



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

COMPTROLLER

MAY 11 2018

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>
1	<u>Navy</u> Naval Air Station Fallon, Nevada	Air Wing Simulator Facility	2017	5,414,000
2	<u>Defense Health Agency</u> Marine Corps Base Camp Lejeune, North Carolina	Dental Clinic Replacement	2017	4,000,000

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





UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
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MAY 11 2010

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

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	<u>Navy</u>			
1	Naval Air Station Fallon, Nevada	Air Wing Simulator Facility	2017	5,414,000
	<u>Defense Health Agency</u>			
2	Marine Corps Base Camp Lejeune, North Carolina	Dental Clinic Replacement	2017	4,000,000

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



Bid Expiration Date: September 30, 2018

Military Construction, Navy

Reprogramming Request

Installation: Naval Air Station Fallon, Nevada

Project: Air Wing Simulator Facility

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

Estimated Cost (\$000):

Previously Appropriated	13,523
Previously Reprogrammed	-
Requested Reprogramming	5,414
Total Estimated Cost	18,937

Description: Constructs an Air Wing Simulator Facility that will support desk-style simulators, Virtual Aegis Combat simulators (VACsim), F-35 Mission Rehearsal Trainers (MRT), Unmanned Aerial System (UAS) simulators, E-2D simulators, and support spaces.

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

1. Construction Market Conditions (\$4.880 million): Unexpected improvements in the national economy, increases in local construction contracting opportunities, recent fire damage in California, and recent hurricane damage in southern United States have resulted in less than favorable market conditions and higher pricing than budgeted.
 - Labor and material shortages in northern Nevada have materialized in the region from large scale construction projects for Apple, Tesla and the California State Government.
 - Material shortages and price escalation have also resulted from recent fire damage in northern California and hurricane damage in southern United States.
2. Increase in Contingency and Supervision, Inspection & Overhead Costs (\$0.534 million): The contingency and SIOH amounts have increased due to higher construction costs.

Source of Funds: 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</u>	<u>Current Working Estimate</u>	
Pearl Harbor, Hawaii Drydock Waterfront Facility	2014	22,721	7,505 ¹	1,941
Bangor, ME NCTAMS VLF Commercial Power Connection	2014	39,397 ²	37,501 ³	1,896
Barstow, CA Engine Dynamometer Facility	2015 ⁴	14,998	14,298	667
NAVBASE Guam Dehumidified Supply Storage	2014	16,899 ⁵	14,890	610
Norfolk, VA Pier 11 Power Upgrades for CVN-78	2014	3,380	2,477	300
Total				5,414

¹ A 10 U.S.C. §2853 cost reduction notification dated February 12, 2018 was sent to the Congressional committees.

² Reflects a revised PA of \$39.397M as a result of a \$26.701M reprogramming increase approved by Congress in March, 2016 and a \$1.104M reprogramming decrease approved by Congress in July, 2016.

³ A 10 U.S.C. §2853 cost reduction notification dated June 30, 2015 was sent to the Congressional committees.

⁴ Project fully authorized by the FY2014 NDAA (PL 113-66). However, no appropriations for the project were provided by the FY2014 MILCON Appropriations Act (PL 113-76). FY2015 MILCON Appropriations Act (PL 113-235) provided appropriations for this project under Administrative Provisions SEC. 127 (128 STAT. 2551) that expire 30 SEP 2018.

⁵ Reflects a revised PA of \$16.899M as a result of a \$0.271M reprogramming decrease approved by Congress in July, 2016.

Bid Expiration Date: June 30, 2018

Military Construction, Defense-Wide (Defense Health Agency)

Reprogramming Request

Installation: Marine Corps Base Camp Lejeune, Virginia

Project: Dental Clinic Replacement

Authorization: National Defense Authorization Act for Fiscal Year 2017 (P.L. 114-328)

Estimated Cost (\$000):

Previously Appropriated	31,000
Previously Reprogrammed	-
Requested Reprogramming	4,000
Total Estimated Cost	35,000

Description: This project constructs a new multi-story free standing Dental Clinic at Marine Corps Base Camp Lejeune, North Carolina. The clinic will consolidate command administrative services previously provided in three separate clinics and will provide comprehensive general dentistry along with specialty care dentistry to all active duty personnel. Supporting facilities include utilities, site improvements, parking, signage, and environmental protection. The existing clinics at buildings 100 and 102 will be demolished.

Justification: Based on multiple bids received to date, an additional \$4.0 million is needed to award this project and provide a complete facility that meets mission requirements. Additional funds are required due to:

1. Construction market conditions (\$1.1 million): Changing market conditions for materials and skilled labor in the region have increased cost.
2. Additional fire and power requirements (\$1.1 million): Updated life safety criteria has resulted in the need for additional fire compartmentalization and uninterrupted power components to additional portions of the facility.
3. Increased foundation costs (\$1.0 million): Unstable soil conditions have increased the cost of the building foundation. Geotechnical studies revealed that a deeper foundation is required.
4. Utility infrastructure (\$0.8 million): Relocation of the subsurface utility infrastructure is needed due to an error on the preliminary site survey.

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

<u>Project/Location</u>	<u>Fiscal Year</u>	(Dollars in Thousands)		
		<u>Amount Appropriated</u>	<u>Current Estimate</u>	<u>Proposed Reprogramming</u>
Medical Clinic Replacement/ Holloman AFB, NM	2014	52,000	45,629	4,000