

Danish Participation in US Defense Projects in Greenland for Fiscal Year 2015



Comments from Denmark and Greenland

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Introduction

Background

This report provides a review of Danish participation in United States (US) Defense Projects at Thule Air Base (AB), Greenland during US Government Fiscal Year 2015 (FY15) -- 1 October 2014 through 30 September 2015.

Part I of this report provides a narrative analysis of expenditures made to Danish and US vendors during FY15. Additionally, historical data is provided in table and figure format for FY14 through FY15. An itemization, which provides a comparison between the FY14 and FY15 elements, is provided in narrative form in Part I.

Part II of this report includes a summary of expenditures for FY15. The Part covered are: (a) Base O&M; (b) Other Appropriated Funds; (c) Non-Appropriated Funds; (d) Construction.

Part III provides the future construction projections to include projected special base construction, repair, maintenance and minor construction projects. The estimates for FY16 through FY18 are based on the Danish Kroner (DKK) planning rate of DKK 6.7523 for FY16 and DKK 6.7076 for FY17 and FY18 = \$1.00.

Exchange Rates

Generally, awards are made and funding is obligated on the contracts in the market currency exchange rates published at the time of the individual purchases, where available, or at the FY15 exchange rate of DKK 5.5515=\$1.00. However in FY15 the exchange rate changed as of 1 May 15 to DKK 7.0711=\$1.00. This change impacted all funding obligations after that date. Figures contained in this report are based on then-year Danish Kroner (DKK) or US Dollars (USD). Summaries of total expenditures consist of multiple exchange rates and may not divide evenly by any single exchange rate. The historical exchange rates for FY00 through FY15 are also provided in Part II of this report.

Part I

Narrative Analysis

Danish participation in US Defense Projects at Thule AB totaled DKK 955,130,691 (\$136,824,042 USD) in FY15 (1 Oct 14 through 30 Sep 15). This is approximately 9.89% decrease in DKK (29.84% decrease in USD) from the FY14 figures of DKK 1,059,985,985 (\$195,028,666 USD). The decrease in DKK was due to a decrease in construction, repair and maintenance contracts. The decrease in USD from FY14 was due to reduced construction, repair and maintenance contracts as well as a change in the DKK/USD exchange rate on 1 May 15.

The overall US participation at Thule AB for FY15 was \$22,643,016 which was a 27.80% decrease from the FY14 amount of \$31,359,905.

FY00-FY15 Data

Table 1 provides a comparison of Danish and US participation in percentages.

*Table 1. Danish and US Participation
(Percentage comparison)*

	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07
Danish	79%	82%	81%	80%	75%	75%	78%	81%
US	21%	18%	19%	20%	25%	25%	22%	19%
	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15
Danish	80%	79%	82%	80%	82%	82%	86%	86%
US	20%	21%	18%	20%	18%	18%	14%	14%

FY15 Itemization

Part II(a) Base Operation and Maintenance (O&M) Services

Danish Base O&M Services totaled DKK 830,389,542 (\$115,894,182 USD) in FY15. This is a 27.61% increase in DKK (3.58% decrease in USD) from the FY14 figure of DKK 650,745,861 (\$120,193,942 USD). The difference in cost from FY14 was primarily due to additional supplies and special projects in FY15. The FY15 base contract performance began on 1 October 2014 was for DKK 747,573,379 (\$110,033,950 USD). Additional funds were added throughout FY15 for additional projects DKK 58,356,625 (\$1,906,070 USD), additional supplies DKK 21,506,353 (\$3,422,200 USD) and work order funding DKK 2,953,185 (\$531,962 USD).

Danish and Greenlandic O&M labor decreased from [redacted] positions total in FY14 to [redacted] positions in FY15. As part of that total, part-time positions decreased from [redacted] positions in FY14 to [redacted] positions in FY15. The Base Maintenance Contract (BMC) is a non-personal services, performance-based contract and the contractor is solely responsible for the number of personnel needed to perform the service.

Part II(b) Other Appropriated Funds

Other Appropriated Funds included expenditures for passenger and subsistence, airlift with Air Greenland, ocean transportation with Royal Arctic Lines, Catholic Priest services, and telecommunication services with TeleGreenland. Total Danish,

participation in Appropriated Funds expenditures for FY15 was DKK 45,600,047 (\$7,485,653 USD), representing an 8.37% decrease in DKK (16.02% decrease in USD) from the FY14 amounts of DKK 49,763,181 (\$8,913,089 USD). The decrease was partially due to cost savings in Danish contracts and the change in exchange rate during the year.

US participation in Appropriated Funds expenditures for US airlift and sealift for the transportation of passengers and cargo from the US to TAB in FY15 was \$12,283,958 USD, a 15.67% increase from the FY14 amount of \$10,619,392 USD. The increase was primarily due to a change in aircraft from McGuire AFB to TAB during Phase I of the runway repaving.

Part II(c) Non-Appropriated Funds

All items procured with Non-Appropriated Funds were in support of the Top of the World (TOW) Club, Billeting, Morale, Welfare and Recreation activities, and the Base Exchange (BX). Danish participation in Non-Appropriated Funds totaled DKK 7,663,988 (\$1,380,526 USD) in FY15, a 5.48% increase in DKK (2.74% increase in USD) from the FY14 amount of DKK 7,266,022 (\$1,343,718 USD).

US participation in Non-Appropriated Funds totaled \$1,646,430 USD in FY15, a 5.65% increase from the FY14 amount of \$1,558,433 USD.

Part II(d) Construction, Repair and Maintenance

Danish participation in Construction, Repair and Maintenance expenditures decreased from the FY14 expenditures of DKK 352,210,921 (\$64,577,917 USD) to DKK 71,477,114 (\$12,063,681 USD) in FY15, is a decrease in DKK of 79.71% (81.32% decrease in USD). This was primarily due to cost of projects allocated to FY14 and the construction project activities spanning over two or more years with decreasing cost in the later years.

US participation in FY15 Construction, Repair and Maintenance expenditures was zero.

Part III Projected Special Base Construction, Repair, Maintenance and Minor Construction Projects

Projected construction projects for FY16 through FY18 are summarized in Part III of this year's report. This includes environmental projects, flattop repairs, mission upgrades, consolidation efforts and other facility infrastructure projects. These projections are merely estimates and are subject to change depending upon availability of funding and prioritization of projects.

Employment

Total FY15 Danish employment represented in this report consisted of [REDACTED] employees of which [REDACTED] were part-time/seasonal employees. Total FY15 US employment

represented in this report consisted of ■ employees of which ■ were a part-time employee. Contracts at Thule are non-personal services, performance-based contracts and the contractors are solely responsible for the number of personnel needed to perform the service.

Summary

Thule's location and support capabilities make it suitable to operate the Air Force's vital space superiority missions as well as conduct a variety of resupply and arctic research operations by agencies of the US, Danish and Canadian Governments, academia, and private organizations. Our enduring relationship with the Kingdom of Denmark makes it possible for us to continue our partnership and accomplish critical missions.

On a daily basis, four cultures, American, Danish, Greenlandic and Canadian, work together to ensure mission success. This requires quality work and tremendous effort from each and every member of Team Thule in one of the most challenging environments anywhere on Earth. Thule AB is an extraordinary base, with an extraordinary mission, operated and maintained by extraordinary people.