



OFFICE OF THE SECRETARY OF DEFENSE  
WASHINGTON, DC 20301

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

MAR 30 2010

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 | Service Combat System Center,<br>Wallops Island, Virginia | Skeeter Lane Renovation &<br>Conversion   | 2016           | 1,601,000           |
|   | <u>U.S. Special Operations Command (SOCOM)</u>            |   |                |                     |
| 2 | Cannon Air Force Base,<br>New Mexico                      | SOF (Special Operations Forces)<br>Squadron Operations Facility Special<br>Tactics Squadron (STS)   | 2015           | 17,211,000          |
| 3 | Cannon Air Force Base,<br>New Mexico                      | SOF (Special Operations Forces)<br>ST (Special Tactics Squadron)<br>Operational Training Facilities | 2016           | 5,462,000           |
| 4 | Fort Bragg, North Carolina                                | SOF (Special Operations Forces)<br>21 STS (Special Tactics Squadron)<br>Operations Facility         | 2016           | 3,830,000           |

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.

David L. Norquist

Enclosures:  
As stated

cc:  
The Honorable Brian Schatz  
Ranking Member





OFFICE OF THE ASSISTANT SECRETARY  
FOR MILITARY CONSTRUCTION  
DEFENSE DEPARTMENT

MAR 30 2010

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

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David L. Norquist

Enclosures:  
As stated

cc:  
The Honorable Debbie Wasserman Schultz  
Ranking Member



Bid Expiration Date: May 18, 2018

Family Housing, Navy

Reprogramming Request

Installation: Surface Combat System Center Wallops Island, VA

Project: Skeeter Lane Renovation and Conversion

Authorization: National Defense Authorization Act for Fiscal Year (FY) 2016, P.L. 114-92

Estimated Cost (\$000):

|                         |       |
|-------------------------|-------|
| Previously Appropriated | 3,658 |
| Previously Reprogrammed | 0     |
| Requested Reprogramming | 1,601 |
| Total Estimated Costs   | 5,259 |

Description: The Skeeter Lane Renovation and Conversion consists of the following work:

- Conversion of 10 2-bedroom officer and enlisted duplexes into 5 single family, 4-bedroom, 2 car garage homes.
- Addition of one bedroom and family room and master bath renovations to 4 2-bedroom duplex units to convert to 3-bedroom units.
- Addition of family rooms to 2 3-bedroom duplex and 4 4-bedroom units.

In addition to floor plan updates for compliance with current Navy guidance, whole house revitalization will be performed on end-state of 15 units. Renovation/revitalization work will include living and dining area, kitchen, hallways, bedrooms, bathrooms, utility areas, laundry area, and screened porch. Supporting costs include underground utilities, walkways adjacent to the front door, new driveway paving, landscaping at each home and within the neighborhood, repairs to sidewalks, replacement of street lamps as required.

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

1. Unfavorable Market Conditions (+ \$1.418M): Wallops Island, VA is an isolated location with very few suitable contractors within commuting distance. Large national contractors are not willing to bid on small projects such as these. The project was solicited three times in order to receive the best possible pricing; however, the limited competition and small business acquisition strategy resulted in an increased cost of construction.

2. Increase in Contingency and Supervision, Inspection & Overhead Costs (+ \$0.183M):  
 The contingency and SIOH amounts have increased due to higher construction costs.

Source of Funds: Available cash balance which has developed over time due to split funding of various projects will fund this requirement.

| <u>Location/Project</u>  | <u>Fiscal Year</u> | <u>Amount Appropriated (\$000)</u> | <u>Current Working Estimate (\$000)</u> | <u>Proposed Reprogramming (\$000)</u> |
|--|--------------------|------------------------------------|---|---------------------------------------|
| FY14 NAVBASE Guam<br>Whole House<br>Revitalization Phase II at<br>Lockwood Terrace | 2014               | 25,928 <sup>1/</sup>               | 1,507 <sup>2/</sup>                     | 1,601                                 |

<sup>1/</sup>Reflects a revised PA of \$25.928M as a result of a \$1.322M reprogramming increase approved by Congress in December 2017.

<sup>2/</sup>Total current CWE of \$25.928M is split funded with FY 2011, 2012, 2013, and 2014 funds. Of the FY 2014 funds authorized and appropriated it is estimated that \$1.507 million will be used to fund the source project.

Bid Expiration Date: June 13, 2018

Military Construction, Defense-Wide (U. S. Special Operations Command)

Reprogramming Request

Installation: Cannon Air Force Base, New Mexico

Project Title: SOF (Special Operations Forces) Squadron Operations Facility Special Tactics Squadron (STS)

Authorization: National Defense Authorization Act for Fiscal Year (FY) 2015, P.L. 113-291

Estimated Cost (\$000):

|                         |        |
|-------------------------|--------|
| Previously Appropriated | 23,333 |
| Previously Reprogrammed | 0      |
| Requested Reprogramming | 17,211 |
| Total Estimated Cost    | 40,544 |

Description: This project constructs an operations facility to serve the Air Force Special Operations Command (AFSOC) 26<sup>th</sup> Special Tactics Squadron at Cannon Air Force Base, New Mexico. The squadron operations facility includes space for a command section, operations, simulators, human performance, indoor storage including individual gear cages, logistics, armory, covered storage and an artificial turf fitness field.

Justification: Based on two separate solicitations, an additional \$17.2 million is required to award this project for the full scope needed to meet mission requirements. This cost increase is mainly attributable to insufficient programming cost factors, changes in the construction market, and delays in the project execution. Specifically, funds are needed to address:

1. Insufficient Programming Factors (\$11.3M): Planning cost factors did not adequately capture the cost to build these multipurpose facilities. During the design process, the scope and technical solutions became more refined resulting in greater complexity than what was anticipated and in what the cost factors estimated.

2. Change in Market Conditions (\$ 4.9M). Less favorable market conditions have resulted in higher pricing for projects at Cannon Air Force Base, New Mexico. In addition to improvements in the national economy, the limited local contractor pool has escalated the cost of construction. Contractor bids at Cannon have averaged about 16% above programmed amounts for projects at this location.

3. Delays to project execution (\$1.0M): Project costs have escalated due to an evolving acquisition strategy (i.e. an attempt to use a single Design-Build Request-for-Proposal to combine an FY 2015 and an FY 2016 project that share a common site at this location) and multiple contractor solicitations in an effort to award the projects within the programmed amount.

A Title 10 USC2853 notification was submitted to Congress on February 7, 2018.

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

| <u>Location/Project</u>   | <u>Fiscal Year</u> | (Dollars in Thousands)     |                         |                               |
|---|--------------------|----------------------------|-------------------------|-------------------------------|
|   |                    | <u>Amount Appropriated</u> | <u>Current Estimate</u> | <u>Proposed Reprogramming</u> |
| JB Little Creek-Ft. Story, VA/<br>SOF Mobile Communications<br>Det Facility | 2015               | 13,500                     | 13,492                  | 8                             |
| JB Little Creek-Ft. Story, VA/<br>SOF Indoor Dynamic Range                  | 2015               | 14,888                     | 14,305                  | 383                           |
| Coronado, CA/ SOF Logistics<br>Support Unit One Ops                         | 2016               | 47,218                     | 47,022                  | 196                           |
| Camp Pendleton, CA/SOF<br>Combat Service Support Fac                        | 2016               | 10,181                     | 10,910                  | 1,270 <sup>2/</sup>           |
| Ft. Bragg, NC/ SOF Indoor<br>Range  | 2016               | 8,303                      | 8,303                   | 290 <sup>2/</sup>             |
| Hurlburt Field, FL/ SOF Fuel<br>Cell Maintenance Hangar                     | 2016               | 17,989                     | 17,989                  | 1,696 <sup>2/</sup>           |
| Coronado, CA/SOF SEAL<br>Team Operations Facility<br>(P889)                 | 2017               | 47,290                     | 36,320 <sup>1/</sup>    | 3,796                         |
| Coronado, CA SOF SEAL<br>Team Operation Facility<br>(P890)                  | 2017               | 47,290                     | 37,097 <sup>1/</sup>    | 9,572 <sup>3/</sup>           |
|   |                    |                            | Total:                  | 17,211                        |

<sup>1/</sup> A Title 10 USC 2853 notification was submitted to Congress on October 5, 2017.

<sup>2/</sup> Funds are available since FY 2012 funds were also used to award this project.

<sup>3/</sup> Funds are available since FY 2013 funds were also used to award this project.

Bid Expiration Date: June 13, 2018

Military Construction, Defense-Wide (U.S. Special Operations Command)

Reprogramming Request

Installation: Cannon Air Force Base, New Mexico

Project Title: SOF (Special Operations Forces) STS (Special Tactics Squadron) Operational Training Facilities

Authorization: National Defense Authorization Act for Fiscal Year (FY) 2016, P.L. 114-92

Estimated Cost (\$000):

|                         |        |
|-------------------------|--------|
| Previously Appropriated | 13,146 |
| Previously Reprogrammed | 0      |
| Requested Reprogramming | 5,462  |
| Total Estimated Cost    | 18,608 |

Description: This project constructs an indoor aquatic training center and an indoor small arms firing range to serve the Air Force Special Operations Command (AFSOC) 26th Special Tactics Squadron at Cannon Air Force Base, New Mexico.

Justification: Based upon two separate solicitations, an additional \$5.46 million is required to award the project for the full scope needed to meet mission requirements. This cost increase is mainly attributable to delays in the project execution and changes in the construction market. Specifically, funds are needed to address:

1. Delays to project execution (\$3.9M): Project costs have escalated due to an evolving acquisition strategy (i.e. an attempt to use a single Design-Build Request-for-Proposal to combine an FY 2015 and an FY 2016 project that share a common site at this location) and multiple contractor solicitations in an effort to award the projects within the programmed amount.
2. Change in Market Conditions (\$1.6M): Less favorable market conditions have resulted in higher pricing for projects at Cannon Air Force Base, New Mexico. In addition to improvements in the national economy, the limited local contractor pool has escalated the cost of construction. Contractor bids at Cannon have averaged about 16% above programmed amounts for projects at this location.

A Title 10 USC 2853 notification was submitted to Congress on February 7, 2018.

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

| <u>Location/Project</u>                                 | <u>Fiscal Year</u> | (Dollars in Thousands)     |                         | <u>Proposed Reprogramming</u> |
|---|--------------------|----------------------------|-------------------------|-------------------------------|
|   |                    | <u>Amount Appropriated</u> | <u>Current Estimate</u> |                               |
| MacDill AFB, FL/<br>SOF Operational Support<br>Facility | 2016               | 39,142                     | 38,137                  | 2,842 <sup>2/</sup>           |
| Coronado, CA/<br>SOF SEAL Team<br>Operations Facility   | 2017               | 47,290                     | 37,097 <sup>1/</sup>    | 2,620 <sup>3/</sup>           |
|   |                    |                            | Total:                  | 5,462                         |

<sup>1/</sup> A Title 10 USC 2853 notification was submitted to Congress on October 5, 2017.

<sup>2/</sup> Funds are available since FY 2012 funds were also used to award this project.

<sup>3/</sup> Funds are available since FY 2013 funds were also used to award this project.

Bid Expiration Date: May 31, 2018

Military Construction, Defense-Wide (U.S. Special Operations Command)

Reprogramming Request

Installation: Fort Bragg, North Carolina

Project: SOF (Special Operations Forces) 21 STS (Special Tactics Squadron) Operations Facility

Authorization: National Defense Authorization Act for Fiscal Year (FY) 2016, P.L. 114-92

Estimated Cost (\$000):

|                         |        |
|-------------------------|--------|
| Previously Appropriated | 14,334 |
| Previously Reprogrammed | 0      |
| Requested Reprogramming | 3,830  |
| Total Estimated Cost    | 18,164 |

Description: This project constructs a Special Tactics team building, human performance training center (HPTC), covered scuba rinse/drying area and boat storage to serve Air Force Special Operations Command (AFSOC) special tactics personnel at Fort Bragg, North Carolina. A Title 10 USC 2853 notification was sent to Congress on November 28, 2017, to inform the Committees that the initial project scope was adjusted to delete the indoor small arms range that is no longer required.

Justification: Although the project scope authorized by Congress included the HPTC requirement, Congress appropriated \$2.529 million less than the FY 2016 budget request to remove funding for the HPTC from the project. This action was based on questions regarding the HPTC program which have since been resolved with the Committees. The lack of an HPTC at this location is impacting the implementation of this critical program, potentially reducing the availability of deployable personnel and overall retention.

Even with the deletion of the indoor range scope, the project cost has increased above the appropriated amount due to unforeseen site development costs and cost escalation in the local market. Labor and materials costs are rising in North Carolina due to the increased volume of construction projects in the region. An additional \$3.83 million is required to award the HPTC option and address the funding shortfall.