



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

COMPTROLLER

JUL 17 2020

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>Navy</u>			
1	Naval Air Station Whidbey Island, WA	E/A-18G Aircraft Fleet Readiness Squadron Training Facility	2023	3,746,000
2	Joint Expeditionary Base Little Creek Fort Story, VA	Land Acquisition	2026	62,130,000
3	Marine Corps Air Station Beaufort, SC	Aircraft Maintenance Hangar	2022	135,612,000
4	Marine Corps Air Station Cherry Point, NC	2nd Radio Battalion Complex Phase 2	2019	38,419,000
	<u>Air Force</u>			
5	Malstrom Air Force Base, MT	Fire Station Bay/Storage Area	2024	8,328,000

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.

Sincerely,

Michael T. Powers
Acting

Enclosures:
As stated

cc:
The Honorable Debbie Wasserman Schultz
Ranking Member



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COMPTROLLER

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,

Michael T. Powers
Acting

Enclosures:
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cc:
The Honorable Jon Ossoff
Ranking Member

Requested Date of Congressional Approval: September 1, 2026

Military Construction, Navy and Marine Corps

Reprogramming Request

Installation: Naval Air Station Whidbey Island, Washington

Project: E/A-18G Aircraft Fleet Readiness Squadron Training Facility

Authorization: James M. Inhofe National Defense Authorization Act for Fiscal Year 2023,
Public Law 117-263

Estimated Cost (\$000):

Previously Appropriated	37,461
Previously Reprogrammed	6,000
Requested Reprogramming	3,746
Total Estimated Cost	47,207

Project Description: Constructs a Fleet Readiness Squadron (FRS) training facility near Building #2737 (Hangar 12) to support the increase in EA-18G training aircraft, personnel and students assigned to the FRS.

Justification: Cost increases for this project are attributable to enhanced security requirements. After award of the construction project on September 21, 2023, in accordance with Chief of Naval Operations (CNO) direction, the Naval Facilities Engineering Command issued guidance on April 19, 2024 mandating radio frequency (FR) countermeasures for all Navy and Marine Corps Secure Compartmented Information Facilities (SCIFs) and Special Access Program Facilities (SAPFs) in all locations. This direction included all construction contracts not completed. Since the project includes a SAPF, construction work was terminated until FR countermeasures could be designed and added to the construction contract. Additional funding is required to design and add FR countermeasures to the contract and to address the resulting delays and inefficiencies incurred by the contractor.

Since the project was authorized at \$42.706 million, a 10 U.S.C. §2853 cost variation notification is not required.

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>
NAS Whidbey Island, WA Aircraft Airfield Pavement Improvements	2023	77,634	60,538	3,746

Requested Date of Congressional Approval: September 1, 2026

Military Construction, Navy and Marine Corps

Reprogramming Request

Installation: Joint Expeditionary Base Little Creek Fort Story, VA

Project: Land Acquisition

Authorization: 10 U.S.C. § 2663, Land Acquisition Authorities

Estimated Cost (\$000):

Previously Appropriated	0
Previously Reprogrammed	32,155
Requested Reprogramming	62,130
Total Estimated Cost	94,285

Project Description: Acquires three parcels of land that total approximately 60 acres. The parcels currently bisect the Little Creek portion of Joint Expeditionary Base (JEB) Little Creek-Fort Story, Virginia. Each parcel is owned by a different corporation, and they are referred to as the "bisecting parcels" because they separate JEB Little Creek into two distinct areas connected only by a bridge. The acquisition of these parcels mitigates encroachment on the installation and harbor, improves security and safety, prevents non-compatible development on the parcels, and improves on-base transportation.

The Secretary of the Navy previously determined that the acquisition of the three parcels is required in the interest of national defense, that the acquisition is required to maintain the operational integrity of a military installation, and that considerations of urgency do not permit the delay necessary to include the required acquisition in an annual Military Construction Authorization Act.

Justification: Initial acquisition estimates, based on preliminary valuations, were found to be insufficient after formal appraisals were completed in March 2025. Subsequent purchase offers for two of the three parcels were met with counter offers at twice the government's estimate. This increase is attributed to significant damage associated with previously unrecorded leases and other property encumbrances. A similar cost increase for the third parcel is anticipated, which also has multiple leases. The updated funding requirement is based on the revised valuations plus a contingency which will enable the successful continuation of negotiations with all property owners and prevent further delays.

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>
Kings Bay, GA Nuclear Regional Maintenance Facility	2023	222,124^{+/}	172,786^{2/}	48,698
Oceana, VA Maritime Surveillance System	2024	109,680	96,248	13,432
Norfolk, VA PPV Unaccompanied Housing Investment ^{3/}	2026	380,000	45,000	62,130
Total				62,130

~~^{+/} Represents a revised PA of \$222.124M as a result of a \$6.232M reprogramming decrease approved by congress in August 2025.~~

~~^{2/} A 10 U.S.C. §2853 cost reduction notification dated March 20, 2026, was submitted to the congressional committees.~~

^{3/} A 10 U.S.C. §2853 cost reduction notification dated August 4, 2026, was submitted to the congressional committees.

Requested Date of Congressional Approval: September 1, 2026

Military Construction, Navy and Marine Corps

Reprogramming Request

Installation: Marine Corps Air Station Beaufort, South Carolina
Project: Aircraft Maintenance Hangar
Authorization: National Defense Authorization Act for Fiscal Year 2022,
Public Law 117-81

Estimated Cost (\$000):

Previously Appropriated	121,825
Previously Reprogrammed	0
Requested Reprogramming	135,612
Total Estimated Cost	257,437

Project Description: The project constructs a multi-story maintenance hangar for the F-35B aircraft. The building has high-bay spaces, maintenance shop spaces, equipment support spaces, crew and personnel support spaces, secure areas, and training and administrative spaces. Existing shop maintenance and administrative spaces do not meet the operational or security requirements of the F-35 program.

Justification: The requirement for additional funding is attributable to market conditions and compliance with current standards.

Material and labor market conditions resulted in cost inflation and reduced market competition. Between January 2020 and present day, producer price indexes for warehouse and industrial structure construction selling prices have increased by over 45%, with most of that increase taking place in 2021-2023. The project was originally programmed prior to the pandemic and the intervening period between programming and project enactment experienced extreme inflation and supply chain disruptions that dramatically increased the costs of construction materials and labor, resulting in a bid bust proposal in June 2023.

Regional challenges with lack of competition have resulted in bidding inconsistencies for construction projects in the Beaufort area. Construction trade shortages are currently being reported in the nearby metropolitan areas of Charleston, South Carolina and Savannah, Georgia due to a significant investment in private sector construction and lack of recruitment of new trained skilled labor. These factors led to a limited bid pool of only two bidders for the project.

There were also additional costs associated with unforeseen requirements including the addition of Radio Frequency (RF) shielding for the secure area in accordance with intelligence community regulation; this was not a requirement during project planning or at design commencement.

Additionally, a change in hangar fire suppression criteria has resulted in a requirement for a non-aqueous film-forming foam (AFFF) solution that supports F-35 maintenance.

A 10 U.S.C. §2853 cost variation notification dated May 12, 2026 was submitted to the Congressional committees.

Source of Funds: Two construction projects will fund this requirement from available sources. The projects were awarded under programmed amount; therefore, bid savings are available to source this reprogramming action.

(Dollars in Thousands)

<u>Location/Project</u>	<u>Fiscal Year</u>	<u>Amount Appropriated</u>	<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
Cherry Point, NC F-35 Flightline Utilities Modernization Phase 2 (INC)	2022	80,000	2,388 ^{1/}	77,612
Cherry Point, NC F-35 Flightline Utilities Modernization Phase 2 (INC)	2023	58,000	0 ^{1/}	58,000
Total				135,612

^{1/} A 10 U.S.C. §2853 cost reduction notification dated August 26, 2025 was submitted to the Congressional committees.

Requested Date of Congressional Approval: September 1, 2026

Military Construction, Navy and Marine Corps

Reprogramming Request

Installation: Marine Corps Air Station Cherry Point, North Carolina
Project: 2nd Radio BN Complex, Phase 2 (INC)
Authorization: John S. McCain National Defense Authorization Act for Fiscal Year 2019,
Public Law 115-232

<u>Estimated Cost (\$000):</u>	
Previously Appropriated	51,300*
Previously Reprogrammed	0
Requested Reprogramming	38,419
Total Estimated Cost	89,719

**FY 2019 appropriation of \$25.650 million and FY 2020 appropriation of \$25.650 million.*

Project Description: Full project scope constructs an electronics/communications maintenance facility, a vehicle maintenance facility, a supply warehouse, a parachute maintenance building with parachute drying tower, a boat maintenance building, and a hazardous material storage facility. A design-build base bid was awarded June 2023 and construction commenced in November 2023. The requested increase is required to award additional contract options that include the supply warehouse, parachute maintenance building, and parachute drying tower.

Justification: The requirement for additional funding is attributable to several factors including delayed execution, as well as economic and market conditions. The project was deferred to support border barrier construction using 10 U.S.C. § 2808 authority. When funds were restored in June 2021, the project required a design and criteria re-evaluation which delayed solicitation and award of the base construction contract. Unexpected improvements in the national economy and increases in local construction contracting opportunities in 2022 resulted in less than favorable market conditions and higher pricing than expected. Supply chain and labor market constraints led to historically high levels of cost growth in materials and labor. The project also coincided with unanticipated large-scale regional construction associated with Hurricane Florence recovery which entailed \$2.5 billion of new construction at Camp Lejeune, Marine Corps Air Station (MCAS) New River, and MCAS Cherry Point in FY 2020.

A 10 U.S.C. §2853 cost variation notification dated June 11, 2026 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>
Miramar, CA Aircraft Maintenance Hangar (INC)	2022	209,500	192,358	17,142
Yorktown, VA NMC Ordnance Facilities Recap, Phase 2	2023	32,762 ^{1/}	26,760 ^{2/}	6,002
Camp Lejeune, NC Water Treatment Plant Replacement Hadnot Pt.	2022	78,126	73,126 ^{3/}	5,000
Joint Region Marianas, Guam Combat Logistics Batallion-4 Facility	2022	92,710	88,279	4,431
Miramar, CA F-35 Engine Repair Facility (INC)	2022	30,400 ^{4/}	24,500	3,300
San Diego, CA Pier 6 Replacement (INC)	2022	50,000	48,571	1,429
Norfolk, VA Submarine Logistics Support Facilities	2023	19,224	9,806	1,115
Total:				38,419

^{1/} Represents a revised PA of \$32.762M as a result of a \$2.565M reprogramming decrease approved by Congress in March 2025.

^{2/} A 10 U.S.C. §2853 cost increase notification dated December 18, 2023, was submitted to Congress.

^{3/} A 10 U.S.C. §2853 cost increase notification dated May 20, 2022, was submitted to Congress.

^{4/} Represents a revised PA of \$30.400M as a result of a \$1.000M reprogramming decrease approved by Congress in August 2025.

Requested Date of Congressional Action: August 28, 2026

Military Construction, Air Force

Reprogramming Request

Installation: Malmstrom Air Force Base, Montana

Project: Fire Station Bay / Storage Area

Authorization: National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2024,
Public Law 118-31

Estimated Cost (\$000):

Previously Appropriated	10,300
Previously Reprogrammed	0
Requested Reprogramming	8,328
Total Estimated Cost	18,628

Project Description: Construct a temperature-controlled facility that will house the Fire Emergency Services Flight's critical vehicles, equipment, and trailers. The Fire Department requires 10 additional stall spots and a dedicated fluorine-free-fire-fighting-foam storage room. Project includes all supporting facilities such as site preparation and improvements, utilities, pavements, and communication infrastructure necessary to provide a complete and usable facility. The construction contract has not yet been awarded.

Justification: The project cost increase was driven by a combination of unexpected labor shortages and limited subcontractor availability in the regional construction market, general economic uncertainty due largely to new tariffs that significantly escalated material prices, and optimistic schedule assumptions which underestimated project duration and contractor field office overhead cost.

A 10 U.S.C. §2853 cost variation notification dated May 15, 2026, was submitted to the congressional committees.

Source of Funds: Savings from one project will fund this requirement. The project was awarded under programmed amount; therefore, bid savings are available to source this reprogramming action:

(Dollars in Thousands)

<u>Location/Project</u>	<u>Fiscal Year</u>	<u>Amount Appropriated</u>	<u>Current Working Estimate</u>	<u>Proposed Reprogramming</u>
Ellsworth, B-21 N. Env. Protection Shelters (60 Row), FXBM253404	2025	52,900	44,200	8,328
Total:				8,328