



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

COMPTROLLER

MAR 04 2017

The Honorable John Boozman  
Chairman, Subcommittee on Military Construction,  
Veterans Affairs, and Related Agencies  
Committee on Appropriations  
U.S. Senate  
Washington, DC 20510

Dear Mr. Chairman:

The purpose of this letter is to notify the committee of the proposed reprogramming of funds for the projects and amounts 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>Army</u> Kadena Air Base, Japan	Missile Magazine	2015	9,900,000
2	<u>Air Force</u> Azraq, Jordan	Operation Inherent Resolve: MSAB Development - Dormitory	2018	3,818,000
3	<u>Special Operations Command</u> Fort Bragg, North Carolina	SOF Combat Medic Training Facility	2017	2,725,000

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.

*Elaine McCusker*  
Elaine McCusker  
Deputy Under Secretary of Defense  
(Comptroller)

Enclosures:  
As stated

cc:  
The Honorable Brian Schatz  
Ranking Member



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1100 DEFENSE PENTAGON  
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COMPTROLLER

MAR 04 2010

The Honorable Debbie Wasserman Schultz  
Chairwoman, Subcommittee on Military Construction,  
Veterans Affairs, and Related Agencies  
Committee on Appropriations  
U.S. House of Representatives  
Washington, DC 20515

Dear Madam Chairwoman:

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Deputy Under Secretary of Defense  
(Comptroller)

Enclosures:  
As stated

cc:  
The Honorable John Carter  
Ranking Member

Bid Expiration Date: May 31, 2019

Military Construction, Army

Reprogramming Request

Installation: Kadena Air Base, Japan

Project: Missile Magazine

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

Estimate Cost (\$000):

Previously Appropriated	10,600
Previously Reprogrammed	-
Requested Reprogramming	9,900
Total Estimated Cost	20,500

Description: Construct a 17,500 square-foot above-ground Patriot Missile Storage Facility (MSF). Primary facilities include missile storage, aprons, staging/marshalling areas, lightning protection and dehumidification systems.

Justification: An additional \$9.9 million is required to award the contract for this project based on the actual successful bid which is 93% higher than the DD1391 estimate. This reprogramming request raises the programmed amount (PA) to \$20,500. The increased cost is the result of unforeseen project delays and construction cost escalation from the 2011 earthquake and tsunami, as well as the 2020 Olympics. The project was initially delayed in 2015 due to discovery of an existing gas line at the site. Army was unable to safely reroute the gas line, and required an entire redesign and project re-scope. The Army did not receive the required new site approvals until 2016. Additionally, Army required a Department of Defense Explosive Safety Board (DDESB) approval to ensure design for explosive storage facilities adequately addressed safety considerations. Army received DDESB approval in February 2018. The site and safety delays and high construction cost environment in the region for this project resulted in increased funding required for this project.

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

(Dollars in Thousands)

<u>Location &amp; Project</u>	<u>Fiscal Year</u>	<u>Amount Appropriated</u>	<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
Fort Benning, GA Training Support Facility	2018	28.000	20.672 <sup>1</sup>	9.900 <sup>2/3</sup>
Total				9.900

<sup>1</sup> A 10 U.S.C. §2855 cost reduction notification, dated June 28, 2018, was sent to the congressional committees reflecting a CWE of \$20.7 million.

<sup>2</sup> Funds are available since FY 2014 funds were also used to award this project.

<sup>3</sup> Funds through bid savings are available.

Bid Expiration Date: April 7, 2019

Military Construction, Air Force

Reprogramming Request

Installation: Azraq, Jordan

Project: OIR: MSAB Development - Dormitory

Authorization: National Defense Authorization Act for Fiscal Year 2018,  
P. L. 115-91

Estimated Cost (\$000):

Previously Appropriated	8.003
Previously Reprogrammed	-
Requested Reprogramming	3.818
Total Estimated Cost	11.821

Description: The project will construct a permanent 276-person dormitory at Muwaffaq-Salti Air Base, Azraq, Jordan. Power, water, sewer, communication and other necessary utilities and site work will be included in order to provide a complete and usable facility.

Justification: Additional funds are required due to the increased cost of cement in Jordan. The Jordanian government regulates the cost of cement and recently increased the cost from \$54 to \$104 per ton. The concrete structure of the dormitory will require an extensive amount of cement.

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

(Dollars in Thousands)

<u>Location &amp; Project</u>	<u>Fiscal Year</u>	<u>Amount Appropriated</u>	<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
Azraq, Jordan, OIR: MSAB - Supporting Facilities/Utilities	2018	60.060	39,374	3,818
Total				3,818

Bid Expiration Date: April 5, 2019

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

Reprogramming Request

Installation: Fort Bragg, North Carolina

Project: SOF Combat Medic Training Facility

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

Estimated Cost (\$000):

Previously Appropriated	10,905
Previously Reprogrammed	-
Requested Reprogramming	2,725
Total Estimated Cost	13,630

Description: Construct a laboratory instructional facility to include classrooms, test center, reference library, administrative area, conference room, break area, supply and storage areas, shower/locker rooms, and elevator. Supporting facilities include all related site-work and utilities, lighting, parking access drives, roads, hardstands, curb and gutter, sidewalks, storm drainage, landscaping and other site improvements.

Justification: An additional \$2.725M is required to award the project at full scope to meet mission requirements. The cost increase is attributed to delays in project execution, changes to the construction market during those delays, and site issues. Funds are needed to address the following:

- a) Site constraints (\$0.784 million): Project estimates did not adequately capture that the project site could only be accessed from one side due to existing structures, utilities, and topography, resulting in additional costs.
- b) Changes in actual design fees (\$0.593 million): Design fees on the design-build proposals came in higher than the programmed amount.
- c) Project delays and changing market conditions (\$0.568 million): Attempts to produce more favorable bids have delayed this project. Project costs have escalated due to a healthy construction market where contractors are not lacking in work and can bid higher than typical. In addition, the local labor force is lacking in the specialized skills needed to do the

work, resulting in the need to bring labor into the area. The original estimated cost of the project did not account for these market conditions.

- d) Site Work (\$0.555 million): The offsite disposal and hauling costs exceeded the programmed amount.
- e) Increased Contingency and Supervision, Inspection, and Overhead (SIOH) (\$0.225 million): These cost have increased due to the higher construction costs.

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

(Dollars in Thousands)

<u>Location &amp; Project</u>	<u>Fiscal Year</u>	<u>Amount Appropriated</u>	<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
Naval Base Coronado, CA SOF Special Recon Team ONE Operations Facility	2017	20,949	18,210	764
Naval Base Coronado, CA SOF Training Detachment ONE Operations Facility	2017	44,305	43,667	638
Naval Base Coronado, CA SOF SEAL Team Operations Facility	2018	50,265	39,378	1,323
Total				2,725