[H.A.S.C. No. 111–142]

# HEARING

ON

# NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2011

AND

# OVERSIGHT OF PREVIOUSLY AUTHORIZED PROGRAMS

BEFORE THE

## COMMITTEE ON ARMED SERVICES HOUSE OF REPRESENTATIVES

ONE HUNDRED ELEVENTH CONGRESS

SECOND SESSION

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READINESS SUBCOMMITTEE HEARING

ON

# BUDGET REQUEST FOR MILITARY CONSTRUCTION, FAMILY HOUSING, BASE CLOSURE, FACILITIES OPERATION AND MAINTENANCE

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HEARING HELD
MARCH 18, 2010

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# FISCAL YEAR 2011 NATIONAL DEFENSE AUTHORIZATION ACT—BUDGET REQUEST FOR MILITARY CONSTRUCTION, FAMILY HOUSING, BASE CLOSURE, FACILITIES OPERATION AND MAINTENANCE

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HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
READINESS SUBCOMMITTEE,
*Washington, DC, Thursday, March 18, 2010.*

The subcommittee met, pursuant to call, at 2:40 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. The hearing will come to order. And we are sorry that we are a little late in beginning this hearing, because we had a series of votes. And in about an hour, 15, 30 minutes, we are going to have some other votes.

But I thank our distinguished witnesses for appearing before this committee today. And today the Readiness Subcommittee will hear about fiscal year 2011 military construction and BRAC [base realignment and closure] programs.

Overall, I continue to be pleased with the level of investment that the President has proposed in the BRAC and military construction programs. It provides a good balance among the various priorities and does an excellent job of supporting the warfighters in areas where they need the most help. But there are many areas that can be improved.

In BRAC, I indicated during this same hearing last year, to some of the same witnesses here today, that I was concerned about the apparent rush to meet the BRAC deadline and to avoid wasting taxpayers' money. That is why I am surprised this Administration has decided to double and triple-shift construction workers at BRAC projects instead of requesting relief on the 2011 BRAC statutory deadline.

I don't consider it to be in our government's best interests to spend several hundred million dollars above normal construction costs to artificially accelerate contracts, to move organizations into temporary trailers as a long-term solution, or to create traffic congestion with little thought given on how to alleviate local community concerns.

We owe the men and women of our armed services, and the taxpayers of this Nation, the very best BRAC implementation plan that smoothly relocates forces.

Let me turn to another subject that is equally concerning. The United States, and I think the government of Japan, are committed to moving 8,000 Marine forces from Okinawa to Guam. I support this move and believe it is in our two nations' best interest.

However, it is becoming obvious there are many aspects of this plan that need to be improved. First and foremost is the inability of this Administration to pull together a comprehensive federal response that links the Department of Defense with the Department of Transportation, the Department of Interior, the EPA [Environmental Protection Agency], and other federal agencies. In the end, I believe our ability to relocate these Marine forces will be negatively affected due to the lack of an interagency response.

I think it is time for the Department of Defense to take a leadership role, and possibly a fiscal role, in ensuring that this realignment is done correctly.

I am also concerned about a lack of a comprehensive effort for housing and providing medical care for the construction workforce, the feasibility of completing the realignment by 2014, and the large destruction of coral reefs to support naval assets.

This committee has steadfastly supported this realignment effort, but I think it is time for the Department of Defense to assess what further steps we need to take to get this realignment done in the right and proper way.

I would be remiss if I didn't also mention that the Army Base Operating Services account for fiscal year 2011 appears to be underfunded. I hope the Army witnesses will be able to discuss the impacts that this budget request, if enacted, would have on daily operations at Army installations.

I do want to conclude my opening statement by mentioning that I continue to have a significant concern about the Department's implementing the overall realignment of the Walter Reed Medical Center. This Congress is not willing to risk a potential disruption of wounded warrior care.

I am deeply troubled by the lack of a comprehensive plan to address the organizational and facility requirements to achieve the department's vision of a world-class medical center. As this committee evaluates fiscal options, there is no doubt we will fully support this vital mission, even at the expense of other services' priorities.

Ladies and gentlemen, I think that we have a lot to discuss today. We have a lot to discuss today, and I look forward to hearing you address these important issues.

The chair recognizes my good friend from Virginia, Mr. Forbes, for any remark or statement that he would like to make.

[The prepared statement of Mr. Ortiz can be found in the Appendix on page 39.]

## STATEMENT OF HON. J. RANDY FORBES, A REPRESENTATIVE FROM VIRGINIA, RANKING MEMBER, READINESS SUBCOMMITTEE

Mr. FORBES. Thank you, Mr. Chairman. I want to thank you for holding this hearing.

I also thank all of our witnesses for being here.

We appreciate their efforts and for them being here. I had hoped that this year's military construction budget request would provide more clarity on a number of significant issues, but I am disappointed to find that once again we are presented with a host of unresolved issues.

Last year we were frustrated by the lack of a Future Years Defense Plan, promises that the then-ongoing Quadrennial Defense Review would resolve strategic force basing decisions and uncertainty in our strategic direction for Afghanistan. Unfortunately, the passage of a year has not helped. Indeed, the situation may be even more muddled than it was previously.

Although we now have an FYDP [Future Years Defense Plan] and QDR [Quadrennial Defense Review] and an Afghanistan plan, significant questions remain on how we allocate our military construction dollars. The QDR did not provide specific guidance on whether Army brigade combat teams and Air Force fighter squadrons should remain in Europe or return to the United States. Despite ongoing military construction to support those moves, we do not know whether the intended units will occupy these buildings or not.

The QDR took one decisive stand that would have been better if it had not been made. The document recommended a second East Coast nuclear carrier homeport, and the budget before us contains only preliminary funding to initiate this controversial and very expensive move.

Spending any money at all on this venture is wasteful, in my view, considering the large number of unmet ship, aircraft and infrastructure needs of the Navy, which as of December 2009 included a shortfall of more than $36 billion in restoration and modernization for shore installations and a $3 billion shortfall for the four public shipyards.

In addition to projects that remain unfunded, other critical construction is being deferred, such as the replacement of the controlled industrial facility at the Norfolk Naval Shipyard, which was deferred from this year's budget to fiscal year 2012.

In other cases the budget proposed a certainty where we may need to pause. For example, the budget contains substantial funding for Joint Strike Fighter bed down, even though Fighter production has been delayed because of acquisition difficulties.

The move of Marine forces from Okinawa to Guam is fully funded, while the new Japanese government is increasing serious resistance to honoring our bilateral roadmap, which could place the whole plan in jeopardy.

Lastly, the budget contains over $1 billion for military construction in Afghanistan. I have no doubt that these projects are worthwhile and necessary for long-term operations, but as a Nation we are not yet committed to long-term operations. The President has committed to beginning our withdrawal from Afghanistan in July 2011, and none of the requested projects could be completed before then. While I hope that our drawdown will be measured, expending $1 billion for projects that neither we nor the Afghans may use is too much to ask of the American taxpayer.

Since the department must finish base realignment and closure moves by September 2011, this budget contains the final BRAC

projects. To date department officials have consistently testified that extending the statutory deadline for any particular BRAC recommendation was unnecessary. Even so, the chairman and I are aware of several cases where a tailored extension may make sense and save money.

I encourage the witnesses to discuss pending BRAC deadline difficulties, especially in the case of medical facilities. We all understand the great sensitivity and complexity of closing Walter Reed and consolidating operations at Bethesda and Fort Belvoir. Although at heart a BRAC directed action, the implications of the consolidation go well beyond the technical dictates of the BRAC law.

Once again, I urge the department to let us know of the difficulties not just in meeting the minimum BRAC recommendations, but of any issue that may negatively affect the delivery of world-class care to our wounded warriors, other beneficiaries, and their families.

Once again, we are asked to approve the expenditure of several billion dollars for a number of unsettled propositions. I think we need more before we act favorably on this request.

Mr. Chairman, once again, thank you for holding the hearing.

Gentlemen, ladies, thank you for being here.

And I yield back the balance of my time.

[The prepared statement of Mr. Forbes can be found in the Appendix on page 42.]

Mr. ORTIZ. Thank you.

Today we are very fortunate to have with us very outstanding witnesses. And with us today is Dr. Dorothy Robyn——

Doctor, good to see you again.

She is the Deputy Under Secretary of Defense for Installations and Environment, Department of Defense; Dr. Joseph Calcara, Deputy Assistant Secretary of the Army, Installations and Housing; and Dr. Roger Natsuhara, Principal Deputy Assistant Secretary of the Navy, Installations and Environment; and Ms. Kathleen Ferguson, Deputy Assistant Secretary of the Air Force.

We are happy and very fortunate to have you with us and the expert testimony that you are going to give us today.

Without objection, the witnesses' prepared statement—testimony will be accepted for the record. And hearing no objection, so ordered.

Madam Secretary Robyn, you are ready?

Dr. ROBYN. I am ready. Thank you.

Mr. ORTIZ. Thank you, ma'am.

## STATEMENT OF HON. DOROTHY ROBYN, DEPUTY UNDER SECRETARY OF DEFENSE, INSTALLATIONS AND ENVIRONMENT, U.S. DEPARTMENT OF DEFENSE

Dr. ROBYN. Thank you. Thank you very much, Chairman Ortiz, Ranking Member Forbes, other distinguished members of the subcommittee. Thank you. I appreciate the opportunity to present the President's budget for military construction.

My written statement includes a great deal of detail on our $18.7 billion budget request for military construction, family housing, and BRAC. This is a decrease of $4.6 billion compared to last year's

request due largely to the fact that we are nearing the end of the BRAC process and most of the military construction was funded in previous years.

Our request for pure military construction exclusive of BRAC and family housing is actually up by $1.2 billion, and that includes—and let me highlight just two things—two key quality-of-life investments: $1 billion for new medical infrastructure and about half that much to initiate Secretary Gates' initiative to overhaul or replace two-thirds of our DODEA [Department of Defense Education Activity] schools over the next five years.

But let me focus on two of the issues that the chairman and the ranking member both raised in their opening statements, Guam and then BRAC. I have been deeply involved in the Department's efforts to move 8,000 Marines and their families from Okinawa to Guam. Like any international effort this large and complex, the buildup on Guam faces an array of challenges, but no single realignment has a higher profile. Very few issues have a higher profile within the department, and the Deputy Secretary is personally overseeing this effort.

Our fiscal year 2011 budget request includes $452 million for military construction on Guam. These projects will yield long-term benefits for all the military forces on Guam, including the ones that are there now. They will also demonstrate the department's commitment to working with the governor of Guam, whose strong support has been absolutely critical to our effort there.

I appreciate the support that this committee has given us in the past on the Guam buildup, and I look forward to working with you closely as we move forward.

Let me just briefly address the BRAC issue. We are committed to concluding, to finishing, completing all 220 actions by the deadline of September 15. My staff briefed your staff two days ago on the six challenges that we have, ones that where the construction or the move-in will be completed very, very close to the deadline. We are watching this closely. We are working very closely with the services.

We believe we can meet the deadline in every case, and in those cases where we are spending a little more to meet the deadline, we think it is worth it. We don't believe this is a place where one should do a narrow cost-benefit analysis. The benefits of meeting a BRAC deadline, BRAC being a mechanism where the process is extraordinarily important, we think those benefits are great, so in the last four rounds we have never missed a deadline. I will do everything possible to make sure that we keep that record on my watch.

Let me close my statement there. Thank you very much.

[The prepared statement of Dr. Robyn can be found in the Appendix on page 45.]

Mr. ORTIZ. Mr. Calcara, go ahead. You can begin your testimony, sir.

**STATEMENT OF JOSEPH CALCARA, DEPUTY ASSISTANT SECRETARY OF THE ARMY, INSTALLATIONS AND HOUSING, U.S. DEPARTMENT OF THE ARMY**

Mr. CALCARA. Good afternoon, Mr. Chairman, Mr. Forbes, other members. Thanks again for giving me the honor to testify before the committee. I, too, would just keep my remarks brief at the entry here and just highlight some of the top line data points from our budget submit.

We have got about an $8 billion budget in front of you this year. That is down to reflect most of our BRAC construction under way, with the remaining portion there just the human capital moves and the IT investments needed to hit the date. If you adjust for about 50 projects in OCO [Overseas Contingency Operations], that leaves us with about 230 projects and $5.8 billion this year. And it is kind of fun to say that that is a little bit compared to what we have been doing in the last four years, but it is still a pretty big program.

Of that amount of cash, about one-quarter of it is tied to barracks. I know we continue to listen to guidance from the committee, and we also thank you for last year's acceleration of training barracks. We have got about a quarter of the resources this year plugged into barracks. That will result in new barrack spaces for over 8,000 soldiers. If you count what we are also spending on the SRM [Sustainment, Restoration, and Modernization] side, we are upgrading another 5,000 spaces for soldiers, so that is over 13,000 barrack spaces that we are bringing a better quality of life to.

Another quarter of our budget is tied to the Army modular force. That is to keep consistent with our commitment to complete the Grow the Army transformation by fiscal year 2013.

The remaining half of the budget is spread amongst the usual activities and family housing, the housing assistance program, which we are having a lot of positive success with, wounded warriors, and other unspecified minor construction.

I would like to just touch on BOS, the base operating support account. I know you have been following that, as I have. We had a purchasing challenge this year of about $1.5 billion. We are working that very aggressively. It is one of my top three on my list. I will tell you that our fiscal year 2011 budget, while it is based on this year's budget baseline, we are working really hard to achieve that target, and I feel comfortable with it.

There will be no cuts to the Army Force Generation, to the Family Covenant or to Life Safety. We have identified about a third of the savings from this year's budget that would help adjust that baseline last year. We also plan to do a midyear review this year, and I think on the surface we have got about a four to five percent challenge point for the remainder of the year. So I feel pretty comfortable, as we get into the base operating support area, that we will have enough resources to deliver what we need.

The last B I would like to touch on is brigades. I know I had a lot of fun with you last year talking about brigade configurations after the reduction, where we are in thickening the force. We are looking at the force structure tied to the populations that are still in the Army not in those brigade combat configurations. We expect

in the next several weeks to finalize our decision on stationing and come out with the final stationing plan for where that thickening of the force will go.

I understand your comments on the QDR. We, too, are waiting for information to come out of that. I would just close by telling you that none of the projects in our fiscal year 2011 budget are impacted by that QDR decision. We have no investments that will be implicated by the decision to keep those brigades in Europe, and we are looking forward to a NATO [North Atlantic Treaty organization] conference, I think, is the next opportunity to bring some clarity to that issue in November, at which time we would inform POM [Program Objectives Memorandum] 1217.

So, believe it or not, I am looking forward to your questions, sir. And that concludes my opening remarks.

[The prepared statement of Mr. Calcara can be found in the Appendix on page 68.]

Mr. ORTIZ. Thank you, sir.

Mr. Natsuhara, Mr. Secretary, whenever you are ready, sir.

**STATEMENT OF HON. ROGER M. NATSUHARA, ACTING ASSISTANT SECRETARY OF THE NAVY, INSTALLATIONS AND ENVIRONMENT, U.S. DEPARTMENT OF THE NAVY**

Mr. NATSUHARA. Good afternoon, sir. Thank you, Chairman Ortiz, Representative Forbes, and members of the subcommittee. I am pleased to appear before you today to provide an overview of the Department of the Navy's investments in its shore infrastructure.

The department's fiscal year 2011 budget request includes $14.9 billion in investment in our installations. Our request for base operating support is $6.9 billion, which includes $450 million for environmental programs. The military construction request of $3.9 billion remains at a historic high. Our program continues the efforts to ensure facilities are in place to support the Marine Corps end strength of 202,100 active duty personnel.

We are investing over $700 million in funding for the construction of unaccompanied housing to support single sailors and Marines. These funds support requirements associated with the Marine Corps Grow the Force initiative and the Chief of Naval Operations commitment to achieve Homeport Ashore by 2016.

The MILCON [military construction] request also provides further investments to relocate Marines from Okinawa to Guam. The projects funded by this level of investment provide the enduring infrastructure necessary to enable the construction program for fiscal year 2012 and beyond. The governor of Japan in his fiscal year 2010 budget has requested a comparable amount of $498 million, and we expect to receive their contribution in June.

Regarding the EIS [Environmental Impact Statement] for the Guam relocation, as it is designed to do, the National Environmental Policy Act process and associated studies are helping us identify and address environmental issues and constraints and develop effective mitigation strategies. To that end we are currently analyzing all public comments, including those received from other resource agencies, in developing strategies for addressing concerns

raised in the final EIS. We are committed to developing effective and appropriate mitigation.

The family housing request will provide for the recapitalization of overseas housing as well as additional privatization to address the Marine Corps' Grow the Force initiative.

Regarding prior BRAC, we do not foresee much potential for large revenue from land sales. Thus, we again seek appropriated funds in fiscal year 2011 in the amount of $162 million. The BRAC 2005 budget request of $342 million supports outfitting, realignment and closure functions as the necessary construction projects were funded in prior years. We are on track for full compliance with statutory requirements by the September 15, 2011 deadline.

Finally, the department is investing an additional $174 million to support the Secretary of the Navy's aggressive energy goals to increase energy security, reduce dependency on fossil fuels, and promote good stewardship of the environment.

In closing, your support of the department's fiscal year 2011 budget request will ensure the department is able to build and maintain facilities that will enable our Navy and Marine Corps to meet the diverse challenges of tomorrow. Thank you for the opportunity to testify before you today. I look forward to answering any questions you may have.

[The prepared statement of Mr. Natsuhara can be found in the Appendix on page 84.]

Mr. ORTIZ. Thank you, Sir.

Secretary Ferguson? Thank you. Good to see you again. Thank you for joining us.

Ms. FERGUSON. Good to see you.

Mr. ORTIZ. Whenever you are ready.

**STATEMENT OF KATHLEEN I. FERGUSON, DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE, INSTALLATIONS, U.S. DEPARTMENT OF THE AIR FORCE**

Ms. FERGUSON. Chairman Ortiz, Congressman Forbes, and distinguished members of the committee, good afternoon. And thank you for inviting me here today to address the Air Force's military construction, family housing, and BRAC implementation programs.

I would like to begin by thanking the committee for its continued support of our Air Force and the thousands of dedicated and brave airmen and their families serving our great Nation. Today more than 26,000 airmen are deployed in support of ongoing operations in Iraq, Afghanistan, the Horn of Africa, and many other locations. The ability of those airmen to perform their worldwide missions is directly affected by the quality of resources at their disposal, access to quality facilities, a robust logistics infrastructure for sustainment, and a confidence that while they are deployed their families are well taken care of.

Air Force MILCON, family housing, and BRAC programs form the foundation of our installations support infrastructure and provide the direct support responsible for meeting the needs of our airmen and their families. Our fiscal year 2011 President's budget request contains $5.5 billion for facility maintenance, military construction, military family housing, and BRAC, and is a 3.8 percent increase above our fiscal year 2010 request.

Our facility maintenance and repair account represents the largest portion of the request, with $3.1 billion to maintain Air Force installations, including the six installations recently transferred to the Air Force through joint basing.

The $1.5 billion military construction request ensures that construction is aligned with weapon system deliveries and strategic basing initiatives while we continue to accept some risk in aging infrastructure recapitalization.

We also request a total of $252 million to continue implementing our BRAC 2005 program requirements as well as our legacy BRAC programs and environmental cleanup.

I would like to close by briefly mentioning the Air Force's efforts in executing BRAC recommendations. To implement the assigned recommendation, the Air Force's plan calls for execution of nearly 400 separate actions, utilizing a budget that has been and remains fully funded at approximately $3.8 billion. Two-thirds of this budget went towards military construction.

Our BRAC MILCON program will make its last contract award before the close of this fiscal year, and in total we will execute 231 BRAC MILCON projects on 54 installations in 36 states. I am confident in telling you the Air Force will complete implementation of BRAC 2005 on time and within budget.

Mr. Chairman, Congressman Forbes, this concludes my remarks. Thank you and the committee again for your continued support of our airmen and their families. And I look forward to your questions.

[The prepared statement of Ms. Ferguson can be found in the Appendix on page 112.]

Mr. ORTIZ. Thank you so much.

After consultation with the minority, I now ask unanimous consent that Mr. Rush Holt from New Jersey be authorized to question the panel members at today's hearing. Mr. Holt will be recognized after all House Armed Services Committee members have had an opportunity to ask questions.

Is there any objection?

Hearing no objection, so ordered.

We will recognize you when the time comes, Mr. Holt.

Let me ask a question, but I would like to allow members to have time to also ask questions.

But, Secretary Robyn, I have been briefed on the implementation of BRAC 2005, and I am concerned about a recent proposal by the Administration to continue to accelerate contracts, you know, at a cost of several hundred million dollars. And I am also concerned that this Administration considers putting organizations in trailers. And we discussed this a little bit a few moments ago.

As long as a long-term BRAC solution, considering the numerous issues that are facing the Department in implementing BRAC, maybe you could elaborate on some of the problems that you are facing and provide some perspective as to whether BRAC should be legislatively extended as well for certain BRAC recommendations. If you can touch on those two questions about the trailers and BRAC.

Dr. ROBYN. Good. Thank you for the opportunity to answer that.

First of all, let me say no trailers. There are no trailers. And I will let Joe Calcara talk about what relocatables mean, that they are very different than trailers. This is a modular construction that is used widely and can be very high quality.

Let me just say a word about why BRAC is important and why I think it doesn't lend itself to a narrow cost-benefit analysis when you get down to this stage, why achieving the deadline, why meeting the deadline is so important and why the Department has worked so hard to avoid missing a deadline in the last four rounds of BRAC.

First of all, it means that we are achieving the benefits that BRAC brings sooner rather than later. It marks an end of the turmoil that the transition represents. You get the contractors off the base. It is the end of all the turmoil that goes with BRAC. It preserves the discipline on us, and that is probably the single most important reason.

The nature of BRAC is that we tie our hands. You tie your hands. We all agreed to tie our hands. It is like putting a lock on the refrigerator door. It is a conscious decision we make, knowing that we need discipline. And we have got to maintain that discipline.

And finally, it provides communities with a sense of certainty about when this is going to be over. So for all of those reasons, meeting the deadline takes on an importance beyond the letter of the law or a narrow cost-benefit analysis. And it is in that spirit that we are opting to spend some additional money. I don't think we are sacrificing quality.

BRAC has been an engine of recapitalization for our facilities. Seventy percent of the cost of this BRAC has gone to military construction. In contrast to previous rounds, it was about half—less than half that. So we have used the opportunity of BRAC to do an enormous amount of construction beyond what we initially envisioned, building new high-quality buildings rather than doing a band-aid approach.

So I don't think there has been a trade-off on quality at any point, and I think that that is also the case for the ones that are going to come close to the deadline. So we think we can make the deadline. We think it is worth spending a little bit more money. We will keep you all posted regularly on the progress of implementation at those spaces, but we think we are in good shape.

Mr. ORTIZ. Secretary Calcara, I have another question. I know you expanded on it a little bit a few moments ago, but maybe you can give us a little more input. I understand that the Army is reviewing options to reprogram funds into the Army base operating services account for 2010. Absent this reprogramming, I understand that the Army would need to reduce services at Army installations by about 20 percent. I would encourage you to expeditiously reprogram those funds. You touched a little bit on it a few moments ago.

I am also concerned about the apparent shortfalls of funds in the President's budget request for 2011. Can you explain the impact to Army installations if funds are provided at the requested amount for 2011? And what additional funds would be needed to sustain

the current level of service in both 2010 and 2011? Can you help us a little bit on that?

Mr. CALCARA. Yes, sir. And I am glad we start with 2010, because that kind of tees up the context and the point of reference for 2011. We have a $1.5 billion purchasing power shortfall as a result of some more discipline in how we are using OCO funds. I know you have heard the sound bites on this before, but as we were growing the Army, we needed to use all our accounts. We had some flexibility to get resources in place to support Grow the Army, and the base operating support account benefited from the ability of the overseas contingency account.

The fiscal year 2010 budget went to the Hill. The doctrinal change was to be more pure like it used to be and not access those dollars, so what we essentially found ourselves doing was looking at how much money we had and what was our purchasing shortfall. I know you have heard the number $1.5 billion.

We quickly decided what was going to be a must-fund and what areas we would explore savings and efficiencies with. And it is important to note that base operating support is a huge array of services. It is 49 functional areas, 267 products and services, 364 functional specialties inside those products and services. It is a wide array of products and services that feed off of that.

What we have done is we have essentially developed a strategy that we have already achieved one-third savings in those without a loss in provision of the services, so $500 million off the top. We already have identified about a third of it that we can achieve suggest savings without any reductions to the things that I mentioned before, ARFORGEN [Army Force Generation], Family Covenant, as well as Life Safety.

Another third of the issue we will need help on, and we don't think we will be able to get there, and that is what the $500 million request is about.

The remaining third, which would constitute roughly about five to six percent of the overall BOS account, we think it is a manageable risk at this point. We are going to address it at midyear, and it is probably no different than we have had every other year at this point going into midyear or five percent challenge.

Now, all that information as it relates to 2011, I told you we found one-third of the efficiencies we will be able to carry those forward to next year. We also have built a budget with one-third of the migration that was needed from the contingency account into BOS next year. So going into next year, a lot of numbers I threw at you were basically looking at that same five to seven percent risk target that we would address again at midyear with the covenant that we will not cut anything in Army Force Generation, the Family Covenant or the Life Safety.

So put another way, we are taking a five percent risk going into midyear, not unmanageable, not unprecedented, sort of what happens every year due to unavoidable circumstances, tornadoes, electricity increases, things of that nature.

Mr. ORTIZ. So you to feel comfortable with the strategy that it is going to work and the families and the soldiers will continue to receive the services that we have been providing in the past to them.

Mr. CALCARA. Yes, sir. As a career civilian, 27 years in the installation business, yes, I rattled off the 364 products and services in the functional areas, I have looked at every one of these very, very in tune to this issue since it arose last few months, so I think we are okay.

Mr. ORTIZ. Thank you, sir.

My good friend, Mr. Forbes, for any questions he might have.

Mr. FORBES. Mr. Chairman, I have a number of questions, but as long as our witnesses are going to be here, I would like to defer mine to the end so that the other members can get theirs in, since they have five-minute limits. Is that okay?

Mr. ORTIZ. Yes, sir. We can do that.

Mr. Kissell.

Mr. KISSELL. Thank you, Mr. Chairman.

Thank you, Mr. Forbes.

And thank you, guests, for being here today.

Madam Secretary, this question would probably be directed to you, and if anybody else can help me on this. I represent the 8th District of North Carolina, and the base, Fort Bragg, while it is not in our district, the reservation is, and vast numbers of the troops that work out of the base are living in the district. We are exceptionally fortunate in that BRAC is bringing in a lot of command and new operations to Fort Bragg, and once again we are exceptionally appreciative of that, glad of that, and looking forward to that.

One area of opportunity that that presents for our part of the world is education. And while you mentioned about the upgrades in the schools on base, which we once again are very glad that it is happening, we do have outlying areas that we are seeing significant increases in populations that are already here and that are coming.

I went to an elementary school on base—excuse me, in my district. I was talking to fourth graders and asked them how many of them had at least one or both parents in the military, and probably three-fourths of the young people raised their hand. This was a school that did have trailers on it, is overcrowded. It is a poor county, and for them to have all of the things ready in terms of water and sewage and transportation, fire, police, and to build new schools is a significant challenge.

So what do I tell this county that is wanting to provide the best of facilities for the children of our warriors? And we of course know the soldiers want the best facilities for their children when we have these overcrowded situations and hard-pressed to find funds to build the schools for them. What do I tell these people?

Dr. ROBYN. I don't know that I have an answer that will satisfy you. This is a new problem as far, as I am aware, to the 2005 round. When I worked with BRAC communities in the 1990s, they were communities where we were closing bases. And when I met with the Association of Defense Communities in August shortly after I got on the job, I was surprised to see how many of the communities who came to meet with me were ones like the communities you are describing that were faced with too much of a good thing, one might say.

In the transportation area I can say that we, of course, have historically funded projects that set the DAR criteria, the defense access roads criteria. Those criteria probably are outdated. The National Academy of Sciences is actually looking at that question of should the DAR criteria be updated to take account of the fact that the old criteria don't meet today's situation.

In the area of schools, we simply don't do construction outside of the fence. We don't have that authority. There have been times where we have been directed to pay for schools, the upgrading of schools, but that is not something that we take on.

The theory is that the Impact Aid that the department provides to the community, together with the increase in property taxes for at least for families that live off the base, will provide revenue, which can be used to—or the promise of which can be used to float bonds. But I recognize that there is a difficult transition there, and sometimes the troops show up before that can happen.

The Office of Economic Adjustment—I know I met with folks from around Fort Bragg. I know that OEA [the Office of Economic Adjustment] is working with them to provide planning grants and technical assistance, but, unfortunately, not construction.

Mr. CALCARA. Sir, if I may, there are two schools in the fiscal year 2011 program for Fort Bragg. I am sure you are aware of that—$45 million. I would also tell you that 50 percent of our service members who are living off post are homeowners in and around Fort Bragg and are, in addition to getting Impact Aid, are paying property tax as well, which would generate, obviously, revenues for the local school district.

I would also tell you that in our RCI [Residential Communities Initiative] project, our privatization project on post, that the developer is paying property taxes on the improvements as well. So, you know, you have to sort of cobble together all the sources that are out there to help with the school issue in addition to the $45 million that we have in DOD [Department of Defense] projects.

And I think, really, when you get into it, the issue with the schools is that the Impact Aid is paid in arrears after the students are through a school year. And my understanding of the challenge is to try to get Department of Education to pay that Impact Aid prospectively to get out ahead of the requirement. So perhaps there is, you know, a legislative approach there to try to—to help that, but it would be a Department of Education sort of approach.

Mr. KISSELL. And that is an issue, and I appreciate your answers, and we will continue to look, because the property taxes do help, but once again, you have the challenge of meeting this ready to go now, and some of this is coming to us. Thank you.

And thank you, Mr. Chairman.

Mr. ORTIZ. Ms. Shea-Porter.

Ms. SHEA-PORTER. Thank you.

Thank you for being here.

This question is about the Portsmouth Naval Shipyard. It is the oldest continuously operating shipyard in the Navy. It was opened by John Adams 210 years ago. This is a shipyard that does terrific work by everybody's standards. Its primary mission is the overhaul, repair, and the modernization of submarines, and they do complex assignments well, especially considering the antiquated fa-

cilities and the lack of support from the Navy over the last three decades.

Since 1971, for 39 years, the MILCON projects have not been provided through the Navy. My question is why. The new *Virginia*-class subs have begun arriving at the shipyard. This is very critical. We have had to rely on earmarks, and I would like to know why the Navy keeps leaving the Portsmouth Naval Shipyard off the MILCON list. Thank you. I look forward to your answer.

Mr. NATSUHARA. Thank you, ma'am.

The Navy programs several accounts, as you know. How do we revitalize and sustain our bases? It is true that we have not had MILCON program for Portsmouth recently, but there are in the fiscal year 2010 budget. We do——

Ms. SHEA-PORTER. May I just add "recently" is 39 years?

Mr. NATSUHARA. Yes, ma'am.

Ms. SHEA-PORTER. Thank you.

Mr. NATSUHARA. In 2010, as an example, we have six special projects for $35 million that is going to go into the shipyard to help sustain it, revitalize it, and some of those are revitalization and modernization projects.

Ms. SHEA-PORTER. Okay. You are aware, I am sure, that the waterfront support facility was built 68 years ago, that there are a large number of buildings that are now 100 years old. There are electrical code violations, environmental violations, et cetera. And do you have any hope of providing some funding here?

Mr. NATSUHARA. I am not aware of a project directly related to those. I will find out about those and get back to you.

[The information referred to can be found in the Appendix on page 127.]

Ms. SHEA-PORTER. Thank you. I would appreciate that.

I yield back.

Mr. ORTIZ. The chairman of the Seapower Committee, Mr. Taylor.

Mr. TAYLOR. Thank you, Mr. Chairman.

Thank all of the witnesses.

Mr. Calcara—is that proper pronunciation?

Mr. CALCARA. Yes, sir.

Mr. TAYLOR. It is a question more in generalities than in specifics, but it has struck me that the neighborhood of Camp Shelby, Mississippi, near Hattiesburg, the Army has been renting an extraordinarily high number of homes since 2001. At what point does someone in the Army take a look and say, "Wouldn't we be better stewards of the taxpayers' money if we built additional housing on Camp Shelby rather than—"

And again, I have mixed feelings on this. Obviously, it is great for the hotels in Hattiesburg. On the flip side, I have a Nation with a trillion-dollar annual operating deficit, and I would hope that someone in the Army—and I realize that is probably two different slices of the pizza; everybody worries about their slice and not reaching in the other ones—but at some point who in the Army looks at things like that? Because I am sure that is not unique to Camp Shelby.

So who in your organization that is out there and says, "You know what? We would be better off building additional barracks on

property we already own rather than every month paying, boy, literally every day paying for hotel rooms?"

Mr. CALCARA. Yes, sir. The actual Defense Department policy is to rely on the private sector first for provision of the housing solution. That is only to invest in government-owned assets where the private sector cannot respond.

And every two years we do something called a housing market analysis, which is the study of the available assets that are in the economy, on the economy, that are suitable and can meet our needs. And the needs are tied to, you know, allowances or leasing controls that we have in the program, with the thought being that it is always, while it appears cheaper in upfront costs to build housing and manage it, over the lifecycle it is an operating liability, which is partly the reason why we go to privatization projects.

A lot of words there, but the issue revolves around do we have a requirement that is large enough that cannot be met through the use of off-post solution, and if it is large enough, is the project financeable? Is there a business case for it to work in either our Residential Communities Initiative or through a lodging type solution?

I am not aware of the Camp Shelby analytics for the requirement. I will certainly look into it for you and——

Mr. TAYLOR. And again, I have mixed feelings on this, that I think your per diem is approximately $90 a day.

Mr. CALCARA. Correct.

Mr. TAYLOR. It has made a heck of a lot of hotel owners very happy. On the flip side of this, $2,700 a month, and even in Washington, D.C., you can rent a very nice apartment for $2,700 a month. And I have got to believe that someone in the United States Army is clever enough to say, "You know what? We could build a building for less than that."

And I am just—again, we have a—and I am——

Mr. CALCARA. Yes, sir.

Mr. TAYLOR. I am picking on you individually. I am sure each of the services is doing this because of the surges required for the war.

Mr. CALCARA. Yes, sir.

Mr. TAYLOR. But that is a specific that I am aware of, and that is why you are on the receiving end of this.

Mr. CALCARA. Yes. We do have a project in the FYDP that one of my lifelines in the back just passed me a note. We do have a project in the fiscal year 2012 program that we are currently looking at to accommodate that need. So my sense is we have in fact done that market analysis that I mentioned, and it appears that, at least at this point in time, sizing up a project for Camp Shelby in 2012 may in fact happen.

I do want to make sure you see the full picture, though. It is not just the per diem. You know, we then have the lifecycle management and recapitalization. So when you see that per diem rate that we are paying, that gives us the flexibility to avoid carrying that long-term, you know, recap issue. So that is why, you know, part of the business case decision is to look at that. But——

Mr. TAYLOR. Well, let me ask you this. Could someone brief me at some point, or possibly the committee? I would like to see your

business plan on this. What is your threshold? And how and when do you make that decision? Because I think it is something that I would certainly like to know about, and I believe the committee would like to know about.

Mr. CALCARA. Yes, sir. We will certainly do that as we queue up these projects. I would tell you, not to be curt in the answer, but it is sort of a site-specific "it depends" kind of an answer. You know, how much is the construction? What is the size of the project? Projects have to be a certain size to put them in a privatization model. They have to be a certain size to be efficient to get funding through a MILCON solution, but we can do that for you. We will certainly schedule that and come over and see you.

Mr. TAYLOR. All right.

Thank you, Mr. Chairman.

Mr. ORTIZ. I think Mr. Taylor has raised a very important point there, and thank you for responding to this question and meeting with him.

Now I will yield to Mr. Holt, and then from then I will go to my ranking member, Mr. Forbes.

Mr. HOLT. Thank you, Mr. Chairman.

I would like to direct my questions to Dr. Robyn. But first of all calling my colleagues' attention to Dr. Robyn's biography, I noticed the association with the Office of Technology Assessment, and I hope that another time in a different forum, she would join me in pointing out the excellent work that the OTA [the Office of Technology Assessment] did in the past and the continuing need we have today for the kind of excellent work that OTA did.

Dr. ROBYN. Sir, you are a hero to all OTA alums.

Mr. HOLT. Thank you. As you may be aware, I and other members from the New Jersey delegation wrote to the President last year urging him to re-examine the decision to close Fort Monmouth, whose personnel are absolutely critical to our ability to provide proper intelligence and communications support for deployed troops.

I know this Administration did not make that ill-advised decision, but since we now know that the cost estimates were bogus, that although the data manipulation and to support a foregone conclusion and the stacked deck and the information improperly withheld from the commission may not have been criminal, nevertheless they were surely regrettable.

I want to ask you about it. A number of people associated with Fort Monmouth, both on the giving and receiving end, those who are doing the work there and those in the field, who depend on the C4ISR [Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance] services, goods and services, coming from there, tell me, well, in the words of one retired Army colonel, "How can the Army continue to support a move that is flawed, way over budget, and cannot justify any cost savings at all?"

But well beyond the financial and fiscal concern, what bothers many of us is that the soldiers in the field are not getting and will not get the C4ISR support they need, with deadly results.

Well, just to elaborate on that, the Government Accountability Office has reported that if Fort Monmouth closes on schedule, the

Army will be short, perhaps, 2,200 personnel. Now, these are very specialized personnel—engineering, procurement, and so forth—2,200 personnel that it will need to properly support our deployed troops.

So my question is, will the Administration be revisiting the closure decision?

Dr. ROBYN. I really want to hand that one off to Joe Calcara. I feel certain the answer is no, but I can't—I know there is a long, long history, painful history surrounding the Monmouth closure, and I can take it for the record. I should probably also give——

[The information referred to can be found in the Appendix on page 128.]

Mr. HOLT. If you would, please.

Dr. ROBYN [continuing]. Joe a shot at it.

Mr. HOLT. I am not alone in this. And as I say, you know, this retired colonel writes me and says, "How can you do this when there are no cost savings at all?" What people will not say on the record, but will say to me, is because the men and women in the field don't have somebody on the other end of the—or will not have somebody on the other end of the line when they call back and say, "We need an upgrade for IED [Improvised Explosive Device] detection; we need this week's upgrade," and there won't be anybody on the other end of the line, they believe this is not just a financially flawed decision.

Mr. CALCARA. Sir, if I may——

Mr. HOLT. Yes, sir.

Mr. CALCARA [continuing]. And I am also from New Jersey, so hopefully you will be easy on me as well.

Mr. HOLT. Okay. But let me say right up front this is not a New Jersey parochial interest.

Mr. CALCARA. Yes. Yes, sir.

Mr. HOLT. And I resent it if people say that is what it is about, sir.

Mr. CALCARA. And I was going to actually answer and comment on it in a larger BRAC concept as we talk about cost growth at a location for additional capacity or a feature that was not included or the other sundry reasons that the budget grows for a move.

But my comment is the payback period is still there. Now, it may not be as it was in——

Mr. HOLT. Does for decades count?

Mr. CALCARA. Well, I will tell you the numbers that we have on Fort Monmouth, even with additional growth, are justifying maybe an eight to nine-year payback versus six.

I would also tell you that on a monthly basis, on a monthly basis, we get together the entire Army staff, command by command, and go through each of these locations from a human capital realignment standpoint, as well as the construction piece, which is kind of my lane.

And in each individual base case, base location, we have the human resources people tracking the recruiting, the movements. And I guess I have not heard yet that there is a loss or there is a dramatic concern for intellectual capital at the APG [Aberdeen Proving Ground] receiver site. The job market is tough. There are

people who are changing their minds to move from New Jersey. I left New Jersey. There is life outside of New Jersey.

Mr. HOLT. Yes, Mr. Calcara. Indeed, it was predicted that 25 percent of the people would move to Aberdeen. It now looks like 50 percent.

Mr. CALCARA. Yes, sir. And growing every day.

Mr. HOLT. That means 50—no, no, it is leveling off at that, at 50 percent. And you will not find the other 50 percent, and specialized engineers who can do communications in a noisy environment or IED detection or whatever it may be, you will not find them from temporary service employers. So the Government Accountability Office was very clear it will be mid-decade before the shortfall will be filled in.

With the gentleman's permission, I would just like to ask one more question of Dr. Robyn.

The Army Materiel Command has repeatedly resisted any effort, so if the answer is no, this will not be revisited, the Materiel Command has repeatedly resisted efforts to create a backstop capability for the services that Fort Monmouth currently provides.

The State of New Jersey has created a nonprofit technology solutions center that could help provide precisely that capability using the talent in the area, especially the current Fort Monmouth employees, who have chosen for various family and personal reasons not to move.

We know that the McAfee Center, which is barely a decade old and has been a nerve center for the Army's key intelligence and communications programs, is still a very usable facility and will be for years to come. Can I have your commitment that you will work with me on this issue for, one, to ensure that the no-cost conveyance is available for the McAfee Center and that the department will work with this technology solutions center to see that the Army does have the technical backstop capability that the men and women in the field really, really need?

Dr. ROBYN. Yes, no, absolutely I would work with you. I don't know if it is a no-cost or another kind of, you know, cost EDC [Economic Development Conveyance], but yes, I specialize in EDCs. I would love to work with you on that, as well as the other issue. Thank you.

Mr. HOLT. Thank you.

Thank you for your generous consideration, Mr. Chairman.

Mr. ORTIZ. Thank you.

Mr. Forbes.

Mr. FORBES. Thank you, Mr. Chairman.

And once again, thank all of you for being here.

And, Mr. Natsuhara, I would like to ask you a question. It is kind of a follow-up for what Congresswoman Shea-Porter was talking about with the Portsmouth Naval Shipyard and the fact that the Navy has not had a major MILCON project, I think, you said for 39 years there.

How does the Navy view that shipyard? Is it a priority?

Mr. NATSUHARA. The Navy only has two shipyards on the East Coast, Portsmouth and Norfolk, and, yes, both shipyards are a priority to the Navy.

Mr. FORBES. Wouldn't you say it would be a critical priority?

Mr. NATSUHARA. They are a priority of the Navy.

Mr. FORBES. And would you say the Norfolk Naval Shipyard's also a critical priority?

Mr. NATSUHARA. They are both critical assets. Yes, sir.

Mr. FORBES. Dr. Robyn, thank you for being here again with us. And we appreciate your willingness to and patience to put up with us as we fumble through these questions, but we have had a lot of questions about BRAC. What was the purpose of BRAC?

Now, in full disclosure most of us were against BRAC, but what was the purpose for BRAC in a capsulized 60-second version, if you could give it to me?

Dr. ROBYN. The early BRAC rounds were——

Mr. FORBES. The last one.

Dr. ROBYN. The last one was focused on enhancing military capability as opposed to getting rid of excess capacity, which was the traditional rationale.

Mr. FORBES. So it was enhancing our capability.

Dr. ROBYN. Right.

Mr. FORBES. Was that by expanding facilities, the number of facilities we had, or by consolidating facilities? Or where was the emphasis there?

Dr. ROBYN. I think both. I think the individual service representatives can probably give you better examples, but it was focused on military capability. Jointness was a major component. I mean, there are a number of focus areas, but certainly, consolidation has been a big issue, as you have heard from some of the communities that are suffering from too much of a good thing, but also the expansion of the receiving facilities.

Mr. FORBES. So would it be fair to say—and again, don't let me put words in your mouth; I know you won't—but it was designed to increase our capability.

Dr. ROBYN. Right.

Mr. FORBES. We were looking——

Dr. ROBYN. That was the overarching——

Mr. FORBES [continuing]. Where we needed to increase our capabilities and the needs we had to increase those capabilities. Consolidation not for consolidation's sake, I would take it, but for the purpose of increasing our capability and perhaps efficiencies.

Dr. ROBYN. Right.

Mr. FORBES. And then jointness.

Dr. ROBYN. Right.

Mr. FORBES. And then also cost efficiency. Fair that we would do that.

Mr. Natsuhara, you agree with Dr. Robyn?

Mr. NATSUHARA. Yes, sir.

Mr. FORBES. Okay. The reason I want to ask you that is tell me why, if we were looking during BRAC at increasing our capabilities, at consolidation for efficiency's sake, at jointness, why was the transfer of a carrier from Norfolk to Mayport not even raised in that process?

And tell me what has happened from the time that BRAC started to today why the Navy considers that now a greater priority than spending money at the Portsmouth Naval Shipyard or spending money at the Norfolk Naval Shipyard or for that matter any

of our other shipyards that have about a $3 billion backlog right now.

Mr. NATSUHARA. I am not sure——

Mr. FORBES. What happened different?

Mr. NATSUHARA. I am not sure why or what went through the process of the BRAC 2005, Navy BRAC 2005. The Navy BRAC 2005 was one of the smallest BRAC rounds we have had. We did quite a bit of BRAC in the earlier rounds, especially 1991, 1993, 1995 timeframe, so we didn't have many major bases closing. We had a lot of realignment in that during that round, especially of our reserve bases.

As far as why we are moving a carrier to——

Mr. FORBES. That is not my question.

Mr. NATSUHARA. Okay.

Mr. FORBES. My question is what happened between the time of BRAC, when those kinds of issues were being considered and looking at, and today that changed so that the Navy is now considering doing that? Has anything changed in that time period?

Mr. NATSUHARA. I am not aware of those discussions and what——

Mr. FORBES. So then when we looked at BRAC with our goal, stated goal—Dr. Robyn is, I think, absolutely correct—looking at the capabilities we needed, consolidation that should take place, jointness, cost efficiency, the carrier wasn't even on the radar screen. But something happened between then and now to not just put it on the radar screen, but to put it above the Portsmouth Naval Shipyard and the Norfolk Naval Shipyard.

And the reason I raise that is because I understand from Admiral Roughead's testimony in the Senate for the fiscal year 2009 budget testimony, he said that future shore readiness is at risk. And we know that there is now a backlog for installations of $36.6 billion.

So my question to you is if in fact the Portsmouth Naval Shipyard is a critical shipyard, which I believe it to be, if the Norfolk Naval Shipyard is critical, what is it that makes spending either $590 million or what many estimates are up to $1 billion to move a carrier to Mayport more important than funding projects at Portsmouth Naval Shipyard and Norfolk Naval Shipyard, which the Admiral has said is putting us at a place right now where our shore readiness is at risk?

Mr. NATSUHARA. We tried to balance all the critical needs of the Navy, of the Department, across multiple years. So it is not that we are placing it more important than Portsmouth or——

Mr. FORBES. I am not—Mr. Natsuhara—and I don't want to interrupt you, but if my friend and colleague down here is correct, and I know she would not say something that she didn't believe to be correct, 39 years is a long time to balance or to stretch over years.

And when we have this major process of BRAC taking place, where we were supposed to look at all this, whether we make good decisions or not at Monmouth, I mean, you know, that is open to argument, but we all know that is when it was all put on the table. The carrier wasn't a blip on the screen. Nobody mentioned it. No-

body said, "Oh, let us look at that, not at look at it." It wasn't even done.

These projects have been on the screen for 39 years, and all of a sudden the Navy is coming up and saying, "Oh, all of a sudden it is so vital that we do this", even though all the evidence suggests it is a very, very small risk. It has some of us up here scratching our head and saying, "Why, when you said you needed so much money and you have got future shore readiness at risk, you can't put a dime for these MILCON projects in shipyards that you admit are critical?"

And by the way, in the Norfolk Shipyard, which I think is critical, just like Portsmouth, you have bumped a facility from 2011 for controlled industrial facility—well, now you want to do one at Mayport. And yet Admiral Greenert the other day said all the docking availabilities for the carrier were going to be done in Norfolk. Explain why that is smart allocation of dollars.

Mr. NATSUHARA. From a critical infrastructure we look at—and I am not sure what happened during BRAC—but we continually evaluate all the risk to the fleet, and after 2005 it was determined by the Navy that the critical infrastructure, the consequences of losing the only nuclear repair capability, was too great of a risk to the Nation, not that whether it is Portsmouth, Norfolk aren't important, but——

Mr. FORBES. Now, tell me what are you talking about—the only repair facility?

Mr. NATSUHARA. Nuclear carrier repair facility.

Mr. FORBES. Where are those carriers built?

Mr. NATSUHARA. At Newport News in——

Mr. FORBES. Okay. So you are talking about the only one. You have got Norfolk Naval Shipyard——

Mr. NATSUHARA. Right.

Mr. FORBES [continuing]. And you have got Newport News, which is just down the river. So you wouldn't lose them both at one time. You would still have the very place that you built the carrier, wouldn't you?

Mr. NATSUHARA. They are in the same geographic location that our nuclear capability—repair capability, so from a critical infrastructure, the consequences of losing the carrier, that repair capability in the Hampton Roads area, I look at it from the facilities of if we were to lose that repair capability in the Hampton Roads area, what would be the impact? And how would we recover? It is a—it is a large risk to the——

Mr. FORBES. But none of that risk was raised during BRAC, was it, at all?

Mr. NATSUHARA. I am not——

Mr. FORBES. Let me just say it wasn't. Let me ask you this question. I have a letter here from Senator Jim Webb, as you know, former Secretary of the Navy, now on the Senate Armed Services Committee. And he says this. He said, "Stewardship of taxpayer dollars demands that the Navy first maintain its existing facilities properly before investing what could be up to $1 billion to build a new controlled industrial facility in Mayport to support a nuclear-powered aircraft carrier."

You just disagree, and you think Senator Webb is wrong on that, don't you? Or do you?

Mr. NATSUHARA. I think that in order for this country to be able to live with the risk of the consequence of losing that capability in the Hampton Roads area is just too great of a risk, if we were to lose that.

Mr. FORBES. The last thing I want to ask you is this, and this is something you are going to need to get back to me on. In the QDR, were any lobbyists involved in the QDR and the decisions that were put in the QDR?

Mr. NATSUHARA. I am not aware of any, but I will take that for the record.

[The information referred to can be found in the Appendix on page 127.]

Mr. FORBES. Would you think it would be inappropriate if there were?

Mr. NATSUHARA. Yes, sir.

Mr. FORBES. I am going to ask you, if you would, and this is based on Senator Webb's letter to Secretary Lynn on December 23rd, 2009, when he asked for this information. I am going to ask that you get this back to us. He asked at this point in time if—he said, "If you could give us information if whether or not in the past two years Admiral Natter has"—let me get his exact wording, because I want to read this to you exactly.

What he has asked is this. He says that "during the past two years, Admiral Natter has firmly advocated the Navy's carrier homeporting proposal for Mayport. Unfortunately, press reports quoting his views do not generally reveal that he is a paid lobbyist for the state of Florida and the city of Jacksonville, Florida. In addition to his Department of Defense contracts in the Four-Star for Hire mentor program, USA Today reported that he is also defense consultant and a board member of weapons maker BAE Systems. From 2004 through 2006, his firm received $1.5 million from the state of Florida to lobby the Navy and Congress on base closing decisions, federal lobbying records show." This is Senator Webb's letter.

And the question he asked is whether or not you could give information as to whether or not Admiral Natter had any contact with anyone regarding the QDR when that was brought forward. So I just ask in compliance with Senator Webb's letter, if you would follow up and give us that information, if any of it exists.

[The information referred to can be found in the Appendix on page 127.]

Mr. NATSUHARA. Yes, sir.

Mr. FORBES. Okay.

I would like to go back to Dr. Robyn. And, Dr. Robyn, these are questions I just don't have answers for. I would just ask, and if you don't know, I mean, you can get back to me with them.

But the President's budget didn't include more than $1 billion for MILCON in Afghanistan. As you heard in my opening remarks, none of those projects are going to be completed by July 2011, the date the President said we would begin our drawdown of forces there. Explain.

Dr. ROBYN. Well, I think it is sort of implicit in what you just said. That is the beginning of the drawdown, not the end of the drawdown. And as Secretary Gates has said, the transfer of security responsibility to the Afghans will be based on conditions on the ground, so we are not leaving on the—I mean, we will begin that process, but we won't end. And these are facilities that will provide support.

Mr. FORBES. The curves, though, just seem to be going the wrong direction. I mean, and maybe just explain, if you would, to me, you know, we have got a curve where our constructions aren't going to be done, and about $1 billion, and we are talking about leaving. Is that because we are just having a few people leave, and we are still going to have a large number there, or—I mean, I would just think we would want to make sure we were going to have a pretty sizable force there, if we were going to spend $1 billion in these MILCON projects.

Dr. ROBYN. I definitely don't want to be speaking to our policy in Afghanistan and how——

Mr. FORBES. No, no, I am asking you to speak to the budget.

Dr. ROBYN. Yes. No, I think the answer is we start leaving then. The pace at which we leave is to be determined. There are military construction needs for the time that we are there.

Mr. FORBES. Would it be fair to say, though, if we were going to have $1 billion of MILCON for Afghanistan and not a single one of those projects completed before July of 2011, we were planning on having a fairly significant number of people there to use those projects, or else we wouldn't be building them?

Dr. ROBYN. I would not want to speculate on that.

Mr. FORBES. Would it make good economic sense from a budgetary matter for us to be spending $1 billion for projects when we have——

Dr. ROBYN. It could well. I mean, we are, you know, we are at war. We are trying to win a war, and MILCON is——

Mr. FORBES. But if we are going to spending them after we leave that war, that wouldn't make too much sense, would it?

Dr. ROBYN. I don't think that is the plan, but I think it is to—we need support while we are there.

Mr. FORBES. Okay. Help me with this one, then. The President's budget also—and this I said in my opening remarks, too—includes funding for facilities in the United States for Army and Air Force units currently based in Europe, even though the QDR was silent on whether or not the Army brigade combat teams or Air Force fighter squadrons were indeed returning to the United States.

If we are spending money here for them, are they coming back? Or are they staying there? And if we don't know, why are we spending money——

Dr. ROBYN. My understanding is that decision on how many will stay versus come here is to be made this fall in a NATO forum.

Mr. FORBES. And I understand that. I am not arguing that. I am just saying shouldn't I know that decision? Am I getting the cart before the horse? Shouldn't I know that decision before I spend the money for the facilities to put them there, if I don't even know whether they are coming back?

And anybody can—Mr. Calcara?

Mr. CALCARA. Yes, Mr. Forbes. I would just make two points. You know, we are kind of hamstrung without contingency construction authority over there to respond to emerging needs on the ground. So to the extent that we don't have the access to that authority, we have positioned these projects in the budget.

I would suggest to you that at some point, if in fact we did not need them, we would cancel the projects. So we are sort of between a rock and a hard place here. Without the CCA [contingency construction authority], you know, we had to go down this programming approach.

The second thing I would suggest to you is that once we get out of the warfighting business over there, I do believe there is a value in having facilities there for the train and sustain, the peacekeeping mission for the Afghan forces.

Mr. FORBES. So just to make sure I am clear, we are back on Afghanistan. You kind of switched horses on me there. That is okay.

Mr. CALCARA. Yes, sir.

Mr. FORBES. But I understand—and fair, good analogy.

Mr. CALCARA. Okay.

Mr. FORBES. Are you going to take a bite? I am sorry. I will pass on some notes. I guess you got the last one on it, and that is fine. But tell me about the Europe situation.

Mr. CALCARA. Well, you know, the Europe situation, you start looking at it in terms of, you know, business case and the value of relationships in theater and having strategic assets in a geographic location.

Mr. FORBES. No, no. Got you there. I understand that. But if we are going to make that decision, shouldn't we know whether we are going to change that dynamic before we spend money for the facilities? That is all I am asking.

Mr. CALCARA. I think, you know, I am hesitating with a yes or no answer, because it is a dynamic situation. You make the best decision when you have to develop the budget at this point in time that gives us the maximum flexibility. There are——

Mr. FORBES. But let me—and again, forgive me for cutting you off. I am just trying to get an answer. And somebody else will give you some more notes. Read them. Take your time with looking at them, because this is open book. It is okay. I mean, we want to get——

But I come back to what my friend, Ms. Porter, would say. You know, we are not building something there for 39 years when we say it is a critical need. And now we are saying we are going to build these facilities, and I am not saying we don't need them. It would just seem to me that common sense would say from an accounting point of view that I ought to know whether we are going to bring the units here.

Mr. CALCARA. Well, and none of our fiscal year 2011 investments are at risk, pending the QDR decision. That is my understanding. I mean, we can go through——

Mr. FORBES. No, no. Our problem is you haven't made some of your investments. I think that is what Carol would say, you know.

Mr. CALCARA. Right.

Mr. FORBES. And I would agree with her. And I am not arguing where you are allocating your dollars. I am just simply saying it

is hard for me from an economic point of view when the chairman and I have to sit up here and we have to say, "How are we just doing our oversight to make sure we are making efficient decisions?"

It would just seem to me, from all the Economics 101 classes that you have, I would want to know, okay, I am going to bring these assets here before I built facilities to keep them here, since I could always use that money somewhere else if I wasn't. Where am I wrong on that?

Mr. CALCARA. Well, you know, we have to almost go location by location, but, you know, in terms of Europe in the Army budget, we do not have any investments in fiscal year 2011 that will be impacted by a decision to pull out of there or to stay. And the requirements that we have there today include some housing at Baumholder and that is about it.

Mr. FORBES. But you are still not—I am not questioning investments you have made before or decisions you made where you are not spending money. I am saying am I not right that the President's budget does include funding for facilities in the United States for Army and Air Force units that are currently based in Europe? And yet from what testimony we are hearing today, we don't know whether they are going to be returning to the United States. Am I wrong on that?

Somebody is trying to give you help back there.

Mr. CALCARA. Yes, I guess I am stuck, because I know this budget backwards and forwards. The only dollars I know that we have invested in CONUS [Continental United States] for projects in Europe are in fiscal year 2010 at Fort Bliss. And those two facilities are being used by our Fires Brigade and our AETF [Army Evaluation Task Force] configuration down there.

I don't know of any other capacity that has been built that is tied to a migration back, nor any investment that is made in 2011 for retaining. You know, we are kind of in a pause period. So I guess I need clarity on the question.

Mr. FORBES. Why don't we do this, then, so you don't have to keep passing those notes and I don't have to keep——

I will give you a written question——

Mr. CALCARA. Okay.

Mr. FORBES [continuing]. You know, because I don't want you to just have to just come off the cuff and do it, so that you can just tell me if I am wrong on the question or maybe trying to get your arms around the answer.

And when I do that, also I am going to throw in this one. The President's budget also includes a substantial MILCON funding for basing the Joint Strike Fighter and yet, you know, we know that the fighter production has been delayed because of acquisition delays, and just kind of an explanation of that. And you can give me that now, or you can give me that when you respond to the other one.

You want to point that down to Ms. Ferguson?

Ms. FERGUSON. That is actually me.

Mr. CALCARA. Kathy's turn for solidifying.

Mr. FORBES. We have left you out of some of this.

Ms. FERGUSON. I get to join the fun here a little bit.

Mr. FORBES. Yes.

Ms. FERGUSON. You are right. There has been a decision that reduces the Joint Strike Fighter, but it really doesn't affect delivery of any of the aircraft until fiscal year 2015. The projects that are in our fiscal year 2011 budget request are to support the delivery of the first airplane to the first operational location and the first airplane to the second training location, the first training location being Eglin.

As we have gone back and re-looked at the delivery schedule, the delivery of those two airplanes slips by just three months from this summer to the fall of 2013. And backing that up, we need to have MILCON in 2011 in order to have those facilities available for when the aircraft comes on the ground.

Mr. FORBES. Good. Ms. Ferguson, thank you.

Mr. Calcara, I owe you a question that I will send to you to respond.

And, Mr. Natsuhara, if you could just get me the answer to that one about Admiral Natter, if you would, based on Senator Webb's question.

And again, Dr. Robyn, thank you again, and all of you for being here.

Mr. Chairman, I yield back.

Mr. NATSUHARA. Sir, I do have a response from Secretary Lynn that went back to Senator Webb.

Mr. FORBES. Oh, good. Can I just get a copy of that?

Mr. NATSUHARA. Yes, sir.

Mr. FORBES. Did it include in there any information on that?

Mr. NATSUHARA. Yes, he specifically answered that question.

Mr. FORBES. That is great. Thank you. If you will just give me a copy of that, that will be great.

Mr. NATSUHARA. All right.

Mr. FORBES. I appreciate that. Thank you.

Mr. ORTIZ. You know, I have been here through all the base closures—five of them. And just between you and I, I hope I never see another one. We just came back from Puerto Rico. They shut down all the bases in Puerto Rico. And now we see all the problems that we have—Central America, South America, Mexico, and it pains me to see us leave 12,000 feet runways and a lot of facilities.

And the problem that I have seen is that when we give something away, we might need it, but we will never get it back. But I know this is not your decisions. It was made by a base closure commission, and so I think that the members had some very legitimate questions to ask, you know. And I understand. I understand.

But now I have several questions from Congresswoman Bordallo, little questions about Guam, little problem in Guam. But I am just going to ask one, because I know that we are going to have a meeting—I mean, votes—and I have a meeting at the White House in the next few minutes.

But if you all have some other questions——

I am going to ask one question, and this is what——

Mr. Bishop is just coming in. He might have a question.

This is her question, and she says, "First, I would like to thank you for all the work that you do to provide the best quality of life for all our service members. And my first question," she says, "is

for Dr. Robyn. I want to follow up on the outcomes of the Economic Adjustments Committee that met several weeks ago at the White House to discuss the Guam military buildup. And as you know, the Port of Guam did not receive critical Recovery Act funding."

Voice. Ms. Bordallo just walked in.

Ms. BORDALLO. It is okay. Go ahead, Mr. Chairman.

Mr. ORTIZ. No, here you are.

Ms. BORDALLO. Where are you?

Mr. ORTIZ. Right here.

Ms. BORDALLO. How far did you get?

Thank you very much, Mr. Chairman. I am sorry. I was down on the floor managing bills.

First, I would like to thank you all for the work you do to provide the best quality of life for all our service members.

And my first question is for Dr. Robyn. I want to follow up on the outcomes from the Economic Adjustment Committee that met several weeks ago at the White House to discuss the Guam military buildup. As you know, the Port of Guam did not receive critical Recovery Act funding, and this lack of funding will make it extremely difficult for the military buildup on Guam to move forward and be done in a timely and a cost-effective manner.

So can you elaborate on what progress, if any, was made at the EAC [Economic Adjustment Committee] meeting to address Guam's critical civilian infrastructure needs? And will DOD take more of a leadership role in addressing these concerns? And what is the resolution on providing a comprehensive infrastructure plan for Guam? If you could answer those three questions.

Dr. ROBYN. Well, I think it is a work in progress. I think we will take more of a leadership role in identifying exactly what the needs are outside of the fence and figuring out how the federal government whole of government approach to financing it.

But it is premature to say that that has done. It was a real honor to hear from both you and Governor Camacho several weeks ago, and it was a very productive meeting. And because of that meeting and because of the President's visit to Guam, this issue has become much more visible, which is very gratifying to Roger and me to have the White House send other agencies, becoming very aware of this issue.

So we will keep communicating with you, but I can't—it is, you know, I don't have a finished product yet.

Ms. BORDALLO. So no decision was made, then, who would take the lead in this? We are finding such a difficult, you know, situation right now, because no one—everyone points fingers at the others, and we were hoping that the Department of Defense would take the lead.

Dr. ROBYN. I think we will take the lead on identifying what the needs are and leading a process to figure out how the agencies will collectively pay for what is needed and what is appropriate.

Ms. BORDALLO. Yes, and we are concerned about the grant that we lost at the Port. Would there be any update on that?

Dr. ROBYN. Well, no, I can't. I mean, that was a kind of a one-time thing. As you know, there is another tranche of TIGER [Transportation Investment Generating Economic Recovery] grant money, stimulus funding later this year. I have had many con-

versations with Maritime Administration since then, but I can't report to date any concrete progress.

Ms. BORDALLO. All right. Well, we hope that, you know, we will get word on it soon.

And I have another quick question for Mr. Natsuhara.

All right. At this time I would like to yield my time to Mr. Bishop, who has been here.

No, go ahead, go ahead, go ahead.

Mr. BISHOP. Thank you.

I guess the first question I have is why you are still here by the time I got back. [Laughter.]

But let me try and be—at least one question not parochial, but I will be parochial at first.

Ms. Ferguson, if I could start with you, first of all, I want to thank you so very much for what you and your office has done on EUL [Enhanced Use Lease] Falcon Hill as well. You have done yeoman's work. We are still not quite over all of the humps, but I am sure we will be. And I do want you to know how much I do appreciate what you have done there.

On the non-parochial basis, though, I did notice in the President's fiscal year 2011 MILCON budget that when it comes to the Air Logistics Centers, there has been a huge slice taken not just from mine, but all three of those Air Logistics Centers that is there.

Traditionally, we have seen increases that basically come to about $20 million per year for recapitalization, but at our ALCs [Air Logistics Centers], which are the largest, the most complex Air Force Bases, there must be some kind of commitment to recapitalization to maintain their missions.

I would hope that this is perhaps just a one-year blip, but when I think Warner Robins is at zero percent on MILCON and the others are very, very low, I would like you if you would comment about that. I hope this is simply coincidence and not necessarily by design.

Ms. FERGUSON. I think I can answer part of that, and then I will take part of it for the record also.

[The information referred to can be found in the Appendix on page 127.]

Ms. FERGUSON. Of course, as you know, the Air Force created the Air Force depot maintenance strategy back in 2002, and there was fairly robust funding from the period of 2004 through 2009 of about $150 million a year, and to include depot infrastructure, including equipment and military construction and O&M [operation and maintenance]. And it was split each year depending on what the AFMC [Air Force Material Command] commander needed at that time.

We invested about 325—I am sorry, $328 million in MILCON in each one of the three depots over that time, but now that commitment of $150 million commitment a year is—is not there anymore. But we did fund two projects in 2010, one at Tinker and one at Hill. And as you point out, there are two projects in fiscal year 2011 budget.

What I will do is I will take back what is going to happen. I will take back for the record the plan for the Air Force from 2012 and beyond.

[The information referred to can be found in the Appendix on page 128.]

Mr. BISHOP. Thank you. I do appreciate what the Air Force has made a good commitment for our Air Logistics Centers. But once again, if you see a drop-off in the MILCON commitment that is a trend in the recapitalization, then there have other problems.

So, Mr. Calcara, if I could hit up you parochially for just a minute, I am going to contend that you are the receiving end of what I was worried about may be happening on the Air Force side of those.

I have two elements of your jurisdiction in my district in the state—first of all, Dugway, which once again has had an 800 percent increase in its job functions since 9/11, but has not received the MILCON commitments to keep up with it, which means the Level Three biolabs still are now being housed in trailers, which does have public safety concern from our part at the same time.

It is also a quality of life decision, specifically the—oh, heaven—the commissary, for example. It is 50 years old. It is a 65-mile drive before they find any other civilization out there. We have some problems with the dining facilities. There are some of those issues that are still outstanding, and the Army has not necessarily been as proactive as the Air Force has in trying to meet those particular needs.

If I could refer you to the Tooele Army Depot, for example, it has been 17 years since there was a MILCON commitment out there. We have some very problematic missions out there, but you don't even have the money to bring the buildings down until they do it of their own free will. That is a concern.

That kind of a commitment to those depot situations, as well as to the biolabs out at Dugway, are a concern to me, and it is the same kind of issue at hand, except yours perhaps had started before then. Before it was the Air Force's, I am afraid of looking at, if that made sense.

If you would like to comment—actually, I just gave you a lecture, but if you would like to comment on it, I would appreciate that.

Mr. CALCARA. Yes, sir. And I spent some time reading up on Tooele and Dugway recently. Let us take Tooele first. I think it is important to note that as an AMC [Army Material Command] installation, their economic anatomy is in the working capital fund, and a lot of the improvements and investment that they typically make are done through the working capital fund's flexibility.

As far as their MILCON program goes, the way it works in the Army is the local base commander is responsible for identifying their highest priorities in terms of projects. And as it would, turns out that they do not have a top 20 request for a MILCON project coming out of Tooele. Their highest-ranking project on their list is ranked 29, and it is in 2016.

So we would love to sponsor some military construction there and look at it for integration in our integrated priorities. We just can't seem to get anyone locally there to prioritize it high enough on the list.

Mr. BISHOP. I appreciate your answer. Maybe I shouldn't have asked you for a response, because I think one of my staffers right now is having a heart attack back in the office, having heard your response there. There is, in some of the ways in which we make these types of plans, a Catch-22 factor. If you don't have the commitment to the projects there, it increases the cost, which lowers your size of where you can make those commitments.

Let me just say that I appreciate that response. Seventeen years is still a long time. I am not quite buying, to be honest, that in 17 years there has been nothing that has risen to the level of MILCON necessity out there, but we have seen project after project that have been pushed to the right year after year, always at least five years away.

So I appreciate that response. I don't know if I quite buy it, but I appreciate it very much.

Mr. CALCARA. Well, it is an honest response, and one of my lifelines also tells me next week we are meeting with your MLA [military legislative assistant] to go over the prioritization process to try to bring some more clarity to how do you get a project in competition, so—but the numbers are what they are. I am told number 29 in 2016, so——

Mr. BISHOP. I appreciate that again. I will give one plug. I am sorry for rambling on here. I am in the red zone already. I will give one plug to the colonel who is out there. She does a marvelous job with what is available for her.

Ms. BORDALLO. I thank the gentleman.

And now I will come back to my questions. And I would like to ask the panel. I have a number of questions here, if you could just be very brief with your answers.

Mr. Natsuhara, this question is for you. As you know, I put forward a set of concerns and counterproposals in my formal comments to the draft environmental impact statement, so I would like to get an update from you on where we are in the process of evaluating the comments on the draft EIS. What is the timeline now for putting forward the final EIS and for the signing of a record of decision?

Mr. NATSUHARA. Yes, all of the draft comments—all the comments on the draft EIS, including yours, are currently being evaluated by—we have TIGER team right now in Hawaii that is evaluating all the comments, and we are also working very closely, that by CEQ [the Council on Environmental Quality], to help us through the process of getting to our final EIS. It is still on track for late June, early July with a ROD [record of decision] signature.

Ms. BORDALLO. Could you give me that date again? Late——

Mr. NATSUHARA. Late June, early July.

Ms. BORDALLO. Late June or July, all right.

Mr. NATSUHARA. With a final EIS with a ROD in August.

Ms. BORDALLO. All right. Now, another question with the EIS. There was considerable pushback on the idea of housing the Marine aviation unit at Andersen Air Force Base. On Tuesday I had the opportunity here in Congress to discuss the Marine bed-down plan with members of the National Military Family Association.

Now, during the hearing I expressed my views regarding reduced land use by housing Marines in vertical structures such as con-

dominiums. With regards to housing accommodations, this group agreed with me that as long as the Marines are housed in Guam standard housing, then they would support vertical structures such as condominiums, as opposed to single-family dwelling. Is there serious consideration being given to this issue?

Mr. NATSUHARA. This is the first I have heard about vertical housing. The Marine Corps is committed to building quality housing for the Marines, and the Department of Defense is also. Right now, the standard we are trying to achieve is similar to what the Navy currently is building in Guam, which are single-family homes.

Ms. BORDALLO. Well, I just wanted it to be on the record that the family association did agree that they would have no opposition, as long as the housing met standards.

Secretary Ferguson, let me follow up on a question I asked to Mr. Natsuhara. Would the Air Force be willing to support an initiative to house the Marine aviation unit on existing Air Force land at Andersen Air Force Base in order to reduce the costly need for land acquisition and better position our service members in Guam?

Ms. FERGUSON. The Air Force and the Navy and Marine Corps have been working the siting issue since the very beginning, and we have already explored the possibility of locating more facilities at Andersen, but I think we collectively agree that the best plan is the one that is currently in the preferred alternative, which does not increase the housing on Andersen.

Ms. BORDALLO. I see. All right.

Mr. Natsuhara, the EPA had some very strong comments about the draft EIS in regards to the lack of support and commitment for civilian infrastructure requirements. The EPA gave the lowest score possible, and this may continue unless this matter is resolved. What is the Navy doing to address the civilian infrastructure issue?

And finally, where are we in the mediation efforts with the Fish and Wildlife Service and NOAA [the National Oceanic and Atmospheric Administration] regarding impact and mitigation of coral damage associated with the development of a transit CVN [nuclear-powered aircraft] carrier berthing?

Mr. NATSUHARA. This EIS, as you know, is a very complex EIS. It is the most comprehensive and complex EIS the department has undertaken. The analysis of all the impacts are currently being evaluated by EPA and all the resource agencies and with the assistance of the Department of Justice.

CEQ is helping us work through to make sure that our analysis, our mitigation measures and the plan to mitigate those impacts are properly addressed in the EIS. And we are committed to making sure that we do not have a significant impact on Guam.

Ms. BORDALLO. What about the coral? Did you——

Mr. NATSUHARA. And we are also working with NOAA and CEQ with the Department of Justice to work through those coral issues also.

Ms. BORDALLO. Very good. All right. And also, Dr. Robyn and Mr. Natsuhara, I wanted to find out, to get a better understanding of whether mitigation funds from individual military construction

projects can be used to support civilian infrastructure needs like upgrades to the port or wastewater treatment plants.

And could these funds be used to support the University of Guam Center for Island Sustainability that is looking to act as a clearinghouse for solutions to difficult issues regarding the military buildup?

Mr. NATSUHARA. We are limited in what we have authority to use our mitigation funds. Our military MILCON funds essentially are for outside of—if it is directly related to the impact, we do have some flexibility there, but there is some limitation then. As we work through all the mitigations and identifying those, as much as we can we are going to try to commit to making those. But at this time I don't have that analysis.

Ms. BORDALLO. All right. If you had the authority, would the answer be different?

Mr. NATSUHARA. If we had the authority and the funds, yes, ma'am. We would——

Ms. BORDALLO. You would take it on.

Mr. NATSUHARA. Yes.

Ms. BORDALLO. All right.

The other one is, Mr. Calcara, regarding the environmental impact statement being conducted on the Joint High Speed Vessel, the announcement of the notice of intent on the EIS came at a very bad time, right after the draft EIS on the military buildup from the Navy.

Now, first, I am concerned about the lack of coordination between the services on this matter, and I am not sure why this action wouldn't be more closely coordinated with the Joint Guam Program Office. Could you explain the reasoning behind this decision? And second, can you provide more detail on why Guam is being looked at as a potential location for the stationing of the Army Joint High Speed Vessels?

Mr. CALCARA. Well, I will take the second question first, ma'am. We have identified a number of alternatives and, you know, that is just part of the process. It is one of the realistic and reasonable alternatives to consider. We are not selecting the site as the preferred alternative. It is just the beginning of the process.

As far as JGPO, the Joint Guam Program Office not being aware of it, I guess I will have to get back to you on that. I don't know why. I don't really have environmental. I am not looking to dodge the question, but I would certainly follow up with that.

[The information referred to can be found in the Appendix on page 127.]

Ms. BORDALLO. Very good. I think it all amounts to we have got to have better coordination here. We have got to have somebody at the head of this buildup, rather than to be looking at one another, pointing fingers as to who is in charge. And so that was one of the reasons we had the meeting at the White House, which I was very happy to be able to speak to everyone there.

We need a schedule of funding, and we are very concerned about losing that grant for the port enhancement. That is one of the most important aspects. And if we are to meet the 2014 deadline here that we are—you know, we have pinned up a wall, I mean, against a wall with this deadline date—we are going to have to have better

coordination on the buildup. So these are some of the things. And, of course, the infrastructure outside the fence is very important to me as well.

So I want to thank you all. And if you could get back with more specific answers to my questions, I would appreciate it, all right?

There being no further questions, the Subcommittee on Readiness is now adjourned.

[Whereupon, at 4:23 p.m., the subcommittee was adjourned.]

# A P P E N D I X

March 18, 2010

## PREPARED STATEMENTS SUBMITTED FOR THE RECORD

MARCH 18, 2010

**CHAIRMAN ORTIZ OPENING STATEMENT**

**MILITARY CONSTRUCTION HEARING**

**READINESS SUBCOMMITTEE**

**March 18, 2010**

This hearing will come to order. I thank our distinguished witnesses for appearing before this subcommittee today. Today the Readiness Subcommittee will hear about fiscal year 2011 military construction and BRAC programs.

Overall, I continue to be pleased with the level of investment that the President has proposed in the BRAC and military construction programs. It provides a good balance among the various priorities and does an excellent job of supporting the warfighters in areas where they need the most help. But there are many areas that can be improved.

In BRAC, I indicated during this same hearing last year, to some of the same witnesses here today, that I was concerned about the apparent rush to meet the BRAC deadline and to avoid wasting taxpayers' money. That is why I am surprised this administration has decided to double- and triple-shift construction workers at BRAC projects instead of requesting relief on the 2011 BRAC statutory deadline.

I don't consider it to be in our government's best interests to spend several hundred million dollars above normal construction costs to artificially accelerate contracts, to move organizations

into temporary trailers as a long-term solution, or to create traffic congestion with little thought given to how to alleviate local community concerns.

We owe the men and women of our armed services, and the taxpayers of this nation, the very best BRAC implementation plan that smoothly relocates forces.

Let me turn to another subject that is equally concerning. The United States, and I think the Government of Japan, are committed to moving 8,000 Marine forces from Okinawa to Guam. I support this move and believe it is in our two nations' best interest.

However, it is becoming obvious that there are many aspects of this plan that need to be improved. First and foremost is the inability of this administration to pull together a comprehensive federal response that links the Department of Defense with the Department of Transportation, the Department of Interior, the EPA, and other federal agencies. In the end, I believe our ability to relocate these Marine forces will be negatively affected due to the lack of an interagency response.

I think it is time for the Department of Defense to take a leadership role, and possibly a fiscal role, in ensuring that this realignment is done correctly.

I am also concerned about the lack of a comprehensive effort for housing and providing medical care for the construction workforce, the feasibility of completing the realignment by 2014, and the large destruction of coral reefs to support naval assets.

This committee has steadfastly supported this realignment effort, but I think it is time for the Department of Defense to assess what further steps we need to take to get this realignment done right.

I would be remiss if I didn't also mention that the Army Base Operating Services account for fiscal year 2011 appears to be underfunded. I hope the Army witness will be able to discuss the impacts that this budget request, if enacted, would have on daily operations at Army installations.

I want to conclude my opening statement by mentioning that I continue to have a significant concern about how the Department is implementing the overall realignment of the Walter Reed Medical Center. This Congress is not willing to risk a potential disruption of wounded warrior care.

I am deeply troubled by the lack of a comprehensive plan to address the organizational and facility requirements to achieve the Department's vision of a world-class medical center. As this committee evaluates fiscal options, there is no doubt we will fully support this vital mission, even at the expense of other service priorities.

Ladies and gentlemen, I think that we have a lot to discuss today and I look forward to hearing you address these important issues. The Chair recognizes the distinguished gentleman from Virginia, Mr. Forbes, for any remarks he would like to make.

## Statement of Ranking Member Randy Forbes
## Subcommittee on Readiness

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## Subcommittee Hearing on Fiscal Year 2011 Budget Request for

## Military Construction, Family Housing, and BRAC

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## March 18, 2010

I thank the chairman. I also thank the witnesses and appreciate their being here to discuss building and maintaining the best possible facilities for our troops, whether at home or deployed, and their families.

I had hoped that this year's military construction budget request would provide more clarity on a number of significant issues, but am disappointed to find that once again we are presented with a host of unresolved issues.

Last year, we were frustrated by the lack of a future years defense plan; promises that then ongoing Quadrennial Defense Review would resolve strategic force basing decisions; and uncertainty in our strategic direction for Afghanistan. Unfortunately the passage of a year has not helped. Indeed, the situation may be even more muddled than it was previously.

Although we now have a FYDP, a QDR, and an Afghanistan plan, significant questions remain on how we allocate our military construction dollars. The QDR did not provide specific guidance on whether Army brigade combat teams and Air Force fighter squadrons should remain

in Europe or return to the United States, despite ongoing military construction to support those moves. We do not know whether the intended units will occupy these buildings or not.

The QDR took one decisive stand that would have been better if it had not been made. The document recommended a second east coast nuclear carrier homeport, and the budget before us contains only preliminary funding to initiate this controversial and very expensive move. Spending any money at all on this venture is wasteful in my view, considering the large number of unmet ship, aircraft, and infrastructure needs of the Navy, which as of December 2009, included a shortfall of more than $36 billion in restoration and modernization for shore installations, and a $3 billion shortfall for the four public shipyards. In addition to projects that remain unfunded, other critical construction is being deferred, such as the replacement of the Controlled Industrial Facility (CIF) at Norfolk Naval Shipyard, which was deferred from this year's budget to FY12.

In other cases, the budget proposes certainty where we may need to pause. For example, the budget contains substantial funding for Joint Strike Fighter bed down, even though fighter production has been delayed because of acquisition difficulties. The move of Marine forces from Okinawa to Guam is fully funded, while the new Japanese government is increasing serious resistance to honoring our bilateral Roadmap, which could place the whole plan in jeopardy.

Lastly, the budget contains over $1 billion for military construction in Afghanistan. I have no doubt these projects are worthwhile and necessary for long-term operations, but as a Nation, we are not yet committed to long-term operations. The President has committed to beginning our withdrawal from Afghanistan in July 2011, and none of the requested projects could be completed before then. While I hope that our drawdown will be measured, expending a

billion dollars for projects that neither we, nor the Afghans may use, is too much to ask of the American taxpayer.

Since the Department must finish Base Realignment and Closure moves by September 2011, this budget contains the final BRAC projects. To date, Department officials have consistently testified that extending the statutory deadline for any particular BRAC recommendation was unnecessary. Even so, Chairman Ortiz and I are aware of several cases where a tailored extension may make sense and save money. I encourage the witnesses to discuss pending BRAC deadline difficulties, especially in the case of medical facilities..

We all understand the great sensitivity and complexity of closing Walter Reed and consolidating operations at Bethesda and Fort Belvoir. Although at heart a BRAC directed action, the implications of the consolidation go well beyond the technical dictates of the BRAC law. Once again, I urge the Department to let us know of the difficulties, not just in meeting the minimum BRAC recommendations, but of any issue that may negatively affect the delivery of world class care to our wounded warriors, other beneficiaries, and their families.

Once again, we are asked to approve the expenditure of several billion dollars for a number of unsettled propositions. I think we need more before we act favorably on this request.

I thank the Chairman.

HOLD UNTIL RELEASED
BY THE COMMITTEE

**Statement of**

**Dr. Dorothy Robyn**

**Deputy Under Secretary Of Defense**

**(Installations and Environment)**

**Before the House Armed Services Committee**

**Subcommittee on Readiness**

**March 18, 2010**

Chairman Ortiz, Representative Forbes and distinguished members of the subcommittee: thank you for the opportunity to present the President's Fiscal Year 2011 budget request for the Department of Defense programs that support installations and the environment.

Installations are the military's infrastructure backbone—the platform from which our soldiers, sailors, airmen and marines accomplish their missions. Installations have long supported the maintenance and deployment of weapons systems and the training and mobilization of combat forces. Increasingly, they have an even more direct link to combat operations, by providing "reachback" support. For example, we operate Predator drones in Afghanistan from a facility in Nevada and analyze battlefield intelligence at data centers in the United States. Our installations are also becoming more important as a staging platform for homeland defense missions.

Installations affect not just our mission effectiveness but the very quality of life that our service members and their families enjoy. Families' satisfaction with the most critical services they receive—housing, healthcare, childcare, on-base education—is linked to the quality and condition of our buildings and facilities.

The Department must manage its installations—the natural as well as the built environment—efficiently and effectively. This is a major challenge. The Department's 507 permanent installations comprise more than 300,000 buildings and 200,000 other structures—everything from bridges to flagpoles—and have an estimated replacement value of more than $800 billion. These installations are located on some 5,000 sites and occupy 28 million acres of land here in the United States and overseas. These lands are home to archaeological and sacred sites, old-growth forests, and more than 300 threatened and endangered species.

My testimony today addresses the three topics that most directly affect our installation assets: first, international and domestic basing decisions, including the buildup of Marines in Guam and the 2005 Base Realignment and Closure process; two, the Department's management of the built environment, including the programs that support military construction, family housing, sustainment and recapitalization, and energy efficiency; and three, our efforts to protect the natural environment.

## I. THE GLOBAL PICTURE: INTERNATIONAL AND DOMESTIC BASING

### Global Basing

To project power globally, the Department must have the right mix of military forces and facility infrastructure at strategic locations. We are undergoing a global re-stationing, both to strengthen our forward military presence and to transform overseas

legacy forces, Cold War basing structures and host-nation relationships into a flexible network of capabilities to which we and our allies and partners have shared access.

My office works closely with the Joint Staff and other Defense organizations to ensure that our overseas base structure supports the needed range of strategic missions across all theaters. While our work on overseas basing has traditionally focused primarily on the cost and engineering aspects of military construction and sustainment/recapitalization, we have recently taken on a broader role in support of emerging global posture initiatives: increasingly, we provide analytic input to strategic discussions, by evaluating existing infrastructure capacity relative to emerging mission requirements.

Our goal is to ensure that decisions reflect joint planning and rigorous analysis that integrates requirements across all of the Services. Current focus areas include: providing guidance and monitoring in support of the Army's consolidation of command and control activities in Weisbaden, Germany; analysis and evaluation of options for full recapitalization of the Landstuhl Regional Medical Center in Germany; and analysis and support for efforts to relocate more than 8,000 Marines and their dependents from Okinawa to Guam.

***Rebasing Marines from Okinawa to Guam***

The realignment of Marines from Okinawa to Guam, which is perhaps the most significant change in our force posture in Asia in decades, will further several strategic goals. First, it will strengthen our alliance with Japan by resolving long-standing problems with our presence in Okinawa. Second, it will ensure the continued long-term presence of U.S. forces in Japan and in the Western Pacific. Third, by making better use of Guam's strategic advantages, this realignment will more effectively array U.S. forces for the complex and evolving security environment in Asia.

The political situation in Japan remains extremely delicate and the stakes are high. The U.S. Government is unlikely to get another opportunity to craft a strategic realignment that not only enhances our regional force posture but also incorporates more than $6 billion of Japanese financing. The Government of Japan has undergone a transition with the creation of the Democratic Party of Japan (DPJ)-led government in September 2009. The DPJ leadership, working with coalition partners, has initiated a process to review the Realignment Roadmap before endorsing the agreement in full, which is expected to happen in May 2010. The U.S. government remains committed to successful implementation of the Realignment Roadmap because it provides a needed solution to critical strategic challenges to the long-term presence of U.S. military capabilities in Japan and the Asia-Pacific region.

The FY 2011 President's Budget request includes $452 million to support the relocation of Marines from Okinawa to Guam. This includes projects to upgrade the wharf, provide utilities, ramp and roadway improvements, and carry out site preparation and utilities construction for the Marines' main cantonment area. These projects will yield long-term benefits for all the military forces on Guam. They will also demonstrate the Department's commitment to working with the Governor of Guam, whose strong support for the relocation can have a significant impact on Guam's population.

In support of the relocation, the Department released the Draft Environmental Impact Statement (DEIS) on November 20, 2009, for public review. In addition to the analysis for rebasing of the Marines, the DEIS also includes analysis for construction of a new deep-draft wharf with shore-side infrastructure to support a transient nuclear-powered aircraft carrier, and facilities and infrastructure to support establishment and operation of an Army Missile Defense Task Force. The public comment period for the DEIS ended February 17, 2010. The Department is working with the Council on Environmental Quality, the Environmental Protection Agency, and other resource agencies to address the concerns that were raised by the federal agencies and the public.

To address challenges regarding the realignment and to provide the appropriate oversight, the Department last year established the Guam Oversight Council (GOC), chaired by the Deputy Secretary of Defense. The GOC meets regularly to validate requirements, identify and resolve issues, provide resource guidance and clarify governance structures. Initial challenges taken up by the GOC include the aggressive timeline for completion of the realignment of Marines from Okinawa to Guam; safety of the Futenma Replacement Facility in Okinawa; adequacy of training in the Pacific; strategic, operational, and logistic implications of posture changes in the Pacific; and successful partnership with the Government of Guam.

**Domestic Basing: Base Realignment and Closure**

Turning to domestic basing, we are entering our sixth and final year of implementation of BRAC 2005, the largest BRAC round undertaken by the Department. BRAC 2005 has been a significant engine for the recapitalization of our enduring military facilities. By the end date (September 15, 2011), the Department will have invested $24.7 billion in military construction to enhance capabilities and another $10.4 billion to move personnel and equipment, outfit facilities, and carry out environmental clean-up. These investments will generate nearly $4 billion in annual savings beginning in FY 2012. The DoD components have implemented BRAC 2005 conscientiously and transparently, according to a well-defined process. The Department continues to monitor the process closely to ensure that we are meeting our legal obligations. To date, 28 BRAC 2005 recommendations have been certified as completed.

The FY 2011 President's Budget includes $2.4 billion for BRAC 2005, which fully funds the investments needed to complete implementation. This represents a $5.1 billion decrease from the FY 2010 enacted level for BRAC 2005. The reduction in funding is due primarily to a decrease in construction projects as we near the September 2011 completion date. To support continued property disposal actions at Prior-BRAC round sites, the FY 2011 budget request includes $360.5 million, a decrease of $136 million from the FY 2010 enacted level.

**Comparison of Base Realignment and Closure Funding**

| ($ Millions) | FY 2010 Enacted | FY 2011 Requested |
|---|---|---|
| Base Realignment and Closure IV | 496.7 | 360.5 |
| Base Realignment and Closure 2005 | 7,455.5 | 2,354.3 |
| **TOTAL** | **7,952.2** | **2,714.8** |

Despite our progress and the significant investment we have made, the Department has been perceived as ignoring the impacts of its actions, particularly in some communities that are experiencing significant growth as a result of BRAC 2005 consolidation. One area where growth can have an adverse impact is local transportation. Transportation impacts have been and will continue to be mitigated through the application of our authority and funding under the Defense Access Road (DAR) program. The criteria used to determine whether a project qualifies under DAR are limited, however. In particular, they may not adequately address the scenario in which a defense action causes a significant increase in traffic congestion, as may occur in one or more cases as a result of BRAC 2005 consolidation.

To address this and related issues, the National Academy of Sciences is undertaking a study of BRAC Transportation Improvements as required by the FY 2010 Military Construction and Veterans Affairs and Related Agencies Consolidated Appropriations. A panel of outside experts named by the National Academy's Transportation Research Board will evaluate the DAR criteria and assess the funding of transportation improvements associated with BRAC 2005. We hope to receive an interim report in May.

One of the most important initiatives with a basis in BRAC 2005 is the consolidation and realignment of medical care delivery in the National Capitol Region (NCR), with its focus on transforming medical care through a joint delivery system. As I recently testified, this extraordinarily complex undertaking will deliver major benefits that would not have been possible without BRAC. Its successful completion is dependent on the strict discipline that the BRAC process provides. The construction now underway represents a balanced and reasonable approach to combining the functions of the old Walter Reed Army Medical Center into the new National Military Medical Center at

Bethesda, Maryland. The result will be a medical delivery platform far superior to what we have now—and one on which we can continue to build.

Another BRAC 2005 action that my office has championed is the consolidation of 26 installations into 12 joint bases. At each joint base, a *supporting* Service Component provides installation leadership for one or more *supported* Service Components. By consolidating installation management and delivery of installation support, joint bases will be able to provide more efficient and effective support for the overall military mission.

Our joint bases represent realigned, reconfigured national military assets for the joint teams they serve. The first five joint bases reached full operational capability on October 1, 2009. The remaining seven joint bases reached initial operational capability on January 31, 2010, and are on their way to full operational capability this coming October. We are no longer implementing joint basing. We are now operating joint bases.

I had the opportunity to meet personally with most of the joint base commanders in January, and I am encouraged by their can-do spirit and dedication to providing excellent installation support to the joint teams at each base. Additionally, I have had the opportunity to tour two of our joint bases recently: Joint Region Marianas on Guam and Joint Expeditionary Base Little Creek-Ft. Story in Virginia. Having seen firsthand the extraordinary work they are doing, I have confidence that our joint base commanders will achieve efficiencies and other benefits as their installation support organizations mature.

## II. MANAGING OUR BUILT ENVIRONMENT

The FY 2011 Military Construction (MilCon) and Family Housing appropriations request totals more than $18.7 billion, a decrease of approximately $4.6 billion from the FY 2010 enacted level. This decrease primarily reflects the decline in the level of investment needed for BRAC 2005 as we approach the statutory deadline for completion (September 2011). This budget request will allow the Department to respond rapidly to warfighter requirements, enhance mission readiness and provide essential services for its personnel and their families.

**Comparison of Military Construction and Family Housing**

| ($ Millions) | FY 2010 Enacted | FY 2011 Requested |
|---|---|---|
| Military Construction | 12,545.8 | 13,705.7 |
| Base Realignment and Closure IV | 496.7 | 360.5 |
| Base Realignment and Closure 2005 | 7,455.5 | 2,354.3 |
| Family Housing Construction/Improvements | 488.8 | 356.8 |

| | | |
|---|---|---|
| Family Housing Operations & Maintenance | 1,444.1 | 1,448.7 |
| Chemical Demilitarization | 151.5 | 125.0 |
| Family Housing Improvement Fund | 2.6 | 1.1 |
| Energy Conservation Investment Program | 174.2 | 120.0 |
| NATO Security Investment Program | 197.4 | 258.9 |
| Homeowners Assistance Program | 323.2 | 16.5 |
| **TOTAL** | **23,279.8** | **18,747.5** |

**Military Construction**

Our request for "pure" military construction (i.e., exclusive of BRAC and Family Housing) is $13.7 billion. This is a $1.2 billion increase over last year's enacted level ($12.5 billion). Let me highlight three areas where we focus our FY 2011 MilCon budget request.

First and most important, the budget request supports operational mission requirements. MilCon is key to initiatives such as Grow the Force and Global Defense Posture realignment, which require the synchronized movement of troops and equipment, as well as to the fielding of modernized and transformational weapon systems. Our budget request includes training and support facilities to accommodate the increases in the Army and Marine Corps endstrength; initial funding for the new and improved infrastructure needed to relocate 8,000 Marines and their dependents from Okinawa to Guam; support for the bed down of the Joint Strike Fighter; improved and expanded communications and intelligence capabilities for Special Operations Forces; and fuel distribution facilities for the Defense Logistics Agency.

Second, the President's budget request initiates a major recapitalization of our DoD-dependent schools here in the United States and overseas. Fully 134 of the 192 DoD-dependent schools are in poor or failing physical condition—the result of longstanding underinvestment by the Department. Many of these schools have simply lasted beyond their expected service life. Others are improperly configured, lacking in essential capabilities, or reliant on temporary structures. The FY 2011 budget request includes $439 million to repair or replace ten of these schools. This represents the first phase of a 5-year plan to recapitalize all 134 inadequate schools.

Third, the FY 2011 budget request includes more than $1 billion to upgrade our medical infrastructure. By modernizing our hospitals and related facilities, we can improve healthcare delivery for our service members and their families, and enhance our efforts to recruit and retain personnel. The FY 2011 request provides funds for our top two priorities: the replacement of the Naval Hospital in Guam and the Ambulatory Care Center at Lackland Air Force Base, Texas. It also allows us to continue improving the chemical/biological defense facilities that are conducting such vital work.

***Overseas Contingency Operations***

Military construction serves as a key enabler in Overseas Contingency Operations (OCO), by providing the facilities that directly support military activity. Our FY 2011 budget request includes $1.3 billion for MilCon necessary to support the new strategy for counterinsurgency and increased force levels for ongoing OCO in the U.S. Central Command's area of responsibility. Specifically, our FY 2011 budget request expands the logistical and facilities backbone needed to increase our operational capability, replaces expeditionary facilities at the end of their lifecycle, consolidates functions and facilities, and supports Special Operations Forces. These additional operational facilities will provide support for tactical airlift; airborne intelligence, surveillance and reconnaissance; and additional fuel, storage, and cargo handling and distribution capability at critical locations. The request also provides for replacement of temporary housing, dining facilities and other basic infrastructure.

**Family Housing and Barracks**

Housing is key to quality of life—in the military no less than in the civilian world. The FY 2011 President's Budget request includes $1.8 billion for Family Housing. This is a decrease of $436 million from the FY 2010 enacted level, which largely reflects the maturation of our Military Housing Privatization Initiative. Our request provides for the continued reduction of inadequate units; for operations and maintenance of government-owned housing; and for the privatization of more than 500 family housing units, most of them to support the Department's Grow the Force initiative.

The Services have increasingly relied on privatization to address the oftentimes poor condition of military-owned housing and the shortage of affordable private rental housing available to military families. In my view, housing privatization is the single most effective reform my office has carried out.

Privatization allows the Military Services to partner with the private sector to generate housing built to market standards. It is extremely cost effective. To date, the Military Services have leveraged DoD housing dollars by a factor of 10 to 1: $2.7 billion in federal investments have generated $27 billion in privatized housing development at Defense installations. The privatized housing is also of high quality and often more appealing to young families than what the military construction process would produce. Moreover, the private owners have an incentive to maintain quality because they are responsible for maintenance and operation, including necessary recapitalization, during the full 50 years of the contract.

**Comparison of Family Housing**

| ($ Millions) | FY 2010 Enacted | FY 2011 Requested |
|---|---|---|
| Family Housing Construction/Improvements | 488.7 | 356.8 |
| Family Housing Operations & Maintenance | 1,444.0 | 1,449.0 |
| Family Housing Improvement Fund | 2.6 | 1.1 |
| Homeowners Assistance Program | 323.0 | 16.0 |
| **TOTAL** | **2,258.3** | **1,822.9** |

The FY 2011 President's Budget request also includes funding to reduce inadequate (non-privatized) family housing in the United States and at enduring locations overseas. The budget includes $34 million for the Army to construct 64 family housing units in Baumholder, Germany, and $37 million for the Navy to replace 71 units at Naval Station Guantanamo Bay, Cuba.

The Department is committed to improving housing for its unaccompanied Service members, not just its families. The FY 2011 President's Budget includes $2.3 billion for 57 construction and renovation projects that will improve living conditions for approximately 17,000 unaccompanied personnel. The Army has also used its privatization authorities to improve unaccompanied housing. Bachelor officer quarters and senior enlisted bachelor quarters have been added to existing family housing privatization projects at Fort Bragg, North Carolina; Fort Stewart, Georgia; Fort Drum, New York; and Fort Irwin, California. A fifth project is planned soon at Fort Bliss, Texas.

The Navy, too, has used privatization as a tool to improve unaccompanied housing—specifically by bringing shipboard junior enlisted sailors ashore using a special pilot authority in the FY 2003 National Defense Authorization Act (10 USC 2881a). The first pilot project was awarded in December 2006 at San Diego, California, and the second was awarded in December 2007 at Hampton Roads, Virginia. Both projects have demonstrated that, with authority to provide partial Basic Allowance for Housing (BAH) to single service members, privatizing single, junior enlisted personnel housing is more cost effective than the traditional Government-owned barracks model.

***Homeowners Assistance Program***

The Homeowners Assistance Program (HAP) represents a very different type of "housing" program but one no less important to the quality of life of those who qualify. Since 1966, HAP has provided financial assistance to military personnel and DoD civilians at locations where home values decreased as a result of Defense action. The FY 2011 President's Budget request includes $17 million for HAP.

In February 2009, Congress provided $555 million in the American Recovery and Reinvestment Act (Recovery Act) to expand HAP to address unique economic pressures faced by military personnel who are required to relocate during adverse housing market conditions. Congress added another $300 million for HAP in the Consolidated Appropriations Act for 2010.

HAP seeks to minimize the amount of financial harm—including risk of foreclosure, credit damage or bankruptcy—that service member and civilian beneficiaries experience when they are compelled to move. As of March 3, 2010, HAP has assisted 771 homeowners at a program cost of $84 million. Another 4,652 homeowners are currently eligible.

**Facilities Sustainment and Recapitalization**

In addition to investing in new construction, we must maintain, repair, and recapitalize our existing facilities. The Department's Sustainment and Recapitalization programs strive to keep our inventory of facilities in good working order and mission-capable. By providing a consistent level of quality in our facilities, we can raise the productivity of our personnel and improve their quality of life. The FY 2011 budget request includes $9.0 billion for sustainment and $4.6 billion for recapitalization (restoration and modernization) of our facilities.

**Comparison of Sustainment and Recapitalization**

| ($ Millions) | FY 2010 Enacted | FY 2011 Requested |
|---|---|---|
| Sustainment (O&M & MilPers) | 8,251.0 | 9,042.0 |
| Recapitalization (O&M, MilCon, MilPers, RDTE) | 6,448.0 | 4,583.0 |
| **TOTAL S & RM** | **14,699.0** | **13,625.0** |

Sustainment represents the Department's single most important investment in the overall health of its inventory of facilities. Sustainment includes the regularly scheduled maintenance and repair or replacement of facility components—the periodic but predictable investments that should be made throughout the service life of a facility to slow its deterioration and optimize the owner's investment. We use a Facilities Sustainment Model (FSM) based on industry benchmarks to estimate the annual cost of regularly scheduled maintenance and repair for different types of buildings. We then require the Military Departments and Components to fund sustainment of their facilities at a level equal to at least 90 percent of the FSM-generated estimate. Our FY 2011 budget request is consistent with that requirement.

The second key investment we make in the health of our facilities is recapitalization (restoration and modernization). Recapitalization serves to keep the inventory of facilities modern and relevant in an environment of changing missions and standards, to extend the service life of facilities, and to restore capability lost due to man-made or natural causes including inadequate sustainment. Compared with sustainment, recapitalization needs are much harder to forecast because they are often a function of change, such as a new functional standard for enlisted housing, the availability of new technology (e.g., improved technology for heating and cooling), or even a change in the very mission that the facility supports. The FY 2011 budget request ($4.6 billion) is $1.9 billion lower than the FY 2010 enacted level primarily because we are nearing the end of the BRAC 2005 process, which drove a significant amount of recapitalization.

In the past, the Department used a target recapitalization rate to establish an annual investment level for the entire building inventory. In recent years our goal was to recapitalize buildings every 67 years. However, this approach did not provide information on the condition of individual buildings—precisely the kind of information that one should use to guide decisions on specific investments.

Since 2006, the Federal Real Property Council (FRPC) has required federal agencies to rate the quality of individual facilities using a Facility Condition Index (FCI). This quality rating, expressed in terms of the relationship between what it would cost to replace a facility and what it would cost to repair it, allows us to identify those facilities in greatest need of investment. By this measure, 18 percent of the 539,000 facilities in the Department's inventory are in poor condition and another 7 percent are in failing condition.

Using the facility condition data that DoD is already collecting, my staff is developing a new methodology for determining the level of investment needed overall and the optimal method of targeting that investment. We will consider factors other than just the condition of the building—e.g., mission priority. The result will be a capital investment plan to eliminate facilities that are in poor and failing condition.

In addition to sustaining and recapitalizing our facilities, we are committed to eliminating facilities that we either no longer need or cannot repair economically. Demolition is an important tool in any recapitalization and will also play a role in our capital investment plans. The FY 2011 budget request includes more than $200 million for this purpose.

## III. MANAGING OUR ENERGY USE

The recently released Quadrennial Defense Review (QDR) makes clear that crafting a strategic approach to energy and climate change is a high priority for the

Department. Although much of the focus has been on the energy we use in a combat setting ("operational energy"), the management of energy on our permanent installations ("facility energy") is also extremely important. The Energy Conservation Investment Program (ECIP) is a key element of the Department's facility energy strategy: ECIP supports energy efficiency and renewable energy projects based on payback and has achieved an estimated $2.16 in savings for every dollar spent. The FY 2011 President's budget requests $120 million for ECIP. This is $30 million above our FY 2010 request but less than the FY 2010 enacted amount ($174 million).

To put ECIP in context, let me briefly discuss why facility energy management is so important and what we are doing to improve it.

The way we manage energy at our permanent installations is important for two key reasons. First, facilities energy represents a significant cost. In 2009, DoD spent $3.8 billion to power its facilities—down from $3.96 billion in 2008. This represents about 28 percent of the Department's total energy costs (that fraction is higher in peacetime, when we are not consuming large amounts of operational energy). Moreover, energy needs for fixed installations in the United States will likely increase over the next several years as we "grow" the Army and the Marine Corps, reduce our presence in Iraq and Afghanistan, and continue to improve the quality of life for soldiers and their families—for example, by installing flat-panel TVs in individual rooms in a barracks that now has just one TV per common room.

Facilities energy is costly in other ways as well. Although fixed installations and non-tactical vehicles account for less than a third of DoD's energy costs, they contribute nearly 40 percent of our greenhouse gas emissions. This reflects the fact that our installations rely on commercial electricity, which comes from fossil fuels—principally coal. Given that facilities energy as a share of total DoD energy will increase when we reduce our presence in Iraq and Afghanistan, fixed installations will likely become DoD's major source of greenhouse gas emissions.

Second, installation energy management is key to mission assurance. According to the Defense Science Board, DoD's reliance on a fragile commercial grid to deliver electricity to its installations places the continuity of critical missions at serious and growing risk.[1] Most installations lack the ability to manage their demand for and supply of electrical power and are thus vulnerable to intermittent and/or prolonged power disruption due to natural disasters, cyberattacks and sheer overload of the grid.

Over the last five years, the Department has steadily reduced energy consumption per square foot at our permanent installations, largely in response to statutory and

[1] "More Fight-Less Fuel," Report of the Defense Science Board Task Force on DoD Energy Strategy, February 2008.

regulatory goals. While continuing that very positive trend, it is time for us to adapt our approach to installation energy management from one that is primarily focused on compliance to one that is focused on long-term cost avoidance and mission assurance.

In the last year, the Department has made energy policy a significantly higher priority. First, Secretary Gates has expressed his strong support for the goal of reducing energy consumption, and the QDR reflects his desire for a more strategic approach to energy security. As one indication of this commitment, the Department recently announced that, under Executive Order 13514, it will reduce greenhouse gas emissions from non-combat activities—largely installations and non-tactical vehicles—by 34 percent by 2020. Since greenhouse gas pollution is due overwhelmingly to direct energy use, this aggressive target will require major gains in energy efficiency at our installations. Other key statutory and regulatory goals to achieve these gains include the following:

- Reduce energy intensity (BTUs per square foot) by 3 percent per year, or 30 percent overall, by 2015 from the 2003 baseline [Energy Independence and Security of 2007]. Under DoD's High Priority Performance Goals, the interim target is an 18 percent reduction by the end of 2011.

- Increase use of renewable energy to 7.5 percent in 2013 and beyond [Energy Policy Act of 2005, or EPACT]; and produce or procure 25 percent of all electric energy from renewable sources by the end of 2025 [National Defense Authorization Act of 2007, or NDAA]. Under DoD's High Priority Performance Goals, the interim NDAA target is 14.3 percent by 2011.

- Reduce consumption of petroleum (gasoline and diesel) by non-tactical vehicles by 30 percent by 2020 [Executive Order 13514, October 2009].

- Reduce water consumption intensity (gallons/square foot) by 2 percent annually through fiscal year 2020, or 26 percent overall, from the 2007 baseline [Executive Order 13514, October 2009].

Second, the Department is investing more to improve the energy profile of our fixed installations. Financing for these investments has come from annually appropriated funds, including military construction, operations and maintenance, and ECIP. We have utilized third-party financing through Energy Savings Performance Contracts and Utilities Energy Service Contracts. We are also pursuing other innovative financing mechanisms, such as Enhanced Use Leases and Power Purchase Agreements.

Our basic investment strategy is twofold: 1) reduce the demand for traditional energy through conservation and energy efficiency; and 2) increase the supply of

renewable and other alternative energy sources. Investments that curb demand are the most cost-effective way to improve an installation's energy profile. As Department of Energy Secretary Steven Chu has observed, "Energy efficiency is not just the low hanging fruit; it's the fruit lying on the ground."

A large percentage of our demand-side (energy efficiency) investments are expended on projects to retrofit existing buildings. The Department spends almost $10 billion a year to sustain, restore, and modernize our facilities. About one-sixth ($1.7 billion) of this is spent on projects designed directly to improve energy efficiency. Typical projects install improved lighting, high-efficiency HVAC systems, double-pane windows, energy management control systems, and new roofs. As we replace major components and subsystems in our buildings, the newer, more energy-efficient systems contribute to DoD's overall energy reduction goals.

In addition to retrofitting existing buildings, we are taking advantage of new construction to incorporate more energy-efficient designs, material and equipment into our inventory of facilities. The Department spent about $25 billion on military construction in FY 2009 and we will devote another $23 billion to construction in FY 2010. (As discussed earlier, we are asking for $18.7 billion for MilCon in FY 2011.) New construction must meet Leadership in Energy and Environmental Design (LEED) Silver standards and/or the five principles of High Performance Sustainable Buildings, which includes exceeding the energy efficiency standard set by the American Society of Heating, Refrigerating and Air-Conditioning Engineers by at least 30 percent.

On the supply side, our military installations are well situated to support solar, wind, geothermal and other forms of renewable energy. As you know, we have the second largest solar array in North America at Nellis Air Force Base in Nevada. Additionally, the geothermal plant at Naval Weapons Center at China Lake, California, is providing electricity to the state's electrical grid; hydrogen fuel cells provide back-up power for facilities at Fort Jackson, South Carolina; and the Marines will test a wave power program at Kaneohe Bay, Hawaii, in the near future.

The Department took advantage of the $7.4 billion it received through the Recovery Act to invest in both energy efficiency and renewable energy projects. We devoted $2 billion of that amount to projects designed to improve existing buildings, largely through upgraded systems and equipment. Of that, $120 million went to ECIP. Another $1.6 billion of Recovery Act funds is going to construct new facilities, all of which will meet LEED Silver standards and/or the five guiding principles of High Performance Sustainable Buildings.

Third, the Department is drawing on its traditional strength in RDT&E to promote its energy goals. The military has a long history of stimulating new technology, beginning with the War Department's support for the development of interchangeable

machine-made parts for musket production in the 1800's. Although DoD has provided this support solely for national security reasons, the technologies spawned have served as key drivers for U.S. economic growth and competitiveness. The commercial success of these technologies, ranging from aerospace to the internet, has in turn benefited DoD by allowing the military to take advantage of the cost savings and further technology advances from the private sector.

With respect to facilities energy, the military's most valuable role will be as a testbed for next-generation technologies coming out of laboratories in industry, universities and the Department of Energy. DoD's built infrastructure is unique for its size and variety, which captures the diversity of building types and climates in the United States. For a wide range of energy technologies for which deployment decisions must be made at the local level, DoD can play a crucial role by filling the gap (the "valley of death") between research and deployment.

As both a real and a virtual testbed, our facilities can serve two key roles in which the military has historically excelled. One is as a sophisticated first user, evaluating the technical validity, cost and environmental impact of advanced, pre-commercial technologies. For technologies that prove effective, DoD can go on to serve as an early customer, thereby helping create a market, as it did with aircraft, electronics and the internet. This will allow the military to leverage both the cost savings and technology advances that private sector involvement will yield.

We are pursuing the energy test bed approach on a small scale through the Environmental Security Technology Certification Program (ESTCP). Using $20 million in Recovery Act funding, ESTCP awarded contracts through a competitive solicitation to nine projects to demonstrate technologies that will provide for increased energy efficiency or that will generate cost effective renewable power on site. For example, one ESTCP project team is conducting a multi-site demonstration of building-integrated photovoltaic roof concepts. By verifying that an energy efficient roof can perform its expected function, DoD can increase its capacity to generate renewable energy. The Naval Facilities Engineering Command leads this project in collaboration with Lawrence Berkeley National Laboratory. Demonstrations are taking place at Luke Air Force Base and Marine Corps Air Station Yuma, both in Arizona, and Naval Air Station Patuxent River in Maryland.

The test bed approach is key to meeting the Department's needs, but it is also an essential element of a national strategy to develop and deploy the next generation of energy technologies needed to support our built infrastructure. We hope to expand it, working closely with the Department of Energy and other agencies and organizations.

The Department is pursuing several other initiatives to address specific challenges or impediments to improved installation energy management. Let me briefly describe two of them.

First, we have begun what will likely be a major effort to address the risk to our installations from potential disruptions to the commercial electric grid. The Department is participating in interagency discussions on the magnitude of the threat to the grid and how best to mitigate it. We are also looking at how to ensure that we have the energy needed to maintain critical operations in the face of a disruption to the grid. As required by the National Defense Authorization Act, the Secretary of Defense this year will give Congress a plan for identifying and addressing areas in which electricity needed for carrying out critical military missions on DoD installations is vulnerable to disruption. The development of renewable and alternative energy sources on base will be one element of this effort, because—in combination with other investments—these energy sources can help installations to carry out mission-critical activities and support restoration of the grid in the event of disruption.

Second, we are devoting considerable time and effort to a complex and growing challenge—ensuring that proposals for domestic energy projects, including renewable energy projects, are compatible with military requirements for land and airspace. As noted above, military installations lend themselves to renewable energy development, and a renewable project can benefit the host installation by providing a secure source of energy and reduced energy costs. In some cases, however, a proposed project can interfere with the military mission. For example, wind turbines can degrade air- and ground-based radar, and solar towers can cause interference by creating thermal images detrimental to sensitive testing of weapons systems. The current process for reviewing proposals and handling disputes is opaque, time consuming and ad hoc.

The Department is working to balance the nation's need for renewable sources of energy with military mission needs. The DoD "product team" devoted to sustaining our test and training ranges, which I co-chair, is working to come up with a better process for evaluating proposals from energy developers who want to site a renewable project on or near an installation. We have begun to reach out to potential partners, including other federal agencies, energy developers, state and local governments, and environmental organizations. In addition to working to improve the current approval process, the Department is looking at the role of research and development. New technology can allow us to better measure the potential impact of a proposed project. It can also help to mitigate the impact. For example, recent press accounts suggest that developments in stealth technology as applied to turbine blades can reduce the harm to ground-based (but not air-based) radar.

## III. MANAGING THE NATURAL ENVIRONMENT

In addition to our commitment to managing our energy requirements, we also recognize our natural infrastructure as a priority. The Department sustains the environment on our installations, not only to preserve these lands for our future generations, but also to maintain current and future readiness. The Department practices integrated planning to preserve the land, water, and airspace needed for military readiness while maximizing critical environmental protection. We maintain a high level of environmental quality in defense activities by integrating sustainable practices into our operations, acquisition of materials, and weapon systems. We protect and conserve natural and cultural resources and restore sites to productive reuse on more than 29 million acres. We strive to protect and to sustain the environment while strengthening our operational capacity, reducing our operational costs, and enhancing the well being of our soldiers, civilians, families and communities.

**Comparison of Environmental Programs Requests**

(President's Budget $ in Millions – Budget Authority)

| ($ millions) | **FY 10 Enacted** | **FY 11 Request** | **$ Change** | **% Change** |
|---|---|---|---|---|
| Environmental Restoration | $1,505 | $1,539 | 34 | 2% |
| Environmental Compliance | $1,595 | 1570 | -25 | -2% |
| Environmental Conservation | $322 | $320 | -2 | -1% |
| Pollution Prevention | $99 | $117 | 17 | 15% |
| Environmental Technology | $237 | $216 | -21 | -9% |
| BRAC Environmental | $674 | $445 | -229 | -51% |
| **TOTAL** | **$4433** | **$4208** | **-225** | **-5%** |

Over the past 10 years, the Department has invested nearly $42 billion in our environmental programs. In FY 2009, we invested $4.3 billion and in FY 2010 we are executing another $4.4 billion for natural and cultural resource conservation, pollution prevention, cleanup, compliance, and environmental technology. The FY 2011 budget request of $4.2 billion will enable us to continue to demonstrate leadership in protecting and preserving the environment on our installations.

In FY 2009, the Military Services and Defense Agencies invested $350 million in conservation programs to protect natural and cultural resources located on and near our installations. Our cultural resources include archeological sites, historic buildings, relics of prior civilizations, artifacts, and other national historic treasures.

The Department is committed to protecting its older properties, not only for historical interest, but for continued active use to support today's operational requirements. More than 32 percent of DoD's 300,000 buildings are over 50 years old, and by 2025, more than 67 percent of the Department's buildings will exceed 50 years of age. Buildings that have passed the 50-year mark present a challenge to the Department, but also offer the potential for cost-savings and resource conservation. By using historic buildings and properties, instead of building new structures, the Department reduces its environmental footprint while retaining the properties' historic features. DoD's Cultural Resources Program ensures balance between responsible stewardship of this significant legacy with meeting the demands of defending our nation.

Our installations also steward some of the finest examples of rare native vegetative communities, such as old-growth forests, tall grass prairies, and vernal pool wetlands. As of April 28, 2008, the U.S. Fish and Wildlife Service (USFWS) listed 1,317 species as either threatened or endangered within the United States, more than 300 of which inhabit DoD lands. DoD has a greater density of listed species than any other Federal agency: nearly 40 threatened or endangered species are found only on DoD installations. The Department prepares and implements Integrated Natural Resource Management Plans (INRMPs) for each installation with significant natural resources, which include land management and other actions to protect these endangered species. These plans, developed in coordination with the USFWS and State fish and wildlife agencies, have helped the Department avoid critical habitat designations at 46 installations because the plans provide protection equal to or greater than what would be obtained if critical habitat had been designated for these endangered species. When coupled with our conservation efforts to protect species and their habitats before they become rare, INRMPs have provided increased flexibility in how DoD conducts its mission activities.

The Department is investing $322 million in FY 2010 conservation efforts, of which $188 million is planned for recurring continuous conservation management activities, such as preserving habitat for at risk species and habitat vulnerable to global climate change. Additionally, $134 million is planned for non-recurring one-time projects such as installation of exclusion devices to protect endangered or at-risk species habitats, development of automated acoustic technologies for monitoring migratory birds, and shoreline protection projects. FY 2009 Cultural Resource projects include developing guidance on rehabilitating practices for historic buildings to meet the energy goals of Executive Order 13514 and developing the first contingency operations cultural resources guidance for U.S. Central Command.

The Department is requesting $320 million for FY 2011 conservation efforts, which includes $190 million in recurring funds for continuous conservation management activities and $130 million in non-recurring funds for one-time conservation projects associated with threatened and endangered species, wetland protection, or other natural, cultural, or historical resources.

Since 1984, the Department has obligated more than $40 billion in the Defense Environmental Restoration Program (DERP). Congress appropriated an additional $2.2 billion to the DERP in FY 2010, which includes cleanup at active bases, Formerly Used Defense Sites (FUDS), and BRAC bases. DERP consists of two categories of sites: 1) Installation Restoration Program (IRP) sites, which contain hazardous substances, pollutants, and contaminants; and 2) Military Munitions Response Program (MMRP) sites, which contain unexploded ordnance and discarded military munitions. The Department applies a risk-based prioritization process to determine the order of cleanup for both IRP and MMRP sites. By the end of 2009, the Department, in cooperation with state agencies and the U.S. Environmental Protection Agency, had completed cleanup on 78 percent of IRP sites on active installations, 70 percent of IRP sites on FUDS, and 79 percent of IRP sites on installations closed or realigned in the first four rounds of BRAC and BRAC 2005. In FY 2010, we are executing approximately $1.5 billion at active and FUDS locations and another $674 million at BRAC bases for environmental restoration efforts. These appropriations should enable us to complete cleanup at an additional 531 sites at active and FUDS locations and 130 sites at BRAC bases.

For the MMRP, DoD has completed cleanup of military munitions at 39 percent of sites at active installations, 60 percent of BRAC installation sites, and 35 percent of FUDS. By cleaning up our sites on a "worst first" basis, we have significantly reduced the potential risk associated with many of the sites in our inventory. These efforts will reduce our long-term liability and ensure the expeditious return of these properties to productive reuse. Our FY 2011 DERP budget request of $2.0 billion will help implement these improvements while continuing to make progress to complete our cleanups and close out the properties.

| IRP Goals | FY 2009 | FY 2010* | FY 2011* |
|---|---|---|---|
| **Active Installations** | | | |
| Achieve Remedy-In-Place/Response Complete (RIP/RC) at all sites by the end of FY 2014 | 86% | 88% | 91% |
| **FUDS Properties** | | | |
| Achieve RIP/RC at all sites by the end of FY 2020 | 71% | 74% | 77% |

| MMRP Goals | FY 2009 | FY 2010* | FY 2011* |
|---|---|---|---|
| **Active Installations** | | | |
| Complete Preliminary Assessments (PAs) at all Munitions Response Sites (MRSs) by the end of FY 2007 | 97% | 98% | 99% |
| Complete Site Inspections (SIs) at all MRSs by the end of FY 2010 | 72% | 97% | 99% |
| Achieve RIP/RC at all MRSs by the end of FY 2020 | 43% | 53% | 54% |
| **FUDS Properties** | | | |
| Complete PAs at all MRSs by the end of FY 2007 | 96% | 96% | 96% |
| Complete SIs at all MRSs by the end of FY 2010 | 67% | 82% | 91% |

* Projections for FY 2010 and FY 2011, based on FY 2009 data

Partnerships with state, local, and other federal agencies are an important contributor to our continued progress toward achieving our IRP and MMRP Goals. Coordination and communication with stakeholders on our cleanups has produced a shared sense of responsibility and urgency to return sites to productive use. More importantly, our engagement of stakeholders in the program has built trust in our ability to protect public health and the environment, and safely work and train in close proximity to our surrounding communities.

As we continue to make cleanup progress, we are emphasizing optimization of performance. Optimization efforts include considering green remediation technologies, reducing the number of cleanups involving long-term management, and achieving site closeout in a timely manner. Our efforts to develop and employ technologies that expedite cleanups are reducing the need for long-term management of our sites, resulting in lower costs and better progress towards program goals. Through our investments in the Strategic Environmental Research and Development Program and the Environmental Security and Technology Certification Program, we develop, demonstrate, and validate innovative cleanup technologies that provide the market with more efficient and effective cleanup technologies. The cleanup strategies we develop and implement for BRAC sites contribute significantly to the prompt transfer and redevelopment of sites.

We lead other federal agencies in employing green remediation strategies that produce less waste, use fewer natural resources, and expend less energy to clean up our

sites. In August, we issued a green remediation policy which expands upon DoD's current practices of optimization. Green remediation uses strategies that consider all environmental effects of remedy implementation and incorporates options to maximize the overall environmental benefit of cleanup actions. Our strategies focus on a number of goals, including: preserving natural resources, minimizing energy use and increasing energy efficiency, minimizing carbon dioxide emissions, using passive sampling where feasible, minimizing fresh water consumption and maximizing water reuse, maximizing the recycling and reuse of materials, and minimizing the overall footprint of the remedial system. This is the way of the future; DoD is among the leaders in the nation in adopting green and sustainable remediation practices.

The FY 2011 budget request of $117 million for pollution prevention will enable DoD to continue to meet our solid waste diversion and recycling goals while reducing our operating costs. Striking a balance between mission requirements and environmental quality, the Department employs long-term solutions to eliminate hazardous material use in operations and weapon systems acquisition, promote the use of alternative fuels, and implement innovative technologies to reduce pollution of our air, water, and land. In 2009, the Department invested $114 million in pollution prevention programs, including recurring requirements such as solid waste diversion and recycling, hazardous material reduction, and green procurement. In FY 2009 the Department diverted 2.8 million tons or 55 percent of our solid waste from landfills, avoiding approximately $160 million in landfill costs. Additionally, the Department has reduced hazardous waste disposal by 15 percent from 2007 to 2008. The Department is also effectively managing air quality, reducing hazardous air pollutant emissions at our installations by 455 tons, or 27 percent, from 2007 to 2008. In FY 2010, we are executing $99 million for pollution prevention, with another $117 million planned for FY 2011. These levels of investment will enable DoD to continue to meet our diversion and recycling goals while reducing our operating costs.

In FY 2009, the Department obligated $1.5 billion for environmental compliance activities. Clean water and clean air are essential to the health and well being of our communities and ecosystems. DoD management practices reduce discharged pollutants, leverage water conservation opportunities, and protect watersheds. Our drinking water program has consistently provided over 3,400,000 men, women, and children living and working on our installations with safe drinking water. The Department also manages almost 1,500 water pollution control permits for our wastewater and storm water treatment systems, which achieved an overall 94 percent rate of compliance in 2009, which is above the national average. Our FY 2010 appropriation included another $1.6 billion to upgrade treatment facilities and meet new and expanding permit requirements.

Our FY 2011 budget request of $1.6 billion will enable the Department to continue to protect and to sustain the environment while maintaining operational readiness. With this steady level of investment, DoD will continue to demonstrate strong environmental stewardship.

***Environmental Technology***

A key part of DoD's approach to meeting its environmental obligations and improving its performance is pursuing advances in science and technology. The Department has a long record of excellence in developing innovative environmental technology and moving them out of the laboratory onto installations, depots, and weapon systems. The Department relies on the Strategic Environmental Research and Development Program (SERDP) and the Environmental Security Technology Certification Program (ESTCP) to develop and demonstrate new methods and technologies that address the Department's highest priority environmental requirements. The FY 2011 budget request includes $68.5 million for SERDP research and $30.4 million for ESTCP demonstrations.

The objective of SERDP and ESTCP is to improve DoD mission readiness and environmental performance by providing new scientific knowledge and cost-effective technologies in the areas of Environmental Restoration, Munitions Management, Sustainable Infrastructure, and Weapons Systems and Platforms. These programs continue to significantly reduce the cost of our environmental programs, decrease the life cycle costs of weapon systems, and move our ranges and installations toward a sustainable future. They enhance military operations, improve military systems' effectiveness, enhance military training/readiness, sustain DoD's training and test ranges and installation infrastructure, and help ensure the safety and welfare of military personnel and their dependents by eliminating or reducing the generation of pollution and use of hazardous materials and reducing the cost of remedial actions and compliance with environmental laws and regulations.

As highlighted in the recent QDR, among our greatest challenges is dealing with the issues of climate change and energy. Climate change and energy produce distinct types of challenges but they are inextricably linked. SERDP is leading the Department's efforts to develop climate change assessment tools and begin the work of developing adaptation approaches that will allow DoD to continue meet its national security mission in the face of expected climate impacts. ESTCP is leading the Department's effort to speed innovative energy technologies from laboratories to military end users. ESTCP will use military installations as a test bed to demonstrate and create a market for innovative energy efficiency and renewable energy technologies coming out of the private sector, DoD, and Department of Energy laboratories.

The Environmental Technology Program funds environmental research, development, test, demonstration, and validation activities to provide technologies that result in direct operational savings, mitigate future liabilities, and permit the Department to meet its environmental obligations more cost-effectively. The Environmental

Technology budget request for FY2011 is $216 million, a decrease of $8 million over the FY2010 request of $225 million.

***Sustainable Ranges Initiative***

Today, as our men and women in uniform are deployed around the globe, experience has taught us that realistic testing and training saves lives, but it also requires substantial resources - air, land, sea space, and frequency spectrum. The rise in urban growth, renewable energy projects, off-shore drilling and other activities can pose growing challenges to these critical DoD testing and training resources. DoD's Sustainable Ranges Initiative (SRI) addresses these challenges through innovative partnerships and proactive engagement beyond our installation and range fence lines.

A key component of SRI is the Readiness and Environmental Protection Initiative (REPI). REPI enables the Department to apply dedicated funds to leverage other military department funds and the resources of outside organizations to preserve key buffer land near installations and ranges. With help from Congress, and broad acceptance and participation by a wide range of state and local governments and conservation organizations, REPI has proven a very successful program. For FY2011, the budget requests $39.8 million for continuation of the Department's REPI efforts to protect critical training, testing, and operational capabilities at locations such as the Navy's Fallon Naval Air Station in Nevada and the Army's live-fire training ranges at Fort A.P. Hill, Virginia. Near-term opportunities to partner and preserve key buffer land through REPI are increasing given the current drop in real estate values across the country. Every dollar invested now repays itself many times by preserving our long term capability to test and train. With your help, the Department will use the requested funds to continue our efforts to ensure that our military training and testing opportunities remained unrivaled.

**Conclusion**

My office, Installations and Environment, takes very seriously our mission to strengthen DoD's infrastructure backbone—the installations that serve to train, deploy and support our warfighters. Thank you for your strong support for the Department's installation and environment programs, and for its military mission more broadly. I look forward to working with you on the challenges and opportunities ahead.

RECORD VERSION

STATEMENT BY

JOSEPH F. CALCARA
DEPUTY ASSISTANT SECRETARY OF THE ARMY
(INSTALLATIONS AND HOUSING)

BEFORE THE

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

SECOND SESSION, 111TH CONGRESS

ON THE FISCAL YEAR 2011
MILITARY CONSTRUCTION, ARMY
MILITARY CONSTRUCTION, ARMY NATIONAL GUARD
MILITARY CONSTRUCTION, ARMY RESERVE
ARMY FAMILY HOUSING
AND
BASE REALIGNMENT AND CLOSURE
BUDGETS

NOT FOR PUBLICATION
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THE
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SERVICES

MARCH 18, 2010

## INTRODUCTION

Mr. Chairman and members of the Subcommittee, on behalf of the more than one million Active, Guard, and Reserve Soldier, their Families, and the Civilians of the United States Army, I welcome the opportunity to discuss the Army's Military Construction, Family Housing, and Base Realignment and Closure budget requests for fiscal year 2011.

The Army's strength is its Soldiers – and the Families and Army Civilians who support them. I would like to start by thanking you for your 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 their ability to perform their missions successfully depends upon the staunch support of the Congress.

Our Nation has been at war for nearly nine years. The Army continues to lead the war efforts in Afghanistan and Iraq, as well as in defense of the homeland and in support of civil authorities in responding to domestic emergencies. Over time, these operations have expanded in scope and duration, stressing our All-Volunteer Force and straining our ability to maintain strategic depth. During this period, the Congress has responded to the Army's requests for resources, and that commitment to our Soldiers, their Families, and Civilians is deeply appreciated. Continued timely and predictable funding is critical as the Army continues to fight two wars, meet other operational demands, sustain an All-Volunteer Force, and prepare to protect against future threats to the Nation.

## OVERVIEW

### Facilities Strategic Context

The Army continues its largest organizational change since World War II, as it transforms to a Brigade centric modular force and grows the force to achieve an Active Component end strength of 547,400, a National Guard end strength of 358,200, and an Army Reserve end strength of 206,000 Soldiers. At the same time, we are restationing

about 1/3 of the force through a combination of Base Closure and Realignment (BRAC) and Global Defense Posture Realignment (GDPR) actions.

The Army is executing a tightly woven, operationally-synchronized plan integrating BRAC, GDPR, and Grow the Army (GTA); facilitated by Military Construction. The strategy includes aligning facilities to support a CONUS based Army Modular Force (AMF) structured expeditionary Army; completing facilities to implement and comply with BRAC 2005 law by 2011; completing GDPR by 2013; completing GTA by 2013; and completing AMF new unit facilities builds. Facilities modernization for AMF units converted from the legacy force structure extends beyond 2015.

**Army Imperatives and Facility Initiatives**

The FY11 MILCON request is crucial to the success of the Army's strategic imperatives to Sustain, Prepare, and Transform the force. The Army has developed military construction facility initiatives that support the Army imperatives.

**SUSTAIN**

To Sustain the force, the following initiatives provide for the Recruitment and Retraining of Soldiers; Care of Soldiers, Families, and Civilians; Care of Wounded Warriors; and the Support of Families of Fallen Comrades:

*Family Housing:* Provides housing services, preserves the balance of military owned housing and the distinction of privatized on-post housing commensurate with U.S. civilian community standards.

*Barracks:* Provide quality Barracks for Army Soldiers including: Permanent Party, Training, and Warriors Transition Complexes. We owe single Soldiers the same quality of housing that we provide married Soldiers. Modern barracks are shown to significantly increase morale, which positively impacts readiness and quality of life across all components. The Army intends to buyout inadequate permanent party barracks by 2013 with full occupancy by 2015.

*Army Medical Action Plan:* Provide command and control, primary care and case management for Warriors In Transition (WT) to establish a healing environment that promotes the timely return to the force or transition to civilian life.

*Soldier Family Action Plan:* Provides Soldiers and Families a Quality of Life commensurate with their service; provides Families a strong, supportive environment where they can thrive; and provide quality, standardized facilities.

**PREPARE**

To Prepare our Army to meet the challenges of the current operations and the full spectrum of combat operations, the Army has funded projects in the Grow the Army, Mission and Training, and Trainee Barracks initiatives.

*Grow the Army:* Provide facilities to support the increase of the Army end strength to 1,111.6K (74.2K increase) across all components to fill key force capability shortfalls and increase Active Component dwell time. GTA facilities include operations, maintenance, and training facilities; barracks, and facilities to improve the quality of life for Soldiers, Families, and Civilians in the Active Army, Army Reserve and Army National Guard. The Army's strategy is to complete all facilities requirement to support this initiative by fiscal year 2013.

*Mission and Training:* Provides facilities to support unit operations, maintenance, and training. Ranges and training land to support individual, and unit collective training in support of the Army Force Generation (ARFORGEN) training cycle are included in Mission and Training facilities.

*Training Barracks:* Provides initial entry and advance individual training quality barracks and eliminates all inadequate trainee barracks spaces. The goal is to fund all trainee barracks requirements by fiscal year 2015 and full occupancy of the barracks in fiscal year 2017.

*Operational Readiness Training Complex:* FY2011 is the start of the Army's investment in unit facilities in support of the ARFORGEN training cycles of the Active and Reserve Components. ORTCs are complexes with operations, maintenance and storage facilities, barracks, dining facility, and equipment parking.

**TRANSFORM**

To meet the demands of the 21st century, the Army is transforming via the AMF, GDPR, and BRAC initiatives. Collectively, these initiatives allow the Army to shape and station forces to provide maximum flexibility.

*Army Modular Force* The Army continues to reorganize the Active and Reserve components into standardized modular organizations, increasing the number of Brigade Combat Teams (BCTs) and support Brigades to meet operational requirements and create a more deployable, versatile and tailorable force.

*Global Defense Posture Realignment* The GDPR initiative ensures Army forces are properly positioned worldwide to support our National Military Strategy and to support the mission in Afghanistan. GDPR will relocate over 48,000 Soldiers and their Families from Europe and Korea to the United States by 2013. As part of the fiscal year 2011 program, the Army is requesting $188.7 million to construct facilities in Bagram, Afghanistan, and Forts Benning, Bliss, and Riley.

*Base Realignment and Closure* BRAC 2005 enables the Army to reshape the infrastructure supporting the Operating Force, the Generating Force, the Reserve Component and enhance the repositioning of those forces making them more relevant and combat ready for the Combatant Commander.

**FY2011 MILCON Overview**

The Army's fiscal year 2011 Military Construction and Overseas Contingency Operations budget requests include $7.9 billion for Military Construction, Army Family Housing, and BRAC appropriations and associated new authorizations.

The details of the Army's fiscal year 2011 request follow:

| Military Construction Appropriation | Authorization Request | Authorization of Appropriations Request | Appropriation Request |
|---|---|---|---|
| Military Construction Army (MCA) | 3,665,662,000 | 4,078,798,000 | 4,078,798,000 |
| Military Construction Army National Guard (MCNG) | 836,601,000 | 873,664,000 | 873,664,000 |
| Military Construction Army Reserve (MCAR) | 289,275,000 | 318,175,000 | 318,175,000 |
| Army Family Housing Construction (AFHC) | 55,329,000 | 92,369,000 | 92,369,000 |
| Army Family Housing Operations (AFHO) | 0 | 518,140,000 | 518,140,000 |
| BRAC 95 (BCA) | 73,600,000 | 73,600,000 | 73,600,000 |
| BRAC 2005 (BCA) | 1,012,420,000 | 1,012,420,000 | 1,012,420,000 |
| Overseas Contingency Operations (OCO) | 761,950,000 | 929,996,000 | 929,996,000 |
| Homeowners Assistance Program (HAP) | 16,515,000 | 16,515,000 | 16,515,000 |
| **TOTAL** | **6,711,352,000** | **7,913,677,000** | **7,913,677,000** |

**FY2011 Budget Request**

**Military Construction Army**

The Active Army fiscal year 2011 Military Construction request for $4,078,798,000 (for appropriation and authorization of appropriations) supports the Army Imperatives of Sustain, Prepare and Transform.

*Mission and Training ($866M):* Operations, maintenance, and training facilities and ranges are the cornerstones to "Prepare" the Army for current operations. The fiscal year 2011 request includes $269 million for operations facilities, $65 million for maintenance facilities, $212 million for ranges and $213 million for training facilities. Utilities and other support facilities complete the mission and training request at $107 million.

*Army Modular Force (1,268M):* The fiscal year 2011 request of $1.584 billion will provide permanent operations and maintenance facilities and barracks to support the conversion of existing forces into new modular force units in the Active Army (1.268 billion) and Army National Guard (0.316 billion). The Army strategy is to use existing

facility assets where feasible and program new construction projects when existing facilities are inadequate.

*Grow the Army ($698M):* The Grow the Army request in fiscal year 2011 is for 34 projects. The total includes $148.7 million for maintenance facilities, $215.4 million for operations facilities, $259 million for Barracks, and $74.6 million for training ranges and training support facilities. The Army's gap analysis for Grow the Army, following the fiscal year 2009 Secretary of Defense decision on the number of Brigades, confirmed that these facilities were essential to support growth in the Army's combat support and combat service support force structure and establish the appropriate training support infrastructure.

*Barracks Modernization ($891M):* The Army is in the 18th year of modernizing permanent party barracks to provide about 148,000 single enlisted Soldiers with quality living environments. Because of increased authorized strength, the requirements for barracks modernization have increased in several locations. The fiscal year 2011 request will provide for 5,115 new permanent party barracks spaces that will meet DoD's "1 + 1" or equivalent standard and eliminate common area latrines. These units provide 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. The $891 million in barracks projects includes projects requested in the GTA, GDPR, and AMF initiatives. We are on track to fully fund this program by fiscal year 2013. The last inadequate permanent party spaces will be removed after the new barracks are fully occupied in fiscal year 2015.

*Trainee Barracks Modernization ($191M):* The $350 million provided by the Congress in the 2010 appropriations for trainee barracks is greatly appreciated. The additional funding will accelerate the Army's ability to provide necessary quality barracks. The request in fiscal year 2011 will provide 1980 new training barracks spaces for our Soldiers. Six trainee barracks are going to be constructed at four installations (Forts Benning, Bragg, Jackson, and Leonard Wood).

*Warrior In Transition ($18M):* The WT complex at Fort Eustis completes the Army's plan for WT complexes in the United States.

*Overseas Construction:* Included in this budget request are high-priority overseas projects at enduring locations. In Germany, we are requesting funds for barracks at Grafenwoehr and Rhine Ordnance, a vehicle maintenance shop and a physical fitness center in Ansbach, an information processing center, sensitive compartmented information facility, command and battle center and an access control point in Wiesbaden. In Korea, we are 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 continues construction for a BCT.

*Other Support Programs ($273M):* The fiscal year 2011 budget includes $222 million for planning and design. As executive agent, the Army also provides oversight of design and construction for projects funded by host nations. The fiscal year 2011 budget requests $28 million for oversight 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.

*Incremental Funding ($140M).* We are requesting the second increment of funding, $59.5 million, for the Command and Battle Center at Wiesbaden, Germany. In addition, we are requesting the first phase, and second increment of funding, $30 million, for the Aviation Task Force Complex at Fort Wainwright, Alaska. The budget also includes $25 million for a Brigade Complex-Operations support facility and $26 million for a Brigade Complex-Barracks/Community, both projects at Vicenza, Italy.

**Military Construction National Guard**

The fiscal year 2011 request for $873,664,000 (for appropriation and authorization of appropriations) is focused on Army Modular Force, Mission and Training, Grow the Army, planning and design and unspecified minor military

construction represents the largest MILCON budget ever requested by the Army National Guard.

*Mission and Training.* In fiscal year 2011, the Army National Guard is requesting $440.5 million for 24 projects which will support the preparation of our forces. These funds will provide the facilities our Soldiers require as they train, mobilize, and deploy. Included are four Training/Barracks Facilities, nine Range projects, four Maintenance Facilities, one United States Property and Fiscal Facility, and six Readiness/Armed Forces Reserve Centers.

*Army Modular Force.* Our budget request also includes $316.5 million for 16 projects in support of our modern missions. There are five Readiness Centers, one Armed Forces Reserve Center, five Maintenance Facilities, four Unmanned Aircraft System Facilities and one Aircraft Parking project to provide for modernized facilities.

*Grow the Army.* To support the Army National Guard end strength increase, $79.6 million is requested to construct eight Readiness Centers. The new Readiness Centers will house newly activating units to address the continued high levels of force deployment.

*Other Support Programs.* The fiscal year 2011 Army National Guard budget also contains $25.6 million for planning and design of future projects and $11.4 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 2011 Military Construction request for $318,175,000 (for appropriation and authorization of appropriations) is for Preparation, Transformation, other support, and unspecified programs.

*Mission and Training projects:* In fiscal year 2011, the Army Reserve will invest $76.5 million to prepare our Soldiers for success in current operations. Included in the

mission and training projects are, four ranges, a tactical vehicle wash rack, a maintenance and equipment storage facility and an Annual Training/Mobilization Barracks

*Grow The Army*: The Army Reserve transformation from a strategic reserve to an operational force includes converting 16,000 authorizations from generating force structure to operational force structure from fiscal years 2009 through 2013. In fiscal year 2011, the Army Reserve will construct 17 Reserve Operations Complexes in eleven states, with an investment of $212.8 million to support the transformation. These projects will provide operations, maintenance, and storage facilities for over 3300 Soldiers in 66 newly activating combat support and combat service support units and detachments.

*Other Unspecified Programs:* The fiscal year 2011 Army Reserve budget request includes $25.9 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**

The Army's fiscal year 2011 Family housing construction request is $92.4 million for authorization of appropriation, and appropriation. This year's budget continues our significant investment in our Soldiers and their Families by supporting our goal to continue funding to sustain military owned housing and eliminate remaining inadequate military owned at enduring overseas installations.

The fiscal year 2011 new construction program uses traditional military construction to provide 64 new homes for Families with a $34.3 million replacement project at Baumholder, Germany. The Army also requests $21million for the completion of the supporting infrastructure for two projects authorized and appropriated in fiscal year 2004 at Fort Wainwright, Alaska.

The fiscal year 2011 construction program also provides $35 million to make adjustments to two existing Residential Communities Initiative (RCI) Family housing privatization projects at Fort Eustis, Virginia and Carlisle Barracks, Pennsylvania.

In fiscal year 2011, we are also requesting $2.0 million for final design of fiscal year 2011 Family housing projects and to initiate design of 2012 Family housing construction projects, as well as for housing studies and updating standards and criteria.

*Privatization.* The Residential Communities Initiative (RCI), the Army's housing privatization program, continues to provide quality housing which 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 44 locations, with a projected end state of over 85,000 homes – 98 percent of the on-post Family housing inventory in the U.S. At the end of fiscal year 2010, the Army will have privatized all 44 locations. Initial construction and renovation at these 44 installations is estimated at $12.6 billion over a three to 14 year initial development period, of which the Army will contribute close to $2.0 billion. Although most projects are in their initial development periods, since 1999 through November 2009, our partners have constructed over 21,000 new homes, and renovated another 16,000 homes.

**Army Family Housing Operations**

The Army's fiscal year 2011 Family Housing Operations request is $518,140,000 (for appropriation and authorization of appropriations). 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. This request will support almost 17,000 Army-owned homes, at home and in foreign countries areas, as

well as leasing more than 9,000 residences and providing government oversight of more than 80,000 privatized homes.

*Operations ($97.3M).* 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 ($69.6M).* The utilities account includes the costs of delivering heat, air conditioning, electricity, water, and wastewater support for Family housing units. The overall size of the utilities account is decreasing with the reduction in supported inventory.

*Maintenance and Repair ($120.9M).* 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 ($203.2M).* The leasing program provides another way of adequately housing our military Families. The fiscal year 2011 budget includes funding for 9,036 housing units, including project requirements for 1,080 existing Section 2835 ("build-to-lease" – formerly known as 801 leases), 1,828 temporary domestic leases in the U.S., and 6,128 leased Family housing units in foreign areas.

*Privatization ($27.1M).* The privatization account provides operating funds for management and oversight of privatized military Family housing in the RCI program. RCI costs include civilian pay, travel, and contracts for environmental and real estate functions, training, real estate and financial consultant services and oversight to monitor compliance and performance of the overall privatized housing portfolio and individual projects.

**BRAC 95**

Since Congress established the first Defense Base Closure and Realignment Commission in 1988 and then authorized the subsequent rounds in 1990, DoD 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 $13.5 billion in savings through 2009 – and nearly $1 billion in recurring, annual savings from prior BRAC rounds.

The Army is requesting $73.6 million in fiscal year 2011 for prior BRAC rounds ($5.2 million to fund caretaking operations and program management of remaining properties and $68.4 million for environmental restoration) to address environmental restoration efforts at 147 sites at 14 prior BRAC installations. To date, the Army has spent $3.1 billion on the BRAC environmental program for installations impacted by the previous four BRAC rounds. The Army has disposed of 183,637 acres (88 percent of the total acreage disposal requirement of 209,292 acres), with 25,654 acres remaining

**BRAC 2005**

Under BRAC 2005, the Army will close 12 Active Component installations, one Army Reserve installation, 387 National Guard Readiness and Army Reserve Centers, and eight leased facilities. BRAC 2005 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 National Guard Readiness and Army Reserve Centers, BRAC 2005 creates 125 multi-component Armed Forces Reserve Centers and realigns U.S. Army Reserve command and control structure.

With over 1,100 discrete actions required for the Army to successfully implement BRAC 2005, they must be carefully integrated with the Defense and Army programs of Grow the Army, GDPR, and Army Modular Force. 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 allow the Army to better focus on its core warfighting 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. Results will yield substantial savings over time, while positioning forces, logistics activities, and power projection platforms to respond efficiently and effectively to the needs of the Nation.

The Army FY2011 budget request for BRAC 2005 is $1,012.4 million. The Army remains committed to achieving BRAC 2005 Law and is on track to do so. Our request is critical to the success of the Army's BRAC 2005 initiative and does not contain funding for new construction projects. The funding request includes $887.2 million in Operations and Maintenance (O&M) to support Civilian Permanent Change of Station (PCS), furnishings and equipment for completed BRAC projects, as well as support for facility caretaker requirements. An additional $51.7 million is requested for information technology and capital equipment procurement to comply with the BRAC 2005 requirements.

In fiscal year 2011, the Army will continue environmental closure and cleanup actions at 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 $73.5 million, which includes munitions and explosives of concern and hazardous and toxic waste restoration activities.

**Overseas Contingency Operations**

The FY2011 request includes $930 million to support Overseas Contingency Operations (OCO). The request funds non enduring mission projects critical to the support of deployed war fighters for example; Troop Housing, Dining Facilities, Rotary Wing Airfield Facilities, Logistical and Environmental facilities, Command and Control facilities, and force protection to ensure safe and efficient military operations in

Afghanistan. A total of 48 projects fulfill the Department's immediate mission needs and urgent infrastructure requirements in theater for a total of $762 million. The OCO request provides $78.3 million for unspecified minor construction and $89.7 million for planning and design.

**Homeowners Assistance Program**

The Army is the DoD Executive Agent for the Homeowners Assistance Program (HAP); that is, the Army requests in its budget the funds needed by the DoD-wide program supporting all of the Services. In normal times, this program assists eligible military and civilian employee homeowners by providing some financial relief when they are not able to sell their homes under reasonable terms and conditions because of DoD announced closures, realignments, or reduction in operations when this action adversely affects the real estate market.

The fiscal year 2011 budget requests authorization of appropriations in the amount of $16.5 million. Total program estimate for fiscal year 2011 is $49.9 million and will be funded with requested budget authority, revenue from sales of acquired properties, and prior year unobligated balances.

**Summary**

Mr. Chairman, the fiscal year 2011 Military Construction and BRAC budget requests are balanced programs that support our Soldiers and their Families, Overseas Contingency Operations, 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 the Army:

Military Construction:

- $7.9 billion invested in Soldier/Family Readiness
- $930 million to support projects for Overseas Contingency Operations
- $4,079 million to Active Army
- $318 million to Army Reserve

- $874 million to Army National Guard
- $610 million to Family Housing
- 39 new Training Ranges/Facilities
- 37 new Reserve and National Guard Operations and Readiness Centers.
- 245 Families get new or improved housing
- 8,857 Soldiers get new barracks

Base Realignment and Closure:

- $1,012 million to support BRAC 2005
- Statutory compliance by 2011 for BRAC 2005
- Continued Environmental Restoration and disposal of excess acres.

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

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ARMED SERVICES SUBCOMMITTEE
ON READINESS

**STATEMENT OF**

MR. ROGER M. NATSUHARA

ACTING ASSISTANT SECRETARY OF NAVY
(INSTALLATIONS AND ENVIRONMENT)

BEFORE THE

HOUSE ARMED SERVICES SUBCOMMITTEE

ON READINESS

18 MARCH 2010

NOT FOR PUBLICATION UNTIL
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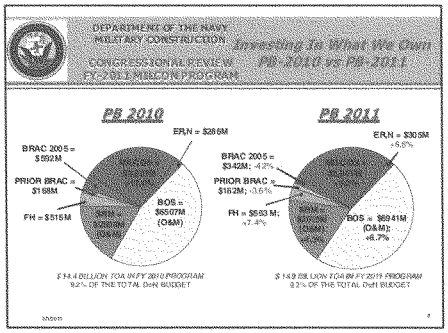
HOUSE ARMED SERVICES SUBCOMMITTEE ON
READINESS

Chairman Ortiz, Representative Forbes, and members of the Subcommittee, I am pleased to appear before you today to provide an overview of the Department of Navy's investment in its shore infrastructure.

## THE NAVY'S INVESTMENT IN FACILITIES

Our Nation's Navy-Marine Corps team operates globally, having the ability to project power, effect deterrence, and provide humanitarian aid whenever and wherever needed to protect the interests of the United States. Our shore infrastructure provides the backbone of support for our maritime forces, enabling their forward presence. The Department's FY2011 budget request includes a $14.9 billion investment in our installations, an increase of over $450M from last year.




Our FY-2011 request for **Base Operating Support** is $6.9 billion (which includes nearly $450 million for environmental programs), 6.7% greater than last year's request.

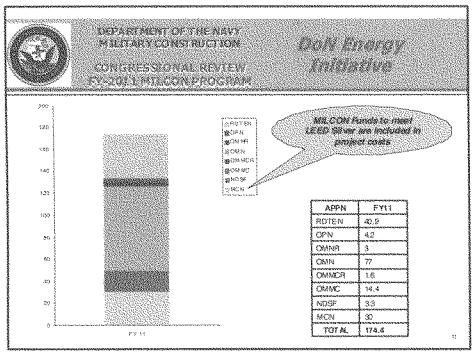
The FY-2011 **military construction** (active + reserve) request of $3.9 billion is only slightly larger than FY-2010 request and remains at a historical high. The program continues the effort to ensure facilities are in place to support the Marine Corps' end-strength of 202,100 active duty personnel. It also provides further investments in accordance with the Defense Policy Review Initiative to relocate Marines from Okinawa to Guam.

The FY-2011 **Family Housing** request of $553 million represents a seven percent increase from the FY-2010 request. The Navy and Marine Corps have continued to invest in housing, including both the recapitalization of overseas housing as well as additional privatization to address housing requirements. Thus, having virtually privatized all family housing located in the United States, at overseas and foreign locations where we continue to own housing we are investing in a "steady state" recapitalization effort to replace or renovate housing where needed.

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

We do not foresee much potential for large revenue from land sales, which were used to fund the Legacy BRAC program from FY2005 through FY2008. Thus, we again seek appropriated funds in FY-2011 in the amount of $162 million. Should land sale revenue accrue from the disposal of the former Naval Station Roosevelt Roads in Puerto Rico and some other smaller property sales, we will reinvest them to accelerate cleanup at the remaining prior BRAC locations.

The FY-2011 **BRAC 2005** budget request of $342 million supports only outfitting, realignment, and closure functions as the necessary construction projects were funded in prior years. The Department has made significant progress during the past year, and to date has completed 253 of 488 realignment and closure actions as specified in our established business plans and we are on track for full compliance with statutory requirements by the September 15, 2011 deadline.




Finally, the Department's PB2011 budget request includes an additional $174 million to support Secretary Mabus' aggressive energy goals to increase energy security, reduce dependency on fossil fuels, and promote good stewardship of the environment. Toward this end, he directed an additional investment of $1.4 billion be made through the Future Years Defense Program. The PB2011 program funds three military construction projects to build photovoltaic arrays, continues research and development in operational energy efficiencies for the tactical fleet, and will enable the Services to increase the energy efficiency of its infrastructure.

Here are some of the highlights of these programs.

## MILITARY CONSTRUCTION

The DoN's FY-2011 Military Construction program requests appropriations of **$3.9 billion**, including **$122** million for planning and design and **$21** million for Unspecified Minor Construction.

The active Navy program totals $1.1 billion and includes:

- **$399 million** to fund eleven Combatant Commander projects: a General Warehouse, a Horn of Africa Joint Operations Center, a base Headquarters Facility, and External Road Paving at Camp Lemonier, Djibouti; an Operations Support Facility, the third phase of the Waterfront Development, and an Ammunition Magazines in Bahrain; a Joint POW/MIA Accounting Command Facility and a Center for Disaster Management/Humanitarian Assistance in Pearl Harbor, Hawaii; a Vehicle Paint Facility at Macdill AFB, Florida; and an Air Traffic Control Tower in Naval Air Station Rota, Spain.
- **$75 million** to fund one Bachelor Quarters at Naval Base San Diego, California in support of the elimination of Homeport Ashore deficits by 2016 at the Interim Assignment Policy (2 personnel per room).
- **$101 million** to fund four Nuclear Weapons Security projects: a Security Enclave and Waterfront Emergency Power at Submarine Base Kings Bay, Georgia; and Waterfront Emergency Power and Limited Area Emergency Power at Naval Base Kitsap, Washington.
- **$148 million** to fund five projects to achieve Initial/Final Operational Capability requirements for new systems: an Aviation Simulator Training Facility at Naval Air Facility Atsugi, Japan; a Broad Area Maritime Surveillance Testing and Evaluation Facility at Naval Air Station Patuxent River, Maryland; a T-6 Capable Runway Extensions at Outlying Landing Fields (OLF) Barin and Summerdale, Alabama; a MH-60 R/S Rotary Hangar at Naval Base Coronado, California; and Upgrades to Piers 9/10 at Naval Station Norfolk, Virginia.
- **$196 million** to fund additional critical Navy Priorities: an Electromagnetic Sensor Facility at Naval Station Newport, Rhode Island; the second phase of the Agile Chemical Facility at Indian Head, Maryland; a Pier Replacement and Dredging at Naval Base San Diego, CA; a Laboratory Expansion at Naval Base Kitsap, Washington; and a Pier Upgrade at Naval Station Norfolk, Virginia.
- **$119 million** to fund follow-on increments of projects previously incremented by Congress: the final increment of the Limited Area Production and Storage Facility at Naval Base Kitsap, Washington; and the second increment of the Pier 5 Recapitalization at Norfolk Naval Shipyard, Virginia.
- **$57 million** for planning and design efforts.

The active Marine Corps program totals $2.8 billion of which $1.25 billion is for Grow the Force and $452 is for design and construction to support the relocation of Marines to Guam.

- **$630 million** for the construction of unaccompanied housing at Camp Pendleton, Twentynine Palms, Hawaii, Cherry Point, Camp Lejeune, and

Quantico in a continuation of the Commandant of the Marine Corps' initiative to improve the quality of life for single Marines;

- **$74 million** to provide quality of life facilities such as dining facilities and physical fitness centers at Beaufort, Hawaii, and Camp Lejeune;
- **$56 million** to construct student billeting for the Basic School in Quantico, Virginia;
- **$357 million** to build infrastructure to support new construction. These projects include communications upgrades, electrical upgrades, natural gas systems, drinking and wastewater systems. These projects will have a direct effect on the quality of life of our Marines. Without these projects, basic services generally taken for granted in our day-to-day lives, will fail as our Marines work and live on our bases;
- **$781 million** to fund operational, maintenance, and storage support projects such as those needed for the MV-22 aircraft at New River and Miramar and Joint Strike Fighter at Yuma; and operational units in Camp Lejeune, Cherry Point, Camp Pendleton, and Hawaii;
- **$195 million** to provide training facilities for aviation units at Camp Pendleton, Beaufort, and Yuma;
- **$50 million** to support professional military education by providing facilities at Marine Corps University in Quantico;
- **$25 million** to provide encroachment control at Beaufort and Bogue Field.
- **$30 million** to provide military construction-funded photovoltaic power plants at Camp Pendleton, San Diego, and Camp Lejeune;
- **$75 million** to support on- and off-load equipment operations at Blount Island;;
- **$427 million** for facilities necessary to support the relocation of Marines to Guam; and
- **$64 million** for planning and design efforts.

With these new facilities, Marines will be ready to deploy and their quality of life will be enhanced. Without them, quality of work, quality of life, and readiness for many Marines will have the potential to be seriously degraded.

The Navy and Marine Corps Reserve Military Construction appropriation request is $61 million, including $2 million for planning and design efforts, to construct a Reserve Training Facility at Yakima, Washington, a Vehicle Maintenance Facility at Twenty-Nine Palms, California, a Joint Air Traffic Control Tower at Joint Reserve Base New Orleans, Louisiana, and an Ordnance Cargo Logistics Training Complex at Naval Weapons Station Yorktown, Virginia.

*Fully-funded and Incrementally-funded MILCON projects*

Our FY-2011 budget request complies with Office of Management and Budget Policy and the DoD Financial Management Regulation that establishes criteria for the use of incremental funding. The use of incremental funding in this budget has been restricted to the continuation of projects that have been incremented in prior years. Otherwise, all new projects are fully funded or are complete and usable phases. However, as the cost of complex piers and utilities systems rise above the $100 million and even $200 million threshold, compliance with the full-funding policy drives both Services to make hard choices regarding which other equally critical projects must be deferred into the next year.

## 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 buildings 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). The FY2011 budget request funds sustainment at 92% and 90% for the Navy and Marine Corps, respectively. For Navy, funding includes Joint Basing investments which requirements have yet to transfer. Once they do, the rate will revert to 90%.

Restoration and modernization (R&M) provides major upgrades of our facilities using Military Construction, Operation and Maintenance, Navy Working Capital Fund, and BRAC, as applicable. Although OSD has determined a condition-based model ("Q-ratings") is the best approach to prioritize funding, establishing metrics has been challenging. Nonetheless, in FY-2011, the Department of Navy is investing nearly $1.3 billion in R&M funding.

*Naval Safety*

Protecting Department of the Navy's Sailors, Marines and Civilian employees and preserving the weapon systems and equipment entrusted to us by the American People remains one of our highest priorities. I consider continual improvement of our safety performance to be an integral component to maintaining the highest state of operational readiness for our Navy - Marine Corps team. In FY 2009, the DoN began implementing a comprehensive Safety Vision co-signed by the CNO, CMC and the Secretary of the Navy. The DoN Safety Vision outlines safety objectives and will continue to serve as a roadmap

as we strive to be a world-class safety organization, where, in step with civilian industry leaders, no avoidable mishap or injury is considered the cost of doing our business.

The Secretary of Defense established a goal to achieve a 75 percent reduction in baseline FY 2002 mishap rates across DOD by the end of FY 12. By the end of FY 09, DON exceeded the DOD-wide mishap rate reduction in three of the four mishap categories being tracked by the Office of the Secretary of Defense.

During FY 2009 we continued our Department-wide assault to reduce the loss of Sailors and Marines to fatal accidents on our nation's highways. We lost 143 Sailors and Marines to automobile and motorcycle accidents in FY 06. In FY 09, we brought those losses down to just 77, our lowest number ever recorded. While we achieved unprecedented reductions in highway fatalities during FY 09, we still find these losses untenable - we can and must do better.

In FY 2009 DON achieved our best year ever recorded for Total Class A Operational Mishaps[1]. While this represents a significant achievement, FY09 was the third consecutive FY we achieved, "best year ever recorded" in this category.

Our efforts also focus on achieving continual improvement in the reduction of workplace injuries. In FY 2009, the Department has achieved Voluntary Protection Program (VPP) "Star" status, OSHA's highest level of achievement, at eleven sites representing the majority of the VPP star sites in DOD. These activities include all four Naval Shipyards, our largest industrial facilities. Additionally, over the past 7 years, we have reduced the Navy and Marine Corps Civilian Lost Day Rates (due to injury) by 46% and 65% respectively.

***Encroachment Partnering***

The Department of the Navy has an aggressive program to manage and control encroachment, with a particular focus on preventing incompatible land use and protecting important natural habitats around installations and ranges. A key element of the program is Encroachment Partnering (EP), which involves cost-sharing partnerships with states, local governments, and conservation organizations to acquire interests in real property adjacent and proximate to our installations and ranges. Encroachment Partnering Agreements help prevent development that would adversely impact existing or future missions. These

[1] An FY09 Class A mishap is one where the total cost of damages to Government and other property is one million dollars or more, or a DoD aircraft is destroyed, or an injury and/or occupational illness results in a fatality or permanent total disability. An operational mishap excludes private motor vehicle and off duty recreational mishaps. Mishaps exclude losses from direct enemy action.

agreements also preserve important habitat near our installations in order to relieve training or testing restrictions on our bases. The program has proven to be successful in leveraging Department of Defense and Department of Navy resources to prevent encroachment.

For FY2009, the Navy acquired restrictive easements over 3,091 acres. The acquisitions were funded by $7.1 million from the Department of Defense Readiness and Environmental Protection Initiative (REPI) program, $2Million of Navy funds, and $9.25 Million from the encroachment partners. The Marine Corps during FY2009 acquired easements over 1,777 acres. These acquisitions were funded by $7.7 Million from REPI, $6.2 Million from Navy funds, and $7.2Million from the encroachment partners. The encroachment program has successfully initiated restrictive easement acquisitions at 13 Navy installations and 7 Marine Corps installations.

***Compatible Development***

Vital to the readiness of our Fleet is unencumbered access to critical water and air space adjacent to our facilities and ranges. An example is the outer continental shelf (OCS) where the vast majority of our training evolutions occur. The Department realizes that energy exploration and off-shore wind development play a crucial role in our nation's security and are not necessarily mutually exclusive endeavors. Therefore, we are engaging with the other services, the Secretary of Defense's office, and the Department of Interior to advance the administration's energy strategy. We are poised to coordinate with commercial entities, where feasible, in their exploration and development adjacent to installations and our operating areas along the OCS that are compatible with military operations. However, we must ensure that obstructions to freedom of maneuver or restrictions to tactical action in critical range space do not measurably degrade the ability of naval forces to achieve the highest value from training and testing.

The Department of the Navy has an aggressive program to manage and control encroachment, with a particular focus on preventing incompatible land use and protecting important natural habitats around installations and ranges. A key element of the program is Encroachment Partnering (EP), which involves cost-sharing partnerships with states, local governments, and conservation organizations to acquire interests in real property adjacent and proximate to our installations and ranges. The Department prevents development that is incompatible with the readiness mission, and our host communities preserve critical natural habitat and recreational space for the enjoyment of residents. Navy and Marine Corps have ongoing EP agreements at 14 installations and ranges nationwide, with additional agreements and projects planned in FY2010. EP has been a highly effective tool for addressing encroachment threats from

urban development and is a win-win for the Department and our host communities.

In FY-2008, Navy and Marine Corps completed partnership acquisitions on 16,662 acres. Funding for those purchases of land and easements included a combined contribution from DoD and DoN of $11.72M, which was matched by similar investments from partner organizations. In FY-2009, Navy and Marine Corps received an additional $19.78M from the DoD Readiness and Environmental Protection Initiative program, which will be combined with funding from the Department and our partner organization.

## ENERGY REFORM

The Department of the Navy (DoN) is committed to implementing a balanced energy program that exceeds the goals established by the Energy Independence and Security Act of 2007, Energy Policy Act of 2005, National Defense Authorization Act of 2007 and 2010, Executive Orders 13423 and 13514. We place a strong emphasis on environmental stewardship, reducing overall energy consumption, increasing energy reliability, and reducing our dependence on fossil fuels. The Department is a recognized leader and innovator in the energy industry by the federal government and private sector as well. Over the past nine years, DoN has received 28% of all of the Presidential awards and 30% of all of the Federal energy awards. Additionally, DoN has received the Alliance to Save Energy "Star of Energy Efficiency" Award and two Platts "Global Energy Awards" for Leadership and Green Initiatives.

***Organization and Commitment***

Increased Energy Efficiency is a Department of Defense (DoD) High Priority Performance Goal. Moreover, the Secretary of the Navy (SECNAV) is whole-heartedly committed to the energy effort and it is one of his top three initiatives for the Department. The Secretary established a Deputy Assistant Secretary of the Navy for Energy (DASN-Energy) to consolidate the Department's operational and installation energy missions. The consolidation of both operational and installation energy portfolios under one director is unique to the Department of the Navy. The DASN-Energy will be a career member of the Senior Executive Service who will report directly to the ASN (I&E) and will be able to coordinate across the Department to develop overarching policy, provide guidance, oversee the continued development of new ideas and align existing programs. In turn, each of the Services has established an energy management office to implement the Secretary's guidance. Within the Chief of Naval Operations (CNO) organization, a Navy Energy Coordination Office (NECO) was established to develop and institutionalize the Navy's Energy

Strategy. Within the Commandant of the Marine Corps (CMC) organization, an Expeditionary Energy Office was established to drive energy efforts and initiatives within the expeditionary forces on the ground in theater.

From the Secretary down to the deck plate Sailor and the Marine in the field, the Department is committed to meeting our aggressive energy goals. We all view energy as an invaluable resource that provides us with a strategic and operational advantage.

*Energy Goals*

The key statutory and regulatory goals relevant to installation energy consumption require the following:

- Reduce energy intensity (BTUs per square foot) by 3 percent per year, or 30 percent overall, by 2015 from the 2003 baseline [Energy Independence and Security of 2007, or EISA] [this includes an 18 percent reduction by the end of FY2011 in accordance with DOD's High Priority Performance Goals in the President's Budget];
- Increase use of renewable energy to 7.5 percent in 2013 and beyond (Energy Policy Act of 2005, or EPACT); and produce or procure 25 percent of all electric energy from renewable sources by the end of 2025 [National Defense Authorization Act of 2007] [this includes the DOD's High Priority Performance Goal of 14.3 percent by 2011]; and
- Reduce consumption of petroleum (gasoline and diesel) by non-tactical vehicles by 30 percent by 2020 [Executive Order 13514, October 2009].

However, in October of 2009, Secretary Mabus established far more aggressive goals for the Department. For installations, he directed that 50% of our shore energy will come from alternative sources and that by 2015 the Department will reduce fleet vehicle petroleum usage by greater than 50%. Based on these ambitious energy goals, we are developing our strategic roadmap and a set of energy directives that will provide guidance and direction to the Navy and Marine Corps. We are also developing baseline metrics, milestones, tools and methodologies to measure and evaluate progress towards meeting the Secretary's goals. Additionally, we are documenting our past and current energy use for tactical platforms and shore installations. We are making investments, allocating resources, developing possible legislation, institutionalizing policy changes, creating public-private partnerships, and pursuing technology development required to meet these goals. These investments will include $28.23M in Energy Conservation Investment Program (ECIP) projects, which have a savings to investment ratio of 2.94.

## HOUSING

The following tenets continue to guide the Department's approach to housing for Sailors, Marines, and their families:

- All service members, married or single, are entitled to quality housing; and
- The housing that we provide to our personnel must be fully sustained over its life.

A detailed discussion of the Department's family and unaccompanied housing programs, and identification of those challenges, follows:

## 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. We determine the ability of the private sector to meet our needs through the conduct of housing market analyses that evaluate supply and demand conditions in the areas surrounding our military installations.
- 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 (MILCON) 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 feasible.

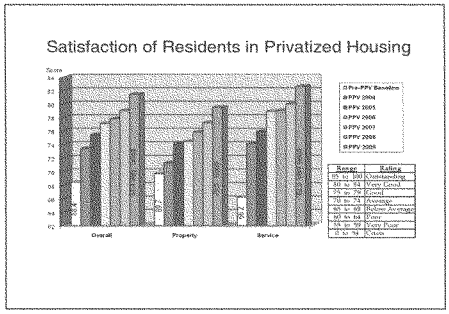
Our FY-2011 budget includes $186 million in funding for family housing construction, improvements, and planning and design. This amount includes $107million for the Government investment in continued family housing privatization at Marine Corps Bases Camp Pendleton, California and Camp Lejeune, North Carolina. The request for Camp Lejeune includes funding for an addition to a Department of Defense school. It also includes $76 million for the replacement or revitalization of Navy and Marine Corps housing, primarily in

Japan and Cuba where the military housing privatization authorities do not apply. Finally, the budget request includes $366 million for the operation, maintenance, and leasing of remaining Government-owned or controlled inventory.

As of the end of FY 2009, we have awarded 33 privatization projects involving over 62,000 homes. These include over 42,000 homes that will be constructed or renovated. (The remaining homes were privatized in good condition and did not require any work.) Through the use of these authorities we have secured approximately $9 billion in private sector investment from approximately $900 million of our funds, which represents a ratio of over nine private sector dollars for each taxpayer dollar.

While the military housing privatization initiative has been overwhelmingly successful, we can continue to work with our partners to address challenges associated with current economic conditions. In some cases, projects may need to be restructured to better match supply with demand and to ensure that the housing will continue to be sustained and recapitalized over the long term.

Perhaps the most important measure of success of our privatization program has been the level of satisfaction on the part of the housing residents. To gauge their satisfaction, we used customer survey tools that are well established in the marketplace. As shown in the following chart, the customer surveys indicate a steady improvement in member satisfaction after housing is privatized.




*Unaccompanied Housing*

Our budget request includes over $700 million in funding for the construction of unaccompanied housing to support single Sailors and Marines. This includes over $600 million of funding to support requirements associated

with the Marine Corps "Grow the Force" initiative and to continue implementation of the Commandant of the Marine Corps program to construct sufficient housing so that no more than two single Marines are required to share a sleeping room. The budget request also includes $75 million to support the Chief of Naval Operations commitment to achieve the Navy's "Homeport Ashore" objective by 2016.

The following are areas of emphasis within the Department regarding housing for single Sailors and Marines:

- Provide Homes Ashore for our Shipboard Sailors. The Homeport Ashore initiative seeks to provide a barracks room ashore whenever a single sea duty sailor is in his or her homeport, so they need not live on the ship. The Navy has made considerable progress towards achieving this goal through military construction, privatization, and intensified use of existing barracks capacity. The Chief of Naval Operations is committed to providing housing ashore for all junior sea duty Sailors by 2016 at the Interim Assignment Policy standard (55 square feet of space per person). The Navy's long term goal is to achieve the OSD private sleeping room standard (90 square feet per person).

- Commandant's BEQ Initiative. It is the Commandant of the Marine Corps' priority to ensure single Marines are adequately housed. Thanks to your previous support of this initiative, the Marine Corps will make significant progress toward fulfilling this priority. MILCON funding since Fiscal Year 2008 for the Marine Corps barracks initiative will result in the construction of approximately 19,800 new permanent party spaces at multiple Marine Corps installations. Your continued support of this initiative in our Fiscal Year 2011 proposal will allow us to construct an additional 5,000 new permanent party barracks spaces. With this funding we will stay on track to meet our 2014 goal. The Fiscal Year 2011 request for bachelor housing will provide thirteen barracks projects at Camp Lejeune and Cherry Point, North Carolina, Twenty-Nine Palms, and Camp Pendleton, California, Hawaii, and Quantico, Virginia. We are also committed to funding the replacement of barracks' furnishings on a seven-year cycle as well as the repair and maintenance of existing barracks to improve the quality of life of our Marines. These barracks will be built to the 2+0 room configuration, as have all Marine Corps barracks since 1998. This is

consistent with the core Marine Corps tenets for unit cohesion and teambuilding.

*Unaccompanied Housing Privatization*

The Navy has also executed two unaccompanied housing privatization projects using the pilot authority contained in section 2881a of Title 10, United States Code. In March we cut the ribbon on the Pacific Beacon project in San Diego. Pacific Beacon includes 258 conveyed units targeted for unaccompanied E1-E4 sea duty Sailors and 941 newly constructed dual master suite units targeted for E4-E6 Sailors.

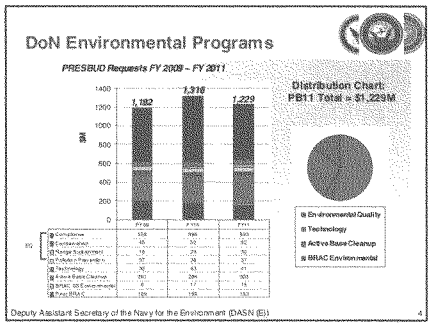
The second unaccompanied housing privatization project is in Hampton Roads (executed in December 2007) and included the conveyance of 723 units in seven buildings on Naval Station and Naval support Activity Norfolk and the construction of 1,190 dual master suite units. The last units are scheduled for completion in 2010.

With these two pilot projects, we have secured approximately $600 million in private sector investment from approximately $80 million of our funds, which represents a ratio of over seven private sector dollars for each taxpayer dollar.

Based on resident surveys, the residents of privatized unaccompanied housing at both San Diego and Hampton Roads are very satisfied with service received from the privatization partner as well as the condition of the units. San Diego won an industry award for excellence in providing customer satisfaction.

## ENVIRONMENT

In FY2011, the Department is investing over $1 billion in its environmental programs across all appropriations. This figure includes infrastructure projects funded through the military construction program. Although the impetus for these construction projects were driven by the additional capacity of the Marine Corps' Grow the Force effort, the fact remains that concurrent benefits will accrue to the environment and the surrounding community.



*Environmental Management Systems*

The Department of the Navy is committed to improving mission performance through better environmental program management. An Environmental Management System (EMS) strengthens our management effectiveness and provides a framework for a continual improvement process. When properly implemented, EMS creates awareness and identifies environmental aspects and impacts of operations. It particularly highlights and prioritizes risks, promotes pollution prevention, incorporates best management practices, minimizes Notices of Violation and Non-Compliance through proactive compliance management, and tracks progress towards established environmental goals.

The Department has made great strides implementing EMS across the Navy and Marine Corps installations world-wide. The Marine Corps achieved fully conforming EMS status in October 2008, over a year ahead of the required implementation schedule. Navy achieved fully conforming EMS status in September 2009, three months ahead of the required implementation schedule. The Department is now planning and implementing EMS sustainment and system enhancements for FY11 and beyond to maximize benefits from EMS.

*Natural Resources Conservation*

The Department of the Navy's natural resources conservation program continues to excel in the stewardship of our natural environment while fully supporting mission requirements. The basis of our program centers on development and implementation of Integrated Natural Resources Management Plans (INRMPs). These plans, currently in place at 91 DoN installations with significant natural resources, integrate all facets of natural resources management with the installation's operational and training requirements. Further, since these plans provide conservation benefits to Federally listed threatened and endangered species and their habitats, our installations are eligible for exclusion from formal critical habitat designation, eliminating a regulatory constraint and providing the needed flexibility to support the military mission and maximize the use of our training areas.

Since the Endangered Species Act, Section 4(a)(3)(B)(i), was amended in the FY-04 NDAA, the U.S. Fish & Wildlife Service and the National Marine Fisheries Service have utilized this amendment on numerous occasions to preclude Critical Habitat designations at dozens of DoN installations where INRMPs provided a benefit to the species for which Critical Habitat was proposed.

DoN has also developed and implemented a web-based tool for measuring the effectiveness of Navy and Marine Corps Natural Resources

Programs and overall ecosystem health as it relates to mission sustainability. The tool ensures leadership is making the investments necessary to protect natural resources, as well as the mission.

*Cultural Resources Program*

Cultural resources under the Department of Navy's stewardship include infrastructure, ships, and objects of our Navy and Marine Corps heritage; vestiges of our Colonial past; and Native American/Native Hawaiian resources. We take great pride in our heritage, and the many cultural resources on our installations serve as reminders of the long and distinguished course we have charted and of those who lived on the lands before they were incorporated into our bases. The clear objective of the Department's cultural resources program is to balance our current and future mission needs with and our stewardship responsibility to the American taxpayer and our desires to preserve our cultural heritage for future generations. The primary mechanism to achieve these goals is an Integrated Cultural Resources Management Plan (ICRMP), which remains the key mechanism for gathering information about an installation's history and resource inventory, assessing potential use/reuse candidates with our built environment and ensuring that our installation planners and cultural resources managers are working closely together.

Our installations have many success stories in which proactive management of cultural resources supported and reinforced the mission. We take very seriously our statutory obligations regarding historic properties. We work with OSD, the other Services, and other agencies such as The Advisory Council on Historic Preservation and State Historic Preservation Officers, tribal governments, Native Hawaiian organizations, and interested members of the public, to develop effective and efficient ways to balance our stewardship and fiscal responsibilities.

Historic buildings are a valuable part of our portfolio: the Department has been able to rehabilitate historic buildings in ways that supports mission requirements as effectively as newer buildings, with the added benefit of preserving historic property. The Washington Navy Yard (WNY) is an excellent example of this on a large scale. WNY is a showplace for adaptive use of historic properties, including "green" renovations that reduce energy consumption, and has served as the catalyst for a redevelopment of the M Street corridor that continues today. Using a combination of rehabilitated historic buildings and carefully designed new construction, we have been able to provide high quality work space for thousands of Navy employees while preserving an important historic district. From a practical and fiduciary perspective, the best opportunity to retain a historic building is to keep it in current mission use, appropriately renovated and maintained. Similarly, at Marine Corps Base Camp Lejeune, we

have successfully incorporated alternative energy sources (photovoltaic panels) into historic structures without impacting the character of the structure, resulting in a win-win situation for energy reduction and preservation goals.

*Camp Lejeune Drinking Water*

The Department remains committed to finding answers to the many questions surrounding the historic water quality issue at Camp Lejeune. Health effects of exposures to these drinking water contaminants are uncertain. We continue to support research initiatives by the Agency Toxic Substances and Disease Registry (ATSDR). Additionally, the Marine Corps funded a Congressionally-mandated National Academies National Research Council (NRC) review, which was released 13 June 2009. In total, the Department has provided over $23.8M in funding for research initiatives, including over $22.9M to ATSDR and over $900K to the National Academy of Sciences - National Research Council (NRC) in support of their efforts to research potential health issues. This total includes $8.8M transferred on 26 February 2010 to fund ATSDR for FY-10.

*Installation Restoration Program (IRP)*

The DoN continues to make significant progress remediating past contaminants. As of the end of FY-09, the Department has completed cleanup or has remedies in place at 85 percent of the 3,734 contaminated sites on active installations. The DoD goal to have remedies in place or responses completed by the year 2014 was established in 1996 when the department had 3,256 known contaminated sites. The Department has identified 478 additional sites requiring cleanup over the past 14 years. We have been working aggressively to achieve remedy in place or response for all sites by 2014, but have reached the limits of possibility. As of the end of FY-09, we are projecting 46 sites will not meet this DoD goal. The reasons are generally; 1) discovery of significantly more contamination and time to cleanup the site, 2) late entry into the program does not afford time to complete all regulatory phases, and 3) additional time is required to meet stakeholder requirements. All sites are and will be cleaned up to be protective of human health and the environment.

*Munitions Response Program (MRP)*

The DoN is proceeding with investigations and cleanup of Munitions and Explosives of Concern and Munitions Constituents at all Navy and Marine Corps locations other than operational ranges. The major focus through FY-10 was completing site inspections at all 257 MRP sites. Additional funding has been addressing high priority sites at Vieques and Jackson Park Housing. Based on the results of the site inspections and the site prioritization protocol results, DoN will sequence more complete remedial investigations and cleanups starting in

FY-11. DoN plans to achieve cleanup or remedies in place at all MRP sites by FY-20.

*Operational Range Assessments*

Both the Navy and the Marine Corps completed environmental operational range assessments on all of their land-based operational range complexes in the U.S. by the end of FY-08. To date, neither the Navy nor the Marine Corps has had a release or threat of a release from an operational range to an off-range area that presents an unacceptable risk to human health and the environment. Navy and Marine Corps are planning and executing 5-year reviews of these operational ranges.

*Marine Mammals/Sonar R&D investments*

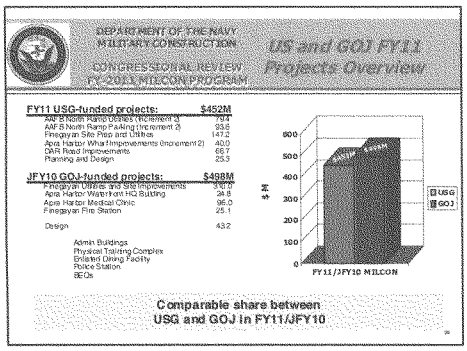
Identifying and funding marine mammal research on the potential effects of sound sources from training activities (e.g. mid-frequency active sonar (MFAS), live ordnance) remains essential to Navy's proactive compliance strategy. We continue to make long-term investments in marine mammal research by supporting universities, institutions, and technology businesses worldwide. Their studies will help answer critical questions in marine mammal demographics; establish criteria and thresholds to assess the effects of naval activities; develop effective mitigation and monitoring methods to lessen any potential effects; and continue to refine characteristics of the sound field. Over the past year, the Navy has continued focused research on Behavior Response Studies, developing risk assessment models, and developing passive acoustic monitoring capabilities that will assist in identifying long-term population assessment. Two of our instrumented undersea ranges, located in the waters off of the Bahamas and southern California, now have fully implemented Marine Mammal Monitoring on Ranges programs. In addition, the Navy has increased its collaborative research work with NOAA where possible, most notably by co-funding marine mammal cruises and providing NOAA researchers with passive acoustic monitoring technologies.

*Marine Mammals/Military Readiness Activities*

Over the last nine years, the Navy has been developing environmental documents on 13 major maritime range complexes and operating areas. As part of this effort, in 2008 and early 2009, the Navy signed Records of Decision for Environmental Impact Statements/ Overseas Environmental Impact Statements (EISs/ OEISs) for the Hawaii Range Complex, the Southern California Range Complex and the Atlantic Fleet Active Sonar Training areas. The Navy conducts the majority of its on-range mid-frequency active (MFA) sonar training on these range complexes and operating areas. As a result of completing these three EIS/OEIS and obtaining the associated environmental compliance documentation under the Endangered Species Act (ESA) and Marine Mammal

Protection Act (MMPA), the Navy no longer needed an MMPA National Defense Exemption. Similar documentation involving military readiness activities on four other range complexes were completed in 2009. Six other EIS/ OEIS are scheduled to be completed in 2010.

## RELOCATING THE MARINES TO GUAM




The FY-2011 budget request includes $452 million to design and construct facilities in support of the relocation. The projects funded by this level of investment provide the horizontal infrastructure (utilities, site improvements, etc.,) necessary to enable the vertical construction programmed for FY2012 and beyond. The Government of Japan, in its JFY-2010 budget (which runs April 1, 2010 through March 31, 2011) has requested a comparable amount of $498 million and we expect to receive their contribution in June. The graph at left identifies the projects each funding stream constructs.

The Marine Corps relocation, along with other DoD efforts to realign forces and capabilities to Guam, represents a unique opportunity to strategically realign the U.S force posture in the Pacific for the next 50 years. This is a major effort and one we must get right. The Department of Defense recognizes that the condition of Guam's existing infrastructure could affect both our ability to execute the program schedule and quality of life on the island. If the issues surrounding existing infrastructure and other major social issues impacting Guam are left unaddressed by the Federal Government in this strategic realignment, we risk creating disparity between conditions on- and off-base, losing the support of the people of Guam, and adversely affecting our ability to achieve our mission. The Department of Defense is committed to ensuring this does not happen, and is leading the effort to coordinate an interagency "whole-of-government approach" to solve Guam's many issues. Our strategy is to identify options that will support DoD missions, provide the widest possible benefit to the people of Guam, be technically and financially supportable by utilities providers and rate payers, and be acceptable to Government of Guam and regulatory officials. DoD recently held a meeting of the Economic Adjustment Committee (EAC) as recommended in a recent Government

Accountability Office review, to discuss with federal agencies and departments a plan for identifying and addressing Guam's priority needs.

Construction capacity studies, assessments of socioeconomic impacts, and the development of the Environmental Impact Statement (EIS) have demonstrated that, in particular, Guam's road network, commercial port, and utilities systems are in need of upgrades. DoD is contributing to funding upgrades to the island's public roadways, bridges and intersections through the Defense Access Road (DAR) program. Road improvement projects have been certified by Transportation Command's Surface Deployment and Distribution Command under the DAR program for FY-11, following up on the projects funded in FY-10. Existing deficiencies in the island's road system and long-term traffic impacts due to the projected population increase are being considered in partnership between Guam Department of Public Works and the U.S. Federal Highway Administration. These efforts are occurring in parallel in order to ensure compatibility and mutual benefit to DoD and the Guam community.

The commercial port, which is vital to this isolated island community, has not undergone any major improvements since it began operations 40 years ago. The port requires near and long-term improvements to support the military buildup and future community growth. The Port Authority of Guam (PAG) and the U.S. Maritime Administration (MARAD) signed a memorandum of understanding to improve the port by developing an adequate master plan and implementation of a Capital Improvement Plan. These plans will develop the port into a regional shipping hub that will serve both military and civilian needs in the region in the long term. With recommended upgrades and improvements to materials-handling processes, the Port of Guam should be able to accommodate throughput to sustain the expected $1.5-2.0 billion per year in construction volume. DoD, MARAD, PAG, the Government of Guam, and federal agencies are currently working to identify a funding source which could support the near-term improvements required at the port.

Of the total $6.09 billion Japanese commitment included in the Realignment Roadmap, $740 million is for developing electric, potable water, sewer, and solid waste infrastructure in support of the relocating Marine Corps forces. Analysis of utilities options indicates that developing new, stand-alone systems will not be cost-effective. DoD is collaborating with Guam's utilities providers to understand their needs and to determine the feasibility of water, wastewater, solid waste and power solutions that are mutually beneficial and acceptable to DoD, the civilian community and the regulatory agencies. We are actively working with Guam's Consolidated Commission on Utilities and utilities providers (Guam Power Authority, Guam Water Authority), Guam EPA, and U.S. EPA to develop the best technical solutions for utilities systems and facilities. Specific to wastewater, Guam's current system requires upgrades to

both increase its capacity and to meet standards for primary and secondary treatment. These upgrades are critical enablers to the construction program and we are anticipating funding from Japan to meet these requirements. We are also working with the Department of Interior, U.S. EPA, and the Department of Agriculture on potential funding opportunities using a whole-of-government approach to addressing island-wide utilities solutions.

DoD's Office of Economic Adjustment (OEA) has provided the Government of Guam with grants totaling more than $10 million to support environmental, financial and planning studies; staffing; and community outreach programs.

We will seek to maximize opportunities for U.S. workers, including the existing workforce on Guam. Nonetheless, we recognize the potential for significant socioeconomic effects on Guam with the introduction of off-island workers who will support the construction program. In order to minimize negative effects, we worked closely with the Government of Guam, federal agencies, and other stakeholders to develop requirements which would mitigate environmental and social impacts associated with the anticipated influx of off-island construction workers. Our acquisition strategy includes contract provisions requiring contractors to provide concrete, feasible plans and resources to mitigate potential socio-economic impacts. In awarding construction contracts a workforce management plan, is one of three major technical factors in the source selection criteria.

Among the areas we are evaluating in the workforce management source selection criteria are management of medical, housing, dining, transportation, and security for workers, taking into account potential long-term positive side benefits that different solutions may have for the Guam community.

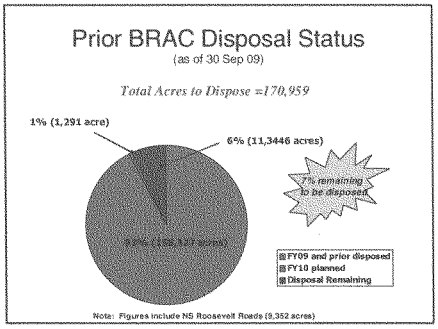
***Environmental Impact Statement***

As it is designed to do, the National Environmental Policy Act (NEPA) process and associated studies are helping us identify and address environmental issues and constraints and develop effective mitigation strategies. A key milestone to executing the realignment within the targeted timeframe is achieving a Record of Decision on a schedule that allows for construction to begin in FY2010. The target for a Record of Decision is August 2010. On November 20, 2009, we released the Draft EIS for public review with a 90 day comment period. This comment period, which was twice the amount of time required under NEPA, was used because we were committed to ensuring that all interested parties have full opportunity to review and provide comment on the DEIS. We realize there are significant and complicated issues that need to be studied in preparing the Final EIS and reaching a Record of Decision (ROD) on the realignment effort. We also recognize the interests of the public need to be

protected. However, we remain on an aggressive schedule to finish the Final EIS by the summer of 2010, with ROD following. Other agencies have identified significant issues, including the potential long-term impacts to environmental resources, that we are analyzing along with all other comments received. To that end, we are currently analyzing all public comments including those received from other resource agencies and developing strategies for addressing concerns raised in the Final EIS. We are committed to developing effective and appropriate mitigation. Additionally, we will continue to meet with resource agencies as we have done throughout the development of the EIS to elevate and resolve several technical and policy issues. We will share with the Congress significant issues that emerge during the process of developing the final EIS.

## PRIOR BRAC CLEANUP & PROPERTY DISPOSAL

The BRAC rounds of 1988, 1991, 1993, and 1995 were a major tool in reducing our domestic installation footprint and generating savings. All that remains is to complete the environmental cleanup and property disposal on portions of 16 of the original 91 bases and to complete environmental cleanup, including long term monitoring at 22 installations that have been disposed.




*Property Disposal*

We disposed of 154 acres of real property in Fiscal Year 2009, for a total of 93% of real property disposed in the first four rounds of BRAC. We continue to use the variety of the conveyance mechanisms available for Federal Property disposal, including the Economic Development Conveyance (EDC) that was created for BRAC properties. Of the real property the Department has disposed, 91% of this property was conveyed at no cost. From the remaining 9% of conveyed property, the Department has received over $1.1 billion in land sale revenues. We have used these funds to accelerate environmental cleanup and were able to finance the entire DON Prior BRAC effort, from FY 2005 through FY 2008.

Future opportunities for land sale revenues, however, are very limited, and we continue our request for appropriated funds in FY2011. Our budget request of $162 million will enable us to continue disposal actions and meet the minimum legal requirements for environmental clean up.

*Prior BRAC Environmental Cleanup*

The Department has now spent about $4.3 billion on environmental cleanup, environmental compliance, and program management costs at prior BRAC locations through FY 2009. Our remaining environmental cost to complete for FY 2010 and beyond is approximately $1.4 billion. This includes $160 million cost growth which is due in part to additional munitions cleanup at Naval Air Facility Adak, AK and Naval Shipyard Mare Island, CA, clean up at Naval Station Roosevelt Roads, Puerto Rico, and additional long term monitoring program-wide. The increase is also associated with additional radiological contamination at Naval Station Treasure Island, CA, Naval Air Station Alameda, CA, and Naval Shipyard Mare Island, CA.

*Naval Station Treasure Island, CA*

We would like to highlight a breakthrough on negotiations for the EDC of Naval Station Treasure Island. Negotiations had been ongoing with the City since 2007. Due to the disparity of the DON and City valuations, many compensation options were reviewed to convey the property while still obtaining Fair Market Value (FMV). The Navy had previously offered deferred compensation and percentages of gross revenue. The City had offered profit participation subordinate to a guaranteed return to developers. With adoption of language in the Fiscal Year 2010 National Defense Authorization Act, Congress enacted new EDC language that allows flexibility in transfer terms for EDCs including accepting profit participation structures.

Utilizing this authority, we were able to announce in December that an agreement in principle was reached with the City of San Francisco to convey 996 acres of the former Naval Station Treasure Island. The agreement guarantees $55M to the Navy paid over 10 years with interest and an additional $50M paid once the project meets a return of 18%. Then after an additional 4.5% return to investors (22.5% total), the Navy would receive 35% of all proceeds. This deal represents a unique opportunity to spur development, while still providing a guaranteed payment to the Navy as well as a share in the benefit of what both the City and the Navy expect to be a successful redevelopment and job generating project.

The environmental cleanup of Treasure Island is nearing completion. Once the City finalizes California Environmental Quality Act documentation and approvals with the Board of Supervisors in late 2010 or early 2011, we will be in position for the clean transfer of more than 75% of the base. The remaining cleanup includes the continued treatment of two small groundwater plumes and removal of low level radioactive contamination. These projects and the remaining transfer are expected to be complete well before the land is needed for subsequent phases of the redevelopment project.

# BRAC 2005 IMPLEMENTATION

The Department has made significant progress during the past year, and to date has completed 253 of 488 realignment and closure actions as specified in our established business plans. A number of construction projects have already been completed or are well on their way. The PB 2011 budget request of $342 million will enable us to continue outfitting buildings, realigning functions, and closing bases in accordance with our business plans. Although all 59 of Department of the Navy-led business plans have already been approved, four additional plans with Navy equity led by other services have been approved. Thus, the Department's BRAC 05 Program is on track for full compliance with statutory requirements by the September 15, 2011 deadline.

*Accomplishments*

In total, the Department has awarded 105 of 117 BRAC construction projects with a combined value of $1.8 billion. The final 12 projects worth approximately $303 million are on schedule for award this year. Some noteworthy achievements include:

- Seven BRAC construction projects, programmed at $211 million, have been awarded and are under construction at Joint Base McGuire-Dix-Lakehurst, NJ. This work supports the relocation of units, aircraft, and equipment from the closure of Naval Air Station Joint Reserve Base Willow Grove, PA. The Navy supported the full operational capability of Joint Base McGuire-Dix-Lakehurst and successfully transferred all Navy real property in September 2009.

- Construction projects valued at over $100 million have been awarded to support the Consolidation of Correctional Facilities into Joint Regional Correctional Facilities. New level II (Medium Security) correctional facilities are being constructed at Miramar, CA and Chesapeake, VA and an addition to the Navy's Brig in Charleston, SC is underway.

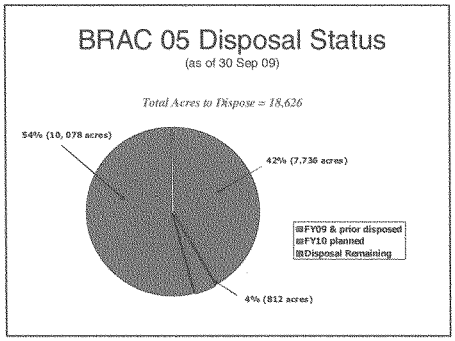
***Land Conveyances and Lease Terminations***

By the end of FY-2009, the Department disposed of 42% [2]of the property that was slated for closure in BRAC 2005. These disposal actions were completed via a combination of lease terminations, reversions, public benefit conveyances, and Federal and DoD agency transfers. Of interest for FY2009 is the complete disposal of Naval Air Station Atlanta. Thirty seven acres were returned to the Air Force and 107 acres were transferred to the Army for use by the Georgia

[2] The percent disposed is lower than stated last year as we added over 300 acres to the amount to be disposed due to property becoming available at NS Newport and completion of legal surveys over the past year.

National Guard. Last year we also disposed of the Navy Reserve Center in Orange, TX for use by the community as a port facility.

The most significant action we have planned for 2010 is the reversion of the main base at Naval Station Ingleside, TX. We have been working closely with the Port of Corpus Christi to complete this action by the end of April, when the base will operationally close, five months earlier than planned. The 2010 Plan also includes transfer of real property at Naval Air Station Brunswick, the Navy Marine Corps Reserve Center Tacoma, WA, the Inspector Instructor Facility Rome, GA, and the last parcel at Navy Reserve Center Duluth, MN.




*Naval Support Activity New Orleans, LA*

Construction for the new building that will house Headquarters, Marine Forces Reserve and Marine Corps Mobilization Command is well underway in the future Federal City. To support the closure of Naval Support Activity New Orleans and the relocation of base operating support and tenant activities to Naval Air Station Joint Reserve Base New Orleans, nine construction projects have been completed and another five are on-going.

*Naval Air Station Brunswick, ME*

The Department's largest BRAC 05 operational action will close Naval Air Station Brunswick, ME, and consolidate the East Coast maritime patrol operations in Jacksonville, FL. The newly constructed hangar in Jacksonville, FL, completed in May 2009, is now home to all five relocated P-3 squadrons. It will also support the future transition to the P-8 Poseidon aircraft. Runway operations in Brunswick ceased in February 2010.

*Naval Air Station Joint Reserve Base Willow Grove, PA*

In 2007, legislation was enacted directing the Department to transfer Naval Air Station Joint Reserve Base Willow Grove, PA to the Air Force, who would then convey property to the Commonwealth of Pennsylvania for the operation of a Joint Interagency Installation. Since that time the Department and the Air Force have worked with the Commonwealth on the actions required to implement the transfer of real property.

In November 2009, Governor Rendell of the Commonwealth of Pennsylvania informed the Secretary of Defense that the Commonwealth would no longer pursue the Joint Interagency Installation because of fiscal constraints. Based on that decision, the closure of Naval Air Station Joint Reserve Base Willow Grove will follow the established reuse planning process. To that end, the Department has initiated Federal Screening with other DoD and Federal agencies and is working with the LRA, Horsham Township, on its reuse planning efforts.

*Joint Basing*

All four Joint Base Memorandums of Agreement (MOAs) where the Department is the lead component have now been approved. The MOA for each joint base defines the relationships between the components, and commits the lead component to deliver installation support functions at approved common standards. Resources including funding, personnel, and real property transfer to the lead component. The MOAs are reviewed annually for mission, manpower, and financial impacts and any needed resource adjustments. Joint Basing has two implementation phases. Phase I installations—Little Creek-Fort Story and Joint Region Marianas—reached full operational capability in October 2009, and Phase II installations—Anacostia-Bolling and Pearl Harbor-Hickam—are planned for October 2010.

***Environmental Cost to Complete and Financial Execution***

The Department's remaining environmental liabilities for BRAC 05 are substantially less than in previous rounds of BRAC given the relatively few number of closures, the absence of major industrial facilities, and the extensive site characterization, analysis, and cleanup that has occurred over the last several decades. Over the last year, we spent $8 million in cleanup at BRAC 05 locations. The majority of this funded environmental activities at Naval Air Station Brunswick, ME and Naval Weapons Station Seal Beach Detachment Concord, CA. Our remaining environmental cost to complete for FY-2010 and beyond is $103 million.

The Department is achieving an execution rate of our FY 2006—2009 funds of nearly 90%. We have realized bid savings on some construction projects and have primarily used these savings to offset other construction project increases.

***Challenges***

We are scheduled to meet the September 15, 2011 deadline and will continue to manage ongoing construction, outfitting and relocation efforts closely. Many of our construction projects require either special certifications or accreditations before occupancy to include DoD Explosive Safety Board

approvals, accreditation of correctional facilities or certification of Sensitive Compartmented Information Facilities within constructed facilities.

We plan to continue to work closely with the other military services and defense agencies on complex relocation actions that require close coordination. While they remain on track for timely completion, we must maintain effective and continuous coordination to succeed.

## MEETING THE CONSTRUCTION EXECUTION CHALLENGE

While our investment in infrastructure continues at a record breaking level, the Naval Facilities Engineering Command (NAVFAC) has demonstrated its ability to accomplish the program, and more. The Command's execution rate for Fiscal Year 2009 was nothing short of phenomenal; particularly considering it awarded the majority of the additional $1.8 billion American Recovery and Reinvestment Act program by the end of the calendar year while maintaining an execution rate of 90% for the regular program. Only 10 ARRA projects remain to be awarded, including the new Naval Hospital at Camp Pendleton, CA.

NAVFAC has a comprehensive acquisition strategy for executing the Guam realignment program, with plans to award three separate small business Multiple Award Construction Contracts (MACCs) and two MACCs for unrestricted competition. A Small Business MACC will be awarded this Spring, a Small Business 8(A) MACC will be solicited in March, and a HUBZONE MACC has been awarded. Additionally, there will be an unrestricted competitively bid MACC for US funded projects, with another MACC planned for Japanese funded construction. Using smart acquisition strategies and leveraging resources across the enterprise, NAVFAC is fully capable of meeting the demand for its services.

## CONCLUSION

Our Nation's Sea Services continue to operate in an increasingly dispersed environment to support the Maritime Strategy and ensure the freedom of the seas. We must continue to transform and recapitalize our shore infrastructure to provide a strong foundation from which to re-supply, re-equip, train, and shelter our forces. With your support of the Department's FY-2011 budget request, we will be able to build and maintain facilities that enable our Navy and Marine Corps to meet the diverse challenges of tomorrow.

Thank you for the opportunity to testify before you today. I look forward to working with you to sustain the war fighting readiness and quality of life for the most formidable expeditionary fighting force in the world.

# DEPARTMENT OF THE AIR FORCE

PRESENTATION TO THE ARMED SERVICES COMMITTEE

SUBCOMMITTEE ON READINESS

UNITED STATES HOUSE OF REPRESENTATIVES

SUBJECT: FY 2011 NATIONAL DEFENSE AUTHORIZATION BUDGET REQUEST FOR MILITARY CONSTRUCTION, FAMILY HOUSING, BASE CLOSURE, FACILITIES OPERATIONS AND MAINTENANCE

STATEMENT OF: KATHLEEN I. FERGUSON, SES
DEPUTY ASSISTANT SECRETARY (INSTALLATIONS)

March 18, 2010

NOT FOR PUBLICATION UNTIL RELEASED
BY THE COMMITTEE ON ARMED SERVICES
UNITED STATES HOUSE OF REPRESENTATIVES

**Introduction**

The ability of our Airmen to perform their missions world-wide is directly affected by the quality of resources, access to facilities, a robust logistics infrastructure for sustainment, and a confidence that while they are deployed their families are well taken care of and their needs met.

Air Force Military Construction (MILCON), Military Family Housing (MFH), and Base Realignment and Closure (BRAC) programs form the foundation of our installation structure and provide the direct support responsible for meeting the needs of our Airmen, and their families.

We recognize we cannot lose focus on critical Air Force infrastructure programs, and we are working hard to ensure we have the proper infrastructure that enables our Airmen, to perform their duties, while ensuring responsible stewardship of fiscal resources.

Our efforts are in direct support of and consistent with the Air Forces' five priorities, which serve as a framework for this statement: 1) continue to strengthen the nuclear enterprise; 2) partner with the Joint and Coalition team to win today's fight; 3) develop and care for our Airmen and their families; 4) modernize our air and space inventories, organizations, and training; and 5) recapture acquisition excellence.

**Overview**

Our Fiscal Year 2011 President's Budget Request contains $5.5 billion for facility maintenance, military construction, military family housing, and Base Realignment and Closure, which is a 3.8 percent increase above our Fiscal Year 2010 request. Our facility maintenance and repair account represents the largest portion of the request, with $3.1 billion to maintain Air Force installations, including six installations recently transferred to Air Force leadership through Joint Basing. The $1.5 billion military construction request prioritizes our requirements and ensures new construction is aligned with weapon system deliveries and strategic basing initiatives, while we continue to accept some risk in aging infrastructure recapitalization. Additionally, we continue our efforts to provide quality housing for Airmen and their families by dedicating nearly $600M to sustaining and modernizing overseas housing, and supporting housing privatization in the Continental United States. We also request a total of $252 million to continue completing our BRAC 2005 program requirements as well as our legacy BRAC programs and environmental clean-up.

In the course of building the Fiscal Year 2011 budget request, we had to make a number of difficult choices among competing priorities. One of these was a necessary but difficult decision to continue taking risk in our military construction as well as our restoration and modernization accounts. We understand that mitigating the effects of this decision will take first-class facilities sustainment, and we are funding our sustainment account accordingly to keep our "good facilities good."

The Air Force is very appreciative for the American Recovery and Reinvestment Act of 2009 – legislation that has been greatly beneficial to our infrastructure. From this legislation, we received a total of $1.7 billion to support Air Force projects, including $1.3 billion for operations and maintenance for facilities sustainment, restoration, and modernization (FSRM); $327 million in military construction and military family housing for dormitories and child development centers; and $75 million in research, development, testing and evaluation for projects to improve energy efficiency. In accordance with Congressional intent to allocate the funds quickly, we moved expeditiously to award contracts. By the end of calendar year 2009, we awarded nearly 90 percent of the funding allocated for our FSRM and military construction projects. Additionally, with the funding we saved from competitively bid projects, we funded two additional military construction requirements – a dormitory and a child development center.

**Continue to Strengthen the Nuclear Enterprise**

Since its inception, the Air Force has served as a proud and disciplined steward of a large portion of the Nation's nuclear arsenal. We steadfastly operate, maintain, and secure nuclear weapons to deter potential adversaries, and to assure our partners we are a reliable force providing global stability. The first Air Force priority during the last two years has been to reinvigorate the stewardship, accountability, compliance, and precision within the nuclear enterprise. We have made progress in this area and will continue our pursuit of the highest standards of performance.

In addition to ensuring our organizations and human resource plans support this mission, we are also concentrating on the infrastructure and facilities crucial to our success. To support this work, during the past 18 months, Air Force civil engineers have conducted enterprise-wide facility assessments to refine our investment plans, and we are now beginning to execute our long-term investment strategy. Our Fiscal Year 2011 budget request includes $22.8 million in

military construction for the nuclear enterprise, including a weapons load crew training facility at Barksdale Air Force Base (AFB), Louisiana, and a nuclear security tactics training center at Camp Guernsey, Wyoming. These and similar projects in the years to come will further our goal of a self-sustaining culture of critical self-assessment, continuous improvement, and unwavering excellence.

**Partner with the Joint and Coalition Team to Win Today's Fight**

Our Air Force continues to bring air, space, and cyber power to great effect in our conflicts in Afghanistan and Iraq, and our men and women make incredible contributions daily. We currently have almost 40,000 Airmen deployed, including nearly 3,500 Air Force civil engineers. Approximately 20 percent of these Air Force civil engineers are filling Joint Expeditionary Taskings, serving shoulder-to-shoulder with our Joint teammates. Due to their wide array of skills, our Air Force Rapid Engineer Deployable Heavy Operational and Repair Squadron Engineers (RED HORSE) and our Prime Base Engineer Emergency Force (Prime BEEF) personnel are in high demand in several theaters of operation. Additionally, we have more than 150 civil engineers who are supporting relief and recovery operations in Haiti.

In addition to our Airmen's contributions, our Fiscal Year 2011 budget request invests $449 million in 40 projects that directly contribute to today's fight. Examples include the following:

- *Projects supporting our combatant commanders, particularly in the U.S. Central Command area of operations, that will greatly enhance ongoing operations.* These include a medical evacuation ramp expansion, fire station, fighter hangar, and consolidated rigging facility in support of enduring airdrop operations at Bagram Air Base (AB), Afghanistan; and an apron expansion, providing vital Afghan theater of operations with refueling capability out of Isa AB, Bahrain.
- *New operations, maintenance, and training facilities for our Air Support Operations squadrons.* Airmen from these units, including Joint Terminal Attack Control specialists, partner with ground forces to integrate airpower in Iraq and Afghanistan. These Active and Air National Guard facilities, located in close proximity to the Army units that they support in both Continental United States and overseas, will further increase our capacity to operate and integrate closely with our Joint partners.

- *Improvements at Andersen AFB, Guam.* Five projects continue to build our Pacific Air Force Regional Training Center and support the Air Force's "Guam Strike" initiative, consolidating operational capability for fighter and bomber operations at the base.
- *Remotely-piloted aircraft beddown, operations, and maintenance support infrastructure.* Nine projects at various Active Duty and Air National Guard locations that support this rapidly growing field include an operations facility at Cannon AFB, New Mexico; a fire/crash/rescue squadron at Creech AFB, Nevada; a new launch and recovery element facility at Fort Huachuca, Arizona; and MQ-9 infrastructure support at Fort Drum, New York; and others.
- *Facility recapitalization efforts.* These – our component and major command commanders' "current mission" priorities – will, among other things, provide a modern operations facility for the National Capital Region's Joint Air Defense mission; give our special operations Airmen at Hurlburt Field, Florida, a new logistics facility and school; and provide Kunsan AB, Korea, with a facility to house their new F-16 simulator, due to arrive in 2012.

**Develop and Care for Airmen and Their Families**

The all-volunteer force provides the required foundation for our flexible and agile force. Our Fiscal Year 2011 budget request reflects a commitment to preserving and enhancing our force through education and training, while also improving the overall quality of life of Airmen and their families where they work, live, and play.

Developing our Airmen

Our Airmen are the best in the world, and as such they deserve first-class facilities in which they can train and advance their personal and professional development. Our Fiscal Year 2011 budget request contains five projects totaling $163 million for this effort. These projects include a flagship Center for Character and Leadership Development at the Air Force Academy, which will provide our future officers with a facility invested with the stature that our Service Core Values demand. Also, renovation and expansion of Air University's Fairchild Research Information Center – the largest military library in the world – will preserve the historical perspective and current research that form the basis for future airpower and Air Force theory, doctrine, and strategy. Additionally, we are continuing to improve facilities that support our

newest Airmen at Lackland AFB, Texas, by building a new recruit dormitory, classroom, and in-processing center. These projects continue to improve our Air Force basic military training and provide incoming Airmen with facilities that are commensurate with the commitment that they make to our Nation.

Caring for Our Airmen and Their Families

Because our families are crucial to the success of our Air Force, the Secretary of the Air Force designated July 2009 – July 2010 as the "Year of the Air Force Family," to focus on the contributions of the entire Air Force family – military, civilian, spouses, children, extended family, and retirees – and investigate ways to make their lives better. A large part of this is ensuring they have first-class homes and dormitories. We also must make certain our base and community environments are safe and secure, and they foster a sense of community. Simply put, our goal is to provide an even safer and more supportive environment for our men and women and their families, especially during deployments and other extended absences.

***Billeting***

This project, totaling $62 million will provide billeting for Airmen in our Fiscal Year 2011 military construction program. Of particular note is a third phase of billeting construction at Al Udeid AB, Qatar, which will continue our effort to provide Airmen, supporting operations in the U.S Central Command theater, with a quality place to live while deployed far from their families. In total, this project will build two dormitories.

***Dormitories***

We remain committed to providing excellent housing for our unaccompanied Airmen, and we continue to reference our 2008 Dormitory Master Plan to make this vision a reality. Our Fiscal Year 2011 budget request includes four dormitory projects totaling $71 million. These include dorms at Cannon AFB, New Mexico; Joint Base McGuire-Dix-Lakehurst, New Jersey; Kapaun Annex, Germany; and Aviano AB, Italy. At Aviano, this single new dormitory will not only provide improved quality of life for Airmen, but also enable the Air Force to close an entire community support annex, which will yield savings in facility maintenance, energy, services, and security costs. Our 2010 Dormitory Master Plan, to be released later this year, will also address dormitories that we gain from Joint Basing.

***Military Family Housing***

Our Fiscal Year 2011 budget for military family housing is nearly $600 million. The Air Force request for housing construction investment is $78 million to ensure the continuous improvement of over 400 of our more than 16,100 overseas homes. Our request also includes an additional $514 million to fund operations, maintenance, utilities, and leases, and to manage privatized units for the family housing program.

Housing privatization is central to the success of our stateside – including Alaska and Hawaii – military family housing initiatives. At the start of Fiscal Year 2011, we will have 38,800 privatized units, to be increased to 52,900 by the end of Fiscal Year 2011. As of the end of FY 2009, privatization has leveraged a $423 million investment to $6.54 billion in development. We plan to privatize 100 percent of our family housing, in the Continental United States, by Fiscal Year 2011.

***Child Development Centers***

Due to the elevated operations tempo in the past eight years of conflict, child care for our families that remain stateside has become an increasingly significant focus area. As part of the American Recovery and Restoration Act, we have been able to allocate $80 million for eight new child development centers, to help ensure that our force has adequate child care capacity. We have aggressively pursued solutions to eliminate an earlier capacity issue, and we are on course to reduce our child care deficit to zero by 2012.

**Modernize our Air and Space Inventories, Organizations, and Training**

Modernizing our force to prepare for a wide range of future contingencies requires a significant investment. For Fiscal Year 2011, we are requesting $460.0 million for a variety of military construction projects, including:

- *Eight projects to prepare to beddown our newest fighter, the F-35.* This includes four projects at Nellis AFB, Nevada, where we will accomplish a large part of the operational test and evaluation for this aircraft. As we continue to assess F-35 program restructuring, we are closely analyzing the impacts that any delivery delays will have on associated military construction requirements.

- *Seven projects supporting our H/MC-130 fleet.* These projects will emphasize the newer "J" models.
- *Six projects supporting F-22 operations.* This effort will continue to modernize our air superiority fleet, including three projects at Hickam AFB, Hawaii, for the beddown of the Air National Guard squadron there.
- *Other projects.* These will support diverse mission areas, including space control, C-5/ C-17 maintenance, and base and airfield operations.

**Other Programs of Note**

***Overseas Contingency Operations (OCO)***

Our Fiscal Year 2011 Overseas Contingency Operations request for military construction supports $280 million in projects for Afghanistan. This complements our Fiscal Year 2010 OCO request of $474 million and our Fiscal Year 2010 OCO supplemental request of $279 million to support the recently announced troop strength increase. The Fiscal Year 2011 OCO projects build upon and expand the operational capacity that was initially provided by the Fiscal Years 2009/2010 requests. These first military construction requirements provided access to operational areas in the rugged, undeveloped regions of Afghanistan. Our subsequent requests will expand that initial capability by providing primary theater hubs in Afghanistan. As such, they will reduce safety risks, increase throughput capacity of cargo and personnel, and increase the effectiveness and efficiency of air operations. In addition to supporting current operations, logistical facilities are required to sustain operations through the transition to Afghan control and will facilitate the eventual redeployment of our forces. Each project will be of great value to the Joint team, and we are committed to executing them as effectively and efficiently as possible.

**BRAC 2005 Implementation**

The Office of the Secretary of Defense codified BRAC 2005 implementation requirements and responsibilities through the use of business plans, a process that allows synchronization across the entire Department of Defense (DoD). The Air Force leads 64 business plans and is an equity partner in an additional 16.

To implement the assigned recommendations, the Air Force's plan calls for the execution of nearly 400 separate actions utilizing a budget that has been, and remains, fully funded at

approximately $3.8 billion; two-thirds of this budget is military construction. Our BRAC military construction program will make its last contract award before the close of this fiscal year. In total, we will execute 231 BRAC military construction (BRAC MILCON) projects, on 54 installations, in 36 states. The remaining segment of the BRAC budget funds environmental efforts, military personnel costs, training, and operations and maintenance-funded elements.

**BRAC 2005: The Air Nation Guard and Air Force Reserve**

Seventy-eight percent of BRAC 2005 implementation actions affect the Air Reserve Components in contrast to BRAC 1995 where just eighteen percent of actions affected either the Air National Guard (ANG) or Air Force Reserve (AFR). Many of the BRAC 2005 actions realigned similar missions or aircraft models to increase the efficient use of manpower, resources, and maintenance budgets. Single mission tasks were combined into Centralized Intermediate Repair Facilities where ANG, AFR, and active duty personnel work side-by-side. The Reserve has effectively managed manpower resources and minimized adverse impacts on personnel at locations such as General Mitchell Air Reserve Station, Wisconsin. The relocated reserve unit from General Mitchell is now fully operational at Pope AFB, North Carolina. The ANG has better positioned units to accept future missions in such vital tasks as Homeland Defense, is more effectively integrated with the active force in current front-line fighters, and will share opportunities to accept new weapons platforms.

**BRAC 2005: Execution Report Care**

BRAC 2005 impacts more than 120 Air Force installations. Whether establishing the F-35 Joint Strike Fighter Initial Training Site at Eglin AFB, Florida, closing Kulis Air Guard Station in Alaska, or transferring Pope AFB, North Carolina, to the Army, the Air Force community as a whole – active, Guard, and Reserve –benefits from changes BRAC achieves. Among the seven closure installations, two are already considered closed while the others are proceeding according to plan. The Air Force is fully engaged in executing our requirements, nearly a third of assigned business plans are now considered complete and the rest are on schedule to complete by September 2011.

The Air Force will complete implementation of BRAC 2005 on time and within budget.

**Legacy BRAC: Real Property Transformation**

The Air Force remains a Federal leader in the implementation of the management principles outlined in Presidential Executive Order 13327, Federal Real Property Asset Management. We continue to aggressively manage our real property assets to deliver maximum value for the taxpayer, improve the quality of life for our Airmen and their families, and ensure the protection and sustainment of the environment to provide the highest level of support to Air Force missions. The Air Force is achieving these goals through an enterprise-wide Asset Management transformation that seeks to optimize asset value and to balance performance, risk, and cost over the full asset life cycle. Our approach is fundamentally about enhancing our built and natural asset inventories and linking these inventories to our decision-making processes and the appropriate property acquisition, management and disposal tools.

Even though the BRAC 2005 round did not reduce the Air Force's real property footprint, our current transformation efforts seek to "shrink from within" and to leverage the value of real property assets in order to meet our "20/20 by 2020" goal of offsetting a 20 percent reduction in funds available for installation support activities by achieving efficiencies and reducing by 20 percent the Air Force physical plant that requires funds by the year 2020.

**Base Realignment and Closure Property Management**

To date, the Air Force has successfully conveyed by deed nearly 90 percent of the 87,000 acres of Air Force land directed by BRAC 88, 91, 93 and 95 with the remainder under lease for redevelopment and reuse. With the successful redevelopment of Air Force BRAC property, local communities have been able to increase the number of area jobs by over 31,000.

To complete the clean up and transfer by deed of remaining property, the Air Force is partnering with industry leaders on innovative business practices for its "way ahead" strategy. Of the 32 legacy BRAC bases slated for closure, the Air Force completed 20 whole-base transfers. Eight of the remaining 12 bases are targeted for transfer by the end of Fiscal Year 2010, while the last four (Chanute, George, McClellan, Griffiss) will transfer no later than the end of Fiscal Year 2013.

As the Air Force transfers BRAC property for civic and private reuse, it is paramount we ensure any past environmental contamination on the property does not endanger public health or the environment. The Air Force will continue to fulfill this most solemn responsibility, as

reflected in our Fiscal Year 2010 request of $116 million for Legacy BRAC cleanup activities, and another $13 million for BRAC 2005 cleanup activities.

**Joint Basing**

The Air Force remains committed to joint basing initiatives to maximize installation efficiency, warfighting capability, and jointness, all the while saving taxpayer resources. Of the 12 Joint bases mandated by BRAC 2005, 10 have Air Force equity, and we are the lead Service on six. All told, our current efforts with joint basing are proceeding smoothly, with no major issues. Three of the Phase I joint bases with Air Force equity have already reached full operating capability status, and seven more Phase II bases with Air Force equity have reached initial operating capability status, with full operating capability expected by October 1, 2010. Additionally, we anticipate that efficiencies and cost savings will soon result from the benefits derived from consolidation.

**Energy**

The Air Force understands the criticality of furthering energy security for the Nation, and we remain committed to realizing our energy goals of reducing demand, increasing supply, and changing our culture to make energy a consideration in everything we do. Energy conservation investment is a significant component of our newly released 2010 Air Force Infrastructure Energy Plan. In Fiscal Year 2011, we will continue our energy conservation efforts, which have already reduced facility energy use 14.6 percent from our 2003 baseline. The Defense military construction budget request of $120 million contains $35 million for our Energy Conservation Investment Program, which will save money in the years to come. In Fiscal Year 2009, we exceeded our goals and produced or procured 5.4 percent of our total facility energy through renewable sources, and we have led the federal government as the number one purchaser of renewable energy for the fifth year in a row. The 19 projects in the Fiscal Year 2011 Defense military construction budget, including six solar projects, will continue this trend.

**Conclusion**

The Air Force is committed to the infrastructure projects that support our missions; we are also committed to ensuring we continue to care for our Airmen and their families, to include first-class dormitories and housing, and Airman and family support.

We also remain committed to optimizing the utility of our resources through effective Joint basing, completing BRAC actions, and continuing energy conservation efforts.

Finally, the Air Force is committed to being good stewards of funding intended to ensure Air Force mission success.

**WITNESS RESPONSES TO QUESTIONS ASKED DURING THE HEARING**

MARCH 18, 2010

## RESPONSES TO QUESTIONS SUBMITTED BY MR. FORBES

Mr. NATSUHARA. Lobbyists were not involved in the Quadrennial Defense Review, nor the decisions within the Quadrennial Defense Review. [See page 22.]

Mr. NATSUHARA. Deputy Secretary of Defense Lynn responded to Senator Webb's letter on February 23, 2010. In his letter, he stated the following: "Neither I nor the staff of the Office of the Secretary of Defense have consulted with ADM Robert J. Natter (ret.) during the course of the QDR." He also stated that the Department is reviewing the use of retired and general officers as senior mentors to ensure that the interests of the taxpayer are fully protected. [See page 22.]

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## RESPONSE TO QUESTION SUBMITTED BY MS. BORDALLO

Mr. CALCARA. The Army is currently scheduled to receive 5 Joint High Speed Vessels (JHSV), delivered one vessel per year beginning in 2011. The U.S. Army Environmental Command (USAEC) is supporting the Department of the Army Force Management Office (DAMO–FM) in completing a Programmatic Environmental Impact Statement (PEIS) to support the stationing and operation of Army JHSVs and their associated detachments. Initial stationing criteria include the need for the vessel to have existing pier and berthing space, maintenance facilities, and the ability to meet the strategic needs of combatant commanders. Sites that meet these criteria have been carried forward for analysis as potential stationing locations for Army JHSVs. Several locations have met the criteria for Army JHSV stationing. Sites being carried forward for stationing analysis in the PEIS include sites in Guam, Hawaii, Virginia, California and Washington State. In addition to these sites, several overseas host-nation ports are also being considered for JHSV stationing. The JHSV PEIS has been coordinated extensively between the services and the Joint Guam Program Office (JGPO). This coordination occurred before the release of the Army's Notice of Intent (NOI) for JHSV stationing beginning in the summer of 2009 and continues as the Army prepares to release the draft PEIS for JHSV stationing, scheduled to be released in the summer of 2010. The Department of the Army remains committed to properly coordinating stationing actions including the proposed JHSV action. [See page 32.]

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## RESPONSE TO QUESTION SUBMITTED BY MS. SHEA-PORTER

Mr. NATSUHARA. Beyond the Special Projects mentioned in my testimony, various additional MILCON and Special Projects have been developed to address facility deficiencies identified in the Shipyard long-range infrastructure plan. These projects are assessed against all other mission-critical Navy requirements and prioritized for funding within our fiscal controls. Regarding your concern with the current conditions of the waterfront support facilities, we have developed a MILCON project to construct an annex to the existing steel fabrication facility to align and consolidate operations. This project, P–266, Consolidation of Structural Shops, is being considered in our current investment planning. We will continue to assess this project and look for opportunities to fund it as we develop future budgets. [See page 14.]

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## RESPONSES TO QUESTIONS SUBMITTED BY MR. BISHOP

Ms. FERGUSON. As part of implementing the Air Force's Depot Maintenance Strategy the Air Force maintains a Military Construction (MILCON) plan that ensures our depots are well maintained, environmentally compliant, efficiently configured, and properly equipped to support both existing depot maintenance workloads and new weapon system technologies. Title 10 USC 2476, *Minimum Capital Investment,* requires the Air Force to invest at least 6% of the average of the last three years of funded depot workload to promote depot maintenance processes/operations and facilities. The FY11 President's budget demonstrates the Air Force's commitment to comply with this law. [See page 28.]

Ms. FERGUSON. Air Force will oversee the infrastructure investment programs to optimize the depot repair enterprise across the Air Logistics Centers with the yearly infrastructure investments. We will carefully monitor capabilities over the long term and prioritize investments to support current and long-range workload ensuring compliance with the minimum capital investment requirement in 10 USC 2476. [See page 29.]

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**RESPONSE TO QUESTION SUBMITTED BY MR. HOLT**

Dr. ROBYN. No. The Administration will not be revisiting the closure decision on Fort Monmouth, or any other BRAC recommendation.

The Department of Defense conducted a comprehensive review of installation infrastructure pursuant to the statutory authority provided by Congress. The Department's recommendations, including the recommendation to close Fort Monmouth, resulted from a thorough analysis of all military installations in the United States and Territories on an equal footing, with military value as the primary consideration.

Fort Monmouth is an acquisition and logistics installation with little capacity for other purposes. The Army ranked it 50th of 97 installations in terms of its military value. Moving research, development and acquisition capabilities from Fort Monmouth and other locations (Fort Knox and Redstone) and combining them at Aberdeen Proving Ground (APG) allows the Army to enhance the evolution of its Net-Centric warfare capabilities. The strategy is to create a full-spectrum research, development & acquisition, testing & evaluation center through the co-location of testing and evaluation facilities with the program managers and researchers. Even with cost growth, implementation of this recommendation will save over $153M annually beginning in FY 2012. [See page 17.]

## QUESTIONS SUBMITTED BY MEMBERS POST HEARING

MARCH 18, 2010

## QUESTIONS SUBMITTED BY MR. ORTIZ

Mr. ORTIZ. The BRAC 2005 process requires the Department of Defense to complete associated realignments and closures by September 2011. Does the Department need additional flexibility in schedule to accomplish the BRAC 2005 timeline?

Dr. ROBYN. The Department opposes extending the deadline for any BRAC recommendation. The deadline keeps the Department focused on completing implementation and ensures that bases are closed expeditiously to allow communities to redevelop the property. While many recommendations are complex and will likely complete implementation right up to the deadline, preserving the deadline is key to maintaining the discipline that BRAC imposes. In addition, preserving the deadline:

- Allows the Department to achieve the benefits of each BRAC recommendation by a date certain;
- Forces an end to the turmoil of the BRAC transition process;
- Avoids additional construction costs;
- Enforces funding discipline on the Department—allows BRAC recommendations to compete effectively in the DoD program and budget processes;
- Maintains the Department's commitment to deliver on the "agreement" with Congress for an effective and efficient BRAC process;
- Preserves the "all or none" component of BRAC—the Department cannot pick and choose which recommendations to delay; and
- Provides communities with certainty on when the property will be available for redevelopment—an important element of the reuse planning necessary for job creation

Mr. ORTIZ. How does the Department assess the strategic risk of moving a significant amount of the Department's command structure concurrently in fiscal year 2011?

Dr. ROBYN. The Department has six years to implement BRAC recommendations, providing ample time for managers to mitigate the impact of personnel moves on the command structure. This is why many of the realignments (DISA, NGA, FORSCOM) will have concurrent operations in FY2011.

To the extent there are unmitigated impacts, the Department, no different from industry, must be allowed to balance these impacts with the benefits achieved through reconfiguring its infrastructure.

Mr. ORTIZ. How does the Department attribute the doubling of costs associated with BRAC 2005 implementation from the fiscal year 2006 submission?

Dr. ROBYN. The Department originally estimated BRAC 2005 investment at $21.1B. In the FY 2011 budget submit, the total investment (which includes supplemental requests for Walter Reed) is estimated at $35.1B.

While the dynamics causing the $14.0B cost increase are not discrete, they can be characterized and estimated as follows:

| | |
|---|---|
| Adjusting the "COBRA" model output for inflation | $1.3B |
| Additional inflation resulting from slower implementation of this round as compared to the faster implementation profile assumed in COBRA | $0.5B |
| Extraordinary construction industry inflation since 2005. Approximately 70% of the $35.1B BRAC 2005 program or $24.6B supports MILCON requirements compared to 33 percent experienced in the previous rounds. | $1.0B |
| Environmental restoration not included in COBRA | $0.4B |
| Program Management Costs not included in COBRA | $0.6B |
| Additional O&M to support fact of life cost increases | $0.2B |
| Construction of additional facilities to enhance capabilities and/or address deficiencies—i.e., BRAC as a recapitalization engine. | $10.0B |
| **Total** | **$14.0B** |

Mr. ORTIZ. The fiscal year 2011 Overseas Contingency Operations budget request for military construction was finalized before General McChrystal recommended the Afghanistan force structure and before the President determined to begin a troop withdrawal in June 2011. Considering the military construction will not be available until summer 2012, force structure and construction appear to be misaligned. Is the fiscal year 2011 Overseas Contingency Operations military construction request misaligned to support the future force structure?

Dr. ROBYN. The Overseas Contingency Operations military construction request is properly aligned to support future force structure in Afghanistan. The request provides operational capabilities by constructing consolidated command and control facilities and additional airfield capacity to support increased helicopter, airlift, ISR, and SOF assets. It also addresses basic infrastructure issues by replacing expedient facilities at the end of their useful life, building troop housing and dining facilities, and constructing wastewater treatment, utility, and force protection facilities. Lastly, it increases logistics capacity by providing additional fuel, storage, and cargo handling and distribution capability at critical locations that support inbound forces at locations where the operational footprint is expanding.

Mr. ORTIZ. What military construction authorities and funding levels are necessary to ensure the force structure and military construction are best aligned?

Dr. ROBYN. The Overseas Contingency Operations military construction request is properly aligned to support future force structure in Afghanistan. The FY 2011 OCO request of $1.2 billion is sufficient to expand the logistical backbone and operational foundation to enable continued counterinsurgency missions by increasing operational capability, replacing expeditionary facilities at the end of their lifecycle, consolidating functions and facilities, and supporting Special Operations Forces (SOF).

Regarding construction authorities, we have submitted a proposal to Congress to raise the spending limit on the use of operation and maintenance (O&M) funds for unspecified minor construction (UMC) from $750,000 to $3,000,000 when applied to a project in support of a contingency operation, such as in Afghanistan. The existing threshold of $750,000 was established in 2002, without the knowledge we have gained after years of operations in Operation Iraqi Freedom/Operation Enduring freedom (OIF/OEF). Since that time, the cost of construction in theater has increased much more severely than the general construction market (up to 20–40% per year), pushing many small but essential projects beyond the O&M funding threshold for UMC. Under current law, when the cost for a project is between $750,000 and $3,000,000, commanders must use limited UMC (military construction) funding, or pursue Contingency Construction Authority that extends the project completion time. This is causing work-arounds in theater, often requiring solutions that do not fully meet urgent operational requirements. Increasing the O&M-funding threshold would provide an immediate authority at the Combined Joint Task Force (CJTF) level to execute critical, urgent projects without affecting longer-term project development or violating any mandates applicable to use of Contingency Construction Authority (CCA).

Mr. ORTIZ. The Army initially proposed to reduce BOS services by 20% in fiscal year 2010 which would have caused garrison commands to release temporary and term employees, reduce contract services, and require the use of soldiers to perform grounds maintenance and custodial services. The Army has partially obviated the reduction by adding $500 million in fiscal year 2010. If the budget request for 2011 is enacted at the proposed funding levels for BOS, additional reductions in services will be required. Does the Army support reducing services at the installations to meet reduced BOS funding levels?

Mr. CALCARA. There will be no reduction of installation services in support of Life, Health and Safety programs, the Army Family Covenant and Army Force Generation (ARFORGEN) requirements that ensures Soldiers are trained and equipped to meet the demands of our nation at war. The Army is conducting a comprehensive review of all BOS accounts to ensure adequate funding is maintained to meet Army priorities. Senior leadership is committed to looking for efficiencies and best practices in the use of BOS funds, but will not shortchange Soldiers and their Families in the process. Army's goal is to exact greater level of stewardship over its installations' resources and inculcate a cost culture.

Mr. ORTIZ. How does the Department propose to restructure the budget request to obviate further service reductions that would occur if the fiscal year 2011 budget request for BOS is enacted?

Mr. CALCARA. The Department continues to assess efficiencies gained this fiscal year that will mitigate shortfalls in FY11, also taking into account changes such as joint basing. The Department is fully prepared to rebalance funding to fully support the Army's most critical missions and leadership's priorities. The FY11 BOS funding request is general commensurate to FY10 funding and includes increases for Army senior leader initiatives (Sexual Harassment/Assault Response & Prevention (SHARP) and Suicide Prevention) and contract security guards in Europe. FY 11 also reflects a decline for resources transferred to the Air Force and Navy for joint base transfers. Army continues to explore every opportunity to be more effective and efficient with its current resource levels but believes it will still have some challenges. Army continues to assess BOS funding requirements to determine the appropriate funding level commensurate with mission requirements and the level of service Soldiers and their Families deserve.

Mr. ORTIZ. The Army initially indicated its intent to reduce the number of Brigade Combat Teams in Europe from four to two. The Administration decided to hold off on the implementation of this decision and is now indicating that a recommendation on the force structure will not be determined until fiscal year 2011. What capabilities would be lost if BCT forces were reduced in Europe?

Mr. CALCARA. (1) The Department must weigh how the support from our NATO allies may be affected by changes to our U.S. defense posture in Europe. NATO member nations provide much of our allied support for Afghanistan. The Department has stated in the QDR *"that a strong NATO that provides a credible Article 5 security commitment, deters threats to Alliance security, has access to U.S. capabilities" (QDR, page 58)*

(2) The Department must determine the impact of a reduction on conducting Theater Security Cooperation (TSC) and Building Partner Capacity (BPC) with our NATO Allies and friends. A reduction of forces would limit the Army's ability to conduct training exercises in Task Force East (Hungry and Bulgaria), exercises with Poland and the Baltic States unless rotational forces from the United States are utilized.

(3) The Department must also weigh other factors such as the challenge to generate forces to meet overseas contingency operations; resetting the force after over eight years of war; enhancing Soldier and Army Family well-being; and meeting the Title 10 responsibilities of recruiting, manning, equipping, and training.

Mr. ORTIZ. How does the Department balance this capability degradation in Europe with the cost savings associated with stationing forces in the United States?

Mr. CALCARA. **Capability Degradation:** To mitigate any capability degradation in Europe, the Department may rotate forces to Europe to signal to our allies that we still support the goals of NATO. The Army Force Generation (ARFORGEN) process would deploy forces to meet the objectives stated in the QDR: "*deter the political intimidation of allies and partners; promote stability in the Aegean, Balkans, Caucasus, and Black Sea regions; demonstrate U.S. commitment to NATO allies; build trust and goodwill among host nations; and facilitate multilateral operations in support of mutual security interests both inside and outside the continent." (QDR, page 64)*

**Cost Savings:** The analysis the Army has done to date, indicate that in the aggregate, the cost difference is neutral; but, the Army's cost analysis continues to be refined.

Mr. ORTIZ. The Navy has proposed to defer investments in facilities restoration and modernization.

Why did the Navy elect to take risk in the facility accounts and delay critical restoration and modernization activities?

Mr. NATSUHARA. The Navy FY2011 budget request accepts risk in shore infrastructure in order to fund high operational demands, rising manpower costs, and critical maintenance for our ships and aircraft to reach their expected service life.

Mr. ORTIZ. What is the long-term effect of a delay in funding restoration and modernization activities?

Mr. NATSUHARA. We fund sustainment to 90% of the Facilities Sustainment Model in accordance with DoD direction in order to maintain facilities in their current condition. Deferral of major facility upgrades due to limited restoration and modernization funds results in continued operations from infrastructure that is not optimally configured to fully support the user's mission and relies on older, less efficient energy systems.

Mr. ORTIZ. The Marine Corps has requested $1.2 billion in the FY11 budget to support an end-strength increase of 27,000 marines. Will infrastructure be built in time to support the arrival of the new 27,000 Marines?

Mr. NATSUHARA. No, there are challenges in this area. The target date for achieving the end-strength is FY 2011. However, the Marine Corps attained its 202,000 end-strength goal in 2009. The Marine Corps infrastructure development plan remains on track, and we are supporting the accelerated growth in end strength with the continued implementation of our interim solutions including extended use of temporary facilities, slowing down of demolition, and more extensive use of Basic Allowance for Housing and temporarily adjusting assignment standards for Marines in barracks until permanent facilities are in place.

Mr. ORTIZ. What alternatives is the Marine Corps pursuing to accommodate growth?

Mr. NATSUHARA. Due to the long lead time for permanent facilities, units may be in temporary facility solutions for 2–4 years after unit standup. Temporary facility solutions include: doubling up personnel in existing facilities, slowing planned building demolition for use in the short term, and use of relocatable facilities (trailers, sprung shelters and pre-engineered buildings) to support operation requirements.

For Marine Corps Bachelor Housing, until additional barracks are constructed, the Marine Corps has increased authorization of Basic Allowance for Housing (BAH) for senior Non-Commissioned Officers (NCOs) to allow them to live off-base, and has taken steps to temporarily billet Marines in surge/overflow barracks during renovations until new barracks come on-line. Temporary trailers/modular facilities are also being used to support initial training/accession pipeline throughput requirements.

For Marine Corps Family Housing, the Marine Corps plans to rely on the communities near the military installations as the primary source of housing for addressing the additional family housing requirement due to Growing the Force. Where, through the conduct of housing market analyses, the Marine Corps has determined that the local community cannot support the housing needs of our military members, additional housing has been programmed. The Marine Corps plans to construct the housing through use of military housing privatization authorities.

Mr. ORTIZ. The Japanese Prime Minister indicated that he intended to "start from scratch" in reviewing options to relocate III Marine Expeditionary Forces (MEF) on Okinawa. The Japanese expect to provide a new realignment plan in May 2010. How does the apparent Japanese indecision in determining a final basing solution influence the Marine Corps' ability to project forces forward and provide regional stability?

Mr. NATSUHARA. Our current basing posture in Japan enables III MEF to remain forward postured to aid in Japan's defense and available to support regional security and stability. The ongoing review by the Government of Japan does not affect the status quo: we will continue to operate from our bases in Okinawa in support of bilateral agreements and regional obligations. Any Japanese proposed modification to the Agreed Implementation Plan must preserve this capability.

Mr. ORTIZ. Does the Marine Corps support moving forward with the Guam realignment while the Government of Japan is still reviewing options to move III MEF on Okinawa?

Mr. NATSUHARA. The U.S–Japan Roadmap agreement was a comprehensive set of realignment initiatives to meet the strategic needs of both allies. We understand that the Government of Japan is reviewing the agreement, and has promised a decision by the end of May. We are confident that they understand the strategic value of having Marines on Okinawa for their own defense and for security in the region.

The Marine Corps requires that an aviation capability remain on Okinawa to support the rest of the Marine Air Ground Task Force stationed there. We currently

have that capability at Marine Corps Air Station Futenma. If the currently agreed upon Futenma Replacement Facility (FRF) became untenable, we would continue to operate out of Marine Corps Air Station Futenma until an acceptable replacement facility is completed.

Our relocation to Guam is a capabilities issue, not a basing issue, and we have a responsibility to provide ready and able forces in support of the Combatant Commander. Per the U.S.-Japan Roadmap agreement and the Guam International Agreement, the move of Marine units from Okinawa to Guam will not take place until tangible progress is made on the FRF.

Mr. ORTIZ. When does the Department anticipate completing the overall realignment to Guam, and does the EIS need to be modified to reflect more realistic timelines?

Mr. NATSUHARA. The United States and Japan concluded an international agreement to move 8,000 Marines from Okinawa to Guam by 2014. The Guam Environmental Impact Statement (EIS) uses the 2014 date as a benchmark to complete the overall realignment. However, there are indications that completing the move by 2014 is unachievable, and the Marine Corps MILCON Future Years Defense Plan (FYDP) supports completing the move beyond 2015. If the current plan relocates Marine Corps forces after 2015, the Guam EIS overstates the environmental impacts locally.

Mr. ORTIZ. The Navy has indicated that alternative CVN berthing is an important consideration in managing CVN assets. While the Navy has not programmed any construction funds in 2011, it has included $2 million in planning and design funds to begin the construction design. What is the risk of a catastrophic event damaging Atlantic Coast CVN homeporting facilities, and how might that risk be altered by homeporting a CVN at Mayport?

Mr. NATSUHARA. It is difficult to quantify the precise likelihood of a natural or man-made catastrophic event. The risks of a catastrophic event damaging the sole aircraft carrier homeport and its facilities, however, must also include an assessment of the consequences. A catastrophic event of any type in the Hampton Roads Area, whether to the ships themselves, the shipping channel, Hampton Roads tunnel/bridge, the supporting maintenance and training infrastructure, or the surrounding community has the potential to severely limit East Coast Carrier operations.

The flexibility of a second CVN capable homeport reduces risk, provides the Navy operational readiness and flexibility, and is consistent with homeporting strategies in place on the West Coast (i.e., Bremerton, Everett, & San Diego). Strategic dispersal ensures that the carriers, supporting maintenance and training critical infrastructure and the surrounding communities' skilled labor force are located in more than one East Coast facility.

Mr. ORTIZ. Are the costs associated with homeporting a CVN at Mayport worth the benefits in terms of hedging against the risk of a catastrophic event damaging Atlantic Coast CVN homeporting facilities?

Mr. NATSUHARA. The consequences of even one catastrophic event at the only nuclear carrier homeport on the Atlantic seaboard would be a devastating blow to our country and national defense. If a catastrophic event were to occur to a carrier homeport, it could require many years of rebuilding. Under these circumstances, the risk associated with having only one aircraft carrier homeport on the East Coast is significant, and given the consequences, unacceptable.

SECDEF, SECNAV and QDR have all concluded that the risks and consequences of a catastrophic event make this a proper and prudent investment.

Mr. ORTIZ. The Air Force has proposed to defer investments in facilities sustainment and restoration. The Air Force is requesting funds necessary to support only 59% of the required facility recapitalization. Why did the Air Force elect to take risk in the facility accounts and delay critical restoration and modernization activities?

Ms. FERGUSON. During the development of the FY11 PB the Air Force had to make difficult decisions across all Air Force appropriations and elected to assume a certain level of "risk in infrastructure" in order to fund higher mission priorities.

Mr. ORTIZ. What is the long-term effect of a delay in funding restoration and modernization activities?

Ms. FERGUSON. Air Force leadership had to make hard decisions to balance funding across all AF appropriations and assumed "risk in infrastructure" in order to fund higher priorities. The Air Force recognizes that delays in restoration and modernization funding can result in increased life-cycle costs for maintaining aging facilities. The Air Force will continue to fund Sustainment, Restoration and Modernization based on priorities that ensure the Air Force meets the mission required to support the National Defense.

Mr. ORTIZ. The fiscal year 2011 Active Air Force MILCON budget request contains $1.3 billion. This limited infrastructure investment is causing significant inefficiencies locally and accelerating degradation of assigned aviation assets. Examples include: new F–22s arriving without hangars and other support infrastructure at Hickham AFB, Hawaii, and simulation trainers remaining in warehouses until the appropriate supporting infrastructure is programmed and built. Why did the Air Force not program infrastructure in time to support valuable aviation assets?

Ms. FERGUSON. With regards to infrastructure, there is no single "most" critical area of risk. The risk we have had to take in facilities and infrastructure is broad and varies according to the need of each installation. We balance this risk across all installations by building our investment program from the bottom up, with wing commanders defining the needs of their installation. The need for MILCON investment is across all facilities types, such as operational, training, maintenance hangars, R&D, and quality of life. With a limited and fixed top line, we must determine our priorities using investment impact data and take risk where necessary. MILCON projects included in the program will be based on individual project merits and meeting Air Force priorities.

However, aviation assets are obviously very important to the Air Force. Projects that supported aviation assets and new mission beddowns generally received a higher priority than other infrastructure projects when the Air Force determined which projects to fund as it took risk in infrastructure. But as available funding to the Air Force could not support all needed requirements, hard choices had, and continue, to be made.

Mr. ORTIZ. The Air Force has indicated that it intends to determine four JSF operational bases and one additional training base to support JSF in the next two years. How will encroachment and increased noise associated with the JSF variant impact the decision to base aviation assets?

Ms. FERGUSON. Now that the list of candidate bases has been released, the formal environmental impact analysis process and site assessments have begun, allowing communities around each candidate base to participate and provide input into the environmental impact analysis. No basing decision is final until the environmental impact analysis process and site assessments are complete. Based on the results of the formal environmental impact studies, which will assess the impact of many factors to include encroachment and noise, the Air Force expects to announce the F–35 Preferred Locations in Summer of 2010. A final ROD is expected to be complete in mid- CY2011.

Mr. ORTIZ. How will the recent announcement of a delay in delivery of the Air Force JSF aircraft impact the basing decisions and the fiscal year 2011 military construction request?

Ms. FERGUSON. The announced procurement delays do not affect the initial basing decisions, the environmental impact study (EIS) and Record of Decision (ROD) timeline because they are required to support the MILCON projects necessary for receipt and beddown of F–35 aircraft at the first operational and next training location. The first operational aircraft will be delivered Summer 2013 and the first training aircraft for the potential second training location will be delivered Fall 2013. FY11 MILCON is required to support beddown at these to-be-determined (TBD) locations.

Mr. ORTIZ. The Air Force has taken steps to secure real estate interests in areas where aviation accidents are most likely to occur. However, there remains significant real estate that could pose a threat to the local community because of aviation operations. What steps is the Air Force taking to limit aviation accidents to the local community?

Ms. FERGUSON. One of our main approaches to limiting aviation accident impacts to the local community is to encourage compatible development in the areas with the greatest history of aircraft accidents occurring around the airfield. The areas with the greatest accident potential is the runway, followed by the clear zone, Accident Potential Zones (APZs) I and APZ II at the end of Air Force installation runways. Air Force installations continually work with local communities to limit development to low densities in APZs I and II. The Air Installations Compatible Use Zones (AICUZ) program discourages land uses that concentrate large numbers of people in a single area, e.g. churches, schools, auditoriums, residential, and manufacturing that involves flammable materials from being located in these two zones. Low intensity land uses such as some light industrial, wholesale trade, some business services, recreation, agriculture, and open space, mineral extraction can be compatible in APZ I if they don't create emissions that create visibility problems or attract birds. Compatible land uses for APZ II include all the ones compatible in APZ I plus a few more types of manufacturing, low intensity retail trade and low density single family residential (1–2 dwelling units per acre).

The installations and local communities can also pursue encroachment partnering projects within APZs under the authority granted to the Services under USC Title 10, Section 2684a, and they can compete for funding for these types of projects through Office of the Secretary of Defense's Readiness and Environmental Protection Initiative (REPI) program.

Mr. ORTIZ. Does the Air Force have a program for each installation that limits aviation incidents to the local community?

Ms. FERGUSON. Yes. The Air Force conducts its Aviation Mishap Prevention Program under policy, guidance and oversight issued by the Air Force Chief of Safety. At the direction of the Air Force Chief of Safety, every installation responsible for a flying mission maintains a flight safety program with the over-arching goal of preventing aviation mishaps. An important part of that goal includes preventing mishaps on and around installations where Air Force aircraft operate.

To accomplish that goal, Air Force installations incorporate mishap prevention programs in concert with community involvement, partnering, and information sharing. Some examples include Mid-Air Collision Avoidance Programs, Bird Aircraft Strike Hazards Programs, Flight Safety Participation in Airfield Certification Processes, Risk Management, and Crew/Cockpit Resource Management.

In addition to the above listed programs, the Air Force also sponsors an aggressive Foreign Object Damage Prevention Program, and investigates local hazardous air traffic reports to identify and mitigate hazards to all aircraft operating in and around airfield environments.

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## QUESTIONS SUBMITTED BY MR. LOEBSACK

Mr. LOEBSACK. As you know, proper and adequate facilities are critical to readiness, recruiting, retention, and even family programs. This is truer today than ever before for the National Guard, which has not only transformed into an operational reserve, but which also utilizes their facilities for both their homeland and national security missions.

For example, the Iowa National Guard based its flood relief operations in 2008 out of several Armories throughout Eastern Iowa. Today, they are utilizing them not only to train for a deployment to Afghanistan later this year—the largest deployment for the Iowa National Guard since WWII—but also for family readiness programs.

The average age of the Iowa National Guard's facilities is 42 years old—about twice the age of many of the Soldiers and Airmen that drill out of them! In fact, Secretary McHugh recently testified that "As to the distribution of MILCON, certainly, if I were a Guard or Reserve unit, I'd feel as though I wasn't getting what I needed, and we have to admit that."

Yet the Iowa Guard has never constructed a new armory through funding provided in the President's Budget Request—they have had to rely on our congressional delegation to secure the funding for them.

In the FY 2010 Military Construction-VA Appropriations bill, Congress allocated $200 million specifically for Guard and Reserve military construction. The FY 2011 President's Budget Request reduces the Air National Guard military construction account by $188 million from the enacted level in 2010. While the budget proposal for the Army National Guard is $324 million over the FY 2010 enacted level, it is still far short of the projected need.

Mr. Calcara—Please share with me the Army's plans to ensure that the Army National Guard's facilities adequately support their role as an operational reserve. Also, would you please share your thoughts on the degree to which the additional funds provided last

Mr. CALCARA. The Army's FY 11 President's Budget request for the National Guard is more than double the military construction (MILCON) request for FY 10. This may fall short of the Guard's actual requirement, but goes far in addressing critical needs.

The Army's MILCON program supports the initiatives of the total force. Properly training and transforming the Reserve Components to modular, operational forces are very important Army initiatives. The Army National Guard will continue to work to align their MILCON priorities with Army Campaign Plan imperatives and other guiding documents to ensure they fully compete for limited resources. This is especially important as MILCON budgets decrease in size across the Future Years Defense Plan, with respect to the additional funds provided to the Reserve Components in FY 10, this initiative is allowing the Army National Guard to address critical requirements. Projects selected include the Owensboro (KY) Readiness Center, Bangor (ME) RTI Phase II, Mead (NE) Water Supply and Distribution Center, and

Camp Grafton (ND) Shoreline Stabilization. These projects, each from a different region, provide the opportunity for additional training for soldiers, reduces resource requirements such as time or funding for existing training, and prevent loaming negative effects on readiness.

Mr. LOEBSACK. Ms. Ferguson—Can you please explain to me how a 188% reduction in funding will ensure that the Air National Guard is adequate to support their mission? Does that funding level not take on significant risk?

Ms. FERGUSON. The Air Force made difficult decisions to arrive at the level of funding for recapitalization of infrastructure and the current level of risk in infrastructure programs. The Air Force $1.5B Military Construction (MILCON) request prioritizes all crucial requirements. The methodology continues taking risk in recapitalizing our aging infrastructure. The risk in MILCON and infrastructure programs is aligned with weapons system deliveries.

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