



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

COMPTROLLER

JUN 22 2022

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> Baumholder, Germany | Family Housing Improvements | 2018 | 5,500,000 |
| 2 | <u>Navy</u> Joint Base Pearl Harbor- Hickam (Wahiawa), Hawaii | Communications / Crypto Facility | 2018 | 6,487,000 |
| 3 | Hill Air Force Base, Utah | D5 Missile Motor Receipt / Storage Facility – Inc 1 | 2019 | 43,037,000 |
| 4 | Joint Region Marianas, Guam | Earth Covered Magazines | 2019 | 35,605,000 |
| 5 | Naval Base Ventura, California | Missile Assembly Building & High Explosive Magazine | 2019 | 25,360,000 |
| 6 | Marine Corps Air Station Beaufort, South Carolina | Cryogenics Facility | 2019 | 9,878,000 |
| 7 | Parris Island, South Carolina | Range Improvements & Modernization Phase 3 | 2020 | 16,000,000 |
| 8 | Yokosuka, Japan | Whole House Revitalization, Ikego Townhouse, PH1 | 2020 | 3,756,000 |
| 9 | <u>Air Force</u> Joint Base McGuire-Dix- Lakehurst, New Jersey | Munitions Storage Area | 2021 | 5,138,000 |
| 10 | <u>Army National Guard</u> Havre de Grace, Maryland | Combined Support Maintenance Shop | 2020 | 12,760,000 |

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



UNDER SECRETARY OF DEFENSE
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WASHINGTON, DC 20301-1100

JUN 22 2022

COMPTROLLER

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.

| # | <u>Service/Agency/Installation</u> | <u>Project</u> | <u>Program</u> | <u>Request (\$)</u> |
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A handwritten signature in blue ink that reads "Michael McCord". The signature is fluid and cursive, with the first name "Michael" and last name "McCord" clearly legible.

Michael McCord

Enclosures:
As stated

cc:
The Honorable John Boozman
Ranking Member

Bid Expiration Date: September 30, 2022

Family Housing Construction, Army

Reprogramming Request

Installation: Baumholder, Germany

Project: Family Housing Improvements

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

Estimated Cost (\$000):

| | |
|-------------------------|--------|
| Previously Appropriated | 34,156 |
| Previously Reprogrammed | 0 |
| Requested Reprogramming | 5,500 |
| Total Estimated Cost | 39,656 |

Project Description: This project will provide Whole Neighborhood Revitalization (WNR) of four multiplex housing buildings in the Baumholder community. Project reconfigures and renovates existing undersized apartments into 80 family housing dwelling units (64 three bedroom and 16 four bedroom) meeting current standards situated within four low-rise apartment buildings.

Justification: Due to high bids, Army was only able to award the renovation of 32 units (24 three bedroom and 8 four bedroom) within two low-rise apartment buildings. Additional funds are needed to award the renovation of a third low-rise apartment building. This will bring the total number of new housing units awarded to 48 (36 three-bedroom and 12 four-bedroom). This will allow the Army to award 56% of the number of three-bedroom dwelling units scope (36 out of 64) and 75% of the number of four bedroom dwelling units scope (12 of 16). Army provided a 10 U.S.C. §2853 scope variation notification dated June 6, 2022 to Congress for the 44% reduction in the number of three bedroom dwelling units to be awarded.

There are several factors that have resulted in the need for this reprogramming request:

- The project was requested in the FY2018 Presidents Budget submission. With the delays that resulted from the initial high bids and time needed to redesign and resolicit the project, the magnitude of the cost escalation in the construction industry currently being experienced was not accounted for.

- The continued demand for construction in the Baumholder area has limited contractor capacity and contributed to higher bids than originally anticipated.
- COVID has also contributed to the increased project cost with disruptions in the supply chain, decreased product production and border shutdowns cutting off construction materials and skilled laborers.

A 10 U.S.C. §2853 scope variation notification dated June 6, 2022 was submitted to the Congressional committees.

Source of Funds: Savings from the following projects are cited as a 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> |
|--|--------------------|----------------------------|---------------------------------|-------------------------------|
| Natick Soldier Systems Center, MA Family Housing Replacement Construction | 2018 | 29,500 ^{1/} | 28,407 | 1,000 |
| Camp Humphreys, KO Family Housing New Construction | 2020 | 66,867 ^{2/} | 59,750 | 4,500 |
| Total | | | | 5,500 |

^{1/} Project was appropriated at \$21,000K in FY2018. A congressional reprogramming was required to award this project. The reprogramming for \$8,500K was approved May 2020. This project is 99% complete and not all the contingency funds were required to complete the project.

^{2/} The original appropriated amount for the 4th increment of this project was \$83,167K. Since then, there have been two Congressionally approved reprogramming requests for \$8,000K (FY 2021 AFH P&D – approved July 2021) and \$8,300 (FY 2018 Army Family Housing New Construction at Kwajalein Atoll – approved May 2021).

Bid Expiration Date: September 15, 2022

Military Construction, Navy and Marine Corps

Reprogramming Request

Installation: Joint Base Pearl Harbor-Hickam (Wahiawa), Hawaii
Project: Communications / Crypto Facility
Authorization: National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2018,
Public Law 115-91

Estimated Cost (\$000):

| | |
|-------------------------|---------------------|
| Previously Appropriated | 65,864 |
| Previously Reprogrammed | 1,999 ^{1/} |
| Requested Reprogramming | 6,487 |
| Total Estimated Cost | 74,350 |

^{1/} The Previously Reprogrammed amount is the result of a below threshold reprogramming action.

Project Description: Project renovates three existing buildings and constructs a new administration building to accommodate personnel supporting the Combatant Commander, Cyber Protection Teams, and Naval Computer and Telecommunications Area Master Station organization.

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

- o Direct Digital Control (DDC) system: The Heating, Ventilation, and Air Conditioning (HVAC) systems for these facilities were designed as stand-alone systems. However, after the project was awarded, a platform enclave was developed which required that the DDCs be connected to the base-wide control system. Redesign of the HVAC systems, for compatibility with the platform enclave, is required in accordance with cybersecurity requirements outlined in Department of Defense criteria.
- o Hazardous material removal: A post-award in-depth hazardous material survey of Building 10 determined that significant quantities of hazardous materials that require handling, removal and disposal were not identified in the original contract requirements. Based on this survey, there is a large quantity of asbestos, lead-based paint, arsenic, polychlorinated biphenyl (PCBs), mercury, and mold that requires remediation and removal.

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

Source of Funds: Savings from the following project is cited as a 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> |
|---|--------------------|----------------------------|---------------------------------|-------------------------------|
| Joint Base Pearl Harbor Hickam, HI Magazine Consolidation, Phase 1 | 2020 | 53,790 | 40,516 ^{1/} | 6,486 |
| Total | | | | 6,486 |

^{1/} A 10 U.S.C. §2853 cost reduction notification dated May 5, 2022 was submitted to the Congressional committees.

Bid Expiration Date: August 26, 2022

Military Construction, Navy and Marine Corps

Reprogramming Request

Installation: Hill Air Force Base, Utah

Project: D5 Missile Motor Receipt / Storage Facility – Inc 1

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

Estimated Cost (\$000):

| | |
|-------------------------|-----------------------|
| Previously Appropriated | 105,520 ^{//} |
| Previously Reprogrammed | 0 |
| Requested Reprogramming | 43,037 |
| Total Estimated Cost | 148,557 |

^{//} Authorization for this project was \$105.520 million in the FY 2019 NDAA. Appropriations for this project total \$105.520 million (FY 2019: \$55.0 million; FY 2020: \$50.52 million).

Project Description: Constructs approximately fifteen miles of railroad track, turnouts, turn-around and a rail car holding area. Additionally, the project included the construction of eighteen missile motor storage magazines, each with mechanical rooms, an elevated concrete loading dock and floor with air-pallet-bearing surface and reinforced concrete foundation. The project also will provide a single-story steel-framed, metal-insulated-paneled wall and roof pre-engineered building motor transfer facility.

Justification: The railroad, rail car holding area, motor transfer facility, and nine magazines were awarded at \$101.45 million on June 24, 2020, inclusive of contingency and SIOH. The acquisition of the nine remaining magazines are in procurement.

The requirement for additional funding is attributable to the following:

- Market conditions: There have been significant increases in labor costs and material pricing across all major construction commodities due to material shortages, supply-chain delays, transportation cost increases, and increases in demand for building materials. Unique to this project, the quantity of materials required for the construction of concrete components is only available from one locally-based concrete producer. This single source limited the range of bids since this subcontracted aspect was fixed.

- Change in technical solution and differing site conditions: The motor transfer facility and magazines are located on a constrained site requiring major concrete components to be pre-cast and transported to the project site. For other portions of the project, there were different site conditions associated with activities such as fifteen miles of new railroad track. Access to the construction site was challenging due to no paved access roads and limited availability for staging equipment and materials.
- Delayed access rights: The location of the work associated with the rail lines required acquisition of right-of-way from the railroad company and the State of Utah Institutional Trust Lands Administration. The existing contract was awarded with support from the United States Army Corps of Engineers without these agreements in hand. In addition, a relocation and access agreement with an energy provider to relocate a natural gas pipeline for the project was also required. These delays slowed progress of the railroad construction work and resulted in increased labor and overhead costs to the current construction contract.
- Contingency and Supervision, Inspection & Overhead (SIOH) Costs: The contingency and SIOH increased due to higher construction costs.

A 10 U.S.C. §2853 cost variation notification dated May 13, 2022 was submitted to the Congressional committees.

Source of Funds: Savings from the following project is cited as a 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> |
|---|--------------------|----------------------------|---------------------------------|-------------------------------|
| Mayport, FL Advanced Wastewater Treatment Plant | 2018 | 74,994 | 20,000 ^{1/} | 43,037 |
| Total | | | | 43,037 |

^{1/} A 10 U.S.C. §2853 cost reduction notification dated May 10, 2022 was submitted to the Congressional committees.

Bid Expiration Date: September 15, 2022

Military Construction, Navy and Marine Corps

Reprogramming Request

Installation: Joint Region Marianas, Guam

Project: Earth Covered Magazines

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

Estimated Cost (\$000):

| | |
|-------------------------|--------|
| Previously Appropriated | 52,270 |
| Previously Reprogrammed | 0 |
| Requested Reprogramming | 35,605 |
| Total Estimated Cost | 87,875 |

Project Description: Constructs 12 earth covered magazines to support the relocation of Marine Corps operations and assets from Okinawa, Japan to Guam as part of an agreement between the Government of Japan and the United States. The project also constructs two open partially covered operations pads and an ammunition rework and overhead shop.

Justification: This project was initially planned for award in April 2019, but ran into schedule delays due to Guam State Historic Preservation Office requirements for additional cultural resource surveys. This resulted in the project's deferral in September 2019 under 10 U.S.C. §2808 as authorized by the Secretary of Defense. Construction contract award of the full project was delayed until funds were restored in July 2021. Within funds available, an initial contract for four earth covered magazines, site work, utilities, and security fencing was awarded on January 11, 2022.

The cost increase is attributable to the following:

- Market conditions: During the two-year delay, there have been significant increases in labor and material costs for all major construction commodities due to material shortages, supply chain delays, transportation cost increases, and increases in demand for building materials. Specific to this project, there is significant demand for carpenters, cement masons, and reinforcing metal workers. Each of these occupations has seen significant wage rate increases.

- o Contingency and Supervision, Inspection & Overhead (SIOH) Costs: The contingency and SIOH increased due to higher construction costs.

A 10 U.S.C. §2853 cost variation notification dated May 10, 2022 was submitted to the Congressional committees.

Source of Funds: Savings from the following projects are cited as a 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> |
|--|--------------------|----------------------------|---------------------------------|-------------------------------|
| Joint Region Marianas, GU Corrosion Control Hangar | 2018 | 66,747 | 54,947 | 11,800 |
| Albany, GA Combat Vehicle Warehouse | 2018 | 43,300 | 27,723 ^{1/} | 5,577 |
| Joint Region Marianas, GU Water Well Field | 2019 | 56,088 | 51,409 | 4,679 ^{2/} |
| Joint Region Marianas, GU MALS Facilities | 2018 | 49,431 | 45,631 | 3,800 |
| Joint Region Marianas, GU Ordnance Operations | 2019 | 22,020 | 18,737 | 3,283 |
| Joint Region Marianas, GU Aircraft Maintenance Hangar #2 | 2018 | 75,233 | 72,123 | 3,109 |
| Yorktown, VA Bachelor Enlisted Quarter | 2018 | 36,358 | 34,358 | 1,146 |
| Barstow, CA Combat Vehicle Repair Facility | 2018 | 28,119 ^{3/} | 27,319 ^{4/} | 800 |
| Camp Pendleton, CA Electrical Upgrades | 2019 | 4,020 | 3,447 | 573 |
| Joint Region Marianas, GU Distribution Warehouse | 2021 | 77,930 | 57,610 | 458 |

| <u>Location/Project</u> | <u>Fiscal Year</u> | <u>Amount Appropriated</u> | <u>Current Working Estimate</u> | <u>Proposed Reprogramming</u> |
|--|--------------------|----------------------------|---------------------------------|-------------------------------|
| Indian Island, WA Missile Magazines | 2018 | 44,440 | 41,514 | 380 |
| Total | | | | 35,605 |

^{1/} A 10 U.S.C. §2853 cost reduction notification dated May 5, 2022 was submitted to the Congressional committees.

^{2/} FY 2018 project which was deferred under Section 2808, Title 10 United States Code as authorized by the Secretary of Defense. Project funding was later restored in July 2021 with FY 2018 (\$21.678 million) and 2019 (\$34.41 million) funds. Savings cited are from FY 2019 funds.

^{3/} Reflects a revised PA of \$28.119M as a result of a \$2.564M reprogramming decrease approved by Congress in May 2019 and a \$5.856M reprogramming decrease approved by Congress in April 2021.

^{4/} A 10 U.S.C. 2853 cost reduction notification dated May 10, 2022 was submitted to the Congressional committees.

Bid Expiration Date: July 27, 2022

Military Construction, Navy and Marine Corps

Reprogramming Request

Installation: Naval Base Ventura, California
Project: Missile Assembly Building & High Explosive Magazine
Authorization: John S. McCain National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2019, Public Law 115-232

Estimated Cost (\$000):

| | |
|-------------------------|--------|
| Previously Appropriated | 31,010 |
| Previously Reprogrammed | 0 |
| Requested Reprogramming | 25,360 |
| Total Estimated Cost | 56,370 |

Project Description: Constructs a missile assembly and test building (MATB) at San Nicolas Island to support the supersonic missile test and evaluation and Fleet anti-ships cruise missile threat training and certification on the Navy Sea Range. The MATB facility provides space for missile section buildup, horizontal assembly, disassembly, and checkout.

Justification: The MATB was awarded at \$23.811 million on September 26, 2019. The initial contract award provided for the construction of the MATB. The magazine and concrete surrounding both facilities were not part of the initial contract award.

The cost increase is attributable to the following:

- Market conditions: Projects in the southern California area are experiencing material shortages and cost increases, as well as labor shortages that are compounded by low regional unemployment levels. There have been significant increases in labor costs and material pricing across all major construction commodities due to material shortages, supply-chain delays, transportation cost increases, and increases in demand for building materials.
- Remote location: The project is located on San Nicolas Island and requires all materials and equipment to be “barged” from the mainland approximately 60 miles. Often in summer months, barge delivery to the island cannot be completed because sea conditions are too rough to use the Navy’s open ocean roll-on/roll-off pier facility.

- o Environmental mitigation: The project site was selected to avoid known archaeology sites and therefore did not account for cultural resource monitoring. However, tribal consultations continued after the enactment of the project, resulting in a requirement to monitor all ground disturbing activities.
- o Contingency and Supervision, Inspection & Overhead (SIOH) Costs: The contingency and SIOH increased due to higher construction costs.

A 10 U.S.C. §2853 cost variation notification dated May 13, 2022 was submitted to the Congressional committees.

Source of Funds: Savings from the following projects are cited as a 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> |
|--|--------------------|----------------------------|---------------------------------|-------------------------------|
| Mayport, FL Advanced Wastewater Treatment Plan | 2018 | 74,994 | 20,000 ^{1/} | 11,614 |
| San Diego, CA LCS Mission Module Readiness Center | 2019 | 19,500 | 14,394 ^{2/} | 5,106 |
| Whidbey Island, WA Fleet Supporting Facility | 2019 | 19,450 | 14,450 ^{3/} | 5,000 |
| Joint Base Pearl Harbor Hickam, HI Magazine Consolidation, Phase 1 | 2020 | 53,790 | 40,516 ^{4/} | 3,094 |
| Indian Island, WA Missile Magazines | 2018 | 44,440 | 41,514 | 546 |
| Total | | | | 25,360 |

^{1/} A 10 U.S.C. §2853 cost reduction notification dated May 10, 2022 was submitted to the Congressional committees.

^{2/} A 10 U.S.C. §2853 cost reduction notification dated May 3, 2022 was submitted to the Congressional committees.

^{3/} A 10 U.S.C. §2853 cost reduction notification dated May 5, 2022 was submitted to the Congressional committees.

^{4/} A 10 U.S.C. 2853 cost reduction notification dated May 5, 2022 was submitted to the Congressional committees.

Bid Expiration Date: July 31, 2022

Military Construction, Navy and Marine Corps

Reprogramming Request

Installation: Marine Corps Air Station Beaufort, South Carolina

Project: Cryogenics Facility

Authorization: John D. McCain National Defense Authorization Act for Fiscal Year 2019,
Public Law 115-232

Estimated Cost (\$000):

| | |
|-------------------------|--------|
| Previously Appropriated | 6,300 |
| Previously Reprogrammed | 0 |
| Requested Reprogramming | 9,878 |
| Total Estimated Cost | 16,178 |

Project Description: Constructs a cryogenics facility that includes a liquid oxygen and nitrogen production section, as well as administrative and maintenance spaces. The project will also provide a covered storage area for gas cylinders.

Justification: The cost increase is attributable to the following:

- Market conditions: There have been significant increases in labor costs and material pricing across all major construction commodities due to material shortages, supply-chain delays, transportation cost increases, and increases in demand for building materials.
- Limited qualified contractors: Liquid oxygen and nitrogen production is complex and requires highly specialized contractors and subcontractors which are not locally available. This reduced the number of qualified bidders from what was expected during the development of the project cost estimate and resulted in higher than expected bid prices.
- Unique facility size: Qualified contractors typically build large industrial liquid and nitrogen production facilities. The small size of the project increases complexity and risk to an already unique facility; the risk resulted in increased costs in the contractor proposals.
- Contingency and Supervision, Inspection and Overhead (SIOH): The contingency and SIOH increased due to higher construction costs.

A 10 U.S.C. §2853 cost variation notification dated May 13, 2022 was submitted to the Congressional committees.

Source of Funds: Savings from the following projects are cited as a 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> |
|--|--------------------|----------------------------|---------------------------------|-------------------------------|
| Miramar, CA F-35 Simulator Facility | 2018 | 47,600 | 40,494 | 5,200 |
| San Diego, CA Pier 8 Replacement (INC) | 2020 | 59,353 | 54,353 | 3,824 |
| Yorktown, VA Bachelor Enlisted Quarters | 2018 | 36,358 | 34,358 | 854 |
| Total | | | | 9,878 |

Bid Expiration Date: July 31, 2022

Military Construction, Navy and Marine Corps

Reprogramming Request

Installation: Parris Island, South Carolina

Project: Range Improvements & Modernization Phase 3

Authorization: National Defense Authorization Act for Fiscal Year 2020, Public Law 116-92

Estimated Cost (\$000):

| | |
|-------------------------|--------|
| Previously Appropriated | 37,200 |
| Previously Reprogrammed | 0 |
| Requested Reprogramming | 16,000 |
| Total Estimated Cost | 53,200 |

Project Description: This is the third of four phases to replace the rifle ranges in the Chosin Range complex at Parris Island. Range construction includes target area range berms, range side walls with acoustic insulation, retaining walls, safety side walls, a safety tunnel, maintenance roads and proper grades for drainage and firing.

Justification: The cost increase is attributable to the following:

- Delayed execution: Training requirements at Parris Island require that three out of the four ranges are operational at all times. Heavy rains and flooding delayed the construction of the phase two project causing a delay in the procurement of this project by approximately two years, over which time market conditions changed.
- Market conditions: There have been significant increases in labor costs and material pricing across all major construction commodities due to material shortages, supply-chain delays, transportation cost increases, and increases in demand for building materials.
- Supply Chain Disruptions: The COVID-19 pandemic has reduced the production of goods and services resulting in delayed delivery and long lead times. Job vacancies have been difficult to fill and a nationwide shortage of truck drivers impacts the distribution of both raw and finished materials and products.
- Contingency and Supervision, Inspection and Overhead (SIOH): The contingency and SIOH increased due to higher construction costs.

A 10 U.S.C. §2853 cost variation notification dated May 10, 2022 was submitted to the Congressional committees.

Source of Funds: Savings from the following projects are cited as a 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> |
|---|--------------------|----------------------------|---------------------------------|-------------------------------|
| Albany, GA Combat Vehicle Warehouse | 2018 | 43,300 | 27,723 // | 10,000 |
| Guantanamo Bay, GB Solid Waste Management Facility | 2019 | 85,000 | 64,621 | 5,000 |
| San Diego, CA Pier 8 Replacement (INC) | 2020 | 59,353 | 54,353 | 1,000 |
| Total | | | | 16,000 |

// A 10 U.S.C. 2853 cost reduction notification dated May 5, 2022 was submitted to the Congressional committees.

Bid Expiration Date: July 31, 2022

Family Housing Construction, Navy and Marine Corps

Reprogramming Request

Installation: Yokosuka, Japan

Project: Whole House Revitalization, Ikego Townhouse, PH1

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

Estimated Cost (\$000):

| | |
|-------------------------|--------|
| Previously Appropriated | 9,802 |
| Previously Reprogrammed | 0 |
| Requested Reprogramming | 3,756 |
| Total Estimated Cost | 13,558 |

Project Description: Revitalize existing family townhouse units, to include interior and exterior repair and modernization. The project will also modernize the electrical, communications, heating ventilation and air conditioning, fire protection systems. Site improvements include storm sewer system repairs, sidewalk and patio repair, turf and tree replacements and site grading.

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

- Housing inventory requirements: During design development, the installation required construction-delivery requirements that were not considered in the original cost estimate. In order to maintain the required available inventory, a phased approach for housing renovation is required, which drives cost increases as economies of scale are lost.
- Market conditions: The project was solicited prior to the 2020 Summer Olympic Games. The localized cost increases anticipated during project development were not adequate to address the actual market conditions realized during bidding. The major projects associated with the Olympic development around Tokyo resulted in unfavorable offers on U.S. funded military construction projects.
- COVID-19 impacts: Requirements due to COVID-19 restrictions and mitigations are increasing labor and material costs. Shipping delays are affecting the supply of construction materials further impacting productivity.

- o Contingency and Supervision, Inspection & Overhead (SIOH) Costs: The contingency and SIOH increased due to higher construction costs.

A 10 U.S.C. §2853 cost variation notification dated May 10, 2022 was submitted to the Congressional committees.

Source of Funds: Savings from the following project is 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> |
|---|--------------------|----------------------------|---------------------------------|-------------------------------|
| Yokosuka, JA Whole House Revitalization, Ikego Townhouse, PH2 | 2021 | 37,043 | 33,287 | 3,756 |
| Total | | | | 3,756 |

Bid Expiration Date: August 8, 2022

Military Construction, Air Force

Reprogramming Request

Installation: Joint Base McGuire-Dix-Lakehurst, New Jersey

Project: Munitions Storage Area

Authorization: William M. (Mac) Thornberry National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2021, Public Law 116-283

Estimated Cost (\$000):

| | |
|-------------------------|--------|
| Previously Appropriated | 22,000 |
| Previously Reprogrammed | 0 |
| Requested Reprogramming | 5,138 |
| Total Estimated Cost | 27,138 |

Project Description: The project will provide 27 concrete earth covered igloos with blast-resistant concrete foundations, floors, walls and ceilings. Construction includes a munitions maintenance administration facility, a munitions maintenance shop facility, and a slab and overhead monorail hoist system.

Justification: The cost increase is due to escalation in construction supplies and raw materials, as well as domestic steel and aluminum prices, which also impacts concrete reinforcing and metal stud framing. There have been significant increases in labor costs and material pricing across all major construction commodities due to material shortages, supply-chain delays, transportation cost increases, and increases in demand for building materials.

A 10 U.S.C. §2853 cost variation notification dated May 10, 2022 was submitted to the Congressional committees.

Source of Funds: Funds from the following projects will fund 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> |
|---|------------------------|--------------------------------|---|-----------------------------------|
| Edwards Air Force Base (AFB), CA Joint Simulation Environment Facility | 2020 | 43,000 | 38,397 | 517 |
| Eglin AFB, FL Cyberspace Test Facility | 2020 | 38,000 | 31,855 | 1,406 |
| Peterson AFB, CO Water Well Field | 2020 | 54,000 | 51,049 | 2,951 |
| Little Rock AFB, AK C-130H/J Fuselage Trainer Facility | 2020 | 47,000 | 39,788 | 264 |
| Total | | | | 35,605 |

Bid Expiration Date: September 5, 2022

Military Construction, Army National Guard

Reprogramming Request

Installation: Havre de Grace, Maryland

Project: Combined Support Maintenance Shop (CSMS)

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

Estimated Cost (\$000):

| | |
|-------------------------|--------|
| Previously Appropriated | 12,000 |
| Previously Reprogrammed | 0 |
| Requested Reprogramming | 12,760 |
| Total Estimated Cost | 24,760 |

Project Description: This project builds a specially designed National Guard Combined Support Maintenance Shop (CSMS) at Havre de Grace, Maryland. This CSMS facility will provide sustainment maintenance for a wide range of Army ground equipment. This facility will also support Maryland Army National Guard (MDARNG) units in meeting Army directed equipment standards and the ongoing materiel readiness requirements of the MDARNG.

Justification: Costs have increased due to material shortages and increased lead times, resulting in construction cost increases. Supply chain disruptions, resulting primarily from the COVID pandemic, have led to material shortages and created lead times of up to one year for project items such as pre-engineered buildings, roofing materials, and electrical components. The formal reprogramming will ensure the facility is complete and useable.

A 10 U.S.C. §2853 cost variation notification dated May 10, 2022 was submitted to the Congressional committees.

Source of Funds: Savings from the following projects are cited as a 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> |
|--|--------------------|----------------------------|---------------------------------|-------------------------------|
| Gowen Field, Boise, ID Enlisted Barracks, Transient Training | 2018 | 9,000 | 7,865 | 1,134 |
| Sykesville, MD Readiness Center | 2018 | 19,000 | 17,704 | 531 |
| Fort Pickett, VA Training Aid Center | 2018 | 4,550 | 4,378 | 172 |
| Springfield, MO Aircraft Maintenance Hanger addition (AVCRAD) | 2018 | 32,000 | 24,871 | 5,920 |
| Camp Dodge, IA Vehicle Maint. Instructional Building Add/Alt | 2018 | 8,500 | 6,667 | 1,832 |
| Orchard Training Area, ID Aircraft Digital Air/Ground Integration Range | 2018 | 22,000 | 21,958 | 41 |
| Fort Leavenworth, KS Enlisted Barracks TT | 2018 | 19,000 | 18,828 | 172 |
| Joint Base Elmendorf- Richardson, AK United States Property and Fiscal Office | 2019 | 27,000 | 22,618 | 2,958 |
| Total | | | | 12,760 |