

**FISCAL YEAR (FY) 2015
BUDGET ESTIMATES**

March 2014



CHEMICAL DEMILITARIZATION CONSTRUCTION, DEFENSE

The estimated cost of this report for the Department of Defense is approximately \$1,750 for Fiscal Year 2015. This includes \$250 in expenses and \$1,500 in DoD labor.

**FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
CHEMICAL DEMILITARIZATION CONSTRUCTION, DEFENSE**

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CHEMICAL DEMILITARIZATION CONSTRUCTION, DEFENSE

APPROPRIATION LANGUAGE

Fiscal Year 2015

For expenses, not otherwise provided for, necessary for the construction of facilities and infrastructure upgrades to support destruction of the United States stockpile of lethal chemical agents and munitions in accordance with the provisions of Section 1412 of the National Defense Authorization Act, 1986 (50 U.S.C. 1521), \$38,715,000 to become available on October 1, 2014 and to remain available until September 30, 2019.

**JUSTIFICATION OF FY 2015 BUDGET ESTIMATE SUBMISSION
CHEMICAL DEMILITARIZATION CONSTRUCTION, DEFENSE**

APPROPRIATION JUSTIFICATION

(In Thousands of Dollars)	
FY 2015 Estimate	\$38,715
FY 2014 Budget	\$122,536
FY 2013 Actual	\$144,809

Part I – Purpose and Scope

This account provides funding for design and construction of full-scale chemical agent-destruction pilot plant facilities and associated projects to upgrade installation support facilities and infrastructures required to support the Assembled Chemical Weapons Alternatives (ACWA) portion of the Chemical Demilitarization Program. This account was established starting in FY 2005 to comply with Section 141 (b) of the FY 2003 National Defense Authorization Act.

Part II – Justification of Funds Required

The funds requested in this budget submission are required to carry out the congressional mandate of Public Law 99-145 and support the commitments of this nation under the Chemical Weapons Convention (CWC). The Chemical Demilitarization Program is this nation's response to the mandate of public law and commitments under the CWC. The major milestones anticipated for the ACWA program during FY 2015 are defined primarily for the construction phase as shown in Part III of this document.

This document and the budget exhibits contained herein provide justification for the FY 2015 financial requirements in support of the ACWA portion of the Chemical Demilitarization Program, specifically for Blue Grass Chemical Agent-Destruction Pilot Plant (BGCAPP). Military Construction (MILCON) funding for the Pueblo Chemical Agent-

Destruction Pilot Plant (PCAPP) ended in FY 2013, with the remaining PCAPP milestones to be accomplished during FY 2014 using prior-year MILCON funds.

The FY 2015 funding increment of \$38.715 million for BGCAPP represents the amount needed to complete construction of this facility. Of this amount, \$34 million is for fire protection and environmental water stop modifications required by state regulators; Heating, Ventilation, and Air Conditioning work; increased costs for the installation and integration of the Electronic Security System, installation and testing of the nitrogen generation plant by a specialty contractor, design and construction of the hazardous storage transfer facility, steel quantities, construction overhead and engineering support; and relocation of the truck tanker unloading station for the installation of the Explosive Destruction Technology. The remaining \$4.715 million is a restoration of the reduction taken in FY 2013 due to Sequestration. This FY 2015 funding request necessitates an increase in the total authorized amount for the BGCAPP project to \$780 million, an increase of \$34 million in project authorization.

The costs for facilities construction for the chemical agent-destruction pilot plant to be built are based on site-specific design criteria and depot infrastructure requirements. These requirements include planning, acquisition, construction and other supporting activities necessary to construct the destruction facilities.

Part III – Program Descriptions and Milestones

The Assembled Chemical Weapons Alternatives (ACWA) program is a separately managed part of the Chemical Demilitarization Program, responsible for implementing alternative technologies for the destruction of the chemical weapons stockpile at the Pueblo Chemical Depot in Colorado and the Blue Grass Army Depot in Kentucky.

In 2008, Public Laws 110-116 and 110-181 mandated that the U.S. chemical weapons stockpile must be destroyed by the deadline established by the CWC and under no circumstances later than December 31, 2017. While the planned destruction operations at PCAPP and BGCAPP are not expected to accommodate the December 31, 2017 congressionally mandated destruction deadline, the Department continues working to minimize the time

required to complete destruction of the remaining chemical weapons stockpile without sacrificing worker and public safety and security.

In June 2011, DoD certified to Congress a restructured ACWA program pursuant to 10 U.S.C 2433a. The restructured program maintains current destruction technologies (neutralization followed by on-site secondary waste treatment), has an approved Milestone B and an Acquisition Program Baseline that includes supplemental use of Explosive Destruction Technology (EDT) at each site pending the completion of the National Environmental Policy Act (NEPA) process, and continues to evaluate options to improve overall schedule and cost. The restructured ACWA program and the program office estimates underlying the restructured program are the basis for the program milestones and funding requirements reflected in this document. In July 2012, permanent orders were signed to re-designate the U.S. Army Element, ACWA to the Program Executive Office (PEO), ACWA effective 1 October 2012.

The remaining major milestones for Assembled Chemical Weapons Alternatives Program are as follows:

Blue Grass Chemical Agent-Destruction Pilot Plant (BGCAPP):

- Finalize EDT design 1st Qtr FY 2015
- Begin Construction of EDT Site 1st Qtr FY 2015
- Complete Construction of Control and Support Building 1st Qtr FY 2015
- Complete Construction of Utility Building 1st Qtr FY 2015
- Complete Commissioning of Container Handling Building (CHB) 2nd Qtr FY 2015
- Complete Laboratory Operational Readiness Review 3rd Qtr FY 2015
- Complete Construction of SCWO Processing Building 3rd Qtr FY 2015
- Construction Complete - All Buildings turned-over to Systemization 4th Qtr FY 2015

**Funded Financial Summary
(In Thousands of Dollars)**

The FY 2013, 2014 and 2015 resource levels required to support the following facilities are shown below:

Locations/Facilities Facilities Destruction	FY 2013 Actual (\$K)	FY 2014 Budget (\$K)	FY 2015 Estimate (\$K)
BGCAPP, KY	110,285	122,536	38,715
PCAPP, CO	34,524	0	0
Total Funded	144,809	122,536	38,715

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DEPARTMENT OF THE ARMY
 FISCAL YEAR 2015
 MILITARY CONSTRUCTION
 (DOLLARS ARE IN THOUSANDS)
 INSIDE THE UNITED STATES

STATE	INSTALLATION (COMMAND)	AUTHORIZATION	APPROPRIATION	NEW/ CURRENT	MISSION	PAGE
----- PROJECT NUMBER -----	----- PROJECT TITLE -----	REQUEST	REQUEST			
Kentucky	Lexington-Blue Grass Dep Act (AMC)					
	Lexington-Blue Grass Depot					
72655	Chemical Demil Stockpile Fac, Incr XV	0	38,715			C
** TOTAL INSIDE THE UNITED STATES FOR ChemD		\$ 0	38,715			
Total Cost of New Mission Projects		(0)	\$ 0			
Total Cost of Current Mission Projects		(1)	\$ 38,715			
Total Cost of other line items		(0)	\$ 0			
Total Cost of FY 2015 ChemD Projects		(1)	\$ 38,715			

1. COMPONENT Army		FY 2015 MILITARY CONSTRUCTION PROJECT DATA			2. DATE MARCH 2014			
3. INSTALLATION AND LOCATION Bluegrass Army Depot Kentucky				4. PROJECT TITLE Chem Demil Stockpile Fac, Incr XV				
5. PROGRAM ELEMENT		6. CATEGORY CODE 216 30	7. PROJECT NUMBER 72655		8. PROJECT COST (\$000) 38,715			
9. COST ESTIMATES								
ITEM					UM	QUANTITY	UNIT COST	COST(\$000)
PRIMARY FACILITY								482,341
Munitions Disposal Bldg					SF	96,720	2,521	(243,797)
Control and Support Bldg					SF	37,000	1,157	(42,820)
Filter Area					SF	38,840	119.93	(4,658)
Access Control Bldg					SF	1,188	3,001	(3,565)
Container Handling Bldg					SF	19,624	542.04	(10,637)
Total from Continuation page								(176,863)
SUPPORTING FACILITIES								112,607
Electric Service					LS	--	--	(38,567)
Water, Sewer, Gas					LS	--	--	(10,554)
Steam And/Or Chilled Water Distribution					LS	--	--	(1,047)
Paving, Walks, Curbs And Gutters					LS	--	--	(13,073)
Storm Drainage					LS	--	--	(4,680)
Site Imp(34,315) Demo()					LS	--	--	(34,315)
Information Systems					LS	--	--	(10,371)
ESTIMATED CONTRACT COST								594,948
CONTINGENCY (5.00%)								29,747
SUBTOTAL								624,695
SUPERVISION, INSPECTION & OVERHEAD (5.70%)								35,608
DESIGN/BUILD - DESIGN COST (19.2378%)								120,178
TOTAL REQUEST								780,481
TOTAL REQUEST (ROUNDED)								780,000
INSTALLED EQT-OTHER APPROPRIATIONS								(1,081,697)
10. Description of Proposed Construction								
<p>Construct a Chemical Agent Destruction Pilot Plant facility complex using incremental appropriations against a revised total authorization level of \$780.000 million to complete the Blue Grass project. The FY 2015 budget request is for increment XV PN 72655 (\$38.715 million) of which \$34.000 million is an authorization increase request for the remaining costs and schedule uncertainties and \$4.715 is a restoration of the FY 2013 sequestration amount. Previous appropriations are as follows: FY 2000, Increment I, PN 21994 (\$0.000); FY 2002, Increment II, PN 40845 (\$4.315 million); FY 2003, Increment III, PN 47847 (\$10.300 million); FY 2004, Increment IV, PN 50552 (\$16.632 million); FY 2005, Increment V, PN 51027(\$37.094 million); FY 2006, Increment VI, PN 58391 (\$0.000); FY 2007, Increment VII, PN 58392 (\$89.157 million); FY 2008, Increment VIII, PN 59800 (\$69.017 million); FY 2009, Increment IX, PN 59801 (\$67.218 million); FY 2010, Increment X, PN 67602 (\$59.041 million); FY 2011, Increment XI, PN 67604 (\$59.283 million); FY 2012, Increment XII, PN 67605 (\$59.974 million); FY 2013, Increment XIII, PN 67703 (\$110.285 million), and FY 2014 increment XIV, PN 72654 (\$122.536 million). Note: The FY 2013 budget request was \$115.000 million, but was reduced by \$4.715M due to sequestration cuts. Additionally, the program received \$36.434 million of reprogrammed FY2010 funding in Dec 2012. This project will provide for the design and construction of toxic chemical munitions demilitarization (demil) complex based on neutralization followed by supercritical water oxidation (SCWO)</p>								

1. COMPONENT Army	FY 2015 MILITARY CONSTRUCTION PROJECT DATA			2. DATE MARCH 2014
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5. PROGRAM ELEMENT	6. CATEGORY CODE 216 30	7. PROJECT NUMBER 72655	8. PROJECT COST (\$000) 38,715	

9. COST ESTIMATES (CONTINUED)

ITEM	UM	QUANTITY	UNIT COST	COST (\$000)
PRIMARY FACILITY (CONTINUED)				
Utility Bldg	SF	25,200	1,825	(46,002)
SCWO Bldg	SF	26,596	2,361	(62,789)
Hydrolysate Storage Tank Area	SF	29,869	473.50	(14,143)
Standby Diesel Generator Area	SF	6,000	510.89	(3,065)
Personnel Maintenance Bldg	SF	15,250	497.75	(7,591)
Personnel Support Bldg	SF	23,300	200.38	(4,669)
Entry Control Facility	SF	1,395	2,843	(3,966)
Modular Laboratory Bldg	SF	7,580	852.91	(6,465)
Lab Filter Area	SF	1,000	2,108	(2,108)
Maintenance Bldg	SF	28,049	159.93	(4,486)
Gas Mask Storage Bldg	SF	2,500	152.05	(380)
Badging Facility	SF	1,500	381.00	(572)
Toxic Maintenance Bldg / Vehicle Storage B	SF	11,550	432.90	(5,000)
Warehouse	SF	28,000	112.75	(3,157)
Above Ground Magazines	SF	24,000	57.20	(1,373)
Igloos - Below Ground Magazines	SF	12,000	128.78	(1,545)
EDT Area	SF	40,000	125.00	(5,000)
IDS Installation	LS	--	--	(3,689)
Building Information Systems	LS	--	--	(863)
			Total	176,863

as identified in the restructured Assembled Chemical Weapons Alternatives program certified on 14 June 2011. The work is being executed under a performance based design-build operate cost reimbursement contract. Work includes a munitions demilitarization building (MDB) with blast containment areas, an adjoining control and support building, a corridor connecting the munitions container handling building, MDB filters, SCWO process building, hydrolysate storage tank area, a utility building with steam boilers, chilled water equipment, bulk chemical storage area, a personnel and maintenance facility with change rooms, maintenance storage, medical treatment area, a combination maintenance/warehouse building, personnel support building, gas mask storage building, chemical analysis laboratory with filter system, entry control facility, treaty compliance office building, access road and access control point, access control building, badge building, munitions storage magazines, toxic maintenance building, munitions transportation equipment storage building, an explosive destruction technology area for processing over-packed and reject munitions, and a fire station. Features include blast containment doors and gates, room entrance airlocks, fire detection and suppression systems, cascade heating, ventilation, and air conditioning (HVAC), charcoal and HEPA air filtration systems, protective clothing area, toxic chemical resistive coatings and surfaces, and explosion-proof electrical components, and an intrusion detection system (IDS). Supporting facilities include

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5. PROGRAM ELEMENT	6. CATEGORY CODE 216 30	7. PROJECT NUMBER 72655	8. PROJECT COST (\$000) 38,715	
<p>utilities; electric service with an electrical substation; standby electric generators; security fencing and lighting; paving, walks, curbs and gutters; storm drainage; information systems; fuel storage; and site improvements.</p>				
<p>11. REQ: NONE ADQT: NONE SUBSTD: NONE</p>				
<p>PROJECT: Design and construct an Assembled Chemical Weapons Alternatives approved toxic chemical agent munitions demilitarization facility.</p>				
<p>REQUIREMENT: This project is required to provide the capability to demilitarize and dispose of the toxic chemical agents and munitions stored at the Blue Grass Army Depot (BGAD) Chemical Activity in a safe, environmentally acceptable manner. Congress has mandated the disposal of the existing unitary chemical stockpile and the Army submitted an implementation plan to Congress which cites this facility as an integral and essential part of the chemical stockpile disposal program.</p>				
<p>CURRENT SITUATION: Rockets and projectiles containing lethal chemical agents are stored in igloos at the installation. Some of these munitions are currently deteriorating at an accelerated rate. These munitions are of no strategic value but they must be safely stored and inspected so that there is no risk to the public or the environment. The monitoring and surveillance costs for safe storage continue to accrue. No other acceptable disposal facilities are available.</p>				
<p>IMPACT IF NOT PROVIDED: If the Chemical Agent Destruction Pilot Plant project is not provided, the Army will not comply with the Congressional mandate for chemical munitions stockpile disposal. Also, maintenance and surveillance costs will continue to accumulate. The threat to the health of Depot employees and to the environment will continue.</p>				
<p>ADDITIONAL: This project has been coordinated with the installation physical security plan, and all required physical security measures are included. Anti-terrorism/force protection measures have been designed as required. This project is mandated by Congress and is exempt from preparation of an economic analysis.</p>				

1. COMPONENT ARMY	FY 2015 MILITARY CONSTRUCTION PROJECT DATA	2. DATE MARCH 2014
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3. INSTALLATION AND LOCATION

Lexington-Bluegrass Depot, Kentucky

4. PROJECT TITLE Chem Demil Stockpile Fac, Incr XV	5. PROJECT NUMBER 72655
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12. SUPPLEMENTAL DATA: (Continued)

A. Estimated Design Data: (Continued)

- (e) Parametric Cost Estimating Used to Develop Costs _____ NO
- (f) Type of Design Contract: Design-build

(2) Basis:

- (a) Standard or Definitive Design: NO

(3) Total Design Cost (c) = (a)+(b) OR (d)+(e): (\$000)

(a) Production of Plans and Specifications.....	_____
(b) All Other Design Costs.....	120,178
(c) Total Design Cost.....	120,178
(d) Contract.....	120,178
(e) In-house.....	_____

(4) Construction Contract Award..... APR 2006

(5) Construction Start..... MAY 2006

(6) Construction Completion..... JUL 2015

B. Equipment associated with this project which will be provided from other appropriations:

<u>Equipment Nomenclature</u>	<u>Procuring Appropriation</u>	<u>Fiscal Year Appropriated Or Requested</u>	<u>Cost (\$000)</u>
Process Equipment	CAMD	2008	167,152
Process Equipment	CAMD	2009	122,010
Process Equipment	CAMD	2010	156,440
Process Equipment	CAMD	2011	143,675
Process Equipment	CAMD	2012	104,548
Process Equipment	CAMD	2013	167,986
Process Equipment	CAMD	2014	137,586
Process Equipment	CAMD	2015	82,300
		TOTAL	1,081,697

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1. COMPONENT ARMY	FY 2015 MILITARY CONSTRUCTION PROGRAM							2. DATE MARCH 2014			
3. INSTALLATION AND LOCATION Lexington-Blue Grass Depot Kentucky				4. COMMAND US Army Materiel Command				5. AREA CONSTRUCTION COST INDEX 0.96			
6. PERSONNEL STRENGTH:		(1) PERMANENT			(2) STUDENTS			(3) SUPPORTED			(4) TOTAL
		OFFICER	ENLIST	CIVIL	OFFICER	ENLIST	CIVIL	OFFICER	ENLIST	CIVIL	
A. AS OF 31 JUL 2013		4	2	808	0	0	0	25	100	528	1,467
B. END FY 2019		4	2	812	0	0	0	25	100	408	1,351
7. INVENTORY DATA (\$000)											
A. TOTAL AREA.....		14,594 AC									
B. INVENTORY TOTAL AS OF 10 JUL 2013.....		1,170,916									
C. AUTHORIZATION NOT YET IN INVENTORY.....		1,829,395									
D. AUTHORIZATION REQUESTED IN THIS PROGRAM.....		38,715									
E. AUTHORIZATION INCLUDED IN FOLLOWING PROGRAM.....		0									
F. PLANNED IN NEXT THREE YEARS.....		0									
G. REMAINING DEFICIENCY.....		0									
H. GRAND TOTAL.....		3,039,026									
8. PROJECT APPROPRIATIONS REQUESTED IN THIS PROGRAM:											
CATEGORY		PROJECT						COST		DESIGN STATUS	
CODE		NUMBER		PROJECT TITLE				(\$000)		START COMPLETE	
216		72655		Chemical Demil Stockpile Fac, Incr XV				38,715		09/2003 06/2010	
TOTAL							38,715				
9. FUTURE PROJECT APPROPRIATIONS:											
CATEGORY						COST					
CODE		PROJECT TITLE				(\$000)					
A. INCLUDED IN THE FOLLOWING PROGRAM (FY 2016): NONE											
B. PLANNED NEXT THREE PROGRAM YEARS: NONE											
C. DEFERRED SUSTAINMENT, RESTORATION, AND MODERNIZATION (SRM):								N/A			
10. MISSION OR MAJOR FUNCTIONS:											
To operate a multi-purpose depot activity providing for the receipt, storage, issue and maintenance (COMSEC) of assigned commodities; provide installation support to attached organizations; and operate such other facilities as may be assigned.											
11. OUTSTANDING POLLUTION AND SAFETY DEFICIENCIES:											
								(\$000)			
A. AIR POLLUTION										0	
B. WATER POLLUTION										0	
C. OCCUPATIONAL SAFETY AND HEALTH										0	
REMARKS:											