



UNDER SECRETARY OF DEFENSE  
1 100 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1100

JUN 05 2024

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 justifications for the projects are enclosed.

#	<u>Service/Agency/Installation</u>	<u>Project</u>	<u>Program</u>	<u>Request (\$)</u>
	<u>Army</u>			
1	Kwajalein Atoll, Kwajalein Islands	Air Traffic Control Tower and Terminal	2020	63,165,000
	<u>Air Force</u>			
2	Joint Base San Antonio-Lackland, Texas	BMT Recruit Dormitory 8	2020	122,354,000
3	Kecskemet Air Base, Hungary	ERI: Increase POL Storage Capacity	2018	42,721,000

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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COMPTROLLER

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

Dear Madam Chair:

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

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2	Joint Base San Antonio-Lackland, Texas	BMT Recruit Dormitory 8	2020	122,354,000
3	Kecskemet Air Base, Hungary	ERI: Increase POL Storage Capacity	2018	42,721,000

A similar letter is being sent to the Chair 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

Requested Date of Congressional Action: July 31, 2024

Military Construction, Army

Reprogramming Request

Installation: Kwajalein Atoll, Kwajalein Islands

Project: Air Traffic Control Tower and Terminal

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

Estimated Cost (\$000):

Previously Appropriated	40,000
Previously Reprogrammed	0
Requested Reprogramming	63,165
Total Estimated Cost	103,165 <sup>1/</sup>

<sup>1/</sup> Project was deferred in accordance with 10 U.S.C. §2808 in April 2020 and funding restored in June 2021.

Project Description: This project will construct a consolidated standard design Air Traffic Control Tower and Terminal. Primary facilities include the Airfield Operations Building with domestic and international passenger terminals and aviation unit operations, Flight Control Tower, a General-Purpose Warehouse, Covered Storage Shed and Redundant Power Generator.

Justification: An additional \$63.165 million is required to award 100% of the project scope. The cost increase is attributable to multiple compound factors. The project was submitted as an FY 2020 unfunded requirement, the cost was based upon immature scope definition, which inadequately estimated the cost of material and logistical challenges associated with mobilizing and maintaining a concrete batch plant on Kwajalein. Additionally, unexploded ordnance in the vicinity of the construction site, a failed sole source solicitation and a required design refresh contributed to the project award delay. The unexpected delays with unprecedented inflation in the construction industry during this same time period is exacerbated by the 10,000-mile supply chain and austere and isolated conditions on Kwajalein.

A 10 U.S.C. §2853 cost variation notification dated April 9, 2024, 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>
Worldwide, Various Locations Restoral <sup>1/</sup>	2020	N/A	N/A	26,188
Various Worldwide OCO EDI Planning and Design	2020	30,748	0	13,404
Fort Cavazos, TX Barracks	2022	80,000 <sup>2/</sup>	65,427	14,573
Fort Cavazos, TX Barracks	2022	80,000 <sup>3/</sup>	71,000	9,000
<b>Total:</b>				<b>63,165</b>

<sup>1/</sup> Restored 10 U.S.C 2808 funding from border barrier projects.

<sup>2/</sup> The barracks at Fort Cavazos, TX received \$66.0 million from Section 124 of the FY 2022 military construction appropriations. An additional \$14 million was appropriated in FY 2023, resulting in a total of \$80 million appropriated for the barracks. A 10 U.S.C. 2853 notification dated 20 April 2023 was submitted to the Congressional committees, reflecting the increase to \$80 million.

<sup>3/</sup> The second barracks at Fort Cavazos, TX received \$75.0 million from Section 124 of the FY 2022 military construction appropriations. An additional \$5 million was appropriated in FY 2023, resulting in a total of \$80 million appropriated for the barracks.

Requested Date of Congressional Action: August 27, 2024

Military Construction, Air Force

Reprogramming Request

Installation: Joint Base San Antonio Lackland, Texas

Project: BMT Recruit Dormitory 8

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

Estimated Cost (\$000):

Previously Appropriated	146,400
Previously Reprogrammed	0
Requested Reprogramming	122,354
Total Estimated Cost	268,754

Project Description: Construct a Basic Military Training (BMT) Recruit Dormitory capable of accommodating 1,248 recruits, 48 recruits per flight, 24 flights per squadron with 4 reserve bed spare per flight to address surges, gender separation and injured recruits at any time, plus the addition of the Training Support Squadron, and support administration space.

Justification: The project cost increased due to schedule delay during a period of significant construction price escalation in the region. The original contract solicitation in 2021 combined this project with other related projects but generated no offers from contractors. As a result, BMT Recruit Dormitory 8 was separated from the combined package and re-solicited in 2023. However, at that time there were several concurrent ongoing non-federal construction projects in the greater San Antonio area which sharply decreased competition for this project and escalated prices due to shortages of skilled tradesmen, materials, and equipment. According to The Associated General Contractors of America, material costs increased 54 percent and base pay rates increased by 63 percent in a single year from 2022 to 2023 in the metropolitan area.

A 10 U.S.C. §2853 cost variation notification dated April 25, 2024, 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>
Joint Base San Antonio – Lackland, TX Basic Military Training Recruit Dorm 7	2022	100,000 <sup>1/</sup>	0 <sup>2/</sup>	28,934
Joint Base San Antonio – Lackland, TX Basic Military Training Recruit Dorm 7	2023	90,000 <sup>1/</sup>	0 <sup>2/</sup>	90,000
Joint Base San Antonio – Randolph, TX T-X ADAL Ground Based Training System Simulator	2021	19,500	0	3,420
Total:				122,354

<sup>1/</sup> Project was incrementally funded in FY 2022 (\$100.0 million) and FY 2023 (\$90.0 million).

<sup>2/</sup> A 10 U.S.C. §2853 cancellation notification was submitted to the congressional committees on October 30, 2023.

Requested Date of Congressional Action: September 1, 2024

Military Construction, Air Force

Reprogramming Request

Installation: Kecskemet Air Base, Hungary

Project: ERI: Increase POL Storage Capacity

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

Estimated Cost (\$000):

Previously Appropriated	0 <sup>1/</sup>
Previously Reprogrammed	0
Requested Reprogramming	42,721
Total Estimated Cost	42,721

<sup>1/</sup> Project initially appropriated in FY 2018 (\$12.5 million), but funding was then deferred to support section 2808 border barrier projects.

Project Description: Construct an operational jet fuel storage facility in support of the European Reassurance Initiative (ERI). Construction includes two cut-and-cover fuel storage tanks.

Justification: The project cost increased because the initial cost estimate was developed without sufficient information on the project site and did not reflect the amount of site work and utilities required. The project was deferred due to the 10 U.S.C. §2808 emergency at the southwest border, and further delayed by negotiations with the host nation to waive the value added tax. Additionally, difficulties in the contract solicitation, due to the acquisition strategy of design-build, contributed to delays because of unfamiliarity with the local construction community. This delay occurred during a period of historical inflation and construction cost escalation in Hungary. According to the Hungarian Central Statistical Office, construction labor costs have risen 200 percent since September 2016 and construction material costs have risen 192 percent since March 2019.

A 10 U.S.C. §2853 cost variation notification dated April 25, 2024, 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>
Malacky Air Base, HU EDI: Regional Munitions Storage Area	2020	59,000	0 <sup>1/</sup>	42,721

<sup>1/</sup>A 10 U.S.C. §2853 cancellation notification was submitted to the congressional committees on August 23, 2023.