



PERSONNEL AND
READINESS

OFFICE OF THE UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

OCT 10 2018

The Honorable John R. 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:

Please find enclosed a report addressing the status of active construction projects for the first three quarters of Fiscal Year (FY) 2018. This report is in response to the Joint Explanatory Statement accompanying the Consolidated Appropriations Act, 2018 (Public Law 115-41), which requests the Department to provide quarterly updates on the progress of all hospital construction projects to include any settlements that have been reached for contractor error or project management deficiencies.

The military construction of medical facilities is progressing. The Defense Health Agency and construction agents, including the United States Army Corps of Engineers and Naval Facilities Engineering Command, have provided increased oversight and project management to enhance management of projects in order to limit exposure of both cost and schedule. Since the Committee report was published, five hospitals and clinics completed construction and opened for business; and two commenced construction activities as of June 2018. The enclosed report on the progress of hospital construction projects provides construction timelines, and the current working estimates of active hospital and clinic construction projects for the first three quarters of FY 2018.

Thank you for your interest in the health and well-being of our Service members, veterans, and their families. A similar letter is being sent to the other congressional defense committees.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephanie Barna".

Stephanie Barna
Performing the Duties of the Under Secretary of
Defense for Personnel and Readiness

Enclosure:
As stated

cc:
The Honorable Debbie Wasserman Schultz
Ranking Member



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

OCT 10 2018

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A handwritten signature in black ink, appearing to be "Stephanie Barna", written over a circular stamp or seal.

Stephanie Barna
Performing the Duties of the Under Secretary of
Defense for Personnel and Readiness

Enclosure:
As stated

cc:
The Honorable Brian Schatz
Ranking Member



PERSONNEL AND
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OCT 10 2018

Senator James Inhofe
Chairman
Committee on Armed Services
United States Senate
Washington, DC 20510

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Stephanie Barna
Performing the Duties of the Under Secretary of
Defense for Personnel and Readiness

Enclosure:
As stated

cc:
The Honorable Jack Reed
Ranking Member



PERSONNEL AND
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OFFICE OF THE UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

OCT 10 2018

The Honorable William M. "Mac" Thornberry
Chairman
Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

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Thank you for your interest in the health and well-being of our Service members, Veterans, and their families. A similar letter is being sent to the other congressional defense committees.

Sincerely,

Stephanie Barna
Performing the Duties of the Under Secretary of
Defense for Personnel and Readiness

Enclosure:
As stated

cc:
The Honorable Adam Smith
Ranking Member

Report to Congressional Defense Committees



First, Second, and Third Quarter Reports on the U.S. Army Corps of Engineers Projects within the Defense Health Agency Fiscal Year 2018

In Response To: Joint Explanatory Statement, Accompanying H.R. 1625, the Consolidated Appropriations Act, 2018

The estimated cost of this report or study for the Department of Defense (DoD) is approximately \$9,000.00 for the 2018 Fiscal Year. This includes \$0.00 in expenses and \$9,000 in DoD labor.

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DEFENSE HEALTH AGENCY'S HOSPITAL CONSTRUCTION PROGRAM STATUS OF ACTIVE CONSTRUCTION PROJECTS

EXECUTIVE SUMMARY

The first, second, and third quarter reports are in response to the Joint Explanatory Statement accompanying the Consolidated Appropriations Act of 2018, which requests the status of active Medical Military Construction projects. Specifically, the committee requests the Defense Health Agency (DHA) to report to the congressional defense committees “on the progress of all hospital construction projects to include any settlements that have been reached for contractor error or project management deficiencies.” The data presented below, as reported by Design and Construction Agents, reflect data submitted with Title 10 U.S. Code § 2851 reports for December 2017, March 2018, and June 2018, representing the first three quarters in fiscal year (FY) 2018. As of the submission of this report, there are 24 active hospital and clinic projects in construction. In addition to active construction projects, there are 22 projects in the design phase as of June 2018.

BACKGROUND

The DHA is responsible for facility life-cycle management of U.S. military medical facilities worldwide, to preserve ready and resilient facilities that sustain military medicine’s mission assurance of world-class health care for America’s warfighters and their families. These military medical facilities include medical centers, hospitals, ambulatory care centers, medical training facilities, medical research facilities, and veterinary facilities in the Military Health System. In accordance with Title 10 U.S. Code § 2851 and Department of Defense (DoD) Directive 4270.5, military construction of such facilities is to be carried out under the direction and supervision of the U.S. Army Corps of Engineers and Naval Facilities Engineering as the Construction Agent for the current active projects identified in this report. Therefore, data herein corresponds with that provided by the Construction Agents. Title 10 U.S. Code § 2851 further requires reporting project data at a frequency no less than once a month, which provides a foundation for information within this report.

RESULTS

Current Status of Active Construction Projects

The active hospital and clinic projects in construction identified in this report include projects that have been awarded through projects that reached substantial completion and are in transition. The status, including a construction timeline and current working estimate of the active hospital and clinic projects in construction, is included in Tables 1, 2, and 3, representing the first, second, and third quarters respectively. Other projects reported in the 2851 include projects that are complete and waiting for financial closeout by the Construction Agents. During the first quarter of FY 2018, the U.S. Army Corps of Engineers completed a settlement of Request for Equitable Adjustment on the Hospital Replacement at Fort Bliss, TX (PN 72481, contract W9126G-13-C-0004), at a value of \$133,638,191, related to time impacts that arose on or before May 31, 2016, for which no contract errors are attributed. Of this equitable adjustment, 9.5 percent included costs associated with a delay of 306 calendar days, for which a DoD Inspector General report, dated June 06, 2018, attributed 126 days to project management. No

other settlements were reached for contractor error or project management deficiencies during the second or third quarters of FY 2018.

Table 1: Status of Active Hospital and Clinic Projects in Construction (1st Quarter FY 2018)

Project Number	Project	CWE (000)	% comp	NTP	BOD
77979	Cannon AFB, NM Clinic Replacement	\$ 52,213	94%	12 Aug 14	11 Jan 18
71325	Seymour Johnson AFB, NC Clinic Replacement	\$ 53,468	87%	24 Oct 13	28 Feb 18
72414	Peterson AFB, CO Dental Clinic	\$ 16,688	74%	3 Nov 15	8 Jan 18
81423	JBSA, Lackland AFB, TX Reid Clinic Replacement	\$ 38,000	62%	28 Sep 15	10 Jun 18
70354	Ft Irwin, CA Hospital Replacement	\$ 286,842	97%	30 May 12	9 Jan 19
77922	Holloman AFB, NM Clinic Replacement	\$ 59,407	95%	28 Oct 14	22 Sep 18
72419	Osan AB, Korea Hospital Addition/Alteration	\$ 25,564	87%	26 Sep 13	31 Dec 18
81422	JBSA, Lackland AFB, TX Ambulatory Care Center, Phase IV	\$ 61,100	2%	23 Mar 17	2 Sep 20
MED020	Camp Humphreys, Korea Hospital Replacement	\$ 197,138	79%	1 Aug 12	1 Oct 18
77986	Spangdahlem AB, Germany Medical/Dental Clinic Addition	\$ 35,559	14%	14 Dec 16	17 Jun 19
81436	Bahrain NSA, Bahrain Medical/Dental Clinic Replacement	\$ 30,306	17%	20 Apr 16	19 Aug 19
86953	Ft Knox, KY Medical Clinic	\$ 63,453	8%	13 Apr 17	13 Nov 19
72481	Ft Bliss, TX Hospital Replacement	\$ 906,112	72%	23 Aug 11	1 Feb 20
72738	Sheppard AFB, TX Medical Dental Clinic Replacement	\$ 91,910	1%	26 Oct 17	15 Jun 21
80412	Schofield Barracks, HI Behavioral Health/Dental Clinic Addition Ph 1	\$ 123,838	5%	16 Jun 16	12 Feb 21
76007	Rhine Ordnance Barracks, Germany Medical Center Replacement	\$ 946,365	2%	13 Jan 14	30 Dec 23
71503	NCBC Gulfport, MS Medical/Dental Clinic Replacement	\$ 24,470	89%	1 Sep 12	7 Feb 18
80306	NSA Bethesda, MD Temporary Medical Facilities	\$ 39,813	92%	15 Oct 13	11 Feb 18
MC200-T	MCAS Iwakuni, Japan Naval Family Branch Clinic	\$ 153,000	99%	1 Apr 15	1 May 18
71408	JB Andrews, MD Dental Clinic Replacement	\$ 22,472	46%	1 Mar 13	2 Apr 18
77154	JB Andrews, MD Ambulatory Care Center	\$ 229,684	90%	1 Mar 13	20 Jun 17
78150	MCB Kaneohe Bay, HI Medical/Dental Clinic Replacement	\$ 93,000	23%	14 Nov 16	19 May 19
CWE – Current Working Estimate		NTP – Notice to Proceed		BOD – Beneficial Occupancy Date	

Table 2: Status of Active Hospital and Clinic Projects in Construction (2nd Quarter FY 2018)

Project Number	Project	CWE (000)	% comp	NTP	BOD
77979	Cannon AFB, NM Clinic Replacement	\$ 52,148	95%	12 Aug 14	9 Mar 18
71325	Seymour Johnson AFB, NC Clinic Replacement	\$ 53,468	91%	24 Oct 13	15 Jun 18
72414	Peterson AFB, CO Dental Clinic	\$ 16,688	79%	3 Nov 15	20 Feb 18
81423	JBSA, Lackland AFB, TX Reid Clinic Replacement	\$ 38,050	81%	28 Sep 15	10 Jun 18
70354	Ft Irwin, CA Hospital Replacement	\$ 286,842	97%	30 May 12	9 Jan 19
77922	Holloman AFB, NM Clinic Replacement	\$ 59,407	97%	28 Oct 14	22 Sep 18
72419	Osan AB, Korea Hospital Addition/Alteration	\$ 25,564	90%	26 Sep 13	31 Dec 18
81422	JBSA, Lackland AFB, TX Ambulatory Care Center, Phase IV	\$ 61,100	4%	23 Mar 17	1 Jan 19
MED020	Camp Humphreys, Korea Hospital Replacement	\$ 214,858	79%	1 Aug 12	1 Oct 18
77986	Spangdahlem AB, Germany Medical/Dental Clinic Addition	\$ 35,559	18%	14 Dec 16	17 Jun 19
81436	Bahrain NSA, Bahrain Medical/Dental Clinic Replacement	\$ 28,149	19%	20 Apr 16	19 Aug 19
86953	Ft Knox, KY Medical Clinic	\$ 63,371	12%	13 Apr 17	13 Nov 19
72481	Ft Bliss, TX Hospital Replacement	\$ 1,253,324	77%	23 Aug 11	1 Feb 20
72738	Sheppard AFB, TX Medical Dental Clinic Replacement	\$ 87,784	1%	26 Oct 17	15 Jun 21
80412	Schofield Barracks, HI Behavioral Health/Dental Clinic Addition Ph 1	\$ 123,838	9%	16 Jun 16	11 Jun 21
76007	Rhine Ordnance Barracks, Germany Medical Center Replacement	\$ 1,013,000	5%	13 Jan 14	30 Dec 23
71503	NCBC Gulfport, MS Medical/Dental Clinic Replacement	\$ 24,470	100%	1 Sep 12	7 Feb 18
80306	NSA Bethesda, MD Temporary Medical Facilities	\$ 39,813	92%	15 Oct 13	11 Feb 18
MC200-T	MCAS Iwakuni, Japan Naval Family Branch Clinic	\$ 153,000	99%	1 Apr 15	1 May 18
71408	JB Andrews, MD Dental Clinic Replacement	\$ 22,472	56%	1 Mar 13	6 Jul 18
77154	JB Andrews, MD Ambulatory Care Center	\$ 229,684	92%	1 Mar 13	20 Jun 17
78150	MCB Kaneohe Bay, HI Medical/Dental Clinic Replacement	\$ 93,000	30%	14 Nov 16	19 May 19
81430	JB Langley-Eustis, VA Hospital Addition/CUP Replacement	\$ 41,200	0%	12 Feb 18	21 Mar 21
80906	NSA Bethesda, MD Medical Center Addition and Alteration	\$ 510,000	1%	22 Dec 17	Nov 24
CWE – Current Working Estimate		NTP – Notice to Proceed		BOD – Beneficial Occupancy Date	

Table 3: Status of Active Hospital and Clinic Projects in Construction (3rd Quarter FY 2018)

Project Number	Project	CWE (000)	% comp	NTP	BOD
77979	Cannon AFB, NM Clinic Replacement	\$ 51,967	97%	12 Aug 14	9 Mar 18
71325	Seymour Johnson AFB, NC Clinic Replacement	\$ 55,524	92%	24 Oct 13	8 Jun 18
72414	Peterson AFB, CO Dental Clinic	\$ 16,686	97%	3 Nov 15	23 Apr 18
81423	JBSA, Lackland AFB, TX Reid Clinic Replacement	\$ 38,050	93%	28 Sep 15	10 Jun 18
70354	Ft Irwin, CA Hospital Replacement	\$ 287,705	98%	30 May 12	30 Jul 18
77922	Holloman AFB, NM Clinic Replacement	\$ 51,132	99%	28 Oct 14	20 Sep 18
72419	Osan AB, Korea Hospital Addition/Alteration	\$ 25,564	93%	26 Sep 13	31 Dec 18
81422	JBSA, Lackland AFB, TX Ambulatory Care Center, Phase IV	\$ 60,649	4%	23 Mar 17	1 Oct 20
MED020	Camp Humphreys, Korea Hospital Replacement	\$ 214,858	92%	1 Aug 12	1 Oct 18
77986	Spangdahlem AB, Germany Medical/Dental Clinic Addition	\$ 35,559	20%	14 Dec 16	17 Jun 19
81436	Bahrain NSA, Bahrain Medical/Dental Clinic Replacement	\$ 28,114	24%	20 Apr 16	19 Aug 19
86953	Ft Knox, KY Medical Clinic	\$ 63,371	19%	13 Apr 17	13 Nov 19
72481	Ft Bliss, TX Hospital Replacement	\$ 1,253,324	81%	23 Aug 11	1 Feb 20
72738	Sheppard AFB, TX Medical Dental Clinic Replacement	\$ 87,784	2%	26 Oct 17	15 Jun 21
80412	Schofield Barracks, HI Behavioral Health/Dental Clinic Addition Ph 1	\$ 123,838	14%	16 Jun 16	11 Jun 21
76007	Rhine Ordnance Barracks, Germany Medical Center Replacement	\$ 1,013,000	5%	13 Jan 14	30 Dec 23
71503	NCBC Gulfport, MS Medical/Dental Clinic Replacement	\$ 24,470	100%	1 Sep 12	7 Aug 18
80306	NSA Bethesda, MD Temporary Medical Facilities	\$ 39,813	97%	15 Oct 13	20 Sep 18
MC200-T	MCAS Iwakuni, Japan Naval Family Branch Clinic	\$ 153,000	99%	1 Apr 15	1 May 18
71408	JB Andrews, MD Dental Clinic Replacement	\$ 22,472	70%	1 Mar 13	30 Sep 18
77154	JB Andrews, MD Ambulatory Care Center	\$ 229,684	94%	1 Mar 13	20 Jun 17
78150	MCB Kaneohe Bay, HI Medical/Dental Clinic Replacement	\$ 93,000	37%	14 Nov 16	19 May 19
81430	JB Langley-Eustis, VA Hospital Addition/CUP Replacement	\$ 57,300	1%	1 Jun 19	30 Jun 21
80906	NSA Bethesda, MD Medical Center Addition and Alteration	\$ 510,000	10%	22 Dec 17	Nov 24
CWE – Current Working Estimate		NTP – Notice to Proceed		BOD – Beneficial Occupancy Date	

CONCLUSION

As of the submission of this report, there are currently 24 active hospital and clinic projects in construction. In addition to active construction projects, there are currently 22 projects in the design phase. The data presented above delineates status, construction timeline, and the current working estimate of the active construction projects, and reflects data provided by the Design and Construction Agents of each respective project which was also submitted with the Title 10 U.S. Code § 2851 reports in December 2017, March 2018 and June 2018. This data will be appropriately updated in future quarterly reports.