



OFFICE OF THE UNDER SECRETARY OF DEFENSE

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

PERSONNEL AND  
READINESS

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

JAN 30 2019

Dear Madam Chairwomen:

Please find enclosed the Department's response to House Report 115-188, page 27, which accompanies H.R. 2998, the Military Construction, Veterans Affairs, and Related Agencies Appropriations Bill, 2018, requesting a quarterly status of the Fort Bliss Hospital Replacement Project.

The Fort Bliss Hospital Replacement Project is progressing, but is over budget and behind schedule. The Defense Health Agency and United States Army Corps of Engineers have provided increased oversight and project management, to minimize further delays and expenditures. The project is 86 percent complete, with construction expected to be finished in September 2019. The enclosed report provides the status of the Fort Bliss Hospital Replacement Project as of October 10, 2018.

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.

Sincerely,

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



PERSONNEL AND  
READINESS

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

JAN 30 2019

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

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A handwritten signature in black ink that reads "James N. Stewart". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

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  
READINESS

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

JAN 30 2019

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

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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



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

PERSONNEL AND  
READINESS

The Honorable John Boozman  
Chairman  
Subcommittee on Military Construction  
Veterans Affairs, and Related Agencies  
Committee on Appropriations  
United States Senate  
Washington, DC 20510

JAN 30 2019

Dear Mr. Chairman:

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Sincerely,

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

# Report to Congress



## Status of the Fort Bliss Hospital Replacement Project Quarterly Report First, Second, Third, and Fourth Quarter, Fiscal Year 2018

**In Response to: House Report 115-188, page 27, for Fiscal Year 2018**

The estimated cost of this report or study for the Department of Defense is approximately \$13,000.00. This includes \$ 0.0) in expenses and \$13,000.0) in DoD labor.

Generated on 2018/10/31

Report/Study Cost Estimate  
(1-B61CC2D)

# **Status of the Fort Bliss Hospital Replacement Project**

## **EXECUTIVE SUMMARY**

This quarterly report is in response to House Report 115-188, page 27, accompanying S. 2943, the Military Construction, Veterans Affairs, and Related Agencies Appropriations Bill, 2018, requesting a quarterly report on the status of the Fort Bliss Hospital Replacement Project. Specifically, the committee requests the Defense Health Agency (DHA) to report, at a minimum, the following information: (1) future funding requests as they are known; and (2) notice of any further delay. The data presented below, as reported by the United States Army Corps of Engineers (USACE), as the Construction Agent, is for the period of January 1, 2018, through October 10, 2018.

The Construction Agent reports the project is 86 percent complete and construction will be completed in September 2019. The facility operational date is projected in September 2020. The most recent report from the data provided by the Construction Agent identified the current working estimate at \$1,370,000,000.00. Based upon ongoing mandatory change order negotiations and results of the updated Cost and Schedule Risk Assessment, a 2853 Notification of Cost Increase (\$158,680,000.00) was sent to Congress on October 10, 2018.

## **BACKGROUND**

The Fort Bliss Hospital Replacement Project replaces the existing William Beaumont Army Medical Center, and is designed to support the 95,000 eligible beneficiaries in the Fort Bliss market. Upon occupancy, the Fort Bliss hospital will encompass 1,132,460 square feet in new construction, supporting 135 inpatient beds, 12 operating rooms, 269 exam rooms, and ancillary patient care services. The project also supports 15 graduate medical education, nursing, and enlisted training programs. Additional features include a new grade-separated interchange, a dedicated electric substation, two-way approach helipad, and more than 4,000 parking spaces.

In accordance with 10 U.S.C. § 2851 and Department of Defense Directive 4270.5, this construction project is being directed and supervised by the USACE. The first project increment was awarded for construction on January 29, 2013, to the Joint Venture of Clark-McCarthy Healthcare Partners, and construction started on May 29, 2013.

## **PROJECT STATUS**

The Fort Bliss Hospital Replacement Project is an incrementally-funded project authorized in fiscal year (FY) 2010 at \$966,000,000.00. Appropriations applied to the project from Military Construction Appropriations Acts and settlements to date are \$1,253,320,000.00.

The Construction Agent identified an additional \$158,680,000.00 required to complete the project above the FY 2018 increment. This amount is reflected in the recently transmitted Section 2853 Notification to Congress. The contractor continues to submit change requests that are actively being reviewed for merit and further negotiation; however, with the completed Cost and Schedule Risk Assessment update, the Construction Agent is confident the additional funds will be sufficient to complete the project within the new \$1,370,000,000.00 authorized cost.

The Fort Bliss Hospital Replacement Project primary contract was awarded for construction to the Joint Venture of Clark-McCarthy Healthcare Partners in January 2013. Construction started on May 29, 2013, with groundbreaking in August of that year. Originally, the construction completion date was expected to be November 26, 2016. The anticipated completion date is September 2019.

The DHA continues to support assessment of the Fort Bliss Hospital Replacement Project, and is investigating acceleration of the schedule without adverse cost impact. Management processes involving all stakeholders have been implemented to resolve issues in a timely manner and to minimize schedule and cost impacts. Senior management oversight focusing on change management is readdressing the efficacy of changes and limiting changes to only those which are mandatory. Additionally, revisions to executive leadership oversight have been instituted for a more integrated and collaborative governance process. Monthly meetings, including a Senior Leadership Board and governance reviews, continue to emphasize that the Construction Agent mitigate impacts to cost and schedule in order to stay on-track for delivering a ready and resilient facility to provide world-class care to the eligible beneficiaries at Fort Bliss.

### **CONCLUSION**

The Construction Agent reports the Fort Bliss Hospital Replacement Project is 86 percent complete and the project will be completed in September 2019. The most recent report from the data provided by the Construction Agent identified the current working estimate at \$1,370,000,000.00. Based upon ongoing mandatory change, order negotiations, and results of the updated Cost and Schedule Risk Assessment, a 2853 Notification of Cost Increase was sent to Congress on October 10, 2018, to provide notification of an authorized cost increase of \$158,680,000.00 to finish the project.