Dear Mr. Chairman:

Please find enclosed a report addressing the status of active hospital construction projects for the second quarter of fiscal year (FY) 2019. This report is in response to the Joint Explanatory Statement, accompanying the Consolidated Appropriations Act, 2018 (Public Law 115–141), 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 limit exposure of both cost and schedule. Since the Committee report was published, nine hospitals and clinics completed construction and opened for business, and six commenced construction activities as of March 2019. 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 second quarter of FY 2019.

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.

James N. Stewart
Assistant Secretary of Defense for Manpower and Reserve Affairs, Performing the Duties of the Under Secretary of Defense for Personnel and Readiness

Enclosure:
As stated

cc:
The Honorable Brian Schatz
Ranking Member
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James N. Stewart
Assistant Secretary of Defense for Manpower and Reserve Affairs, Performing the Duties of the Under Secretary of Defense for Personnel and Readiness

Enclosure:
As stated

cc:
The Honorable Jack Reed
Ranking Member
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James N. Stewart
Assistant Secretary of Defense for Manpower and Reserve Affairs, Performing the Duties of the Under Secretary of Defense for Personnel and Readiness

Enclosure:

As stated

cc:
The Honorable William M. “Mac” Thornberry
Ranking Member
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:

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James N. Stewart  
Assistant Secretary of Defense for Manpower and Reserve Affairs, Performing the Duties of the Under Secretary of Defense for Personnel and Readiness  

Enclosure:  
As stated  

cc:  
The Honorable John Carter  
Ranking Member
Report to Congressional Defense Committees

Second Quarter, Fiscal Year 2019, Report on the U.S. Army Corps of Engineers Projects within the Defense Health Agency

In Response To: Joint Explanatory Statement, Page 998, Accompanying H.R. 1625, the Consolidated Appropriations Act, 2018 (Public Law 115-141)

The estimated cost of this report or study for the Department of Defense (DoD) is approximately $3,600.00 for the 2019 Fiscal Year. This includes $0.00 in expenses and $3,600 in DoD labor.

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RefID: 5-D06FE69
DEFENSE HEALTH AGENCY’S HOSPITAL CONSTRUCTION PROGRAM
STATUS OF ACTIVE CONSTRUCTION PROJECTS

EXECUTIVE SUMMARY

The second quarter report for fiscal year (FY) 2019 is in response to the Joint Explanatory Statement, page 998, accompanying the Consolidated Appropriations Act of 2018 (Public Law 115-141), 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, reflects data submitted with 10 U.S.C. § 2851 report through March 31, 2019, representing the second quarter in FY 2019. As of the submission of this report, there are 22 active hospital and clinic projects in construction. In addition to active construction projects, there are 28 projects in the design phase as of March 31, 2019.

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 section 2851 and Department of Defense 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. Section 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 Table 1, which represents the second quarter of FY 2019. Other projects reported in the section 2851 report include projects that are complete and waiting for financial closeout by the construction agents. No settlements were requested or reached for contractor error or project management deficiencies during the second quarter of FY 2019.
<table>
<thead>
<tr>
<th>Project Number</th>
<th>Project</th>
<th>CWE (000)</th>
<th>% comp</th>
<th>NTP</th>
<th>BOD</th>
</tr>
</thead>
<tbody>
<tr>
<td>71325</td>
<td>Seymour Johnson AFB, NC Drug Detention &amp; Treatment Center</td>
<td>$ 53,524</td>
<td>94%</td>
<td>24 Oct 13</td>
<td>8 Jun 18</td>
</tr>
<tr>
<td>72414</td>
<td>Peterson AFB, CO Dental Clinic</td>
<td>$ 16,686</td>
<td>99%</td>
<td>3 Nov 15</td>
<td>30 Oct 18</td>
</tr>
<tr>
<td>81423</td>
<td>JBSA, Lackland AFB, TX Reid Clinic Replacement</td>
<td>$ 38,050</td>
<td>99%</td>
<td>28 Sep 15</td>
<td>10 Jun 18</td>
</tr>
<tr>
<td>70354</td>
<td>Ft Irwin, CA Hospital Replacement</td>
<td>$ 309,734</td>
<td>100%</td>
<td>30 May 12</td>
<td>14 Aug 18</td>
</tr>
<tr>
<td>72419</td>
<td>Osan AB, Korea Hospital Addition/Alteration</td>
<td>$ 26,686</td>
<td>96%</td>
<td>26 Sep 13</td>
<td>31 Oct 19</td>
</tr>
<tr>
<td>81422</td>
<td>JBSA, Lackland AFB, TX Ambulatory Care Center, Phase IV</td>
<td>$ 60,649</td>
<td>4%</td>
<td>23 Mar 17</td>
<td>1 Oct 20</td>
</tr>
<tr>
<td>MED020</td>
<td>Camp Humphreys, Korea Hospital Replacement</td>
<td>$ 214,858</td>
<td>98%</td>
<td>1 Aug 12</td>
<td>1 Jun 19</td>
</tr>
<tr>
<td>77986</td>
<td>Spangdahlem AB, Germany Medical/Dental Clinic Addition</td>
<td>$ 35,559</td>
<td>41%</td>
<td>14 Dec 16</td>
<td>17 Jun 19</td>
</tr>
<tr>
<td>81436</td>
<td>Bahrain NSA, Bahrain Medical/Dental Clinic Replacement</td>
<td>$ 28,648</td>
<td>65%</td>
<td>20 Apr 16</td>
<td>23 Sep 19</td>
</tr>
<tr>
<td>86953</td>
<td>Ft Knox, KY Medical Clinic</td>
<td>$ 63,371</td>
<td>60%</td>
<td>13 Apr 17</td>
<td>16 Nov 21</td>
</tr>
<tr>
<td>72481</td>
<td>Ft Bliss, TX Hospital Replacement</td>
<td>$ 1,370,000</td>
<td>94%</td>
<td>23 Aug 11</td>
<td>1 Feb 20</td>
</tr>
<tr>
<td>72738</td>
<td>Sheppard AFB, TX Medical Dent Clinic Replacement</td>
<td>$ 87,784</td>
<td>12%</td>
<td>26 Oct 17</td>
<td>15 Jun 21</td>
</tr>
<tr>
<td>80412</td>
<td>Schofield Barracks, HI Behavioral Health/Dental Clinic Addition Ph 1</td>
<td>$ 123,838</td>
<td>37%</td>
<td>16 Jun 16</td>
<td>14 Jun 21</td>
</tr>
<tr>
<td>76007</td>
<td>Rhine Ordnance Barracks, Germany Medical Center Replacement</td>
<td>$ 1,016,071</td>
<td>7%</td>
<td>13 Jan 14</td>
<td>30 Dec 23</td>
</tr>
<tr>
<td>71408</td>
<td>JB Andrews, MD Dental Clinic Replacement</td>
<td>$ 22,472</td>
<td>100%</td>
<td>1 Mar 13</td>
<td>3 Jan 19</td>
</tr>
<tr>
<td>77154</td>
<td>JB Andrews, MD Ambulatory Care Center</td>
<td>$ 229,684</td>
<td>98%</td>
<td>1 Mar 13</td>
<td>20 Jun 17</td>
</tr>
<tr>
<td>78150</td>
<td>MCB Kaneohe Bay, HI Medical/Dental Clinic Replacement</td>
<td>$ 93,000</td>
<td>68%</td>
<td>14 Nov 16</td>
<td>19 Nov 19</td>
</tr>
<tr>
<td>81430</td>
<td>JB Langley-Fusilis, VA Hospital Addition/CUP Replacement</td>
<td>$ 57,300</td>
<td>13%</td>
<td>1 Jun 19</td>
<td>30 Jun 21</td>
</tr>
<tr>
<td>80906</td>
<td>NSA Bethesda, MD Medical Center Addition and Alteration</td>
<td>$ 510,000</td>
<td>3%</td>
<td>22 Dec 17</td>
<td>30 Nov 24</td>
</tr>
<tr>
<td>14019</td>
<td>MCB Camp Lejeune, NC Dental Clinic Replacement</td>
<td>$ 35,000</td>
<td>4%</td>
<td>20 Jul 18</td>
<td>13 Jul 20</td>
</tr>
<tr>
<td>77987</td>
<td>Schriever AFB, CO Medical/Dental Clinic Addition and Alteration</td>
<td>$ 12,184</td>
<td>2%</td>
<td>23 Oct 18</td>
<td>16 Aug 21</td>
</tr>
<tr>
<td>71509</td>
<td>Naval Shipyard Portsmouth, ME Medical/Dental Clinic Replacement</td>
<td>$ 37,400</td>
<td>0%</td>
<td>1 Feb 19</td>
<td>24 Dec 21</td>
</tr>
</tbody>
</table>

CWE - Current Working Estimate  NTP - Notice to Proceed  BOD - Beneficial Occupancy Date
CONCLUSION

As of the submission of this report, there are currently 22 active hospital and clinic projects in construction. In addition to active construction projects, there are currently 28 projects in the design phase. Since the Committee report was published, nine hospitals and clinics completed construction and opened for business and, six commenced construction activities as of March 2019. The data presented above delineates status, construction timeline, and the current working estimate of the active construction projects, and reflects updated data provided by the Design and Construction Agents of each respective project, which was also submitted with the section 2851 reports in March 2019. This data will be appropriately updated in future quarterly reports.