



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

NOV : 7 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 request committee approval 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>Navy</u> | | | |
| 1 | Naval Air Station Oceana, Virginia | Air Intelligence Support Facility | 2022 | 7,500,000 |
| | <u>Air Force</u> | | | |
| 2 | Schriever Space Force Base, Colorado | ADAL Fitness Center | 2022 | 9,778,000 |
| | <u>Department of Defense Education Activity</u> | | | |
| 3 | U.S. Army Garrison Stuttgart, Germany | Robinson Barracks Elementary School Replacement | 2018 | 45,021,000 |
| 4 | Landstuhl, Germany | Replace Landstuhl Elementary School | 2020 | 43,704,000 |
| 5 | Vogelweh, Kaiserslautern, Germany | Kaiserslautern Middle School | 2019 | 35,633,000 |
| 6 | Spangdahlem Air Base, Germany | Spangdahlem Elementary School Replacement | 2018 | 15,432,000 |

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



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

COMPTROLLER

NOV : 7 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:

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 are enclosed.

| # | <u>Service/Agency/Installation</u> | <u>Project</u> | <u>Program</u> | <u>Request (\$)</u> |
|---|---|--|----------------|---------------------|
| | <u>Navy</u> | | | |
| 1 | Naval Air Station Oceana, Virginia | Air Intelligence Support Facility | 2022 | 7,500,000 |
| | <u>Air Force</u> | | | |
| 2 | Schriever Space Force Base, Colorado | ADAL Fitness Center | 2022 | 9,778,000 |
| | <u>Department of Defense Education Activity</u> | | | |
| 3 | U.S. Army Garrison Stuttgart, Germany | Robinson Barracks Elementary School Replacement | 2018 | 45,021,000 |
| 4 | Landstuhl, Germany | Replace Landstuhl Elementary School | 2020 | 43,704,000 |
| 5 | Vogelweh, Kaiserslautern, Germany | Kaiserslautern Middle School | 2019 | 35,633,000 |
| 6 | Spangdahlem Air Base, Germany | Spangdahlem Elementary School Replacement | 2018 | 15,432,000 |

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: N/A

Military Construction, Navy and Marine Corps

Reprogramming Request

Installation: Naval Air Station Oceana, Virginia

Project: Air Intelligence Support Facility

Authorization: Title 10 United States Code 2803, Emergency Construction

Estimated Cost (\$000):

| | |
|-------------------------|-------|
| Previously Appropriated | 0 |
| Previously Reprogrammed | 0 |
| Requested Reprogramming | 7,500 |
| Total Estimated Cost | 7,500 |

Project Description: Constructs a new air intelligence Special Access Program (SAP) Facility to support the Strike Fighter Wing squadrons operating at Naval Air Station (NAS) Oceana. The facility is a one-story low-rise reinforced concrete masonry unit with galvanized metal roof and forced entry and ballistic resistance metal doors. It has multiple secure conference, meeting, and storage rooms. This project was previously pursued as a FY 2021 minor construction project (10 U.S.C. §2805) but would have exceeded the statutory cost limitation due to new requirements, and thus, Congress was subsequently provided notification that the project was authorized as emergency construction under 10 U.S.C. §2803 in its entirety.

Justification: Flight line Special Access Program (SAP) facilities are required for F-18 mission planning and operations. The Department of the Navy Special Access Program Central Office (DONSAPCO) Certified Tempest Technical Authority (CTTA) is responsible for providing Telecommunications Electronics Material Protected from Emanating Spurious Transmissions (TEMPEST) Countermeasures requirements for all Navy SAP facilities.

Due to an increase in cybersecurity vulnerabilities identified by DONSAPCO in July 2021, the CTTA Accrediting Official issued new construction requirements for floor to ceiling Radio Frequency shielding, non-conductive breaks of interior building utility systems, modified electrical grounding requirements, and incorporation of an Uninterrupted Power Supply for critical systems. These requirements are necessary for facility accreditation. The additional requirements are a significant change from the existing design and a deviation from the CTTA's previous assessment.

The new facility requirements have increased the cost of an existing FY 2021 Unspecified Military Construction (UMC) project above the statutory limit. The Air Intelligence Support Facility (P-1026) was awarded in December 2020 with construction approximately 70 percent complete. There is no opportunity to remove obligated scope to offset the additional cost to bring the facility into compliance with the required TEMPEST countermeasures and remain within the UMC statutory limit. The construction contract is currently on hold. Deferral of this project for inclusion in the next National Defense Authorization Act and Military Construction Appropriation Act would delay delivery of this project by a minimum of two years. The Strike Fighter Wing squadrons would be forced to operate in facilities that do not provide the necessary cybersecurity for mission planning, briefing, debriefing and risk disclosure of airborne tactics, in flight information sharing, cockpit displays, and integrated secure-level combat systems capabilities.

A 10 U.S.C. §2803 emergency construction notification dated September 21, 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> |
|--|--------------------|----------------------------|---------------------------------|-------------------------------|
| Coronado San Diego, CA Navy V22 Hangar | 2020 | 86,830 | 82,000 | 4,000 |
| Pearl Harbor, HI Magazine Consolidation, Phase 1 | 2020 | 44,210 ^{1/} | 40,516 ^{2/} | 3,500 |
| Total | | | | 7,500 |

^{1/} Reflects a revised programmed authority of \$44.210 million as a result of a \$9.580 million reprogramming decrease approved by Congress in July 2022.

^{2/} A 10 U.S.C. §2853 cost reduction notification dated May 05, 2022, was submitted to the congressional committees.

Bid Expiration Date: December 13, 2022

Military Construction, Air Force

Reprogramming Request

Installation: Schriever Space Force Base (SFB), Colorado

Project: ADAL Fitness Center

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

Estimated Cost (\$000):

| | |
|-------------------------|--------|
| Previously Appropriated | 30,000 |
| Previously Reprogrammed | 0 |
| Requested Reprogramming | 9,778 |
| Total Estimated Cost | 39,778 |

Project Description: This project improves an existing fitness center at Schriever Space Force Base by altering the existing facility and expanding it to support more than 4,100 guardians. The fitness center will include an indoor running track, 2-large multi-use basketball courts, racquetball court, fitness areas, group exercise area, and necessary admin and support functions.

Justification: The increased cost is due to the impacts of supply chain disruptions, labor shortages, and general economic inflation that have significantly escalated construction material prices and costs for labor. 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 September 23, 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> |
|--|------------------------|--------------------------------|---|-----------------------------------|
| Al Udeid AB, Qatar Cargo Marshalling Yard | 2021 | 26,000 | 0 ^{1/} | 9,778 |

^{1/} A 10 U.S.C. §2853 cancellation notification dated March 2, 2022, was submitted to the congressional committees.

Bid Expiration Date: Not Applicable

Military Construction, Defense-Wide (DoD Education Activity)

Reprogramming Request

Installation: U.S. Army Garrison Stuttgart, Germany
Project: Robinson Barracks Elementary School Replacement
Authorization: National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2018,
P.L. 115-91

Estimated Cost (\$000):

| | |
|-------------------------|----------------------|
| Previously Appropriated | 46,609 ^{1/} |
| Previously Reprogrammed | 0 |
| Requested Reprogramming | 45,021 |
| Total Estimated Cost | 91,630 |

^{1/} FY 2018 funding (\$46.6 million) was previously deferred to support section 2808 border barrier projects. FY 2018 funding (\$46.6 million) was restored in FY 2021.

Description: This project constructs a multi-story elementary school on USAG Stuttgart, Germany, and includes functional areas containing neighborhood instructional spaces, special education spaces, staff collaboration spaces, art and music rooms, technology service center, physical education area with gymnasium, and other required areas for a fully functioning elementary school. The new facility will meet DoDEA 21st Century School requirements. A district superintendent's office will be included within the school building.

Justification: This project is divided into two contracts. Demolition and site preparation are included in the first contract, which is scheduled for award in November 2022 (the FY 2018 funds were previously obligated to the Host Nation). Construction of the new facility will be included in the second contract, and full funding of the estimated construction cost is required at the time of advertisement. Updated costs were provided by the Host Nation and the estimated construction costs have increased considerably. An additional \$45.021 million is needed for advertisement. Additional funds are needed due to the following:

- Market Conditions (\$40.528 million): Increases are due to supply chain disruptions, historically high inflation and material price increases, and skilled labor shortages in the local area consistent with the regional trends in Europe. Construction market saturation compounded with the pandemic have resulted in labor and material shortages. Material escalation costs, especially for steel, fuel, and wood are major contributing factors.

- Contingency and Supervision, Inspection, and Overhead (SIOH) (\$4.493 million): Increases are directly associated with higher construction costs.

A 10 U.S.C. §2853 cost notification dated October 6, 2022, was submitted to the Congressional committees.

Source of Funds: Funds are available from the following projects 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> |
|---|------------------------|--------------------------------|---|-----------------------------------|
| Fort Knox, KY Van Voorhis Elementary School | 2021 | 69,310 | 66,576 | 45,021 ^{1/} |

^{1/} Funds are available to source this requirement. The FY 2021 Van Voorhis Elementary School was awarded using \$53.428 million of FY 2017 funds (\$26.828 million from the FY 2017 Welch Elementary/Dover Middle School at Dover AFB, DE and \$26.6 million from the FY 2017 Kadena Elementary School at Kadena AB, JA).

Bid Expiration Date: February 28, 2023

Military Construction, Defense-Wide (DoD Education Activity)

Reprogramming Request

Installation: Landstuhl (Ramstein), Germany

Project: Replace Landstuhl Elementary School

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

Estimated Cost (\$000):

| | |
|-------------------------|---------|
| Previously Appropriated | 66,800 |
| Previously Reprogrammed | 0 |
| Requested Reprogramming | 43,704 |
| Total Estimated Cost | 110,504 |

Description: This project constructs 121,500 square foot elementary school that will meet DoDEA 21st Century School requirements. This project includes all areas required for a fully functioning elementary school.

Justification: Updated costs have been provided by the Host Nation and estimated construction costs have increased significantly. The current funding requirement exceeds the appropriated amount by \$43.704 million. Full funding of the estimated construction cost is required at the time of advertisement. The additional funds are needed due to the following:

- Market Conditions (\$28.797 million): Increases are due to supply chain disruptions, historically high inflation and material price increases, and skilled labor shortages in the local area consistent with the regional trends in Europe. Construction market saturation compounded with the pandemic have resulted in labor and material shortages. Material escalation costs, especially for steel, fuel, and wood are major contributing factors.
- Economic Price Adjustment (EPA) clause (\$10.544 million): The Host Nation has identified the need to include an EPA clause to the construction contract to reduce the risk of further price increases. A not to exceed cost associated with the EPA is required to be provided to the Host Nation prior to the award of the contract and will only be provided to the contractor if they can demonstrate an economic adjustment is merited.
- Contingency and Supervision, Inspection, and Overhead (SIOH) (\$4.363 million): Increases are directly associated with higher construction costs.

A 10 U.S.C. §2853 cost notification dated October 6, 2022, 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> |
|---|------------------------|--------------------------------|---|-----------------------------------|
| Ranstein Air Base, GY Ramstein Middle School | 2022 | 104,000 | 0 | 43,704 ^{1/} |

^{1/} A 10 USC §2853 cancelation notification dated October 4, 2022, was submitted to the Congressional committees. The balance of remaining funds is being used to cover cost increases on other DoDEA projects.

Bid Expiration Date: Not Applicable

Military Construction, Defense-Wide (DoD Education Activity)

Reprogramming Request

Installation: Vogelweh, Kaiserslautern, Germany

Project: Kaiserslautern Middle School

Authorization: National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2019,
P.L. 115-232

Estimated Cost (\$000):

| | |
|-------------------------|---------|
| Previously Appropriated | 99,955 |
| Previously Reprogrammed | 0 |
| Requested Reprogramming | 35,633 |
| Total Estimated Cost | 135,588 |

Description: This project constructs a 171,000 square foot (SF) middle school and renovates an existing multipurpose building. The new facility will meet DoDEA 21st Century School requirements. The project includes demolition of approximately 271,000 SF of existing facilities.

Justification: This project is divided into two separate contracts. The first contract, for swing space renovation, was awarded in September 2019 and has been completed. The second contract includes the demolition of existing facilities and the construction/renovation of the new facility. Full funding of the estimated construction cost is required at the time of advertisement. Updated costs have been provided by the Host Nation and an additional \$35.633 million is needed for advertisement. Additional funds are needed due to the following:

- Market Conditions (\$32.077 million): Increases are due to supply chain disruptions, historically high inflation and material price increases, and skilled labor shortages in the local area consistent with the regional trends in Europe. Construction market saturation compounded with the pandemic have resulted in labor and material shortages. Material escalation costs, especially for steel, fuel, and wood are major contributing factors.
- Contingency and Supervision, Inspection, and Overhead (SIOH) (\$3.556 million): Increases are directly associated with higher construction costs.

A 10 U.S.C. §2853 cost notification dated October 6, 2022, was submitted to the Congressional committees.

Source of Funds: Funds are available from the following projects 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> |
|--|------------------------|--------------------------------|---|-----------------------------------|
| Fort Campbell, KY Fort Campbell Middle School | 2019 | 62,634 | 63,634 | 27,713 ^{1/} |
| Ramstein Air Base, GY Ramstein Middle School | 2022 | 104,000 | 0 | 7,920 ^{2/} |
| Total | | | | 35,633 |

^{1/} FY 2019 funds are available to source this requirement. The FY 2019 Ft. Campbell Middle School was awarded using \$39.697 million of FY 2016 funds (\$14.676 million from the FY 2016 Garmisch Elementary/Middle School Addition/Modernization at USAG Garmisch, Germany and \$25.021 million from the FY 2016 Grafenwoehr Elementary School). A 10 USC §2853 cancelation notification for the FY 2016 Garmisch Elementary/Middle School Addition/Modernization dated September 8, 2020, was submitted to the Congressional committees.

^{2/} A 10 USC §2853 cancelation notification dated October 4, 2022, was submitted to the Congressional committees. The balance of remaining funds is being used to cover cost increases on other DoDEA projects.

Bid Expiration Date: February 28, 2023

Military Construction, Defense-Wide (DoD Education Activity)

Reprogramming Request

Installation: Spangdahlem Air Base, Germany

Project: Spangdahlem Elementary School Replacement

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

Estimated Cost (\$000):

| | |
|-------------------------|----------------------|
| Previously Appropriated | 79,141 ^{1/} |
| Previously Reprogrammed | 0 |
| Requested Reprogramming | 15,432 |
| Total Estimated Cost | 94,573 |

^{1/} FY 2018 funding (\$79.1 million) was previously deferred to support section 2808 border barrier projects. FY 2018 funding (\$79.1 million) was restored in FY 2021.

Description: This project constructs an elementary school and includes functional areas containing neighborhood instructional spaces, special education spaces, staff collaboration spaces, art and music rooms, technology service center, physical education area with gymnasium, and other required areas for a fully functioning elementary school.

Justification: The FY 2018 funds were previously obligated to the Host Nation. However, updated cost estimates have been provided by the Host Nation and estimated construction costs have increased considerably. The current funding requirement exceeds the appropriated amount. Sufficient funds were available to advertise the project; however, an additional \$15.432 million is required to award the contract. The additional funds are needed due to the following:

- Economic Price Adjustment (EPA) clause (\$13.892 million): The Host Nation has identified the need to include an EPA clause to the construction contract to reduce the risk of further price increases. A not to exceed cost associated with the EPA is required to be provided to the Host Nation prior to the award of the contract and will only be provided to the contractor if they can demonstrate an economic adjustment is merited.
- Contingency and Supervision, Inspection, and Overhead (SIOH) (\$1.540 million): Increases are directly associated with higher construction costs.

A 10 U.S.C. §2853 cost variation notification dated October 6, 2022, was submitted to Congressional committees.

Source of Funds: Funds are available from the following projects 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> |
|---|------------------------|--------------------------------|---|-----------------------------------|
| Yokuska, JA Kinnick High School Increment 1 | 2019 | 40,000 | 40,000 | 249 ^{1/} |
| Ramstein Air Base, GY Ramstein Middle School | 2022 | 104,000 | 0 | 15,183 ^{2/} |
| Total | | | | 15,432 |

^{1/} FY 2019 funds are available to fund this requirement. The FY 2019 Kinnick High School Increment 1 was awarded using \$249 thousand of bid savings from the FY 2018 Vicenza High School Replacement at USAG Vicenza, Italy.

^{2/} A 10 USC §2853 cancelation notification dated October 4, 2022, was submitted to the Congressional committees. The balance of remaining funds is being used to cover cost increases on other DoDEA projects.