



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

AUG 14 2012

COMPTROLLER

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:

The purpose of this letter is to notify the Committee of the proposed reprogramming of funds for the projects and amounts shown below. A detailed justification is enclosed.

<u>Service/Installation</u>	<u>Project</u>	<u>Program</u>	<u>Request (\$)</u>
<u>Defense Logistics Agency</u> Joint Base Charleston, South Carolina	Replace Fuel Storage and Distribution Center	2012	5,132,000
<u>Army Reserve</u> Harrisburg, Pennsylvania	Army Reserve Center (PN 70511)	2010	3,297,000

A similar letter is being sent to the Chairman of the Senate Subcommittee on Military Construction, Veterans Affairs, and Related Agencies. Additional details will be provided separately. Thank you for your continued support of DoD programs.

Sincerely,

Robert F. Hale

Enclosure:  
As stated

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



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1100 DEFENSE PENTAGON  
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COMPTROLLER

The Honorable Tim Johnson  
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 notify the Committee of the proposed reprogramming of funds for the project and amount shown below. A detailed justification is enclosed.

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Sincerely,

Robert F. Hale

Enclosure:  
As stated

cc:  
The Honorable Mark Kirk  
Ranking Member

Bid Expiration Date: October 1, 2012

Military Construction, Defense-Wide (Defense Logistics Agency)

Reprogramming Request

Installation: Joint Base Charleston, South Carolina  
Project: Replace Fuel Storage and Distribution Facility  
Authorization: National Defense Authorization Act for Fiscal Year 2012, P. L. 112-81

Estimated Cost (\$000):

Previously Appropriated	24,868
Previously Reprogrammed	-
Requested Reprogramming	5,132
Total Estimated Cost	30,000

Description: This project replaces an existing undersized bulk fueling facility with three modern, properly sized and environmentally compliant bulk fuel tanks totaling 120,000 barrels of storage capacity, replaces a 1950's vintage pump house, and an undersized 50 year old fuel transfer pipeline with a history of leaks. The project also includes demolishing the existing inadequate fuel facilities.

The fuel capacity will support fuel requirements for Joint Base Charleston's mobilization mission and peacetime operations and will safeguard the environment by including cathodic protection, leak detection, and pigging capability for new fuel pipeline.

Justification: Congress authorized and appropriated this project in FY 2012 for \$24.868 million. The Army Corps of Engineers opened bids for a construction contract on March 9, 2012. The current working estimate is \$30.0 million, which includes the results from a best value source selection and fees for supervision, inspection, and overhead.

The higher than expected bids for this project are driven by the relatively constrained footprint of the bulk fuel complex, extensive seismic protection, and the extent of dewatering associated with constructing the underground fuel transfer pipeline in an area with a high water table. The full extent of the cost impacts of these items was unknown when the project was originally programmed. This contract is currently pending award with an expected completion date of 660 calendar days from the time of award.

These variations in cost could not have been reasonably determined when the Defense Logistics Agency submitted this project to Congress for approval. This reprogramming is required to award the project and to meet mission requirements.

Source of Funds: Bid savings from the following projects are available to fund this requirement.

<u>Location/Project</u>	<u>Fiscal Year</u>	(Dollars in Thousands)		
		<u>Amount Appropriated</u>	<u>Current Estimate</u>	<u>Proposed Reprogramming</u>
Pt. Loma, CA Replace Fuel Storage Facilities Inc 2	2010	92,300	90,258	2,042
Pearl Harbor, HI Alter Warehouse Space	2012	9,200	6,990	2,210
Barksdale, LA Hydrant Fuel System	2012	6,200	5,320	880
Total				<u>5,132</u>

Bid Expiration Date: N/A

Military Construction, Army Reserve

Reprogramming Request

Installation: Harrisburg, Pennsylvania

Project: Army Reserve Center, Project Number (PN) 70511

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

Estimated Cost (\$000):

Previously Appropriated	7,600
Previously Reprogrammed	-
Requested Reprogramming	3,297
Total Estimated Cost	10,897

Description: Construct an Army Reserve Center for a 100-member training facility with administrative, education, assembly hall, weapons vault, weapons simulator and physical fitness area for an Engineer Company. The new facilities will include a Reserve Center (23,394 square feet), a maintenance shop (4,663 square feet), unheated storage building (610 square feet), and organization parking (1,095 square yards). Buildings will be of permanent construction with reinforced concrete foundations, concrete floor slabs, structural steel frames, and energy-saving technologies will be incorporated into the facility. The new facility will comply with Energy Policy Act of 2005, section 203, National Defense Authorization Act of 2007, and Executive Orders 13423 and 13514.

Justification: Project was awarded on 31 Mar 2011 at 114% of the Programmed Amount. Current contract placement is 18%. During the site work, excess bedrock was encountered in the vicinity of the training building that greatly exceeded the 250 cubic yards (cy) (mass rock), 500 cy (trench rock) and 100 cy (foundation rock) specified in the base bid contract line items. Contract modifications are required to address construction and delay costs associated with the excavation and removal of an additional 3500 cubic yards of rock. A suspension of work was issued to the contractor on 23 Aug 2011 that is delaying the construction of the training building. The Project Delivery Team evaluated relocating the training building as an alternative to excavating the additional rock. The determination was made to continue construction of the training building in the as designed location but to redesign and relocate the utilities. Significant contract modifications are required to address additional costs associated with the excavation and removal of the excessive rock from the project site. At present, the contractor cannot proceed with construction of the Reserve Center without the reprogramming, though he will be able to complete the maintenance facility with funds already obligated.

Source of Funds: Bid savings from the following projects are available to fund this requirement.

<u>Location &amp; Project</u>	<u>Fiscal Year</u>	<u>(Dollars in Thousands)</u>		
		<u>Amount Appropriated</u>	<u>Current Estimate</u>	<u>Proposed Reprogramming</u>
Garden Grove, CA PN 67429 Army Reserve Center	2008	25,440	25,429	11
BT Collins, CA PN 67714 Army Reserve Center	2008	6,800	6,790	10
Ft Dix, NJ PN 67430 Combined Maintenance Facility	2008	17,000	16,877	123
Ellington Field, TX PN 67678 Army Reserve Center	2008	15,000	14,985	15
Las Vegas, NV PN 69436 Army Reserve Center	2009	33,900	33,804	96
Ft Snelling, MN PN 70487 Army Reserve Center	2010	12,000	9,732	2,268
Ft McCoy, WI PN 67687 Combined Arms Collective Training Facility	2010	25,000	24,226	774
Total				<u>3,297</u>