



UNDER SECRETARY OF DEFENSE

1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

COMPTROLLER

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

JUL 09 2018

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 Kitsap, Washington	Submarine Refit Maintenance Support Facility	2017	18,399,000
2	Marine Corps Base Quantico, Virginia	Fuller Road Improvements	2014	14,961,000
3	Marine Corps Air Station Iwakuni, Japan	E-2D Operational Trainer Complex	2016	5,934,000
	<u>Air Force</u>			
4	Francis E. Warren Air Force Base, Wyoming	Weapon Storage Facility	2016	35,000,000
	<u>Missile Defense Agency</u>			
5	Clear Air Force Station, Alaska	Long Range Discrimination Radar System Complex, Phase 1	2017	18,299,000
	<u>Special Operations Command</u>			
6	Marine Corps Air Station Yuma, California	Special Operating Forces Desert Warfare Training Center	2014	12,381,000
	<u>Defense Logistics Agency</u>			
7	Defense Logistics Agency Troop Support, Pennsylvania	Replace Headquarters	2016	8,000,000
	<u>Army National Guard</u>			
8	New York City, New York	National Guard Readiness Center Alterations	2014	8,500,000

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.

A handwritten signature in black ink, appearing to read "David L. Norquist". The signature is fluid and cursive, with a prominent "D" and "N".

David L. Norquist

Enclosures:
As stated

cc:
The Honorable Debbie Wasserman Schultz
Ranking Member



UNDER SECRETARY OF DEFENSE

1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

COMPTROLLER

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

JUL 09 2018

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 Kitsap, Washington	Submarine Refit Maintenance Support Facility	2017	18,399,000
2	Marine Corps Base Quantico, Virginia	Fuller Road Improvements	2014	14,961,000
3	Marine Corps Air Station Iwakuni, Japan	E-2D Operational Trainer Complex	2016	5,934,000
	<u>Air Force</u>			
4	Francis E. Warren Air Force Base, Wyoming	Weapon Storage Facility	2016	35,000,000
	<u>Missile Defense Agency</u>			
5	Clear Air Force Station, Alaska	Long Range Discrimination Radar System Complex, Phase 1	2017	18,299,000
	<u>Special Operations Command</u>			
6	Marine Corps Air Station Yuma, California	Special Operating Forces Desert Warfare Training Center	2014	12,381,000
	<u>Defense Logistics Agency</u>			
7	Defense Logistics Agency Troop Support, Pennsylvania	Replace Headquarters	2016	8,000,000
	<u>Army National Guard</u>			
8	New York City, New York	National Guard Readiness Center Alterations	2014	8,500,000

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.

A handwritten signature in black ink, appearing to read "David L. Norquist". The signature is fluid and cursive, with a prominent initial "D" and a long, sweeping tail.

David L. Norquist

Enclosures:

As stated

cc:

The Honorable Brian Schatz
Ranking Member

Bid Expiration Date: January 31, 2019

Military Construction, Navy

Reprogramming Request

Installation: Naval Base Kitsap, Washington

Project: Submarine Refit Maint Support Facility

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

Estimated Cost (\$000):

Previously Appropriated	21,476
Previously Reprogrammed	0
Requested Reprogramming	18,399
Total Estimated Cost	39,875

Description: Constructs a low rise, steel-framed, blast-hardened reinforced concrete masonry waterfront support facility with pile foundation. The facility will include kitting, storage, light industrial areas, personnel support, classroom and administrative areas. Additionally, project constructs an upland general purpose storage facility.

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

- a) Changing Market Conditions (+ \$12.382 million): Based on competitive bids received, the increase in cost reflects the current market and labor conditions in the Pacific Northwest. The changes in market conditions are associated with the significant uptick in construction activity in the region, which has strained local resources and resulted in increased costs associated with labor and materials. Specifically, there are currently over 65 major buildings under construction in Seattle at a total value of over \$5 billion, more than at any point since 2005. Major projects in the area include multiple mixed-use developments including the 8th & Howell Hotel (\$400M), the 2202 8th Avenue Apartments (\$284 million), and the Amazon Towers (\$250M). In addition, the Navy has over 17 major construction projects underway in the Pacific Northwest with a total value of over \$950 million and many more slated for award. This increase in construction activity has placed competitive demand on labor, subcontractors, and material suppliers in an already limited Pacific Northwest market.

Also considered as a contributing factor to the higher than expected bids is the additional administrative burden assumed by contractors to perform federal work within the Naval Base Kitsap (NBK) Waterfront Restrictive Area (WRA). The NBK waterfront has very unusual

topography, being at least a hundred feet lower in elevation than the adjacent land areas of the "lower base." The roadway conditions leading down to the waterfront are narrow, windy, and steep, forcing traffic and equipment to operate at a very slow and cautious speeds at all times. These conditions hinder efficient and timely access to the WRA. Furthermore, work within the WRA requires use of security escorts, additional daily screening of all vehicles and deliveries and delays due to unannounced security drills. Since the project is located on the actively used Delta Pier next to the dry dock with only 1,200 square feet available for contractor laydown, the vast majority of construction laydown and project administration is located approximately one mile from the site. These working conditions and complexity factors result in significantly higher costs due to work inefficiencies, additional burden, and higher risk assumed by contractors working within the WRA and in the limited area adjacent to the active drydock. At a time when private and local government construction opportunities are abundant, the aforementioned challenges result in this project being less desirable working conditions to contractors than private sector work.

- b) Increase in Contingency and Supervision, Inspection & Overhead Costs (+ \$0.704 million):
The contingency and SIOH increased due to higher construction costs.
- c) Bid Extension (+ \$5.313 million): Additional cost to extend bids.

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>Amount Appropriated</u>	<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
Pearl Harbor, Hawaii Drydock Waterfront Facility	2014	22,721	7,505 ^{1/}	7,044
Quantico, VA ATFP Gate	2016	5,840	0 ^{2/}	5,840
Bremerton, WA Dry Dock 6 Modernization & Utility Improve.	2016	22,680	20,680	2,000
Camp Lejeune, NC Simulator Integration/Range Control Facility	2016	54,650 ^{3/}	47,599	1,298
Sigonella, Italy P-8A Hangar and Fleet Support Facility	2016	62,302 ^{4/}	47,302	659
Camp Lejeune, NC Landfill – Phase 4	2014	17,268 ^{5/}	15,600	508

Yorktown, VA Small Arms Range	2014	18,700	16,200	507
SW Asia, Bahrain Island Ship Maintenance Support Facility	2016	46,376 ^{6/}	45,376	333
Bremerton, WA Integrated Water Treatment System DD 1,2,&5	2015	12,511 ^{7/}	12,301	210
Total				18,399

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

^{2/} A 10 U.S.C. §2853 cost reduction notification dated August 25, 2017 was sent to the Congressional committees.

^{3/} Reflects a revised PA of \$54.650M as a result of a \$0.199M reprogramming decrease approved by Congress in March 2018.

^{4/} A 10 U.S.C. §2853 cost reduction notification dated March 8, 2017 was sent to the Congressional committees.

^{5/} Reflects a revised PA of \$17.268M as a result of a \$3.527M reprogramming decrease approved by Congress in July 2016.

^{6/} Reflects a revised PA of \$46.376M as a result of a \$5.715M reprogramming decrease approved by Congress in March 2018.

^{7/} Reflects a revised PA of \$12.511M as a result of a \$3.890M reprogramming decrease approved by Congress in July 2016 and March 2018.

Bid Expiration Date: September 30, 2018

Military Construction, Navy

Reprogramming Request

Installation: Marine Corps Base Quantico, Virginia

Project: Fuller Road Improvements

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

Estimated Cost (\$000):

Previously Appropriated	9,013
Previously Reprogrammed	0
Requested Reprogramming	14,961
Total Estimated Cost	23,974

Description: Construct additional traffic lanes along Fuller Road from US Highway 1 to Mason Drive, includes turning and inspection lanes to provide adequate ATFP security capabilities and reduce traffic congestion on public highways and the installation. Provide a new access control point at Gate 1, a gatehouse and two sentry buildings.

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

- a) Underestimated Project Costs (+ \$6.145 million): Project underestimated cost due to unforeseen scope and site conditions. In attempts to produce more favorable bids, project was solicited three times with poor results, thus further delaying contract award and increasing escalation costs from January 2014 (basis of budget estimate) to present.
- b) Unexpected Soil Conditions (+ \$5.243 million): The geotechnical report completed during final design development concluded that approximately five times the quantity of soil to cut and fill is needed from the amount expected at time the project was budgeted.
- c) Site Constraints (+\$1.200 million): Site constraints impacted the contractor's laydown and staging area and increased the cost to store and transport materials, further complicating the logistics to execute the work.
- d) Traffic Control Measures Underestimated Cost (+\$0.900 million): More manpower than was budgeted is required to provide adequate traffic control measures to maintain traffic flow and safety for this high volume roadway which serves as the only northern access point into Marine Corps Base Quantico.

e) Increase in Contingency and Supervision, Inspection & Overhead Costs (+\$1.473 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>Amount Appropriated</u>	<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
Camp Lejeune, NC Simulator Integration/Range Control Facility	2016	54,650	47,599 ^{1/}	3,148
Camp Lejeune, NC Steam Decentralization - BEQ Nodes	2014	18,679	15,588	3,091
Twentynine Palms, CA Camp Wilson Infrastructure Upgrades ^{2/}	2015	33,437	29,791	2,072
Yorktown, VA Small Arms Range	2014	18,700	16,200	1,993
Joint Region Marianas, Guam Dehumidified Supply Storage Facility	2014	16,899 ^{3/}	14,890	1,399
Camp Lejeune, NC Landfill – Phase 4	2014	17,268 ^{4/}	15,600	1,160
Port Hueneme, CA Unaccompanied Housing Conversion	2014	32,344 ^{5/}	30,468	1,154
Camp Lejeune, NC Steam Decentralization - Camp Johnson	2014	2,620	2,040	566
Joint Region Marianas, Guam Modular Storage Magazines	2014	58,746 ^{6/}	58,382 ^{7/}	378
Total				14,961

^{1/} A 10 U.S.C. §2853 cost reduction notification dated December 12, 2016 was sent to the Congressional committees.

^{2/} 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.

^{3/} Reflects a revised PA of \$16.899M as a result of a \$0.271M reprogramming decrease approved by Congress in July 2016.

^{4/} Reflects a revised PA of \$17.268M as a result of a \$3.527M reprogramming decrease approved by Congress in July 2016.

^{5/} Reflects a revised PA of \$32.344M as a result of a \$1.256M reprogramming decrease approved by Congress in July 2016.

^{6/} Reflects a revised PA of \$58.746M as a result of a \$4.636M reprogramming decrease approved by Congress in March 2018.

^{7/} A 10 U.S.C. §2853 cost reduction notification dated August 25, 2014 was sent to the Congressional committees.

Bid Expiration Date: September 30, 2018

Military Construction, Navy

Reprogramming Request

Installation: Marine Corps Air Station Iwakuni, Japan

Project: E-2D Operational Trainer Complex

Authorization: National Defense Authorization Act for Fiscal Year 2016,
Public Law 114-92

Estimated Cost (\$000):

Previously Appropriated	8,716
Previously Reprogrammed	0
Requested Reprogramming	5,934
Total Estimated Cost	14,650

Description: Constructs a Sensitive Compartmented Information Facility (SCIF) within a building constructed by the Government of Japan (GOJ). The SCIF supports a new E-2D operational flight trainer, which will be the only facility of its kind outside the United States to provide simulator training to E-2 crew members.

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

- a) Changing Market Conditions (+ \$4.700 million): Very few bidders responded to the solicitation. Discussions held with the bidders indicated two factors that resulted in higher than expected costs: market conditions and construction security oversight. The magnitude of the United States military construction (MILCON) and GOJ host nation funded construction effort at Marine Corps Air Station Iwakuni, as well as privately funded construction activity in the region, have strained local construction resources and created a labor shortage. The concentration of work in a small, secured installation with limited access has created a logistics challenge that has limited the number of prime contractor and subcontractor firms available or willing to perform work on the installation and contributes to increased costs. Construction activity on the installation includes seven MILCON projects valued at \$102 million and ten host nation projects valued at \$160 million. Other major construction activity in the region includes the on-going 2020 Summer Olympic Games development efforts at Tokyo (e.g., Kengo Kuma Tokyo Olympic Stadium, \$1.3 billion) and public-private infrastructure initiatives throughout the prefectures of Japan (e.g., the new Shinagawa Railway Station planned to be completed in time for the Olympics, \$4.9 billion).

- b) Construction Security Oversight (+ \$0.600 million): Construction of a SCIF requires surveillance by cleared American guards and construction surveillance technicians to ensure that there are no abnormalities that could affect and compromise the security of the SCIF. The Construction Security Plan developed during the final design required surveillance measures that are more costly than anticipated.
- c) Increase in Contingency and Supervision, Inspection & Overhead Costs (+ \$0.634 million): The contingency and SIOH amounts have increased due to higher construction costs.

Source of Funds: Savings from the following project are cited as the 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 Harbor, Hawaii Drydock Waterfront Facility (P270)	2014	22,721	7,505 ^{1/}	5,934
Total				5,934

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

Bid Expiration Date: N/A

Military Construction, Air Force

Reprogramming Request

Installation: Francis E. Warren Air Force Base, Wyoming

Project: Weapon Storage Facility

Authorization: National Defense Authorization Act for Fiscal Year 2016, Public Law 114-92

Estimated Cost (\$000):

Previously Appropriated	124,000
Previously Reprogrammed	0
Requested Reprogramming	35,000
Total Estimated Cost	159,000

Description: The project will construct a new proto-type Weapons Storage Facility (WSF) combining storage and maintenance to accommodate the F.E. Warren AFB nuclear mission. The new WSF will be an earth-covered reinforced concrete facility designed to minimize the effects of weather in operations, eliminate security deviations, recapitalize aging infrastructure and achieve economies of scale.

Justification: The WSF has very unique robust construction features, such as forced entry resistant doors and blast doors, that add complexity, risk, and higher than anticipated cost. The construction required to make the facility survivable from the design basis threats, contain the blast from a maximum critical event (MCE) charge weight, and defeat/deny entry by unauthorized personnel results in a high cost facility. The heating, ventilation, and cooling (HVAC) systems and additional blast containment measures have increased in cost. Additionally, construction activity in the project region has significantly increased in the last few years, resulting in greater competition for resources and higher costs. In particular, the relative scarcity of required subcontractor resources, skilled and unskilled labor resources and materials (steel, concrete) is contributing to high pricing regionally. A Title 10 U.S.C. 2853 authorized cost variation notification reflecting the Current Working Estimate (CWE) was sent to the congressional committees on February 22, 2018. Current bids expired June 1, 2018. An amended solicitation will request updated bids by July 13, 2018. Award is anticipated in the first quarter of FY 2019. The reprogramming request must be approved by September 30, 2018 to prevent delay of contract award.

Source of Funds: Savings from the following project will fund this requirement.

<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>	
Joint Region Marianas Block 40 Maintenance Hangar	2017	31,158	0 ^{1/}	31,158
Eglin AFB F-35A Consolidated HQ Facility	2016	8,700	0 ^{2/}	3,842
Total				35,000

^{1/} 10 U.S.C. 2853 cost reduction (cancellation) notification was sent to the congressional committees March 13, 2018.

^{2/} 10 U.S.C. 2853 cost reduction (cancellation) notification was sent to the congressional committees April 9, 2018.

Bid Expiration Date: August 22, 2018
Military Construction, Defense-Wide (Missile Defense Agency)
Reprogramming Request

Installation: Clear Air Force Station, Alaska

Project Title: Long Range Discrimination Radar System Complex Phase 1

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

Estimated Cost (\$000):

Previously Appropriated	155,000
Previously Reprogrammed	0
Requested Reprogramming	18,299
Total Estimated Cost	173,299

Description: This project constructs a Long Range Discrimination Radar (LRDR) System Complex at Clear AFS, Alaska, supporting missile defense command and control components. Construction includes a mission control facility and foundation for the radar equipment, entry control facility, lightning protection, equipment grounding systems, electronic security system infrastructure, site boundary and restricted area security fencing, barriers, gates and two near-field antennas

Justification: An additional \$18.299 million is needed to address increased radar foundation requirements and to complete construction of a complex that meets mission requirements.

The cost increase is due to extremely tight tolerances required for the foundation to support the radar system and a changed market condition. The foundation had to be modified to provide a significantly more rigid structure (i.e., more pilings and steel in the concrete) to eliminate movement for the radar system to operate correctly. In addition, the cost of material fabrication and shipping increased due to a higher demand for labor and materials in the local market resulting from numerous military construction projects (e.g., F-35 beddown). These costs were unknown at the time the project was programmed. This reprogramming is required to complete the project.

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

<u>Location/Project</u>	(Dollars in Thousands)			
	<u>Fiscal Year</u>	<u>Amount Appropriated</u>	<u>Current Estimate</u>	<u>Proposed Reprogramming</u>
Ft Greely, AK/ Mechanical-Electrical Building Missile Field #1	2014	59,100 ^{1/}	50,713 ^{2/}	6,933
Clear AFS, AK/BMDS Upgraded Early Warning Radar	2014	17,204	15,440	164
Kyoga Misaki, JA/ AN/TPY-2 Radar Site	2014	15,000	15,673 ^{3/}	627
Ft Greely, AK/ Missile Defense Complex Switchgear Facility	2017	9,560	9,181	379
Worldwide Unspecified/ Planning and Design	2014	10,891	6,527	4,324
Worldwide Unspecified/ Unspecified Minor Construction	2014	2,000	1,945	56
Worldwide Unspecified/ Unspecified Minor Construction	2015	2,000	1,254	746
Worldwide Unspecified/ Unspecified Minor Construction	2017	2,414	-	2,414
Worldwide Unspecified/ Unspecified Minor Construction	2018	3,000	344	2,656
Total				18,299

^{1/} Reflects \$22.9 million reduction used as a source on a reprogramming approved by Congress in April 2015.

^{2/} A 10 USC §2853 cost decrease notification was sent to Congress on June 9, 2014.

^{3/} Funds are available since prior year funds were also used to award this project.

Bid Expiration Date: September 15, 2018

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

Reprogramming Request

Installation: Marine Corps Air Station Yuma, California

Project Title: SOF Desert Warfare Training Complex

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

Estimated Cost (\$000):

Previously Appropriated	23,095
Previously Reprogrammed	0
Requested Reprogramming	12,381
Total Estimated Cost	35,476

Description: This project constructs a training facility to include an applied instruction area, a weapon preparation area, a high explosive magazine, and an operational gear storage to serve SEAL Qualification Training and Naval Special Warfare land warfare training requirements.

Justification: A portion of this project was awarded in April 2017 to provide electrical services to the training facility. However, the majority of this project is yet to be awarded. Based on multiple solicitations, an additional \$12.4 million is required to complete 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 to the construction market during those delays. Funds are needed to address:

- a) Project delays and changing market conditions (\$8.7 million): Project costs have escalated due to an evolving acquisition strategy (i.e. the project was initially developed as Design-Build but the solicitation process determined that a Design-Bid-Build acquisition would better clarify the project requirements and bring down costs). The change in the construction market during this delay, particularly with the market change in the Southwest region, have increased costs. This project is located in a remote area with a limited local labor pool. The construction market in more densely populated locations, such as southern California, have been more attractive to construction firms making remote locations such as Brawley a less desirable market.
- b) Increased Contingency, Supervision, Inspection, and Overhead (SIOH) and post-construction award services (PCAS) (\$3.7 million): Funds are needed to cover these additional costs.

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

<u>Fiscal Location/Project</u>	<u>Amount Year</u>	<u>(Dollars in Thousands)</u>		
		<u>Current Appropriated</u>	<u>Proposed Estimate</u>	<u>Reprogramming</u>
Key West, FL/SOF Boat Docks	2014	3,600	3,434	165
Ft Bragg, NC/SOF Language And Cultural Center	2014	64,606	60,717	1,000
Ft Bragg, NC/SOF Combat Medic Skills Sustainment Course Building	2014	7,600	7,372	228
Joint Expeditionary Base Little Creek-Ft Story, VA/ SOF LOGSU Two Operations Facility	2014	30,404	29,480	924
Torii Station, JA/SOF Facility Augmentation	2014	63,621	62,450	1,002
MacDill AFB, FL/ SOF Operational Support Facility	2016	39,142	38,137	4,802 ^{1/}
Coronado, CA/SOF SEAL Team Operations Facility (P889)	2017	47,290	36,320	4,260 ^{2,3/}
Total				12,381

^{1/} Funds are available since FY 2012 funds were also used to award this project.

^{2/} A 10 USC §2853 notification was submitted to Congress on October 5, 2017.

^{3/} Funds are available since FY 2013 funds were also used to award this project.

Bid Expiration Date: August 15, 2018

Military Construction, Defense-Wide (Defense Logistics Agency)

Reprogramming Request

Installation: Defense Logistics Agency Troop Support, Pennsylvania

Project: Replace Headquarters

Authorization: National Defense Authorization Act for Fiscal Year 2016, Public Law 114-92

Estimated Cost (\$000):

Previously Appropriated	49,700
Previously Reprogrammed	3,800
Requested Reprogramming	8,000
Total Estimated Cost	61,500

Description: This projects construct a multi-story command headquarters office building to accommodate more than 400 employees. The project includes a command suite, office areas, and administrative support areas, access control, Video Tele-Conference (VTC) space, conference space, and supporting building systems, utilities and site improvements. Demolition of two existing buildings is also included in the project.

Justification: In August 2016, Congress approved a \$3.8 million reprogramming request in order for DLA to award this FY 2016 project. The additional funds were needed due to increased demand for skilled labor and higher costs associated with the impact of phasing construction efforts. As a result, the base for this project increased to \$53.5 million.

An additional \$8.0 million is now required to address unanticipated construction modifications to provide complete and useable facilities that meet mission requirements. The funds are needed for the following:

- a) Permitting (\$3.7 million): Permit applications to the City of Philadelphia and the State of Pennsylvania were submitted before construction contract award. The Pennsylvania Department of Environmental Protection made several requests for additional information and soils testing. The contractor was mobilized prior to resolving the permitting issues, resulting in delays and added costs to the contract.
- b) Foundation Changes (\$1.0 million): The construction contractor discovered issues with the foundation design resulting in the need for foundation and blast wall redesign work. These changes resulted in an increased requirement for steel.
- c) Execution Delays (\$3.3 million): Permitting issues and foundation/wall design changes caused a six-month delay to the construction contractor. Additional funds for Supervision, Inspection &

Overhead (SIOH), post-construction award services (PCAS), and contingency are also required. Construction is approximately 20 percent complete.

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

<u>Location/Project</u>	<u>Fiscal Year</u>	<u>(Dollars in Thousands)</u>		<u>Proposed Reprogramming</u>
		<u>Amount Appropriated</u>	<u>Current Estimate</u>	
Construct Fuel Storage and Distribution Facilities/ Camp Lemonier/DJ	2016	36,469 ^{1/}	23,468 ^{2/}	1,995
Replace Fuel Tanks/ Kwajalein Atoll	2017	85,500	72,511 ^{3/}	6,005
Total				8,000

^{1/} Reflects previous reprogramming actions approved by Congress.

^{2/} A Title 10 USC 2853 notification was submitted to Congress on November 4, 2016.

^{3/} A Title 10 USC 2853 notification was submitted to Congress on October 26, 2017.

Bid Expiration Date: N/A

Military Construction, Army National Guard

Reprogramming Request

Installation: New York City, New York

Project: National Guard Readiness Center Alterations

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

Estimated Cost (\$000):

Previously Appropriated	31,000
Previously Reprogrammed	3,814
Requested Reprogramming	8,500
Total Estimated Cost	43,314

Description: This project modernizes the 5th Avenue Readiness Center in New York City, NY. The readiness center provides classroom spaces, a kitchen area, administration space, special functional spaces, and an emergency generator. Supporting facilities include military and privately owned vehicle parking and utilities. The project replaces the roof, restores historic interior finishes, modernizes heating and cooling, and updates the plumbing and electrical systems.

Justification: The project restores an 85 year old historic registered landmark. An initial cost increase resulted from a high bidding climate. In July 2015, Congress approved a \$3.8 million reprogramming request in order for the Army National Guard to award this FY 2017 project. Additional funds are now needed due to unforeseen site conditions encountered causing project delays and the need for repairs not originally accounted for. Some of the unforeseen conditions include mitigating lead contamination, repairing additional damage to historical structures, water infiltration, and additional fire suppression features that comply with current building codes. Without additional funding the State of New York will be required to delay the project, resulting in additional cost to the Federal government for further delay claims and resolution of existing contracts. Funds are required to provide a complete and useable facility for Soldiers. This project is to be funded 75 percent Federal share and a 25 percent State share.

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>	
Kankakee, Illinois National Guard Readiness Center	2014	17,100 ^{1/}	16,110	990
Macon, Missouri National Guard Vehicle Maintenance Shop	2014	9,100	7,852	1,247
Fort Indiantown Gap, Pennsylvania Aircraft Maintenance Instructional Building	2014	40,000	35,907	3,976
Salinas, Puerto Rico Maneuver Area Training & Equipment Site Addition	2014	5,600	4,582	1,018
Pinellas Park, Florida Ready Building	2014	5,700	5,276	400
Whiteman AFB, Missouri Aircraft Maintenance Hangar	2014	5,000	4,494	506
Decatur, Alabama National Guard Readiness Center Add/Alt	2014	4,000	3,785	215
Camp Ravenna, Ohio Sanitary Sewer	2014	5,200	5,127	73
Afton, Wyoming National Guard Readiness Center	2014	10,200	10,125	75
Total				8,500

^{1/} Reflects a revised PA of \$17.1 million as a result of a reprogramming increase approved by Congress in July 2016.