



PERSONNEL AND
READINESS

OFFICE OF THE UNDER SECRETARY OF DEFENSE

4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

JUL 25 2019

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:

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.

A handwritten signature in black ink, appearing to read "James N. Stewart".

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



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

PERSONNEL AND
READINESS

JUL 25 2019

The Honorable James M. Inhofe
Chairman
Committee on Armed Services
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

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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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JUL 25 2019

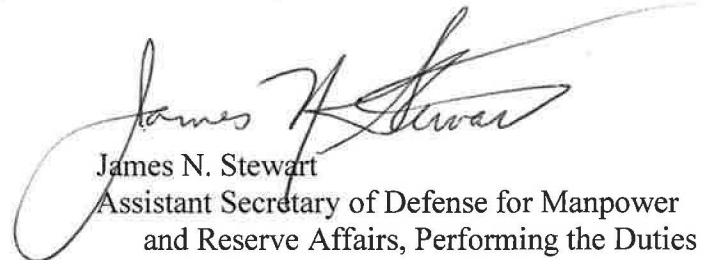
The Honorable Adam Smith
Chairman
Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

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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



PERSONNEL AND
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OFFICE OF THE UNDER SECRETARY OF DEFENSE

4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

JUL 25 2019

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:

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.

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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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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 1: Status of Active Hospital and Clinic Projects in Construction (2nd Quarter FY 2019)

Project Number	Project	CWE (000)	% comp	NTP	BOD
71325	Seymour Johnson AFB, NC Clinic Replacement	\$ 53,524	94%	24 Oct 13	8 Jun 18
72414	Peterson AFB, CO Dental Clinic	\$ 16,686	99%	3 Nov 15	30 Oct 18
81423	JBSA, Lackland AFB, TX Reid Clinic Replacement	\$ 38,050	99%	28 Sep 15	10 Jun 18
70354	Ft Irwin, CA Hospital Replacement	\$ 309,734	100%	30 May 12	14 Aug 18
72419	Osan AB, Korea Hospital Addition/Alteration	\$ 26,686	96%	26 Sep 13	31 Oct 19
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	98%	1 Aug 12	1 Jun 19
77986	Spangdahlem AB, Germany Medical/Dental Clinic Addition	\$ 35,559	41%	14 Dec 16	17 Jun 19
81436	Bahrain NSA, Bahrain Medical/Dental Clinic Replacement	\$ 28,648	65%	20 Apr 16	23 Sep 19
86953	Ft Knox, KY Medical Clinic	\$ 63,371	60%	13 Apr 17	16 Nov 21
72481	Ft Bliss, TX Hospital Replacement	\$ 1,370,000	94%	23 Aug 11	1 Feb 20
72738	Sheppard AFB, TX Medical Dental Clinic Replacement	\$ 87,784	12%	26 Oct 17	15 Jun 21
80412	Schofield Barracks, HI Behavioral Health/Dental Clinic Addition Ph 1	\$ 123,838	37%	16 Jun 16	14 Jun 21
76007	Rhine Ordnance Barracks, Germany Medical Center Replacement	\$ 1,016,071	7%	13 Jan 14	30 Dec 23
71408	JB Andrews, MD Dental Clinic Replacement	\$ 22,472	100%	1 Mar 13	3 Jan 19
77154	JB Andrews, MD Ambulatory Care Center	\$ 229,684	98%	1 Mar 13	20 Jun 17
78150	MCB Kaneohe Bay, HI Medical/Dental Clinic Replacement	\$ 93,000	68%	14 Nov 16	19 Nov 19
81430	JB Langley-Eustis, VA Hospital Addition/CUP Replacement	\$ 57,300	13%	1 Jun 19	30 Jun 21
80906	NSA Bethesda, MD Medical Center Addition and Alteration	\$ 510,000	3%	22 Dec 17	30 Nov 24
14019	MCB Camp Lejeune, NC Dental Clinic Replacement	\$ 35,000	4%	20 Jul 18	13 Jul 20
77987	Schriever AFB, CO Medical/Dental Clinic Addition and Alteration	\$ 12,184	2%	23 Oct 18	16 Aug 21
71509	Naval Shipyard Portsmouth, ME Medical/Dental Clinic Replacement	\$ 37,400	0%	1 Fe 19	24 Dec 21
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.