SEC. ___. TEMPORARY AUTHORITY TO UNDERTAKE CONVERSION PROJECTS AS REPAIR PROJECTS.

Section 2811 of title 10, United States Code, is amended by adding at the end the following new subsection:

"(f) TEMPORARY AUTHORITY FOR CONVERSIONS AS REPAIR.—(1) Notwithstanding subsection (e), the Secretary concerned may carry out a repair project that converts a real property facility, system, or component to a new functional purpose without increasing its external dimensions.

"(2) The maximum amount that the Secretary concerned may obligate in any fiscal year under this subsection is $60,000,000.

"(3) The authority provided by this subsection expires on September 30, 2021.".

Section-by-Section Analysis

This proposal would temporarily re-classify facility "conversion" as repair, thereby allowing all work within the existing dimensions of a facility to be considered repair for the duration of the authority.

Section 2801 of title 10, United States Code, defines military construction to include any construction, development, conversion, or extension of any kind carried out with respect to a military installation, whether to satisfy temporary or permanent requirements. Consistent with this classification, section 2811(e) of title 10 defines "repair project" as "a project to restore a real property facility, system, or component to such a condition that it may effectively be used for its designated functional purpose." Section 2811 excludes projects to convert a facility to a different functional purpose. Because of this classification, projects to convert an existing facility from one use to another are subject to the same statutory restrictions and limitations as projects to construct wholly new facilities or extensions to existing facilities.

Considering facility conversions as repair projects per section 2811 is logically sound for at least two reasons. First, the characteristics of conversion projects are more comparable to other types of repair projects than to projects to expand facilities or construct new facilities from the ground up. Conversion projects within the walls of an existing building often entail no more actual work, cost, and time than other renovation projects that do not involve a change in function (and are therefore classified as repair projects). An observer walking into an existing building project could be hard-pressed to differentiate renovation/non-conversion from

renovation/conversion. Second, conversion projects have the same ultimate objective as other types of repair projects, i.e., to make *existing facility space* suitable for supporting the mission. This could be an appropriate purpose for a more comprehensive section 2811, not currently realized.

Considering conversions as repair projects offers definite benefits to the Department. Specifically, this change would:

1) Enable expeditious reuse of existing facilities, allowing existing facilities to be converted for new uses using O&M repair authority to accomplish internal renovations.

2) Allow military installations to remedy facility deficits more expeditiously, thereby reducing the need to purchase/lease temporary facilities, or lease off-base facilities until military construction projects are programmed, funded and completed.

3) Reduce the overall demand for military construction by enabling military installations to adapt existing facilities to new missions using O&M repair authority.

4) Facilitate consolidation of missions into existing space, thereby enabling military installations to vacate and demolish facilities that have exceeded their useful life, which reduces overall footprint and associated energy/utility usage.

These benefits directly support administration policy to improve efficiencies and reduce costs. A June 10, 2010 White House memo to the heads of the executive department agencies ("Disposing of Unneeded Federal Real Estate – Increasing Sales Proceeds, Cutting Costs, and Improving Energy Efficiency") directs the departments to "make better use of remaining real property assets" by "pursuing consolidation opportunities" through "innovative approaches to space management." Adaptive reuse of existing facilities through consolidation of functions in those facilities would enable innovative approaches to space management and reduce the needless consumption of scarce maintenance resources to sustain surplus facilities.

Following are current examples of the above:

FORT HOOD, TEXAS: The installation has an exchange/retail store built in 1996 with over 124,000 square feet of space that became vacant when an AAFES replacement project was completed. The installation also has numerous other tenants and missions that operate in a mix of substandard, relocatable, and/or World War II wood structures, that could benefit from re-purposing the existing retail space into a combination of administrative space, unit storage, and physical fitness center. Programming and executing multiple military construction projects to meet these other requirements would require significantly more time and money than a conversion. However, military construction funding constraints indefinitely preclude this beneficial conversion which would be feasible as an O&M-funded modernization (repair) project.

KINGS MILL MEMORIAL ARMY RESERVE CENTER, OHIO: The supporting Army Reserve Regional Support Command identified a vacated warehouse to re-purpose as a

400-Soldier Army Reserve Center. The facility would provide required training capabilities with weapon simulators, training classrooms, sensitive items vault, physical fitness area, a library and learning center, and administrative and office areas. The converted building would also support logistical storage and maintenance shops with drive-thru bays. However, military construction funding constraints indefinitely preclude this beneficial conversion which would be feasible as an O&M-funded modernization (repair) project.

FORT GORDON, GEORGIA: The current Transient Training Enlisted Barracks is a three-story masonry structure of approximately 43,000 SF constructed in 1969. Building systems have exceeded the average life expectancy of 20 years, and are failed or failing. The garrison has a new mission to support the activation of a military intelligence brigade, and programming a new military construction project would take longer and likely be more expensive. The garrison would prefer to convert the barracks to serve as a brigade headquarters and organizational classroom, with appropriate SCIF space. However, military construction funding constraints indefinitely preclude this beneficial conversion which would be feasible as an O&M-funded modernization (repair) project.

FORT GORDON, GEORGIA: An old post exchange/retail store could be converted to serve as ~47,000 SF of general purpose administrative space. This would provide a cost-effective facility to establish the TRADOC Cyber Center of Excellence/ Signal Center of Excellence, a new and important mission. The renovation would also facilitate the demolition of 1950s-era built facilities. However, military construction funding constraints indefinitely preclude this beneficial conversion which would be feasible as an O&M-funded modernization (repair) project.

SCHOFIELD BARRACKS, HAWAII: The installation has a shortage of company operations facilities, which were exacerbated due to recent Army force structure changes that have added additional engineering capabilities into each Brigade Combat Team. Programming military construction to satisfy the requirement will take more time and money than is available. Instead, the installation wishes to convert an existing barracks to provide sufficient functional operational space to support an engineering battalion and four engineering companies. However, military construction funding constraints indefinitely preclude this beneficial conversion which would be feasible as an O&M-funded modernization (repair) project.

WAKE ISLAND: A proposed project would consolidate multiple functions into the passenger terminal and allow closure and/or demolition of excess, low- occupancy facilities with expected annual savings of approximately $15 million. However, military construction funding constraints indefinitely preclude this beneficial conversion which would be feasible as an O&M-funded modernization (repair) project.

LITTLE ROCK AFB: A proposed project would consolidate the base library, community activity center, and family support center into the former Base Exchange facility. This consolidation would generate a net reduction in real property inventory of 40,335 square feet, provide modern and efficient space, and eliminate asbestos and mold

problems that are present in the buildings that currently house these functions. However, military construction funding constraints indefinitely preclude this beneficial conversion which would be feasible as an O&M-funded modernization (repair) project.

EIELSON AFB: A proposed project would convert the former Base Exchange into a Community Center and consolidate the base library, meeting and social activity rooms, and Childrens' Play Land. All of these indoor functions are essential to the well-being of Eielson's base population during the seven-month winter in central Alaska. The existing library is in the basement of an old school and is too small. The existing base community center and old school are to be demolished, resulting in reduction of real property. Military construction funding constraints preclude this beneficial conversion which would be feasible as an O&M-funded modernization (repair) project.

WRIGHT-PATTERSON AFB: The National Air and Space Intelligence Center (NASIC) needed to expand its Foreign Materiel Exploitation (FME) capabilities. Adjacent to the existing FME facility was a vacant fuel cell hangar suitable for conversion. Military construction funding constraints preclude this project indefinitely, and limited NASIC's ability to perform its FME mission. The project would be feasible as an O&M-funded modernization (repair) project.

JOINT BASE ANDREWS (JBA): Relocation of AAFES to a new exchange facility freed-up former retail space for potential use by the 11th Wing as administrative space, a Squadron Operations facility, or an Installation Deployment Readiness Center (IDRC)—all needed to support the mission of JBA. However, military construction funding constraints indefinitely preclude this beneficial conversion which would be feasible as an O&M-funded modernization (repair) project.

ELLSWORTH AFB: Downsizing of the Air Force Financial Services Center created excess space suitable for conversion to an education center or a maintenance facility to replace an existing poor facility. However, military construction funding constraints indefinitely preclude this beneficial conversion which would be feasible as an O&M-funded modernization (repair) project.

JOINT BASE LANGLEY-EUSTIS: Underutilized training barracks were evaluated for use as administrative space needed by the installation. However, military construction funding constraints indefinitely preclude this beneficial conversion which would be feasible as an O&M-funded modernization (repair) project.

JOINT BASE ELMENDORF RICHARDSON: JBER evaluated options to establish an Emergency Control Center (combined Security Forces and Fire Department) to improve efficiency both in operations and use of facility space. Several candidate facilities are available to enable this consolidation, all requiring functional conversion from their previous uses. Though this initiative would greatly improve operations and use of existing facilities, military construction funding constraints indefinitely preclude this beneficial conversion which would be feasible as an O&M-funded modernization (repair) project.

JOINT BASE ELMENDORF RICHARDSON: JBER evaluated options to relocate the Health and Wellness Center and other related functions to consolidate like services. Excess space was available that required conversion from its previous use. However, military construction funding constraints indefinitely preclude this beneficial conversion which would be feasible as an O&M-funded modernization (repair) project.

JOINT BASE ELMENDORF RICHARDSON: JBER has a need for a detention facility (jail) for military personnel arrested on the installation. Currently, detained military personnel must be housed in municipal jails in the Anchorage area, resulting in loss of positive control of military prisoners, exposure to potentially violent civilian criminals, and potential disclosure of classified information to outsiders. JBER has identified an existing facility that could be expeditiously converted for this purpose. However, military construction funding constraints and authorization timelines have precluded this beneficial conversion which would be feasible as an O&M-funded modernization (repair) project.

Budget Implications: This proposal would allow facility conversion projects to be executed within existing resources for facilities restoration and modernization (R&M) (PEXXXX76) using Operation and Maintenance (O&M) appropriations, rather than using Military Construction appropriations. Conversion projects would compete with other O&M-funded projects to modernize existing facilities and would be funded only when sufficiently justified and prioritized. Conversion projects would <u>not</u> compete with facilities sustainment funding, which is provided in a different O&M-funded account. The resources reflected in the table below are funded within the FY 2017 President's Budget.

There is understandable concern about increasing O&M-funded requirements on the already overburdened O&M account. However, this concern must be weighed against the backlog of requirements in the military construction account that exceeds $10 billion over the next three years, and higher priorities for new or expanded facilities which preclude most conversion projects from being funded at all.

Shifting conversion project costs from the military construction account to the O&M account offers these benefits:

1. Beneficial conversion projects would become financially feasible. Due to the critical deficiency in the military construction account, many worthy conversion projects remain unattainable because of higher priorities for new facilities that must be funded with military construction appropriations. Conversion projects would compete successfully against other facility modernization (repair) projects toward the common goal of supporting the mission with existing facilities.

2. Net O&M requirements would decrease. Facilities would be retrofitted much more quickly (or at all) to accommodate new missions and/or consolidation into right-sized facilities with associated disposal (or further repurposing) of excess facilities, thereby hastening efficiencies in energy and sustainment.

The R&M budget request would not change respective to this authority. Within the budget, the maximum amount each Secretary may obligate using this authority in any fiscal year is $60 million.

RESOURCE REQUIREMENTS ($MILLIONS)									
	FY 2017	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**Appropriation From**	**Budget Activity**	**Dash-1 Line Item**	**Program Element**
Army	819.3	789.0	819.2	745.4	691.0	Operation and Maintenance, Army	01	132	0202176A
Army National Guard	204.5	217.7	211.1	211.5	212.1	Operation and Maintenance, Army National Guard	01	050	0502276A
Army Reserve	59.4	53.8	56.0	59.7	50.0	Operation and Maintenance, Army Reserve	01	132	0502276A
Air Force	383.6	470.0	387.8	385.1	377.5	Operation and Maintenance, Air Force	01	050	22176F
Air Force Reserve	34.6	22.5	22.2	31.0	32.1	Operation and Maintenance, Air Force Reserve	01	040	52576F
Air Force National Guard	31.2	39.8	36.3	57.0	58.9	Operation and Maintenance, Air National Guard	01	040	
Navy does not intend to use the authority, which would have been funded in the following accounts: Operation and Maintenance, Navy and Operation and Maintenance, Navy Reserve.									
Marine Corps does not intend to use the authority, which would have been funded in the following accounts: Operation and Maintenance, Marine Corps and Operation and Maintenance, Marine Corps Reserve.									
Totals	1,532.6	1,592.8	1,532.6	1,489.7	1,421.6				

Changes to Existing Law: This proposal would make the following change to section 2811 of title 10, United States Code:

§ 2811. Repair of facilities

(a) REPAIRS USING OPERATIONS AND MAINTENANCE FUNDS.—Using funds available to the Secretary concerned for operation and maintenance, the Secretary concerned may carry out repair projects for an entire single-purpose facility or one or more functional areas of a multipurpose facility.

(b) APPROVAL REQUIRED FOR MAJOR REPAIRS.—A repair project costing more than $7,500,000 may not be carried out under this section unless approved in advance by the Secretary concerned. In determining the total cost of a repair project, the Secretary shall include all phases of a multi-year repair project to a single facility. In considering a repair project for approval, the Secretary shall ensure that the project is consistent with force structure plans, that repair of the facility is more cost effective than replacement, and that the project is an appropriate use of operation and maintenance funds.

(c) PROHIBITION ON NEW CONSTRUCTION OR ADDITIONS.—Construction of new facilities or additions to existing facilities may not be carried out under the authority of this section.

(d) CONGRESSIONAL NOTIFICATION.—When a decision is made to carry out a repair project under this section with an estimated cost in excess of $ 7,500,000, the Secretary concerned shall submit to the appropriate committees of Congress a report containing—

(1) the justification for the repair project and the current estimate of the cost of the project, including, in the case of a multi-year repair project to a single facility, the total cost of all phases of the project;

(2) if the current estimate of the cost of the repair project exceeds 75 percent of the estimated cost of a military construction project to replace the facility, an explanation of the reasons why replacement of the facility is not in the best interest of the Government; and

(3) a description of the elements of military construction, including the elements specified in section 2802(b) of this title, incorporated into the repair project.

(e) REPAIR PROJECT DEFINED.—In this section, the term "repair project" means a project to restore a real property facility, system, or component to such a condition that it may effectively be used for its designated functional purpose.

<u>(f) TEMPORARY AUTHORITY FOR CONVERSIONS AS REPAIR.—(1) Notwithstanding subsection (e), the Secretary concerned may carry out a repair project that converts a real property facility, system, or component to a new functional purpose without increasing its external dimensions.</u>

<u>(2) The maximum amount that the Secretary concerned may obligate in any fiscal year under this subsection is $60,000,000.</u>

<u>(3) The authority provided by this subsection expires on September 30, 2021.</u>

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