



UNDER SECRETARY OF DEFENSE

1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

COMPTROLLER

NOV 11 2018

The Honorable John R. Carter
Chairman
Subcommittee on Military Construction,
Veterans Affairs, and Related Agencies
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20510

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	Marine Corps Air Station Iwakuni, Japan	E-2D Operational Trainer Complex	2016	5,934,000
	<u>Air Force</u>			
2	F.E. Warren Air Force Base, Wyoming	Weapon Storage Facility	2016	35,000,000
3	Joint Base San Antonio- Lackland, Texas	Basic Military Training Recruit Dormitory Phase 5	2016	19,563,000
4	Joint Base San Antonio- Lackland, Texas	Basic Military Training Classrooms/Dining Facility Phase 3	2016	14,652,000

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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COMPTROLLER

NOV 11 2018

The Honorable John Boozman
Chairman
Subcommittee on Military Construction,
Veterans Affairs, and Related Agencies
Committee on Appropriations
U.S. Senate
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>
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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: December 31, 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	-
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 (+ \$4.7M): 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 \$102M and ten host nation projects valued at \$160M. 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, \$1.3B) 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, \$4.9B).

- b) Construction Security Oversight (+ \$0.600M): 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 (+ \$0.634M): 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.

(Dollars in Thousands)

<u>Location/Project</u>	<u>Fiscal Year</u>	<u>Amount Appropriated</u>	<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
Barking Sands, HI Upgrade Power Plant & Electrical Distribution System	2017	43,384	25,250 ¹	5,934
Total				5,934

¹ 10 U.S.C. §2853 cost reduction notification dated October 4, 2018 was sent to the Congressional committees.

Bid Expiration Date: December 9, 2018

Military Construction, Air Force

Reprogramming Request

Installation: F.E. Warren AFB, Wyoming

Project: Weapon Storage Facility

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

Estimated Cost (\$000):

Previously Appropriated	124,000
Previously Reprogrammed	-
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 unique robust construction features that add complexity, risk and cost much higher than anticipated by the government. The construction required to make the facility survivable from the design basis threats, contain the blast from a maximum critical event charge weight, and defeat/deny entry by unauthorized personnel results in a high cost facility. The pricing for the forced entry resistant doors and blast doors is substantially higher than anticipated. The high cost for heating, ventilation, and cooling (HVAC) systems and additional blast containment measures was unforeseen. Additionally, construction activity in the project region has significantly increased in the last few years, increasing competition for resources and therefore cost. 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.

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

(Dollars in Thousands)

<u>Location & Project</u>	<u>Fiscal Year</u>	<u>Amount Appropriated</u>	<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
Davis-Monthan AFB, HC-130J Wash Rack	2016	12,200	11,923	277
Hill AFB, Hayman Igloos	2016	11,500	11,074	426
Luke AFB, F-35A Squadron Operations/AMU/Hangar (Squadron 4)	2016	33,000	26,900	100
Luke AFB, F-35A Bomb Build-Up Facility	2016	5,500	4,848	52
Nellis AFB, F-35A Airfield Pavements	2016	31,000	21,283 ¹¹	3,093
Nellis AFB, F-35A Live Ordnance Loading Area	2016	34,500	32,412	1,714
Hurlburt Field, Add to 39 IOS Facility	2016	14,200	12,504	1,018
Hill AFB, 649 MUNS Munitions Storage Magazines	2017	6,600	6,081	389
Hill AFB, 649 MUNS Precision Guided Missile MX Facility	2017	8,700	6,910	1,739
Hill AFB, 649 MUNS STAMP/Maintenance & Inspection Facility	2017	12,000	11,311	130
Hill AFB, Composite Aircraft Antenna Calibration Facility	2017	7,100	0 ¹²	7,100

<u>Location & Project</u>	<u>Fiscal Year</u>	<u>Amount Appropriated</u>	<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
Holloman AFB, Hazardous Cargo Pad and Taxiway	2017	10,600	9,399	1,201
McConnell AFB, KC-46A ADAL Taxiway Delta,	2017	5,600	4,201	1,396
Tinker AFB, KC-46A Depot System Integration Laboratory	2017	17,000	13,908	892
Wright-Patterson AFB, Relocated Entry Control Facility 26A	2017	12,600	10,489	2,111
Eielson AFB, F-35A Earth Covered Magazines	2017	11,300	9,405	2,305
Eielson AFB, F-35A Hangar/ Propulsion Maintenance/Dispatch	2017	44,900	40,387	513
Eielson AFB, F-35A Hangar/ Squad Ops/AMU Squadron 2	2017	42,700	39,616	1,352
Eielson AFB, F-35A ADAL Field Training Detachment Facility	2017	22,100	20,214	86
Buckley AFB, Small Arms Range Complex	2017	13,500	11,846	1,653
Incirlik AB, Airfield Fire/Crash Rescue Station	2017	13,449	11,885	1,564
Eielson AFB, F-35A ADAL Conventional Munitions Facility,	2018	2,500	0 ³	2,306
Eglin AFB, F-35A Consolidated HQ Facility	2016	8,700	0 ⁴	3,583
Total				35,000

¹ 10 U.S.C. 2853 cancellation notification was sent to the congressional committees August 25, 2017.

² 10 U.S.C. 2853 cancellation notification was sent to the congressional committees August 25, 2017

³ 10 U.S.C. 2853 cancellation notification was sent to the congressional committees March 9, 2018.

⁴ 10 U.S.C. 2853 cancellation notification was sent to the congressional committees April 9, 2018.

Bid Expiration Date: January 31, 2019

Military Construction, Air Force

Reprogramming Request

Installation: Joint Base San Antonio-Lackland, Texas
Project: Basic Military Training (BMT) Recruit Dormitory Phase 5
Authorization: National Defense Authorization Act for Fiscal Year (FY) 2016,
Public Law 114-92

Estimated Cost (\$000):

Previously Appropriated	91,000
Previously Reprogrammed	-
Requested Reprogramming	19,563
Total Estimated Cost	110,563

Description: This project provides the fifth of eight Basic Military Training dormitory buildings in the replacement program. This facility will house a Basic Military Training Squadron including dormitory and administrative space.

Justification: Due to extremely competitive construction market conditions in the greater San Antonio area as a result of the impacts from Hurricanes Harvey, Irma, and Marie, this project has received significantly higher bids than the budgeted amount.

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

(Dollars in Thousands)

<u>Location & Project</u>	<u>Fiscal Year</u>	<u>Amount Appropriated</u>	<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
JBSA-Lackland , BMT Recruit Dormitory 7	2018	90,130	0 ^{1/}	19,563

^{1/} A 10 USC §2853 notification was submitted to Congress on September 27, 2018.

Bid Expiration Date: January 31, 2019

Military Construction, Air Force

Reprogramming Request

Installation: Joint Base San Antonio-Lackland, Texas
Project: Basic Military Training (BMT) Classrooms/Dining Facility Phase 3
Authorization: National Defense Authorization Act for Fiscal Year (FY) 2016,
Public Law 114-92

Estimated Cost (\$000):

Previously Appropriated	45,000
Previously Reprogrammed	-
Requested Reprogramming	14,652
Total Estimated Cost	59,652

Description: This project provides the third of four satellite dining hall/classroom buildings in the Basic Military Training facility replacement program. The facility will serve two dormitories. The project provides a kitchen, dining area, and classrooms.

Justification: Due to extremely tight construction market conditions in the greater San Antonio area as a result of the impacts from Hurricanes Harvey, Irma, and Marie, this project has received significantly higher bids than the budgeted amount.

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

(Dollars in Thousands)

<u>Location & Project</u>	<u>Fiscal Year</u>	<u>Amount Appropriated</u>	<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
JBSA-Lackland , BMT Recruit Dormitory 7	2018	90,130	0 ^{1/}	14,652

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