SEC. 808. CLARIFICATION OF AUTHORITY TO USE THE PENTAGON RESERVATION MAINTENANCE REVOLVING FUND FOR MINOR CONSTRUCTION AND ALTERATION ACTIVITIES AT THE PENTAGON RESERVATION.

Section 2674(e)(4) of title 10, United States Code, is amended—

(1) by striking "The authority" and inserting "(A) Except as provided in subparagraph (B), the authority"; and

(2) by adding at the end the following new subparagraph:

"(B) The Secretary may use monies from the Fund to support construction or alteration activities at the Pentagon Reservation within the limits stated in section 2805 of this title.".

Section-by-Section Analysis

Anticipating completion of the Pentagon Renovation program in Fiscal Year (FY) 2012, the Congress amended 10 U.S.C. § 2674 in section 2802 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111-383). The amendment, among other things, provided that the Secretary of Defense's authority "to use monies from the [Pentagon Reservation Maintenance Revolving] Fund to support construction or alteration activities at the Pentagon Reservation expires on September 30, 2012." The Department of Defense believes the amendment creates an unintended problem and highly inefficient redundancy in operations funds.

10 U.S.C. § 2674(d) authorizes the Secretary of Defense to establish rates and collect charges from the Pentagon Reservation occupants for, among other things, "maintenance, construction, repairs and alterations" at the Pentagon Reservation. 10 U.S.C. § 2674(e)(1) established the Pentagon Reservation Maintenance Revolving Fund ("PRMRF" or "the Fund") and authorized the Secretary of Defense to deposit into the Fund the charges collected by the Secretary for operations, protection, maintenance, construction, alteration and repairs at the Pentagon Reservation.

Through the charges authorized by section 2674, the Secretary efficiently collects from the many Pentagon tenant organizations their fair share of costs related to Pentagon operations and executes these through one fund—the PRMRF. There are approximately 18 different operations and maintenance (O&M) accounts that pay fair share rent into PRMRF to operate the Pentagon. Because the PRMRF functions as a unitary O&M fund, the Secretary also has used the PRMRF to fund minor construction projects within the thresholds authorized under 10 U.S.C.

§ 2805(c).

In addition to O&M and minor construction at the Pentagon Reservation, the Fund was expressly authorized by Congress as the funding mechanism for the multi-year Renovation of the Pentagon, a program that will be successfully completed in FY 2012. Beyond the Renovation, for any major construction projects at the Pentagon Reservation, the DoD seeks specific authorization using the Military Construction program authorities. Thus, at the Pentagon Reservation, DoD utilizes the PRMRF for O&M and minor construction, and MILCON for major construction exceeding the O&M thresholds prescribed in 10 U.S.C. § 2805(c).

The FY11 amendment to 10 U.S.C. § 2674(e) creates the unusual result of removing the normal "O&M" authorities for "minor construction" projects provided by 10 U.S.C. § 2805 from the very O&M fund created to efficiently manage the Pentagon Reservation. Thus, the amendment will require the creation of another O&M appropriation for minor construction or alteration projects at the Pentagon Reservation, such as moving doors and walls, installing security measures, IT closets, or creating displays, etc. The Fund is an effective business model for the operation of this multi-purpose, multi-tenant facility. It is a construct which generates efficiencies by consolidating funds for facility operations into a single fund. Removing the ability of the Fund to support minor construction and alteration would diminish this very effective and prudent tool for operating the Pentagon Reservation.

In addition, Pentagon occupancy will not remain static in the future—mission and organizational changes within DoD may require periodic reconfigurations of space within Pentagon Reservation facilities. Changes in technology and periodic sustainment efforts also are likely to affect the scope of individual reconfiguration projects. Also, restrictions on the Fund eliminate the Secretary's ability to quickly and efficiently address new or emerging threats to the Pentagon and its occupants. Removing the ability of the Fund to support minor construction and alteration would diminish DoD's ability to effectively and efficiently accomplish these mission requirements at the Pentagon Reservation.

Budget Implications: This proposal is not asking for additional resources. It is reestablishing the authority to use the PRMRF to conduct minor construction and alteration activities at the Pentagon Reservation.

RESOURCE REQUIREMENTS ($MILLIONS)								
	FY 2012	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**Appropriation From**	**Budget Activity**	**Dash-1 Line Item**
PRMRF	$654.1	$576.1	$585.3	$614.7	$608.2	4950D		

Changes to Existing Law: This proposal would amend section 2674(e) of title 10, United States Code, which was enacted in section 2802 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111-383; 124 Stat. 4137).

TITLE 10, UNITED STATES CODE

§ 2674. Operation and control of Pentagon Reservation and defense facilities in National Capital Region

(a) ***

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(e)(1) There is established in the Treasury of the United States a revolving fund to be known as the Pentagon Reservation Maintenance Revolving Fund (hereafter in this section referred to as the "Fund"). There shall be deposited into the Fund funds collected by the Secretary for space and services and other items provided an organization or entity using any facility or land on the Pentagon Reservation pursuant to subsection (d).

(2) Subject to paragraphs (3) and (4), monies deposited into the Fund shall be available, without fiscal year limitation, for expenditure for real property management, operation, protection, construction, repair, alteration and related activities for the Pentagon Reservation.

(3) If the cost of a construction or alteration activity proposed to be financed in whole or in part using monies from the Fund will exceed the limitation specified in section 2805 of this title for a comparable unspecified minor military construction project, the activity shall be subject to authorization as provided by section 2802 of this title before monies from the Fund are obligated for the activity.

(4)(A) Except as provided in subparagraph (B), the authority ~~The authority~~ of the Secretary to use monies from the Fund to support construction or alteration activities at the Pentagon Reservation expires on September 30, 2012.

(B) The Secretary may use monies from the Fund to support construction or alteration activities at the Pentagon Reservation within the limits stated in section 2805 of this title.

(f) ***

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