



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

JUN 26 2023

COMPTROLLER

The Honorable John Carter  
Chairman  
Subcommittee on Military Construction,  
Veterans Affairs, and Related Agencies  
Committee on Appropriations  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Chairman:

The purpose of this letter is to request committee approval of the proposed reprogramming of funds for the projects and amounts shown below. Detailed justification for the projects is enclosed.

#	<u>Service/Agency/Installation</u>	<u>Project</u>	<u>Program</u>	<u>Request (\$)</u>
	<u>Navy</u>			
1	Naval Station Rota, Spain	EDI: Joint Mobility Center	2020	49,125,000
	<u>DoD Education Activity</u>			
2	Camp McTureous, Okinawa, Japan	Bechtel Elementary School	2019	45,542,000
	<u>Missile Defense Agency</u>			
3	Worldwide Unspecified	Planning & Design	2022	13,450,000

Beginning with this request for approval to reprogram funds, the “*Requested Date of Congressional Action*” will replace “*Bid Expiration Date*” in the attached detailed justifications. “*Requested Date of Congressional Action*” is the date by which congressional approval must occur to allow sufficient time for funding to become available, to satisfy bid conditions and/or contract award. By adopting “*Requested Date of Congressional Action*,” the Department is seeking to add additional transparency to the reprogramming approval process by ensuring Congress is informed of the most accurate date available by which approval is needed.

A similar letter is being sent to the Chair 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 Debbie Wasserman Schultz  
Ranking Member



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The Honorable Patty Murray  
Chair  
Subcommittee on Military Construction,  
Veterans Affairs, and Related Agencies  
Committee on Appropriations  
United States Senate  
Washington, DC 20510

Dear Madam Chair:

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Michael McCord

Enclosures:  
As stated

cc:  
The Honorable John Boozman  
Ranking Member

Requested Date of Congressional Action: September 8, 2023

Military Construction, Navy and Marine Corps

Reprogramming Request

Installation: Naval Station Rota, Spain

Project: EDI: Joint Mobility Center

Authorization: National Defense Authorization Act for Fiscal Year (FY) 2020,  
Public Law 116-94

Estimated Cost (\$000):

Previously Appropriated 46,840 <sup>1/</sup>

Previously Reprogrammed 0

Requested Reprogramming 49,125

Total Estimated Cost 95,965

<sup>1/</sup> Project originally funded for \$46.8 million, but it was previously deferred to support Section 2808 border barrier projects. Project funding restored in FY 2021 for \$46.8 million based on cost estimates at the time.

Project Description: Constructs a Joint Mobility Center (JMC) that includes an air passenger terminal, a transit personnel center, Navy Exchange (NEX), NEX food services, NEX service outlet, and playground. Constructs an Air Mobility Command (AMC) administrative building that includes offices, conference rooms, break rooms and restrooms. Constructs a new training building for the Surface Combat Systems Training Command (SCSTC) building that includes offices, classrooms and training rooms, break rooms and restrooms. Renovates the 725<sup>th</sup> Air Mobility Squadron (AMS) facility. The construction requires a unique sequence of activities to complete the administrative and training facilities prior to construction of the JMC. The project was programmed to avoid temporary facilities by devising a sequence in which AMC, SCSTC, and AMS tenants could be relocated out of existing facilities on the new JMC site into new facilities prior to commencing the new JMC construction.

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

- Market Conditions: The Joint Mobility Center project was planned and programmed prior to the COVID-19 pandemic with significant scope and cost development occurring in FY 2018 and early FY 2019. This project was enacted in FY 2020, however it was deferred to support Section 2808 border barrier projects. Funding was subsequently restored in FY 2021.

Project delays shifted the project planned award from FY 2020 to FY 2023, where market conditions have become less favorable. During this time, there were significant increases in material and labor costs, along with inflationary increases for all major construction

commodities due to material shortages, supply chain delays, transportation cost increases, and increases in demand for building materials. Spain, in particular, has experienced various disruptions to its commercial industries related to cost of living, transportation costs, etc., resulting in strikes and other impacts to the construction industry.

The COVID-19 pandemic led to pricing volatility in the construction and materials industries as costs increased due to supply chain issues and labor shortages. Supply chain bottlenecks are still prevalent, and improvements are relatively slow. The cost of construction materials has increased significantly since FY 2020, particularly for fabricated structural metals, steel, steel mill products, softwood lumber, and crude petroleum. Increased fuel and energy prices have also led to increased construction costs. The project experienced cumulative post-COVID inflation rates, and inflation has resulted in a reduction of purchasing power for construction materials. As a result, the purchasing power of construction materials and labor compensation has fallen since enactment of this project in FY 2020.

- Contract Delays: Additional impacts to execution were experienced as a result of a total of twelve (12) protests on the Rota Multiple Award Construction Contract (MACC) in FY 2022, which caused delays to the project for over a year. This delay put the project in a less favorable bid environment due price escalation in the construction market.
- Contingency and Supervision, Inspection and Overhead (SIOH) costs increased due to the overall higher construction costs.

A 10 U.S.C. §2853 cost and scope variation notification dated April 25, 2023, 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>
NAS Sigonella, Italy EDI: P-8A Taxiway	2019	66,050	26,180 <sup>1/</sup>	39,870
Bangor, Washington Pier and Maintenance Facility	2019	88,960	45,534 <sup>2/</sup>	9,255
Total				49,125

<sup>1/</sup> A 10 U.S.C. §2853 cost reduction notification dated April 25, 2023, was submitted to the Congressional committees.

<sup>2/</sup> A 10 U.S.C. §2853 cost and scope reduction notification dated April 25, 2023, was submitted to the Congressional committees.



Requested Date of Congressional Action: August 24, 2023

Military Construction, Defense-Wide (DoD Education Activity)

Reprogramming Request

Installation: Camp McTureous, Okinawa, Japan

Project: Bechtel Elementary School

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

Estimated Cost (\$000):

Previously Appropriated	94,851 <sup>1/</sup>
Previously Reprogrammed	0
Requested Reprogramming	45,542
Total Estimated Cost	140,393

<sup>1/</sup> FY 2019 funding (\$94.851 million) was previously deferred to support section 2808 border barrier projects. Funding for the project (\$94.851 million) was restored in FY 2021.

Description: This project constructs an elementary school building addition and renovates three existing school buildings. The new facility will meet DoDEA 21<sup>st</sup> Century School requirements. The school will include functional areas containing neighborhood instructional spaces, special education spaces, staff collaboration, commons area and other required areas for a fully functioning elementary school. There is no change to the original scope of this project.

Justification: An additional \$45.542 million is needed to award this project and provide a complete and useable facility that meets mission requirements. Additional funds are required due to the following:

- Execution Delays and Market Conditions (\$40.305 million): The cost increase is largely due to a delay in acquisition of more than three years during which time the construction market became more challenging with unprecedented supply chain issues, material and labor shortages, and historically high inflation. The complexity of the project initially delayed execution since the project involves renovation of existing facilities along with new construction. The delay period included time spent conducting a Value Engineering Study that identified methods to adjust the project execution plan and reduce costs where possible.
- Contingency and Supervision and Administration (\$5.237 million): Increases are directly associated with higher construction costs.

A 10 U.S.C. §2853 cost notification dated May 1, 2023, was submitted to the Congressional committees.

Source of Funds: Funds are available from the following project to 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>
Punta Borinquen, Puerto Rico Ramey Unit School Replacement	2022	94,250	0	45,542 <sup>1/</sup>

<sup>1/</sup> A 10 U.S.C. §2853 cancelation notification dated May 1, 2023, was submitted to the Congressional committees. The balance of remaining funds is being used to cover cost increases on other DoDEA projects.

Requested Date of Congressional Action: December 1, 2023

Military Construction, Defense-Wide (Missile Defense Agency)

Reprogramming Request

Installation: Worldwide Unspecified

Project: Planning and Design (P&D)

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

Estimated Cost (\$000):

Previously Appropriated	19,000 <sup>1/</sup>
Previously Reprogrammed	0
Requested Reprogramming	0 <sup>2/</sup>
MDA Homeland Defense Radar-Hawaii P&D	- 13,450
MDA General P&D	13,450
Total Estimated Costs	19,000

*1/ Represents \$19 million congressionally directed spending P&D add appropriated in FY 2022 for the Homeland Defense Radar-Hawaii (HDR-H). No other general P&D funds were appropriated for MDA in FY 2022.*

*2/ This reprogramming is not requesting an overall increase in P&D, rather a realignment from HDR-H P&D to general MDA P&D. Of the \$19 million appropriated for HDR-H, \$13.450 million remains available after completing 65% HDR-H Phase 1 design.*

Description: FY 2022 Planning and Design (P&D) funds were appropriated for the Homeland Defense Radar-Hawaii (HDR-H) as a congressionally directed spending item for MDA to continue HDR-H design activities. This reprogramming action requests the realignment of the remaining FY 2022 HDR-H P&D funds to general MDA P&D so that MDA can fund other emerging design requirements.

Justification: Due to a change in Department plans for the defense of Hawaii, the HDR-H will not be constructed, and HDR-H construction projects were suspended. HDR-H project design efforts ended with the completion of the 65 percent design. Since these P&D funds were appropriated as a congressionally directed spending item, MDA is requesting via a prior approval reprogramming to utilize the remaining funding for other MDA P&D activities, to include the Defense of Guam (DoG) projects and a Maintenance Support Facility at Ft. Greely, Alaska. Design requirements for DoG include six military construction projects for the 360 degree Enhanced Integrated Air and Missile Defense (EIAMD) system. These P&D funds will enable current and emerging project designs to continue, and for the DoG projects to stay on schedule.

Source of Funds: The following funds are available to 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>
P&D / HDR-H	2022	19,000 <sup>1/</sup>	5,550 <sup>2/</sup>	13,450

<sup>1/</sup> Congressionally directed spending add of P&D funds for the HDR-H.

<sup>2/</sup> CWE is based on the amount to complete the 65% HDR-H Phase 1 design.