



UNDER SECRETARY OF DEFENSE

1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

COMPTROLLER

The Honorable Carl Levin
Chairman
Committee on Armed Services
United States Senate
Washington, DC 20510

DEC 19 2011

Dear Mr. Chairman:

The purpose of this letter is to notify the Committee of the proposed reprogramming of funds for the projects and amounts shown below. Detailed justifications are enclosed.

<u>Service/Installation</u>	<u>Project</u>	<u>Program</u>	<u>Request (\$)</u>
<u>Army</u>			
Anniston Army Depot, Alabama	Lake Yard Railroad Interchange	2009	1,700,000
Fort Bliss, Texas	Aircraft Fuel Storage	2010	7,600,000
<u>MDA</u>			
Unspecified Worldwide	Planning and Design	2010	5,700,000

Further, the enclosed notification of reprogramming action to realign \$5.7 million of Defense-wide major construction funds to Defense-wide planning and design is being submitted in accordance with title 10 USC 2807 and the Consolidated Appropriations Act, 2010.

A similar letter is being sent to the Chairman of the other Defense committees. Thank you for your continued support of DoD programs.

Sincerely,

Robert F. Hale

Enclosure:
As stated

cc:
The Honorable John McCain
Ranking Member



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DEC 19 2011

The Honorable Howard P. "Buck" McKeon
Chairman
Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

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As stated

cc:
The Honorable Adam Smith
Ranking Member



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DEC 19 2011

The Honorable John Culberson
Chairman
Subcommittee on Military Construction,
Veterans Affairs, and Related Agencies
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

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Robert F. Hale

Enclosure:
As stated

cc:
The Honorable Sanford D. Bishop, Jr.
Ranking Member



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COMPTROLLER

DEC 19 2011

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

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Robert F. Hale

Enclosure:
As stated

cc:
The Honorable Mark Kirk
Ranking Member

Bid Expiration Date: March 15, 2012

Military Construction, Army

Reprogramming Request

Installation: Anniston Army Depot, Alabama

Project: Lake Yard Railroad Interchange

Authorization: Duncan Hunter National Defense Authorization Act for Fiscal Year 2009,
Public Law 110-417

Estimated Cost (\$000):

Previously Appropriated	1,400
Previously Reprogrammed	-
Requested Reprogramming	1,700
Total Estimated Cost	3,100

Description: The \$1.7 million increase will allow Army to construct a six-foot high embankment on which the railroad will be placed and compensate for the discovery of contaminated soil at the construction site. The Lake Yard Railroad Interchange will include a railroad spur, siding, interchange to connect with existing Norfolk Southern Railroad, and an inspection building.

Justification:

This project was a FY 2009 Congressional insert and is not the product of the normal scope and cost development process. This project is needed to develop the Anniston Army Depot property at Highway 202. Additional funds are necessary to fund mandatory work items not considered during project planning, that are required to construct a complete and useable interchange with Norfolk Southern Railroad. Mandatory work includes constructing a six foot high embankment on which the rail road will be placed and specialized work processes for handling contaminated soil. Cost reduction measures were implemented in an effort to accommodate these additional costs within the funding provided. Cost reduction measures included the elimination of 900 linear feet (LF) of the railroad and 1,334 LF of fencing; however, sufficient savings were not generated. Thus, a Title 10, Section 2853 cost increase notification was sent to the congressional committees on or around October 20, 2011. An additional \$1.7 million is required to construct a complete and usable interchange.

If this project is not constructed, the installation will not be able to develop the property along Highway 202 to accommodate the future expansion required to support its mission as the combat vehicle rebuild center for the Army.

Source of Funds: Bid savings from the following will fund this project.

(Dollars in Thousands)

<u>Location/Project</u>	<u>Fiscal Year</u>	<u>Amount Appropriated</u>	<u>Current Estimate</u>	<u>Proposed Reprogramming</u>
Fort Bragg, NC Barracks Complex PN 68798	2008	73,000	71,300	1,700

PN = Project Number

Bid Expiration Date: February 29, 2012

Military Construction, Army

Reprogramming Request

Installation: Fort Bliss, Texas

Project: Aircraft Fuel Storage

Authorization: National Defense Authorization Act for Fiscal Year 2010, Public Law 111-84

Estimated Cost (\$000):

Previously Appropriated	10,800
Previously Reprogrammed	-
Requested Reprogramming	7,600
Total Estimated Cost	18,400

Description:

The \$7.6 million increase will allow the Army to award the remaining portions of the Aircraft Fuel Storage project, which includes a 365,000 gallon capacity fueling facility at Biggs Army Airfield, a 73,000 gallon capacity fueling facility at Oro Grande Range Camp, and a 65,000 gallon capacity fueling facility at Dona Ana Range Camp.

Justification:

Original cost estimates were based on historical data that did not consider the remote locations of these projects on the three distinct sites and the increased cost of labor, fuel and materials. The Army was only able to award a contract for 57% of the project scope within funding constraints. The Army awarded a \$9.8 million contract for the 365,000 gallon capacity fueling facility at Biggs Army Airfield, the highest priority fueling facility among the three planned fueling facilities. A Title 10, Section 2853 notification was provided to the Congressional Committees on or around December 27, 2010.

The remaining scope consists of a 73,000 gallon capacity fueling facility at Oro Grande Range Camp and a 65,000 gallon capacity fueling facility at Dona Ana Range Camp. Upon approval of this reprogramming request, the remaining two fueling facilities will be awarded. A Title 10, Section 2853 cost increase notification was provided to the Congressional Committees on or around October 20, 2011.

Source of Funds: Bid 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>
Fort Bliss, TX Health & Dental Clinic PN 68870	2008	\$16,500	\$16,100	\$400
Fort Bliss, TX Brigade/Battalion HQs PN 71183	2009	\$44,000	\$43,400	\$600
Fort Bliss, TX Company Operations Facilities, BCT1 PN 71184 ^{1/}	2009	\$90,000	\$83,400	\$6,600
Total				<u>\$7,600</u>

^{1/} A Congressional Notification of Cost Reduction was not processed on PN 71184 at the time of award (December 29, 2008), because the award current working estimate (CWE) was \$87,142 thousand, and thus, the Army did not exceed the thresholds for a notification (\$4 million savings or a CWE at 75% of program amount). The current PN 71184 CWE represents the completed cost of construction (i.e., there were remaining contingency funds that are no longer needed for PN 71184).

PN = Project Number

Bid Expiration Date: Not Applicable
 Military Construction, Defense-wide (Missile Defense Agency)
 Reprogramming Request

Installation: Unspecified Worldwide Locations

Project: Planning and Design

Authorization: National Defense Authorization Act for Fiscal Year 2010 (P. L. 111-84)

Estimated Cost (\$000):

Previously Appropriated:	2,000
Previously Reprogrammed:	-
Requested Reprogramming:	5,700
Total Estimated Cost	7,700

Description: Additional funds are needed to support the planning and design of the Aegis Ashore Missile Defense System Complex in Romania, which is part of the European Phased Adaptive Approach (PAA), Phase II.

Justification:

The Missile Defense Agency (MDA) is developing missile defense capabilities in phases focused on enhancing its capability against all ranges of ballistic missiles through the PAA. The European PAA, Phase II, provides a more robust defensive capability against short and medium range ballistic missiles by FY 2015.

The Aegis Ashore Missile Defense System Complex in Romania requires a total of \$15.2 million of planning and design funds to complete design activities and maintain project schedule. MDA has only \$9.5 million available for this purpose. This reprogramming request will provide the additional \$5.7 million of planning and design funds needed for this project to execute the European PAA, Phase II.

Source of Funds: Bid savings from the following project will fund this requirement:

<u>Location /Project</u>	<u>Fiscal Year</u>	<u>Amount Appropriated</u>	<u>(Dollars in Thousands)</u>	
			<u>Current Estimate</u>	<u>Proposed Reprogramming</u>
Dahlgren, VA/ Aegis BMD Facility Expansion	2010	24,500	18,630	5,700