SEC. 810. ENHANCED AUTHORITY FOR USE OF OPERATION AND MAINTENANCE FUNDS FOR UNSPECIFIED MINOR MILITARY CONSTRUCTION PROJECTS IN SUPPORT OF OPERATION ENDURING FREEDOM.

(a) INCREASED COST THRESHOLD.—Notwithstanding the cost limitations of section 2805 of title 10, United States Code, the Secretary concerned may use funds available for overseas contingency operations for operation and maintenance to carry out unspecified minor military construction projects in direct support of Operation Enduring Freedom costing not more than $3,000,000.

(b) SECRETARY CONCERNED.—For purposes of this section, the term "Secretary concerned" has the meaning applicable to such term under section 2805 of title 10, United States Code.

(c) APPROVAL AND CONGRESSIONAL NOTIFICATION.—The Secretary concerned shall meet the reporting requirements pursuant to subsection (b) of section 2805 of title 10, United States Code.

(d) EXPIRATION OF AUTHORITY.—The authority provided in subsection (a) shall expire on September 30, 2012.

Section-by-Section Analysis

This proposal would raise the spending limit on the use of operation and maintenance (O&M) funds for unspecified minor military construction (MILCON) from $750,000 to $3,000,000 when applied to a project in direct support of Operation Enduring Freedom (OEF). Projects constructed under this authority would be those necessary to meet military operational requirements involving the use of the Armed Forces in support a contingency operation. Increasing the threshold provides an immediate authority at the Combined Joint Task Force (CJTF) level to execute projects that the commander needs without affecting longer-term project development or violating any mandates applicable to use of Contingency Construction Authority (CCA). Under current law, when the cost for a project exceeds $750,000, commanders must

pursue military construction authority and funding, often requiring congressional action, which can extend the project completion time. This is causing work-arounds in theater, often requiring solutions or reduction in capabilities that do not fully meet operational requirements. The existing threshold of $750,000 was established in 2004, without the knowledge we have gained after years of involvement in Operation Iraqi Freedom (OIF and in OEF. Since 2004 the cost of construction has increased for the reasons outlined below.

Rising construction costs:
Rising construction costs affect every project considered for OEF. The Army component of Central Command (ARCENT) experienced annual OEF/OIF construction cost growth ranging from 20-40 percent per year, pushing many minor yet essential projects beyond either O&M construction thresholds or unspecified minor military construction thresholds. The following examples demonstrate this cost growth (all amounts in thousands of dollars):

Project	Location	FY 2004	FY 2008-10
Landfill	Iraq	$ 420	$ 880
DFAC	Dwyer	$ 500	$2,000
Medical Facility	Dwyer	$ 800	$2,000
Dining Facility	Wolverine	$ 880	$2,200
MedLog Warehouse	Bagram	$ 700	$3,350
Brigade HQ Building	Kandahar	$ 750	$3,500

The Fiscal Year 2004 costs for similar facilities were derived from previously approved Operation and Maintenance, Army (OMA), projects built in the USCENTCOM Area of Responsibility (AOR). Although the last two example projects exceed the $3,000,000 authority requested, they serve to illustrate the overall cost growth trends.

Rising cost factors include:

1) Increases in cost of construction materials (concrete costs $500 per cubic yard (CY) in Afghanistan vs $100 per CY stateside);

2) Lack of a skilled local labor force requires outsourcing more technicians;

3) Contractors in country who cannot support the scale of construction requires going outside of the country or using larger contractors which can drive costs up due to minimal competition; and

4) Costs to ship and transport materials due to limitations in air, sea, and land access.

Impact: A $3,000,000 O&M threshold for O&M–funded unspecified minor military construction would provide the commander in the counterinsurgency fight the flexibility to reposition forces in response to the enemy situation without delay. The threshold would permit rapid construction of enabling facilities to include force protection, medical, and temporary logistic support (e.g., fuel and ammunition storage).

Budget Implications: This proposal would authorize the Secretary of Defense to use funds already appropriated for operation and maintenance for construction to meet temporary operational requirements.

Changes to Existing Law: This proposal would make no changes to the text of existing law.