



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

OCT 20 2022

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 are enclosed.

#	<u>Service/Agency/Installation</u>	<u>Project</u>	<u>Program</u>	<u>Request (\$)</u>
	<u>Army</u>			
1	Lucius D Clay Kaserne, Germany	Administrative Building	2018	9,300,000
	<u>Air Force</u>			
2	Ellsworth Air Force Base (AFB), South Dakota	B-21 ADAL Flight Simulator	2022	22,214,000
3	Ellsworth AFB, South Dakota	B-21 Washrack & Maintenance Hangar	2022	16,305,000
4	Wright-Patterson AFB, Ohio	Improve Family Housing	2020	45,492,000
	<u>U.S. Special Operations Command</u>			
5	Fort Benning, Georgia	SOF Battalion Headquarters Facility	2022	14,705,000

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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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>
	<u>Army</u>			
1	Lucius D Clay Kaserne, Germany	Administrative Building	2018	9,300,000
	<u>Air Force</u>			
2	Ellsworth Air Force Base (AFB), South Dakota	B-21 ADAL Flight Simulator	2022	22,214,000
3	Ellsworth AFB, South Dakota	B-21 Washrack & Maintenance Hangar	2022	16,305,000
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	<u>U.S. Special Operations Command</u>			
5	Fort Benning, Georgia	SOF Battalion Headquarters Facility	2022	14,705,000

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: November 15, 2022

Military Construction, Army

Reprogramming Request

Installation: Lucius D Clay Kaserne, Germany

Project: Administrative Building

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

Estimated Cost (\$000):

Previously Appropriated	43,000
Previously Reprogrammed	0
Requested Reprogramming	9,300
Total Estimated Cost	52,300

Project Description: This project supports the European Infrastructure Consolidation (EIC) and constructs an administrative building to include administrative areas, training/conference areas, an Emergency Operations Center, storage, mail distribution and demolition. The project also includes construction of an interior access road.

Justification: Additional resources are required due to contaminated soil, inflationary costs and COVID-19 required precautions. The volume of contaminated soil encountered during construction has increased over 1,000% from the estimated quantities when the project was programmed. This discovery resulted in unforeseen costs for temporary storage and for clean backfill material. Additionally, inflationary factors have contributed to higher costs for hauling the soil and landfill fees. COVID-19 also contributed to the increased project costs and delay due to required hygiene measures including cleaning, sanitizing, and additional COVID-19 testing of construction crew. The extent of the remediation and disposal were unknown at the time of the award, it is considered a differing site condition and an antecedent liability of the original contract payable to the contractor. Thus, current year funding can be used to cover the antecedent liability.

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>
Humphreys Engineering Center, VA Training Support Facility	2021	51,000	35,220 <sup>1/</sup>	9,300

<sup>1/</sup> A 10 U.S.C. §2853 cost variation notification dated August 4, 2022, was sent to the congressional committees, reflecting a current working estimate of \$35.2 million.

Bid Expiration Date: November 14, 2022

Military Construction, Air Force

Reprogramming Request

Installation: Ellsworth Air Force Base (AFB), South Dakota

Project: B-21 ADAL Flight Simulator

Authorization: National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2022,  
Public Law 117-81

Estimated Cost (\$000):

Previously Appropriated	24,000
Previously Reprogrammed	0
Requested Reprogramming	22,214
Total Estimated Cost	46,214

Project Description: This project will construct an addition to Building 8205 to support the transition of the facility from a B-1 simulator facility into a B-21 simulator facility. B-1 and B-21 operations will occur concurrently until the transition to the B-21 is completed.

Justification: The increased cost is due to the impacts of nationwide economic conditions, including supply chain disruptions, labor shortages, and fuel/material cost increases, as well as uncertainty in material and labor costs and availability over the next two years. Construction materials including steel mill products, aluminum, gypsum, and concrete have experienced significant price increases. Higher diesel fuel prices have increased transportation costs for delivery of equipment and materials. In addition, contractors have added contingency to their bids to mitigate future market volatility and uncertainty.

A 10 U.S.C. §2853 cost variation notification dated June 3, 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>
Kirtland AFB, NM UH-1 Replacement Facility	2020	22,400 <sup>1/</sup>	0 <sup>1/</sup>	19,018
Joint Base San Antonio- Lackland, TX BMT Classrooms/Dining Facility 4	2020	38,000 <sup>2/</sup>	0 <sup>2/</sup>	3,196
Total				22,214

<sup>1/</sup> A 10 U.S.C. §2853 cancellation notification dated April 20, 2021, was submitted to the congressional committees.

<sup>2/</sup> A 10 U.S.C. §2853 cancellation notification dated June 7, 2022, was submitted to the congressional committees.

Bid Expiration Date: November 14, 2022

Military Construction, Air Force

Reprogramming Request

Installation: Ellsworth Air Force Base (AFB), South Dakota  
Project: B-21 Washrack & Maintenance Hangar  
Authorization: National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2022,  
Public Law 117-81

Estimated Cost (\$000):

Previously Appropriated	65,000
Previously Reprogrammed	0
Requested Reprogramming	16,305
Total Estimated Cost	81,305

Project Description: This project will construct a 2-bay general purpose aircraft maintenance hangar and washrack facility in support of the new B-21 weapons system to clean aircraft in conjunction with periodic maintenance.

Justification: The increased cost is due to the impacts of nationwide economic conditions, including supply chain disruptions, labor shortages, and fuel/material cost increases, as well as uncertainty in material and labor costs and availability over the next two years. Construction materials including steel mill products, aluminum, gypsum, and concrete have experienced significant price increases. Higher diesel fuel prices have increased transportation costs for delivery of equipment and materials. In addition, contractors have added contingency to their bids to mitigate future market volatility and uncertainty.

A 10 U.S.C. §2853 cost variation notification dated August 4, 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>
Kirtland AFB, NM UH-1 Replacement Facility	2020	22,400	0 <sup>1/</sup>	3,382
Little Rock AFB, AR Dormitory	2020	37,268 <sup>2/</sup>	33,008 <sup>3/</sup>	4,260
Schriever Space Force Base, CO Consolidated Space Operations Facility	2020	148,000	138,178	8,663
Total				16,305

<sup>1/</sup> A 10 U.S.C. §2853 cancellation notification dated April 20, 2021, was submitted to the congressional committees.

<sup>2/</sup> FY 2018 Appropriation provided \$20.0 million; FY 2020 Appropriation provided cost-to-complete amount of \$7.0M; FY 2021 above-threshold reprogramming provided \$10.268 million for total of \$37.268 million.

<sup>3/</sup> A 10 U.S.C. §2853 cost variation notification dated June 1, 2021, was submitted to the congressional committees. Project awarded at \$33.008 million.



Bid Expiration Date: November 18, 2022

Family Housing Construction, Air Force

Reprogramming Request

Installation: Wright-Patterson Air Force Base, Ohio

Project: Improve Family Housing

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

Estimated Cost (\$000):

Previously Appropriated	35,775
Previously Reprogrammed	0
Requested Reprogramming	45,492
Total Estimated Cost	81,267

Project Description: This project provides whole-house interior and exterior modernization, renovation, and repair of 29 (20 general officer, 8 senior officer, and 1 field grade officer) family housing units.

Justification: The initial project solicitation resulted in significantly high bids due to historic preservation requirements, labor, and material costs. The project was re-solicited with bids still well above the budgeted amount.

These 29 homes built in 1935-43 are part of the Brick Quarters Historic District (BQHD), which was enrolled on the National Register of Historic Places in 2018. The BQHD embodies the distinctive characteristics of a type, period and method of construction. The Secretary of the Interior's Standards for Rehabilitation outlines the preferred method of material selection for historic structure rehabilitation. The Standards for Rehabilitation increase costs. For example, Clay tile roofing, a feature for the homes to maintain their historical significance, is more expensive than standard shingle roofing or even metal decking. There are only three manufacturers of these clay tiles in the country, thus limiting competition in cost of materials. In another example, the window openings of these homes, unlike modern homes, are each unique. Within the same home every window opening will require a custom fabricated window to fit. No one window will fit another window opening in the same house, or the other houses, resulting in a loss of economy of scale and higher costs.

Increased costs are also due to the impacts of nationwide economic conditions including labor shortages, material cost increases, and supply chain disruptions. The lack of available skilled

and unskilled labor has led to higher wage rates. Materials like lumber and copper have experienced significant price increases. Supply chain delays increase risk to the contractors' schedule and cost resulting in added project contingency costs.

A 10 U.S.C. §2853 cost and scope variation notification dated June 3, 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>
Kadena Air Base, JA Improve Family Housing, PAIP 15 (117UN)	2021	94,245	0 <sup>1/</sup>	45,492

<sup>1/</sup> A 10 U.S.C. §2853 cancellation notification dated March 11, 2022, was submitted to the congressional committees.

Bid Expiration Date: December 30, 2022

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

Reprogramming Request

Installation: Fort Benning, Georgia

Project: SOF Battalion Headquarters Facility

Authorization: National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2022,  
Public Law 117-81

Estimated Cost (\$000):

Previously Appropriated	62,000
Previously Reprogrammed	0
Requested Reprogramming	14,705
Total Estimated Cost	76,705

Project Description: Construct a Battalion Headquarters facility and two Company Operations facilities with administrative, sensitive compartmented information facility, classrooms, readiness areas, arms room vault, secure storage, unit storage, lockers, toilets, showers, and parking areas.

Justification: An additional \$14.705 million is needed to award a complete and useable project that meets mission requirements. The cost increase is due to local construction market conditions associated with supply chain shortages for structural steel, Portland cement, and lumber. Decreased available skilled workers and a high volume of new projects in this region also contributed to the cost increase.

A 10 U.S.C. §2853 cost variation notification dated August 4, 2022, was submitted to the congressional committees.

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>
Ft. Bragg, NC SOF Group Headquarters	2021	53,100	39,922	8,000
Ft. Bragg, NC SOF Human Platform-Force Generation Facility	2020	43,000	32,378	4,705
Joint Expeditionary Base Little Creek-Story, VA SOF Dry Combat Submersible Operations Facility and Command	2021	54,500	51,500	2,000
Total				14,705