



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

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

APR 19 2021

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 are enclosed.

#	<u>Service/Agency/Installation</u> <u>Defense Logistics Agency</u>	<u>Project</u>	<u>Program</u>	<u>Request (\$)</u>
1	Tulsa International Airport Air National Guard, Oklahoma	Fuel Storage Complex	2020	3,557,000
2	Little Rock Air Force Base, Arkansas	Hydrant Fueling System Alterations	2019	3,371,000

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.

Sincerely,

Anne J. McAndrew
Performing the Duties of the Under Secretary of
Defense (Comptroller)/Chief Financial Officer

Enclosures:
As stated

cc:
The Honorable John Carter
Ranking Member



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The Honorable Martin Heinrich
Chairman
Subcommittee on Military Construction,
Veterans Affairs, and Related Agencies
Committee on Appropriations
United States Senate
Washington, DC 20510

APR 19 2021

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 are enclosed.

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	<u>Defense Logistics Agency</u>			
1	Tulsa International Airport Air National Guard, Oklahoma	Fuel Storage Complex	2020	3,557,000
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A similar letter is being sent to the Chairwoman of the House Subcommittee on Military Construction, Veterans Affairs, and Related Agencies. Thank you for your continued support of Defense programs.

Sincerely,

Anne J. McAndrew
Performing the Duties of the Under Secretary of
Defense (Comptroller)/Chief Financial Officer

Enclosures:
As stated

cc:
The Honorable John Boozman
Ranking Member

Bid Expiration Date: July 1, 2021

Military Construction, Defense-Wide (Defense Logistics Agency)

Reprogramming Request

Installation: Tulsa International Airport Air National Guard, Tulsa, Oklahoma

Project: Fuel Storage Complex

Authorization: National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2020,
Public Law 116-92

Estimated Cost (\$000):

Previously Appropriated	18,900
Previously Reprogrammed	0
Requested Reprogramming	3,557
Total Estimated Cost	22,457

Project Description: This project constructs an adequately sized, functionally configured, environmentally compliant, reliable system for the receiving, storage and issue of aviation and ground fuel products in support of the aircraft and supporting vehicle fleet of the 138th Fighter Wing (FW) of the Oklahoma Air National Guard and Army Aviation Support Facility of the Oklahoma Army National Guard.

Justification: An additional \$3.557 million is required to award this project and provide a complete and useable facility that meets mission requirements. Despite multiple companies participating in the pre-bid site walk and their submission of pre-bid inquiries, only one bid was submitted to the Government. Further investigation revealed that other potential bidders dropped out due to the lack of critical subcontractor availability. Though consideration was given to resoliciting the project to obtain additional bidders, a determination was made that since material costs, especially steel, have been increasing significantly on a monthly basis, any benefit from increased competition would be offset by the increase in material costs for this project.

A 10 U.S.C. §2853 cost variation notification is not required.

Source of Funds: Savings from the following projects 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>
Joint Base Charleston, SC Construct Hydrant Fuel System	2017	13,130 ^{1/}	9,473 ^{2/}	881
Joint Base Elmendorf- Richardson, AK Construct Truck Offload Facility	2017	4,900 ^{1/}	4,250	655
Seymour Johnson Air Force Base, NC Tanker Truck Delivery System	2017	5,147 ^{1/}	3,100 ^{3/}	2,021
Total				3,557

^{1/} Adjusted for prior reprogramming requests approved by Congress.

^{2/} A 10 U.S.C. §2853 cost variation notification dated September 13, 2017 was submitted to Congress.

^{3/} A 10 U.S.C. §2853 cost variation notification dated December 4, 2018 was submitted to Congress. Though the FY 2017 funds were originally sourced for a project cost increase they are now available - some options were not required and dropped from the contract

Bid Expiration Date: August 31, 2021

Military Construction, Defense-Wide (Defense Logistics Agency)

Reprogramming Request

Installation: Little Rock Air Force Base, Arkansas

Project: Hydrant Fueling System Alterations

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

Estimated Cost (\$000):

Previously Appropriated	14,000
Previously Reprogrammed	0
Requested Reprogramming	3,371
Total Estimated Cost	17,371

Project Description: This project will provide a new pump house near the bulk fuel farm, with three 600-GPM pumps, filter separators, a jockey pump and all related piping, piping supports, valves, and appurtenances. The pump house shall contain pump room, control room, fire sprinkler room, restroom, and mechanical room, along with emergency shut-off, emergency shower and eyewash, Heating, Ventilation and Air Conditioning (HVAC), fire sprinklers, alarms, bridge crane, pump controls, grounding and lightning protection, power line communications for pump control, emergency fuel shut-offs for the new truck unload, all communications and data infrastructure, leak detection panels and environmental management control systems equipment.

Justification: Based on bids received, an additional \$3.371 million is required to award this project and provide a complete and useable facility that meets mission requirements. The increase in cost is due to the following:

- Unforeseen Site Conditions and Market Changes (\$2.703 million): Unforeseen site conditions and circumstances uncovered during final design, such as greater foundation work necessitated by the geotechnical survey, the pump shelter requiring more control conduits, and wiring, additional piping, valves, and fittings for the offload system have increased the cost and delayed award. Market condition changes during this time period that limited competition and availability of subcontractors and increases in labor and materials have also increased cost.

- Contingency and Supervision, Inspection, and Overhead (SIOH) and Bid Extension (\$0.668 million): Increases are associated with higher construction costs and includes the cost to extend bids until August 2021.

A 10 U.S.C. §2853 cost variation notification is not required.

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

<u>(Dollars in Thousands)</u>				
<u>Location/Project</u>	<u>Fiscal Year</u>	<u>Amount Appropriated</u>	<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
Kwajalein Atoll Replace Fuel Tanks	2017	74,203 ^{1/}	70,010 ^{2/}	1,728
Joint Base Charleston, SC Construct Hydrant Fuel System	2017	13,130 ^{1/}	9,473 ^{3/}	1,643
Total				3,371

^{1/} Adjusted by prior reprogramming requests approved by Congress.

^{2/} A 10 U.S.C. §2853 cost variation notification dated October 26, 2017 was submitted to Congress.

^{3/} A 10 U.S.C. §2853 cost variation notification dated September 13, 2017 was submitted to Congress.