



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

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

JUN 26 2019

Dear Madam Chairwoman:

The purpose of this letter is to notify the committee of the proposed reprogramming of funds for the project and amount shown below. Detailed justification for the project is enclosed.

#	<u>Service/Agency/Installation</u>	<u>Project</u>	<u>Program</u>	<u>Request (\$)</u>
	<u>DoD Education Activity</u>			
1	Commander Fleet Activities, Sasebo, Japan	E.J. King High School Replacement/Renovation	2015	21,685,000
	<u>U.S. Special Operations Command</u>			
2	Yokota Air Base, Japan	Airfield Apron	2017	25,566,000

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.

Sincerely,

Elaine McCusker
Deputy Under Secretary of Defense
(Comptroller)

Enclosures:
As stated

cc:
The Honorable John R. Carter
Ranking Member



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JUN 26 2019

The Honorable John Boozman
Chairman
Subcommittee on Military Construction,
Veterans Affairs, and Related Agencies
Committee on Appropriations
United States. Senate
Washington, DC 20510

Dear Mr. Chairman:

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Sincerely,

Elaine McCusker
Deputy Under Secretary of Defense
(Comptroller)

Enclosures:
As stated

cc:
The Honorable Brian Schatz
Ranking Member

Bid Expiration Date: September 30, 2019

Military Construction, Defense-Wide (DoD Education Activity [DoDEA])

Reprogramming Request

Installation: Commander Fleet Activities, Sasebo, Japan

Project: E.J. King High School Replacement/Renovation

Authorization: National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2015,
Public Law 113-291

Estimated Cost (\$000):

Previously Appropriated	37,681
Previously Reprogrammed	0
Requested Reprogramming	21,685
Total Estimated Cost	59,366

Project Description: This project constructs a new multi-story high school building, renovates two existing buildings, and includes the demolition of an existing building. The school will be constructed in accordance with 21st Century Education concepts that include learning “neighborhoods” and all other areas required for a complete high school.

Justification: An additional \$21.7 million is needed to award this project. The cost increase is due to a delay in acquisition of more than three years in which the construction market in Japan has progressively become more challenging. This delay was due to the requirement for the FY 2013 Sasebo Elementary School construction project to be completed prior to the award of the this project. The E.J. King High School is immediately adjacent to the FY 13 Sasebo Elementary School project, whose award was delayed due to a lack of contractor interest.

Similar to the Elementary School project, E.J. King High School also experienced delays due to a lack of contractor interest. The high school was advertised for construction with only one responsive bidder. Sasebo is located in a relatively remote area of the Japanese Islands with a small construction market and limited local subcontractors. This had a significant impact on the project cost. Based on an analysis of the prices at the contract line item level, the U.S. Army Corps of Engineers determined that the contractor’s proposal is a reasonable cost estimate to construct this project. As a result, this reprogramming action is required to award this project at full scope to meet the mission requirement.

A 10 U.S.C. §2853 cost notification dated May 2, 2019 was submitted to the Congressional committees.

Source of Funds: Savings from the following project are cited as a source of funds for this cost increase:

<u>(Dollars in Thousands)</u>				
<u>Location/Project</u>	<u>Fiscal Year</u>	<u>Amount Appropriated</u>	<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
Okinawa (Camp Foster), JA Killin Elementary School Replacement/Renovation	2015	71,481	71,329	21,685 ^{1/}
Total				21,685

^{1/} Funds are available to source this requirement. The FY 2015 Killin Elementary School Replacement/Renovation was awarded using \$56,335 of the FY 2014 Lakenheath High School Replacement at RAF Lakenheath, UK. A 10 U.S.C. §2853 cancelation notification for the FY 2014 Lakenheath High School Replacement dated June 4, 2018 was submitted to the Congressional committees.

Bid Expiration Date: August 11, 2019

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

Reprogramming Request

Installation: Yokota Air Base, Japan

Project: Airfield Apron

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

Estimated Cost (\$000):

Previously Appropriated	52,094
Previously Reprogrammed	0
Requested Reprogramming	25,566
Total Estimated Cost	77,660

Project Description: This project constructs an aircraft parking apron with associated taxiways and shoulders required to accommodate CV-22 aircraft. The project provides all infrastructure and site improvements in support of the apron project as well as three vertical military construction projects that support the bed down of CV-22 aircraft at Yokota Air Base.

Justification: This project was initially authorized and appropriated in FY 2017 at \$41.294 million. In May 2017, a cost increase notification was submitted to Congress identifying a changed market condition effecting the cost of construction projects at Yokota. As a result, the FY 2018 President's Budget included an additional \$10.8 million for this project to address the cost escalation occurring in the Japanese market, bringing the total previously appropriated cost of the project to \$52.094 million.

The Japanese market has continued to significantly drive up costs for the U.S. and the Government of Japan construction efforts at Yokota Air Base, as well as for privately funded construction on mainland Japan and Okinawa. The local construction market has increased labor rates and reduced contractor availability resulting in a limited number of prime and subcontractor firms available or willing to perform work at Yokota. Prime contractors are using premiums and bonuses to attract qualified construction workers. This reprogramming request is required to complete this project at full scope and support the bed down of CV-22 aircraft at this location.

A 10 U.S.C. §2853 cost notification dated May 6, 2019 was submitted to the Congressional committees.

Source of Funds: Savings from the following project 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>
Kadena Air Base, Japan SOF Special Tactics Operations Facility	2018	27,573	923 ^{1/}	25,566
Total				25,566

^{1/} A 10 U.S.C. §2853 cost notification dated May 6, 2019 was submitted to the Congressional committees.