



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

COMPTROLLER

JUL 20 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>
	<u>Air Force</u>			
1	Francis E. Warren Air Force Base, Wyoming	Consolidated HELO/TRF OPS/ AMU and Alert Facility	2018	61,460,000
2	Kadena Air Base, Japan	Improve MFH, KAB Stearly Heights (130UN)	2019	39,849,000
3	Joint Base San Antonio, Texas	Camp Bullis Dining Facility	2018	15,359,000
4	Tinker Air Force Base, Oklahoma	Commercial Vehicle Inspection Facility	2019	8,315,000
5	Joint Base San Antonio, Texas	Air Traffic Control Tower	2018	6,526,000
6	Francis E. Warren Air Force Base, Wyoming	Weapons Storage Facility	2016	5,100,000
	<u>Missile Defense Agency</u>			
7	Fort Greely, Alaska	Missile Field #1 Expansion	2019	4,510,000

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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JUL 20 2022

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:

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7	Fort Greely, Alaska	Missile Field #1 Expansion	2019	4,510,000

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: September 20, 2022

Military Construction, Air Force

Reprogramming Request

Installation: Francis E Warren Air Force Base, Wyoming

Project: Consolidated Helo/TRF OPS/AMU and Alert Facility

Authorization: National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2018, Public Law (P.L.) 115-91 and NDAA for FY 2020, P. L. 116-92

Estimated Cost (\$000):

Previously Appropriated	80,100
Previously Reprogrammed	0
Requested Reprogramming	61,460
Total Estimated Cost	141,560

Description: A new, adequately sized and configured integrated helicopter operations facility providing proper command, control, maintenance, and fueling capabilities for helicopter operations, to include a series of buildings that will become the control point for all unit flight related training tasks.

Justification: Cost increased due to market changes in cost of materials and labor. Contractors are raising construction prices amid tight labor market conditions and increases in the cost of many of the materials used to build projects. Job growth and pay increases in construction are outpacing those in the overall economy. Contractors continue to have difficulty finding qualified workers with the number of unemployed workers who have construction experience at the lowest level in 19 years.

A 10 U.S.C. §2853 cost variation notification dated April 28, 2022 was submitted to Congress.

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>
Sanem CRSF ERI: Construct ECAOS DABS Storage	2018	67,400	97,071	35,363
Joint Base San Antonio (JBSA), TX BMT Recruit Dormitory 7	2018	90,130	0 ^{1/}	12,069
JBSA, TX BMT Classrooms/Dining Facility 4	2018	38,000	0 ^{2/}	14,028
Total				61,460

^{1/} A 10 U.S.C. §2853 cancellation notification dated September 27, 2018 was submitted to the Congressional committees.

^{2/} A 10 U.S.C. §2853 cancellation notification dated June 7, 2022 was submitted to the Congressional committees.

Bid Expiration Date: September 24, 2022

Family Housing Construction, Air Force

Reprogramming Request

Installation: Kadena Air Base (AB), Japan

Project: Improve MFH, KAB Stearly Heights (130UN)

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

Estimated Cost (\$000):

Previously Appropriated	72,129
Previously Reprogrammed	0
Requested Reprogramming	39,849
Total Estimated Cost	111,978

Project Description: The project provides whole house interior and exterior modernization, renovation and repair of one hundred thirty (130) housing units.

Justification: The project's programming estimate inadequately anticipated the current construction market conditions in Okinawa. Based on the 2021 Japan Market Survey produced by the U.S. Army Corps of Engineers, Japan Engineer District, there is a continued negative trend showing overall higher pricing for construction projects. This survey noted several factors but highlighted a continued downward trend in labor availability driven by a buildup of large projects, both Japan and U.S. military construction funded, competing in the Okinawa area. These projects drastically deplete the already short supply of available contractors and skilled labor pool. The survey also noted that Japan's overall labor costs have continuously increased since 2012 and will trend up even after 2022 due to the growing skilled labor shortage, an aging work force and the initiation of work place reforms correcting such practices as long working hours. The COVID pandemic has impacted pricing by causing contractors to add schedule/cost risks to proposals due to workforce reductions, material price increases and supply chain impacts. Finally, volatile prices for transporting goods to the island, which can change in as little as sixty days, also contribute to higher pricing.

A 10 U.S.C. §2853 cost variation notification dated April 29, 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>
Spangdahlem AB, GY Construct Deficit Military Family Housing	2020	53,584	0 ^{1/}	24,910
Kadena AB, JA Improve Family Housing, PAIP 15 (117UN)	2021	94,245	0 ^{2/}	14,939
Total				39,849

^{1/} A 10 U.S.C. §2853 cancellation notification dated April 2, 2021 was submitted to the Congressional committees.

^{2/} A 10 U.S.C. §2853 cancellation notification dated March 11, 2022 was submitted to the Congressional committees.

Bid Expiration Date: September 30, 2022

Military Construction, Air Force

Reprogramming Request

Installation: Joint Base San Antonio (JBSA), Camp Bullis, Texas

Project Title: Camp Bullis Dining Facility

Authorization: National Defense Authorization Act for Fiscal Year 2018,
Public Law 115-91

Estimated Cost (\$000):

Previously Appropriated	18,500
Previously Reprogrammed	0
Requested Reprogramming	15,359
Total Estimated Cost	33,859

Project Description: This project constructs a Dining Facility at JBSA - Camp Bullis and relocates an existing warehouse that is in the footprint of the dining facility. The project will demolish 17 buildings.

Justification: The cost increase is due to market conditions. The construction market in the greater San Antonio area is experiencing a shortage of labor and reduced availability of materials and equipment resulting from a high number of non-federal projects. Construction job growth and pay increases in the greater San Antonio area are outpacing those in the overall economy.

A 10 U.S.C. §2853 cost variation notification dated April 28, 2022 was submitted to the Congressional committees.

Source of Funds: Savings from the following project 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>
JBSA, TX BMT Classrooms/Dining Facility 4	2018	38,000	0 ^{1/}	15,359

^{1/} A 10 U.S.C. §2853 cancellation notification dated June 7, 2022 was submitted to the Congressional committees.

Bid Expiration Date: September 27, 2022

Military Construction, Air Force

Reprogramming Request

Installation: Tinker Air Force Base (AFB), Oklahoma

Project: Commercial Vehicle Inspection Facility

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

Estimated Cost (\$000):

Previously Appropriated	14,000
Previously Reprogrammed	0
Requested Reprogramming	8,315
Total Estimated Cost	22,315

Description: The Commercial Vehicle Inspection Facility (CVIF) project provides a new facility to inspect commercial vehicles and includes features such as a new security control center, inspection stations, gates, inbound roadways, a large vehicle staging area, reject/denial road turnouts, and a final denial barrier system with an overwatch facility.

Justification: The cost increased due to a change in market conditions. The local construction market is saturated with an abundance of construction projects allowing contractors to be selective on the projects they choose to pursue. The costs of materials, such as lumber, steel, oil, gas, and concrete are volatile and materials such as paint, glazing, and specialized hardware are challenging to obtain. Contractors have indicated these market conditions result in considerable risk and are reflected in their pricing.

A 10 U.S.C. §2853 cost variation notification dated April 27, 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>
Eielson AFB, AK F-35 CATM Range	2019	19,000	10,055 ^{1/}	6,859
Joint Base San Antonio, TX Aquatics Tanks	2020	69,000	66,560	1,456
Total				8,315

^{1/} A 10 U.S.C. §2853 cost variation notification dated August 19, 2021 was submitted to the Congressional committees.

Bid Expiration Date: September 30, 2022

Military Construction, Air Force

Reprogramming Request

Installation: Joint Base San Antonio (JBSA), Texas

Project Title: Air Traffic Control Tower

Authorization: National Defense Authorization Act for Fiscal Year 2018,
Public Law 115-91

Estimated Cost (\$000):

Previously Appropriated	10,000
Previously Reprogrammed	3,052 ^{1/}
Requested Reprogramming	6,526
Total Estimated Costs	19,578

^{1/} The Previously Reprogrammed amount is the result of an above threshold reprogramming action in 2021.

Project Description: This project constructs an Air Traffic Control Tower. The control tower houses air traffic control radio and landline consoles, precision approach status indicators, and work space for air traffic controllers and staff members.

Justification: The \$6.5 million cost increase is due to extremely competitive construction market conditions in the greater San Antonio area. Contractors are raising construction prices amid tight labor market conditions and increases in the cost of many of the materials used to build projects. Job growth and pay increases in construction are outpacing those in the overall economy. Contractors continue to have difficulty finding qualified workers with the number of unemployed workers who have construction experience at the lowest level in 19 years.

A 10 U.S.C. §2853 cost variation notification dated April 28, 2022 was submitted to the Congressional committees.

Source of Funds: Savings from the following project 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>
JBSA, TX BMT Recruit Dormitory 7	2018	90,130	0 ^{1/}	1,790
Shaw Air Force Base (AFB), SC CPIP MQ-9 MCE Group	2019	53,000	52,094	307
Eielson AFB, AK F-35 CATM Range	2019	19,000	10,055 ^{2/}	1,385
Royal Air Force (RAF) Lakenheath, UK F-35A ADAL Parts Store	2019	13,926	0 ^{3/}	1,340
RAF Lakenheath, UK F-35A Dorm	2019	29,541	23,159	1,704
Total				6,526

^{1/} A 10 U.S.C. §2853 cancellation notification dated September 27, 2018 was submitted to the Congressional committees.

^{2/} A 10 U.S.C. §2853 cost variation notification dated August 19, 2021 was submitted to the Congressional committees.

^{3/} A 10 U.S.C. §2853 cancellation notification dated April 28, 2020 was submitted to the Congressional committees.

Bid Expiration Date: N/A

Military Construction, Air Force

Reprogramming Request

Installation: Francis E Warren Air Force Base, Wyoming

Project: Weapons Storage Facility (WSF)

Authorization: National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2016, Public Law 114-92 and William M. (Mac) Thornberry NDAA for FY 2021, Public Law 116-283

Estimated Cost (\$000):

Previously Appropriated	140,900 ^{1/}
Previously Reprogrammed	37,000 ^{2/}
Requested Reprogramming	5,100
Total Estimated Costs	183,000

^{1/} The Previously Appropriated amount is the sum of the following amounts: \$95 million in FY 2016, \$29 million in FY 2017, and \$6.9 million in FY 2021.

^{2/} The Previously Reprogrammed amount is the sum of an \$35 million above threshold reprogramming action in FY 2018 and a \$2 million below threshold reprogramming action.

Project Description: This project will provide a new Weapons Storage Facility (WSF) in support of a new weapons system beddown that combines all aspects of the weapons storage, maintenance, inspection, administration and generation operations into a single facility.

Justification: The WSF has very unique robust construction features that add complexity, risk and cost much higher than anticipated by the government. The construction required to make the facility survivable from the design basis threats, contain the blast from a maximum critical event charge weight, and defeat/deny entry by unauthorized personnel results in a high cost facility. The complex nature of the Air Force's first WSF has required substantial modifications during construction. The pricing for the forced entry resistant doors and blast doors is substantially higher than anticipated. The high cost for heating, ventilation, cooling systems and additional blast containment measures was unforeseen. Additionally, construction activity in the project region has significantly increased in the last few years, increasing competition for resources. The cost of reinforcing steel, concrete and delivery/hauling of products has increased dramatically.

A 10 U.S.C. §2853 scope variation notification dated February 22, 2018 was submitted to the Congressional committees.

Source of Funds: Savings from the following projects will fund this requirement:

(Dollars in Thousands)

<u>Location and Project</u>	<u>Fiscal Year</u>	<u>Amount Appropriated</u>	<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
Joint Base Langley-Eustis, VA Targeting Center Facility	2021	55,200	51,047	939
Royal Air Force Lakenheath, UK Consolidated Corrosion Control Facility	2021	55,500	55,114	386
Joint Region Marianas - Andersen, Guam Stand Off Weapons Complex, MSA 2	2021	56,000	47,519	3,775
Total				5,100

Bid Expiration Date: N/A

Military Construction, Defense-Wide (Missile Defense Agency)

Reprogramming Request

Installation: Fort Greely, Alaska

Project: Missile Field #1 Expansion

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

Estimated Cost (\$000):

Previously Appropriated	8,000
Previously Reprogrammed	1,990 ^{1/}
Requested Reprogramming	4,510
Total Estimated Costs	14,500

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

Project Description: This project completes two (2) additional ground-based interceptor (GBI) launch facilities and supporting utilities infrastructure in support of the Missile Defense System (MDS) at Fort Greely, AK.

Justification: An additional \$4.510 million is required to award the optional construction contract line items for the Missile Field #1 (MF #1) Expansion project and provide a complete and useable facility that meets mission requirements. The increased cost is attributed to a delay in execution to incorporate lessons learned from a similar military construction project and a change in market conditions. Specifically, the cost increase is due to the following:

- Electrical utility system modification (\$2.84 million): The FY 2018 Missile Field #4 project at Fort Greely is in execution and identified lessons learned associated with the electrical utility system. The original plan for MF #1 was to extend the electrical utilities between the two new GBI launch facilities and the existing duct banks. Based on lessons learned, the design has been modified to improve the reliability of the electrical utilities by extending the work to the Mechanical Electrical Building to include the installation of automatic transfer switches.
- Current market conditions (\$1.16 million): 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. Material prices for metal, wood, fuel, rigid conduit, and other commodities have all increased.

- Contingency and Supervision, Inspection, and Overhead (SIOH) (\$0.51 million): Increases are directly associated with higher construction costs.

A 10 U.S.C. §2853 cost variation notification dated August 9, 2021 was submitted to Congress to increase the authorized cost to \$10.0 million. Additionally, a 10 U.S.C. §2853 cost variation notification dated June 7, 2022 was submitted to Congress to increase the authorized cost to \$14.5 million.

Source of Funds: Savings from the following project 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>
Fort Greely, AK Missile Field #4	2018	200,000	162,429 ^{1/}	4,510

^{1/} A 10 U.S.C. §2853 cost reduction notification dated January 4, 2019 was submitted to Congress.