



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

COMPTROLLER

JUN 29 2021

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 are enclosed.

#	<u>Service/Agency/Installation</u>	<u>Project</u>	<u>Program</u>	<u>Request (\$)</u>
1	<u>Army</u> Worldwide Various	Family Housing P&D	2021	8,000,000
2	<u>Air Force</u> Joint Base San Antonio -Lackland, Texas	Air Traffic Control Tower	2018	3,052,000
3	Royal Australian Air Force Base Darwin, Australia	APR Expand Aircraft Parking Apron	2017	486,000
4	Kadena Air Base, Japan	Improve Family Housing (North Foster Tower)	2017	28,674,000

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.

Michael McCord

Enclosures:  
As stated

cc:  
The Honorable John Carter  
Ranking Member



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JUN 29 2021

The Honorable Martin Heinrich  
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 are enclosed.

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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.

Michael McCord

Enclosures:  
As stated

cc:  
The Honorable John Boozman  
Ranking Member

Bid Expiration Date: N/A

Family Housing Construction, Army

Reprogramming Request

Installation: Worldwide Various

Project: Family Housing P&D

Authorization: William M. (Mac) Thornberry National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2021, Public Law 116-617

Estimated Cost (\$000):

Previously Appropriated	3,300
Previously Reprogrammed	0
Requested Reprogramming	8,000
Total Estimated Cost	11,300

Project Description: Planning and Design (P&D) includes funding for Architect-Engineer (A-E) services, site surveys and preparation of designs and specifications for the Army Family Housing Construction program, including value engineering, and continued development of design criteria, standards, specifications and technical manuals.

Justification: An additional \$8.0 million is required in FY 2021 to fund the Army's Family Housing Construction program P&D. This program supports the Army's Facility Investment Strategy and funds the goal of providing fully adequate Family Housing units. Family Housing project redesigns due to unforeseen project conditions and efforts to increase design maturity for Family Housing construction projects have expended P&D funds at a greater rate than planned. Remaining P&D funds are insufficient to meet the Army's FY 2021 P&D schedule.

During the past year, several bids for Army Family Housing Construction projects were high, resulting in redesign for re-solicitations. P&D expenditures for these redesigned projects were greater than expected. For example, the projects in Vicenza, Italy, had the foundation systems redesigned because of soil conditions different from the original soil borings and also had architectural changes required by the Italian government. The FY 2018 Family Housing project at Kwajalein Atoll had additional design requirements to address the minimum number of units specified by the FY 2018 NDAA in an isolated tropical island climate.

The Army is also taking efforts to increase the level of design maturity for planned Family Housing projects to ensure more accurate budget estimates, mitigating expenses associated with redesign and re-solicitations.

A 10 U.S.C. §2807 (c) authorized cost increase notification dated March 22, 2021 was submitted to Congress.

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

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>
Camp Humphreys, KR Family Housing New Construction Increment #4	2020	83,167 <sup>1/</sup>	60,355 <sup>2/</sup>	8,000
Total				8,000

<sup>1/</sup> This is the fourth and final increment of a project fully authorized in FY 2017 for 297,000,000. Previous increments appropriated were in FY 2017 (\$100,000,000), FY 2018 (\$34,402,000), and FY 2019 (\$85,000,000). The project's total Current Working Estimate is \$279,757,000. The Army plans to use the remaining savings from this project for other reprogramming requirements.

<sup>2/</sup> A 10 U.S.C. §2853 cost variation notification dated October 15, 2020 was submitted to Congress.

Bid Expiration Date: September 11, 2021

Military Construction, Air Force

Reprogramming Request

Installation: Joint Base San Antonio-Lackland, Texas

Project: Air Traffic Control Tower

Authorization: National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2018,  
Public Law 115-91

Estimated Cost (\$000):

Previously Appropriated	10,000
Previously Reprogrammed	0
Requested Reprogramming	3,052
Total Estimated Cost	13,052

Project Description: This project constructs an Air Traffic Control Tower. The control tower houses air traffic control radio and landline consoles, precision approach status indicators, and work space for air traffic controllers and staff members.

Justification: Due to extremely competitive construction market conditions in the greater San Antonio area, this project has received significantly higher bids than the budgeted amount. Contractors are raising construction prices amid tight labor market conditions and increases in the cost of many of the materials used to build projects. Additionally, job growth and pay increases in construction are outpacing those in the overall economy (construction job growth in San Antonio has risen 7 percent since 2018).

A 10 U.S.C. §2853 cost variation notification dated April 12, 2021 was submitted to Congress.

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>
Maxwell Air Force Base, AL Air Traffic Control Tower	2019	18,000	14,235	3,052
Total				3,052

Bid Expiration Date: N/A

Military Construction, Air Force

Reprogramming Request

Installation: Royal Australian Air Force (RAAF) Base Darwin, Australia

Project: APR Expand Aircraft Parking Apron

Authorization: National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2017,  
Public Law 114-238

Estimated Cost (\$000):

Previously Appropriated	28,600
Previously Reprogrammed	1,204 <sup>1/</sup>
Requested Reprogramming	486
Total Estimated Cost	30,290

<sup>1/</sup> The Previously Reprogrammed amount is the net difference between an above threshold reprogramming (-696) and below threshold reprogramming (1,900).

Project Description: This project will extend existing Bomber Replenishment Area to add four additional parking spots with underground jet fuel hydrant system to support up to eight aircraft participating in bilateral training exercises at RAAF Base Darwin.

Justification: The increase in costs for this project is due to a Request for Equitable Adjustment (REA) including specific items negotiated with the contractor. Seven items comprise the REA to include: changes in fuel lines to meet RAAF Fuel Services Branch compliance requirements that were not adequately addressed in the project as awarded (\$173,000); correction of a design deficiency by revising the fuel valve access pits to match the final grade of the aircraft parking apron (\$27,000); specification change increasing light pole wind resistance ratings to meet local cyclone standards which increased concrete amounts and light pole size (\$50,000); relocation and concrete encasement of unforeseen underground utilities beneath the edge of the ramp (\$26,000); modifications of the lightning protection design and construction due to insufficient site soil electrical conduction properties (\$45,000); modifications of the fuel system to align with the existing elevations and additional commissioning requirements (\$126,000); and modification to the in-ground apron airfield lighting pits and conduits to comply with Australian technical requirements (\$9,000), and increases to Site Inspection and Overhead costs (\$30,000). The REA results in a requirement for \$486,000 to complete the 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>
Kirtland AFB, NM Combat Rescue Helicopter (CRH) Simulator	2017	7,300	7,277	18
Nellis AFB, NV F-35A POL Fill Stand Station	2017	10,600	9,635	386
RAAF Base Darwin, AU Aircraft MX Support Facility	2017	1,800	2,054 <sup>1/</sup>	82
Total				486

<sup>1/</sup> The total CWE is higher than the appropriated amount because prior year funding (FY 2014) was used in below threshold reprogrammings to cover increased costs.



Bid Expiration Date: August 9, 2021

Family Housing Construction, Air Force

Reprogramming Request

Installation: Kadena Air Base, Japan

Project: Improve Family Housing (North Foster Tower)

Authorization: National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2017,  
Public Law 114-328

Estimated Cost (\$000):

Previously Appropriated	52,307
Previously Reprogrammed	0
Requested Reprogramming	28,674
Total Estimated Cost	80,981

Project Description: This project will provide whole house interior and exterior modernization, renovation and repair of three family housing towers (204 units). Upgrades interior and exterior utility and communication infrastructure to meet current standards. Improves playgrounds and recreation areas.

Justification: The cost of the project has increased due to current market conditions. A shortage of skilled trade labor, increasing material prices, and strong private and public sector construction demand has resulted in U.S. DoD projects receiving few bids at higher than projected costs. The 2018 Japan Market Survey indicated a continued downward trend in labor and contractor availability, with a resulting backlog of projects to be completed in the Okinawa area. In addition, with award in FY 2021, inflation has contributed to the cost increase of this FY 2017 project.

A 10 U.S.C. §2853 cost variation notification dated April 7, 2021 was submitted to Congress.

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>
Spangdahlem Air Base, GY Construct Deficit Military Family Housing	2020	53,584	0 <sup>1/</sup>	28,674
Total				28,674

<sup>1/</sup> A 10 U.S.C. §2853 cancelation notification dated April 2, 2021 was submitted to Congress.