OFFICE OF THE SECRETARY OF DEFENSE
1950 DEFENSE PENTAGON
WASHINGTON, DC 20301-1950

ADMINISTRATION AND
MANAGEMENT

MAY 29 2003

The Honorable Duncan Hunter
Chairman, Committee on Armed Services
United States House of Representatives
Washington, D.C. 20515

Mr. Chairman:

Section 8056 of the FY 2003 Defense Appropriations Act (Public Law 107-248) requires the Secretary of Defense to submit to Congress, not later than February 3, 2003, a certification that the total cost for the planning, design, construction and installation of equipment for the renovation of Wedges 2 through 5 of the Pentagon, cumulatively, will not exceed four times the total cost for the planning, design, construction and installation of equipment for the renovation of Wedge 1. The cost of the renovation of Wedge 1 shall be adjusted for any increase or decrease in costs attributable to economic inflation.

I certify that the total cost of Wedges 2 through 5 of the Pentagon Renovation will be within the specified limitation. Pending closeout of all contracts and final payments for Wedge 1 efforts, the total cost of Wedge 1 is estimated at $250,000,000. Under current economic assumptions issued by the Office of Management and Budget for use in preparation of the budget, based on program completion in 2010, the total limitation would be $1,173,000,000. The projected adjusted cost of each Wedge is as follows:

Wedge 2	$ 393,000,000
Wedge 3	$ 288,000,000
Wedge 4	$ 266,000,000
Wedge 5	$ 218,000,000
Total Projected	$1,165,000,000

It should be noted that Wedge 2 is approximately 50 percent larger than Wedges 3 and 4. Wedge 5 is correspondingly smaller in area than the others. These size differences result from phasing of construction to maximize efficiencies, accommodation of operational needs, and the recoupment of potential schedule delays due to recovery from the terrorist attack.

In accordance with the referenced Act, calculation of the cost limitation and the cost of each Wedge does not include any costs incurred for repair and reconstruction as a result of the terrorist attack on September 11, 2001, currently estimated at $526,000,000. Further, it does not include costs, currently estimated at $175,610,000, attributable to additional security requirements deemed essential by the Secretary of Defense, nor costs attributable to compliance with new requirements of Federal, State, or local laws. In addition, Section 305(b) of Public Law 107-117 expressly excludes costs to accelerate renovation activities for military command centers and related activities at the Pentagon.

Consistent with our previous certifications and with the cost estimates prepared for projects in the Military Construction Program, this limitation does not include the cost of:

1. Purchase and installation of Information Management and Telecommunications (IM&T) equipment;
2. Rental and operation of leased swing space;
3. Purchase and installation of furniture for the renovated Pentagon; and
4. Separately authorized ancillary projects and security enhancements directed prior to the terrorist attacks.

If you have any question about the Pentagon Renovation Program, please have your staff contact Michael R. Sullivan, Program Manager, at (703) 693-7666.

A similar letter is being sent to the President of the Senate, Speaker of the House and the Chairmen and Ranking Members of the other Congressional Defense Committees.

Sincerely,

cc: The Honorable Ike Skelton
Ranking Member