



UNDER SECRETARY OF DEFENSE

1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

COMPTROLLER

NOV 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 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	Camp Lejeune, North Carolina	2nd MARDIV/2nd MLG Ops Center Replacement	2020	16,000,000
2	Camp Pendleton, California	Combat Water Survival Training Facility	2021	11,464,000
	<u>Air Force</u>			
3	Unspecified Location (Republic of Palau)	TACMOR Utilities and Infrastructure Support	2019	131,385,000
4	Minot Air Force Base, North Dakota	Consolidated HELO/TRF OPS/AMU and Alert Facility	2019	66,270,000
5	Eglin Air Force Base, Florida	Flightline Fire Station at Duke Field	2022	4,811,000

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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NOV 30 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.

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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: May 1, 2023

Military Construction, Navy and Marine Corps

Reprogramming Request

Installation: Camp Lejeune, North Carolina

Project: 2nd MARDIV/2nd MLG Ops Center Replacement

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

Estimated Cost (\$000):

Previously Appropriated	60,130
Previously Reprogrammed	0
Requested Reprogramming	16,000
Total Estimated Cost	76,130

Project Description: Renovates and constructs a multi-story addition to the existing 2nd Marine Division (MARDIV) Headquarters. Project also constructs a new multi-story administrative facility for the 2nd Marine Logistics Group (MLG) Headquarters.

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

The design-build construction project has been awarded; however, during the design phase, development requirement changes were identified, including site issues, open secret storage, and temporary power requirements; all of these design changes increased the total funding requirement. Additionally, the design-build contractor's geotechnical investigation discovered increased erosion along the New River, resulting in a requirement to relocate the building an additional 100 feet from the shoreline. This change required a significant redesign to the foundation, utility corridors and parking locations.

A change in mission requirements for the 2nd MARDIV required the entire addition to be constructed according to open secret storage standards, resulting in significant redesign to accommodate additional secure space.

Typically, when a building is being completely renovated the power is disconnected and the only power that is provided is for the contractor to operate tools and lighting; however, during post-award it was also determined that the existing building to be renovated required temporary power to keep critical systems, such as the Forward-looking infrared (FLIR) radar security system,

operational during construction. A modification was required to provide generators and other electrical appurtenances to provide necessary power during construction.

Contingency and Supervision, Inspection and Overhead (SIOH) costs increased due to the overall higher construction costs.

A 10 U.S.C. §2853 cost variation notification dated November 3, 2022, was submitted to the congressional committees. As required, a 10 U.S.C. 2853(f) (*Additional Reporting Requirement for Certain Cost Increases*) will be submitted within 180 days of the notification dated November 3, 2022.

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>
Miramar, CA F-35 Vertical Landing Pads and Taxiway	2019	20,480	12,609 ^{1/}	7,871
Guantanamo Bay, Cuba Consolidated Fire Station	2019	24,500	12,204 ^{2/}	4,500
Camp Navajo, AZ Missile Motor Magazines	2019	14,800	8,615 ^{3/}	2,185
Camp Pendleton, CA 1 MEF Consolidated Information Center (INC)	2021	37,000	28,210	1,444
Total				16,000

^{1/} A 10 U.S.C. §2853 cost reduction notification dated May 3, 2022, was submitted to the congressional committees.

^{2/} A 10 U.S.C. §2853 cost reduction notification dated September 15, 2022, was submitted to the congressional committees.

^{3/} A 10 U.S.C. §2853 cost reduction notification dated September 13, 2022, was submitted to the congressional committees.

Bid Expiration Date: February 11, 2023

Military Construction, Navy and Marine Corps

Reprogramming Request

Installation: Camp Pendleton, California

Project: Combat Water Survival Training Facility

Authorization: William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021, Public Law 116-283

Estimated Cost (\$000):

Previously Appropriated	25,200
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Previously Reprogrammed	N/A
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Requested Reprogramming	11,464
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Total Estimated Cost	36,664
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Project Description: Constructs a combat water survival training facility including an outdoor combat training tank with dive tower and concrete decking, an outdoor underwater egress training tank with concrete decking and a jib-crane (10-ton) and a support facility building.

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

Both market conditions and ongoing uncertainty in national and international events such as COVID-19, the Ukrainian crisis, energy prices, high fuel costs, supply chain issues and inflation have resulted in higher than anticipated construction and labor costs. Material costs continue to climb at a much higher rate than the consumer price index. Steel mill products have increased by 124 percent since early 2020, plastic construction products such as polyvinyl chloride have doubled, gasoline has increased by 40 percent and diesel fuel has increased by 86 percent.

The contingency, Supervision, Inspection and Overhead (SIOH), and design costs have all increased due to higher construction costs.

A 10 U.S.C. §2853 cost variation notification dated September 25, 2022, was submitted to the congressional committees. Additional costs have been incurred since the submission of the 10 U.S.C. 2853 cost variation notification.

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>
Camp Pendleton, CA I MEF Consolidated Information Center (INC)	2021	\$37,000	\$28,210	\$7,346
MCAS Miramar, CA Airfield Security Improvements	2019	\$10,356 ^{1/}	\$8,625	\$1,653
MCB Camp Pendleton, CA Fire Emergency Response Station	2019	\$14,750	\$12,507	\$2,000
MCB Camp Pendleton, CA Full Motion Trainer Facility	2019	\$10,670	\$10,205	\$465
Total				\$11,464

^{1/} Reflects a revised PA of \$10.356M as a result of a \$1,144M reprogramming decrease approved by Congress in March 2021.

Bid Expiration Date: December 31, 2022

Military Construction, Air Force

Reprogramming Request

Installation: Unspecified Location (Republic of Palau)

Project: Tactical Multi-Mission Over-the-Horizon Radar (TACMOR) Utilities and Infrastructure Support

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

Estimated Cost (\$000):

Previously Appropriated	18,000 ^{1/}
Previously Reprogrammed	0
Requested Reprogramming	131,385
Total Estimated Cost	149,385

^{1/} FY 2019 funding (\$18.0 million) was previously deferred to support section 2808 border barrier projects. Funding was restored in FY 2021.

Project Description: This project constructs infrastructure and utilities necessary to support installation of a Tactical Multi-Mission Over-the-Horizon Radar (TACMOR) system, consisting of transmission and receiver antennas installed at two geographically separated locations in Palau. The facilities include electrical utilities, reinforced concrete pads and foundations, tie downs for equipment, water and wastewater, access roads, paved parking and turnaround areas, two levels of security fencing, and extensive site work.

Justification: The increased cost is due to a change in technical requirements, environmental mitigation requirements, and market conditions as described in the following sections:

a. The original design parameters for the infrastructure and utilities were based on technical requirements for a prototype mobile radar system. Throughout the construction project design process, radar system modeling revealed the need for significantly more stringent site preparation, specifically the requirement for an extremely level site across the entire array field. The initial planned footprint of the site did not account for these tight leveling tolerances and intended to work more closely with the existing topography of the site. The Transmit (Tx) Site radar site is located on top of a hill, requiring significant cut and fill earthwork operations, including construction of a large retaining wall. Initial planning assumed the existing native soils were sufficient to support the project but geotechnical investigations completed during the design phase determined 340,000 cubic meters of native soil must be excavated and relocated to

an off-site location. An additional 54,000 cubic meters of suitable fill material must be procured and delivered to the site to support the backfill requirement for the retaining wall.

b. Initial legal interpretation of the Compact of Free Association agreement between the United States and the Government of Palau excluded most environmental requirements. This determination has been reversed so that the project now includes environmental mitigation to address impacts to existing cultural and natural resources. These additional costs include on-site active monitoring by Department of Interior qualified archaeologists during the entire project, remediating contaminated soils and metals, and protecting endangered wildlife to include relocation of endangered birds and their eggs and construction of nurseries for protection of orchids and endemic plant species.

c. Market conditions effecting worldwide supply chain disruptions and material and labor shortages have sharply escalated construction costs. These impacts are highly exaggerated for such a large construction project at a remote location due to the extraordinary logistics of transporting materials and equipment to the island by barge, recruiting a labor force, and establishing worker camps due to lack of available lodging on the island.

A 10 U.S.C. §2853 cost variation notification dated October 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.

<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>
Worldwide General: Unspecified Locations Restoral ^{1/}	2020	N/A	N/A	114,270
Muwaffaq Salti, Air Traffic Control Tower	2020	24,000	16,897 ^{2/}	17,115
Total				131,385

^{1/} Restored 10 USC 2808 funding from border barrier projects.

^{2/} FY 2020 funding (\$24.0 million) was previously deferred to support section 2808 border barrier projects. FY 2019 funding (\$18.9 million) was restored in FY 2021 based on cost estimates at the time. When ready to award, project funding will be sourced from a cancelled project.

Bid Expiration Date: February 28, 2023

Military Construction, Air Force

Reprogramming Request

Installation: Minot Air Force Base, North Dakota

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

Authorization: National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2019, P.L. 115-232 and NDAA FY 2020, P.L. 116-92

Estimated Cost (\$000):

Previously Appropriated	71,500
Previously Reprogrammed	0
Requested Reprogramming	66,270
Total Estimated Cost	137,770

Project Description: This project constructs facilities for helicopter security operations, providing coverage to remote Intercontinental Ballistic Missile alert and launch facilities. Facilities include helicopter alert and operations facilities, aircraft alert and maintenance hangars, aircraft shelter and simulator facilities, and associated new taxiway, runway and helipad pavements.

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 October 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>
Worldwide Unspecified Minor Military Construction	2019	38,500	22,660	15,413
JBSA Lackland AFB, BMT Classrooms/Dining Facility 4	2020	48,000	0 ^{1/}	5,754
Worldwide Unspecified Minor Military Construction	2020	79,682	56,087	2,000
JRM Andersen AFB, Stand Off Weapons Complex, MSA 2	2021	56,000	50,677	1,547
Al Udeid, Cargo Marshalling Yard	2021	26,000	0 ^{2/}	11,424
Schriever AFB, Consolidated Space Operations Facility	2021	148,000	138,178	1,158
Barksdale AFB, Entrance Road and Gate Complex	2022	48,250	41,031	7,190
JBC Charleston AFB, Fire Rescue Station	2022	30,000	26,439	507
JRM Andersen AFB, Munitions Storage Igloos IV	2022	55,000	49,059	1,707
Misawa AB, Airfield Damage Repair Facility	2022	25,000	16,237 ^{3/}	8,763
Kadena AB, Airfield Damage Repair Storage Facility	2022	38,000	26,425 ^{4/}	10,807
Total				66,270

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

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

^{3/} A 10 U.S.C. §2853 cost decrease notification dated June 16, 2022, was submitted to the congressional committees.

^{4/} A 10 U.S.C. §2853 cost decrease notification dated May 9, 2022, was submitted to the congressional committees.

Bid Expiration Date: February 4, 2023

Military Construction, Air Force

Reprogramming Request

Installation: Eglin Air Force Base, Florida

Project: Flightline Fire Station at Duke Field

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

Estimated Cost (\$000):

Previously Appropriated	16,100
Previously Reprogrammed	0
Requested Reprogramming	4,811
Total Estimated Cost	20,911

Project Description: This project constructs a single-story flightline fire station with five drive-through vehicle stalls and all associated maintenance, repair, storage, administrative, and life support spaces.

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 October 27, 2022, was submitted to the congressional committees.

Source of Funds: Available unobligated funding from unspecified minor military construction is 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>
Worldwide Unspecified Minor Military Construction	2020	79,682	56,087	4,811
Total				4,811