[H.A.S.C. No. 110–38]

HEARING

ON

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2008

AND

OVERSIGHT OF PREVIOUSLY AUTHORIZED PROGRAMS

BEFORE THE

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

FIRST SESSION

READINESS SUBCOMMITTEE HEARING

ON

BUDGET REQUESTS FOR MILITARY CONSTRUCTION, FAMILY HOUSING, BASE CLOSURES AND FACILITIES' OPERATIONS AND MAINTENANCE

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TUESDAY, MARCH 20, 2007

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FISCAL YEAR 2008 NATIONAL DEFENSE AUTHORIZATION ACT—BUDGET REQUESTS FOR MILITARY CONSTRUCTION, FAMILY HOUSING, BASE CLOSURES AND FACILITIES' OPERATIONS AND MAINTENANCE

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
READINESS SUBCOMMITTEE,
Washington, DC, Tuesday, March 20, 2007.

The subcommittee met, pursuant to call, at 1:05 p.m., in room 2118, Rayburn House Office Building, Hon. Solomon Ortiz (chairman of the subcommittee) presiding.

OPENING STATEMENT OF HON. SOLOMON P. ORTIZ, A REPRESENTATIVE FROM TEXAS, CHAIRMAN, READINESS SUBCOMMITTEE

Mr. ORTIZ. This hearing will come to order.

I thank our distinguished witnesses for appearing before this subcommittee today.

Today the Readiness Subcommittee will hear about Base Realignment and Closure (BRAC) and military construction (MILCON) programs.

While I am glad to see the Department of Defense (DOD) committing the largest amount of money to new construction in recent history, several serious issues still confront this committee, some of our own making and some because of the lack of attention from DOD.

Whether you support the President in Iraq or not, we can all agree that we are in for a long war against a very determined enemy. In this long war, our troops deserve the best that our great nation can offer, and we will support this effort.

There is an old saying, "The first time you sign up a soldier or sailor, you sign up one person. The next time you sign them up, you sign up their whole family." Our troops gauge this nation's commitment to them by this country ensuring that they have the best facilities available to eat and sleep and usually taking care of their families.

We don't always do a good job of that, and I am being generous. We were all sickened at the terrible treatment provided to our soldiers at Walter Reed. These building problems are because of the poor facilities oversight.

The people that can make a difference are testifying before us today, and we look forward to hearing from you.

With the sustainment that DOD has proposed for fiscal year 2008, we should expect additional problems similar to Walter Reed. This committee will do what it has to to fix this oversight.

The overall increase in proposed military construction and our ability to manage such a large program is problematic. This problem will only get worse because Congress cannot fully fund the BRAC 2005 account in a timely manner, pushing some construction into fiscal year 2008.

The Department must manage this military construction increase very carefully and ensure that our soldiers and sailors have the correct facilities in time to meet their rebasing timeline.

Finally, our troops deserve the best training available. Some of the services would rather train our troops in conditions that do not simulate deployed conditions. Encroachment flight patterns and land use constraints represent one of the biggest problems that confront DOD and our ability to train like we fight.

The department should be prepared to make hard training decisions that ensure the best training for our troops.

I look forward to hearing your testimony.

The chair now recognizes the distinguished gentleman from North Carolina, Mr. Jones, for any remarks that he would like to make.

STATEMENT OF HON. WALTER B. JONES, A REPRESENTATIVE FROM NORTH CAROLINA, READINESS SUBCOMMITTEE

Mr. JONES. Mr. Chairman, thank you very much.

And while my remarks will be brief in order to give more time to our witnesses, no one should mistake brevity for a lack of concern.

The United States military has underfunded its installation needs for years, and the situation is worsening daily with the prospects of continued war and steeply degrading readiness.

I think everyone knows that I have been very concerned about the course we have taken as a nation and the toll it has taken on our troops, our military families, and to a lesser degree our influence abroad.

We in Congress have not discharged our responsibilities very well either with our inability to pass a military construction appropriations measure until this past month and our continued inability to fund the base realignment and closure part of that military construction bill.

It cannot be easy for base commanders to manage under these circumstances, but our troops deserve better, as do the civilian communities, neighboring and supporting our military installations.

I am not sure all levels of military leadership understand the impact that military bases have on local communities and the great efforts most communities undertake to support their local bases. It is absolutely critical that we fund these accounts for construction, maintenance and base support services in a straightforward, honest manner that is not subject to political and funding maneuvers.

We all love and support our military and want nothing but the best for them.

I look forward to hearing from our witnesses about the plan to create truly outstanding facilities and for managed installations well-integrated with their civilian neighbors.

With that, Mr. Chairman, I yield back.

Mr. ORTIZ. Thank you.

Our witnesses today are the Honorable Phil Grone, a good friend for many years—we used to work together—the Deputy Undersecretary of Defense for Installations and Environments for the Department of Defense; the Honorable Keith Eastin, Assistant Secretary of the Army for Installations and Environment; and the Honorable B.J. Penn, Assistant Secretary of the Navy for Installations and Environment—so good to see you again, sir; and the Honorable William C. Anderson, Assistant Secretary of the Air Force for Installations, Environment and Logistics.

Now, without any objection, the witnesses' prepared testimony will be accepted for the record.

What we are trying to do today is to stick to the five-minute rule, if you can condense your testimony. The reason being that in a few minutes we are going to have a few votes, and then after that we have to come back and then we have a meeting at 4 and we have a full committee markup at 4:30.

So, Mr. Grone, if you are ready with your testimony, you can begin.

STATEMENT OF HON. PHILIP W. GRONE, DEPUTY UNDER SECRETARY OF DEFENSE (INSTALLATIONS AND ENVIRONMENT)

Secretary GRONE. Thank you, Mr. Chairman.

Chairman Ortiz, Mr. Jones and distinguished members of the Subcommittee on Readiness, I am pleased to appear before you today to discuss the budget request for the Department of Defense for fiscal year 2008, particularly those programs that support the management of our installation assets.

The President's budget request continues the department's efforts to reposition, to reshape and to sustain the nation's military infrastructure at home and abroad.

As this subcommittee is aware, the real property and asset management responsibilities of the department are extensive. In support of these responsibilities, the program supporting the department's installation management portfolio totals $56 billion in this budget request.

The budget supports a number of key elements of the department's comprehensive asset management strategy, and I will briefly mention a few.

The request supports a facility recapitalization rate of 67 years, achieving the goal of a 67-year recapitalization cycle for the department's real property assets. In 2001, that rate stood at 192 years.

The budget request does, as the chairman indicated, provide 88 percent of the need to sustain our facilities. If enacted, this budget will continue our efforts on military housing at home and abroad and military housing privatization remains central to our strategy.

In last year's budget, we fulfilled our commitment—with the support of the Congress—fulfilled our commitment to eliminate inadequate family housing in the United States by 2007 and the end state is we expect 90 percent of the department's military family housing inventory to be privatized.

Through program efforts such as the Readiness and Environmental Protection Initiative and our outreach to the states, local communities, private and nonprofit land trusts and the environ-

mental community, the department's effort to preserve and enhanced military test and training ranges are achieving results. And in support of the observation of Mr. Jones, this outreach to local communities is a key part of this program. The department has requested $30 million in the fiscal year 2008 budget to support these efforts to control encroachment with local communities.

We also are continuing our aggressive approach to energy conservation and the purchase and development of renewable sources of energy. In fiscal year 2006, military installations reduced consumption by 5.5 percent, exceeding the energy conservation goal of 2 percent.

All of these initiatives are critically important, but certainly among the most important is the implementation of the 2005 base realignment and closure round. As you know, BRAC 2005 affects over 800 locations across the Nation through 24 major base closures, 24 major realignments and over 760 lesser actions.

The significant transformation to the total force and its operation capability, the department's business operations and to the savings ultimately derived from BRAC, require resources to meet adequately the challenge of implementation, and the chairman has indicated what those challenges are in the immediate term.

While some committees of the Congress have taken action to restore the $3.1 billion that is necessary to implement the round in fiscal year 2007, I would add that as we sit here today, with the money that we have available, considering fiscal year 2006 and fiscal year 2007 and the reductions we have taken to date, we currently have on hand 53 cents out of every dollar the department has requested to implement BRAC 2005.

We are very, very hopeful and appreciative and supportive of the efforts of members here to restore the $3.1 billion that will help get us back on track and keep us on track for the statutory deadline for implementation of September 15, 2011.

Mr. Chairman, the department is working hard, as I said, to reposition, reshape and to sustain our installations for the future. We recognize that installations are an important aspect of the generation of combat power and that they are critically important to the quality and well-being of military personnel and their families.

We appreciate your previous support for our efforts and look forward to continuing to work with the subcommittee to conclude all of these initiatives successfully.

Thank you, sir.

[The prepared statement of Secretary Grone can be found in the Appendix on page 35.]

Mr. ORTIZ. Thank you.

Secretary Eastin.

STATEMENT OF HON. KEITH E. EASTIN, ASSISTANT SECRETARY OF THE ARMY (INSTALLATIONS AND ENVIRONMENT)

Secretary EASTIN. Thank you, Chairman Ortiz, Mr. Jones.

As you all are well aware, the Army is very busy. Concurrent with fighting the long war on terrorism, we are in the midst of transforming our army to meet our national security challenges. We are changing from a division-centric force to a brigade-centric

army modular force to more quickly respond to threats around the world.

In addition, we are on the verge of repositioning our forces worldwide through base realignment and closure and the global defense posture and realignment initiatives. Our plan integrates these initiatives and allows us to divest Cold War assets and infrastructure and create the infrastructure needed for the foreseeable future.

This consolidation will yield a tremendous savings over time. We will reduce overhead costs by streamlining installation staff and contracting support.

In addition, the President, as you know, has announced that the Army will grow by 74,000 active guardsmen and reservists over the next 5 years. We have asked for about $400 million in the fiscal 2007 supplemental and another $2.3 billion in our fiscal 2008 request to begin the process of providing facilities for these new soldiers.

We are committed to providing you the details of those moves in 2008. We have given you the 2007 so far. We will give you the 2008 by the end of the month.

We have continued to make significant measurable progress toward our goal of eliminating inadequate housing for the single and married soldiers. This budget will achieve almost 82 percent of our goal of eliminating inadequate barracks and puts us on a glide path to reach the goal of total elimination of the inadequacies by 2013.

Similarly, for family housing we continue to invest dollars in our residential communities initiative. By the end of this fiscal year, we will have privatized over 78,000 homes. At the end state, over 98 percent of our housing inventory in the United States will be privatized.

For our reserve components, this budget will mean 1,743 Army Reservists and 3,300 guardsmen will receive new centers as well as continue to modernize the Army Guard Aviation and Maintenance facilities. Under BRAC we will carry out 12 major and one minor base closure, conduct 53 alignments, close 387 reserve facilities and construct in their place 12 new armed forces reserve centers.

In all, this BRAC round, we have more than 1,320 separate individual actions under BRAC. Many of these actions are joint, requiring close coordination with other services.

Through Global Defense Posture Realignment (GDPR), we also returned 50,000 soldiers and their families from Germany and from Korea. This repositioning will allow the efficient return of overseas forces and enable our installation commanders to focus their efforts on enduring installations rather than abroad.

With your support, funds provided in fiscal year 2007 and this budget will allow us to complete planning, conduct environmental studies and begin the design and construction necessary to achieve our legal mandate to complete BRAC by the year 2011.

As you are also aware, Congress did not—you must be tired of hearing this by now—Congress did not fully fund our 2007 BRAC request. We are short almost $2 billion. We urge you to see to helping fund this shortfall as soon as possible. If not funded, the project would be cut our delayed, which has an operational impact on the

training, mobilization and deployment of forces in support of the global war on terror.

Mr. Chairman, with the generous help of this committee and the Congress, we have made tremendous progress in enhancing training and generating combat power in this time of war. However, despite these major improvements, the Army still requires significant resources to overcome years of insufficient investments in its installations and infrastructure.

If resourced, our stationing plan will produce installations better able to train and prepare our forces for future missions. Our plan will also provide a quality of life for soldiers and their families that they deserve and which is commensurate with what they could attain in the private sector.

We thank you for your help and look forward to answering your questions.

[The prepared statement of Secretary Eastin can be found in the Appendix on page 60.]

Mr. ORTIZ. Thank you so much, sir.

Secretary Penn, good to see you, sir. You can proceed with your statement.

STATEMENT OF HON. B.J. PENN, ASSISTANT SECRETARY OF THE NAVY (INSTALLATIONS AND ENVIRONMENT)

Secretary PENN. Thank you.

Chairman Ortiz and members of the subcommittee, thank you for the opportunity to discuss the Department of the Navy's installations and environmental efforts.

I would like to briefly highlight a few topics that are discussed in more detail in my written statement.

I am pleased to report a very substantial increase in investment for installations and environmental programs in this budget. We are asking for a total of $11.5 billion in fiscal year 2008, an increase of $1.8 billion above last year's request.

I appreciate the efforts by the House to restore $3.1 billion for BRAC 2005 implementation. The funds are critical to allow us to stay on track and attain the intended operational efficiencies while minimizing further turbulence in the future of our personnel and communities affected by BRAC 2005.

We continue to finance our prior BRAC environmental cleanup and property disposal from the sale of other prior BRAC properties. We have budgeted to spend the last of the $1.1 billion in land sale revenue in fiscal year 2008 while our cost to complete environmental cleanup on all remaining prior BRAC property has increased by $725 million since last year.

Most of the increase is due to the recognition last year of substantial low-level radioactivity contamination at the former Hunter's Point Naval Shipyard in San Francisco, California. The low-level radioactive material is buried underground, undetectable on the surface and poses no risk to humans if left undisturbed. We are working this issue with the city, the regulators and the congressional delegation.

I commend the Marine Corps for its efforts to eliminate by 2012 its barrack shortfall for enlisted Marines for their current approved 175,000 end strength. The budget includes $282 million for 10 bar-

racks projects at seven Marine Corps locations. The budget also includes about $950 million across the baseline and supplemental budgets for a mix of facilities to grow the Marine Corps' permanent end strength to the 202,000 by 2011.

This initiative, which is separate from the current operations in Iraq and Afghanistan, will allow the Marine Corps to reduce the strain on individual Marines by establishing a more stable department deployment to dwell ratio and enhance their regular warfare capabilities.

Both the Navy and Marine Corps continue family housing privatization efforts. Our investment of less than $600 million has attracted over $6.6 billion in private-sector capital to eliminate inadequate homes for our sailors and Marines with families.

The Navy is successfully applying privatization to improve housing for unaccompanied sailors. The Navy signed the first Department of Defense barrack privatization contract in December 2006. Located in San Diego, this project will provide 941 new two-bedroom/two-bathroom apartments and privatize an existing building. Construction will be completed in 2009. The Navy is in exclusive negotiations with the developer for a second barracks privatization project in Norfolk.

Chairman Ortiz, I know that you were on the forefront of family housing privatization efforts some years ago in your district. Thank you for your early and continued visionary support. The seeds you helped sow continue to bear fruit and provide a quantum improvement in the quality of housing for all military personnel.

Thank you, Chairman Ortiz.

[The prepared statement of Secretary Penn can be found in the Appendix on page 86.]

Mr. ORTIZ. Thank you, sir.

Secretary Anderson.

STATEMENT OF HON. WILLIAM C. ANDERSON, ASSISTANT SECRETARY OF THE AIR FORCE (INSTALLATIONS, ENVIRONMENT AND LOGISTICS)

Secretary ANDERSON. Thank you, Mr. Chairman, Mr. Jones and other members of the distinguished members of the committee. On behalf of America's airmen, it is a pleasure to be here.

I will begin by thanking the committee for its continued support of America's Air Force and the many brave and dedicated airmen who serve around the globe to keep the country safe.

As our nation and department finds itself engaged in hostility and war for the 16th consecutive year, we are also in a transition period where the Air Force continues to evolve and remain indispensable as threats to our nation emerge and change. The Air Force is getting smaller, but our commitments are not.

Airmen perform critical installations, environmental and logistics tasks that are intrinsic to every facet in the success of our missions. We are making process changes at every level of the Air Force which result in resource savings and more efficient operations. In these tumultuous times, our priorities remain consistent: winning the global war on terror, developing and caring for our airmen and recapitalizing and modernizing our air and space systems.

Air Force facilities, housing and BRAC programs are key to supporting these priorities. At home, our installations provide stable training environments as we equip and reconstitute our force. Both our state side and overseas bases provide force projection platforms to support combatant commanders.

Our bases are weapon systems, and in order to support our base-centric concept of operations, the Air Force has developed an infrastructure investment strategy that focuses on enabling the combatant commander to fight and win the war on terror, provide quality facilities, implement BRAC, sustain and recapitalize our aging infrastructure, all the while proactively supporting the operational environment.

The fiscal year 2008 President's budget request for traditional MILCON is $1 billion. This budget carefully balances our facilities operations and maintenance accounts for sustainment, restoration and modernization with military construction to make the most effective use of available funding to support the air force mission.

The 2008 budget request also includes $363 million for housing investment, which balances new construction, improvement and planning and design work. Housing is a very good new story for our airmen. Privatization continues to be a success, bringing quality homes to airmen and their families in less time than we could using traditional MILCON.

To continue our aggressive BRAC implementation schedule, the fiscal year 2008 budget request includes $1.2 billion for BRAC-related activities, of which $910 million is construction. The Air Force is lead for 64 BRAC business plans and has equity in an additional 16 business plans. Full support of our funding request is critical to ensure we remain on track to meet the requirement of compliance for 2010. So, like our sister services, we are in the same boat on funding.

We are committed to make BRAC and joint basing a raging success. However, several joint basing policy elements run counter to the spirit of efficiency and cost savings in the joint basing construct. The Air Force believes total obligation authority and real property transfer would serve as a disincentive to cost savings, efficiency and effective execution of customer expectations; these customers, our operational commanders, who should define requirements necessary to execute the mission and manage the funds to meet their needs.

This year we commemorate 60th anniversary of a proud service, a service born of revolutionary ideas, forged in combat and proven through the decades of progress and achievement. The readiness and capability of our force to fight and win our nation's wars now and in the future depends heavily on the state of our operational infrastructure.

I look forward to your questions. Thank you.

[The prepared statement of Secretary Anderson can be found in the Appendix on page 108.]

Mr. ORTIZ. Thank you so much for your testimony.

Before we go into some of the questions, and after consultation with the minority, I now ask unanimous consent that my good friend, Mr. Saxton, a member of the House Foreign Service Committee, be allowed to participate in today's hearing and be author-

ized to question the witnesses and he will be recognized at the conclusion of the questions from the committee.

Let me begin, and I hope the bell don't ring, but, Mr. Secretary, Secretary Grone, I just received a copy of the department's decision to implement fiscal year 2007 military construction program.

Why did the department issue policy not to execute any of the important operations military construction projects that this body authorized to support the war? Maybe you can give us a little explanation on that.

Secretary GRONE. Thank you, Mr. Chairman.

In the spending plan which was required by the continuing resolution 30 days after enactment of the resolution, the secretary was asked to provide a spending plan to the committees for military construction, family housing and base realignment and closure.

For the military construction and military family housing accounts, we consulted with the committees on appropriations and looked to the history, the legislative history to the extent we had access to it, of the derivation of the numbers for each of the respective accounts, military construction, Army, Navy, military family housing, et cetera.

And in judging which projects ought to be in that, it became clear that the funding lines were those funds that were included in the President's budget, as authorized by the Defense Authorization Bill. And so that is how those particular projects were selected.

Regrettably, because the funding in the continuing resolution did not provide sufficient funds to cover all of the projects that were authorized by the committee, there were projects that were identified by the committee that otherwise would have been executed if we had had a standard military construction enactment that we would be executing today.

But without sufficient funds to cover everything, we selected those highest priority projects which are reflected in the President's budget and that could be immediately executed.

For base realignment and closure, we had to go through a similar but much more complex process, where we had to array projects in to some degree a priority order of implementation within the resources that we had available without being able to understand or assure ourselves that the rest of the remainder of the $3.1 billion would be forthcoming.

And so we looked at key projects that were imperative to operational requirements necessary to complete recommendations by 2011 on time and try working with the components to assess those priorities and the priorities that came forward to the Congress were largely—although there were some differences around the margins—largely a pro rata distribution to the components for execution. But we made some marginal changes necessary to improve efficiency of implementation and to support some operational imperatives.

Mr. ORTIZ. As I was reading through your statement, you indicated also that Congress's inaction to provide the balance of the $3.1 billion BRAC 2005 funding will, in your words, significantly jeopardize the ability to execute BRAC by 2005 by the deadline of September 15, 2011.

Are you advocating that maybe we should delay the implementation of the BRAC deadline?

Secretary GRONE. No, we are not advocating delay of the round. The secretary's observations, all of our respective observations from an oversight and execution perspective, is that the inability of the Congress, if the Congress so chooses, not to provide the $3.1 billion, will have significant operational effects on the components as we implement base realignment and closure as well as challenge if not make impossible our ability to achieve the 2011 timeline.

It is my sense that members have understood the secretary's argument, have taken it very firmly onboard, have understood the concerns of the operational commanders, and that is why we see some action here to restore those funds.

Because my observation is that the members understand the critical nature of these funds to completing not just the job of BRAC on time, but to be able to keep the operational requirements, particularly for the Army, which is where a good deal of this operational requirement is, but certainly for the other services, to keep it on track, on schedule, and reduce operational risks.

So I would not advocate, nor do we believe it is necessary, to delay the round. That will simply create deficiencies in the process, continue to have disruptions of schedules, delay the achievement of savings, which are necessary to put those savings back on target on military mission, whether it be at the installation level or in operations of wherever, we can judge, along with the Congress, if those monies ought to be more effectively spent.

So keeping on schedule is critically important to the department's mission. 2011 is critically important to our mission. And the full receipt of funds that are necessary to carry out the implementation of those recommendations is absolutely critical to the future of the department.

Mr. ORTIZ. Thank you so much.

Mr. Jones.

Mr. JONES. Thank you, Mr. Chairman.

It is good to see you again, Mr. Secretary, as well as the others on the panel.

Mr. Secretary, how involved have you been with the issue dealing with the outlying field in eastern North Carolina?

Secretary GRONE. I have not been involved with it on a daily basis. We have observed the Department of the Navy's planning and programming for that project and have been involved from time to time, as needed. But the day-to-day management of it has been done by the Department of the Navy.

Mr. JONES. The reason I asked that is I have looked at some of the analyses that have been provided to those of us in Congress and I really have had questions—and I will put this in written form—as to how much actual research and due diligence has been looking at site two versus site one, site one being the outlying field in Washington County.

And I have spoken in the last couple of weeks to one—I won't use his name at this time, because I don't have his permission, but was an Air Force pilot that spent time in eastern North Carolina, out at Seymour Johnson Air Force Base, and he is helping me to prepare some very technical questions to the Navy.

He does not have an interest in where the outlying field is located or not, but he does not think the Navy has done as much research as they should have done into the seriousness of bird strikes.

And I will tell you, if you have never visited Lake Mattamuskeet, I am telling you, some of these birds are big, quite frankly. They are just huge. They are 70 and 80 pounds. And I see Mr. Penn shaking his head, so apparently he knows what I am talking about.

I say this because this has become a hot-button issue. The governor of the state, the secretary of agriculture for the state of North Carolina have both taken some very strong positions in the last few weeks.

And I don't have this county in my district. I have some counties that adjoin Washington County. It is actually Mr. Butterfield's district.

But, for me, I want to make sure that this has been—in fact, in my prepared remarks that I read, "and base support services in a straightforward, honest manner that is not subject to political and funding maneuvers." And I would hope there would not be military politics, so to speak.

We all know there are problems with Oceana. We understand the issue, so to speak. But I want to make sure for eastern North Carolina that we do have the best of both worlds, where the Navy gets what it needs to train those pilots, but also we protect the natural beauty that has been blessed by God.

And so I am really concerned, Mr. Penn. I am going to be putting this in written form to you. I don't think it is fair today, because we had not talked about this, to bring up a couple of the technical issues that I think that the Navy must address during the public hearings if not before the public hearings.

But, Mr. Grone, I would like for you to also receive a copy of my letter, asking for this information in detail back to me regarding my concern of bird strikes, because this is going to be an issue that has got to be resolved before there is a go ahead by those of us in Congress.

Secretary GRONE. Mr. Jones, I certainly look forward to receipt of that.

My understanding and observation is that the Navy did an extensive study on the question of bird strike and also looked extensively at the effect on the wildlife refuge there.

The Navy certainly—and I yield to Mr. Penn for any comment he would like to make, but it was looked at extensively.

We look forward, however, to any technical questions you may have. And certainly in the process that we are in right now, the public comment and overview process, it is critically important that we have those views. So we would benefit by that, and we will take a very hard look at it.

Mr. JONES. Before I yield to Mr. Penn, you know, when you see in the paper that the governor is upset that the Navy is proposing to poison some of the wildlife and the birds, the ducks and the geese, I mean that is not good public relations (PR) for the Navy. If the solution is that you are going to take on the swans and you are going to end up trying to poison them, this is not helping the Navy and there has been other comments in the paper.

And I realize there is always two sides to any story, and I want to make it clear that I am very pro-military. I think the world we live in is very dangerous. But I also want to make sure that there is a compatibility between the community and the military. And that has always happened in my district. This has been the issue.

So I want to make sure that the Navy can say to those in the community and to the governor of the state of North Carolina, we are absolutely certain that we can live with God's creation.

Mr. Penn, I don't know if I have a moment or two left, if you want to respond or not.

Secretary PENN. Yes, sir.

Mr. JONES. You don't have to.

Secretary PENN. And we feel the same way, sir. We are going to live with it. We are going to do the right thing by everything. There is no intent to poison the birds. I mean, I don't know where that came from. A lot of things come out.

We have done several weeks of extensive field work and drafted 12 technical reports, produced two consultations with U.S. Fish and Wildlife Service—they were a cooperating agency with us—wildlife experts and acoustics engineers. The Navy also hired three internationally recognized waterfowl experts, and their contributions were invaluable.

We wanted to do this to make sure that it was aboveboard, there could be no question that the Navy is trying to sway the decision or the outcome.

Mr. JONES. Thank you, sir.

Secretary PENN. I am also a hunter, so—we will do the right thing, sir.

Mr. JONES. Yes, sir, I believe that. And I will have a letter prepared next week to send to you and a copy to Mr. Grone as well.

Secretary PENN. Look forward to receiving it, sir.

Mr. JONES. Thank you, sir.

Thank you, Mr. Chairman.

Mr. ORTIZ. Ms. Bordallo.

Ms. BORDALLO. Thank you very much, Mr. Ortiz. I am sure the members of the committee know that you will be visiting my home, the territory of Guam, very soon, to check over our military installations there, and we are very much looking forward to that trip.

And I wish to say good afternoon to our very distinguished panel of witnesses.

My first question is to Secretary Grone.

Some have raised concerns that the Department of Defense lacks a commitment to the development of a master plan for the planned buildup on Guam.

How satisfied are you with the level of coordination that has been achieved within the Department of Defense and among the services with respect to the planning for the planned buildup in the territory?

What challenges remain for you and your colleagues as you work to bring together the various stakeholders within the department to finalize an integrated master plan for Guam?

Secretary GRONE. Thank you for that question. It is a critically important one.

As you know, and as the members know, the careful discussion and negotiation, the agreement we reached with the government of Japan to comprehensively realign our base unit installation assets in Asia, in partnership with our Japanese ally, is critically important. A critical component of that arrangement is the relocation of Marines from Okinawa to Guam.

And in addition to all the other military activity we have aboard the island for the Navy not associated with the move, for the Air Force, the coordination is a critical piece.

My colleague, Mr. Penn, chairs the Guam Executive Counsel, on which Mr. Anderson and myself, and Mr. Eastin from time to time as circumstances warrant, sit. We sit with our colleagues from across the department. It is the platform where we certainly look at issues that are joint and even, you know, singularly, on a military component, to ensure that we are doing the right thing by planning, budgeting, looking ahead at all the issues that need to be addressed.

It is also the place where we describe interagency effects and we can work tasks out of that, to work the Federal interagency as necessary, and also the joint program office, to be able to liase with the governor, yourself and other interested members and certainly the subcommittee to ensure that we have the right posture going forward.

So I am satisfied that we have the right executive-level attention to the matter. I am satisfied that we are providing the proper oversight. And the Department of Navy is doing, in my view, a very fine job of coordinating this activity.

Certainly, we do have challenges in the effort, but we are receiving very solid cooperation from the Japanese government, consistent with the agreement we reached. It will be a challenge of implementation, that wave of construction and the like. We recently had a whole series of technical visits to the island, looking at a whole number of things.

So there was a lot of activity around the enterprise devoted to this issue, and I think we are postured well for the future.

Ms. BORDALLO. Thank you very much, Mr. Secretary.

And to my friend, Secretary Penn, who has become quite a fixture in Guam at this point in time, the secretary will be visiting Guam at the same time Mr. Chairman, Chairman Ortiz, that we are visiting, Secretary Penn will also be on the island at the time.

Mr. Secretary, two weeks ago the Navy announced that it will hold public scoping meetings on Guam, Saipan and Tinian during the first week of April to solicit input, suggestions and concerns from individuals from these communities regarding the planned relocation of the 8,000 Marines to Guam.

To what extent can you assure us that the Navy will make every effort possible to address these suggestions, comments and concerns that individuals from these communities put forth during these scoping hearings and during the public comment period?

Can you describe for this subcommittee the process by which comments from the local communities will be integrated into further planning for the build up on Guam?

Secretary GRONE. Well, certainly, ma'am, it would be, I think, advisable for my colleague, Mr. Penn, to comment more directly on

the management of the process, because it is the Navy's responsibility to do that process.

But as you well know, the public comment process in any process like that is critically important. I am quite certain that the Navy will take all the public comments from wherever they come, from the governor down to just the average citizen, quite seriously as we build up the planning that is necessary to execute this extensive and significant series of moves to enhance the national security.

We have long had, as I mentioned earlier—what we are trying to do is work very closely in cooperation with governors, with local communities, on issues that affect the long-term stewardship and management of our installation assets. That places a great deal of premium on planning. It places a great premium on dialogue.

And in that context, it is completely appropriate. It is necessary for us to take those comments very seriously. It does not guarantee that the Navy will agree with every comment.

But the fact that those comments will be taken seriously, that they will be assessed, and frankly, as I have observed in many, many processes, we learn a lot in public comment and we change proposals from time to time as a result of public comment.

So it is a very, very valuable part of the process.

Ms. BORDALLO. Secretary Penn, do you agree with that?

Secretary PENN. Yes, ma'am.

In fact, at this time we are planning, as long as there are individuals at the hearings, we intend to remain there. We are not going to have a set time, say until 4 until 6 or 6 until 8. As long as someone is there, we will be there to get their comments.

As you know, it was announced in the Federal register on the seventh of this month that we were going to be out there. We have extended our comment period to the maximum possible, which is 60 days, and that is the window we are looking at.

We have handouts for the various locations where we are going to be holding the scoping meetings. It should have been broadcast that there is information, there is a resource in the library, where they can get the information in advance to our getting there. And we have a really nice handout for everyone that shows up, telling them the process and the procedures for commenting.

Ms. BORDALLO. Mr. Chairman, if I could, just one quick question.

Mr. ORTIZ. Just make it short, because we have other members here.

Ms. BORDALLO. If there are changes, drastic changes, in some of these decisions, would you then go back to share that with the civilian community?

Secretary PENN. That will come out in the final, yes, ma'am. It will.

And one of the other things that I should mention is, we are working with all the other agencies. We are working with Interior, Labor, Education, Transportation, Homeland Defense, Homeland Security, to make sure we all have a package bundle, so we are all being considered to get the very best we can for this evolution.

Ms. BORDALLO. Thank you.

Thank you, Mr. Chairman.

Mr. ORTIZ. Thank you.

The gentleman from Virginia, Mr. Forbes.

Mr. FORBES. Thank you, Mr. Chairman, and thank you for holding this hearing.

Thank all of you for being here today. I just have two questions for the panel.

As you know, many of our facilities under the BRAC program have worked very, very hard to stay on schedule, some of them ahead of schedule. The surrounding jurisdictions have just gone to bat to make that happen.

The two questions I would have for you is, let us assume that the unfunded fiscal year 2007 BRAC allocation was restored. How long would it take for those funds to be executed at the post level?

In other words, is there sufficient time remaining in the fiscal year to stay on schedule and execute the funds as were originally projected, especially for those facilities that have been on schedule and maybe some of them even ahead of schedule?

And the second thing is, outside of funding, have you run into any ambiguity in the BRAC language that in any way could cause a delay or serve as an obstacle for implementing or moving forward with BRAC projects?

Secretary GRONE. Mr. Forbes, let me try to answer both questions, and then my colleagues may wish to elaborate.

For purposes of execution, I can only go back to the fiscal year 2006 monies that we had. Now, admittedly, it was $1.5 billion, but there were two aspects in the last fiscal year that I think merit attention.

One is that we were ultimately provided through appropriation $400 million less than was requested. And because of some reporting requirements that the Congress had asked, fund release was delayed for a couple, two to three, months.

In the time that remained in fiscal year 2006, we executed nearly all of the funds and very early in the first quarter of fiscal 2007 we had executed nearly 92 percent of the funds. So we had positioned ourselves in a position with contract vehicles and the like to, as soon as we were in the middle of fund receipt, we could begin to move projects and execute the program.

We have similarly positioned ourselves presently with the $2.5 billion and would do the same with the remainder.

I can't tell you that every dollar would be expended by the end of the fiscal year, but my expectation is that very early in fiscal year 2008, similar to what we saw in fiscal 2006, that those monies would be committed and executed in a very, very timely way.

So I am confident that my colleagues have execution plans in place that will put dollars on target as soon as we have funds received.

Mr. FORBES. Any language barriers that are causing delay?

Secretary GRONE. We continue to work through certain ambiguities of commission recommendations as we are developing implementation plans. That said, I see nothing there that would cause us to miss the September 2011 deadline solely as a matter of language. I don't foresee that.

Mr. FORBES. Thank you, Mr. Chairman.

Mr. ORTIZ. We have about three votes, and it is going to take us about 20, 25 minutes, but we will continue on.

I yield to Ms. Giffords now for any questions that she might have, and we will see if we can maybe wait until we have about five or six minutes left before we go vote.

Do you have any questions?

Ms. GIFFORDS. Thank you, Mr. Chairman.

My question is for Secretary Eastin.

You talked about the Army increasing—I thought the number was 65,000, but you had referenced the number 74,000 in terms of increase of the force and increased numbers of soldiers.

Can you talk a little bit about how you go about doing that?

When I go back to my district, and I communicate to folks, at Fort Huachuca, which is in Sierra Vista, they understand because of just the nature of that geography. But for folks around the district, southeastern Arizona, what is actually going to take you to increase our facilities in order to accommodate 74,000 soldiers across the country?

Secretary EASTIN. The increase is broken down into several pieces.

First, we were working on a temporary 30,000 increase. The number we are looking for is 482,400. And then we are going to add 30,000 to it that were in large part already onboard. Then we are going to add another 7,000 per year for 5 years. So that is not like we have to swallow up 65,000 all in 1 year.

Many of the 30,000 are on board, and we just have to get the Army story out there, indicate what an opportunity it is to serve your country, and from our point of view we need to make the installations and the experience, as much as an early military experience can be, rewarding.

Say, your first six weeks or so, I am not so sure about that, but thereafter, to make sure that we take care of the soldiers, we take care of their families and reward them in the way that they are rewarding us by their service.

Ms. GIFFORDS. Thank you, Mr. Chairman.

Secretary Eastin, do you have any concerns or areas that we should be focused on about this? You talked a little bit about the numbers, but are there areas that we can be helpful with?

Secretary EASTIN. We deal, of course, on this committee and in my lane, with providing infrastructure for our soldiers and their families to live on and to work with. Turning these installations into models of mini city governments, where they can return to and be happy about when they are in the fight, they can look down the barrel of their rifle and see an enemy and not look down the barrel of their rifle and worry about how their wife and kids are being taken care of back here.

So I consider it our duty and our responsibility to provide them with the best care, the best facilities we can, and really show what it is, how we appreciate their services.

Ms. GIFFORDS. Thank you.

Mr. ORTIZ. We will continue for the next five minutes, Mr. Bishop, then see if we can get there and vote.

Mr. BISHOP. Thank you. I will talk fast.

I appreciate being down here and I hope you guys will hurry up and do your whipping so we don't have to wait for more votes when we get on the floor.

First of all, I would be remiss, Secretary Grone, if I didn't thank you for your service to the country, and especially what you have done for me, my staff and my district in the state of Utah. Thank you very much.

My question, though, today, it is actually two questions, are for Secretary Eastin.

And I will apologize. I have to pretend I am a senator and I have to get some kind of preface to this thing. And I apologize. It is obviously a parochial question or we wouldn't be here.

But I represent in Utah two Army installations, the Tooele Army Depot as well as the Dugway proving grounds. And I know the challenges the Army faces in your MILCON dollars, and they are significant.

But I am concerned about the matrix in the MILCON dollars that is resulting in what I think is significant neglect and deterioration of the infrastructure and the facilities at Tooele as well as Dugway, which are not training bases, they are not forts, they are support installations.

Tooele Army Depot has not had a MILCON project approved in 15 years, even though they have been in the pipeline, they have been valid, but they have never seemed to make it in the fight after they have been kicked down for other priorities, which in the first 15 years I was empathetic, the last 15 years I was sympathetic, now I don't care.

We have also met people on your staff who thought Tooele was actually closed in BRAC 1995 when it was merely realigned, and it still has a significant storage mission as well as several hundred civilian employees that are there.

I want, though, to focus my two questions on Dugway proving grounds. I am getting both shots in while I have the chance.

This is a unique mission in chem bio defense. It is the only place where outdoor stimulant testing can take place, so it is obviously in a remote, isolated area of the Utah desert.

For the past eight years, Dugway has had a MILCON project need in their life science test facility. It is based on the post 9/11 workloads. The current facility, built in the 1980's, is completely full, and the scientists are now conducting their lab work with the chemical and biological agents in temporary trailers in these harsh desert conditions. It doesn't inspire a lot of confidence in either the Army, the employees or the citizens of my state who have traditionally supported our military very strongly.

This facility project has again this year been slipped to the end, and it has happened time after time, which, once again, I can tell you by this time I don't care.

In the civilian housing area, our facilities are crumbling. The community center, the ceiling is taken down. Half of it is closed because of a lack of working plumbing.

And remember, this is an isolated area. It takes you 90 minutes at 70 miles an hour on a two-way road to get there to any kind of shopping or service area. They can't go to outside commercial opportunities outside the front gate.

So the first question, which is generic, is: What is the Army proposing to address the long-term needs at these support installa-

tions, like Tooele and Dugway, which I believe have been put on the back burner too long?

Second question, which may be even more specific to Dugway, is: If the Army isn't going to fund them, have you ever considered the idea of turning the Dugway proving ground into a nonprofit research institution, or giving it over to the state of Utah, which may actually care? Given the lack of these resources, would you be supportive of a privatization study for the testing facilities that are presently being done at the Dugway proving grounds?

Secretary EASTIN. Let me answer your last question first.

We are open to all suggestions, such as privatizing something like this, because believe it or not, we don't feel particularly good about shoving these projects out to the right. I know Dugway and the life science center has been shoved out to the right several times, and it is going to be small solace to you to know that you are one of a couple hundred other projects that have gotten shoved out to the right while we are fighting wars and trying to build buildings for BRAC and for our Army modular force initiative.

We are trying to take care of the troops, and unfortunately some of these that are not on the frontlines of what the Army does sometimes seems like we don't care. We do care. And if there are other options for getting at least the life science center off of the front page or the disabled list, if you will, we would be happy to hear them, and I would be happy to work with you or your people.

Mr. BISHOP. I appreciate that, Mr. Secretary. I am not trying to be difficult on this. I realize the problems you are facing. I realize the MILCON problems have not been helped necessary this year so far and we may have other difficulties that go along with that.

But in some respects, it is difficult trying to get some kind of attention for areas that are very remote and have the facilities that continue to keep crumbling simply because, as you mentioned, they get shoved back there. It is not that they are not valid programs. It is the prioritization.

That is why I am wondering somewhat about the matrix that is used on the evaluation of these particular projects.

Thank you.

Mr. ORTIZ. We only have five minutes, but I will tell you what, you can continue with your questioning, and we will give him time to respond, because we only have about five minutes for the vote.

Mr. BISHOP. Actually, I am done. You can forget about me the rest of your life.

Mr. ORTIZ. What we are going to do is, we are going to raise the speed limit.

Thank you.

We will be right back. It is going to take about 20, 25 minutes.

[Recess.]

Mr. ORTIZ. We are going to see if we can now resume our hearing, because we do have a meeting at 4. I think we have ample time to finish this hearing today. I think that more members will be coming in.

But, Secretary Penn, I am concerned about the encroachment and the department's current intent to address these issues. This is a concern that I have had for many, many years about encroachment at many military bases.

The chief of naval operations recently visited my office and in my opinion has developed a strategy that only ensures that encroachment at our navy training bases doesn't get any worse at Naval Air Station (NAS) Oceana.

The training conditions of our naval aviators, that they use, are deplorable, and I am sure that you are aware that many of the folks in North Carolina, including the governor, are against the building on the outlying landing field in the proposed area.

I was just wondering, why doesn't the Navy adopt a strategy that allows noise levels to be reduced at NAS Oceana and more of the fleet replacement squadron for training and pilot readiness can be developed.

And this is not the only place where we have problems with encroachment. I mean, you go to Camp Pendleton, you go to many, many other bases, and the training is miserable because you can train here, then you get on a bus and you move someplace else to continue training. But Oceana is a problem because it was brought up to you on the Base Closing Committee. Maybe you can elaborate on some of what I just asked you.

Secretary PENN. Yes, sir.

As you know, Oceana is a master jet base. We have all the equipment, all the facilities, everything we need there to be operation ready, to enhance our operational capability, including surge capability.

Oceana is strategically co-located with other major naval facilities and bases in the Hampton Roads area, making that a fleet concentration area. And it is ideally located and close to regional training ranges and the carrier operating areas. That is the reason.

Mr. ORTIZ. But, you know, I think that overall we are going to have to look at all of these bases. I think that these bases provide many good things, civil service jobs, to the communities, and if the communities are not concerned about encroachment, there are other bases that do their best not to put those that are training in harm's way.

I think this is something that, we are going to look at it and I am not sure what the solution would be, but what restrictions can be put on communities if they start annexing land and land and land. Before you know, the bases don't have any areas of training and it makes it very dangerous.

Some of the pilots I have talked to said that it is just like landing in a mall, because of the lights. And this is Navy. They should be landing out at sea——

Secretary PENN. Right. Where it is really dark.

Mr. ORTIZ [continuing]. And the training is very, very difficult for them.

So I hope that as we move on, that we can find a solution to this problem, you know. You just heard my friend from North Carolina, they are still having problems whether they can get an outlying field there or not.

So does anybody want to touch—Mr. Grone, would you like to touch on that?

Secretary GRONE. Sir, I think that Mr. Penn has adequately addressed the operational requirement as the Navy sees it. Our judgment was to concur with that judgment.

Mr. ORTIZ. Mr. Jones, do you have any questions?

Mr. JONES. I will be real quick, because Mr. Saxton——

Mr. ORTIZ. Oh, Mr. Saxton is here.

Okay. He yields to Mr. Saxton.

Go ahead.

Mr. SAXTON. Thank you very much, Mr. Chairman.

Mr. Eastin, during the last Base Realignment and Closure Commission, some of us were unconvinced that the closing of Fort Monmouth was the right decision. And the chairman of the Base Realignment and Closure Commission actually was told by the secretary of the Army that under no circumstances would the Army permit the move to sacrifice or short-change ongoing C4ISR support for the service and warfighters in the field, particularly during this war.

The chairman then added language requiring the secretary of defense to submit to Congress a report that a movement of organization functions and activities from Fort Monmouth to Aberdeen proving ground would be accomplished without disruption of their support for the global war on terror.

The language required a report. I would like to know where the report is. And will you, as a representative of the Army, can you tell us whether the Army will proceed with the closing of Fort Monmouth if you realize that it does have a derogatory effect on C4ISR progress?

Secretary EASTIN. Thank you, Congressman.

First, we have no intention of closing down Monmouth unless we have some redundancy someplace else. We will not go to Aberdeen and have one particular service that Monmouth is provided that is uncovered somehow.

This is not just because Congress willed it that way or you think it is a good idea. I think it is good to keep these services to the country. They are very important and they need to be seamless. And as you know, whenever you put pieces of equipment, especially highly specialized and technical equipment, such as they are using up there together, you need sometimes to run it in parallel with what is in existence up there already so that we know they have the same capabilities.

So we are not going to do that unless we have the others running in parallel at the same time.

With respect to the report, Army Material Command, which has the cognizance of the Monmouth operation, is preparing that report. Needless to say, the closer they get to actually having to do something there, the more fidelity that report is going to have.

I do not know the status of it, although we know we owe it to you.

Mr. SAXTON. Would it be possible for you to check on the report and get back to us?

Secretary EASTIN. I will be happy to. I know they have been working on it, I just don't know where it is.

[The information referred to can be found in the Appendix beginning on page 173.]

Mr. SAXTON. Thank you.

Secretary Anderson, I guess it has probably been the better part of—it was two years ago that I sat down and visited with Mr.

Grone about the concept of joint basing and creating joint bases. It has been some time ago.

But we laid out in about an hour-and-a-half conversation some concepts and parameters that we thought would be good, to recognize the fact that we fight together, we go to war together, that we train together, that we live together and that we have separate bases, and that there were some opportunities to create joint bases.

And that process was recommended to the Base Realignment and Closure Commission, and the concept in the report was adopted. The details of working it out were left to the services to work out together, and I think that was probably a good move. But the process seems to have gotten slogged down here recently over a couple of issues.

One issue is quality-of-life issues, and they are important, and I fully recognize that they are important. And I recognize there are different cultures in the different services, and I realize what a difficult time it is to bring them together.

All four services happen to be based with significant number of people, particularly the Army, the Air Force and the Navy, and to some extent the Marine Corps, in my district. So I live with them all, and I understand the difficulty and the issues of bringing cultures that are somewhat different together.

I also know that the Army and the Navy and the Marine Corps have agreed on one concept of land transfer and that the Air Force holds a different position, which you I think mentioned in fact in your opening statement.

I would just like to say that this issue is the Magilla Gorilla issue on the block right now as far as I can see, and it needs to be solved, and if you are the one guy out, meaning the Air Force, then it seems to me that you have a special responsibility to either convince the other services that you are right, make a deal with them, make an arrangement with them, or yield to their position.

I think this is extremely important. I can see both sides of it and I know it is a thorny, difficult issue, but in having talked to representatives of the Air Force and the Army and the Navy and the chief of staff of the Air Force just a week ago, and while I won't pretend to know exactly what DOD's position is, I think I have a pretty good idea inside, and I think we just need to get this set of issues behind us.

Failing to do that, I believe deeply in the concept of jointness in basing. And if the services can't pursuant to the recommendation of the commission do it themselves, then maybe there are some other people in this town who will have to take a look at doing it with you or for you. And I don't think that is a good thing for us to talk about doing.

So I guess my question is, what are your plans on resolving these issues and do you think you will need any help in the future?

Secretary ANDERSON. Great question. Actually, there are a number of them in there and I will try to address each of them. I hope I can. And I am sure you will remind me if I miss a piece.

Let me first start off with the position that the Air Force has, and I believe agreed by all parties here at the table, that joint basing is important. The efficiencies that can be driven through joint basing, the delivery of services in a much more effective manner,

great idea. Unfortunately, it took an act of Congress to actually get the services to start talking about it, which kind of just personally I don't know why it took that much, but be that as it may, it did.

You raised quality-of-life concerns. And you are right. From the Air Force position, the joint basing is an opportunity to not only maintain quality of life but actually, from our perspective, improve the quality of life, not only for every soldier, sailor, airman and Marine that is serving in uniform today, but maybe even more importantly, making sure that the families that are left behind with multiple deployments have the best possible services and infrastructure they can possibly have.

So we are pushing very hard to make sure that not only quality of life is maintained at the highest level of the combined, the individual piece of each combined base, but we believe it is an opportunity to actually improve quality of life for everybody across the board.

The Air Force doesn't disagree at all about the "what" in terms of, as you laid out, what is trying to be accomplished by joint basing. The "how" is a little bit of a different matter from our perspective.

You talked about speed, and I agree. This is something that we ought to get done, get done quickly and get done effectively. Our position is rather than pushing 12 bases into this at one time, potentially creating 12 sets of the same mistakes, that we go through a process by which we bring the mistakes up in a database of the situation, learn from them, fix them, and then push them out to the other bases much more quickly and effectively in order to speed up, not slow down, the process.

The first step of that was actually worked out in a discussion between the Chief Naval Officer (CNO) and the chief of staff of the Air Force, and I think they did a terrific job of saying why don't we start with a tabletop exercise. The Navy has agreed. The Air Force has agreed. Recently the Army has asked if they could join, from what I understand, and the answer is emphatically yes.

That we can learn, through going through this exercise on a table and developing and dealing with issues, then take this out to two bases or three, whatever is the most appropriate, go to total operational capability in joint basing, at those bases, learn from those bases, and all of the lessons learned. Then we can consolidate them and push them out to all the rest of the bases and move much quicker with the residual of the remaining bases, to get them up to speed and generate savings and efficiencies much quicker than by just pushing it out and learning the same lessons 12 times and having to fix them 12 times.

The other area of interest is this debate about transfer of title, transfer of Table of Allowance (TOA). From the Air Force perspective, we look at this as a consumer and a supplier relationship, just like the outside market, where a consumer controls their purse and a consumer controls their real estate and they go to a service provider to provide whatever that service happens to be, whether it is child care or dining facilities or what have you.

The natural tension between the bill payer and the individual who provides the service is the most effective manner, it is free enterprise, the most effective manner of driving costs down and driv-

ing efficient delivery of service. And that is our position as related to transfer of title and TOA. If you move it all to one party, that tension and pull between a purchaser and a supplier gets lost.

We believe controlling the purse against the group that actually provides the service is what is going to provide the best platform to provide efficiency, effectiveness and cost savings in the joint base construct. So we want it to be a raging success.

That is why we are pushing for an approach in our mind that gives us a much greater possibility for having a tremendous success with joint basing. We are 100 percent behind it and think we ought to get it right.

Mr. SAXTON. Mr. Chairman, I know that my time has expired. But I wonder if there is time to let the other service representatives at the table——

Mr. ORTIZ. We will give them time to respond.

Mr. SAXTON. Would you gentlemen like to talk about these issues? I think you hold a little different position, perhaps?

Secretary EASTIN. I am not sure we in the Army agree about TOA and land ownership. If we are going to have a joint base, in our view, it ought to be truly a joint base, and that is just our point of view.

I think that if the Air Force is coming to the table with the Army running the show, they ought to be giving up their TOA and they ought to be giving up their land. Vice versa with the Army. If we are going to go over and have the Army basically run the base in conjunction with us, we ought to give them the land and the TOA involved.

Probably room for everybody to have their opinion in these things and ultimately the grand arbiter in the sky, who is sitting here on my right, will have to make these decisions.

Secretary PENN. Sir, I agree with Mr. Eastin. I ran the largest air station in the Navy and I probably had 30 squadrons, three aircraft carriers, two cruisers, and numerous other commands, and I was the landlord and it was very easy. It worked. It worked for me personally and I think the concept is valid.

Mr. SAXTON. Listening to Secretary Anderson, it seems to me that the issue of how you keep everybody equitable from a how-you-pay-for-things point of view is a big issue. Is that right?

So if the Army is going to run the Washington base and the Air Force is going to run the New Jersey base, it seems to me that there could be some parameters developed with regard to governance to solve these issues so that the actual concept of who owns the land takes a lesser position and the concept of how you run the base takes a higher position.

And once again, I just hope that these issues can be resolved in a timely manner so that we can move forward with all of the I think great efficiencies and coming together of the services that I know are so healthy for the services and the men and women that serve in them.

Thank you.

Mr. ORTIZ. Ms. Boyda.

Mrs. BOYDA. Yes, thank you, Chairman Ortiz.

First of all, when you were giving your opening remarks you mentioned several times that you appreciate the support of this

committee and your funding, and I would just like to say I appreciate what you all have been through.

I represent Fort Riley and Fort Leavenworth, Forbes Field, and I also have the Kansas National Guard headquarters in my district, so we have been living through the train wreck caused by this BRAC problem and the fact that there was no funding for the BRAC installations, not adequate funding, as of last October 1.

So you all have done a yeoman's job in getting through that and I think you have the commitment of leadership on hopefully both sides of the aisle to make sure that we make up for that shortfall, get that money to you as soon as possible and get back on with what you are doing with BRAC funding. So thank you for that.

Honorable Mr. Eastin, I had a question for you about the Parsons Army Ammunition Plant that was part of the BRAC funding. I have been down there to the BRAC. We have had some Army materiel come in, people come down. I have got to say that what has happened has been less than satisfying, and that might be polite.

We are looking for a list to tell people what is going to be left at the plant and the ability to get that list as early as possible will really help the economic development in that area. It is 200 jobs. Maybe in many districts 200 jobs isn't a big deal. In Parsons, Kansas, and Leavenworth County, Kansas, it is a big deal. That Army ammunition plant has been around for 50 to 60 years, and it is very much part of the community.

I would like to just ask for your support in helping us get that list, and I was wondering if I could even ask you to accompany me down to Parsons at some point and say can you help us make sure that we are getting a speedy and fair hearing on what would be left there in the plant.

Let me just also describe the good people of Parsons, Kansas, for a minute. They want whatever is best for the military and whatever is best for our country, and I mean that. They are as fiscally conservative and responsible and as patriotic as they come. If it makes sense to move that equipment, then they are going to be behind it 100 percent.

That equipment has been there for over 40 years, and it is very hard for people to understand why moving that would be economically viable. And so it is a great big concern in the community. And I was wondering again if I could just ask for your support in just helping to resolve that. Clearly, they would just like to be able to open that facility and to run it privately. And have the county be the landowners and transfer that so that you can get out from under that facility as an Army Materiel Command (AMC) facility.

Please, sir.

Thank you.

Secretary EASTIN. I am sorry you had a less-than-satisfactory experience with AMC. I have personally found them charming and wonderful.

Let me tell you about the munitions plant and my view of the BRAC law. The BRAC law is that we leave and we take the equipment we need, but that the default position of the Army and in fact all the services is, the equipment stays unless we need it.

Now, I know AMC is doing a report on this, assessing their needs. I am told it should be to you people in mid-April or so.

Mrs. BOYDA. Excuse me. It was my understanding—have we moved back now?

Secretary EASTIN. I am sorry?

Mrs. BOYDA. It should be—we have been told March, for sure.

Secretary EASTIN. I am told we will have this—we meaning I guess me—will have this by the end of March. And someone has assumed for me that it is going to take two weeks to look at it. That is why I——

Mrs. BOYDA. All right. Thank you.

Secretary EASTIN. My friendly note-passer tells me mid-April here.

So being what it is, we will have this fairly shortly.

Mrs. BOYDA. I certainly appreciate anything you can do. Again, being in no-man's land is probably the worst of all possible worlds, so I would appreciate anything that you can do to just help get clarity on that and, again, to make sure that if anything is needed, of course, and I mean this, people in Parsons will say, "It needs to go." But let's just get clarity and leave anything that can help keep jobs in that community.

Let me just also ask, please, to Secretary Grone about the Office of Economic Adjustment (OEA) money. It certainly appears in the President's 2008 budget, what, it is down about $80 million from $137 million in 2007 and this year it is down to $57 million, something like that? This is just the kind of money that will really help Parsons recover from losing this longstanding business in their community.

Can you help me understand that, please?

Secretary GRONE. Certainly, we view the role of OEA as critically important, as the principal agency within the department not concerned with implementation, per se, but in equitable transition. And the comparative numbers that you suggested I believe are appropriated dollars. The Congress had added funds, and in some cases earmarked some funds for certain projects, prior year activity or certain planning moneys.

We believe that the funds that are requested in this year's President's budget are sufficient to support the planning and adjustment activities that we require in this coming fiscal year. And OEA has been, is playing a key role, in our liaison with state and local communities. So they are a critically important part of the transition from my perspective.

Mrs. BOYDA. So if I understand you correctly, you are not seeing any pull back at any services and we can expect the same, a full, basically, transition, and make sure the clean up and everything, you anticipate that to be——

Secretary GRONE. Well, cleanup is not a function of OEA.

Mrs. BOYDA. I apologize.

Secretary GRONE. It is a function of the components.

But in terms of the work that OEA will be doing with local communities, the director of OEA has a case manager assigned to each and every major action. That case manager works very closely with the local communities, with members, as you know.

That role is absolutely critical. They work very closely with the military departments in coordinating actions and they are basically the honest broker at the table to refer people to appropriate other

Federal agencies or internal to the department, to try to break red tape and keep things on track.

I mean, I view them as playing a very, very crucial role.

Mrs. BOYDA. I will do everything I can to keep that funded from this end. Thank you again for——

Secretary GRONE. Certainly, if there are issues in the disposal process and the economic redevelopment process affecting the installation, certainly Mr. Eastin and I will work that aggressively. I have been very clear as a matter of departmental policy that our objective is expeditious transition of the mission in order to assure expeditious reuse of property.

Mrs. BOYDA. Thank you.

Secretary GRONE. We have no interest nor desire to hold property in caretaker status for any lengthy or considerable period of time. We want to assist communities to get to viable economic redevelopment as quickly as we can.

Mrs. BOYDA. That is certainly our goal.

Secretary Eastin, thank you again for your support.

Mr. ORTIZ. I have one question before I yield to my good friend Shea-Porter.

Secretary Eastin, as I indicated in my opening statement, I am embarrassed and appalled as to the living conditions that have been provided to our wounded warriors at Walter Reed. When General Kiley testified before our committee, he indicated that the A76 process contributed to the deterioration of the state facilities at Walter Reed.

And my question is, did the A76 process contribute to the present conditions at Walter Reed?

Secretary EASTIN. Mr. Chairman, I do not believe so.

The A76 process in the case of Walter Reed was, I can't even describe the process too well. It started in 2000, in the year 2000, and did not end up until the transfer early in February of this year. It went through 17 amendments. I sometimes got the idea looking back through this that maybe our own management was not entirely behind this issue.

Bottom line, it just took entirely too long. Did it affect what went on out there? It is never a happy circumstance when you come to work and are living in what you might think of as jeopardy to your job, but this is how the process works, and it is designed to get the most cost-effective operation wherever we do the A76.

We have done thousands of these position competitions and basically the employees probably win more than two-thirds of these things. In the case of Walter Reed, however, the employees came in with an operation that was slightly higher than the private sector did, even taking into account their ten percent benefit by this.

In looking back at what happened, if you want to look at—if you can measure these things by the number of people onboard, with 10 or 20 we have had the same number of people onboard at Walter Reed in these functions, which is the public works base operations functions. It was not housekeeping and it had zero to do with providing medical services. These are basically go fix the window, go fix the air conditioner, make sure the rug is okay, that kind of thing.

Nothing—we started out with about 320 positions last June, before the final days of the A76 process. By the time the contractor took over, there were some 290 positions left at Walter Reed and the contractor now has 320 positions. People doing the same amount of work at Walter Reed.

So it started at a level, it went down some as we went through a reduction in force, a RIF, which by the way was 17 people out of the 300-some people. It wasn't a massive you are-all-gone. It was 17 people. And so it stayed, the amount has stayed steady throughout.

The garrison commander and the director of public works at Walter Reed, I assume you are referring to Building 18, had the ultimate responsibility for Building 18 and they had it up to the day the contractor took over.

They had adequate people onboard. I have seen some crazy numbers out there, that it got down to 50 or 60 people. I don't know where that number came from or how you count. I mean, there are various ways to count. But from what I can determine, the number stayed relatively the same throughout the period, within 20 or 30 positions out of 300.

The contractor that we put onboard came on on the 14th of February. The Washington Post story came out two weeks later. And they promptly got on it, but I don't think we can fault them for a couple of weeks in trying to get their hands around what it is to do at Walter Reed.

We may think a lot of—that the A76 process itself is controversial in some quarters. It is not particularly convenient, sometimes, for the military in times of growth and BRAC changes and Army Modular Force (AMF) changes, but it is with us. I think overall it is a good process and I don't think it really affected the Walter Reed experience.

Mr. ORTIZ. One of the reasons I ask you is, I have had a chance—I normally go to visit Walter Reed and Bethesda, but this last time I went down there, I talked to some of the people who worked there, they said they saw a vast number of knowledge and experience just walk out the door because of this contract that came on, the new contract.

And one of the things—and that is maintenance. But I think that we need to look at the health services that we provide to our soldiers. It takes special people, and I have seen them three or four at a time working on individuals who had just been amputated, who have been wounded, and sometimes it takes special people, and I don't know whether you are up to par or how your staff is, whether you have complete staff, doctors and nurses.

We are here because we want to help you. If you need more nurses, if you need more doctors—but A76, as far as I know, by visiting the area, they said that a vast number of experience, some of the people that were hired couldn't even find the stairwells because they were new.

So any time—and I have told people before in committee before, that for the past several years the civilian workforce has had a cloud over them. First, you know, it was base closure commission. They didn't know whether their base was going to be shut down

and whether they were going to be out of a job. And then comes A76 after that. And all this contracting out.

We want to be sure that we have people who work there that are committed, that we recompense them, that we repay them, that we honor their commitment to the hospital that they work. In many cases, you know, when they hire people, they don't have the benefit that the civilian workforce has. They don't have the retirement, they don't have the pay, they don't have the holidays, and this is a matter of concern.

But I appreciate your answer. I know we are going to have a meeting in a few minutes, another markup, but let me go to my good friend, Shea-Porter.

Ms. SHEA-PORTER. Thank you, Mr. Chairman.

I would like to talk about the Portsmouth Naval Shipyard for a moment, since I have so many constituents who are employees.

As you know, the Portsmouth Naval Shipyard has been excellent, has excelled in the many, many years that it has been there. And somehow or another, the Portsmouth Naval Shipyard was on the BRAC list for closing and was rescued because of their great work.

But the DOD did not choose to execute the fiscal year 2007 congressional additions in the fiscal year 2007 authorization bill, and I am very concerned about what the mission is going to be for the Portsmouth Naval Shipyard.

They are going to be receiving these Virginia class subs and yet the money is not keeping for their dry docks and I wanted to know why the money is not following what the work assignment is going to be. They have to have it in order to do the work on the Virginia subs.

Secretary GRONE. Ma'am, I will try to answer the question in part, and Mr. Penn can speak to the operational issue.

As we discussed earlier, before I believe you came in the room, the question of how the spending plan was developed was raised by the chairman and other members. The fact of the matter is that the continuing resolution did not provide sufficient funds to finance all the military construction projects that were authorized in the Defense Authorization Bill. And so projects—choices had to be made.

In consultation with the Appropriations Committee, we understand the account amounts were derived. It appeared to us for reasons of execution, prioritization and consistency with what we believe was to some degree intent, we followed the path of the President's budget minus projects that were not included in the authorization bill, and that is largely how those funds were derived, with some marginal changes. In fact, the only account that was short of the funding that was provided in that way was the defense-wide military construction account.

So the projects that we included in the spending plan, the President's budget 2007 projects were of a higher priority by virtue of the fact that they were included in the budget and made it through that process to be included.

We certainly recognize that there are projects throughout the authorization bill and throughout the varying appropriations bills because they had not reached a conference conclusion that were meri-

torious or projects that were otherwise in the Future Years Defense Program.

But the raw fact of it is that we simply didn't have the funds available to us through the continuing resolution to finance all of the projects that the Congress judged through the authorization process were worthy of being funded in this fiscal year.

Ms. SHEA-PORTER. Let me follow up on that, since you talked about execution and prioritization.

It seems to me that would be a pretty touch priority if you know that the Portsmouth Naval Shipyard is going to be doing operations and maintenance on the Virginia subs, that you would want to have the Portsmouth Naval Shipyard able to do the work.

So wouldn't that give it a high priority?

Secretary GRONE. Again, we have military construction projects that support operational requirements of all of the services throughout the entirety of the program. And, again, the fact is that we were not provided sufficient funds to follow the direction of the authorization bill by the appropriations outcome. And that is the best that I can answer that.

Ms. SHEA-PORTER. I do have great concern about it, because I know that China is building nuclear subs. They are outbuilding us right now. It is pretty critically that, first of all, we build them to keep pace, and then, second, that we are able to maintain them.

So what do you see the future of the Portsmouth Naval Shipyard and the Virginia attack subs to be? Is that something that you are going to put on top priority?

Secretary GRONE. That is an operational question that I would have to leave to the Navy. So I would yield to Mr. Penn, or we will have to have an operational perspective provided for you.

Ms. SHEA-PORTER. Mr. Penn.

Secretary PENN. And I would have to yield to the chief of Naval operations. Unfortunately, I don't control operations.

Ms. SHEA-PORTER. Okay, but we are talking about——

Secretary PENN. I don't think we have anything in the 2007 or 2008. I think we have funding in the Future Years Defense Plan (FYDP) for Portsmouth, and I will be glad to get back to you with that.

Ms. SHEA-PORTER. I would appreciate that, because obviously this is a matter of national security, that if we are having these Virginia subs, we need to have a shipyard able to do the operations and maintenance work on them, and they have to be ready in order to do that.

Thank you.

Mr. ORTIZ. Thank you so much for your testimony.

And like I say, we are in the same boat. We are working together. We need to solve some of these problems that we have.

Being no further questions, this hearing stands adjourned.

[Whereupon, at 3:26 p.m., the subcommittee was adjourned.]

A P P E N D I X

March 20, 2007

PREPARED STATEMENTS SUBMITTED FOR THE RECORD

MARCH 20, 2007

HOLD UNTIL RELEASED
BY THE COMMITTEE

STATEMENT OF

MR. PHILIP W. GRONE
DEPUTY UNDER SECRETARY OF DEFENSE
(INSTALLATIONS AND ENVIRONMENT)

BEFORE THE
SUBCOMMITTEE ON READINESS
OF THE
HOUSE ARMED SERVICES COMMITTEE

March 20, 2007

Chairman Ortiz, Ms. Davis, and distinguished members of the Subcommittee, I appreciate the opportunity to appear before you today to address the President's Budget request for fiscal year 2008 and to provide an overview of the approach of the Department of Defense to the management of the Nation's military installation assets.

Overview

As our Nation's security challenges become more complex, the military must become an increasingly agile joint force that is dominant across the full spectrum of operations. Installations are a critical component to this Nation's force capabilities. DoD is vigorously managing its facilities and infrastructure to ensure that it delivers cost effective, safe, and environmentally sound capabilities and capacities to support the National Defense Mission.

Not only is the Department incorporating best business practices but it is also expanding these practices into new, previously unexplored areas. For example, DoD's infrastructure investment strategy uses key metrics to provide quality facilities that directly support mission and readiness and also developed advanced business processes that align more closely to warfighter mission area requirements. Implementation of the Real Property Inventory Requirements document provides the basis for a more accurate and current asset inventory database which will maximize asset management and provide senior leaders with an improved decision-making tool to measure performance. With the development of a net-centric data warehouse for the Department's real property infrastructure and utilization information, timely and accurate real property data will be readily available to support key facilities metrics. The rigor provided by these practices in planning, managing, and maintaining DoD installations improves overall efficiency while improving investment decision-making.

Global Defense Posture

The Department continues its efforts to realign its permanent base structure at home and abroad to effectively enable military transformation and to better deal with 21st Century security challenges. The Department has begun the process of realigning or closing a number of large permanent bases overseas in favor of small and more scalable installations better suited for rapid deployments. The Global Defense Posture realignment effort identified an overall set of plans for returning overseas forces back to military installations in the U.S. These plans were integrated with the BRAC process regarding relocations from overseas to domestic bases during the prescribed BRAC time period. All Services factored requirements of returning forces into their domestic infrastructure requirements and this resulted in recommendations to accommodate forces at U.S. installations.

Some overseas changes have already been implemented in accordance with ongoing Service transformation efforts and within the framework of negotiations with host nations. In many cases, the changes involve units that are inactivating or transforming with no significant BRAC impact. As we begin implementing the BRAC recommendations there are overseas posture changes still being developed or being phased to be implemented after the BRAC implementation period. DoD will continue to consult with Congress on its plan and will seek your support as we implement these far-reaching and enduring changes to strengthen America's global defense posture.

Implementing Base Realignment and Closure (BRAC) 2005

The President approved and forwarded the Commission's recommendations to Congress on September 15, 2005. The Congress expressed its support of these recommendations by not enacting a joint resolution of disapproval and on November 9, 2005, the Department became

legally obligated to close and realign all installations so recommended by the Commission in its report. BRAC 2005 affects over 800 locations across the Nation through 25 major closures, 24 major realignments, and 765 lesser actions. The significant transformation to the Total Force and its operational capability, the Departments business operations, and to the savings ultimately derived from BRAC require resources to meet adequately the challenges of implementation.

The Congress provided $1.5 billion to the Department in FY 2006 ($1.9 billion was requested in the FY 2006 President's Budget) to begin implementing the BRAC recommendations. This initial funding was used to begin planning, design and construction, program management, and the environmental studies that serve as the foundation for constructing and renovating facilities to accommodate missions at receiving sites. Notable examples include the Brigade Combat Team (BCT) complexes at Fort Carson, Colorado, Fort Knox, Kentucky, and Fort Bliss, Texas, and a Division Headquarters and Sustainment Brigade Headquarters at Fort Riley, Kansas.

The FY 2007 President's Budget requested $5.6B to continue implementation. Previous continuing resolutions for FY 2007 provided $542M to the Department for this purpose. However, the recently passed Joint Resolution limits FY 2007 funding to $2.5B, a $3.1B (55 percent) reduction from the President's Budget. This seriously affects construction timelines because over 80 percent of the BRAC budget in FY 2007 directly supports military construction. This 55 percent reduction will significantly jeopardize our ability to execute BRAC 2005 by the statutory deadline of September 15, 2011, thereby sacrificing savings that could have been achieved during the delayed timeframe, and delay achievement of operational mission requirements. The magnitude of the reduction requires careful evaluation to support allocating the reduced funding within the Department so that only those projects with the highest priority,

determined by their operational and/or business case effects, go forward on the schedule previously provided to Congress. While operational impacts are self-explanatory, business case considerations are worthy of note. These include cases where incrementally funded projects started last year must continue, and/or where projects support follow-on actions, produce significant savings, or lead to expeditious asset disposal. This evaluation will form the basis for the BRAC portion of the expenditure report required by the Joint Resolution to be provided to the appropriations committees within 30 days of its enactment. Implementing BRAC 2005 actions represents a significant financial commitment by the Department. In the FY 2007 budget justification material provided to the Congress, the Department indicated that, in some cases, the out-year program did not fully reflect expected costs for the remainder of the BRAC implementation period (FY 2008-2011). The Department of Army anticipated a shortfall as much as $5.7 billion and the Air Force estimated its shortfall at approximately $1.8 billion over the program.

The FY 2008 President's Budget request is approximately $3.0 billion more than the FY 2007 President's Budget request and the $8.2 billion requested, as well as the outyear program, represents full funding for BRAC 2005 implementation assuming funding is restored for FY 2007. In previous BRAC rounds, the third year of implementation was generally the peak of the "bell shaped" investment curve. For BRAC 2005, the FY 2008 budget request represents the critical year of execution in the six-year statutory implementation period and includes $6.4 billion for military construction, $1.2 billion for operations and maintenance to relocate personnel and equipment, $112 million for environmental studies and remediation, and $453 million for "other" costs primarily associated with installation communications, automation, and information management system equipment in support of construction projects.

The Department has embarked on assessing the domino impact the $3.1 billion reduction will have on the FY 2008-2011 implementation program should it not be restored. The complexity and duration of many implementation actions required FY 2007 funding. Military construction projects and other expenditures related to the movements of missions contained in the FY 2008 President's Budget will need to be re-baselined.

Assisting Communities

The Department, through the Office of Economic Adjustment (OEA) and the Defense Economic Adjustment Program (DEAP), continues to work with states and communities across the country as they respond to the effects of broad changes in Defense infrastructure, including efforts resulted from BRAC, Global Defense Posture Realignment, and modularity. In the context of BRAC, to date, the Department has recognized 121 Local Redevelopment Authorities (LRAs) that are responsible for creating a redevelopment plan for property made available for civilian reuse as a result of BRAC and to directing implementation of the plan. The majority of these communities, with assistance from OEA, are presently working to develop a consensus for redevelopment that reflects the specific market forces, public facility and service needs, and private sector circumstances found at each location and to gauge local homeless and community economic development interests in these properties. At the same time, efforts are being made between these LRAs and the Military Departments to link local civilian redevelopment activities with the Department's environmental and property disposal efforts, including any necessary environmental remediation.

At the same time, DoD is working with several communities where mission growth is projected to impact the surrounding region. Across these locations, resources are being applied to assist communities to understand and respond to anticipated impacts on local housing,

schools, water and sewer, and transportation. Additionally, spousal employment, health care, public services, and child care are of some concern. A primary concern for all is how to develop and apply local, state, and private resources to address local need. Through this process, possible gaps in these civilian sources are also being recognized as opportunities for third party and Federal assistance. Presently, these communities are in close dialogue with the local installations to understand the timing and scope of these growth actions.

The ability to capably assist these communities, regardless of whether there is downsizing or mission growth, must include our Federal agency partners. On behalf of the Secretary of Defense, I Chair the President's Economic Adjustment Committee (EAC) at the sub-cabinet level to coordinate efforts across 22 Federal agencies to assist these communities. Under the auspices of the EAC, team visits will likely be undertaken to locations to better understand the local adjustment challenge and more capably address potential needs for other Federal assistance. A report documenting the efforts of the EAC to date will be submitted shortly for your review.

Managing Infrastructure

The President's budget request for Fiscal Year 2008 will permit the Department to continue its efforts to manage installation assets comprehensively and efficiently. Along with continued improvement in business practices and a focus on environmental sustainability, the Department is focused on improving the quality of military installations as evidenced by the emphasis on more accurate Quality Ratings that are currently being collected by the military Departments. Managing DoD real property assets is an integral part of comprehensive asset management. The Department currently manages over 533,000 buildings and structures, which reside on over 51,400 square miles of real estate.

The President's Management Agenda Real Property Asset Management initiative focuses on improved asset management planning, inventory and performance measure data, and the disposal of unneeded assets. DoD has implemented an asset management plan and provides inventory and performance data to the Federal Real Property Profile annually. DoD's Real Property Inventory Requirements implementation continues to refine the quality of data collected and reported to the government-wide database. We continue to improve our progress on the Real Property Scorecard.

The quality of infrastructure directly affects training and readiness. To that end, the Department is incorporating installations assessments more fully into the Defense Readiness Reporting System. DoD has made significant progress in integrating its installations into this Department-wide program. There is currently an operational system in the Navy, Defense Readiness Reporting System-Navy, which is based on the contribution of installations to the achievement of mission essential tasks. To better manage infrastructure investments, the Department continues to develop models and metrics to predict funding needs. The Facilities Program Requirements Suite, a web-based suite of real property inventory data models and fact sheets, continues to be refined and further expanded to more accurately determine requirements, predict funding needs, and better manage infrastructure investments.

Sustainment: Facilities sustainment provides funds for maintenance and major repairs or replacement of facility components that are expected to occur periodically throughout the life cycle. Sustainment prevents deterioration, maintains safety, and preserves performance over the life of a facility. To forecast funding requirements, DoD developed the Facilities Sustainment Model using standard benchmarks for sustainment unit costs by facility type (such as cost per square foot of barracks) drawn from the private and public sectors. This model has been used to

develop the Service budgets since fiscal year 2002 and for several Defense Agencies since fiscal year 2004. Full funding of facilities sustainment has been and continues to be the foundation and first element of the Department's long-term facilities strategy and goals. In Fiscal Year 2007, the Department-wide sustainment was budgeted at 90 percent. In balancing risk across the Department's program, the Fiscal Year 2008 budget request reflects a slight decrease in the department-wide sustainment funding rate to 88 percent, although the total amount of funds requested for the program represent an increase of $ 466 million. The Department-wide long term goal remains full funding for sustainment to optimize the investment in our facilities and ensure their readiness.

Sustainment and Recapitalization Request
(President's Budget in $ Millions)

	Fiscal Year 2007 Request	Fiscal Year 2008 Request
Sustainment (O&M-like)*	6,267	6,733
Restoration and Modernization (O&M-like plus)*	992	1,353
Restoration and Modernization (MilCon)	6,093	6,736
TOTAL SRM	13,352	14,822

**Includes O&M as well as related military personnel, host nation, and working capital funds and other appropriations such as RDT&E*

Recapitalization: Recapitalization includes restoration and modernization, provides resources for improving facilities, and is the second element of our facilities strategy. Recapitalization is funded primarily with either operations and maintenance or military construction appropriations. Restoration includes repair and replacement work to restore facilities damaged by inadequate sustainment, excessive age, natural disaster, fire, accident, or other causes. Modernization includes alteration of facilities solely to implement new or higher standards, to accommodate new functions, or to replace building components that typically last more than 50 years.

The current DoD goal remains a recapitalization rate of 67 years. In FY 2001, the Department's recapitalization rate was 192 years. This budget request supports a recapitalization rate of 67 years, an improvement over last year's budgeted rate of 72 years. The improvement in the rate is largely due to investments associated with BRAC construction investments and the Global Defense Posture realignment. Currently, DoD is in the process of developing and fielding a new recapitalization model for assessing the replacement cycle that will improve upon the existing recapitalization metric through the inclusion of depreciation schedules and other benchmark improvements that are derived from private and public sector standards.

The Department remains committed to maintaining a rate of investment in facilities recapitalization that will improve, modernize, and restore existing facilities while at the same time replacing facilities in support of efforts to reshape and realign infrastructure. However, as the Department consolidates and reshapes its infrastructure, it will also experience localized growth in the size of the facilities footprint. This is necessary to provide the quality and quantity of facilities and assets necessary to support military personnel and their families. These efforts include facilities to support Army Transformation, Navy and Marine Corps barracks, and facilities for the beddown of new weapons systems such as Predator, F-22, and the Joint Strike Fighter.

On January 24, 2006, DoD joined 16 other Federal agencies in signing a Memorandum of Understanding (MOU) for Federal Leadership in High Performance and Sustainable Buildings. The MOU indicates a commitment to incorporate sustainable design principles through a comprehensive approach to infrastructure management.

The Department continues to emphasize the elimination of excess and obsolete facilities, and to encourage the aggressive pursuit of demolition to avoid unnecessary facilities sustainment

and support costs. This effort to eliminate facilities that are no longer needed is separate and distinct from the BRAC process. With approximately 48 million square feet of infrastructure identified for elimination, the military Services and selected Defense Agencies are in the process of refining their annual targets for disposal and consolidation of excess capacity.

The Department established a common definition for Facilities Operation, formerly referred to as "Real Property Services." The budget request includes $7.15 billion for this program, to address utilities, leases, custodial services, grounds maintenance, and other related functions. The Facilities Operation Model was fielded to develop standard requirements, and the Department is continuing to refine the model with particular emphasis on Fire and Emergency Services, and Real Property and Engineering Management.

Installations Support: The Defense Installations Strategic Plan articulates the need to define common standards and performance metrics for managing installation support, and the Department has made considerable progress in this area. DoD's objective is to introduce capabilities-based programming and budgeting within a framework for the Common Delivery of Installations Support which will link installation support capabilities to warfighter requirements. The Common Delivery of Installations Support also will play a large role in implementation of Joint Basing required by BRAC 2005. Guidance for implementing Joint Basing was developed in coordination with the Military Components and is currently in the review process.

During the past year, DoD made significant progress toward developing Common Output Level Standards for all other functions of Installations Support to include Environment, Family Housing Operations and Services (formerly known as Base Operations Support). This effort is yielding common definitions and tiered performance output levels. These metrics are currently being further refined and a costing model initiative will soon be underway.

The military construction appropriation is a significant source of facilities investment funding. The Fiscal Year 2008 Defense Military Construction and Family Housing Appropriation request totals $21.2 billion. This funding will enable the Department to rapidly respond to warfighter requirements, enhance mission readiness, and provide for its people. This is done, in part, by restoring and modernizing enduring facilities, acquiring new facilities where needed, and eliminating those that are excess or obsolete.

Comparison of Military Construction and Family Housing Requests
(President's Budget $ in Millions – Budget Authority)

	FY 2007 Request	FY 2008 Request
Military Construction	6,390	9,480
NATO Security Investment Program	221	201
Base Realignment and Closure IV	191	220
Base Realignment and Closure 2005	5,626	8,174
Family Housing Construction/Improvements	2,092	1,080
Family Housing Operations & Maintenance	1,989	1,851
Chemical Demilitarization	131	86
Family Housing Improvement Fund	3	0.5
Energy Conservation Investment Program	55	70
TOTAL	16,698	21,165

Improving Quality of Life

A principal priority of the Department is to support military personnel and their families and improve their quality of life by ensuring access to suitable, affordable housing. Service Members are engaged in the front lines of protecting our national security and they deserve the best possible living and working conditions. Sustaining the quality of life of our people is crucial to recruitment, retention, readiness and morale. At the outset of this Administration, the President and the Department's leadership identified revitalizing housing, largely through privatization, as a central priority for the Department. An aggressive target of 2007 was established to meet that goal. By late FY 2007, DoD will effectively complete all procedures to eliminate nearly all inadequate domestic family housing. More than 90 percent of

our inadequate housing will be turned over to the private sector for replacement or renovation and the remainder will be in the final stages of solicitation for award. As of February 2007, over 110,000 housing units determined to be inadequate have been privatized. Inadequate units are considered to be eliminated when they are conveyed to the private owner, who then revitalizes the housing.

The Department continues to rely on three pillars to improve housing thereby, enhancing the quality of life for our Service members: (1) Provide the basic allowance for housing (BAH) at zero-out-of-pocket expense for the average Service member living in private sector housing (achieved in 2005, now maintaining); (2) Privatization of family housing, where feasible; and, (3) Military Construction funding for all other domestic and all overseas locations.

The Department relies on a "community first" (private sector) approach to provide quality housing to its members and their families. Only when the private market demonstrates that it cannot supply sufficient levels of quality, affordable housing does the Department provide housing to our military families; first through the use of privatization, and where that is not feasible through government-owned and leased housing. For example, in the absence of privatization authorities overseas, we address our housing needs there through military construction and leasing.

To ensure the Department is making the best investment decisions when determining the appropriate level of housing, the government provides a single and consistent methodology for calculating its housing requirement. This methodology was introduced in January 2003 and is being utilized extensively by the Services. Currently, 75 percent of military families living in the Continental United States (CONUS), Alaska, and Hawaii receive Basic Allowance for Housing (BAH) (with 60 percent living in the local community, and 15 percent in privatized housing).

An additional 22 percent of our military families are provided government-owned housing and three percent live in leased housing. DoD projects that by the end of FY 2008 over 90 percent of military families will be receiving BAH, thus allowing families the opportunity to make housing choices according to their individual preferences.

As of February 2007, the Department has awarded 71 privatization projects, which includes over 147,000 total military family housing units privatized. The private sector's cumulative contribution to the 71 awarded deals awarded thus far totals over $20 Billion (or 90 percent) of total project development costs. The Services have contributed $1.5 billion in development costs primarily through equity investment or government direct loans.

For FY 2008, the Department requests $2.93 billion, a decrease of $1.2 billion from the FY 2007 President's Budget request. The decrease reflects cost savings realized by the Department achieving its respective goal to eliminate inadequate housing and to privatize the inventory on a cost-effective basis. The Department's privatization plans in the FY 2008 budget will ultimately result in the privatization of over 90 percent of its domestic family housing inventory, or roughly 194,000 units privatized by the end of FY 2008.

- FY 2008 funding provides for the continuation of the privatization program to reduce costs to the government and provide quality housing to service members and their families. The FY 2008 request will privatize 4,261 family housing.
- FY 2008 request provides $353 million for the Army and Navy "Grow the Force" initiative, which will provide housing support for end-strength increases.
- 1.9 billion to operate and maintain approximately 80,000 government-owned family housing units, and lease 38,000 units worldwide.

In FY 2008 and beyond, DoD will monitor the military housing privatization projects over the next 40+ years and conduct oversight of their financial performance. DoD will protect the government's interest while acknowledging that it is the responsibility of the private sector to take the lead on operating these projects. Current project highlights include:

- The majority of the awarded privatization projects initial development plans for renovation/construction are on schedule.
- Thirteen projects have completed their construction/renovation schedules
- The privatization projects are achieving 90 percent occupancy across all projects.
- There have been no defaults for the awarded projects.
- Awarded projects are receiving high tenant satisfaction ratings.

Finally, in FY 2008 DoD will continue to push expansion of the privatization authorities for unaccompanied housing and lodging. In FY 2007, the Navy executed the first Unaccompanied Housing pilot project in San Diego in December 2006, with two additional projects planned -- Hampton Roads, Virginia (award April 2007), and Mayport, Florida (future date TBD). The Army anticipates award of the first Lodging Privatization project in September 2007.

Competitive Sourcing

The Department of Defense continues to strongly support the President's Management Agenda Initiative for Competitive Sourcing. Introducing private sector competition into commercial functions performed by the Department improves business efficiency and reduces cost to the taxpayer. Public/private competitions using the procedures of OMB Circular A-76 have demonstrated substantial savings whether the in-house or private sector wins the competition. During Fiscal Years 2000 through 2006, the Department completed 870 such competitions encompassing about 91,000 positions. These competitions will have resulted in

over $9 billion dollars in savings (cost avoidance) over the life of the resulting performance periods, normally about five years. The Department has an additional 7,969 positions currently undergoing competitions, plans to compete 10,000 positions in FY 2007, and expects to maintain the same level of competitions in Fiscal Year 2008.

These new competitions use the procedures of OMB Circular A-76 which evaluate public and private proposals concurrently using the Federal Acquisition Regulations. As the Department's designated Competitive Sourcing Official (CSO), my office is working continuously to improve the competition process. For example, competitions that used to take up to 48 months to complete can now be completed in as little as 12 months. Such improvements will reduce stress on our workforce and will make savings available earlier to reinvest in the Department's operation.

Energy Management

The Department continues to aggressively attempt to reduce its energy consumption and associated costs, while improving utility system reliability and safety. To that end, DoD developed a comprehensive energy strategy and issued updated policy guidance incorporating the provisions and goals of the Energy Policy Act (EPAct) of 2005 and is implementing the recent enactment of the new chapter 173 of title 10, U.S.C. The Department is also in the early stages of implementation of Executive Order 13423, recently issued by the President to strengthen Federal environmental, energy, and transportation management. This strategy will continue to optimize utility management by conserving energy and water usage, improving energy flexibility by taking advantage of restructured energy commodity markets when opportunities present themselves.

DoD, as the largest single energy consumer in the Nation, consumed $3.5 billion of facility energy in FY 2006. Though overall cost continues to increase due to commodity costs, consumption has decreased from the 2003 baseline. Our program includes investments in cost-effective renewable energy sources or energy efficient construction designs, and aggregating bargaining power among regions and the Services to achieve more effective buying power.

The Department's efforts to conserve energy are paying off. In FY 2006, military installations reduced consumption by 5.5 percent, exceeding the energy conservation goal of two percent. Energy conservation projects accomplished through Energy Savings Performance Contracts (ESPC) typically account for more than half of all facility energy savings. Lapse of ESPC authority in 2004 negatively affected the Department's ability to reach the 30 percent reduction goal under Executive Order 13123. However, with ESPC authority reauthorized in the FY 2005 National Defense Authorization Act and extended for an additional 10 years in the Energy Policy Act of 2005, DoD has launched an aggressive awareness campaign and is well on its way to meeting the new goals established in the Energy Policy Act of 2005. Use of ESPC for 2006 increased 316 percent, reaching an award value over $586M.

DoD has significantly increased its focus on purchasing renewable energy and developing resources on military installations. Renewable energy projects are consistently more expensive than similar conventional energy sources, resulting in limited opportunities but that are life cycle cost effective. The Department has increased the use of Energy Conservation Investment Program (ECIP) funds for renewable energy projects from $5 million in FY 2003 to $17 million planned in FY 2007, and to $24 million budgeted for FY2008 out of a $70 million ECIP request. The FY 2007 program for ECIP also contains $2.6 million in hydrogen fuel cell projects. The Department easily exceeded the EPAct 2005 renewable energy goal of 2.5 percent

in FY 2006. The Department's total renewable energy purchases and generation accounted for 9.5 percent of all electricity use. Also, while EPAct 2005 did not articulate a specific water reduction goal, the new Executive Order 13424 does have a goal of a 2 percent water reduction per year. The Department has reduced water usage by an impressive 29.6 percent from the FY 2003 baseline year.

Environmental Management

Managing Cleanup: The Department is committed to cleaning up property that, as the result of past military activities, is contaminated with hazardous substances and military munitions. DoD has achieved "remedy in place" or "restoration complete" status at 85 percent (16,833 out of 19,796) of its environmental restoration sites on active installations. As of the end of FY 2006, 85 percent (4,275 out of 5,010) of the environmental restoration sites at BRAC locations closed or realigned by the first four rounds of BRAC or closed in BRAC 2005 have a cleanup remedy constructed and in place and operating successfully, or have had all necessary cleanup actions completed in accordance with Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) standards. Hazardous substance cleanup at Formerly Used Defense Sites (FUDS) has achieved "remedy in place" or "restoration complete" status at 53 percent (2,487 out of the 4,654) of known sites.

As of the end of FY 2006, DoD fulfilled its cleanup obligations at over 122 of the approximately 373 identified Military Munitions Response Plan (MMRP) sites at BRAC installations, and has cleanup actions underway at 251 sites. A similar situation can be found at Formerly Used Defense Sites (FUDS), where 29 percent of the MMRP sites identified have had all cleanup actions completed. Over 473 of the 1,633 FUDS with currently identified

Unexploded Ordnance (UXO) contamination have been addressed, and another 1,160 are undergoing cleanup actions or study.

Environmental Management Systems: DoD implemented environmental management systems (EMS) as required by Executive Order 13148 at all appropriate facilities. This transformation embeds environmental management as a systematic process, fully integrated with mission planning and sustainment and is essential for continued successful operations at home and abroad. Implementing EMS helps preserve range and operational capabilities by creating long-term, specific and measurable targets in comprehensive programs to sustain capability while maintaining healthy ecosystems. Benefits accrued to date are an increased awareness of environmental issues and how they can impact operations, increased communication and cooperation between departments, new initiatives to mitigate environmental impact and risk, and strengthened relationships with communities and regulators.

Pollution Prevention: Maintaining compliance with environmental laws is an integral part of sustaining DoD operations. From Fiscal Year 2000 through Fiscal Year 2006 the Department reduced the number of new Federal and state enforcement actions received by 18 percent while the number of regulatory inspections increased by six percent during the same time period. In 2005, DoD installations reached a 95 percent compliance rate with wastewater treatment permits. For the 3.4 million customers served by DoD drinking water systems, in 2005, less than seven percent of the population received notice that their water exceeded a drinking water standard (most "exceedences" were not immediate health concerns and both interim and long term solutions are either completed or underway). The Department continues to demonstrate a commitment to reduce solid and hazardous waste. From 2000 through 2005, the Department reduced hazardous waste over 15 percent by using various pollution prevention

opportunities. In 2006, over 3.7 million tons of solid waste was diverted from landfills which avoided approximately $153 million in landfill costs. This 59 percent diversion rate exceeds the Department's diversion goal of 40 percent in 2005. Integrating a strong compliance program into installation environmental management systems will strengthen this program.

Sustaining the Warfighter

Our Nation's warfighters require the best training and the best equipment available. This means sustaining our vital range and installation infrastructure, both here and abroad, where we test equipment and conduct training. Development in the vicinity of DoD installations and ranges continues to challenge sustainability. The unintended consequences of this encroachment upon our ranges and installations are varied, and include such issues as more noise complaints from new neighbors; diminished usable airspace due to new structures or increased civil aviation; a compromised ability to test and train with the frequency needed in time of war; and a loss of habitat for endangered species.

History and experience gained over decades demonstrate that proper training of U.S. troops will result in victory. Assured access to operational ranges is the only way to continue that training. In 2001 the Department undertook the Readiness and Range Preservation Initiative (RRPI) to achieve a balance between national defense and environmental policies. As a result, DoD has successfully balanced the statutory requirements of the Migratory Bird Treaty Act, the Marine Mammal Protection Act, and the Endangered Species Act with our national defense mission requirements. However, the Department continues to seek legislative clarification under the Clean Air Act, the Comprehensive Environmental Response, Compensation, and Liability Act, and the Resource Conservation and Recovery Act.

The Congress provided statutory authority to use Operations and Maintenance (O&M) funds to create buffers around our ranges and installations. Using this authority the Department established the Readiness and Environmental Protection Initiative, or REPI, and has worked with willing partners to cost-share land conservation solutions that benefit military readiness and preserve natural habitat. In FY 2005, REPI leveraged $12.5 million of O&M funding to secure $48.2 million worth of buffer land and easements, encompassing 10,238 acres at seven installations. The 2006 and 2007 projects will continue to leverage REPI funds against partner contributions. REPI and partner funding has allowed DoD to protect the Navy's one-of-a-kind La Posta Mountain Warfare Training Facility in California; to keep training areas open at Marine Corps Base Camp Lejeune, North Carolina; and buffer live-fire training ranges at Fort Carson, Colorado. Overall in FY 2006, REPI initiated 23 projects in 17 states, and for FY 2007 an additional 32 projects have been identified for funding. The Department has requested $30 million dollars in the FY 2008 budget to support REPI.

Partnerships are essential to success and the Department continues to work with state governments and other Federal agencies in the Southeast Regional Partnership for Planning and Sustainability – or SERPPAS. In 2006, the State of Alabama joined North Carolina, Florida, Georgia, and South Carolina as SERPPAS state members. Through this process, the partners hope to promote better planning related to growth, preservation of open space and protection of the region's military installations. The regional approach to facilitate dialogue and to address issues of mutual concern is proving successful, and in 2006, the Department took the initial steps to establish a regional partnership in the Western states.

In 2006, DoD worked closely with other Federal agencies to sustain military readiness. At Fort Riley, Kansas, the Department of Agriculture's Natural Resource Conservation Service

and the Department of Defense signed a Memorandum of Understanding (MoU) to work together on conservation efforts that sustain agricultural productivity on private lands that will buffer military lands. On energy issues, the Department of Defense is working with other Federal agencies to ensure that wind farm projects and energy transmission corridors are compatible with military readiness activities. The Department is also working with the Department of Homeland Security to ensure that our military readiness activities and infrastructure in border regions are not impacted by new security measures. Outreach to non-Federal and non-governmental organizations continues to be a significant part of the Department's sustainability program, and today we are working with state, county, and local governments, Indian tribal, and environmental groups on issues of mutual concern to seek win-win solutions. Overseas, DoD is developing mission sustainment procedures to work with our host nations Global Defense Posture partners. To sustain today's warfighters, and our nation's future warfighters, the Department of Defense will continue its engagement and partnering efforts.

Integrating Business Enterprises

The Department as a whole has made significant strides in breaking down the cultural and information technology (IT) systems barriers that hinder business agility. There is an increased need for tighter alignment of end-to-end business functions, better management visibility into operations, and a definitive focus on execution excellence. The current climate of making measurable business improvements every six months, tied to releases of the DoD Business Enterprise Transition Plan, has succeeded in driving progress. Changing the cultural mindset has meant redefining Defense business in terms of functions performed and the customers served, rather than who performs them. Breaking down IT systems barriers has

meant, among other things, using common standards to integrate the business data owned by the Components.

The Real Property and Installation Lifecycle Management (RP&ILM) Core Business Mission area has had tremendous success with business transformation because it has been driven by the top leadership and supported across all Components and all levels. Over the past few years, RP&ILM has developed enterprise wide capabilities for real property accountability and visibility, environmental liability accountability and valuation, and hazardous materials operational controls. These capabilities are founded on requirements for standard business processes, data elements, and business rules. The Military Departments and Agencies, in coordination with the DUSD (I&E), have begun implementation efforts for these capabilities.

I&E community leadership actively oversees IT system investments to ensure that IT systems are being modernized to support the new business enterprise capabilities. I&E has become a leader in implementing DoD's net-centric vision and has already stood up a site unique identifier registry, that will allow all IT systems (and communities) with a need for location information to easily get authoritative source information. All of this foundational and transformational work has been achieved because of the established RP&ILM governance processes. These governance processes support federated management because the business owners themselves drive business modernization and the associated support IT. This work has also been completely integrated into the activities of the Business Transformation Agency, ensuring that RP&ILM capabilities support the broader DoD enterprise business transformation efforts.

During the past year, the Department expanded its efforts beyond defining transformation requirements to actual implementation of business transformation. Each Military Service has

either completed and is implementing, or is developing implementation plans, to deliver these reengineered capabilities. Some of our recent successes include:

- Ability to assign unique identifiers to all DoD's sites. For the first time in our history, the warfighter and business mission areas will have the ability to obtain access to real property site information at the push-of-a-button, with assurance that the data is authoritative and consistent from Service to Service.
- Development of Real Property Inventory Requirements (or RPIR) compliance assessment tools and procedures. These tools assure that the Services will implement and maintain consistent, accurate, and complete information on our vast and geographically diverse real property asset portfolio.
- Update of antiquated policies. Policy change promotes behavioral change. Building on this best practice, DoD is in the process of updating policies to include modernized processes for construction in progress, real property acceptance, and workplace hazard communication.
- Completion of standardized requirements for the management of regulatory and chemical hazardous materials information. This success allows the Defense Logistics Agency to serve the entire Department with standardized regulatory information on hazardous materials from a central repository of authoritative data. As the Services use this information in their business processes, DoD will realize cost savings, and more importantly, improve operational control of mission activities involving hazardous materials.
- The funding of a pilot to utilize geospatial information systems (GIS) and RPIR processes to determine official DoD boundaries for land parcels. The pilot also supports

mapping any known environmental liabilities as outlined in the new Environmental Liabilities requirements. This pilot will enable DoD to reap many benefits as accurate geospatial information will be easily available and no longer isolated in the real property community.

- The development of Spatial Data Standards for Facilities, Infrastructure, and Environment (SDSFIE). Precision and speed are no longer unique qualifiers of the operational community alone. DoD is applying these drivers to core business mission areas as well. Fundamental to total asset management is knowing exactly where an asset is geographically located. The SDSFIE will ensure a level of accuracy and consistency never before seen as the Department geospatially enables its business areas.

CONCLUSION

In closing, Mr. Chairman, I sincerely thank you for this opportunity to highlight the Department's successes and outline its plans for the future. I appreciate your continued support of our installations and environment portfolio, and I look forward to working with you as we transform these plans into actions.

RECORD VERSION

STATEMENT BY

HONORABLE KEITH E. EASTIN
ASSISTANT SECRETARY OF THE ARMY
(INSTALLATIONS AND ENVIRONMENT)

BEFORE THE

SUBCOMMITTEE ON READINESS
COMMITTEE ON ARMED SERVICES
UNITED STATES HOUSE OF REPRESENTATIVES

FIRST SESSION, 110TH CONGRESS

ON THE FISCAL YEAR 2008
MILITARY CONSTRUCTION, ARMY
MILITARY CONSTRUCTION, ARMY NATIONAL GUARD
MILITARY CONSTRUCTION, ARMY RESERVE
ARMY FAMILY HOUSING
AND
BASE REALIGNMENT AND CLOSURE
BUDGETS

MARCH 20, 2007

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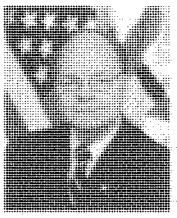


THE HONORABLE

KEITH E. EASTIN

ASSISTANT SECRETARY OF THE ARMY (INSTALLATIONS AND ENVIRONMENT)

Keith Eastin was sworn in as the Assistant Secretary of The Army for Installations and Environment on August 2, 2005. He has been engaged in the practice of environmental law and consulting for more than thirty years and has managed environmental projects and operations as a corporate officer, a high-level federal governmental official and a director of significant environmental practices of two Big-Four professional services firms. Most recently he served in the Department of State as Senior Consultant to the Iraq Ministry of Environment, as well as serving in a similar relationship with the Amanat Baghdad and its public works functions.

In addition to his work with the Department of State, his federal service includes Principal Deputy Assistant Secretary of the Navy where he supervised its real property and environmental matters and military construction for its installations worldwide. He also served as the Deputy Under Secretary of the U.S. Department of the Interior and its chief environmental counsel. In that role he organized and directed a team that conceived of and drafted the regulations providing for the Assessment of Damages to Natural Resources under Superfund and other acts.

As a consultant with PricewaterhouseCoopers and earlier with Deloitte & Touche, his work included activities at significant hazardous waste and Superfund sites nationwide. He advised clients on environmental disputes and controversies involving governmental agencies and enforcement bodies and was Project Director at a large Nuclear Regulatory Commission-regulated uranium contamination site's cleanup and closure. Mr. Eastin served in a key consulting role in the landmark state/industry cooperative natural resource damage assessment for the PCB contamination of a major Midwest river. Additionally, he has valued the entire non-income producing natural resource inventory of a Northwest state in connection with the development of its Asset Stewardship Plan, assessed damages for the contamination of a major aquifer by a 2.5 million-gallon petroleum spill in Nevada, and later assessed damages from activities associated with the Department of Energy's activities at Oak Ridge National Laboratory.

As a practicing attorney, he was a partner in a large national law firm and managed the firm's environmental group in Washington, was general counsel to two public companies, and worked with the American Arbitration Association where he mediated or arbitrated dozens of environmental and construction disputes.

He holds an AB and MBA from the University of Cincinnati and a JD from the University of Chicago.

INTRODUCTION

Mr. Chairman and members of the Subcommittee, it is a pleasure to appear before you to discuss the Army's Military Construction budget request for fiscal year 2008. We have a robust budget that is crucial to the success of the Army's new initiatives and sustains vital, ongoing programs of critical importance to the Army. We appreciate the opportunity to report on them to you. We would like to start by thanking you for your unwavering support to our Soldiers and their families serving our Nation around the world. They are and will continue to be the centerpiece of our Army, and they could not perform their missions so successfully without your steadfast support.

OVERVIEW

TRANSFORMING INSTALLATIONS WHILE THE ARMY IS AT WAR

Installations are the home of combat power – a critical component of the Nation's force capabilities. Your Army is working hard to ensure that we deliver cost-effective, safe, and environmentally sound capabilities and capacities to support the national defense mission.

The tremendous changes in our national security environment since the terrorist attacks on our Nation clearly underscore the need for a joint, integrated military force ready to defeat all threats to U.S. interests. To meet these security challenges, we require interrelated strategies centered on people, forces, quality of life, and infrastructure. Regarding infrastructure, we need a global framework of Army installations, facilities, ranges, airfields, and other critical assets that are properly distributed, efficient, and capable of ensuring that we can successfully carry out our assigned roles, missions, and tasks that safeguard our security at home and abroad.

Army infrastructure must enable the force to fulfill its strategic roles and missions to generate and sustain combat power. As we transform our operational forces, so too must we transform the institutional Army and our installation infrastructure to ensure this combat power remains relevant and ready. We will accomplish these efforts by the combined stationing efforts of Base Realignment and Closure (BRAC) 2005, Global Defense Posture Realignment (GDPR), Army Modular Force Transformation, and the President's "Grow the Force" initiative.

Stationing

The stationing initiative is a massive undertaking, requiring the synchronization of base realignments and closures, military construction and renovation, unit activations and deactivations, and the flow of forces to and from current global commitments. Our decisions to synchronize activities associated with stationing and realigning our global basing posture continue to be guided by the following key criteria:

- Meeting operational requirements
- Providing economic benefits
- Using existing infrastructure to reduce cost and excess capacity
- Funding critical requirements to achieve unit mission
- Compliance with applicable laws
- Minimizing the use of temporary facilities
- Giving facility priority to ranges, barracks, housing, vehicle maintenance shops, headquarters and operations, dining and instruction facilities

Completion of this combined set of initiatives will result in an Army that is better positioned to respond to the needs and requirements of the 21st Century security environment, with our Soldiers and families living at installations that are truly "Flagships of Army Readiness.

Infrastructure Quality

In addition to mission support, our installations provide the base of support for Soldiers and their families. The environment in which our Soldiers train, our civilians work, and our families live plays a key role in

recruiting and retaining the high quality people the Army needs. Through efforts such as Barracks Modernization and Residential Communities Initiative (RCI) housing privatization, the Army has made tremendous progress in improving the quality of life for Soldiers and their families. These efforts will combine with the Army's stabilization of the force to forge greater bonds between units, Soldiers, families, and the communities in which they live.

The quality of our installations is critical to support the Army's mission, its Soldiers, and their families. Installations serve as the platforms we use to train, mobilize, and rapidly deploy military power. When forces return from deployments, installations enable us to efficiently reset and regenerate combat power for future missions. In the past year, the Army has made tremendous progress in enhancing training and improving its ability to generate and reset the force.

Global Defense Posture Realignment (GDPR)

The United States' global defense posture defines the size, location, types, and roles of military forces and capabilities. It represents our ability to project power and undertake military actions beyond our border. Together with our overall military force structure, our global defense posture enables the United States to assure allies, dissuade potential challengers, deter enemies, and, if necessary, defeat aggression. The new global defense posture will be adjusted to the new security environment in several key ways: 1) expand allied roles, build new partnerships, and encourage transformation, 2) create greater operational flexibility to contend with uncertainty 3) focus and act both within and across various regions of the world, 4) develop rapidly deployable capabilities, and lastly, the United States and its allies and partners will work from a different paradigm than in the past: GDPR will relocate approximately 45,500 Soldiers and their families from Europe and Korea

to the United States over the next five to six years. These moves are critical to ensure Army forces are properly positioned worldwide to support our National Military Strategy. The new posture will yield significant gains in military effectiveness and efficiency in future conflicts and crises and will enable the U.S. military to fulfill its many global roles. The new posture will also have a positive effect on our military forces and families. While we will be moving toward a more rotational and unaccompanied forward presence, these rotations will be balanced by more stability at home with fewer overseas moves and less disruption in the lives of spouses and dependents.

Army Modular Force

The Army Modular Force initiative transforms the Army from units based on the division organization into a more powerful, adaptable force built on self-sufficient, brigade-based units that are rapidly deployable. These units, known as Brigade Combat Teams (BCTs), consist of 3,500 to 4,000 Soldiers. BCTs increase the Army's combat power while meeting the demands of global requirements without the overhead and support previously provided by higher commands. The main effort of Army transformation is the Army Modular Force, which reorganizes the Total Army: the Active Component, Army National Guard, and Army Reserve into modular theater armies, theater support structure, corps and division headquarters, BCTs, and multi-functional and functional support brigades. The Army is reorganizing from a division-based to a modular brigade-based force to achieve three primary goals:

First, increase the number of available BCTs to meet operational requirements while maintaining combat effectiveness equal to or better than previous divisional brigades. Second, create brigade-size combat support and combat service support formations of common organizational designs that can be easily tailored to meet the varied demands of the

geographic combatant commanders and reduce the complexities of joint planning and execution. Third, redesign organizations to perform as integral parts of the joint force, making them more effective across the range of military operations and enhancing their ability to contribute to joint, interagency, and multinational efforts. By implementing the Army Modular Force, the Army is transforming to be better prepared to meet the challenges of the new security environment characterized by continuous full-spectrum operations against adaptive enemies in complex environments.

The fiscal year 2008 budget includes projects to ensure that our facilities continue to meet the demands of force structure, weapons systems, and doctrinal requirements. As of fiscal year 2006, we have funded 93 percent of the military construction requirements for the Stryker Brigade Combat Teams, including Army National Guard requirements in Pennsylvania. Remaining construction funding for both the Active Army and Army National Guard will be requested in future budget requests.

New facility requirements for transforming units are being provided, where feasible, through the use of existing assets. Where existing assets are not available, the Army is programming high-priority projects to support Soldiers where they live and work. The Army is requesting $414 million for fiscal year 2008 to provide permanent facilities in support of the BCTs. The remaining Army Modular Force requirements will be addressed in future budget requests.

Grow the Army

The President's recent Grow the Force initiative announced on January 10, 2007, will increase the Army by 74,000 Soldiers over the next five years. Part of this year's request, $2.363 billion, supports this initiative. Grow the Army projects include essential facilities required to support the increase in end strength such as brigade complexes and

associated combat support, combat service support, training, and quality of life facilities worldwide. Funding is requested for planning and design and military construction projects in the active Army, Army National Guard, and for Army Family Housing. Details for these projects will be provided separately.

THE WAY AHEAD

To improve the Army's facilities posture, we have undertaken specific initiatives or budget strategies to focus our resources on the most important areas – Range and Training Lands, Barracks, Family Housing, and Workplaces.

Range and Training Lands. Ranges and training lands enable our Army to train and develop its full capabilities to ensure our Soldiers are fully prepared for the challenges they will face. Our Army Range and Training Land Strategy supports Army transformation and the Army's Sustainable Range Program. The Strategy identifies priorities for installations requiring resources to modernize ranges, mitigate encroachment, and acquire training land.

Barracks. Providing safe, quality housing is a crucial commitment the Army has made to its Soldiers. We owe single Soldiers the same quality housing that is provided to married Soldiers. Modern barracks are shown to significantly increase morale, which positively impacts readiness and quality of life. The importance of providing quality housing for single Soldiers is paramount to success on the battlefield. The Army is in the 15th year of its campaign to modernize barracks to provide 134,500 single enlisted permanent party Soldiers with quality living environments. The new complexes meet DoD "1+1" or equivalent standard by providing two-Soldier suites, increased personal privacy, larger rooms with walk-in closets, new furnishings, adequate parking, landscaping, and unit administrative offices separated from the barracks.

Family Housing. This year's budget continues our significant investment in our Soldiers and their families by supporting our goal to have contracts and funding in place to eliminate remaining inadequate housing at enduring overseas installations by the end of fiscal year 2009. The U.S. inadequate inventory was funded for elimination by the end of fiscal year 2007 through privatization, conventional military construction, demolition, divestiture of uneconomical or excess units and reliance on off-post housing. For families living off post, the budget for military personnel maintains the basic allowance for housing that eliminates out of pocket expenses.

Workplaces. Building on the successes of our family housing and barracks programs, we are moving to improve the overall condition of Army infrastructure by focusing on revitalization of our workplaces. Projects in this year's budget will address requirements for operational, administration, instructional, and maintenance facilities. These projects support and improve our installations and facilities to ensure the Army is deployable, trained, and ready to respond to meet its national security mission.

Leveraging Resources

Complementary to these budget strategies, the Army also seeks to leverage scarce resources and reduce our requirements for facilities and real property assets. Privatization initiatives such as RCI, utilities privatization, and build-to-lease family housing in Europe and Korea represent high-payoff programs which have substantially reduced our dependence on investment funding. We also benefit from agreements with Japan, Korea, and Germany where the Army receives host nation funded construction.

In addition, Congress has provided valuable authorities to utilize the value of our non-excess inventory under the Enhanced Use Leasing

program and to exchange facilities in high-cost areas for new facilities in other locations under the Real Property Exchange program. In both cases, we can capitalize on the value of our existing assets to reduce un-financed facilities requirements.

The Army is transforming military construction by placing greater emphasis on installation master planning and standardization of facilities as well as planning, programming, designing, acquisition, and construction processes. Looking toward the immediate future, we are aggressively reviewing our construction standards and processes to align with industry innovations and best practices. In doing so, we expect to deliver quality facilities at lower costs while meeting our requirements more expeditiously. By encouraging the use of manufactured building solutions and other cost-effective, efficient processes, the Army will encourage non-traditional builders to compete. Small business opportunities and set-aside programs will be addressed, as well as incentives for good performance. Work of a repetitive nature coupled with a continuous building program will provide the building blocks for gaining efficiencies in time and cost.

MILITARY CONSTRUCTION

Military Construction Appropriation	Authorization Request	Authorization of Appropriations Request	Appropriation Request
Military Construction Army (MCA)	$3,385,329,000	$4,039,197,000	$4,039,197,000
Military Construction Army National Guard (MCNG)	N/A	$404,291,000	$404,291,000
Military Construction Army Reserve (MCAR)	N/A	$119,684,000	$119,684,000
Army Family Housing Construction (AFHC)	$419,400,000	$419,400,000	$419,400,000
Army Family Housing Operations (AFHO)	$742,920,000	$742,920,000	$742,920,000
BRAC 95 (BCA)	$73,716,000	$73,716,000	$73,716,000
BRAC 2005 (BCA)	$4,015,746,000	$4,015,746,000	$4,015,746,000
GWOT MCA	$738,850,000	$738,850,000	$738,850,000
TOTAL	**$9,375,961,000**	**$10,553,804,000**	**$10,553,804,000**

The Army's fiscal year 2008 budget request includes $10.6 billion for Military Construction appropriations and associated new authorizations, Army Family Housing, and BRAC.

MILITARY CONSTRUCTION, ARMY (MCA)

The Active Army fiscal year 2008 Military Construction budget request is $3,385,329,000 for authorization and $4,039,197,000 for authorization of appropriations and appropriation, including $1,608,129,000 for Grow the Army. This year's projects support the infrastructure necessary to ensure continued Soldier readiness and family well-being.

Soldiers as our Centerpiece Projects. The well-being of our Soldiers, civilians, and families is inextricably linked to the Army's readiness. We are requesting $590 million of our MCA budget for projects to improve Soldier well-being in significant ways.

The Army continues to modernize and construct barracks to provide enlisted single Soldiers with quality living environments. This year's budget request includes 14 barracks projects to provide improved housing for 3,703 Soldiers and new barracks in support of major stationing

moves as we recast the footprint of the Army. With the approval of $1,392 million for new barracks in this budget, 82 percent of our requirement will be funded at the "1+1" or equivalent standard.

We are requesting the third increment of funding, $47.4 million, for the previously approved, incrementally funded, multiple-phased barracks complex at Fort Bragg, North Carolina. In addition, we are requesting the second increment of funding, $102 million, for the brigade complex at Fort Lewis, Washington. We will award the complex as a single contract to gain cost efficiencies, expedite construction, and provide uniformity in like facility types. The budget also includes a $175 million for two training barracks complexes at Fort Benning, Georgia, and another at Fort Bragg, North Carolina, which will house 2,580 training Soldiers.

Overseas Construction. Included in this budget request is $382 million in support of high-priority overseas projects. In Germany, we continue our consolidation of units to Grafenwoehr as part of our Efficient Basing – Grafenwoehr initiative. This allows us to close numerous installations as forces relocate to the U.S. and within Europe reducing base support requirements and enhancing Soldier training. In Korea, we are again requesting funds to further our relocation of forces on the peninsula. This action is consistent with the Land Partnership Plan agreements entered into by the U.S. and Republic of Korea Ministry of Defense. Our request for funds in Italy is GDPR related and relocates forces from Germany to Vicenza to create a full Airborne BCT as part of the Army's transformation to a modular force. The Airborne BCT complex also includes new barracks to house 513 Soldiers. Additional locations in Germany will close as construction is completed.

Mission and Training Projects. Projects in our fiscal year 2008 budget will provide maintenance facilities, brigade complexes and headquarters, operational and administration facilities, and training

ranges. These projects support and improve our installations and facilities to ensure the Army is deployable, trained, and ready to respond to meet our National Security mission. The budget request also includes two overseas Forward Operating Site base camps for $74 million that will provide a brigade (minus)-sized operational facility to support rotational training, allow for increased U.S. partnership training, and promote new military to military relationships.

We will also construct a battle command training center and simulations training facility, urban operations terrain, urban assault course, modified record firing ranges, and digital multipurpose training ranges. These facilities will provide our Soldiers realistic, state-of-the-art live-fire training. We are requesting a total of $177 million for these high-priority projects. We are also requesting funding of $22.3 million for two defense access roads.

Army Modular Force Projects. Our budget continues support of the transformation of the Army to a modern, strategically responsive force and contains $315 million for three brigade complexes and other facilities. The new barracks will house 1,156 Soldiers in support of the Army Modular Force.

SOUTHCOM Headquarters Project. Our budget supports a new consolidated headquarters building with other support facilities. Our budget request contains $237 million for the new facilities that will replace multiple leased facilities scattered throughout the Miami, Florida, metropolitan area. The new consolidated building will support over 2,800 Active, Reserve and civilian personnel whose mission is to achieve U.S. strategic objectives within their area of responsibility which spans 32 countries.

Global War on Terrorism Projects. The budget request also includes $738.8 million for 33 critical construction projects in Iraq and Afghanistan to support Operations Iraqi Freedom and Enduring Freedom including $19.4 million for planning and design. These funds will provide force protection, airfield facilities, operational facilities, support facilities, fuel handling and storage, and roads.

Other Support Programs. The fiscal year 2008 budget includes $481 million for planning and design of future projects, including $383 million to Grow the Army. As executive agent, we also provide oversight of design and construction for projects funded by host nations. The fiscal year 2008 budget requests $23 million for oversight of approximately $800 million of host nation funded construction for all Services in Japan, Korea, and Europe.

The budget request also contains $23 million for unspecified minor construction to address unforeseen critical needs or emergent mission requirements that cannot wait for the normal programming cycle.

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

The Army National Guard's fiscal year 2008 Military Construction request for $404,291,000 for appropriation and authorization of appropriations, including $77 million for Grow the Army, is focused on Current Readiness, Transformation, other support, and unspecified programs.

Current Readiness. In fiscal year 2008, the Army National Guard is requesting $36.9 million for four projects to support current readiness. These funds will provide the facilities our Soldiers require as they train, mobilize, and deploy. Included are one logistics building and three Readiness Centers.

Army Modular Force. The Army National Guard is also requesting $237.8 million for 28 projects in support of new missions. There are 13 projects for the Stryker Brigade Combat Team initiative, four for the Army Division Redesign Study, eight range projects to support the Army Range and Training Land Strategy, and three Aviation Transformation projects to provide facilities for modernized aircraft and change unit structure.

Other Support Programs. The fiscal year 2008 Army National Guard budget also contains $43.8 million for planning and design (including $17 million for Grow the Army) of future projects and $8.7 million for unspecified minor military construction to address unforeseen critical needs or emergent mission requirements that cannot wait for the normal programming cycle.

MILITARY CONSTRUCTION, ARMY RESERVE

The Army Reserve fiscal year 2008 Military Construction request for $119,684,000 (for appropriation and authorization of appropriations) is for Current Readiness, other support, and unspecified programs.

Current Readiness. In fiscal year 2008, the Army Reserve will invest $73.2 million to build five new Army Reserve Centers, $17 million for a combined maintenance facility, and $8.5 million to construct a regional medical training facility – for a total facility investment of $98.7 million. Construction of the five Reserve Centers will support over 1,700 Army Reserve Soldiers and civilian personnel. In addition, the Army Reserve will invest $7.0 million to construct a training range and a training range support facility, which will be available for joint use by all Army components and military services.

Other Unspecified Programs. The fiscal year 2008 Army Reserve budget request includes $10.9 million for planning and design for future year projects and $3.0 million for unspecified minor military construction to

address unforeseen critical needs or emergent mission requirements that cannot wait for the normal programming cycle.

ARMY FAMILY HOUSING CONSTRUCTION (AFHC)

The Army's fiscal year 2008 family housing request is $419,400,000 for authorization, authorization of appropriation, and appropriation, including $266 million for Grow the Army. It continues the successful Whole Neighborhood Revitalization initiative approved by Congress in fiscal year 1992 and our RCI program.

The fiscal year 2008 new construction program provides a Whole Neighborhood replacement project at Ansbach, Germany, in support of 138 families for $52.0 million using traditional military construction.

The Construction Improvements Program is an integral part of our housing revitalization and privatization programs. In fiscal year 2008, we are requesting $266.0 million in support of Grow the Army, as well as $99.4 million for direct equity investment in support of the privatization of 3,998 homes at Fort Wainwright, Alaska, Fort Sill, Oklahoma, and Fort Jackson, South Carolina.

In fiscal year 2008, we are also requesting $2.0 million for planning and design for future family housing construction projects critically needed for our Soldiers.

Privatization. RCI, the Army's housing privatization program, is providing quality housing that Soldiers and their families can proudly call home. The Army is leveraging appropriated funds and existing housing by engaging in 50-year partnerships with nationally recognized private real estate development, property management, and home builder firms to construct, renovate, repair, maintain, and operate housing communities.

The RCI program will include 45 locations, with a projected end state of over 86,000 homes - 99 percent of the on-post family housing inventory in the U.S. To date, the Army has privatized 35 locations, with almost 75,000 homes. Initial construction and renovation at these 35 installations is estimated at $9.8 billion over a 3 to 10 year development period, of which the Army has contributed about $0.8 billion. Although most projects are in the early phases of their initial development, since 2001 our partners have constructed 8,613 new homes, and renovated 8,415 homes. The fiscal year 2008 budget request of $99.4 million will allow the Army to expand the portfolio of privatized family housing to three additional installations.

ARMY FAMILY HOUSING OPERATIONS (AFHO)

The Army's fiscal year 2008 Family Housing Operations request is $742,920,000 (for appropriation and authorization of appropriations), which is approximately 64 percent of the total family housing budget. This account provides for annual operations, municipal-type services, furnishings, maintenance and repair, utilities, leased family housing, demolition of surplus or uneconomical housing, and funds supporting management of the Military Housing Privatization Initiative.

Operations ($139 million). The operations account includes four sub-accounts: management, services, furnishings, and a small miscellaneous account. All operations sub-accounts are considered "must pay accounts" based on actual bills that must be paid to manage and operate family housing.

Utilities ($145 million). The utilities account includes the costs of delivering heat, air conditioning, electricity, water, and wastewater support for family housing units. While the overall size of the utilities account is decreasing with the reduction in supported inventory, per-unit costs have increased due to general inflation and the increased costs of fuel.

Maintenance and Repair ($216 million). The maintenance and repair account supports annual recurring projects to maintain and revitalize family housing real property assets. Since most family housing operational expenses are fixed, maintenance and repair is the account most affected by budget changes. Funding reductions result in slippage of maintenance projects that adversely impact Soldier and family quality of life.

Leasing ($206 million). The leasing program provides another way of adequately housing our military families. The fiscal year 2008 budget includes funding for 11,836 housing units, including 3,680 existing Section 2835 ("build-to-lease" – formerly known as 801 leases) project requirements, 1,907 temporary domestic leases in the United States, and 6,249 foreign units.

Privatization ($37 million). The privatization account provides operating funds for implementation and oversight of privatized military family housing in the RCI program. RCI costs include selection of private sector partners, environmental studies, real estate surveys, and consultants. These funds support the preparation and execution of partnership agreements and development plans, and oversight to monitor compliance and performance of the privatized housing portfolio.

BASE REALIGNMENT AND CLOSURE (BRAC)

The Army is requesting $4,015,746,000 for BRAC 2005 which is critical to the success of the Army's new initiatives, and $73,716,000 for legacy BRAC to sustain vital, ongoing programs. All BRAC activity takes place within the context of achieving the Army's goals of winning the Global War on Terrorism, transforming from a division-structured, forward-deployed force to one comprised of agile BCTs stationed on U.S. soil and Growing the Army in a manner that maintains the Army's ability to win decisively any time, any where.

BRAC 2005 is carefully integrated with the Defense and Army programs of GDPR, Army Modular Force, and Grow the Army. Collectively, these initiatives allow the Army to focus its resources on installations that provide the best military value, supporting improved responsiveness and readiness of units. The elimination of Cold War era infrastructure and the implementation of modern technology to consolidate activities frees up financial and human resources to allow the Army to better focus on its core war fighting mission. These initiatives are a massive undertaking, requiring the synchronization of base closures, realignments, military construction and renovation, unit activations and deactivations, and the flow of forces to and from current global commitments. If done efficiently, the end results will yield tremendous savings over time, while positioning forces, logistics activities, and power projection platforms to efficiently and effectively respond to the needs of the Nation.

As an essential component of Army transformation, BRAC 2005 decisions optimize infrastructure to support the Army's current and future force requirements. Under BRAC 2005, the Army will close 13 Active Component installations, 387 Reserve Component installations and 8 leased facilities. BRAC 2005 realigns 53 installations and/or functions and establishes Training Centers of Excellence, Joint Bases, a Human Resources Center of Excellence, and Joint Technical and Research facilities. To accommodate the units relocating from the closing Reserve Component installations, BRAC 2005 creates 125 multi-component Armed Forces Reserve Centers and realigns the Army Reserve command and control structure. By implementing BRAC 2005 decisions, the Active Army will maintain sufficient surge capabilities to expand to 48 maneuver brigades and handle increased production, training, and operational demands now and in the future. BRAC 2005 better postures the Army for an increase in end strength by facilitating the Army's transformation to a

modular force and revitalizing and modernizing the institutional Army through consolidation of schools and centers.

In total, over 150,000 Soldiers and civilian employees will relocate as BRAC is implemented over the next five years. The over 1,300 discrete actions required for the Army to successfully implement BRAC 2005 are far more extensive than all four previous BRAC rounds combined and are expected to create significant recurring annual savings. BRAC 2005 will enable the Army to become a more capable expeditionary force as a member of the Joint team while enhancing the well-being of our Soldiers, civilians, and family members living, working, and training on our installations.

BRAC 2005 Implementation Strategy

The Army has an aggressive, carefully synchronized, fully resourced, BRAC fiscal year 2006 – 2011 implementation plan, designed to meet the September 2011 deadline, while supporting our national security priorities. National Environmental Policy Act (NEPA) requirements necessary to support our implementation plan were initiated in fiscal year 2006 to enable the early award of essential construction projects. Our BRAC construction plan is fully coordinated and carefully synchronized to support our overall strategy for re-stationing, realigning, and closing installations while continuing to fully support ongoing missions and transformation initiatives. This construction plan identifies requirements, defines scope, and considers existing installation capacity and infrastructure needs. It is an extremely complex plan that manages numerous construction projects, re-stationing actions, BRAC moves, and deployment timelines to allow the Army to implement the BRAC statute while supporting critical missions worldwide.

Seventy-five percent of all required construction projects are planned for award by the end of fiscal year 2009, and 100 percent by the

end of fiscal year 2010. This will enable the major movement of units and personnel in fiscal years 2010 and 2011, with expected completion by the mandated BRAC 2005 deadline.

In fiscal year 2006 the Army awarded 11 BRAC military construction projects to support re-stationing and realignments, including: three projects to support GDPR; two incremental projects for BCTs, and five Armed Forces Reserve Centers, totaling over $788 million. In fiscal year 2007, the Army plans to award and start construction on 75 projects: 23 projects to support GDPR; 27 Reserve Component projects in 14 states, and 25 other Active Component projects estimated to cost over $3.3 billion, including planning and design for fiscal year 2008 and 2009 projects. This will lay the foundation for follow-on projects, and in earnest, start the implementation of our synchronized construction program.

As signed into law, the Revised Continuing Appropriations Resolution, 2007 (Public Law 110-5) does not allow us to accomplish our fiscal year 2007 BRAC construction and threatens to derail our carefully integrated implementation plan. The Appropriation provides less than half of the total BRAC funds requested, creating a shortfall of approximately $2 billion for the Army. If the Army program is not fully funded, we will be significantly challenged to execute BRAC as intended. Construction of required facilities will be delayed, and the resulting impact will cascade through our re-stationing, transformation, and growth plans for years to come.

BRAC 2005 Fiscal Year 2008 Budget

The Army's fiscal year 2008 budget request of $4,015,746,000 will continue to fund both BRAC and GDPR actions necessary to comply with BRAC 2005 Law. The Army plans to award and begin construction of 89 military construction projects, plus planning and design for fiscal year 2009 and 2010 projects. This is estimated to cost $3,241,521,000 and includes:

16 additional GDPR projects, 31 Army National Guard and Army Reserve projects, and an additional 42 Active Component projects.

A significant portion of the Army's BRAC request supports the transformation and re-stationing of the operational force. BRAC military construction projects support major realignments of forces returning to the United States from Europe, as well as several stateside relocations. The fiscal year 2008 budget request also funds projects supporting Reserve Component transformation in 19 states. This is a healthy start to addressing BRAC 2005 recommendations impacting the Army Reserve and Army National Guard.

The BRAC budget request will also fund furnishings for 86 BRAC projects awarded in fiscal years 2006 and 2007 as the buildings reach completion and occupancy. The request also funds movement of personnel, ammunition, and equipment associated with 25 BRAC Commission Recommendations.

The Army will continue to procure investment type equipment in fiscal year 2008 in support of our BRAC military construction program as part of the "other procurement" budget line. This equipment exceeds the investment and expense unit cost threshold of $250,000 each and includes information technology infrastructure and equipment for the 86 previously awarded BRAC projects, which will be impacted if fiscal year 2007 funding is not fully restored.

In fiscal year 2008, the Army will initiate environmental closure and cleanup actions at 14 BRAC properties. These activities will continue efforts previously ongoing under the Army Installation restoration program and will ultimately support future property transfer actions. The budget request for environmental programs is $86,756,000, which includes

Munitions and Explosives of Concern and Hazardous and Toxic Waste restoration activities.

Prior BRAC

Since Congress established the Defense Base Closure and Realignment Commission in 1990, the Department of Defense has successfully executed four rounds of base closures to reduce and align the military's infrastructure to the current security environment and force structure. As a result, the Army estimates approximately $11.7 billion in savings through 2007 – nearly $1 billion in recurring, annual savings from prior BRAC rounds.

The Army is requesting $73.7 million in fiscal year 2008 for prior BRAC rounds ($3.4 million to fund caretaking operations of remaining properties and $70.3 million for environmental restoration) to address environmental restoration efforts at 147 sites at 14 prior BRAC installations. To date, the Army has spent $2.7 billion on BRAC environmental restoration for installations impacted by the previous four BRAC rounds. We disposed of 235,361 acres (89 percent of the total acreage disposal requirement of 258,607 acres), with 23,246 acres remaining.

OPERATION AND MAINTENANCE

The Army's fiscal year 2008 Operation and Maintenance budget includes $2.740 billion in funding for Sustainment, Restoration, and Modernization (S/RM) and $8.133 billion in funding for Base Operations Support (BOS). The S/RM and BOS accounts are inextricably linked with our military construction programs to successfully support our installations. The Army has centralized the management of its installations assets under the Installation Management Command to best utilize this funding.

Sustainment, Restoration, and Modernization (S/RM). S/RM provides funding for the Active and Reserve Components to prevent deterioration and obsolescence and restore the readiness of facilities on our installations.

Sustainment is the primary account in installation base support funding responsible for maintaining the infrastructure to achieve a successful readiness posture for the Army's fighting force. It is the first step in our long-term facilities strategy. Installation facilities are the mobilization and deployment platforms of America's Army and must be properly maintained to be ready to support current missions and future deployments.

The second step in our long-term facilities strategy is recapitalization by restoring and modernizing our existing facility assets. Restoration includes repair and restoration of facilities damaged by inadequate sustainment, excessive age, natural disaster, fire, accident, or other causes. Modernization includes alteration or modernization of facilities solely to implement new or higher standards, including regulatory changes to accommodate new functions, or to replace building components that typically last more than 50 years, such as foundations and structural members.

Base Operations Support. This account funds programs to operate the bases, installations, camps, posts, and stations for the Army worldwide. The program includes municipal services, government civilian employee salaries, family programs, environmental programs, force protection, audio/visual, base communication services, and installation support contracts. Army Community Service and Reserve Component family programs include a network of integrated support services that directly impact Soldier readiness, retention, and spouse adaptability to

military life during peacetime and through all phases of mobilization, deployment, and demobilization.

SUMMARY

Mr. Chairman, our fiscal year 2008 Military Construction and BRAC budget requests are balanced programs that support our Soldiers and their families, the Global War on Terrorism, Army transformation, readiness, and DoD installation strategy goals. We are proud to present this budget for your consideration because of what this budget will provide for our Army:

- 138 homes replaced or renovated
- 3,998 additional homes privatized
- Approximately 42,600 government-owned and leased homes operated and sustained at the end of fiscal year 2008
- Portfolio management of 78,426 privatized homes
- 33 projects in support of Operations Iraqi Freedom and Enduring Freedom
- 9,461 Soldiers get new barracks
- $254 million in Training Ranges
- $6.1 billion invested in Soldier/Family Readiness
- $2,363 million to Grow the Army

Base Realignment and Closure:

- Statutory compliance by 2011 for BRAC
- 89 Military Construction projects
- Planning & Design for FY09 – FY10 Projects
- Remaining NEPA for BRAC 2005 actions
- Continued Environmental Restoration of 23,246 acres

Army National Guard:

- Improved Readiness Centers and an Armed Forces Reserve Center
- Completion of eight range projects
- Continued support of our Stryker Brigade Combat Team
- Three Aviation Transformation projects
- Three maintenance facilities

Army Reserve:

- Medical personnel get new training facility
- New combined maintenance facility
- New live fire training range facility
- 1,743 Soldiers get new Reserve Centers
- Center of gravity for Army Reserve families

Base Operations Support:

- Goal is to meet essential needs for all BOS programs: Base Operations, Family, Environmental Quality, Force Protection, Base Communications, and Audio/Visual.

Sustainment/Restoration and Modernization:

- Funds Sustainment at 86 percent of the OSD requirement, with plans to achieve 90 percent of the requirement through efficiencies.

Our long-term strategies for installations will be accomplished through sustained and balanced funding, and with your support, we will continue to improve Soldier and family quality of life, while remaining focused on Army and Defense transformation goals.

In closing, we would like to thank you again for the opportunity to appear before you today and for your continued support for America's Army.

Not for publication until
Released by the
House Armed Services Committee

Statement of

HONORABLE B.J. PENN, ASSISTANT SECRETARY OF THE NAVY
(INSTALLATIONS AND ENVIRONMENT)

Before the

READINESS SUBCOMMITTEE

of the

HOUSE ARMED SERVICES COMMITTEE

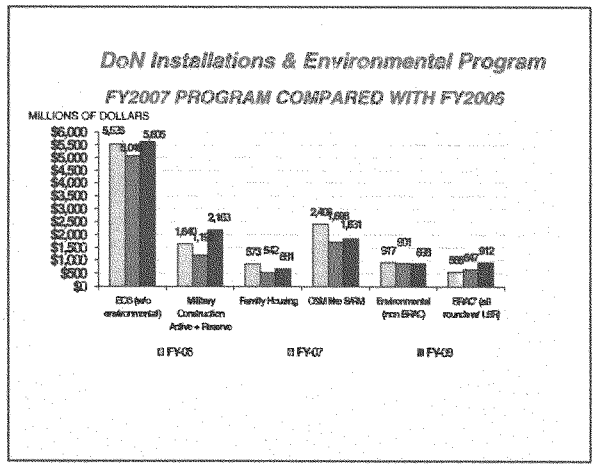
20 March 2007

Not for Publication until
Released by the
House Armed Services Committee

Mr. Chairman and members of the committee, I am pleased to appear before you today to provide an overview of the Department of Navy's shore infrastructure.

THE NAVY'S INVESTMENT IN FACILITIES

The Department of Navy's (DoN) shore infrastructure is where we train and equip the world's finest Sailors and Marines, while developing the most sophisticated weapons and technologies. The DoN manages a shore infrastructure with a plant replacement value of $187 billion on 4.5 million acres. Our FY-08 shore infrastructure baseline budget totals $11.5 billion, representing about eight percent of the DoN's FY-08 baseline request of $139 billion. There is an additional $410 million for facilities in the FY-07 Global War on Terror (GWOT) Supplemental, and $169 million in the FY-08 GWOT request. Together, that represents a $1.8 billion increase compared to the FY-07 request of $10.3 billion.



The **Base Operating Support (BOS)** request of $5.6 billion, excluding environmental, comprises the largest portion of the Navy's facilities budget request. This account funds the daily operations of a shore facility, e.g., utilities, fire and emergency services; air and port operations; community support services; and custodial costs.

Our FY-08 request of $5.6 billion for **BOS** reflects a $558 million increase from the enacted FY-07 level. The Navy increase of $356 million and Marine Corps increase of $202 million will return capability levels to those executed in FY-05, restoring reductions taken during FY-07 that are unsustainable, particularly in the area of information technology and counter terrorism and security guards as we substitute civilian and contract personnel in place of military personnel.

The FY-08 **military construction** (active + reserve) baseline request of $2.2 billion is $992 million more than the enacted FY-07 level of $1.2 billion. The FY-08 request includes $59 million for Navy and Marine Corps reserve construction efforts. This level of funding supports traditional recapitalization projects for the existing infrastructure. It also provides facilities for 15 new Navy weapon systems, new facilities for the Marine Corps' plan to Grow the Force from the current 175,000 permanent end strength to 202,000 by 2011, and new barracks to ensure that all unaccompanied enlisted Marines are suitably housed by 2012.

The FY-08 **Family Housing** baseline request of $670 million is $140 million less than the FY-07 enacted level of $810 million. Within this sum, there is $299 million for replacement family housing on Guam and Marine Corps privatization. Housing operations and maintenance funds decline to $371 million as government owned worldwide inventory of 26,335 homes in FY-07 falls by 15,481 homes to 10, 854 homes in FY-08 due to privatization.

Sustainment, Restoration and Modernization (S/RM) includes military construction and operation and maintenance funds. Our FY-08 request of $1.83 billion represents only the amount of S/RM funded with Operations and Maintenance, and is $133 million above the enacted FY-07 level of $1.70 billion. Although FY-08 funding is eight percent higher than FY-07, sustainment levels are lower because of inflation and an increase in modeled requirements.

Our FY-08 request of $898 million for **environmental programs** at active and reserve bases is comprised of operating and investment appropriations. This amount is about the same as the FY-07 request.

Our BRAC program consists of environmental cleanup and caretaker costs at prior BRAC locations, and implementation of BRAC 2005 recommendations.

- Our FY-08 **prior BRAC** program of $179 million is $163 million below our FY-07 program of $342 million. The entire prior BRAC effort continues to be financed with revenue obtained from the sale of prior BRAC properties. We have not sought appropriated funds for prior BRAC since FY-05, however, the FY-08 program depletes the remainder of the land sale revenue received in previous years from disposing prior BRAC property.
- The FY-08 budget of $733 million to implement the **BRAC 2005** recommendations is $434 million above the amount allocated by the Department of Defense (DoD) to the DoN following the reduction enacted in the House Joint Resolution 20.

Impact of House Joint Resolution 20

The Department of Defense has been proceeding with BRAC 05 implementation through most of FY-07 under a series of Continuing Resolutions (CRs). The enactment of the House Joint Resolution 20 on 15 February provided an annual DoD BRAC 05 appropriation, albeit at a substantial $3.1 billion reduction to the PB-07 $5.6 billion request. The DoN had received $66 million of the $690 million budget request under the CRs, with most of the funds provided in January. The duration of the CR, and the magnitude of the funding reduction, has severely complicated program execution.

The BRAC 05 account is a DoD account. The Office of the Secretary of Defense has now allocated $297 million of the $2.5 billion appropriated by the Congress in FY-07 to the DoN, leaving us with a $398 million shortfall in FY-07. There is, however, no doubt that a 55 percent reduction from the President's FY-07 budget request will create substantial turmoil in all of the Services and Defense Agency implementation plans and schedules. Our BRAC 05 design and construction projects represent 81 percent of the FY-07 (49 construction projects at 20 locations) and 69 percent of the FY-08 request (29 construction projects at 18 locations), so any reduction of funds in FY-07 will require that we defer numerous construction projects, causing a bow wave of construction projects into FY-08. This will require a wholesale review of FY-08 execution plans and schedules as we accommodate construction projects deferred from FY-07. Delaying closures and realignments also requires us to replace funds which had been taken as savings in the budget. Finally, it adds further uncertainty in the lives of our military, civilian, and contract employees as they ponder their future, and jeopardizes our ability to meet the September 2011 deadline to complete all closures and realignments.

The President submitted an amended FY-07 request on 8 March 2007 with accompanying offsets for $3.1 Billion in additional BRAC 05 funds. I urge your support for the amended FY-07 budget submitted to the Congress.

Here are some of the highlights and additional details on these programs.

MILITARY CONSTRUCTION

Military Construction Projects

The DoN's FY-08 Military Construction program requests appropriations of $2.1 billion including $110 million for planning and design and $10 million for Unspecified Minor Construction. This FY-08 baseline request is $975 million above, and nearly doubles, the FY-07 enacted level of $1.129 billion. The FY-08 authorization request is $1.8 billion. This level of construction funds presents what I believe will be a substantial, long-term commitment for naval facilities.

The active Navy program totals $1,126 million and includes:

- $486 million for 15 construction projects supporting the fielding of new weapons system platforms or research facilities for future weapon systems. All construction projects are scheduled to finish building and outfitting the facility just-in-time to coincide with the arrival of the new platform and its planned initial operating capability. The new platforms include: LPD-17, T6-A, LCS, SSN-774, E2-D, JPALS, FA-18E/F, MH-60, MUOS, EA-18G, T-AKE, and D5 LE. One example of these new platforms is a $101.8 million extension to Kilo wharf in Guam to support the arrival of the new T-AKE class Combat Logistics Force ships in FY-2010 that provide underway replenishment to Navy ships at sea, replacing the current T-AE and T-AFS class ships;
- $175 million to continue funding for six previously approved incrementally funded construction projects. An example is a $16.6 million recruit training center infrastructure upgrade at Naval Training Center Great Lakes IL. This project is the final phase of the infrastructure improvement effort at Great Lakes. In accordance with Administration policy, there are no new incrementally funded construction projects in this budget request;
- $146 million for four other waterfront recapitalization projects not associated with new weapons systems. An example is a $91 million CVN maintenance pier replacement at Naval Base Kitsap, WA;
- $139 million for utilities infrastructure improvements to meet current mission and operational requirements at Naval Base Guam and Naval Support Activity Diego Garcia;
- $24 million for training projects at Naval Air Station Corpus Christi, TX and Naval Station Great Lakes, IL;
- $22 million in three infrastructure improvement projects at Camp Lemonier in Djibouti in support of CENTCOM's forward operating base.

The active Marine Corps program totals $1,037 million, including:

- $361 million for facilities to support the "Grow the Force" initiative, which I will discuss this in greater detail below;
- $282 million for ten bachelor quarters at seven locations including Marine Corps Base Camp Lejeune, NC, and Marine Corps Air Station Yuma, CA;
- $167 million for 11 operations and training facilities, including an Infantry Squad Defense Range at Marine Corps Base Camp Pendleton CA, and three facilities for the Marine Corps Special Operations Command units at Camp Pendleton. CA and Marine Corps Base Camp Lejeune, NC;
- $52 million for two training facilities, including student quarters for the basic school at Marine Corps Base Quantico, VA;
- $32 million for three other quality of life projects, including a fitness center at Marine Corps Base Camp Pendleton CA;
- $31 million for four maintenance projects including a jet engine test cell at Marine Corps Air Station New River NC;

- $13 million for infrastructure improvements including main gate improvements at the Blount Island Command, FL and Marine Corps Base Camp Pendleton, CA.

The Navy and Marine Corps Reserve Military Construction appropriation request is $59.2 million, $16 million more than the enacted FY-07 level of $43 million. There are three reserve centers at various locations and a Mobile Inshore Undersea Warfare Unit operation facility at Naval Station Everett WA.

Marine Corps Grow the Force

To meet the demands of the Long War and respond to inevitable world-wide crises that arise, the Marine Corps must be sufficiently manned in addition to being well trained and properly equipped. A key objective is to establish a 1:2 deployment-to-dwell ratio for all active component forces. This ratio relates how long our forces are deployed versus how long they are at home. The goal is for every seven months a Marine is deployed, he will be back at his home station for fourteen months. Marine operating forces are routinely falling short of this target. To fix this imbalance, the President announced in January a need to increase the Marine Corps permanent end strength from 175,000 to 202,000 by 2011, along with a larger increase for the Army. The Marine Corps growth will occur in stages, the first of which will build three new infantry battalions and elements of their supporting structure of about 5,000 Marines.

The FY-08 baseline budget includes $4.3 billion for pay and allowances for the first increment of Marines, military construction and base operating support for permanent barracks and operations centers, procurement of additional H-1 aircraft and increased aviation support, along with recruiting, training, equipment and ammunition to bring units to full operational capability. The funding for infrastructure and facilities to initially support this initiative are in three separate budget documents now before Congress:

- The FY-07 Supplemental includes $324 million for planning & design, and eight military construction projects;
- The FY-08 Global War on Terror includes $169 million for planning & design, ten military construction projects, and family housing privatization seed money for follow-on projects;
- The FY-08 baseline budget includes $458 million for planning & design, 20 military construction projects including two Wounded Warrior barracks, and additional family housing privatization seed money for follow-on projects.

Because Marines will begin to arrive before construction at many locations is complete, the Marine Corps is planning to lease, rent, or purchase temporary support facilities. Based on the composition of the additional units, we are

determining the optimal permanent bed down locations for these units for future construction requirements.

FACILITIES MANAGEMENT

Facilities Sustainment, Restoration and Modernization (SRM)

The Department of Defense uses a Sustainment model to calculate life cycle facility maintenance and repair costs. These models use industry-wide standard costs for various types of building and geographic areas and are updated annually. Sustainment funds in the Operation and Maintenance accounts are used to maintain facilities in their current condition. The funds also pay for preventative maintenance, emergency responses for minor repairs, and major repairs or replacement of facility components (e.g. roofs, heating and cooling systems). Both the Navy and the Marine Corps have accepted more risk in facilities sustainment funding in FY-08 to fund higher priority requirements. With respect to the table, the Marine Corps moved additional funds to sustainment in FY-06 to restore reductions taken in FY-05. The Navy would require $240 million and the Marine Corps $64 million to fund sustainment to the DoD goal of 100 percent of model requirements in FY-08.

% Sustainment	FY-06	FY-07	FY-08
USN Budget	95%	95%	83%
USN Actual/Plan	79%	95%	
USMC Budget	95%	93%	89%
USMC Actual/Plan	126%	93%	

Restoration and modernization provides major upgrades of our facilities using Military Construction, Operation and Maintenance, Navy Working Capital Fund, and Military Personnel funds. The DoD uses a "recap" metric to gauge investment levels. The "recap" metric is calculated by dividing the plant replacement value by the annual investment of funds and is expressed in years. The DoD goal is to attain a 67-year rate by FY-08. This is a relatively coarse metric, as demonstrated by the dramatic improvement in execution as a result of funds from the FY-06 Hurricane Supplemental, which substantially improved only those bases affected by the storm. The Navy recap rate also benefits from military construction included in BRAC 05 implementation. We are working with the Office of the Secretary of Defense and the other Components to develop a recap model similar to the Sustainment model, planned for release in the next budget cycle.

Recap years	FY-06	FY-07	FY-08
USN Budget	105	83	63
USN Actual/Plan	45	67	
USMC Budget	101	112	103
USMC Actual/Plan	97	109	

Naval Safety

The DoN has embraced the Occupational Safety and Health Administration (OSHA) Voluntary Protection Program (VPP), which seeks to foster a cooperative relationship between management, labor, and OSHA as a means to improve workplace safety. The VPP focuses on four major tenets: increased leadership and employee involvement in safety; effective worksite hazard analysis; a focus on hazard prevention and control; and effective safety and health training for employees. The DON has achieved "Star" status, OSHA's highest level of achievement, at four sites representing over half of the VPP star sites in DoD. The Naval activities include three Naval shipyards, our largest industrial facilities. Statistical evidence for VPP's success is impressive. The average VPP worksite has a Days Away, Restricted or Transferred (DART) injury case rate of 52% below the average for its industry, which is consistent with what we have seen.

Joint basing

The Office of the Secretary of Defense released a draft Joint Base Initial Implementation guidance on 31 January 2007 for coordination by the Components. The Navy and Marine Corps have been working closely with the Components for over a year in developing a common framework and standards to establish joint bases. The DON supports the transfer of funding and real estate from the supported component to the supporting component for installation management functions, which will be the responsibility of the supporting component to provide at the joint base.

Encroachment Partnering

We are successfully applying the authority in the FY-03 National Defense Authorization Act to enter into agreements with state and local governments and eligible non-government organizations to address potential incompatible development near our installations and ranges, and to preserve nearby habitat to relieve current or anticipated environmental restrictions that might otherwise restrict military training, testing, or operations on the installation. Both the Navy and Marine Corps are using this authority to reduce or eliminate encroachment concerns. Through fiscal year 2006 Department of the Navy has protected nearly 16,000 acres near its installations under this program at a cost of $12.5 million while our partners have contributed $20.5 million. The DoN has also entered into several longer term agreements under which we and our partners will seek additional encroachment buffering opportunities. Examples include:

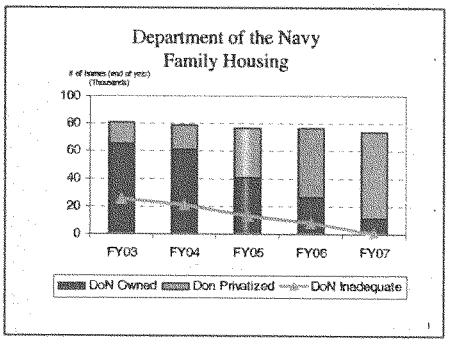
- An agreement with Beaufort County, South Carolina under which we will share costs to acquire interests in the vicinity of Marine Corps Air Station Beaufort.
- An agreement with Churchill County, Nevada under which we will share costs to acquire interests in the vicinity of Naval Air Station Fallon.

Energy

The DoN is pursuing ways to meet the requirements of Executive Order 13423 and the Energy Policy Act of 2005. Central to this plan is our continued development of geothermal power plants. Navy has partnered with the renewable energy industry on a 270 MW geothermal plant at Naval Air Warfare Station China Lake, CA; awarded a geothermal power plant contract for Naval Air Station Fallon, NV; and is evaluating a project at Naval Facilities Engineering Center El Centro, CA. Other on-base renewable projects include photovoltaic, wind, wave and ocean thermal energy conversion projects. I issued a new DoN policy last fall requiring all new buildings to be built to a LEED Silver level.

HOUSING

Our FY-08 budget continues to improve living conditions for Sailors, Marines, and their families. We have programmed the necessary funds and expect to have contracts in place by the end of FY-07 to eliminate all inadequate family housing. Renovation and new construction will be completed such that Sailors and Marines are no longer occupying inadequate homes by FY-12. We continue to provide homes ashore for our junior shipboard unaccompanied Sailors, to provide appropriate living spaces for our junior enlisted bachelor Marines, and to address long standing family housing deficits. We have programmed the necessary funding to eliminate over 99 percent of the inadequate permanent party unaccompanied bachelor quarters (BQs) housing spaces still served by "gang heads." As we near finishing privatizing existing military family housing, we are making tangible progress in applying that same privatization approach to meet our unaccompanied housing needs.



Family Housing

As in past years, our family housing strategy consists of a prioritized triad:

- Reliance on the Private Sector. In accordance with longstanding DoD and DoN policy, we rely first on the local community to provide housing for our Sailors, Marines, and their families. Approximately three out of four Navy and Marine Corps families receive a Basic Allowance for Housing (BAH) and own or rent homes in the community.

- Public/Private Ventures (PPVs). With the strong support from this Committee and others, we have successfully used PPV authorities enacted in 1996 to partner with the private sector to help meet our housing needs through the use of private sector capital. These authorities allow us to leverage our own resources and provide better housing faster to our families. Maintaining the purchasing power of BAH is critical to the success of both privatized and private sector housing.
- Military Construction. Military construction will continue to be used where PPV authorities don't apply (such as overseas), or where a business case analysis shows that a PPV project is not financially sound.

Planned Privatization Awards

Location	# homes
Fiscal Year 2007	
Southeast Region	5,501
Midwest (Phase 2)	326
San Diego (Phase 4) (Southwest Region)	3,254
MCB Hawaii (Phase 2)	917
MCB Camp Lejeune/MCAS Cherry Point/Westover JARB	1,985
MCB Camp Pendleton/ MCLB Albany	294
FY 2007 Total	**12,277**
Fiscal Year 2008	
MCB Camp Lejeune	451
MCB Camp Pendleton	301
MCAGCC 29 Palms	279
FY 2008 Baseline Subtotal	1,031
MCB Camp Pendleton	66
MCAGCC 29 Palms	6
FY 2008 GWOT Subtotal	72
FY 2008 Total	**1,103**
Total FY 2007-2008	**13,380**

As of 1 March 2007, we have awarded 24 privatization projects for over 50,000 homes. As a result of these projects, over 30,000 homes will be replaced or renovated, about 5,000 new homes will be built, and the remaining 15,000 were privatized in good condition and did not require any improvements. Through the use of these authorities we have secured over $6 billion in private sector investment from $588 million of our funds, which represents a ratio of almost twelve private sector dollars for each taxpayer dollar.

During the remainder of FY-07 and in FY-08, we plan to award nine Navy and Marine Corps family housing privatization projects totaling over 13,000 homes. By the end of FY-07, the Navy and Marine Corps will have privatized 95 percent and over 99 percent, respectively, of their U.S. housing stock.

Our FY-08 and outyear family housing privatization projects are targeted at reducing family housing deficits by constructing additional housing for our families where the private sector cannot accommodate their needs. These authorities will ensure the availability of housing to address increased requirements associated with the Marine Corps' "Grow the Force" initiative,

stand-up of the Marine Corps Special Operations Command, and address our remaining housing deficit.

Our FY-08 baseline family housing budget request includes $298 million for family housing construction and improvements. This amount includes $188 million for the Government investment in family housing privatization projects planned for FY-08 award. It also includes the replacement or revitalization of housing in Guam and Japan where privatization is not planned. Finally, the budget request includes $371 million for the operation, maintenance, and leasing of remaining Government-owned or controlled inventory. The latter represents a 66 percent decline since 1999 when the DoN began in earnest to privatize its inventory of government owned housing. In addition, our FY-08 family housing Global War on Terrorism request includes another $12 million for the Marine Corps in family housing improvements.

Unaccompanied Housing

Our baseline budget request of $323 [1]million for 11 unaccompanied housing projects continues the emphasis on improving living conditions for our unaccompanied Sailors and Marines. Marine Corps has an additional BQ for $41 million in the FY-07 GWOT Supplemental, and another BQ and dining hall in the FY-08 GWOT. There are three challenges:

1. Provide Homes Ashore for our Shipboard Sailors. Approximately 13,000 E1-E3 unaccompanied Sailors worldwide lived aboard ship even while in homeport. The FY-08 budget supports Navy's goal of providing ashore living accommodations for these Sailors. It includes one "homeport ashore" construction project for $47 million to complete Naval Base Kitsap Bremerton, WA (198 modules). We are requesting a second phase of funding for this project previously authorized in FY-05. The primary demographic are Sailors assigned to the nuclear carrier *USS JOHN C. STENNIS*, which is homeported in Bremerton. Efforts to build this barracks as a pilot BQ PPV proved uneconomical due to the large number of vacancies that would occur when *STENNIS* deployed.

In addition to the E1-E3 shipboard Sailors, there are approximately 6,000 unaccompanied E-4 Sailors with less than four years service who are assigned to sea duty. Although they are entitled to receive BAH, funding for housing allowances remains un-programmed. We will accommodate those Sailors within our existing unaccompanied housing capacity to ensure they do not return to live aboard ship upon promotion to E4.

[1] Excludes two Marine Corps Wounded Warrior barracks

2. Ensure our Barracks Meet Today's Standards for Privacy. We are building new and modernizing existing barracks to increase privacy for our single Sailors and Marines. Reflecting the Commandant of the Marine Corps' priority to ensure single Marines are adequately housed, the FY-08 budget includes $282 million in MILCON funding (a 124 percent increase over FY-07 funding levels) for the construction of 3,750 permanent party and trainee spaces at seven Marine Corps installations. The Marine Corps has programmed the necessary funding from FY-08 through -11 to ensure Marines for their current approved 175,000 end strength are adequately housed by 2012. These barracks will be built to the 2 + 0 room configuration, as have all Marine Corps barracks since 1998.

We appreciate the Congress authorizing the Services to adopt private sector standards for the construction of military unaccompanied housing. We believe that we can provide market-style housing with improved amenities (such as increased common space for residents) at a cost equivalent to that associated with building smaller modules to rigid military specifications. In implementing this authority, we will ensure that Service-specific operational requirements are not compromised, such as the core Marine Corps' tenets for unit cohesion and teambuilding.

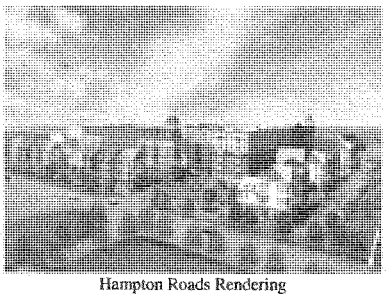
3. Eliminate Gang Heads. The Marine Corps had programmed all necessary funding, through FY-05, to eliminate inadequate unaccompanied housing with gang heads[2] for permanent party personnel. They will, however, continue to use these facilities on an interim base to address short-term housing requirements resulting from temporary end strength increases in recent supplemental appropriations. The Navy will achieve over 99 percent of this goal by FY-07.

Unaccompanied Housing Privatization

We awarded our first pilot unaccompanied housing privatization project to Pacific Beacon LLC in December 2006. When complete in 2009, this project will provide 941 new two-bedroom/two-bathroom apartments for E-4 and above enlisted personnel in San Diego, CA who are unsuitably housed in the private sector or who are living in Government quarters that could be used by shipboard Sailors. An existing unaccompanied housing building, containing 258 modules, was also privatized as part of this agreement. Our partner will provide additional quality of life amenities to existing buildings, such as a swimming pool.

[2] Gang heads remain acceptable for recruits and trainees.

We are in exclusive negotiations with a prospective private partner for a second pilot project at Hampton Roads, VA. This project is set for contract award this spring, after the required Congressional notices. This project will build more than 1,000 new two-bedroom/two-bathroom apartments and privatize over 700 existing unaccompanied housing modules for unaccompanied shipboard E1-E3 personnel.



Hampton Roads Rendering

We appreciate Congress extending the authorities and streamlining the notification process in last year's Authorization Act. We continue to pursue candidates for the third pilot, targeting the Mayport/Jacksonville, Florida area, and expect to have preliminary results this spring on a feasibility study. We will also look at other candidates including additional phases at San Diego and Hampton Roads.

Recognizing that these are long-term endeavors, we take seriously our responsibility to monitor the agreements to ensure that the Government's interests are adequately protected. We have instituted a portfolio management approach that collects and analyzes financial, occupancy, construction, and resident satisfaction data to ensure that the projects remain sound and that the partners are performing as expected. Customer surveys show overall improvement in member satisfaction after housing is privatized.

Buildup on Guam

U.S. national interests and treaty commitments require strengthening of U.S. military capabilities in the Western Pacific. U.S. forces must be positioned to maintain regional stability, ensure flexibility to respond to regional threats, project power throughout the region, defend our assets as well as those of our allies, and provide forces to respond to global contingencies.

The relocation of III Marine Expeditionary Force personnel from Okinawa to Guam under U.S.-Japan Alliance Transformation and Realignment is part of a broader realignment that, when implemented, will strengthen our regional posture, deter potential aggressors, and provide capabilities that can be flexibly deployed in contingencies, which are essential for the Defense of Japan and for peace and security in the region. For the Marines, this development will balance the Marine Air Ground Task Force (MAGTF) lay down across the region with

improved flexibility. The ~ 8,000 Marines and their 9,000 dependents leaving Japan will reduce the footprint of U.S. forces in Okinawa. This will facilitate consolidation of U.S. bases on Okinawa to allow additional land returns in Japan, while reinvigorating Guam's economy through economic stimulus, infrastructure improvements, and external investments.

The Government of Japan will fund most of the infrastructure construction costs over the planned seven year time period to implement the realignment actions in mainland Japan, Okinawa, and Guam. On Guam, Japan will contribute $6.09 billion of cost sharing toward the estimated $10.27 billion development cost associated with the realignment of Marines from Okinawa to Guam. Japan's contribution consists of $2.8 billion in cash for operational facilities, barracks, and quality of life facilities, and $3.29 billion in equity investments and loans to special purpose entities that will provide housing and utilities for the Marines on Guam.

The Deputy Secretary of Defense directed the Navy to establish a Joint Guam Program Office (JGPO) to coordinate and manage the relocation of the Marines from Okinawa to Guam. There will be JGPO offices in Arlington, VA and in Guam, along with a liaison billet in Hawaii with USPACOM, and another in Japan with USFJ. The JGPO will work closely with the Office of Economic Adjustment and the Government of Guam to ensure this initiative is mutually beneficial to DoD and to the people of Guam.

JGPO will oversee National Environmental Policy Act (NEPA) studies that will provide the foundation for the Environmental Impact Statement (EIS) and parallel development of a Guam Master Plan. We have $10 million in FY-07 and are requesting $28M in multiple appropriations in the FY-08 baseline budget to continue these efforts. My office released the NEPA Notice of Intent in the Federal Register on 7 March 2007. The Draft EIS, Final EIS, and Record of Decision, including public comment periods could take up to three years to complete. The EIS will address the impact of relocating III MEF with the Air, Ground, and Combat Service Support elements from Okinawa to Guam. The housing, operational, quality of life, and services support infrastructure for the Marines will be identified during the planning process, and assessed through the environmental analysis. It will also assess the impacts of improving the Apra Harbor waterfront to construct a pier capable of berthing a transient aircraft carrier as well the infrastructure requirements needed to station a U.S. Army ballistic missile defense task force on Guam. We will ask for the necessary military construction funds beginning with the FY-10 budget submission.

ENVIRONMENT

Endangered Species Protection

For nearly a century, San Clemente Island, CA was ravaged by the destructive forces of invasive species, which severely degraded the island's entire ecosystem. Eleven endemic and/or native plants and animals neared extinction, and are now protected under the Endangered Species Act.

Today, the status of most of these species has been significantly enhanced because of the Navy's environmental stewardship. The Navy eradicated all non-native feral grazing animals in the early 1990s and removed exotic plants which were overwhelming native species. The island has been healing through natural processes and Navy protective measures and restoration efforts. In response to a request from the Navy, the U.S. Fish and Wildlife Service in October 2006 recommended de-listing the Island Night Lizard on San Clemente Island as a result of a five-year review. The final decision is still pending.

Camp Pendleton uses its Integrated Natural Resources Management Plan (INRMP) to manage the ecosystem on this 125,000-acre installation, recognizing that the military mission as a central and integral element of the ecosystem. During the last two years, the INRMP demonstrated its benefit by excluding the base from Critical Habitat (CH) designations by the U.S. Fish and Wildlife Service (USFWS) for seven species. In each case, the Secretary of the Interior found that Camp Pendleton's INRMP provided a benefit to the species, and agreed to exclude all Base-managed lands from designation as critical habitat, per Section 4(a)(3) of the Endangered Species Act., and required no further restrictions on military training activities.

In 2006, the USFWS released five-year status reviews for two species inhabiting Camp Pendleton: the least Bell's vireo and the California least tern. The USFWS recommended both birds be upgraded from "endangered" to "threatened" due in large measure to Camp Pendleton's management efforts, such as habitat enhancement, cowbird control, and focused predator management. A final decision is pending.

Navy Marine Mammals/Sonar R&D investments

The Navy recognizes the need to protect marine mammals from anthropogenic sound in the water. The Navy invests $10 million to $14 million per year for research into hearing and diving physiology, behavioral response to human-generated sound, mitigation options, and simulation tools. Approximately 33 universities, institutes, and technical companies are supported by Navy research grants. All the research is aimed a developing a broad,

scientific understanding of marine mammals. The Navy recently expanded its research on the effects of mid-frequency sonar to include effects on fish.

MMPA National Defense Exemption

On 23 January 2007 the Department of Defense issued a National Defense Exemption (NDE) under the Marine Mammal Protection Act (MMPA) for all military readiness activities that employ mid-frequency active sonar or Improved Extended Echo Ranging Sonobuoys during major training exercise, within established DoD maritime ranges, or establish operating areas. A six-month NDE had expired on 30 December 2006.

The Navy is working closely with the National Oceanic and Atmospheric Administration (NOAA), which has jurisdiction on MMPA enforcement, to address procedural issues, identify and implement mitigation and monitoring measures to minimize potential effects to marine mammals, and establish mutually acceptable threshold criteria. The Navy has also established an outreach workgroup with the many non-governmental organizations that have a vested interest in the protection of marine species. The Navy has begun the public NEPA process on its three most active ranges - Hawaii, Southern California, and East Coast, and is committed to completing environmental documentation for all ranges by the end of 2009

Shipboard Programs

The Navy continues modernizing its vessels to comply with more stringent environmental regulations. The Navy completed its Afloat Pollution Prevention Equipment installations in September 2006 with 152 installations on Navy surface ships. The equipment reduces the need for hazardous material, and the generation of hazardous waste. The Navy continues to convert its shipboard air conditioning and refrigeration plants from Ozone Depleting Substances (ODS) to non-ODS refrigerants. As of 1 March 2007, we had completed 516 of 690 conversions of shipboard air condition systems and 600 of 614 conversions of shipboard refrigeration systems. Navy expects to complete its transition to non-ODSs by 2014.

The Navy has also completed 114 of 334 upgrades to its plastic waste processors (PWPs), which allow ships at sea to compress plastics into a solid disk for disposal or recycling ashore. The new PWPs reduce maintenance, improve reliability and throughput, and include a self-cleaning future, giving our sailors the best equipment to meet no-plastics discharge requirements while at sea.

Environmental Compliance by Shore Installations

The Navy continues to improve its shore installation compliance environmental standards. Solid waste diversion has climbed from 42 percent in

FY-04 to 60 percent in FY-06 for combined municipal waste and construction and demolition debris, compared with an EPA national average diversion rate of 32 percent. Our hazardous waste disposal amounts are down to an all time low of 54 thousand tons of hazardous waste, compared to 207 thousands tons when DoD starting using this metric in 1992, this despite increased optempo to support the Global War On Terror. Domestically, 91 percent of Navy permits are in full compliance with Clean Water Act standards, and 97 percent meet all Safe Drinking Water Act standards, both increases from recent years.

The Marine Corps has made similar progress. For example, the number of new enforcement actions against the Marine Corps in FY-06 has declined by 25 percent compared to the average number in FY-01 through FY-05. This decrease occurred at a time of high operational tempo and more regulatory inspections.

Alternative Fuel Vehicles

The Navy has many initiatives to reduce its reliance on imported oil. Last year, Navy doubled biodiesel usage for non-tactical vehicles. Biodiesel fuels are now available at Navy Exchange fuel stations in Norfolk, VA; Crane, IA; and Charleston, SC. After successfully completing a pilot scale system, the Naval Facilities Engineering Services Center (NFESC) is building a full-scale biodiesel production facility at Naval Base Ventura County, Port Hueneme, CA. NFESC distributed 92 neighborhood electrics last year. These electric vehicles can be charged at any 110 volt outlet and are well-suited for use in ports, air stations, and large supply buildings.

Installation Restoration Program (IRP)

The DoN has completed cleanup or has remedies in place at 78 percent of our 3,700 contaminated sites. We plan to complete the program by the year 2014. The cost-to-complete the installation restoration program continues a downward trend with efficiencies of $600 million over the past ten years. Use of new technologies, land use controls, remedy optimizations, contract efficiencies, and a dedicated professional staff have contributed to these efficiencies. Our FY-08 request of $301 million consists of $271 million for IRP, and $41 million for program management, and $43 million for munitions response.

Munitions Response Program (MRP)

The DoN is proceeding with cleanup of Munitions and Explosives of Concern (MEC) and Munitions Constituents (MC) at all Navy and Marine Corps locations other than operational ranges. We plan to complete preliminary assessments this year at all 213 known sites on 56 active installations. Site inspections and sampling will be completed by 2010. We will not have credible cleanup cost estimates until these assessments are completed in 2010.

Navy continues clearing munitions from Vieques, PR. About 65 acres of beaches have been surface cleared of munitions on the eastern side of the island, and we are removing surface MEC and MC on 1,100 acres of the former bombing range Live Impact Area and the artillery range. A total of 290 acres, including the "Red" and "Blue" beaches have been cleared. Our revised cost to complete for Vieques is $255 million, with completion expected in 2020.

BRAC 05

In developing the BRAC 2005 recommendations, the DoN sought to eliminate excess capacity, improve operational readiness, capitalize on joint basing opportunities with the other Components, maintain quality of service, and achieve cost savings. The BRAC 2005 Commission recommendations became legally binding on the DoD on 9 November 2005. In contrast to prior BRAC commissions, the BRAC 2005 recommendations have fewer closures and many more realignments, particularly realignments that involve more than one military Service or Defense Agency. The DoN has 6 "fence line" closures and 81 realignment recommendations involving 129 bases. Our remaining environmental cost to complete for FY-08 and beyond is $94 million.

Accomplishments

Given that all closures and realignments in BRAC 05 must by law be completed by September 2011, we must move quickly to construct the necessary facilities to relocate units from their current location to their new location. We initiated BRAC 05 implementation in FY-06 by awarding 12 BRAC construction projects at the "receiver" locations. The Department of Navy obligated 96 percent of the total FY-06 $252 million BRAC 05 funds we received.

Nearly all impacted communities have established a Local Redevelopment Authority (LRA) to guide local planning and redevelopment efforts. The DoD Office of Economic Adjustment has been providing financial support through grants and technical assistance to support LRA efforts.

To date, the Navy has terminated leases at eleven reserve centers thereby returning these properties to their owners, and completed 14 surplus determinations, allowing us to proceed with disposal actions to non DoD recipients at these locations. We expect to complete the remaining two surplus determinations this spring. We also completed 23 Environmental Condition of Property Reports, providing copies to local communities and federal agencies to support their redevelopment efforts. These environmental reports provide a comprehensive summary of all known environmental contamination, as well as the studies, analyses, and cleanup that have been done, are now underway, or remain to be done.

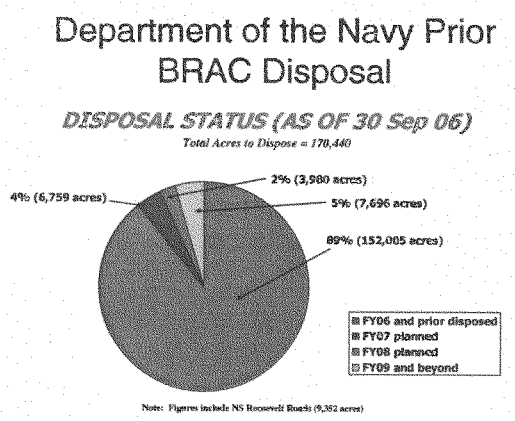
Navy has completed operational closure of 12 bases. We have received approval from OSD for 58 out of 64 business plans for which the DoN is the executive agent. These business plans, which average 40 pages in length, include extensive details on costs, savings, schedules, and support documents for each construction project. We continue efforts to gain OSD approval for the remaining business plans, which involve more complex moves and joint basing decisions.

PRIOR BRAC CLEANUP & PROPERTY DISPOSAL

The BRAC rounds of 1988, 1991, 1993, and 1995 were a major tool in reducing our domestic base structure and generating savings. The Department of Navy has achieved a steady state savings of approximately $2.7 billion per year since FY-2002. All that remains is to complete the environmental cleanup and property disposal on portions of 17 of the original 91 bases.

Property Disposal

Last year we conveyed 906 acres in 12 separate real estate transactions at six prior BRAC bases. We also completed Findings of Suitability for Transfer (FOST) for 940 acres. The FOST certifies that DoD real estate is environmentally suitable for transfer by deed under Section 120(h) of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA)[3].



Land Sale Revenue

We have continued our success in using property sales to assist in funding environmental cleanup and property disposal as well as recover value for taxpayers from the disposal of federal property. Through a combination of cost Economic Development Conveyances, Negotiated Sales, and Public Sales, the

[3] 42 U.S.C. Section 9620(h)

Department of Navy has received over $1.1 billion in revenues from the sale of prior BRAC property. Nearly all of this revenue has been generated since FY-03. In FY-06, we completed the sale of 3,719 acres at the former Marine Corps Air State El Toro, CA for $649.5 million. We also sold 167 acres at the former Naval Hospital Oakland, CA for $100.5 million. Beginning in FY-03, we have used these funds to accelerate environmental cleanup, and to finance the entire Department of the Navy prior BRAC effort including caretaker costs since FY-05.

We have put this land sale revenue to good use! We have issued Findings of Suitability to Transfer for over 4,500 acres which enabled us to continue our disposal efforts. A few of the significant disposals include the last parcels at Naval Shipyard Charleston, SC; Naval Air Station Key West, FL; San Pedro Housing Area for Naval Shipyard Long Beach, CA; and Naval Hospital Oakland, CA, as well as the first parcel at Hunter's Point Naval Shipyard. In addition, Navy accelerated cleanup on the majority of MCAS El Toro, a National Priorities List (NPL) site. We have also completed the cleanup of over half of Naval Station Treasure Island and determined it acceptable for transfer. Significant cleanup activities were undertaken at both Hunter's Point Naval Shipyard, as well as Alameda Naval Air Station, all of which are NPL sites, greatly improving the protection to human health and the environment.

Two significant property sales remain, both planned to begin in FY-09: approximately 176 acres at the former Naval Training Center Orlando, FL; and about 1,450 acres at the former Naval Station Roosevelt Roads, PR. We will spend the last portions of the $1.1 billion in land sale revenue in FY-09. Revenue projections for Orlando and Roosevelt Roads are unknown, but are expected to be well below that obtained from the sale of California property at El Toro and Tustin. In the absence of additional land sale revenue, we are evaluating the need to resume appropriated funds in future budgets.

Prior BRAC Environmental Cleanup

The DON has spent about $3.5 billion on environmental cleanup, environmental compliance, and program management costs at prior BRAC locations through FY-2006. With our planned programs of $342 million in FY-07 and $179 million in FY-08, we expect the environmental cost to complete for FY-09 and beyond at $1.168 billion. This is an increase of $725 million since last year. Nearly all of this cost increase is due to the recent discovery of substantially more low level radioactive waste at the former Hunters Point Naval Shipyard in San Francisco, CA and some at the former Naval Air Station Alameda, CA.

Hunters Point Naval Shipyard

Hunters Point Shipyard represents one of the most unique prior BRAC challenges. Maritime use of Hunters Point began in the 1850's. The Navy

purchased the property in 1939, and began to expand the shipyard and build facilities. Between 1939 and 1974, Hunters Point was one of the Navy's largest industrial shipyards and was home to the Naval Radiological Defense Laboratory (NRDL). The Navy used Hunters Point to decontaminate ships that had been used during atomic weapons testing under Operation Crossroads. NRDL conducted radiological research in numerous buildings on the base.

The Navy closed Hunters Point in 1974, and then leased most of the property in 1976 to a private ship repair company. The Environmental Protection Agency placed the shipyard on the National Priorities List in 1989. The Department of Defense listed the shipyard for closure as part of BRAC 1991.

The Navy has conducted expansive records and data search to identify all areas of potential contamination, as required under CERCLA. This included conducting a Historic Radiological Assessment and extensive sampling to identify potential contamination from past radiological activities. There are 78 installation restoration sites and 93 radiological sites, and Navy has spent about $400 million on cleanup efforts. While the base does not present a risk to human health, the additional data has revealed a much greater degree of contamination than previously known. The previous cost to complete was $110 million. The revised FY08 cost to complete is $670 million, which excludes submerged lands. We will have an independent outside consultant review the situation and seek options that balance cleanup costs and health risks to humans and the environment. Land use controls must be part of the remedy for Hunters Point.

The City of San Francisco recently proposed building a new football stadium using a portion of Hunters Point. Such a proposal represents a very compatible reuse that could be effectively integrated into the cleanup program. While this appears to be an excellent opportunity for combining cleanup with transfer and redevelopment of Hunters Point, it will require significant financial resources in the near term that are not now budgeted.

Hurricane Supplementals

Following the experience learned from Hurricane Ivan in 2004, the Navy was prepared to respond quickly to the Hurricane Katrina and lesser storms in 2005 that affected eight major Navy bases. With Supplemental funds provided by Congress, we have made the necessary repairs to get our facilities back to full mission capability. The funding allowed us to begin the cleanup as the long term reconstruction. We have awarded 37 percent of the $493 million in military construction and family housing construction projects to date, with plans to award the balance by the end of this fiscal year.

Meeting the Construction Execution Challenge

The ambitious programs I have outlined, encompassing military and family housing construction, continuing recovery efforts in the Gulf Coast, BRAC-related construction, and support for the Global War on Terror represent an execution effort of over $4 billion in FY-08 compared to the FY-05 effort of $2.5 billion. The Grow the Force and barracks initiative by the Marine Corps, and the buildup on Guam initiative will add a sustained annual program of two – three billion dollars through the FYDP.

The Naval Facilities Engineering Command (NAVFACENGCOM) has, with the exception of FY-06, obligated between 92 percent to 98 percent of all authorized and appropriated DoN construction projects (including congressional adds) in the first year funds became available. That obligation rate dropped to 74 percent in FY-06, primarily due to pricing issues caused by material and labor shortages in the aftermath of hurricanes in 2004 and 2005.

NAVFACENGCOM has substantial additional contracting capacity, and will seek to aggregate related projects while preserving competition and small business interests. For example, NAVFACENGCOM sponsored an industry conference in January 2007 to explore opportunities for cost and scheduling efficiencies. This is an execution challenge that NAVFACENGCOM can do.

CONCLUSION

The Navy cannot meet the threats of tomorrow by simply maintaining today's readiness and capabilities of our physical plant. We must continue to transform and recapitalize for the future without jeopardizing our current readiness and the strides we have made - and continue to make - in managing our shore infrastructure. With our partners in industry, the acquisition community, and with the continuing support of the Congress, the Department of Navy will build and maintain installations that are properly sized, balanced -- and priced for tomorrow.

Thank you for the opportunity to testify before this committee. I look forward to a productive dialogue with the Congress on the Department of the Navy's shore infrastructure.

DEPARTMENT OF THE AIR FORCE

PRESENTATION TO THE COMMITTEE ON ARMED SERVICES

SUBCOMMITTEE ON READINESS

UNITED STATES HOUSE OF REPRESENTATIVES

SUBJECT: FISCAL YEAR 2008 AIR FORCE MILITARY CONSTRUCTION, BRAC AND FAMILY HOUSING

STATEMENT OF: THE HONORABLE WILLIAM C. ANDERSON
ASSISTANT SECRETARY OF THE AIR FORCE
(INSTALLATIONS, ENVIRONMENT AND LOGISTICS)

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UNITED STATES HOUSE OF REPRESENTATIVES

BIOGRAPHY

UNITED STATES AIR FORCE

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William C. "Bill" Anderson is Assistant Secretary of the Air Force for Installations, Environment and Logistics, Washington, D.C. As Assistant Secretary, he heads three division departments that deal at the policy level with Air Force facility and logistical issues. The department's responsibilities include installations, military construction, base closure and realignment; environment, safety and occupational health issues; and all logistical matters.

Mr. Anderson was born in Syracuse, N.Y. He is a graduate of Washington College in Chestertown, Md., and earned his law degree with honors from Syracuse University. He has also studied in the master's program for international business at the University of Miami. Mr. Anderson is a member of the Maryland and Florida Bars.

Mr. Anderson served in a variety of financial and tax consulting positions at Merrill Lynch & Co., Inc., Arthur Anderson & Co., and Ryder Systems, Inc. He then joined the General Electric Company holding a variety of positions, including Tax Counsel, General Counsel and Director of Environmental and Quality Affairs for General Electric's electrical products business in Europe. He returned to the U.S. as their General Manager and Senior Counsel, Environmental Health and Safety.

EDUCATION

1980 Bachelor of Arts degree in history, Washington College, Chestertown, Md.
1983 Juris Doctorate degree, Syracuse University, N.Y.

CAREER CHRONOLOGY

1. 1984 - 1985, financial consultant, Merrill Lynch & Co., Inc., Miami, Fla.
2. 1985 - 1987, senior tax consultant, Arthur Anderson & Company, Miami, Fla.
3. 1987 - 1990, senior tax specialist, Ryder Systems, Inc., Miami, Fla.
4. 1990 - 1991, Associate Tax Counsel - International, General Electric Company, Schenectady, N.Y.
5. 1991 - 1993, Tax Counsel, General Electric Electrical Distribution and Control, Plainville, Conn.
6. 1993, Integration Manager, General Electric AEG, Frankfurt, Germany
7. 1994 - 1996, General Counsel and Director, Environmental and Quality Affairs, General Electric Power Controls, Gent, Belgium
8. 1996 - 2005, General Manager and Senior Counsel, Environmental Health and Safety, General Electric

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PROFESSIONAL MEMBERSHIPS AND ASSOCIATIONS
Maryland State Bar
Florida State Bar
Former Vice Chairman, Urban League of Greater Hartford, Inc.
Former Member, Advisory Board, Bureau of National Affairs Environmental Due Diligence Guide
Former Adviser, National Conference of Commissioners on Uniform State Laws
Drafting Committee on the Uniform Environmental Covenants Act
Former Legal Counsel, Florida Jaycees
Former Board Member, Puerto Rico - USA Foundation

(Current as of December 2005)

Mr. Chairman (Solomon Ortiz - TX), Congresswoman Davis (Ranking Member) and distinguished members of the committee, as our Nation, and Department, finds itself in a transition period, the Air Force continues to evolve and remain indispensable as threats emerge and change. The Air Force is the preeminent force for operations beyond the bounds of earth, and is vital and relevant in the conduct of ground operations as well. The Air Force has been continually engaged in War for the past sixteen years. The Quadrennial Defense Review (QDR) guides the Air Force and enables us to deliver sovereign options for the defense of the United States of America and its global interests. The Air Force is getting smaller, but our commitments have not. Airmen performing critical installations, environment and logistics tasks are intrinsic to every facet in the success of our missions. My Civil Engineers are critical to every facet in the success of our missions. We currently have over 2,500 engineers in the theater of operations directly supporting Operations Enduring Freedom and Iraqi Freedom. In order to fulfill our mission, we are making process changes at every level of the Air Force with results in resource savings and more efficient operations. We have more work to do, but by institutionalizing Air Force Smart Operations 21 (AFSO 21) concepts into our daily operations we are leaning our internal processes to reduce workload and reduce or eliminate unnecessary work. These efforts allow us to meet the enormous challenges of today, the foreseeable future, and ultimately, sustain and modernize the world's best air, space, and cyberspace force. In these tumultuous times our priorities remain consistent: fighting and winning the war on terror, developing and caring for our Airmen and their families, and recapitalizing and modernizing aging aircraft and spacecraft.

Air Force facilities, housing, and BRAC programs are key components of our support infrastructure. At home, our installations provide stable training environments as we equip and

reconstitute our force. Both our stateside and overseas bases provide force projection platforms to support Combatant Commanders (COCOMS). Our bases *are* weapons systems and in order to support our base-centric concept of operations, the Air Force has developed an infrastructure investment strategy that focuses on enabling COCOM's to fight and win the war on terror, providing quality of life facilities, implementing BRAC, sustaining our infrastructure and striving to recapitalize our aging infrastructure, while proactively supporting the operational environment. We are the DoD's leader in expeditionary combat support and continue that role with pride. Our total force military construction, family housing, and sustainment, restoration, and modernization programs are paramount to successful operations and maintaining a reasonable quality of life for our men and women in uniform and their families.

The FY 2008 President's Budget request for Air Force construction is over $2.3 billion, comprised of traditional MILCON ($1.0B), BRAC 2005 ($910M) and housing investments ($363M). The Total Force MILCON portion ($1B) of Air Force FY 2008 President's Budget (PB) construction request reflects our highest construction priorities. This request includes $912 million for active military construction, $86 million for the Air National Guard, and just over $27 million for the Air Force Reserve. While the 2008 traditional MILCON budget request is approximately $300 million lower than last year's, it reflects our highest priorities and most urgent needs. Unfortunately, we face demands on our resources that require some very tough choices. Our current challenging budgetary environment includes: increased operations, maintenance, and personnel costs; the cost of the long war; reduced Air Force total obligation authority (TOA); and absorbing inflation factors that reduce overall buying power. These factors have forced us to self-finance the centerpiece of future dominance - a massive and critical recapitalization and modernization effort of our aging air and space

force. In order to accomplish this we are accepting manageable risk in facilities and infrastructure funding in order to bolster our recapitalization and modernization efforts. This budget carefully balances our facility operations and maintenance accounts for sustainment, restoration, modernization with military construction programs to make the most effective use of available funding in support of the Air Force mission. The Air Force Total Force sustainment funding in FY 2008 is $2 billion, 92% of the amount called for by the Facility Sustainment Model (FSM). The FY 2008 Total Force restoration and modernization (R&M) funding is $346 million.

The Air Force FY 2008 PB request of $363 million for the Military Family Housing investment program balances new construction, improvements, and planning and design work. While we continue to strive to eliminate inadequate housing, we cannot allow more housing to fall into disrepair. In addition to the $363 million requested for housing investment, we request nearly $688 million for operations and maintenance, for a total housing investment of more than $1 billion.

To continue our aggressive BRAC implementation schedule, the FY08 PB request includes $1.2 billion for BRAC related activities of which $910 million is construction. The Air Force is lead for 64 BRAC business plans and has financial equity in an additional 16 business plans. Full support of this funding request is critical to ensure we remain on track to meet the requirement for compliance by 2011.

Sound investment in our installations postures the Air Force to support our priorities of winning the Global War on Terror, support our Airmen and their families, and recapitalize and modernize our force. We believe the FY 2008 President's Budget proposal will provide the construction bedrock for continued success of our mission.

FIGHTING AND WINNING THE GLOBAL WAR ON TERROR

The Air Force's first priority is to fight and win the Global War on Terror (GWOT). We plan to invest $192 million on GWOT-related projects that support and enhance the AF's ability to deliver intelligence, maintenance, and operational capabilities to our COCOMs. At MacDill AFB, Florida the Air Force is executing two projects at Central Command (CENTCOM) by completing the Joint Intelligence facility and altering the CENTCOM headquarters facility. CENTCOM's area of responsibility is the geographic and ideological heart of the GWOT. A war without borders, it spans 27 countries in the Central Asian region of the world. The Joint Intelligence Center provides the CENTCOM Commander with the situational awareness and long range analyses needed to defeat adversaries within the AOR, promote regional stability, support allies, and protect US national interests, all aimed toward victory in the GWOT. Two projects at RAF Menwith Hill Station, United Kingdom and one at Offutt AFB, Nebraska enhance intelligence gathering and analysis capabilities for the United States and our allies. The Basic Expeditionary Airman Skills Training (BEAST) at Lackland AFB, Texas provides facilities for expanded field training that will equip our Airmen as they enter the Air Force with the warfighting skills and mindset vital in today's operational environment.

DEVELOP AND CARE FOR AIRMEN AND THEIR FAMILIES

The Air Force sees a direct link between readiness and quality of life. The Air Force is committed to creating and maintaining a consistent, high quality, and safe environment in locations where Airmen work, reside, and recreate. Our Total Force Airmen are the most valuable assets we have in fighting the GWOT and ensuring our air, space and cyberspace dominance. We have to continue to recruit, train, equip, and retain the Airmen of tomorrow. As

our Air Force becomes more capable, more efficient and more lethal, so will our Airmen. The quality of life we provide for our Airmen and their families is a distinct determining factor in how long they remain in our service. The sacrifices our Airmen and their families make are enormous. We are deeply committed to providing every Airman and their family with the best possible quality of life as they serve our nation. In this year's budget we strive to promote a wide spectrum of projects that take care of our Airmen and their families; from quality family housing for our families, quality dormitories for unaccompanied Airmen, functional fitness centers, and safe child development centers, to exceptional training and operational facilities.

Workplace

Work-related injuries cost the Air Force over $130 million annually and have a significant impact on operational capability. Most importantly, workplace injuries negatively impact the quality of life for our Airmen and their families. One program being used to achieve a reduction in workplace injuries is OSHA's Voluntary Protection Program (VPP). The SECAF and CSAF have directed "launching the Voluntary Protection Program throughout the Air Force…for service wide implementation." Through VPP, every Airman and his Wingman are empowered to actively identify and take action to eliminate safety and health hazards in the workplace. Our goal is to offer an accident-free work environment for each and every Airman.

At Home

When Airmen deploy, time spent worrying whether their families are safe and secure is time not spent focusing on the mission. Quality of life initiatives are critical to our overall combat readiness and to recruiting and retaining our country's best and brightest. Our quality of life initiatives reflect our commitment to our Airmen.

Family Housing

The Air Force Family Housing Master Plan details our Housing military construction, operations and maintenance, and privatization efforts. It is designed to ensure safe, affordable, and adequate housing for our members. To implement the plan, our FY 2008 budget request for family housing is over $1 billion. Consistent with Department of Defense Strategic Planning Guidance, the Air Force is on track to fund projects through 2009 which will eliminate inadequate overseas housing.

For FY 2008, the requested $363 million for our housing investment program will replace and improve approximately 2,100 housing units at eight overseas bases. An additional $688 million will pay for operations, maintenance, utilities and leases to support the family housing program.

We have used the privatization authorities granted by Congress to accelerate our family housing improvement program. By the beginning of FY08, we will have privatized over 44,000 housing units, or 72% of our US housing inventory, far exceeding the OSD goal of 60%. The Air Force is strategically leveraging its $596 million investment to bring in $7.37 billion in equivalent MILCON investment from the private sector; that is nearly fifteen dollars of private investment for each public tax dollar. The Air Force is aggressively researching privatization at remaining US MILCON installations where feasible.

Unaccompanied Housing (Dormitories)

The FY 2008 total Air Force requirement for dormitory rooms is 60,200. We have made great progress using the three-phased investment strategy outlined in our Dormitory Master Plan. Phase I, now construction complete, eliminated central latrine dormitories. With the FY07

MILCON we have funding necessary to complete phase II of our Dormitory Master Plan, our dorm room shortage (deficit), by building new dormitories. In Phase III, now underway, we will replace existing dormitories at the end of their useful life with a standard Air Force designed private room configuration under the 'Dorms-4-Airmen' concept. Our 'Dorms-4-Airmen' concept capitalizes on our wingman strategy and keeps our dorm residents socially and emotionally fit.

Our FY08 Program reflects this strategy. The $47 million request for dormitory investment will replace 368 rooms for unaccompanied personnel at both stateside and overseas bases. We are equally committed to providing adequate housing and improving the quality of life for our unaccompanied junior enlisted personnel as we are to our families.

Fitness and Child Development Centers

The Air Force maintains its strong commitment to the 'Fit-to-Fight' program. Our goal is for Airmen to make fitness and exercise a regular part of their lives and prepare them to meet the rigors of a deployed environment, not simply to pass an annual fitness test. Our goal is to replace at least one fitness center per year until we have the resources to do more. This year we will construct a new fitness center at Tyndall AFB, Florida.

We also remain committed to the children of our Airmen and are dedicated to provide them with adequate and nurturing day care facilities. In 2008 the most urgent need is at Patrick AFB, Florida. Our $12 million effort at Patrick AFB will provide supervised care for 266 infants and preschool children, replacing a child development center that was established in a warehouse built in 1958.

Operations and Training

Our MILCON program supports our expanded view of quality of life for Airmen by providing facilities from which to train in and operate. A new Security Forces Operations Facility at Scott AFB, Illinois will provide the men and women of the active duty and National Guard in one of our most stressed career fields a functional, consolidated facility. The Fire Training Facility at Ramstein AB is jointly funded by NATO and provides military critical live-fire and structural fire/crash rescue training. Finally, a recapitalization project at the Air Force Academy continues the phased upgrade of Fairchild Hall academic building. The final renovation and upgrade of Fairchild Hall will be complete with a $15 million effort programmed in our FY09 MILCON program.

RECAPITALIZATION AND MODERNIZATION

Our third priority is to modernize and recapitalize the Air Force. Air forces succeed when they anticipate and are allowed to shape the future strategic environment, and ultimately develop the capabilities required for the next fight. Air forces succeed when they are able organize, train, and equip themselves properly for both the current and future fights and purposefully build in the flexibility to operate across the spectrum of conflict and deliver effects at all levels of war – tactical, operational and strategic. Air forces succeed when they remain focused on their primary mission of providing asymmetric range and payload as an independent force that is part of an interdependent joint team. Our 2008 MILCON program is a direct reflection of our strong commitment to the success of our Air Force and is heavily weighted toward modernization and recapitalization support. The FY 2008 Total Force military construction program consists of 43 projects that are essential to modernization and recapitalization, totaling $544 million.

The F-22A Raptor is the Air Force's primary air superiority fighter and key enabler, providing operational access, homeland defense, cruise missile defense and force protection for joint forces. Combat-capable Raptors are in full rate production on the world's only 5th generation production line. Elmendorf AFB, Alaska will be the second operational Raptor base. We are constructing five active duty and reserve projects to beddown the world's premier fighter at a cost of $75 million. The F-35A Lightning II Joint Strike Fighter (JSF) is our 5th generation multi-role strike fighter aircraft optimized for air-to-ground attack. The F-35A will recapitalize combat capabilities currently provided by the F-16 and A-10 and will complement the capabilities of the F-22A. Projects at Eglin AFB, Florida begin the beddown for joint F-35 training squadrons and combines Air Force and Navy funding totaling $74 million. Our legacy aircraft remain a vital part of our national defense. We are constructing much needed facilities for the Reserve F-16 Wing at Hill AFB, Utah and the active duty F-15 Wing at RAF Lakenheath, United Kingdom.

We are also modernizing the weapons these 5th generation aircraft and legacy stalwarts will carry. The Small Diameter Bomb (SDB) enhances our payload and strike capability while increasing the standoff distance for our pilots. We are constructing munitions storage igloos at RAF Lakenheath, United Kingdom and Ramstein AB, Germany to provide this capability to the warfighter where storage capacity does not exist. Our Tactical Air Controllers are embedded with ground forces, directing Air Power, like the SDB, in support of ground operations. This year's MILCON program provides active duty and Guard Air Support Operations Squadrons the facilities they need on Army installations like Fort Carson, Colorado; Fort Riley, Kansas; Camp Beauregard, Louisiana; and Fort Indiantown Gap, Pennsylvania. These facilities support US

Army brigade transformation and provide the Air Force Tactical Air Controllers the training space required to support the critical Close Air Support mission.

We are modernizing and recapitalizing our facilities in support of large-frame aircraft as well. The C-17 continues its outstanding support for humanitarian operations and the Joint warfighter. MILCON projects at Altus AFB, Oklahoma; Hickam AFB, Hawaii; and Travis AFB, California nearly completes the beddown of our inter-theater mobility workhorse. The C-5 provides the strategic span in our air bridge and we are investing in six projects worth $50 million at Memphis, Tennessee and Martinsburg, West Virginia. Hangar projects at Davis-Monthan AFB, Arizona and Cannon AFB, New Mexico increase maintenance capabilities for Combat Search and Rescue EC-130s and AC-130s, respectively.

Intelligence, Surveillance, and Reconnaissance (ISR), communications, and space systems play an ever-increasing role in what we do. The Distributed Common Ground System (DCGS) provides real-time, net-centric, decision-quality information to commanders. Projects that enable the DCGS operations will be constructed at Hickam AFB, Hawaii; Hulman RAP Terre Haute, Indiana; and Otis ANGB, Massachusetts. MILSTAR is a joint service communications system that provides secure, jam-resistant, worldwide communications to meet essential wartime requirements for high priority military users. Investments at McGhee Tyson IAP, Tennessee support this vital communications beddown. The lethal combination of air and space assets the United States possesses gives us capabilities that are unmatched. The Air and Space Integration facility at Schiever, AFB, Colorado enables us to continue this dominance and widen the gap on our adversaries. Finally, the Communications Frame facility at Bolling AFB will modernize this critical node for communications in the National Capital Region.

Depot Maintenance Reengineering and Transformation remains essential to revitalizing depots using LEAN principles to increase aircraft availability by reducing depot cycle time, defects, and costs. This program has played a significant role in transforming our industrial base to support warfighter requirements more effectively. The 2008 program continues with four projects at Hill AFB, Utah; Robins AFB, Georgia; and Tinker AFB, Oklahoma totaling $66 million.

The 2008 military construction program has six other modernization infrastructure projects worth $178 million. These projects span the globe; from a Mobility Processing Center in Germany and storm damage repair in the Gulf of Mexico, to an infrastructure project on Guam that provides increased force protection for the entrance to Anderson AFB. These projects recapitalize our aging infrastructure and enable us to support our vision for a modernized force.

BASE REALIGNMENT AND CLOSURE

As we continue supporting our three main priorities, implementing the Base Realignment and Closure (BRAC) recommendations is an important vehicle for the Air Force to ensure we are more lethal, agile, and capable of maintaining total dominance in air, space, and cyberspace domains. While the Commission's final decisions fell short of the Air Force's overall goals for BRAC, particularly in eliminating excess physical capacity, they did help the Air Force take a major step towards reshaping its Total Force structure. The Joint Cross Service Group recommendations which make up the vast majority of the FY08 PB request are pivotal to transforming the way the Air Force and our sister services train and fight together.

The Air Force developed and is implementing an aggressive schedule for its BRAC 2005 recommendations, and we are working in close partnership with our Joint partners and with the Air National Guard, the Air Force Reserve, and our major commands to further develop and

refine this schedule.

The Air Force is lead military service for 64 BRAC Business Plans, and has equity in an additional 16. Our FY08 BRAC program is comprised of $910 million in MILCON, $223 million in O&M, and the balance in the personnel and environmental accounts. Of the $910 million in MILCON projects, $749 million is driven by Joint Cross Service Group recommendations. Joint interdependence adds complexity to the execution of this BRAC funding. Business Plans developed to assist in execution of BRAC actions have been coordinated and approved by OSD and also coordinated with other Service agencies. Coordinating, completing, and implementing these plans will ensure the Air Force is successful in effectively and efficiently implementing the BRAC 2005 recommendations. We are confident the Air Force is heading in the right direction. We believe if we stay on course we can meet all expectations and objectives of the BRAC 2005 round, while minimizing disruptions to the mission, our warfighters, their families, and the communities that support our Air Force.

Given the many external influences, and as good stewards of taxpayer dollars, we cannot look at BRAC implementation as an isolated activity. To be successful, we must orchestrate BRAC implementation activities in concert with new Air Force mission beddowns, legacy weapons systems and force drawdowns, emerging missions, Total Force Integration (TFI), and cross Service initiatives. An example of our attainment of this objective from BRAC 2005 recommendations is at Kulis Air National Guard Base, Alaska. The 2005 BRAC Commission recommended that, contingent on the availability of adequate military construction funds to provide the necessary replacement facilities at Elmendorf AFB, Kulis ANGB be closed. After an in depth analysis of detailed concepts of operations and available infrastructure, the Air Force,

the Air National Guard, Pacific Air Forces, and my staff, collectively concluded on Jan 30, 2007, that operations at Kulis ANG Base could and would be relocated to Elmendorf.

When this move is complete, the 176th Wing, Kulis ANGB and the 3rd Wing, Elmendorf AFB will form one, in a growing number of, Air National Guard and active duty associate units in the Air Force. This association will facilitate a unique opportunity for the Air Force to merge all our Total Force elements - Air National Guard, Air Force Reserve and active duty operations - across multiple mission areas, including airlift, Combat Search and Rescue, Airborne Warning and Control Systems and 5th generation fighters, all in one location and in a theater key to our global activities.

Joint Basing

The concept of Joint Basing poses new BRAC implementation challenges and is also an example of transformational joint activity. Under this concept, adjoining Service installations or installations in close proximity would share common in installation, support and management activities. Of the 12 recommended joint bases, 10 of them involve Air Force installations, with the Air Force designated as the lead service for six. A Senior Joint Base Working Group, led by the Deputy Undersecretary of Defense (Installations & Environment), developed guidance to implement the Joint Basing concept by October 1, 2007. The Air Force continues to work with OSD to refine the implementation guidance.

The Air Force believes that for the welfare of the warfighter and their families that Joint Basing must be a raging success. To that end, the Air Force stands ready to step into the lead role at each installation where the Air Force has equity.

Environmental Cleanup and Property Transfer

As stewards of public assets the Air Force must manage them to achieve maximum value for the taxpayer while at the same time overseeing those assets with the utmost regard for environmental issues.

Environmental clean up and transfer of BRAC real property is often technically challenging and has involved extended timeframes to complete. Nevertheless, the Air Force has deeded 82% of 87,000 acres of BRAC property from previous BRAC rounds. Our real property disposal efforts have led to the creation of more than 54,000 reuse jobs in the affected communities. To complete the clean up and transfer of the remaining property, the Air Force is attempting to leverage private sector experience in redeveloping former industrial property similar to Air Force facilities. Our way ahead for legacy BRAC property includes an emphasis on performance-based contracting including guaranteed fixed price terms, regionalized contracts, and innovative tools such as early transfer, negotiated sales, and privatization. Our objectives remain clear: (1) provide reuse opportunities that best meet the needs of the Air Force and local communities, (2) move the process along smartly in each situation to get property back into commerce as soon as practical and (3) provide transparency in the process.

The Air Force takes serious its responsibility to protect human health and the environment. Since 1991 we have spent $2.6 billion on environmental clean up at our BRAC installations - an investment that protects human health and the environment for our Airmen, our communities, and future generations.

Way Ahead

As you are well aware the House and Senate recently approved a Continuing Resolution

Authority which approved $2.5 billion in BRAC funding for the Department of Defense, which is $3.1 billion less than requested for FY 2007. If left unchanged, the reduction will result in the Air Force receiving far less than expected in FY 2007 funding. If not corrected, the Air Force, and our sister services will have to re-evaluate our plans and will likely experience delays and disruptions in construction and the movements of our people and assets. Delays could impact mission readiness and the ability to meet mandated completion deadlines.

Prompt action and restoration of full funding will permit the Air Force to stay on course in executing our obligation for timely completion of the BRAC recommendations approved by the Congress.

We solicit your support in advocating that action.

ENHANCED USE LEASING

At remaining non-BRAC facilities, the Air Force is reshaping our infrastructure to meet the demands of the 21st century. The Air Force seeks fair market value and utilizes new tools such as Enhanced Use Leasing to optimize our resources and obtain value from our excess capacity - value we can return to the warfighter. Enhanced Use Leasing allows undeveloped and unused military facilities to be used by private industry, by leasing them to private entities. For example, an Enhanced Use Lease of a vacant 8.33-acre parcel on Kirtland AFB in New Mexico, allows the New Mexico Institute of Mining and Technology to construct a 20,000 square feet commercial office building lab research facility and secondary educational facility, which provides rent to the Air Force and will improve scientific and educational opportunities for Kirtland AFB, the Air Force Research Laboratory, New Mexico Tech and the public in general. The Air Force has six current and pending Enhanced Use Lease projects and twenty potential Enhanced Use Leases across the country.

MAINTAINING OUR FACILITIES AND OPERATIONAL INFRASTRUCTURE

The Air Force remains focused on sustaining, restoring, and modernizing our operational infrastructure. We have been benchmarking the "best of the best" asset managers that our country has to offer. We are finding and implementing ways to manage better, utilize resources more wisely, leverage private sector investment potential, and use smart information technology. Our aim is to manage assets by optimizing resources to deliver operational infrastructure for the warfighter at our installations and ranges. In 2008, we have focused sustainment funding on keeping our "good facilities good" and targeted limited Restoration and Modernization (R&M) funding to fix critical facility and infrastructure deficiencies to maintain readiness.

Our sustainment program is aimed at maximizing the life of our facilities and infrastructure in order to preserve our existing investment. Without proper sustainment, our facilities and infrastructure wear out more rapidly. In addition, commanders in the field use operations and maintenance (O&M) accounts to address facility requirements that impact their mission capabilities.

When facilities require restoration or modernization, we use a balanced program of O&M and military construction funding to make them "mission ready." Unfortunately, restoration and modernization requirements in past years exceeded available O&M funding, causing us to defer much-needed work. It is important for us to steadily increase the investment in restoration and modernization in order to halt the growth of this backlog, while fully funding sustainment to maximize the life of our facilities and infrastructure.

The Air Force Total Force sustainment funding in FY 2008 is $1.99 billion, 92% of the amount called for by the Facility Sustainment Model (FSM). The FY 2008 Total Force R&M

funding is $346 million, a slight improvement over our FY 2007 PB request. This is an area where the Air Force is taking manageable risk given our other budgetary priorities.

DEMOLITION OF EXCESS, OBSOLETE FACILITIES

In addition to modernizing and restoring worn out facilities, we also demolish excess and obsolete facilities. This ensures funds are focused on facilities we need, not on sustaining those we do not. For the past nine years, the Air Force has aggressively demolished or disposed of facilities that were unneeded or no longer economically viable to maintain. From FY 1998 through FY 2006, we demolished 21.9 million square feet of non-housing facilities and infrastructure at a cost of $260 million in O&M funding. This is equivalent to demolishing more than three average size Air Force installations and has allowed us to target our O&M funding on facilities we need for the long-term mission. For FY 2008 and beyond, the Air Force will continue to aggressively identify opportunities to eliminate excess and obsolete facilities.

PLANNING AND DESIGN/UNSPECIFIED MINOR CONSTRUCTION

This year's Air Force MILCON request includes $75 million for planning and design (P&D), of which $12 million is for military family housing. The request includes $52 million for active duty, $8 million for the Air National Guard and $4 million for the Air Force Reserve. These funds will allow us to complete the design work for FY 2009 construction programs and to start the designs for FY 2010 projects, allowing us to award contracts in the year of authorization and appropriation.

This year's request also includes $26 million for the Total Force unspecified minor construction program which is our primary means for funding small, unforeseen projects that cannot wait for the normal military construction process. Because these projects emerge over the course of the year, it is not possible to program the total funding requirement.

UTILITY PRIVATIZATION

Similar to our efforts in privatizing housing, the Air Force is privatizing utilities where it makes economic sense and does not adversely affect readiness, security, or mission accomplishment. Because our installations are key to our operational capabilities, our network of bases provides necessary infrastructure for deploying, employing, and sustaining air and space operations and re-deploying and reconstituting the force afterwards. Reliable utility systems are critical infrastructure components and essential to air operations and quality of life at every Air Force base. Additionally, these systems must be consistent with modern technology to optimize energy conservation. We believe privatization offers the best solution for simultaneously meeting both these requirements.

To date, under OSD's utilities privatization program, the Air Force has conveyed 11 systems under 10 U.S.C. 2688 and 6 additional systems using standard FAR clauses, for a total of 17 privatized systems with a plant replacement value in excess of $300 million. We are currently evaluating an additional 338 systems for privatization. We anticipate that we will more than double the number of our privatized utility systems in FY 2008. By the time the program concludes, we anticipate more than 120 of about 500 systems could be privatized. During the course of this process, we expect many competitive solicitations will end up as sole source procurements from local utility companies.

ENERGY

The Air Force is serious about being a global leader in facility energy conservation and renewable energy. In the last year the Air Force chartered a Senior Focus Group and set its strategic vision of making energy a consideration in all we do. Our strategy is built around a

balance of supply side energy assurance and demand side energy efficiency. Our new energy strategy for the 21st Century is focused on meeting the President's new energy mandates outlined in Executive Order 13423. Our strategy covers not only our facilities infrastructure, but also fuel optimization in our aviation operations and ground transportation fleet.

The Air Force facilities infrastructure strategy is to eliminate waste in energy use as the major conservation priority. Conducting effective energy audits to identify energy waste streams is the first step. Optimizing the efficiency of heating and cooling systems, and eliminating over-lighting are just two of the initiatives in our energy toolbox.

Our traditional project goals of delivering high quality facility projects on schedule and within budget is expanding the term "quality" so that our goal becomes the creation of functional, maintainable, and high performance facilities. Under Executive Order 13423 the Air Force will employ the *Federal Leadership in High Performance and Sustainable Building Guiding Principles* to reduce total cost of ownership, improve energy efficiency and water conservation, to provide safe, healthy, and productivity enhancing environments. We currently employ Leadership in Energy & Environmental Design (LEED) criteria created by the U.S. Green Building Council as design guidelines. The LEED Green Building Rating System is the nationally accepted benchmark for the design, construction, and operation of high performance green buildings. We are incorporating day-lighting and improved building envelop designs to reduce heating, ventilation, and air conditioning loads and power use. By FY 2009, 100% of Air Force eligible MILCON projects will be "capable of certification" in LEED registration. High quality energy-efficient facilities is our goal.

The Air Force is responding to the effectively doubling of the energy conservation mandate of E.O. 13423 by strengthening management of our energy programs from base level Energy Management Steering Groups, and technically competent energy managers through Major Command and Headquarters United States Air Force governance groups. Additionally, we are building an investment program based on high value initiatives that save energy and help the Air Force mitigate the impact of rising utility costs. We are hiring energy professionals to assist our Major Commands and installations target the right initiatives. We are also partnering with the Office of the Secretary of Defense, the Department of Energy, the Environmental Protection Agency (EPA), and others to implement best practices across our enterprise.

In the area of renewable energy, this year we awarded a contract that will result in an 18 megawatt (MW) peak power photovoltaic (PV) solar array at Nellis AFB, NV – projected to be the largest PV array in the world once on line in late 2008. The Air Force is building on a long history of facility energy conservation success. Our new energy initiatives will enhance our campaign to meet or exceed the goals of the new Executive Order.

Our efforts were recognized in FY 2006 when we received the EPA Climate Protection Award as the number one purchaser of renewable energy in the nation. The Air Force continues to be the largest user of renewable energy as defined by the Energy Policy Act of 2005 with the purchase of 990,319 MW of green power representing 9.6% of our total electrical consumption last year. Also, for the third year in a row, the Air Force heads the EPA's list of Top 10 federal government green power purchasers in the Green Power Partnership.

CIVIL ENGINEER TRANSFORMATION

The Air Force Civil Engineers have a long history of supporting all the critical Air Force

programs mentioned earlier. The engineers are also benchmarking with the private sector and aggressively transforming their business processes to be more effective and efficient. The Air Force civil engineers developed several initiatives to minimize the impact of Air Force-wide personnel reductions on their ability to provide combat capability and home-station installation support. Rather than settle for a fair share distribution across specialties and Major Commands, these transformational initiatives targeted specific process improvements which resulted in realignments for military and civilian authorizations to balance workload and increase combat capability. The Civil Engineers are transforming civil engineer functions at all organizational levels to centralize the core engineering capabilities and streamline their processes. This includes centralizing the execution of new and current mission MILCON, housing, and environmental restoration construction projects at the Air Force Center for Environmental Excellence (AFCEE) in San Antonio, TX. The Civil Engineers also applied Operational Risk Management concepts to the way we accomplish the fire emergency services support mission. By accepting capability-based risks, civil engineers can provide the same level of fire and crash rescue service for the airfield and installation, while reducing the numbers of fire fighters required on duty during times when events are less likely to occur. The transformational initiatives mentioned above will allow us to execute our civil engineer mission more effectively and increase our combat capability for Explosive Ordnance Disposal (EOD) and Air Force heavy construction units, known as RED HORSE Squadrons. As a whole, these initiatives ensure civil engineer support to the warfighter remains steadfast and our garrison installation support remains at an acceptable level.

CONCLUSION

September 18th, 2007, marks the 60th anniversary of the creation of our independent United States Air Force. This year we commemorate this anniversary of our proud Service – a service born of revolutionary ideas, forged in combat, and proven through decades of progress and achievement. The readiness and capability of our fighting force to fight and win our nation's wars, now and in the future, depends heavily upon the state of our operational infrastructure. As the Air Force continues to modernize and recapitalize, we will continue to wisely invest our precious military construction funding to fight and win the war on terror, develop and care for our Airmen and their families, while recapitalizing and modernizing our air and space systems.

Thank you Mr. Chairman.

DOCUMENTS SUBMITTED FOR THE RECORD

MARCH 20, 2007

DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

DEC 2 6 2007

The Honorable Carl Levin
Chairman, Committee on Armed Services
United States Senate
Washington, DC 20510

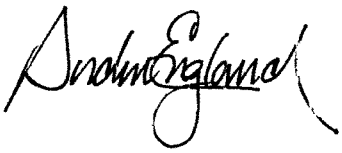
Dear Mr. Chairman:

The enclosed report addresses language contained in the Base Realignment and Closure (BRAC) 2005 Recommendation #5 to close Fort Monmouth, New Jersey. The report shows that movement of organizations, functions, or activities from Fort Monmouth to Aberdeen Proving Ground, Maryland, will be accomplished without disruption of support to the Global War on Terrorism (GWOT) or other critical contingency operations, that safeguards exist to ensure that necessary redundant capabilities are put in place to mitigate potential degradation of such support, and to ensure maximum retention of critical workforce.

The Army's move of the Communications Electronics Command (CECOM) to Aberdeen Proving Ground (a property of higher military value) greatly enhances operational support to the GWOT and other contingency operations by creating a combined Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR) technical and research facility with direct and valuable links to the Aberdeen Proving Ground test communities and ranges.

This report addresses the substantial role of Army support to the GWOT and other critical contingency operations. In planning for and implementing the BRAC recommendation to close Fort Monmouth, the Army diligently analyzed the human resources, facilities, information technology, and relocation phasing required to continue supporting the GWOT and other critical contingency operations. The Army defined the risks, developed strategies to mitigate those risks, and identified imperatives necessary to resource those strategies. CECOM and the Department of the Army will develop the specifics of each mitigation strategy in the areas of human resources, facilities, information technology, and relocation phasing during execution. With the continued

and proactive support and resources from the Department of Defense and Congress, we will successfully execute the relocation from Fort Monmouth to Aberdeen Proving Ground by September 15, 2011.



Enclosure:
As stated

cc:
The Honorable John McCain
Ranking Member

DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

DEC 2 8 2007

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

Dear Mr. Chairman:

The enclosed report addresses language contained in the Base Realignment and Closure (BRAC) 2005 Recommendation #5 to close Fort Monmouth, New Jersey. The report shows that movement of organizations, functions, or activities from Fort Monmouth to Aberdeen Proving Ground, Maryland, will be accomplished without disruption of support to the Global War on Terrorism (GWOT) or other critical contingency operations, that safeguards exist to ensure that necessary redundant capabilities are put in place to mitigate potential degradation of such support, and to ensure maximum retention of critical workforce.

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Enclosure:
As stated

cc:
The Honorable Duncan Hunter
Ranking Member

DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

DEC 2 8 2007

The Honorable Robert C. Byrd
Chairman, Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

The enclosed report addresses language contained in the Base Realignment and Closure (BRAC) 2005 Recommendation #5 to close Fort Monmouth, New Jersey. The report shows that movement of organizations, functions, or activities from Fort Monmouth to Aberdeen Proving Ground, Maryland, will be accomplished without disruption of support to the Global War on Terrorism (GWOT) or other critical contingency operations, that safeguards exist to ensure that necessary redundant capabilities are put in place to mitigate potential degradation of such support, and to ensure maximum retention of critical workforce.

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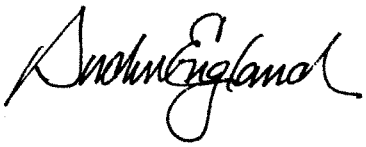

Enclosure:
As stated

cc:
The Honorable Thad Cochran
Ranking Member

DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

DEC 2 8 2007

The Honorable David R. Obey
Chairman, Committee on Appropriations
U. S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

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Enclosure:
As stated

cc:
The Honorable Jerry Lewis
Ranking Member

DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

DEC 2 8 2007

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

Dear Mr. Chairman:

The enclosed report addresses language contained in the Base Realignment and Closure (BRAC) 2005 Recommendation #5 to close Fort Monmouth, New Jersey. The report shows that movement of organizations, functions, or activities from Fort Monmouth to Aberdeen Proving Ground, Maryland, will be accomplished without disruption of support to the Global War on Terrorism (GWOT) or other critical contingency operations, that safeguards exist to ensure that necessary redundant capabilities are put in place to mitigate potential degradation of such support, and to ensure maximum retention of critical workforce.

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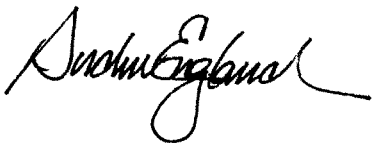

Enclosure:
As stated

cc:
The Honorable Kay Bailey Hutchison
Ranking Member

DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

DEC 2 8 2007

The Honorable Chet Edwards
Chairman
Subcommittee on Military Construction,
Veterans Affairs, and Related Agencies
Committee on Appropriations
U. S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

The enclosed report addresses language contained in the Base Realignment and Closure (BRAC) 2005 Recommendation #5 to close Fort Monmouth, New Jersey. The report shows that movement of organizations, functions, or activities from Fort Monmouth to Aberdeen Proving Ground, Maryland, will be accomplished without disruption of support to the Global War on Terrorism (GWOT) or other critical contingency operations, that safeguards exist to ensure that necessary redundant capabilities are put in place to mitigate potential degradation of such support, and to ensure maximum retention of critical workforce.

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and proactive support and resources from the Department of Defense and Congress, we will successfully execute the relocation from Fort Monmouth to Aberdeen Proving Ground by September 15, 2011.

Enclosure:
As stated

cc:
The Honorable Roger Wicker
Ranking Member

Report to Congress

2005 Defense Base Closure and Realignment Commission Report

Fort Monmouth, New Jersey Recommendation # 5

December 2007

This report responds to the 2005 Defense Base Closure and Realignment Commission Report, Volume One, page 12, that Secretary of Defense shall submit a report to the Congressional Committees of Jurisdiction that movement of organizations, functions, or activities from Fort Monmouth to Aberdeen Proving Ground will be accomplished without disruption of their support to the Global War on Terrorism or other critical contingency operations and that safeguards exist to ensure that necessary redundant capabilities are put in place to mitigate potential degradation of such support, and to ensure maximum retention of critical workforce.

Section I – Introduction

This report addresses language contained in the Base Realignment and Closure (BRAC) 2005 recommendation to close Fort Monmouth, New Jersey. The BRAC recommendation states: "The Secretary of Defense shall submit a report to the Congressional Committees of Jurisdiction that movement of organizations, functions, or activities from Fort Monmouth to Aberdeen Proving Ground (APG) will be accomplished without disruption of their support to the Global War on Terrorism (GWOT) or other critical contingency operations and that safeguards exist to ensure that necessary redundant capabilities are put in place to mitigate potential degradation of such support, and to ensure maximum retention of critical workforce."

This document lists the essential missions performed by CECOM Life Cycle Management Command (LCMC) as well as the Communications-Electronics Research and Development Center and the Program Executive Office for Enterprise Information Systems in support of the GWOT and critical contingency operations, specifically Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF) and it addresses the strategies focused on preventing their disruption. It identifies the risk areas in human resources, facilities, information technology and phased relocation that must be addressed to reconstitute the life cycle Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) mission at APG, including the overarching strategies to mitigate risk in relocating the C4ISR mission from Fort Monmouth to APG.

To preclude disruption to GWOT or critical contingency operations, CECOM LCMC must continue to provide full life cycle support for command and control systems, communications systems, computer systems, intelligence systems, surveillance systems and reconnaissance systems that provide Warfighters with essential operational capabilities. This support includes research, development, program management, system acquisition, readiness and sustainment for these systems. The following are the essential C4ISR capabilities in order of their criticality to GWOT and contingency operations that must be sustained prior, during and after the relocation: Force Protection, Battle Awareness, Battle Command, Maneuver Support and Maneuver Sustainment. Each of these areas is covered in detail as to relocation strategy, risk, and risk mitigation planning. With continued and proactive support from DA, DoD, and Congress to resource the imperatives and strategies specifically identified throughout this report, CECOM LCMC can successfully execute the extremely complicated and highly technical relocation of CECOM LCMC to APG by September 15, 2011.

Section II - Critical Risk Areas

Overarching and specific mitigation strategies were developed that address each of these high risk areas; these are identified in Sections III and IV of this report.

A. **Human Resources (HR)**. Ensuring the critical workforce is available to perform the C4ISR mission up to, during, and after the relocation to APG is the least predictable, however, most pivotal factor in the successful execution of the move without disruption to GWOT and contingency operations. Historically, the number of BRAC impacted employees that transfer with their jobs to new locations is normally very low. This coupled with the fact that by 2010, 68% of the CECOM

LCMC workforce will be eligible for either optional or early retirement, causes us to believe that a large majority of our current workforce will not relocate to APG. This retirement eligible population, in large part, represents the most experienced, knowledgeable and skilled members of the workforce and having a trained and ready workforce to replace them will be a significant challenge. In addition to the retirement eligible workforce not expected to relocate to APG, many mid-level employees are expected to seek employment elsewhere prior to the move creating an even greater number of positions to be filled. Many of these positions are of a highly technical nature and in some cases take many years to build the level of expertise necessary to perform them. Critical skills loss is anticipated across Engineering and Scientific, Logistical, Acquisition and Business Specialists (Financial, Program Analysis, Human Resource and Legal). Bringing new hires into the workforce as early as possible and retention of key individuals necessary to train and mentor them is critical to ensuring a viable workforce is available at APG.

B. **Facilities**. Ensuring that the appropriate laboratory, administrative, specialized and secure space is available for occupancy in sufficient time to allow for an orderly, phased move, to include initial early phases, is critical to successful execution of the transition of the C4ISR mission to APG. In order to implement the move by 15 September 2011 without disruption to GWOT and contingency operations, current building schedules must be executed as planned. The current schedules project completion of construction and availability for occupancy in time for an orderly move into certified, equipped facilities, however, some areas of concern still exist. Military Construction (MILCON) funding must be provided early within the Fiscal Year that it is programmed. In the case of a delayed appropriation, the construction schedule will be maintained by shifting funds from available, existing BRAC funds.

C. **Information Technology** (IT). Extensive investment over time provided Fort Monmouth the singular IT infrastructure essential to execute the C4ISR mission. This infrastructure is not typical at most Department of Defense (DoD) installations, and is not available currently at Aberdeen Proving Ground (APG). These critical IT capabilities will be replicated at APG in order to support the unique requirements and IT services required by the CECOM Life Cycle Management Command. This also necessitates adequate staffing and funding of the APG Directorate for Information Management (DOIM) to fully support the Single DOIM construct. The ability to successfully migrate CECOM LCMC's 275 business applications and e-mail to an Army Processing Center (APC) or an Installation Processing Node (IPN) at APG is essential to CECOM LCMC mission support to the Warfighter. Advanced planning, early migrations for proof of principle, and migration of APG and CECOM LCMC to an APC prior to 2011 are essential to the success of not only Fort Monmouth, but all BRAC moves to APG.

D. **Relocation Phasing**. Movement of equipment and personnel from CECOM LCMC locations to APG will be planned and conducted in phased stages prior to 2010 to ensure stability of operations during the relocation. Large scale movement of sophisticated C4ISR engineering and support equipment requiring significant

technical breakdown, specialized transportation, re-assembly, certification and calibration in narrow temporal windows during 2010 and 2011 introduces significant risk in terms of actual availability of equipment and facilities that support GWOT and Contingency Operations. Therefore, facilities at APG or in the Aberdeen area, including a mix of permanent and relocatable facilities for a phased relocation are planned for occupancy between 2008 and 2010 to allow temporary, split-based operations at both Fort Monmouth and Aberdeen Proving Ground until the relocation is complete in 2011.

Section III – Overarching Strategies

A. **Human Resource (HR) Strategy.** Successful execution of the HR strategy rests largely on authority and funding: authority that provides latitude to attract, hire and retain a workforce, and funding for discretionary HR expenditures which will mitigate impact. The areas where authority or discretionary funding is required is explained in more detail in the following paragraphs.

1. **Recruitment Strategy.** Based on periodic workforce surveys, approximately 30% of the current workforce is estimated to move to Aberdeen Proving Ground (APG). Replacing all personnel who will not move requires an aggressive plan to hire up to 2500 employees in order to reach approved staffing levels by 2010/2011. CECOM LCMC predicts it will not be able to hire enough employees in the narrow 2010/2011 window when most of the losses (~1,000 employees) will occur. The following are the specifics of our recruitment strategy.

   a. CECOM LCMC will use increased and direct support to CECOM LCMC (Civilian Personnel Operations Center (CPOC)/ Civilian Personnel Advisory Center (CPAC) for the duration of the BRAC transition to support our level of recruitment.

   b. CECOM LCMC is already recruiting to fill gaps. However, the availability of this pool is limited by the same factors described above. Additionally, attracting qualified talent is further exacerbated by the need to hire candidates at Fort Monmouth, and in a short period thereafter, relocate them to APG. Hence, CECOM LCMC intends to recruit candidates at APG as space is made available. Aberdeen has a large retired military population (@14,000) as does Dover AFB in Delaware. There are academic sources in Baltimore, Philadelphia and Newark Delaware who would be interested not only in consultant positions, but also in Intergovernmental Personnel Act (IPA) positions. These actions will not address all of the needs (approximately 2500 vacancies), and the inevitable lag in filling vacancies during the relocation period and after arrival at APG. However, available staff will be prioritized to support GWOT and contingency operations.

c. To provide the time needed to develop subject matter experts (SMEs) and to transfer knowledge from senior personnel before they retire to new hires, CECOM LCMC must hire in anticipation of those retirements, rather than after the losses occur. This involves hiring new employees early and temporarily exceeding authorized staffing levels. Approval was granted to hire up to 150 employees above the approved staffing level for one CECOM LCMC organization, the Program Executive Office for Command, Control and Communications, Tactical (PEO C3T). CECOM LCMC assumes it will receive the authority and funding to hire employees above authorized levels in FY 08 and FY 09 for other command organizations. Additionally, CECOM LCMC initiated intensive training for our new hires in several of our critical skills to shorten the timeframe required to develop subject matter experts.

d. Since the BRAC announcement, CECOM LCMC has had limited success hiring mid or senior level talent at Fort Monmouth. Consequently, efforts were redirected to bringing on recent college graduates. CECOM LCMC requested and obtained a waiver to the Chief of Staff of the Army hiring restrictions on increasing the number of employees funded by Operations and Maintenance, Army (OMA). The waiver allows us to hire interns for OMA funded positions at Fort Monmouth. In FY06 and to date in FY07 CECOM LCMC hired 525 interns and students and increased targeting of colleges and universities in the Maryland/Delaware area for critical skills. Interns are offered temporary, low-cost housing on Fort Monmouth as a recruitment incentive. Recruitment bonuses and student loan repayment options are used, when appropriate and as funding permits. In addition, recruitment at APG will commence for all levels of the organization once space is identified.

2. **Direct Hire Authority.** CECOM LCMC assumes it will be provided temporary direct hire authority. This is critical to allow CECOM LCMC to execute the hiring strategy described above. The BRAC HR strategy is meaningless without the ability to execute successfully. Both the large number of employees CECOM LCMC needs to hire, interns as well as experienced employees with specialized skills, and the need to decrease the time from identification of a desired candidate to confirmation of a job offer, establish a critical hiring need and provide the rationale for seeking this authority up to and immediately after the BRAC relocation period. Also essential is relief from certain processes/rules (Federal Career Intern Program (FCIP), Administrative Careers with America (ACWA)) to expedite the intern hiring process and increase the likelihood of securing employees with the skills and abilities specific to the CECOM LCMC mission. CECOM LCMC will take advantage of existing Direct Hire Authority for Engineers and Scientists, and assumes it will receive similar

Direct Hire Authority for other critical skills/all levels through the Department to the Office of Personnel Management (OPM) when necessary. CECOM LCMC requests this authority for the extraordinary circumstances created by BRAC to assist in filling vacancies that occur in the future. The CECOM LCMC request will cover the period FY08-FY14.

3. **Security Clearances.** Virtually all CECOM LCMC positions, including those supporting GWOT and other contingency operations, require a Secret or Top Secret security clearance. In view of the large amount of hiring, CECOM LCMC will look to two initiatives to resolve this issue: (1) OPM pilot with Army Central Security Clearance Facility to reduce processing and delivery time to less than one month; and (2) DoD, Office of Management and Budget (OMB) and Director of National Intelligence implementation of a defined industry solution. If insufficient to handle the large volume which will be required, CECOM LCMC expects to obtain authority for special case handling through DA to OPM/OMB.

4. **Phased Relocation Strategy**. Advance parties are critical to our testing and execution of the future hiring process at APG. To help sustain and reconstitute capability at APG, CECOM LCMC developed a phased relocation strategy. CECOM LCMC started executing this strategy in FY07 with the transfer of 32 personnel spaces to APG. CECOM LCMC plans to continue to move mid to senior-level volunteers from Fort Monmouth to APG during the years FY08-10, and to hire new employees to work at APG before BRAC facilities are complete. The experienced volunteers will supervise the entry-level new hires. A significant number of personnel are targeted for early phased relocation, of which roughly half would be entry-level, new hires at APG. Hiring people to work at APG immediately, rather than starting at and moving from Fort Monmouth is expected to increase retention and reduce costs, both PCS and locality pay. Planning efforts included identification of critical skills for the early phased relocation workforce and estimation of the associated bill for early PCS costs, annual leave, furniture, IT and most importantly, facilities. We assume early provision of BRAC funds (e.g., for Permanent Change of Station) in the year the funds are necessary.

5. **Personnel Incentives.** Use of other tools, such as recruitment bonuses and retention and relocation allowances depend on availability of funds. Estimated costs for these incentives have been calculated and submitted in the budget process for funding by DA. CECOM LCMC expects to use the full range of flexibility as described in OPM regulation. CECOM LCMC projects use of these incentives as follows:

   a. Retention Incentives. To preclude the loss of expertise, the HR plan includes offering retention incentives to select employees with critical skills. This will encourage employees to remain part of CECOM LCMC

longer than they might otherwise, so they would be available to transition their expertise to newer members of the workforce. CECOM LCMC projected the use of retention incentives for a small percentage of the workforce.

b. Recruitment Incentives. The HR Strategy includes offering recruitment incentives to new hires to attract candidates with specialized skills and to improve our success in hiring experienced employees. CECOM LCMC projects using recruitment incentives for a significant number of new hires and will target the most critical skills.

c. Relocation Incentives - The HR Strategy includes offering relocation incentives to employees with critical skills to increase the number to relocate. CECOM LCMC projects using relocation incentives to approximately 10% of the workforce in the FY 10/11 timeframe.

6. **Reemployed Annuitants.** Subject to obtaining any necessary waiver of DoD policy, CECOM LCMC will use reemployed annuitants at APG to the maximum extent possible in order to retain critical experienced employees with specialized skills to support GWOT and other critical contingencies and to train/mentor new hires. The use of reemployed annuitants, minimal at this point, will increase significantly in the 2010/2011 timeframe as CECOM LCMC transitions to APG. Our analysis also indicates that reemploying annuitants is more cost effective than contractor support and shortens the maturation time in critical skills areas.

7. **Work Schedules.** Expanded use of telecommuting and compressed/alternate work schedules will be utilized as part of our HR transition bridging strategy to retain a select number of experienced employees with specialized skills. Recent workforce survey results indicate many employees would be interested in short-term telecommuting (1-2 years) to assist in the transition of the mission to APG. This would be especially useful to retain experienced personnel, especially those who are within a few years of retirement.

8. **Spouse Employment Assistance.** CECOM LCMC is assisting spouses who are currently interested in working for CECOM LCMC by providing information on the hiring process. A Job Exchange Program is in place to ensure that families where both spouses are affected by BRAC are offered jobs at the same new location. This program will also be used for employees in non-BRAC organizations who would like to move with CECOM LCMC to APG.

9. **Workforce Communications.** Extensive information sharing is ongoing, to include Town Hall meetings, relocation fairs, relocation kiosks, a BRAC website with a Q&A link, specific briefings on various BRAC related topics, e.g., PCS, Defense National Relocation Program (DNRP), and presentations

by Maryland Officials, including the Lt. Governor and his staff, and both Maryland and Delaware county officials, all aimed at motivating CECOM LCMC employees to relocate with the mission to APG.

B. Facility Strategy. The relocation of CECOM LCMC to APG requires a mix of new and renovated facilities. Extensive planning, coordination, and requirements validation have taken place to ensure that CECOM LCMC will have the laboratory and support facilities at APG to accomplish its mission. Slippage in sequencing or construction and the impact on support to GWOT or Contingency Operations is addressed as risk and mitigation strategies in section V of this report. The success of the facility strategy is predicated on the following:

1. The military construction (MILCON) projects at APG are programmed and funded at required amounts in FY2007 through FY 2010 to ensure success. Design efforts have created a high tech campus to meet our mission requirements. The construction schedule and sequencing have been closely coordinated with the Corps of Engineers to ensure the delivery of facilities, constructed as planned, and completed in time to allow an orderly move into certified, equipped laboratory and administrative facilities. The sequence was synchronized with multiple organizations to ensure the coordinated installation and integration of critical information technology capabilities and facilities construction. This schedule currently plans for the completion and turn over of all new construction by the end of November 2010 and the completion of reuse facility renovation by the end of February 2011. These dates will allow for an organized relocation to APG.

2. Planning for the timely relocation of the US Army Ordnance Center and School activities from the C4ISR campus area to permit scheduled construction to proceed unimpeded is now ongoing.

3. A significant CECOM LCMC early phased relocation at APG is planned and essential to both maintaining human capital to execute our mission and moving complex laboratory equipment. Given the shortage of available existing space at APG, CECOM LCMC investigated the feasibility of utilizing relocatable facilities to accommodate the working space for the advanced presence. CECOM LCMC developed an order of magnitude estimate for funding relocatable facilities and coordinated with APG Garrison Staff for a location to emplace these facilities. Multiple year lease of these facilities will be considered as necessary.

4. Required funding for the delivery and installation of critical mission and administrative equipment and systems was identified and programmed into our BRAC budget.

C. Information Technology Strategy (IT). Extensive IT planning has occurred to ensure adequate IT support is available before, during and after the CECOM

LCMC mission relocates to APG. That planning included the identification of unique IT requirements and strategies to support a seamless transition of the C4ISR mission and personnel to APG. These requirements necessitate the adoption of specialized courses of action, implementation of highly technical infrastructures, and stability of funding, without which, transition and reconstitution to a C4ISR Center of Excellence is at risk.

1. **IT Support Plan**. With the 2005 BRAC decision, CECOM LCMC developed an overall Fort Monmouth Information Technology Action Plan (ITAP) to identify IT operational requirements before, during and after transition. This plan includes identification of all C-E LCMC business and lab computer assets and migration strategies, transportation strategies, secure communications replacement requirements, voice and data transmission requirements, as well as applications migration requirements and strategies. The Fort Monmouth ITAP is the foundation for the operational, technical and fiscal solutions for BRAC transition from an IT support perspective.

2. **IT Infrastructure Upgrade to APG.** The Project Manager for Defense Communications and Army Switched Systems will upgrade APG and the Edgewood area data and voice outside infrastructure with Installation Information Infrastructure Modernization Program (I3MP) (non BRAC) funds. In an integrated effort, the Army Corps of Engineers (ACE) will install the C4ISR data and voice outside infrastructure with APG BRAC project 58535 to state-of the-art standards. "In the wall" administrative and laboratory IT are separately funded in each military construction project. These projects are presently funded, and must remain so, to enable business, laboratory and mission reconstitution.

3. **Transition of Mission Support Applications**. CECOM LCMC web enabled most of its mission critical applications to permit hosting at virtually any location while supporting split based or telework concepts of operation during transition. CECOM LCMC is planning to pre-position its computer applications supporting business processes to an Army Processing Center prior to 2010. This migration will ensure a smooth transition and eliminate down-time. APC testing will begin in January 2008. In the event the Army's centralized Army Processing Center concept is not matured sufficiently by the end of 2008, CECOM LCMC will plan to move its applications to a Local Processing Node (LPN) on APG or another enterprise computing capability.

4. **Spectrum Analysis**. CECOM LCMC needed to ensure its use of the electromagnetic spectrum would not conflict with or impact surrounding public environments, including air corridors or interfere with existing APG spectrum. A series of studies, completed in July 2007 validated the locations of the CECOM LCMC campus on APG and confirmed the adequacy of spectrum management controls in place. These studies included the broad, diverse, and complex collection of emitters across the electromagnetic

spectrum in terms of type, frequency (RF), propagation pattern, and function that CECOM LCMC uses. Additionally, CECOM LCMC needed to assess the sonic and ground concussive effects of APG munitions tests and heavy ground vehicle test activities on sensitive CECOM LCMC equipments such as satellite antenna dishes and laser research. APG Garrison and CECOM LCMC conducted the RF spectrum analysis of all APG locations to determine the effective placement of CECOM LCMC systems within the spectrum band at APG and surrounding environs. Shock and vibration tests were conducted by the DOD Joint Spectrum Agency in conjunction with APG Garrison.

5. **Technology Insertion.** To ensure CECOM LCMC IT support capabilities will meet 2015 and beyond requirements, CECOM LCMC internally funded a modeling and simulation study to re-validate current network solutions and assess 2015 impacts of emerging technologies. This study was completed in September 2007 and will factor into the I3MP/ACE final outside cable and facility IT infrastructure requirements.

6. **Single DOIM Support.** CECOM LCMC is presently serviced under the Army single Director Of Information Management (DOIM) concept. IT personnel support requirements are already identified to APG DOIM for planning purposes to enable adequate ramp-up of the APG staff and identification of funding requirements. CECOM LCMC's DOIM support strategy is to have the Army Network Enterprise Technology Command and the Army Installation Management Command collapse both the Fort Monmouth and APG DOIM staffs, networks, and email into a single "virtual" DOIM to permit unrestricted transition between geographical boundaries. This initiative will require multi-command coordination, and Continental U.S. (CONUS) level network management.

7. **Digitized Knowledge/Records Capture**. To ensure that the C4ISR community captures vital records related to work processes and historical data, CECOM LCMC is accelerating a move toward digital records capture and digital documentation of workflow processes. This initiative supports continuity of operations both during and after transition to APG. CECOM LCMC is utilizing DA Enterprise Licensing for a digital document management system capability to digitize critical records and workflow to enable both reconstitution and split-base transition capability.

D. **Relocation Phasing**. As facilities are completed at APG and become available for occupancy, movement of personnel and mission from Fort Monmouth will be phased accordingly. This will necessitate concurrent operations in dual locations on a temporary basis to ensure mission continuity. In addition, for certain CECOM LCMC operations, the command will continue to assess, between now and 2010/2011, the feasibility and right blend of three different options:

Option 1: Redundant Capability. While existing facilities and equipment remain in use at Fort Monmouth, duplicate facilities and equipment will be replicated, installed, calibrated and certified at APG as a means of ensuring no disruption to CECOM LCMC support to GWOT and other critical contingency operations.

Option 2: Split-Based Operations. Portions of organizations will be moved forward to APG. The portions not moving at that time will remain operational at Fort Monmouth, assuming additional workload, while the forward group becomes fully functional at APG. Once the forward group is fully functional, the forward group assumes additional workload while the rear group shuts down and moves. This approach allows nearly full functional capability across the business processes and virtually "zero downtime", albeit with potentially some loss of capacity and degradation of service. It is envisioned that the initial forward positioned organizations may be temporarily housed in "staging areas" other than their final designated administrative space, contingent upon the construction schedule and actual completion dates. In addition to the administrative space, individual, special facilities/labs will be analyzed and certain, key equipment will be replicated to keep "downtime" to an acceptable level. APG also assessed suitable locations for optional relocatable facilities. Requests for re-locatable facilities will be developed and forwarded to ACSIM for action as necessary.

Option 3: Bridging Mission Requirements. Consideration will be given to bridging certain support to GWOT, non-GWOT and critical contingency areas to other Army Material Command operational organizations and facilities until the transition to APG is completed if APG facilities are not available. While this is not a favored option there may be instances where additional risk reduction efforts make this option feasible.

E. **CECOM LCMC Relocation Task Force.** The successful execution of the relocation of the CECOM LCMC mission to APG will require intensive planning and continual monitoring to ensure our support to GWOT and contingency operations are not disrupted up to, during and after the transition to APG. A CECOM LCMC management structure has been implemented that will enable that process. A task force of cross-functional, high-level, knowledgeable subject matter experts from across the CECOM LCMC was established. The mission of the task force is to set the conditions for the successful relocation of CECOM LCMC mission to APG and as such will develop the appropriate strategic and operational plans to ensure success. These plans will determine and put in place the specific methods and procedures needed to ensure that the transition of the mission is transparent to the Warfighter and will preserve the necessary human capital and critical skills needed to execute the mission. Plans will reflect the Army's, AMC's and the CECOM LCMC's 2015 vision and will incorporate ideas to achieve increased organizational effectiveness. The planning process will also look to ensure the appropriate level of quality of life, within the workplace as well as the supporting communities, is in place as an

enabling factor to achieving a successful transition. The task force will develop specific timelines for completion of required actions as well as a method of tracking progress and measuring success. Corrective actions will be developed and implemented as necessary and coordination with the following governance bodies managed through the task force:

- Quarterly IPRs will be conducted with the CG, DCG and EDCG of HQ AMC

- CECOM LCMC senior leaders (Senior Executive Service (SES)/General Officer (GO) level) Steering Group with periodic reviews that will provide oversight and direction.

- APG Board of Directors (BOD) with APG Senior Mission Commander, Garrison BRAC points of contact (POCs), and all incoming BRAC organizations for coordination, collaboration, and synchronization of all BRAC activities at APG.

- DA Chief Information Officer (CIO)/G6 working groups working BRAC related IT issues.

- APG Roundtables hosted by ACSIM meets periodically to review progress, ongoing actions and review and resolve issues.

- The Under Secretary of the Army and the Vice Chief of Staff of the Army chair the Stationing Senior Review Group.

- AMC/ACSIM BRAC Offices provide oversight and assistance in identifying and resolving issues.

Section IV – Specific Risks and Mitigation Strategies for Essential Operational Capabilities Supporting GWOT and Contingency Operations

This section amplifies the description of the work CECOM LCMC performs to develop, acquire, field and sustain systems that provide essential operational capabilities to Warfighters, and highlights the specific risks to this work and the strategies to mitigate the risks. CECOM LCMC sustains both the hardware and software for these systems and many more that are fielded to deployed forces. This essential sustainment support includes repairs to equipment, purchase and delivery of spare parts, fielding by a skilled team of new equipment trainers and engineers who provide "over the shoulder" training to operators, reconstitution and reset of the forces, forward deployed technical assistance, as well as software maintenance and new software releases. In these critical areas support is maintained around the clock.

1. Protection. Due to a smart, adaptable enemy, threats to our Soldiers and to ground and air platforms evolve daily. Solutions are engineered, integrated, tested, fielded and sustained by the C4ISR team. The following are representative systems, managed by

CECOM LCMC, that provide the critical C4ISR capabilities for Protection: aircraft survivability and ground survivability equipment, improvised explosive countermeasure devices, survivability, high value/fixed area protection systems and mine detection.

a. Transition/Realignment Strategy.

(1) Personnel. The Protection mission requires experienced, capable program managers, logisticians, systems, software and sustainment engineers with military intelligence electronic warfare / information operations specific operational and system/technology knowledge and enabling support staff. It is envisioned that split-based operations will be used to re-locate personnel to APG.

(2) Facilities. The Army's Protection mission requires continuous access to unique, specialized facilities capable of continuous, near real-time forensic analyses and counter-measure development and transfer, all within a highly classified environment. This mission is directly linked to day-to-day casualties in the field and any disruption represents a significant risk, including increased casualties in theater. To mitigate this risk, the movement of this capability must be phased, so that a fully certified facility is operational on APG prior to those shutting down on Ft Monmouth. Fully equipped office, laboratory and fabrication facilities, with uninterrupted worldwide wired and wireless services (some with Top Secret/Special Compartmented Information certifications) are essential for program execution. It is envisioned that a combination of redundant capabilities and split-based operations will be used.

b. Risk and Mitigation Strategy.

(1) Personnel. Unable to recruit mid-career, specialized, experienced workforce. Mitigation strategy is to provide personnel incentives to attract and fast-track the hiring of mid-career engineers and scientists.

(2) Facilities. Certified facilities not available. Mitigation strategy is to leverage other certified facilities to include contractor facilities and the facilities of other government agencies.

2. Battle Awareness. Based on the daily analysis of collected intelligence information, the need for new capabilities is identified, resulting in modifications to or development of hardware and software solutions. These solutions are engineered, integrated, tested and fielded by the Fort Monmouth C4ISR team. The following are representative systems that provide critical Battle Awareness capabilities: airborne sensors, ground based sensors, targeting sensor-to-shooter systems, and other unique intelligence gathering and transport network systems.

a. Transition/Realignment Strategy.

(1) Personnel. Relocation of Battle Awareness workforce including program managers, logisticians, systems, software and sustainment engineers with military

intelligence operational and specific system/technology knowledge, with required Top Secret/Sensitive Compartmented Information (TS/SCI) clearances and enabling support staff. Split-based operations will be utilized to relocate these personnel.

(2) Facilities. Certified facilities or services are required including Sensitive Compartmented Information Facilities (SCIF), IT connectivity to Defense Research and Engineering Network (DREN), Secret Internet Protocol Router Network (SIPR) connection, Joint Worldwide Intelligence Communications System (JWICS) connection, fully equipped and secured Top Secret/Special Compartmented Information Top Secret/Sensitive Compartmented Information (TS/SCI) office, laboratory and fabrication facilities with uninterrupted worldwide Non-Classified Internet Protocol Routers (NIPR)/Secret Internet Protocol Routers (SIPR) and other services for sustained operations and program execution. A combination of redundant capabilities, split-based operations, and bridging mission requirements will be utilized so as to mitigate risk.

b. Risk and Mitigation Strategy.

(1) Personnel. Insufficient personnel with required Top Secret/Special Compartmented Information (TS SCI) clearances. Mitigation is DoD prioritization for clearance processing, as well as use of over-hire authority to bring additional, redundant staff in place to "buy the time" for clearance process, as well as evolution from interns to journeymen level employees.

(2) Facilities. Not having required certified facilities. Mitigation strategy is to leverage other certified facilities to include National Security Agency (NSA), ARL, etc. Split-based operations and off-loading mission requirements will be utilized.

3. Battle Command requires continuous operation of command and control capabilities enabled by secured, reliable, tactical and reach-back communications and evolving planning and execution decision aides. Throughout the realignment, CECOM LCMC must continue to provide fully digitized and modular tactical operations centers and Battle Command capability suites to enable friendly forces situational awareness, fire support, logistical management and collaborative tool sets. These solutions are engineered, integrated, tested and fielded by the Fort Monmouth C4ISR team. The following are representative systems that provide critical Battle Command capabilities: strategic and tactical command, control and communications systems including, man-portable, terrestrial and space based systems.

a. Transition/Realignment Strategy.

(1) Personnel. Specialized, experienced workforce including key program managers, logisticians, systems, software and sustainment engineers with military communications, command and control operational and specific core competencies and technical knowledge and enabling technology, networks and support staff. Split-based operations will be used to relocate personnel.

(2) Facilities. Fully equipped office, laboratory and fabrication facilities, with uninterrupted worldwide wired and wireless services (some with Top Secret/Sensitive Compartmented Information (TS/SCI) certifications) for sustained operations and program execution. Redundant capabilities and split-based operations will used.

b. Risk and Mitigation Strategy.

(1) Personnel. Provide personnel incentives to attract and fast-track the hiring of mid-career engineers and scientists to mitigate the loss of mid-career, specialized experienced workforce.

(2) Facilities. Certified facilities not available at the time of relocation. Mitigation strategy is to leverage other certified AMC facilities and the facilities of other government agencies.

4. Maneuver Support. Based on supporting the daily operational tempo, there is a need to passively or actively detect and defeat/neutralize threats to military forces and civilian organizations. Solutions are engineered, integrated, tested and fielded by the Fort Monmouth C4ISR team. The following are representative systems that provide the critical C4ISR capabilities supporting Maneuver: high value/fixed area protection systems and mine detection, airborne and ground based sensors, targeting sensor-to-shooter systems.

a. Transition/Realignment Strategy.

(1) Personnel. Program managers, logisticians, systems, software, sustainment engineers and enabling support staff with military operational and specific system/technology knowledge. Split-based operations will be used to relocate personnel to APG.

(2) Facilities. Fully equipped office, laboratory and fabrication facilities, with uninterrupted worldwide wired and wireless services (some with Top Secret/Sensitive Compartmented Information (TS/SCI) certifications) are essential for program execution. Redundant capabilities and split-based operations will be used.

b. Risk and Mitigation Strategy.

(1) Personnel. Provide personnel incentives to attract and fast-track the hiring of mid-career engineers and scientists to mitigate the loss of mid-career specialized experienced workforce

(2) Facilities. Certified facilities not available. Mitigation strategy is to leverage other certified facilities to include contractor facilities and the facilities of other government agencies.

5. Maneuver Sustainment entails ensuring operational availability, i.e. delivering "the right support, to the right place, at the right time over extended distances" without interruption. In support of the daily operational tempo, provide sustained energy requirements to support fixed installations and mounted/dismounted operations. Solutions are engineered, integrated, tested and fielded by the Fort Monmouth and Fort Belvoir C4ISR team. The following are representative of the critical C4ISR systems supporting Maneuver Sustainment: mobile electric power systems, environmental control units, reach-back communications systems, and enterprise and tactical Army standard legacy and management systems.

a. Transition/Realignment Strategy.

(1) Personnel. Program managers, logisticians, systems, software, sustainment engineers and enabling support staff with military operational and specific system/technology knowledge. Split-based operations will be used to relocate personnel to APG.

(2) Facilities. Fully equipped office, laboratory and fabrication facilities with uninterrupted worldwide wired and wireless services (some with Top Secret/Sensitive Compartmented Information (TS/SCI) certifications) are essential for program execution. A combination redundant capabilities and split-based operations) will be used.

b. Risk and Mitigation Strategy.

(1) Personnel. Provide personnel incentives to attract and fast-track the hiring of mid-career engineers and scientists to mitigate tbe loss of mid-career, specialized experienced workforce.

(2) Facilities. Certified facilities not available. Mitigation strategy is to leverage other certified facilities to include the facilities of other government agencies.

Section V – Conclusion

The substantial role of CECOM LCMC in supporting the GWOT and other critical contingency operations is addressed in this report. In planning for and implementing the BRAC recommendation to close Fort Monmouth, the human resources, facilities, information technology, and relocation phasing CECOM LCMC requires to continue supporting GWOT and other critical contingency operations have been diligently analyzed. The risks have been defined, the strategies to mitigate those risks developed, and the imperatives necessary to resource those strategies identified. With continued and proactive support from DA, DoD, and Congress to resource the imperatives and strategies specifically identified throughout this report, CECOM LCMC can successfully execute the extremely complicated and highly technical relocation of CECOM LCMC to APG, MD by September 15, 2011.

GLOSSARY

ACE – Army Corps of Engineers

ACSIM – Assistant Chief of Staff for Installation Management

ACWA – Administrative Careers with America – Administrative Careers with America (ACWA) is a recruitment source or examination program available through the Office of Personnel Management (OPM). A program which offers competitive, entry-level (GS-5 and GS-7 levels) employment, through written examination and multiple choice questionnaire, in several general occupational areas: health, safety and environmental; writing and public information; business, finance, and management; personnel, administration, and computers; benefits review, tax, and legal; law enforcement and investigation.

AMC – Army Materiel Command

APC – Army Processing Center - Centralized Army "mega-center" for computer processing

APG – Aberdeen Proving Ground

ARL – Army Research Laboratory

ASAALT – Assistant Secretary of the Army for Acquisition, Logistics and Technology

AWS – Alternate Work Schedules

Battle Awareness – focuses on the ability of commanders and all force elements to understand their environment in which they operate and the adversaries they face. The following are representative systems that provide critical Battle Awareness capabilities: airborne sensors ground based sensors, targeting sensor-to-shooter systems, and other unique intelligence gathering and transport network systems.

Battle Command – the art and science of applying leadership and decision-making to achieve mission success. Battle Command requires continuous operation of command and control capabilities enabled by secured, reliable, tactical and reach-back communications and evolving planning and execution decision aides. The following are representative systems that provide critical Battle Command capabilities: strategic and tactical command, control and communications systems including, man-portable, terrestrial and space based systems.

BOD – Board of Directors

BRAC – Base Realignment and Closure

BRAC Directed Actions –Actions that are directed by BRAC Law.

BRAC Discretionary Actions - Actions remaining after the BRAC directed actions have been considered.

C4ISR – Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance – technologies that enable information dominance and decisive lethality for the networked Warfighter.

CECOM – Communications and Electronics Command – As an integrated command, CECOM Life Cycle Management Command develops, acquires, fields, and sustains superior C4ISR systems for the joint warfighter, sustaining base, operational and tactical battlespace.

CERDEC – Communications and Electronics Research, Development and Engineering Center – mission is to develop and integrate Command, Control, Communications, Computers, Intelligence, Survivability and Reconnaissance (C4ISR) technologies that enable information dominance and decisive lethality for the networked warfighter.

CIO-G6 – Chief Information Officer

COCOM – Combatant Commanders

CPAC – Civilian Personnel Advisory Center

CPOC – Civilian Personnel Operations Center

CTA – Counter-fire radars which locate mortar and short range rocket launchers configured on HMMMVs.

DA – Department of the Army

DEU – Delegated Examining Unit

DNRP – Defense National Relocation Program was developed for the purpose of minimizing expenses to the government and Department of Army civilian employees that are incurred as a result of a Permanent Change of Station (PCS) move. The program is available to eligible DA civilian employees who have PCS orders and who meet the criteria for the DNRP services.

DoD – Department of Defense

DOIM – Directorate for Information Management

DISN – Defense Information Systems Network - In September 1991, OSD directed DISA to implement the Defense Information Systems Network (DISN). This is a consolidation of all service agency transmission infrastructures into two worldwide IP router networks, one for the sensitive but unclassified (N) environment, NIPRNET, and one for the secret (S) environment, SIPRNET.

DREN – Defense Research and Engineering Network. DREN is the networking component of the DoD High Performance Computing Modernization Program.

DSCS – Defense Satellite Communications Systems is a military satellite constellation placed in geosynchronous orbit to provide high-volume, secure voice and data communications. Phases II and III were successors to the IDSCS (Initial Defense Satellite Communications System) program which began in 1966 with the launch of the first 8 satellites of this constellation. The DSCS system has been an extremely valuable asset for supporting military and government communications over the past several decades.

ESSC – Electronic Sustainment Support Center – CECOM LCMC reorganized its support to the field, bringing contractors and Army civilians under the umbrella of regional electronic sustainment support centers. CECOM established ESSC's to provide "one-stop shopping" for command, control, communications, computer, and intelligence and electronic warfare maintenance.

FCIP – Federal Career Intern Program - On July 6, 2000, the President signed Executive Order 13162 establishing the Federal Career Intern Program (FCIP). The purpose of the FCIP is to recruit exceptional individuals with a variety of experience, academic disciplines, or competencies for positions at grade levels GS-5, 7, and 9 or other trainee positions. In general, individuals are appointed to a 2-year internship. Upon successful completion of the internships, the interns may be eligible for permanent placement with an agency. On December 14, 2000, the Office of Personnel Management issued interim regulations to implement staffing provision of the FCIP. The Program became operational on January 2, 2001. The guidance provided was very general and allowed agencies to use this program with few specific rules or regulations. The requirements included a provision that a program must be developed and implemented in accordance with merit system principles.

FCS – Future Combat System is the Army's modernization program consisting of a family of manned and unmanned systems, connected by a common network that enables the modular force, providing our Soldiers and leaders with leading-edge technologies and capabilities allowing them to dominate in complex environments.

Force Protection – DoD concept which brings together all the security disciplines in a broader program to protect service members, civilian employees, family members, facilities and equipment. Due to a smart, adaptable enemy, threats to our Soldiers and to ground and air platforms evolve daily. Solutions are engineered, integrated, tested,

fielded and sustained by the C4ISR team. The following are representative systems, managed by CECOM LCMC, that provide the critical C4ISR capabilities for Protection: aircraft survivability and ground survivability equipment, improvised explosive countermeasure devices, survivability, high value/fixed area protection systems and mine detection.

FORSCOM – U. S. Army Forces Command is the Army's largest major command. Headquartered at Fort McPherson, Georgia, FORSCOM consists of more than 730,000 Active Army, U.S. Army Reserve, and Army National Guard soldiers. FORSCOM trains, mobilizes, deploys, and sustains combat ready forces capable of responding rapidly to crises world-wide. FORSCOM develops and cares for people, optimizes available resources, develops quality installations, and establishes major facilities to project power globally.

GO – General Officer

GWOT – Global War on Terrorism

HR – Human Resources

I3MP – Installation Information Infrastructure Modernization Plan. Under the Project Manager for Defense Communications and Army Switched Systems, this is the Army's centralized program to upgrade tele-computing infrastructure on Post, Camps and Stations.

IPA – Intergovernmental Personnel Act - Permits temporary assignments of skilled personnel to or from State and local governments, institutions of high education, Indian tribal governments and other eligible governments. Assignments can be made for up to two years and may be intermittent, part-time or full-time. Assignments may be extended two additional years.

IPN – Installation Processing Node - Intermediate level Army Computer Processing Center located on an Army Installation.

IT – Information Technology - The broad range of capabilities including digital networks, computing and applications that support mission objectives.

ITAP – Information Technology Plan which identifies IT operational requirements before, during and after transition. This plan includes identification of all C-E LCMC business and lab computer assets and migration strategies, transportation strategies, secure communications replacement requirements, voice and data transmission requirements, as well as applications migration requirements and strategies

JNN – Joint Network Node – commercial technology insertion providing the Army with a high-speed and high capacity backbone communications network focused on rapidly

moving information in a manner that supports commanders, staffs, functional units and capabilities based formations.

JSEC – Joint SATCOM Engineering Center – satellite controlled related equipment

JWICS – Joint Worldwide Communications Systems is a system of interconnected computer networks used by DoD and the State Department to transmit classified information (up to and including information classified TOP SECRET and SCI) by packet switching over the TCP/IP protocols in a secure environment.

LAR – Logistics Assistance Representative - LARs are civilians who are hired under the provisions of the Army Logistics Assistance Program (LAP) by the Army Materiel Command's (AMC's) Tank-automotive and Armaments Command (TACOM); Aviation and Missile Command (AMCOM); Communications-Electronics Command (CECOM); and Soldier and Biological Chemical Command (SBCCOM).

LCMC – Life Cycle Management Command - The life-cycle management command initiative is changing how the Army's technology, acquisition, and sustainment activities function. The Army has undertaken a major initiative to bring together the major subordinate commands (MSCs) of the Army Materiel Command (AMC) and the program executive officers (PEOs) and program managers (PMs) reporting to the Army Acquisition Executive (AAE) to form life-cycle management commands (LCMCs).

LCMR – Lightweight Counter Mortar Radar - The Lightweight Counter-Mortar Radar (LCMR) detects and locates mortar firing positions automatically by detecting and tracking the mortar shell and then backtracking to the weapon position. The LCMR provides continuous 360° surveillance and mortar location.

MILCON – Military Construction

Maneuver Support – provides a wide range of integrated actions, both proactive and defensive. Based on supporting the daily OPTEMPO, there is a need to passively or actively detect and defeat/neutralize threats to military forces and civilian organizations. The following are representative systems that provide the critical C4ISR capabilities supporting Maneuver: high value/fixed area protection systems and mine detection, airborne and ground based sensors, targeting sensor-to-shooter systems.

Maneuver Sustainment – is a full spectrum of capabilities that are strategically responsive, deployable, agile, versatile, and survivable throughout the range of military operations and across the spectrum of conflict. Maneuver Sustainment entails ensuring operational availability, i.e. delivering "the right support, to the right place, at the right time over extended distances" without interruption. The following are representative of the critical C4ISR systems supporting Maneuver Sustainment: mobile electric power systems, environmental control units, reach-back communications systems, and enterprise and tactical Army standard legacy and management systems.

NIPRNET - Non-Classified Internet Protocol Router Network – is used to exchange unclassified but sensitive information between "internal DoD" users as well as providing user's access to the Internet.

OC&S – Ordnance Center and School

OEF – Operation Enduring Freedom

OIF – Operation Iraqi Freedom

OMA – Operations and Maintenance – Army

OPM – Office of Personnel Management

PCS – Permanent Change of Station

PEO C3T – Program Executive Office – Command, Control and Communications – Tactical – mission is to rapidly develop, field and support leading edge, survivable, secure and interoperable tactical, theater and strategic command and control and communications systems through an iterative, spiral development process that results in the right systems, at the right time and at the best value to the warfighter.

PEO IEW&S – Program Executive Office – Intelligence and Electronics Warfare and Surveillance – mission is to field and insert state of the art, interoperable sensor capabilities and products which enable the land component commander to control time, space and the environment, while enhancing survivability and lethality, through continuous technology evolution and warfighter focus in the right place, the right time, and at the best value for the U.S. taxpayer.

POM – Program Objective Memorandum - is the primary document used by the services to submit programming proposals. The Program Objective Memorandum includes an analysis of missions, objectives, alternative methods to accomplish objectives, and allocation of resources.

SCI – Sensitive Compartmented Information - All information and materials bearing special community controls indicating restricted handling within present and future community intelligence collection programs and their end products for which community systems of compartmentation have been or will be formally established. (These controls are over and above the provisions of DOD 5200.1-R, Information Security Program Regulation.)

SECDEF – Secretary of Defense

SES – Senior Executive Service

SIPRNET - Secret Internet Protocol Router Network – is a system of interconnected computer networks used by the Department of Defense and Department of State to transmit classified information (up to and including information classified SECRET) by packet switching over the TCP/IP protocols in a "completely secure" environment.

SMEs – Subject Matter Experts

Split Based Operations –Portions of organizations moved forward to new geographical locations while maintaining continuity of operations with the parent organization.

Telework - Capability to enable a geographically dispersed workforce employing computer networks and computer systems to virtually replicate the traditional workplace.

TRADOC – Training and Doctrine Command - TRADOC recruits, trains and educates the Army's Soldiers; develops leaders; supports training in units; develops doctrine; establishes standards; and builds the future Army. TRADOC is the Architect of the Army, and "thinks for the Army" to meet the demands of a Nation at war while simultaneously anticipating solutions to the challenges of tomorrow.

WIN-T – Warfighter Information Network – Tactical - WIN-T is the Army's on-the-move, high-speed, high-capacity backbone communications network, linking warfighters on the tactical ground units with commanders and the Global Information Grid, the U.S. Dept. of Defense's worldwide network- centric information system.

QUESTIONS AND ANSWERS SUBMITTED FOR THE RECORD

MARCH 20, 2007

QUESTIONS SUBMITTED BY MR. SAXTON

Mr. SAXTON. Mr. Eastin, during the last Base Realignment and Closure Commission, some of us were unconvinced that the closing of Fort Monmouth was the right decision. And the chairman of the Base Realignment and Closure Commission actually was told by the secretary of the Army that under no circumstances would the Army permit the move to sacrifice or short-change ongoing C4ISR support for the service and warfighters in the field, particularly during this war.

The chairman then added language requiring the secretary of defense to submit to Congress a report that a movement of organization functions and activities from Fort Monmouth to Aberdeen proving ground would be accomplished without disruption of their support for the global war on terror.

The language required a report. I would like to know where the report is. Would it be possible for you to check on the report and get back to us?

Secretary EASTIN. The report to Congress required by the 2005 BRAC Commission has begun, and will be submitted before the end of the year. The current target date is December 15, 2007. The report will be submitted well before we begin any large-scale movement of personnel from Fort Monmouth to Aberdeen Proving Ground.