

Authorization: National Defense Authorization Act for Fiscal Year (FY) 2015, Public Law 113-291

Estimated Cost (\$000):

Previously Appropriated	41,200
Previously Reprogrammed	-
Requested Reprogramming	16,000
Total Estimated Cost	57,200

Project Description: This project constructs a multi-story addition to the existing hospital in order to support growth, consolidate patient care, and replace the existing deficient Central Utility Plant (CUP). The project will consolidate the Mental Health and Physical Therapy services into one facility, relocating these services from fragmented, modular facilities. The new CUP will ensure utilities are supplied to the entire hospital. Supporting facilities include utilities, site improvements, and increased patient parking. Substandard modular facilities, an administration building, and the existing CUP will be demolished.

Justification: Based on multiple bids received to date, an additional \$16.0 million is needed to award this project and provide complete facilities that meet mission requirements. Additional funds are required due to:

1. Construction market conditions (\$9.8 million): Changing market conditions for materials and skilled labor in the Hampton Roads/Norfolk region have increased costs significantly.
2. CUP Relocation (\$2.7 million): Relocation of the CUP is required after a site investigation revealed extensive congestion of exiting utilities and foundations, resulting in extensions and rerouting of utilities to the new site.
3. High Voltage Pricing (\$1.6 million): A privatized high voltage utility provider resulted in increased costs.
4. Increased Contingency and Supervision, Inspection, and Overhead (SIOH) (\$1.9 million).

A 10 USC §2853 notification was sent to Congress on August 14, 2017.

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

<u>Project/Location</u>	<u>Fiscal Year</u>	<u>(Dollars in Thousands)</u>		
		<u>Amount Appropriated</u>	<u>Current Estimate</u>	<u>Proposed Reprogramming</u>
Medical Clinic Replacement/ Holloman AFB, NM	2014	60,000	52,000	8,000 ^{1/}
Medical/Dental Clinic Replacement/ MCB Kaneohe Bay, HI	2016	122,071	93,000	8,000 ^{2/}
			Total:	16,000

^{1/} A 10 USC 2853 cost variation notification was sent to Congress on July 2, 2014.

^{2/} A 10 USC 2853 cost variation notification was sent to Congress on August 17, 2016.