COMPTROLLER

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:

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.

<table>
<thead>
<tr>
<th>#</th>
<th>Service/Agency/Installation</th>
<th>Project</th>
<th>Program</th>
<th>Request ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Navy</td>
<td>Portsmouth Naval Shipyard, Dry Dock #1 Superflood Basin</td>
<td>2019</td>
<td>47,990,000</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>Portsmouth Naval Shipyard, Extend Portal Crane Rail</td>
<td>2019</td>
<td>7,700,000</td>
</tr>
<tr>
<td>3</td>
<td>Defense Health Agency</td>
<td>Marine Corps Base Camp Pendleton, Ambulatory Care Center Replacement</td>
<td>2018</td>
<td>7,100,000</td>
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</tbody>
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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.

Sincerely,

[Signature]

Elaine McCusker
Acting

Enclosures:
As stated

cc:
The Honorable John R. Carter
Ranking Member
The Honorable John Boozman  
Chairman  
Subcommittee on Military Construction, 
Veterans Affairs, and Related Agencies  
Committee on Appropriations  
United States 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.

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<td></td>
<td></td>
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<td>2019</td>
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Sincerely,

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Elaine McCusker  
Acting  

Enclosures:  
As stated  

cc:  
The Honorable Brian Schatz  
Ranking Member
Bid Expiration Date: December 31, 2019

Military Construction, Navy
Reprogramming Request

**Installation:** Portsmouth Naval Shipyard, ME

**Project:** Dry Dock #1 Superflood Basin

**Authorization:** National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2019, Public Law 115-232

**Estimated Cost ($000):**

- Previously Appropriated: 109,960
- Previously Reprogrammed: 0
- Requested Reprogramming: 47,990
- Total Estimated Cost: 157,950

**Project Description:** Constructs a superflood basin at the entrance of Dry Dock #1 (DD #1) to raise the seawater level high enough to allow the Los Angeles (LA) class (SSN-688) submarines to float over the caisson sill and be positioned in the dry dock for the new Service Life Extension Program (SLEP) refueling.

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

a) Lack of competition & project complexity:
   Though a prior industry engagement indicated that there would be a significant number of competing bids, potential bidders considered the project as high-risk (due to project complexity) and competition was more limited than anticipated. At present, the Maine construction market is saturated with work, particularly with state-funded construction projects, resulting in a 30-60 percent market increase from 2018 to 2019.

b) Lack of specialized contractors and labor:
   There are a limited number of specialized sub-contractors possessing the skill set for this work (i.e. underwater construction divers and heavy machine operators). This type of specialized labor is in high demand in this area and beyond.

c) Commodity cost increase:
   There have been significant increases in commodity prices for steel and soft-wood used for concrete forms and contractor uncertainty exists due to impacts of tariffs and fuel prices. Additionally, concrete must be trucked to the shipyard resulting in higher than anticipated costs since the government estimate assumed a barge-mounted concrete batch plant would be used for the continuous-pour placement of concrete for large portions of the basin structure.
d) Schedule and weather related risks:  
Risk to contractors is anticipated due to a very tight construction schedule driven by planned docking of USS Cheyenne in September 2021 for the first of seven Engineered Refueling Overhaul (ERO). New England storms and cold weather also increases construction risk, particularly for in-water work.

e) Higher than anticipated inflation:  
DoD inflation factors of two percent per year, as prescribed by UFC 1-701-01 Facilities Pricing Guide, were used to escalate the baseline project cost set at FY 2019 President’s Budget submission (Jan 2018) to the mid-point of construction (Jun 2020). The actual escalation factors for non-residential construction for the past two year has been five percent; this difference is reflected in the bids received.

f) Unforeseen material disposal costs:  
There were unforeseen costs associated with disposal of dredged material since landfills will only accept limited truckloads per day and the material must be dry.

g) Precast specifications eliminate local vendors:  
Tight tolerances are required for the pre-cast concrete panels for the basin structure. Local vendors cannot meet these requirements given that the closest supplier is 40 miles away, resulting in high transportation costs.

h) Bid extension costs and contingency:  
Other costs included in the current funding requirement include costs to extend bids and additional contingency and Supervision, Inspection and Overhead.

A 10 USC §2853 notification dated September 6, 2019 was submitted to Congress.

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

(Dollars in Thousands)

<table>
<thead>
<tr>
<th>Location/Project</th>
<th>Fiscal Year</th>
<th>Amount Appropriated</th>
<th>Current Working Estimate</th>
<th>Proposed Reprogramming</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearl Harbor, HI Drydock Waterfront Facility</td>
<td>2019</td>
<td>45,000</td>
<td>0¹</td>
<td>45,000</td>
</tr>
<tr>
<td>San Diego, CA LCS Support Facility</td>
<td>2016</td>
<td>37,366</td>
<td>31,803</td>
<td>2,990</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2019</strong></td>
<td><strong>82,366</strong></td>
<td><strong>31,803</strong></td>
<td><strong>47,990</strong></td>
</tr>
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¹A 10 U.S.C. §2853 cost reduction notification dated September 11, 2019 was sent to the Congressional committees.
Bid Expiration Date: December 31, 2019

Military Construction, Navy

Reprogramming Request

Installation: Portsmouth Naval Shipyard, ME

Project: Extend Portal Crane Rail


Estimated Cost ($000):

Previously Appropriated 39,725
Previously Reprogrammed 0
Requested Reprogramming 7,700
Total Estimated Cost 47,425

Project Description: Constructs a new portal crane rail and modernizes existing portal crane rail to support a new high-capacity crane to be used for refueling and servicing submarines at Dry Dock #1 (DD #1) in support of the new SSN-688 Improved (688I) Service Life Extension Program (SLEP) refueling.

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

a) Lack of competition & project complexity:
   Though a prior industry engagement indicated that there would be a significant number of competing bids, potential bidders considered the project as high-risk (due to project complexity) and competition was more limited than anticipated. At present, the Maine construction market is saturated work, particularly with state-funded construction projects, resulting in a 30-60 percent market increase from 2018 to 2019.

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   There are a limited number of specialized sub-contractors possessing the skill set for this work (i.e. underwater construction divers and heavy machine operators). This type of specialized labor is in high demand in this area and beyond.

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Risk to contractors is anticipated due to a very tight construction schedule driven by planned
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Budget submission (Jan 2018) to the mid-point of construction (Jun 2020). The actual
escalation factors for non-residential construction for the past two year has been five percent;
this difference is reflected in the bids received.

f) Bid extension costs and contingency:
Other costs included in the current funding requirement include costs to extend bids and
additional contingency and Supervision, Inspection and Overhead.

A 10 USC §2853 notification dated September 9, 2019 was submitted to Congress.

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

(Dollars in Thousands)

<table>
<thead>
<tr>
<th>Location/Project</th>
<th>Fiscal Year</th>
<th>Amount Appropriated</th>
<th>Current Working Estimate</th>
<th>Proposed Reprogramming</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Diego, CA LCS Support Facility</td>
<td>2016</td>
<td>37,366</td>
<td>31,803</td>
<td>2,573</td>
</tr>
<tr>
<td>Norfolk, VA Electrical Repairs to Piers 2,6,7, and 11</td>
<td>2016</td>
<td>44,254</td>
<td>42,254</td>
<td>2,000</td>
</tr>
<tr>
<td>Souda Bay, Greece Strategic Aircraft Parking Apron Expansion</td>
<td>2018</td>
<td>22,045</td>
<td>17,045</td>
<td>1,348</td>
</tr>
<tr>
<td>SW Asia, Bahrain Island Ship Maintenance Support Facility</td>
<td>2016</td>
<td>44,376&lt;sup&gt;1/&lt;/sup&gt;</td>
<td>43,376&lt;sup&gt;2/&lt;/sup&gt;</td>
<td>1,000</td>
</tr>
<tr>
<td>Sigonella, Italy Triton Hangar and Operation Facility</td>
<td>2016</td>
<td>26,141&lt;sup&gt;3/&lt;/sup&gt;</td>
<td>25,641&lt;sup&gt;4/&lt;/sup&gt;</td>
<td>500</td>
</tr>
<tr>
<td>Jacksonville, FL Fleet Support Facility Addition</td>
<td>2016</td>
<td>6,342&lt;sup&gt;5/&lt;/sup&gt;</td>
<td>6,120&lt;sup&gt;6/&lt;/sup&gt;</td>
<td>222</td>
</tr>
</tbody>
</table>
Coronado, CA
Coastal Campus Utilities

2016  4,241\textsuperscript{7/}  4,184  57

Total  7,700

\textsuperscript{1/} Reflects a revised PA of $44.376M as a result of a $5.715M reprogramming decrease approved by Congress in March 2018, a $0.333M reprogramming decrease approved by Congress in September 2018, and a $1.667M reprogramming decrease approved by Congress in November 2018.

\textsuperscript{2/} A 10 U.S.C. §2853 cost reduction notification dated March 27, 2017 was sent to the Congressional committees.

\textsuperscript{3/} Reflects a revised PA of $26.141M as a result of a $4.009M reprogramming decrease approved by Congress in August 2017, a $6.757M reprogramming decrease approved by Congress in November, 2018, and a $3.644M reprogramming decrease approved by Congress in May 2019.

\textsuperscript{4/} A 10 U.S.C. §2853 cost reduction notification dated March 27, 2017 was sent to the Congressional committees.

\textsuperscript{5/} Reflects a revised PA of $6.642M as a result of a $2.113M reprogramming decrease approved by Congress in November 2018.

\textsuperscript{6/} A 10 U.S.C. §2853 cost reduction notification dated July 11, 2016 was sent to the Congressional committees.

\textsuperscript{7/} Reflects a revised PA of $4.241M as a result of a $0.615M reprogramming decrease approved by Congress in March 2018.
Bid Expiration Date: December 20, 2019

Military Construction, Defense-Wide (Defense Health Agency)

Reprogramming Request

Installation: Marine Corps Base Camp Pendleton, CA

Project: Ambulatory Care Center Replacement


Estimated Cost ($000):

Previously Appropriated 26,400
Previously Reprogrammed 0
Requested Reprogramming 7,100
Total Estimated Cost 33,500

Project Description: This project constructs a replacement ambulatory care center (ACC) in Area 13, Marine Corps Base (MCB) Camp Pendleton, California. The new facility will incorporate the 2-team Marine Centered Medical Home (MCMH) concept supporting the Marine Active Duty personnel currently being seen in substandard Battalion Aid Stations located across MCB Camp Pendleton. In addition to the MCMH, the Area 13 ACC will have a Patient Centered Medical Home Port (PCMH) team to serve enrolled family members and other beneficiaries. Once complete, the existing clinic will be demolished.

Justification: Based on bids received to date, an additional $7.1 million is required to award this project and provide facilities needed to meet mission requirements. The cost increase is due to current market conditions causing a shortage of contractors with medical construction experience as well as higher labor and material costs. Camp Pendleton has also been impacted by the fires in California and the hurricane recovery efforts in the Southeast part of the country.

A 10 USC §2853 notification dated August 27, 2019 was submitted to Congress.

Source of Funds: Savings from the following projects will fund this requirement:
(Dollars in Thousands)

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<tr>
<td>Fort Gordon, GA Ambulatory Care Center / Dental Clinic</td>
<td>2018</td>
<td>25,000</td>
<td>0(^1)</td>
<td>7,100</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>7,100</td>
</tr>
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\(^1\)A 10 U.S.C. §2853 cost reduction notification dated November 6, 2018 was sent to the Congressional committees.