

[H.A.S.C. No. 111-73]

HEARING
ON
NATIONAL DEFENSE AUTHORIZATION ACT
FOR FISCAL YEAR 2010
AND
OVERSIGHT OF PREVIOUSLY AUTHORIZED
PROGRAMS
BEFORE THE
COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES
ONE HUNDRED ELEVENTH CONGRESS
FIRST SESSION

READINESS SUBCOMMITTEE HEARING
ON
**BUDGET REQUEST FOR MILITARY CON-
STRUCTION, FAMILY HOUSING, BASE
CLOSURE, FACILITIES OPERATION AND
MAINTENANCE**

HEARING HELD
JUNE 3, 2009



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FISCAL YEAR 2010 NATIONAL DEFENSE AUTHORIZATION ACT—BUDGET REQUEST FOR MILITARY CONSTRUCTION, FAMILY HOUSING, BASE CLOSURE, FACILITIES OPERATION AND MAINTENANCE

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
READINESS SUBCOMMITTEE,
Washington, DC, Wednesday, June 3, 2009.

The subcommittee met, pursuant to call, at 10:07 a.m., in room 2118, Rayburn House Office Building, Hon. Solomon P. Ortiz (chairman of the subcommittee) presiding.

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

Mr. ORTIZ. This hearing will come to order, but before we do that I talked to some members, and I thought that it would be appropriate to have a moment of silence for those that perished in that French flight from Brazil going to Paris.

And if we could just take a moment of silent prayer honoring those and remembering those who perished, there was a couple, an American couple who were on that flight. If we just take a moment of silence.

[Moment of silence.]

I thank our distinguished witnesses for appearing before this subcommittee today. Today the Readiness Subcommittee will hear about our military construction and Base Closure and Realignment (BRAC) programs. In general, I am pleased with the budget request this year.

I think they have done a good job of advancing a number of important initiatives including fully funding the BRAC 2005 process and providing the infrastructure to support our growing force and re-capitalizing on an aging infrastructure.

However, I am also concerned about the trends that I see within the Department of Defense. First of all, in the BRAC 2005 process I am disturbed about the apparent cost escalation over the past few years. Since the Department submitted the first budget request to implement the findings of BRAC 2005 commission, the cost to implement this program have almost doubled to \$34 billion.

While a variety of reasons have been attributed to this growth, I believe the assumptions underlying the 2005 BRAC recommendations were flawed. The department has indicated that its analysis of the BRAC recommendation were based on consistent planning assumptions.

Unfortunately, those planning assumptions were completely inadequate. This type of bad cost data leads us to make bad decisions. I am also concerned about whether we can meet the statutory completion date of September 2011. I am concerned that the shortcuts may be taken and money may be wasted in an attempt to meet the deadline.

It is important that the department take a critical look at this program and review the implementation timelines to ensure that government waste is eliminated and artificial acceleration initiatives are avoided.

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 in strict compliance with the BRAC decisions.

On another subject, I wanted to discuss strategic realignment of United States forces in the Pacific. The most pressing issue relates to Marine Corps from Okinawa to Guam. In Guam alone we are expecting more than \$10 billion in construction in the next few years. It is important to note that Guam is not the only expanding location.

Included in this realignment is the expansion of forces to the Futenma replacement facility at Camp Schwab in Okinawa. I believe it is important to get both of these decisions right and to make sure our long-term relation with our Pacific partners remain vibrant and viable for the foreseeable future.

Let me turn our attention to another equally important subject, the basing of aviation assets. I understand the department is facing a number of basing decisions this year. The most expansive involves the Joint Strike Fighter (JSF). The Air Force alone is to determine the location of four operational JSF bases and one additional pilot training center.

The problem is that the Joint Strike Fighter is much louder than the F-15, F-16 and F-18 aircraft. In the basing of future aviation assets the department is to take great caution in balancing the needs of the armed forces with the competing requirements of expanded local communities.

A long-term outlook needs to be taken into account to ensure that the Nation has a viable, unencumbered aviation infrastructure that fully supports the missions of the armed forces.

Finally, I remain concerned about the continued underfunding of the sustainment of our military infrastructure. Funding only 90 percent of the Navy's requirement is short-sighted and only raises costs over the long term.

This chronic underfunding for infrastructure will remain a critical issue of interest for this subcommittee. We can do better, and I look forward to working with the department to making this a reality. 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 my good friend, the distinguished gentleman from Virginia, Mr. Forbes, for any remarks he would like to make.

Mr. Forbes.

[The prepared statement of Mr. Ortiz can be found in the Appendix on page 37.]

**STATEMENT OF HON. J. RANDY FORBES, A REPRESENTATIVE
FROM VIRGINIA, RANKING MEMBER, READINESS SUB-
COMMITTEE**

Mr. FORBES. Thank you, Mr. Chairman, and I just, again, appreciate your leadership in holding this hearing. And I also want to thank the witnesses and appreciate each of them being here today to discuss building and maintaining the best possible facilities for our troops, whether at home or deployed and their families.

And I want to just pause a moment and sincerely thank you for what you have done. You have made some enormous strides and oftentimes we are so focused in the limited amounts of time that we have on where we are going tomorrow that we really don't step back and just say how much we appreciate what you have done and how you have gotten us to this point.

So I want to make sure I am thanking you for that, but then Mr. Chairman, I am a bit frustrated with the budget the department has submitted. And while we need to hold this hearing in preparation for our subcommittee markup next week, we have been given incomplete information at best.

And while it is not the fault of any of our witnesses, transparency has certainly not been an adjective describing this budget process and we can and must do better.

It is difficult enough to properly consider a complex military construction budget under our compressed schedule, worse, we have no Future Years Defense Plan or FYDP to help us understand future intent.

Finally, most disturbing, major Defense Department decisions announced after the budget was locked will require budget adjustments and detail on these adjustments is still not available, at least not available to us.

And while understandable to some degree in a new administration, many large decisions have been pushed to the quadrennial defense review or QDR, leaving us in a quandary about what is real and what is changed in the budget request.

For example, the Secretary of Defense's recent decision to limit the Army's Brigade Combat Team (BCT) growth to 45 rather than 48 brigades calls into question the Army's military construction program. Even though the Army finally identified the brigades that will be lost, the ultimate BCT footprint is still undetermined pending QDR review of re-stationing two BCTs from Europe.

The reality is that the Army cannot articulate with any precision how the fiscal year 2010 budget request should be adjusted. In addition, the Deputy Secretary of Defense delayed the Navy's earlier recent decision to home port a nuclear aircraft at Mayport, Florida, pending the outcome of the QDR.

While I support the department's review of the decision, the Navy still has requested funding that could be used in furtherance of making Mayport a carrier home port.

It is difficult for me to support a legitimate request to have another East Coast port in a storm when I know that it could be used as a down payment for the unnecessary expense of making Mayport a nuclear carrier home port.

There are equally vexing unresolved issues involved in the basing of Joint Strike Fighter squadrons around the United States due

to pending environmental reviews. The Marine Corps realignment from Okinawa to Guam and the department's brinkmanship on completing BRAC moves in a number of sites.

This budget also defers a number of land acquisition challenges. Even without a FYDP we know the Navy wants an outlying landing field for Oceana-based aircraft squadron. The Army wants to acquire more training land in Colorado and the Marine Corps intends to acquire large tracts adjacent to Twentynine Palms Marine base in California.

Each of these actions is important for the readiness of Army, Navy and Marine Corps units and each comes with considerable public concern or opposition. All of these acquisition and basing issues are sensitive national security and local matters, requiring the considered judgment of Congress in possession of all of the facts.

But we don't have the facts, nor do we have transparency. Instead we are asked to approve a budget and funding decisions that will be revisited during the QDR. Mr. Chairman, I think it is fair to expect that we will make modifications to this request unless today's witnesses are prepared to resolve some of the questions I have posed.

Our constituents rightfully expect us to understand the consequences of budgets we approve and I don't believe we have what we need to approve this request. But once again, to all of our witnesses, we recognize the great job you have done up to this point. We thank you so much for that.

Mr. Chairman, once again, I just thank you for your leadership and your direction and I yield back the balance of my time.

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

Mr. ORTIZ. Thank you. Today we have a panel of distinguished witnesses representing the department and again thank you so much for your service.

Our witnesses include Mr. Wayne Arny, Deputy Under Secretary of Defense for Installations and Environment, the Department of Defense, Mr. Joseph Calcara, Deputy Assistant Secretary of the Army Installations and Housing and the Honorable B.J. Penn, Assistant Secretary of the Navy, Installations and Environment and Ms. Kathleen Ferguson, Deputy Assistant Secretary of the Air Force, Installations.

We thank you for being with us today. And without objection the witnesses' prepared statements will be accepted for the record.

Secretary Arny, so good to see you again, sir. You still look like a young pilot.

Mr. ARNY. Not any more.

Mr. ORTIZ. Without objection, of course, we now will begin and Secretary Arny. Welcome and you can begin your testimony whenever you are ready.

STATEMENT OF WAYNE ARNY, DEPUTY UNDER SECRETARY OF DEFENSE, INSTALLATIONS AND ENVIRONMENT

Mr. ARNY. Thank you sir. Thank you, Mr. Chairman, Congressman Forbes, distinguished members of the subcommittee. I am

honored to appear before you today and with your permission, I will submit the full statement for the record.

From the last 10 years the Department has come a long way in improving the facilities and the infrastructure in which our military and civilian workforce and families work and live. We could not have progressed as far as we have without the continuing support of Congress and in particular the support of this subcommittee.

Today, we manage over 500,000 facilities worth over \$700 billion located in approximately 29 million acres of land around the world. In comparison, about 10 years ago we had 115,000 more facilities in our inventory, which is in part a testimony to our continuing efforts to right-size the department's infrastructure.

The principal program that has helped us balance the infrastructure is the BRAC Authority and using that we have been able to close over 121 major installations and realign 79 major bases after five rounds. The 2005 decisions alone affect over 800 locations and include 24 major closures, 24 major realignments and 765 lesser actions.

However, it is not just enough to have closed bases and moved functions. At the same time, we tried to focus on how we conduct business so as to become more efficient caretakers of the taxpayers' money. An excellent example of our efforts toward efficiency is joint basing.

As part of BRAC 2005, we were required to form 12 new joint bases from 26 existing locations so that installation management functions will be provided by one component, not two or three as it is currently.

The joint basing implementation process is complicated and almost 50 different areas of responsibilities on these bases have been identified for consolidation including food services, environmental management, child and youth programs, facility maintenance and many more.

But I can report to you that it is well on the way to achieving success. In January 2008 we began issuing a series of joint basing implementation guidance documents and for the first time established a set of common definitions and standards for installation support to be provided by each joint base.

We established a schedule that divides the 12 planned joint bases into two implementation phases. Five joint bases involving 11 installations replaced into phase one with an October 2009 milestone for full implementation, which includes the transfer of personnel and funds to the joint base commander.

The remaining seven bases involving 15 installations were placed into phase two with an October 2010 full implementation and that is on track. And this is just the beginning of where I see the department and the application of common output levels of service to provide consistent and superb support to our service members at every installation.

As for housing, a decade ago we were maintaining over 300,000 family housing units, two-thirds of which were deemed to be inadequate by the military departments. With your help and vision we put housing privatizations in place, and the private sector responded by delivering modern, affordable housing.

With this year's request, over 98 percent of the Department of Defense's (DOD's) housing inventory in the United States will be funded for privatization. The military services have leveraged DOD housing dollars by 10 to 1 with \$2.5 billion in federal investments generating \$25 billion in housing development at privatized installations.

With regards to barracks, it was about 17 years ago that the military departments began an ambitious modernization program to increase the privacy and amenities in permanent party bachelor housing. Using the military construction funding and a traditional government-owned business model much progress has been made but there still is a need for almost \$15 billion to complete the permanent party buyout.

Privatized housing has unique—one of the ways we are looking at this is through privatizing bachelor housing, which has unique challenges compared to family housing. But if we start viewing these buildings more as on-base apartments instead of unique military training or operating facilities, the private sector will see the potential for a new economic niche in which both they and the department can come out winners.

We have seen recent innovative concepts where the Army has added bachelor office quarters and senior enlisted bachelor quarters to its existing family housing privatization projects at Fort Bragg, Fort Stewart, Fort Drum, Fort Irwin, and a fifth is planned for Fort Bliss.

In contrast, the Army and the Navy is mainly focusing its unaccompanied housing privatization to bring shipboard junior enlisted sailors ashore using a special pilot authority. The first unaccompanied housing, privatization pilot project was awarded in December 2006 to San Diego. The second in 2007 in Hampton Roads, and a third is under consideration for Mayport and Jacksonville.

Both of the awarded pilot projects for the Navy have demonstrated that with the authority to pay junior enlisted members less than full housing allowance, privatization of single junior enlisted personnel is less costly on a lifecycle basis than the traditional government-owned model.

I view this as just a starting point, and ask for the subcommittee's support in the department's continued progress in shifting toward this way of thinking. This year's budget signals yet another banner year for installations with about \$23 billion in military construction and about \$8 billion in facility sustainment, restoration and modernization.

At \$23 billion, the military construction program is very robust, especially compared to the \$8 to \$9 billion levels we were receiving 10 years ago. Similarly our sustainment budget is also more robust as compared to 10 years ago.

Recapitalization has been more of a challenge. We moved from believing a single recap rate expressed in years applied across myriad category sources could provide funding levels that was rational or defensible.

When I was in the Navy Secretariat, I personally observed the inaccuracy of the recap rate as Hurricane Ivan hit Pensacola. The sudden infusion of restoration funds skewed the recap rate for Navy to a lower number than the targeted 67 years, yet the condi-

tion of the rest of the Navy facilities across the board did not improve.

I was dissatisfied with that 67-year metric and I asked my staff to go back to the basics and open the dialogue on the facility condition indices that are already mandated for DOD in real property records. These quality ratings or Q-ratings represent the health of our facilities and I believe they have been long ignored.

This summer my staff will be working closely with the military departments and defense agencies to set up program guidelines for determining which facilities require priority for funding, reassessing how Q-ratings are conducted and their frequency and most importantly reestablishing how the department views and uses master planning at the installation level.

Also, and equally important, in cooperation with our policy secretariat, the joint staff, the combatant command and the services, we hope to initiate joint installation master plans at each overseas combatant command region.

In closing, Mr. Chairman, I sincerely thank you for this opportunity to highlight our management of installation assets. Thank you.

[The prepared statement of Mr. Arny can be found in the Appendix on page 40.]

Mr. ORTIZ. Thank you so much.
Secretary Calcara.

**STATEMENT OF JOSEPH F. CALCARA, DEPUTY ASSISTANT
SECRETARY OF THE ARMY, INSTALLATIONS AND HOUSING**

Mr. CALCARA. Thank you, Mr. Chairman. Good morning, Mr. Forbes, members of the committee. I too am honored to be here today to present details on our fiscal year 2010 budget. We continue on in the largest transformation in Army history. The fiscal year 2010 budget does represent for us the second half of the home stretch to complete all our transformation under base realignment and closure, military construction, Grow the Army and the Army modular force.

I know there has been a challenging year for all of us. The dynamics with the budget schedule and you have asked us to address in detail the impacts from recent force structure decisions. We are planning tomorrow to have a detailed session with committee staff to go line item-by-line item project.

Let me just briefly cover for you the top line story in my opening remarks. We have about \$1.4 billion in the program tied to the Grow the Army initiative. As you know, yesterday we publicly disclosed our decisions on how we were going to apply those changes to the budget.

I want you to know it was not a simple process. We have worked diligently and deliberately over the last several weeks to make sure that every nickel was looked at from both an investment and a capabilities perspective. We are confident that the solution that we will propose is exactly what is right for the Army and right for the Nation at whole.

Of the \$1.4 billion that is in the Grow the Army wedge in the fiscal year 2010 program, approximately half of it is not tied to the brigade configuration. It is tied to combat support and combat serv-

ices support. Of the remaining half of that wedge, about half of that is tied to reserve and housing, again, not connected to the Grow the Army decision.

So we are basically talking about 25 percent of the \$1.74 billion that is in that budget roll out that needed to be looked at for reinvestment use. Our plan is to take those dollars and buy down capacity shortages that we had from the other brigades that we built in the 45 total.

We also plan to buy out our relocatables sooner because you have been telling us that is the right thing to do. So that is essentially the impacts of the BCT decisions on a macro level. Tomorrow you will cross walk one-by-one through them.

We think it is the right thing to do to get our capacity back, to get our relocatables quicker. There is a business case for that and the rest of the budget holds. Otherwise, I look forward to your questions. Thank you.

[The prepared statement of Mr. Calcara can be found in the Appendix on page 79.]

Mr. ORTIZ. Secretary Penn, good to see you again, sir. Whenever you are ready for your testimony, go ahead, sir.

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

Secretary PENN. Thank you sir. Chairman Ortiz, Representative Forbes, members of the subcommittee, it is a privilege to come before you today to discuss the Department of the Navy's installation efforts. I would like to touch on a few highlights in the department's overall facilities budget request, a very healthy \$14.4 billion or 9.2 percent of the department's Total Obligational Authority (TOA).

In Military Construction (MILCON) fiscal year 2010 continues the Marine Corps' Grow the Force initiative with a \$1.9 billion investment targeted primarily at infrastructure and unit specific construction required to move Marines from interim facilities and provide adequate facilities for new units.

The fiscal year 2010 MILCON budget also provides funds for the first 5 construction projects to support the relocation of Marines from Okinawa to Guam in the amount of \$378 million.

Our fiscal year 2010 budget request complies with the Office of Management and Budget (OMB) 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 implemented in prior years. Otherwise, all new projects are fully funded or are complete and usable phases.

In family housing, our budget request of \$515 million reflects the continuation of investment funding for locations where we still own and operate military family housing and where additional privatization is planned.

Prior requests reflect a conservative program to address additional housing requirements associated with Marine Corps force structure initiatives. The Navy and Marine Corps have privatized virtually all family housing located in the United States.

Where we continue to own housing at overseas and foreign locations, we are investing in a steady state recapitalization effort to replace or renovate housing where needed. Our request also includes funds necessary to operate, maintain and lease housing to support Navy and Marine Corps families located around the world.

Regarding legacy BRAC, we continue our request for appropriated funds in the amount \$168 million as we exhausted all land sale revenue. We have disposed of 93 percent of the prior BRAC properties, so there is little left to sell and the real estate market is not as lucrative as it was several years ago.

We expect only limited revenue from the sale of Roosevelt Roads in Puerto Rico and other small parcels. With respect to the BRAC 2005 program, our budget request of \$592 million represents a shifting emphasis from construction to outfitting and other Operation and Maintenance (O&M) costs. One success story I would like to highlight comes from New Orleans which still struggles to recover from the aftermath of Hurricane Katrina.

We entered into a 75-year leasing arrangement agreement with the Algiers Development District in September of 2008. In exchange for leasing 149 acres of naval support activity in New Orleans, the headquarters Marine Forces Reserve will receive approximately \$150 million in new facilities.

Demolition began recently and we have established temporary quarters for the commissary so that military personnel, retirees and their families still have access to the quality of life service during construction.

We continue to work with Algiers Development District to ensure this partnership's successful outcome. We have been able to hold down our cost increases to a modest 2 percent for the implementation period of fiscal year 2006 through fiscal year 2011.

We have made significant progress in the past year in planning for the relocation of Marines from Okinawa to Guam. The environmental impact statement for Guam is underway with a targeted record of decision in time for construction in fiscal year 2010.

The government of Japan ratified the international agreement on 13 May, 2009 and appropriated \$336 million, fiscal year 2008 equivalent dollars, to complement our own investment for fiscal year 2010. We expect to see Japan's contribution deposited in our treasury by July.

Finally, it has been an honor and privilege to serve this great nation and the men and women of our Navy and Marine Corps team, the military, civilian personnel and their families. Thank you, this committee, for your continued support and opportunity to testify before you today.

[The prepared statement of Secretary Penn can be found in the Appendix on page 96.]

Mr. ORTIZ. Thank you, Mr. Secretary.

Secretary Ferguson, it is good to see you. And you can begin with your testimony, ma'am.

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

Ms. FERGUSON. Thank you, Mr. Chairman, and Congressman Forbes and distinguished members of the committee. On behalf of

America's airmen, it is my pleasure to be here today. I would like to begin by thanking the committee for its continued support of your Air Force and the thousands of dedicated and brave airmen and their families serving our great nation around the globe.

Today more than 27,000 airmen are currently deployed in support of ongoing operations in Iraq, Afghanistan, the Horn of Africa and many other locations, daily demonstrating their importance in support of joint combat operations.

Within the Secretariat for Installations and Environment and Logistics, we fully appreciate the impact our efforts have in support of these airmen and how it affects their ability to positively influence our Air Force's war fighting abilities and capacity to counter hostile threats.

Military construction, family housing and BRAC programs form the foundation of our installation structure. Our installations serve as the primary platforms for the delivery of global vigilance, reach and power for our nation, and our fiscal year 2010 investments reflect a direct connection to this vital work.

As we continue to focus on modernizing our aging weapons systems we recognize that we cannot lose focus on critical Air Force infrastructure programs. Our fiscal year 2010 president's budget request of \$4.9 billion for military construction, military family housing, BRAC and facility maintenance is a reduction from our 2009 request of \$5.2 billion.

This reflects an increase in MILCON and fact of life reductions due to the anticipated completion of the housing privatization and BRAC 2005 round implementation.

Using an enterprise portfolio perspective we intend to focus our limited resources on the most critical physical plant components by applying demolition and space utilization strategies to reduce our footprint, aggressively pursue energy initiatives, continue to privatize family housing, and modernizing dormitories to improve quality of life for our airmen.

In regards to military family housing, our master plan details our housing MILCON, operations and maintenance and privatization efforts. Since last spring we have completed new construction or major improvements on more than 2,000 units in the United States and overseas, with another 2,286 units under construction in the U.S. and almost 3,000 units under construction overseas.

Our fiscal year 2010 budget request for military family housing is just over \$567 million. The Air Force request for housing investment is \$67 million to ensure the continued improvement of our overseas homes. Our request also includes an additional \$500 million to pay for operations, maintenance, utilities and leases for the family housing program.

At this point I would like to address our efforts in support of base realignment and closure. BRAC 2005 impacts more than 120 Air Force installations. Unlike the last round of BRAC where 82 percent of the implementation actions affected the active Air Force, in BRAC 2005, 78 percent of implementation actions affect the Air National Guard and Air Force Reserve.

In fact the Air Force will spend more than \$478 million on Air National Guard and Air Force Reserve BRAC MILCON projects.

The Air Force total BRAC budget is approximately \$3.8 billion in which the Air Force is fully funded.

Our fiscal year 2010 BRAC 2005 budget request is approximately \$418 million and less than 20 percent of that is for BRAC MILCON projects. I would like to emphasize the Air Force BRAC program is on track to meet the September 2011 deadline. Air Force MILCON, family housing and BRAC initiatives will continue to directly support Air Force priorities.

It is imperative we continue to manage our installations by leveraging industry best practices and state-of-the-art technology. Our civil engineering transformation efforts, now entering the third year, continue to produce efficiencies and cost savings that enhance support for the war fighter, reduce the cost of installation ownership and free resources for the recapitalization of our aging Air Force weapons system.

More importantly, these investments reflect effective stewardship of funding designed to serve our airmen in the field, their families and the taxpayer at home. Mr. Chairman and Congressman Forbes, this concludes my remarks.

Thank you and the committee once again for your continued support of our airmen and their families. We look forward to your questions.

[The prepared statement of Ms. Ferguson can be found in the Appendix on page 121.]

Mr. ORTIZ. Thank you so much. I see that we have a tremendous turnout of members this morning. It is either that things are going so well, or maybe they are not, and I am pretty sure that they may have a lot of questions.

I am going to be brief. I am going to ask one question and then I want to allow the members of this committee. I want to give them a chance.

I know I have met with some of the freshman members, they say, "Oh, my, it takes a long time, before you get down to the front, for them to ask a question." But I want to ask Secretaries Penn and Ferguson, I know you will be starting the process to determine the location of a variety of aviation assets, including the Joint Strike Fighter.

As you are aware, the Joint Strike Fighter is pretty, pretty loud and there are people who like the sound of freedom and there are other people who are not too happy with the loud noise. Could you explain how the noise associated with the Joint Strike Fighter would influence basing decisions and whether these communities have been contacted?

Also, can you explain to this committee how Joint Strike Fighter basing criteria, included in the House report to the 2008 defense authorization bill, would be incorporated into those basing decisions?

Secretary Ferguson or Penn, whichever is ready, we will give you the opportunity to respond to that question.

Ms. FERGUSON. I can answer the Air Force section.

Mr. ORTIZ. If you could you get a little closer to the mike, so that—

Ms. FERGUSON. Okay, here we go. Based in part with what we saw as we bedded down—tried to bed down the Joint Strike Fight-

er at Eglin and the noise issues associated with that, the Chief of Staff of the Air Force and Secretary Donnelly asked us to look at doing enterprise-wide work for the basing of the Joint Strike Fighter across the United States Air Force.

Back in February we accomplished a rapid improvement event where we looked internally in the Air Force how we made basing decisions and a couple of results came out of that and we are implementing those right now.

One of which was to stand up a robust debasing shop within the Air Force, and we had lost some of that as we had gone through the previous round of BRAC. We had lost some of that capability and we are now going to build that back up.

The second thing we have done is stood up an Air Force senior basing executive steering group which I chair. And we have cross-functional representation across the Headquarters Air Force (HAF), at the general officer level that oversees the basing process for the Air Force at the strategic level.

One of the objectives for the Chief of Staff and Secretary was for the Air Force to have a defensible, repeatable, transparent process as we worked through basing, not just for the Joint Strike Fighter, but for all weapons systems across the Air Force.

Where we are right now specifically with the JSF—in fact tomorrow morning, I have a briefing where Air Combat Command is the lead to the JSF bed-down process. We will come in and embrace the executive steering group on proposed criteria to bed that down.

We brief the Chief and Secretary on that proposed criteria at the end of June. And then that criteria will be applied across the inventory of installations across the United States.

As part of that criteria, we expect there will be some consideration for noise and mission capabilities, mission requirements. And then we will get that criteria over to the committee once that is approved by the Chief and Secretary.

Mr. ORTIZ. Secretary Penn.

Secretary PENN. Yes, sir, we have been working closely with the Air Force. They are leading the noise analysis for us and the facilities that we are looking at or we are seeing thus far in the Navy are those that are really not in a populated area. They are really quite isolated, so I am thinking that is going to be good.

We have looked at the noise from day one, and it is very difficult to get the noise specifications on the aircraft. It is a lot more noisy than the tactical aircrafts that Mr. Arny and I are used to, but we are working so that we will try not to infringe on the areas around the bases.

Mr. ORTIZ. Thank you. Now, I yield to my good friend, Mr. Forbes, and I would like to see all the members who are here with us today be able to ask questions this morning.

Mr. Forbes.

Mr. FORBES. Thank you, Mr. Chairman. I am going to try to keep my questions relatively brief, to again, thanking you all for what you have done and for being here today.

And I am going to address these questions to Mr. Arny and Mr. Penn, and I want to preface it by saying, when Secretary Gates was here, he indicated that we could ask for everybody's personal

opinions, and we didn't have to just get department opinions or what was there.

So I wanted to address mine under the caveat that I would like for your personal opinion on this issue, because we respect the totality of evidence and experience each of you bring to the table.

But the Navy's fiscal year 2010 unfunded requirements list includes a shortfall of \$395 million for aviation and ship depot maintenance. Now, we have heard a lot of people say that that shortfall is much greater than that. The aviation shortfall is bouncing all over the place depending on which day we see it. It is either 120 planes and the next day it may be more than double than that.

Second thing, ship depot maintenance, last year we are looking at maybe \$120 million, this year we are talking about upwards of \$400 million, but whatever. The official list is \$395 million for aviation ship depot maintenance.

In light of such critical maintenance requirements, do you think it is justified to put \$76 million, a fourth of the total amount that we have in there, on infrastructure improvements for Mayport on a project that we are being told hasn't even been approved yet?

Secretary PENN. Yes, sir, I do. First the MILCON that we have for Mayport is for two projects, Pier Charlie 1 where we put the small boys is deteriorating. I was in Mayport a couple of weeks ago, and at this time we cannot drive a truck up to a ship that is berthed at Charlie 1 to offload supplies because the piers had sink holes in it and everything else.

At this time, we have to park the vehicles where we are loading supplies on the ships, that is Charlie 1 about 50 feet away, crane them across to the ship because of that inconvenience, which is a real hardship on everyone concerned.

As I say, there are two projects. Second, in regards to the outcome on the QDR on the carrier, we need to be able to transient. We need to put a carrier into Mayport for transient. We are not going to use the home porting now. We get the message, no home porting of a carrier in Mayport, but to be able to put a carrier into Mayport we have to dredge it.

The nuclear carriers, as you know, have different requirements, different depths, and that is what we are striving for.

Mr. FORBES. Mr. Arny?

Mr. ARNY. I concur with Mr. Penn. I was stationed on a conventional carrier out of Mayport, and due to a maintenance accident, some of our maintenance people installed a pump backwards, and the ship sank at the pier and didn't go down very far.

So to bring nuclear carriers in, to have the right safety for supply and re-supply, you need to have the dredging done. And Mr. Penn is right, the pier, apparently, is falling down, whether you station a carrier there or not or whether you—just for—that is more a maintenance of the facility rather than for a specific ship.

Mr. FORBES. When you are talking about the \$76 million that has been allocated in, though, it would be fair to say that most of the dredging project and pier work would only be needed if you were trying to put a nuclear carrier in there. Is that not correct?

Secretary PENN. Not for the pier work, sir.

Mr. FORBES. How much would the pier work be Mr. Penn?

Secretary PENN. Yes, the pier work alone is \$30 million.

Mr. FORBES. It is \$30 million.

Secretary PENN. Yes, sir.

Mr. FORBES. And what about the remaining \$46 million? Would that be to dig the ditch?

Secretary PENN. Yes, sir, that is for the ditch.

Mr. FORBES. Well the reason I ask that is because, you know, basically we know that there are some of these needs. The aviation needs—this 100 percent need that we have there we know that there is a 100 percent need for the depot maintenance. I think both of you would agree on that.

And the last question I will just ask you is this. Most of the concern that has been expressed about needing to do that dredging and get the nuclear carrier in that port was based on the fact that we would only have one naval base capable of home porting a nuclear carrier that has access to the Atlantic Ocean, and that a natural disaster terrorist attack has shut down the Norfolk's naval facility.

And so the question I would ask you is what risk assessment has been given to you, and who has given it to you that outlines the risk that such an attack would take place? And if you could just contrast that with the fact that we know we have a 100 percent need for the aviation shortfall and a 100 percent need for the depot maintenance shortfall.

In other words have you ever asked what that risk assessment is? Is it a 10 percent risk, 5 percent risk, 20 percent risk? Who gave you the risk assessment, and what was that risk assessment?

Secretary PENN. Sir, I think it is very difficult to quantify a risk assessment, either manmade or natural.

Mr. FORBES. Did you ever ask for it?

Secretary PENN. I have. I have asked my own staff for it. I haven't gone to the Navy and asked the operators for it.

Mr. FORBES. Did you ask the admiral that did the strategic dispersal plan, the one that we based the need to move the carrier and having a second port?

Secretary PENN. I did not. No, sir.

Mr. FORBES. Do you know of anyone in the department that did?

Secretary PENN. We will have to get back to you on that. I did not know. I would have to check, sir.

[The information referred to can be found in the Appendix on page 143.]

Mr. FORBES. If I told you that the admiral said that no one has ever asked him for that risk assessment. Would that be contrary to any evidence that you have to rebut that?

Secretary PENN. I will have to get back to you on that because he has a large staff working for him and, you know, sometimes we go with the Action Officer (AO) level to get responses.

Mr. FORBES. But normally he would know if that question had been asked of his staff or to him, wouldn't he?

Secretary PENN. Not necessarily, sir.

Mr. ARNY. Not necessarily.

Mr. FORBES. Okay. Then Mr. Arny, do you know of anyone who has ever asked that question?

Mr. ARNY. No, I do not.

Mr. FORBES. And I would just finally ask you, don't you think it would help to have asked what the risk assessment was? In other words we might have a meteor that falls out of the sky tomorrow, but we aren't putting money in the budget to cover that because we don't think the risk is very high. And I will just tell you that when I asked him if anyone had ever asked him that question, his answer to me was no.

And second, when I asked him if he could quantify that risk, he said it would be very, very small, less than 10 percent. And so my just comment to you is that when we are looking at situations where budgets seem to be driving our defense strategy.

And I know we can argue whether that is true or not. It just doesn't make much sense to me when we are taking 25 percent of the cost, that we basically know we need the aviation shortfall and for depot maintenance, and we are putting it to a situation where the admiral that writes the strategic dispersal plan will tell us that it is less than a 10 percent chance that we would ever need that.

But if you would go back and check with him and see if anyone has asked that question. And if you could respond to us on the record as to whether or not that question has ever been asked to him and what the answer to that is.

[The information referred to can be found in the Appendix on page 143.]

Secretary PENN. I will ask that question today, sir. The only problem, and I think you will agree, is the loss of a carrier is unacceptable.

Mr. FORBES. Oh, I don't think anybody disagrees with that, but the shortfall in planes is unacceptable too, shortfalls in depot maintenance from when we have ships that are failing our Inspection and Survey (INSURV) inspections, that is not acceptable to us either.

And Mr. Arny, I know—somebody slipped you a piece of paper. If you want to get that in the record go ahead.

Mr. ARNY. Well, sir, again I didn't question it because I do believe the dredging is needed, whether you home port a carrier there or not, because we are constantly bringing—even when we had a conventional carrier there we would bring in nuclear carriers that we have got to light load them to get in.

We have got to come in at high tide. It puts tremendous restrictions on it. We needed, in my opinion, we need to dredge that out whether you home port a nuclear carrier there because you are going to bring them in. You may not home port them there but you are going to bring them in and out as part of your annual operations.

Mr. FORBES. And my time is up, so I will yield back the balance of my time, but if you will get back to me on that risk assessment question as to whether or not anybody has asked it. And if you could give it to us for the record we would appreciate it. Thank you, Mr. Chairman. I yield back.

Mr. ORTIZ. The gentleman from Mississippi, Mr. Taylor.

Mr. TAYLOR. Mr. Chairman, with your permission, I am going to yield my time to Mr. Kissell and take his when his is due.

Mr. ORTIZ. Mr. Kissell.

Mr. KISSELL. Thank you, Mr. Taylor for yielding your time. I just wish you would give me your questions because Mr. Taylor always asks the best questions. But I will try to make do with a couple I came up with.

Mr. TAYLOR. Thank you, sir.

Mr. KISSELL. Mr. Calcara, I have noticed, unless I misread the number, that Army National Guard construction money is down \$460 million in the 2010 request from what was actually approved in 2009, and for Army families construction, housing construction down \$180 million from what was requested versus what was approved. Just wondering what the thinking is behind that?

Mr. CALCARA. Okay. On the Army housing side, most of those dollars are tied to capital investments into the Residential Communities Initiative (RCI) program, and as we continue to build out the RCI, we are at a 98 percent level. We don't require as much capital investment from the military construction account for those projects to keep going.

On the Guard side the numbers are down. I think if you compare request versus request from last year. And you look at some of the facilities that we are buying through the base closure on the Reserve side, we are actually bringing more capabilities to the Guard than was requested last year.

What I mean by that is if you will look about \$300 million worth of the Army Reserve projects, about half of those are shared with the Guard. So if you add those two numbers together, and you compare that to last year's requests, we are within about 10 to 15 percent on the numbers.

Mr. KISSELL. Secretary Ferguson, in a previous hearing it was indicated, and I can't give you real specifics on this, but there was just some indications that either through not having the fighter planes available for our Air Force Guard, the Air Guard, but somehow we are deemphasizing the Air Guard.

Just wondering if you could give me some reassurance that we are going to have those good pilots that are training in planes, that when we need them that they are going to be there?

Ms. FERGUSON. The Air Force is not looking to deemphasize the Air National Guard in anyway. The Air National Guard and the Air Force Reserves are a tremendous multiplier for the Air Force. They are deployed alongside our active duty members at all times.

I can get you a better answer for that, but in all of my meetings I have had I have seen no indication from the Air Force that there is any emphasis to do that.

Mr. KISSELL. So the emphasis is going to be there, as we have seen it, in terms of the equipment they can train on and the budgeting process so that they can continue to be there?

Ms. FERGUSON. Absolutely.

Mr. KISSELL. Okay. And Secretary Arny, one question, and I hope this is not too much home cooking. I am from North Carolina, and my district goes right to the edge of Fort Bragg, and we have most of the military reservation but none of the base.

A tremendous BRAC changes at Fort Bragg, tremendous incoming commands and we are very, very tickled with that and there is going to be a—I think the most flag officers outside of the Pentagon will be at Fort Bragg when all this is said and done.

But it has been mentioned to me that we are not going to have an Air Force officer of flag rank on the base. But there is still going to be a significant amount of Air Force presence, and there is some concern that if we don't have an officer of equal rank, that there might be some difficulty in going back and forth in terms of communication and getting things done.

It was suggested it might be a possibility of bringing in an additional ranking officer and staff. Just wondering if you know any on that?

Mr. ARNY. No, sir, that subject hasn't come up. As a former officer myself I don't see where that would be a problem. I would defer to my Air Force and Army colleagues on the specifics of it.

Mr. KISSELL. Did you all have any knowledge of any discussions on this? And once again I know this is getting down in detail but this is a pretty big operation and will be our largest Army base. If you all could get back to me on that I would appreciate that. Thank you. Thank you, Mr. Chairman. Thank you, Mr. Taylor.

[The information referred to can be found in the Appendix on page 144.]

Mr. ORTIZ. Recognize my good friend the chairman of the Intelligence Committee from El Paso, Texas, yes.

Mr. REYES. Thank you, Mr. Chairman, and I thank all the secretaries for being here with us this morning. I just wanted to start out by taking a few moments to talk about what is, from my perspective, something very frustrating, and that is the overseas rebasing decisions, and actually indecisions is a better word.

I think this morning I am frustrated beyond words with the latest edict that has come down that we are going to restudy this whole issue. I think, Mr. Chairman, this is an issue that has been studied and restudied, was studied by the rebasing, overseas rebasing commission, by the BRAC commission.

We thought that these decisions were made and had already been ratified only to find out that we are in the process of delaying the move of our troops back to the U.S., which in my opinion is a great waste of time and money and a disservice because most importantly it leaves soldiers and their families in old substandard facilities.

And it also forces our troops that are primarily going to be deploying to places like Iraq and Afghanistan to train in ranges that don't look anything like the areas that they are going to go into combat in. I think as a committee, Mr. Chairman, we need to really stand strongly on this.

The other thing that frustrates me is the fact that we seem to be rewarding the very countries that are reluctant to keep their part of the bargain in places like Afghanistan.

They are refusing to add additional resources and troops to help us out in Afghanistan which puts a further burden on our troops. I think we ought to take the stand that if you are not going to help us in these areas of the world that are critical, not just to us but to the whole world, then we stick with the original strategy and bring them home.

I guess my question this morning I would like to ask Secretary Arny or Secretary Calcara the fact that the Secretary of Defense

recently announced that he planned to stop the growth of the Army brigade combat teams at 45.

That means not creating the 46th, 47th, and 48th brigades, as had been announced and planned under the Grow the Army concept. And he also said that while he is stopping those three brigades, he is going to continue with the same levels that have been approved by Congress.

Part of the issue for me is that the Secretary said that he, in his words, he was going to, "thicken the force, and in doing so help to decrease the draw time between deployments," which I think all of us agree we fundamentally need to address.

So my question is this, where does the department plan to base the over 10,000 soldiers slated to serve in the now canceled three BCTs? I assume that we have a detailed plan, and that detailed plan has been discussed, has been presented before the decision was made by the Secretary to cancel out those three brigades.

So can you tell this committee what that plan is? How we are going to accommodate those 10,000 troops?

Mr. CALCARA. Sir, the answer is probably more detailed than we could get into today. We have essentially looked at those population spreads and where they are across the Army, and there are incremental adjustments at certain locations.

I guess what I am saying, and the short answer is we have identified Bliss, Carson, and Stewart as getting one less brigade because of the announcement. In theory there is a 3,500 person population delta at each of those locations. It is not exactly working out that way.

In some places we had BCTs that were not at full strength so they will be getting some of those people. At Fort Bliss, Fort Carson and Fort Stewart we didn't have people at full strength. They will be getting some people.

So I don't have a display for you available today going base by base where those numbers are spread, but the answer is, wherever we had shortages in combat teams and combat configurations across the Army.

Mr. REYES. When will that be available? Mr. Chairman, if we can get that information I would appreciate it. And when will that be available?

Mr. CALCARA. We are having a working session tomorrow with staff and we will try to provide that information tomorrow.

Mr. REYES. Well, can we get that, Mr. Chairman?

Mr. ORTIZ. Sure we can get that and I think that gentleman has raised some very important questions that hopefully we can get to the bottom of it. I know that we do have a lot of soldiers who are injured and incapacitated. And even though they are inactive duty, they can go back for combat duty, but you raised some very interesting questions, and I think we need to follow up.

Mr. REYES. Thank you, Mr. Chairman.

Mr. ORTIZ. Ms. Fallin.

Ms. FALLIN. Thank you, Mr. Chairman. I have a couple of questions about the public-private partnerships on the housing. And I am pleased that we have made such tremendous progress and are working with private sector to create better living conditions for our soldiers. So thank you so much for doing that.

I was reading where the Department of Defense plans to privatize, hopes to have about 87 percent of the family housing units privatized, including 188,000 units by 2010. And I have had the opportunity in my state to visit some of the facilities that we have had the public-private partnerships in, and my state has been very pleased with that in Oklahoma.

But I want to ask a couple of questions. It has been indicated that 36 percent of the awarded privatization projects will have occupancy rates that are below the expectations from some of the things I have read.

And I guess my question is what challenges will that present, and how do we plan to address that issue to ensure that we can increase those occupancy rates so that we can optimize these facilities and make sure that we are getting people in that need to be in there?

Secretary PENN. Yes, ma'am, let me take a shot at that. We have seen some of those reports, and we are working with the Government Accountability Office (GAO), and they had one that said that 36 percent of the occupancy rates were below expectation and more recently said it was 29 percent.

Our data shows 10 percent. We think they are including—if a house is occupied we have what we call a waterfall effect. The house is available for rent to an active duty member. If no active duty member wants the house, then we go down through a waterfall of Reserve members, civilians living on the base until you eventually get to—you can have civilians from the outside come in with the proper clearances.

Early on, we saw rates that were lower than expected because the management on the bases didn't quite understand how that worked. That has changed, and what we have seen are occupancy rates of 90 percent or greater.

Within the Navy we were looking at occupancy rates of like 95 percent. So again we have a disconnect with GAO, that we are trying to figure out where they are getting their numbers from if they are not including some of these people. If the house is occupied by an active duty member or a DOD civilian, it is still occupied.

Now the difference between everybody other than an active duty military is that they can only do a one-year lease. An active duty military person has a lease for as long as they are stationed there. So the waterfall effect still protects—while it protects our occupancy, we think we have balanced it to protect our service members.

Ms. FALLIN. Okay that makes sense. Now let me ask one other thing if I can, Mr. Chairman.

When you think about the housing markets in the United States and foreclosure rates and the availability of homes that are on the marketplace and even the credit that is available to build facilities, how will the financial markets affect the ability for the partnerships to be able to get the credit they need to be able to build these housing units? And will the foreclosure rates, the vacant home rates affect, I guess, the occupancy and the need?

Mr. ARNY. We are seeing an effect. Most of our housing projects were done prior—I would say the bulk were done prior to the market changing. And we have seen some debt servicing issues. We

don't have any. We are still considered a good risk, but we are seeing the fact that our rates aren't quite as good that we can get.

So essentially what we are having to do is lengthen the development. We are lengthening the development time in order to accommodate that. We believe we have enough flexibility in there. It is not perfect. We liked it when the market was great but we are accommodating that.

Ms. FALLIN. Okay. Thank you very much. Mr. Chairman, if I can yield the balance of my time to Congressman Fleming?

Mr. ORTIZ. Go right ahead, no objections.

Go ahead, sir.

Dr. FLEMING. Thank you, Mr. Chairman, and thank you to the gentlelady for yielding. My question, I have a very specific question to Mr. Calcara. My district, fourth district for Louisiana, is countercyclic to the rest of the country. We have two large bases, Barksdale and Fort Polk, and both of them are growing rather than declining. And we are real happy about that of course.

But we do have a problem in Fort Polk. It is doubling in size, taking in acreage, and at the same time building up brigade strength. And it is surrounded by a rural area, so we have a housing problem there. And so I would like to ask you if you know specifically what your plans are to help solve that? And if not, generally how we are going to attack that problem?

Mr. CALCARA. Yes, we are looking at Fort Polk, and we have been. It is not a simple answer from a privatization perspective because of the market issue there. One of the things that we have to look at is the ability to work within the authority's limits on cash investment, as well as priority or preferred returns that the private sector is now requiring on equity.

When we originally started this program, payouts in that range were in the 5 percent to 10 percent. We are now looking at equity premiums in the 16 to 20 range. So as we start paying more for private financing, as interest rates creep higher, as the long bond grows and spreads against the long bond grow, our ability to make privatization work there is limited.

But we think that is the best solution. We just think the timing to do that right now is probably problematic. But we are not ready to give up yet. We are looking at it and we will continue to try to find a solution for the housing problem there.

Dr. FLEMING. Thank you.

Mr. ORTIZ. Mr. Reyes.

I mean, correction, Mr. Marshall.

Mr. MARSHALL. Thank you, Mr. Chairman. You actually may have read my mind because I was going to bring up what Mr. Reyes has already spoken about. It is terribly important for readiness purposes, Mr. Chairman, that we have the active cooperation of the community surrounding our installations as we attempt to grow those installations.

For example, the local community has to make certain investments in order to meet the needs of the population that is going to be brought in. And that is particularly true of parts of our country which are more rural, and an awful lot of our installations are located in more rural areas.

If you are going to increase the size of the force by 3,000 or 4,000 people that effectively means 5,000 to 10,000 people are coming into this rural community. If the rural community does not prepare for that at our request, then when those new troops arrive the facilities simply aren't there to meet their needs, the needs of their families, the needs of their children.

The decision to reduce from 48 to 45 brigades causes a real problem for the communities that surround Fort Stewart, Georgia. This is a rural part of the country. Those communities are smaller communities that don't simply have excess capacity available to meet the needs of 3,000 to 10,000 people being brought in by DOD.

So at DOD's request, at Army's request, those communities invested north of \$450 million getting ready to receive a new brigade, and that money is the sort of investment we ask our partner communities to make routinely.

I think readiness in the future suffers if we don't live up to our end of the bargain. If we don't live up to our word, to our commitment to these communities, it causes them to reasonably rely on our requests.

And I think we need to seriously look at the decision to reduce brigades encouraging the Army and DOD generally to figure out what compensating decisions can be made in order to mitigate the negative impact of a decision like this?

Let us assume in fact we are not going to have the additional brigades. The Army nevertheless is not shrinking. It is growing. Certainly we can put warm bodies into Fort Stewart to, you know, basically meet the obligation that we have with those communities that have relied upon us in going ahead and meeting our need to bring new troops in.

And Mr. Chairman, I think maybe we need to have some committee report at the very least that directs that something along these lines be done. And with that, Mr. Chairman, I would like to yield the balance of my time, if there is no objection, to Mr. Kratovil from Maryland.

Mr. ORTIZ. Sure, no objection.

Go ahead, Mr. Kratovil.

Mr. KRATOVIL. Thank you very much. Thank you for yielding. I was recently at Fort Meade in Maryland and toured the installation there and went to some of the housing, the privatized housing, which was very impressive. The units were wonderful, had a great community room. There were certainly other very nice amenities to it.

I noticed though that the occupancy rates at a lot of these, in a lot of the relationships that we have in these housing, privatized housing arrangements, are not where they should be, or at least where it was expected.

One, is that true? And two, why is that and what can we do to change that? And if we don't change that, are these private partners going to be able to continue their investment in the long term?

Secretary PENN. Sir, we don't see those same low rates, as a matter of fact we have people standing in line. My son just moved into the area, and there is a line for Fort Belvoir. So he rented in the private sector. And again DOD-wide only 25 percent of our people are living on base and 75 percent are living outside.

We believe there are enough. First of all we don't have the evidence to show that occupancy rates are low. If they are low then the private sector partner is allowed to rent to other than active duty military people. He can rent to reservists, to government civilians and eventually he can rent to private citizens. So if there is a low occupancy rate we will take a look at it, but there shouldn't be one.

Mr. ORTIZ. Okay, are there any, go ahead.

Ms. FERGUSON. If I can answer from the Air Force perspective, certainly I don't have the info on Fort Meade, but what we have found in the Air Force is in the initial development period, our occupancy rate is lower there once the developer gets in there and they build new houses or renovate houses. And for our last quarter, Air Force overall is at 90 percent, which was our highest that we have had since 2006. We have continually seen an increase.

But to get to your point, as we continue to privatize the remaining bases that we have in the Air Force inventory, we have 22 bases left to privatize, we are going to go in with lower numbers than what we think we need and then build to the higher numbers when occupancy dictates it.

So we are going with a more conservative approach up front based on some lessons learned that the Air Force has had in our earlier projects.

Mr. KRATOVIL. Okay.

Mr. ORTIZ. Go ahead.

Secretary PENN. Sir, you also can't compare occupancy rate under privatized with our own occupancy rate in the old days, because in the old days if a house was taken out for maintenance, it wasn't counted as being occupiable. With the private sector guy, if he has an empty house whether it is down for maintenance or—it is an empty house so his numbers will be different.

Mr. KRATOVIL. Okay, thank you. I was also recently at a hospital in Harford County just outside of Aberdeen, and the hospital was saying that, you know, of course there has been a lot of discussion in terms of infrastructure related, the roads surrounding the installations and preparing for this growth that, of course, we are very happy to have in Maryland.

But they were saying that in terms of—they are very concerned about infrastructure—in terms of health care, to prepare for these folks coming. Are you hearing similar concerns at all in terms of the communities where you are going?

Secretary PENN. It depends on which community, but I haven't heard the health care issue other than I have heard some of the road issues, especially around the more urban locations at Fort Belvoir and stuff, but not around—

Mr. KRATOVIL. All right but is that an issue that we considered in terms of looking at the growth that is going to occur with the changes with BRAC and the consequences of that on these surrounding communities?

Mr. ORTIZ. Will the gentleman yield?

Mr. KRATOVIL. Mr. Chairman?

Mr. ORTIZ. You were given time from another member so we—

Mr. KRATOVIL. Mr. Chairman, I have no time to yield back, and please don't blame me.

Mr. ORTIZ. We will see if we can have a second round, but I want to go back to some of the questions that were asked. You know, I have been here and I have gone through, I think, five base closures.

This last base closure, I was able to see where the base closure commission and QDR commission, they were never able to synchronize with one another, and I think this is one of the reasons why we are having the problem that we are having today.

And this is one of the reasons why the local communities are going through what we are going through now. We made some horrible mistakes at the expense of local communities, but now I would like to yield to Ms. Bordallo, the lady from Guam.

Ms. BORDALLO. Thank you very much, Mr. Chairman. This is a very important hearing for me and my constituents. To all of our witnesses, thank you very much, Secretary Army, Secretary Penn, a most important thank you to you because you have had a real leading role in the Guam military buildup, and also to Secretary Calcara and Secretary Ferguson.

I also want to express my general support for the \$787 million in total military construction funding in the fiscal year 2010 budget for all of Guam's military installations, including the Guam National Guard.

Secretary Army, let me start with you. As you know, on April 9th, GAO report called on more senior level involvement from the DOD to make sure that Guam's local infrastructure issues were given more consideration in the federal budget process.

Specifically, the report calls for a meeting of the economic adjustment committee (EAC) for executive level coordination with other federal agencies. When can we expect the EAC to begin meeting to address the Guam build-up and how will Guam's local infrastructure concerns be addressed?

Mr. ARMY. Yes, Ms. Bordallo, the economic adjustment committee, we are working to set up a meeting. I don't have a date at this time, but it may not be—with the agencies not having their political appointees in place, it may not occur for another couple of months.

Ms. BORDALLO. All right. As soon as we hear of that date, you could correspond with us.

Secretary Penn, it is very promising to see some \$412 million requested for the Navy and Marine Corps construction, as well as \$259 million for the new hospital on Guam. Obviously, one of the impediments to executing these funds that I am confident this Congress will authorize and appropriate for is the completion of the draft environmental impact statement (EIS) and the record of decision.

So, Secretary, can you update the committee on its status and when we can expect to see a draft EIS and along these lines? I am also interested in learning more about how the department plans on using mitigation funding that this Congress authorized in Section 311 of last year's National Defense Authorization Act (NDAA)?

Can we expect to see roughly five percent to nine percent set aside in each MILCON project for such mitigation efforts, and is this something that we can count on from DOD?

Secretary PENN. Ma'am, we hope to get the master plan out so we can do the construction. We want to start in fiscal 2010. That is our goal and we are—at this plan for the EIS, we are working 86 different studies to make sure we do Guam right, okay?

And for saying the mitigation before we completed the studies would be very difficult, would not be good on our part. I know I specifically talked with the Department of Agriculture yesterday on things we can do as far as the mitigation measures are concerned.

I think we need the analysis completed before we can do the mitigation. There will be some that requires a more significant amount of funding than others, but until we have that analysis, the baseline, I don't think we can say what a specific percentage would be for the mitigation measures.

We are looking to mitigate all the areas that are impacted. That will be done, okay? It is the right thing to do. I mean the law requires it, but it is the right thing to do. So we are not going to destroy anything.

Ms. BORDALLO. Mr. Arny, do you have any comments on that?

Mr. ARNY. No, I don't. I am not sure of the section you are referring to, and I would like to get with your staff and figure that out.

Ms. BORDALLO. Good, all right. I am also concerned about support needed but seemingly absent from DOD for local and federal cooperating agencies in the EIS. It is my understanding that some lawyers in the department contend the economic act precludes DOD from helping to fund cooperating agencies for the Guam military build-up.

I hope that this can be resolved, especially for our local cooperating agencies that do not have the funds to review the EIS. So how can we get it right and done on time if DOD is not fully funding the EIS?

Can you comment on this matter and how it is being resolved, Secretary Penn?

Secretary PENN. Yes, ma'am, we are fully funding the EIS. The EIS is the Department of the Navy (DON) responsibility and that is what we are doing. We have brought all of the local agencies in. In fact, there is a major—Environmental Protection Agency (EPA) is having a meeting later this month on Saipan looking at all the Marianas, and I think Mr. Arny and I both met with EPA Region 9 last month.

Ms. BORDALLO. So that, for the record, will be fully funded by DOD?

Secretary PENN. Exactly.

Ms. BORDALLO. And then I have one last question. Go ahead, Mr. Arny.

Mr. ARNY. You may be referring to requests from Guam EPA for funding for them to review.

Ms. BORDALLO. Yes.

Mr. ARNY. We are not allowed to fund Guam EPA to review our documents in this particular case. This is not like a—we don't have a Defense-State Memorandum of Agreement (DSMOA) to work that and I can work with your staff on the details, but I believe the government of Guam says they will review the documents with the staff that they have.

Ms. BORDALLO. All right. Mr. Chairman, I have just one question and then no second round for me, if you don't mind?

Mr. ORTIZ. Make it short because——

Ms. BORDALLO. All right. Ms. Ferguson, thank you for your funding for the intelligence, surveillance, and reconnaissance (ISR) and the STRIKEs, as well as northwest field activities at Anderson Air Force Base.

As you know from past correspondence, I have been concerned about the Air Force's commitment to Anderson's military construction needs. We don't see these projects to be overshadowed or unnecessarily compromised due to increased Navy and Marine Corps program needs on Guam with the build-up.

Can we expect similar commitments in future years for Anderson?

Ms. FERGUSON. As you can tell from the 2010 budget, we have one project in there that supports the STRIKE Forward Operating Location (FOL) bed-down, as well as three projects that help facilitate the movement of the folks off the Korean Peninsula.

I can't comment on any projects that we have beyond fiscal year 2010 in this session.

Ms. BORDALLO. All right, thank you. And, Mr. Chairman, just to you, with recent developments from North Korea and their plans to now launch long-range missiles with supposedly Guam as one of their targets, it is our responsibility to provide security for the U.S. citizens of Guam, so I urge everyone to work together to get this military movement right. Thank you.

Mr. ORTIZ. Thank you so much.

Now, I will yield to Dr. Fleming.

Dr. FLEMING. Thank you, Mr. Chairman. Mr. Chairman, in light of the fact that I had my question answered, I am going to yield the balance of my time to the gentleman from Texas, Mr. Conaway.

Mr. ORTIZ. No objection.

Mr. Conaway.

Mr. CONAWAY. Well, thank you, Mr. Chairman. Thank you, Dr. Fleming, appreciate that.

Mr. Penn, real quickly, did you say that the EIS has been expanded on Guam to include all of the range areas that are necessary to make this thing work?

Secretary PENN. No, sir, I did not say that.

Mr. CONAWAY. What did you say? You said the EPA——

Secretary PENN. I said we are conducting 86 studies for the current EIS.

Mr. CONAWAY. You just said you were bringing somebody in to talk about the Marianas.

Secretary PENN. I said EPA is having a meeting on Saipan. I think it starts the 22nd of this month, to talk about all the EIS.

Mr. CONAWAY. Okay. That is unrelated to the work that has to be done for that?

Secretary PENN. Correct, right.

Mr. CONAWAY. While we are talking about the Guam movement, can the Marine Corps waive the flight safety issues at the replacement facility at Schwab?

Secretary PENN. No, sir, that is not the intent at all. We do not intend to do that.

Mr. CONAWAY. Well, how do you intend to make that system work? If the Navy is—how are you going to use that facility to replace the Futenma facility if you can't waive the flight safety issues that the Navy has?

Secretary PENN. I don't know what specific flight safety issues you are referring to, but with aircraft there are many, many things you can do to mitigate, everything from reducing the weight, operating at different temperatures, all those things that are always done on a daily basis.

In the pilot's pocket checklist, before I would launch, except from a carrier, I would go through and check my outside air temperature and—

Mr. CONAWAY. Well, wait, yes, but that—

Secretary PENN. [continuing]. And weight and everything and that is how you mitigate it. You can go down 1,000 pounds and get within limits.

Mr. CONAWAY. Okay.

Secretary PENN. We are not going to violate safety. We are not going to bend any safety rules at all to operate out of the field.

Mr. CONAWAY. Okay. Is this like a boxing match with one hand in your pocket?

Mr. ARNY. No, sir.

Secretary PENN. I don't think so.

Mr. ARNY. The Pacific commander has said, with the length of the runway and the length of the overruns required, that they can meet all their operational requirements, and the Marine Corps has agreed with that.

Mr. CONAWAY. Okay, so the Navy will certify that is a safe air place.

Secretary PENN. Yes.

Mr. ARNY. There is one—there may be some need for waivers in terms of, frankly, every field we have in America has waivers, but we will make sure they are mitigated or taken out or that we all agree that the risk is minimal.

Mr. CONAWAY. Okay, and then we can reduce the capacity of what we are trying to do, to get under those guidelines. Okay.

You know, construction budgets fluctuate, unlike say a personnel line where that is going to be pretty consistent, so going up and going down is not automatically a flag.

Mr. Arny, how do you look at system-wide—Mr. Calcara mentioned some of the requests being met is a better indicator, versus just simply the budget number changing.

How does the system look at system-wide construction needs to say, you know, what percentage of those needs are being funded rationally and, I mean, how do you look at your overall plan for deploying all these scarce resources against a spectacular array of needs?

Mr. ARNY. Well, what Mr. Calcara is referring to is that the Guard budget in particular, that Congress is grateful and—or we are grateful to Congress because they will usually add to that request, so we measure it from what we requested the year before, not from where Congress appropriated.

On the overall budget, we do look at it from year-to-year, which is one of the reasons we are trying to go to this Q rating, so that

we have a measure of what buildings need to be replaced and when they need to be replaced.

Part of the budget is also for new aircraft, new ships, new tanks and the facilities that go with that. And we rely on the services—we obviously rely on the services to meet their operational need and then we oversee it and make sure it is there.

Mr. CONAWAY. Did you just tell us that you intentionally under-budget because you know that Congress is going to add money on top of it?

Mr. ARNY. No, sir. We compare our budgets to what we requested—

Mr. CONAWAY. But let us just—earlier you—

Mr. ARNY. Just for the Guard. For the Guard part of it we compare our request for 2010 for instance to our request for 2009. We believe that fills the needs. If Congress adds things on that makes us—that Guard budget—puts it in better shape. We believe that the request will satisfy our needs.

Mr. CONAWAY. Okay, but you are counting on Congress plussing that up?

Mr. ARNY. No, sir, we aren't.

Mr. CONAWAY. All right, just making sure I hadn't misunderstood that.

Mr. Calcara, the Army has got five million acres short of places to run tanks and helicopters and all that kind of stuff. You dropped the request at Piñon Canyon from 400,000 to 100,000. How are we going to keep training the kids we need to train with this kind of a shortfall?

Mr. CALCARA. Yes, the shortfall was there. It has been validated through, you know, GAO and how we doctrinally compute it. In the short term, our position is to only acquire property in areas where the local delegation isn't supporting us.

In the case of Piñon Canyon, the mitigations are on battle mixes, on configurations, on tempo. We are still accomplishing a lot of training at Piñon Canyon. The question is how efficient and effective could we get by acquiring more training?

As communications systems develop, as unmanned vehicles develop, we require more physical square footage to really, truly test those types of equipment.

We are compromising some of that, obviously, with a reduced footprint, but we are still training there and there are workarounds. We just continue to work at it. We think we had a plausible strategy for Piñon Canyon. We had a willing seller at one point who changed course on us. We are going to continue to work it hard.

Mr. CONAWAY. Thank you, Mr. Chairman. Yield back.

Mr. ORTIZ. Mr. Loeb sack.

Mr. LOEBSACK. Thank you, Mr. Chair. I would like to thank all of you on the panel for being here today and for your service to our country. And I am very glad and very relieved to see that the three remaining BRAC 2005 sites in Iowa are in fact funded in this budget request for 2010.

Those three, of course, are Iowa National Guard Reserve Centers in Cedar Rapids, Middletown and Muscatine. Those facilities were constructed in 1916, 1950, and 1973, respectively, and are less than

the current authorized size for such structures. And improvements to these buildings will enhance training, recruitment and retention.

And I think, in particular, in light of the increased role that our National Guard Reserve components have been playing overseas in our two conflicts, and potentially in conflicts down the line.

I am also very glad to see the funding is included for equipment infrastructure modernization at the Iowa Army Ammunition Plant that is near Burlington, Iowa.

Most of the infrastructure at that plant, and I toured that plant, is over 60 years old and requires significant modernization in order to assure the safety of our workers, continuity of operations and timely delivery to our service members.

I just have two questions related to these two issues. I understand that funding for the Muscatine Reserve Center may be moved up to 2009. A decision may be coming soon. Could either of you, either Secretary Calcara or Secretary Army, address yourself to that question?

Mr. CALCARA. Yes, we currently have Muscatine tracking at about \$8.8 million in total program. We are experiencing some savings in projects as we are opening bids. Our intent would be, you know, once we think we have got past the lion's share of the program to try to pull some projects forward.

I would tell you it would probably be in the next 30 to 45 days where we would make that decision. We would like to get that one in at \$9 million if we could.

Mr. LOEBSACK. Okay, thank you. And then my second question has to do with not just the Iowa Army Ammunition Plant, but plants like it in general. There appears to be perhaps inattention to the deteriorating infrastructure of Army ammunition plants including the Army ammunition plant in Iowa.

Can you highlight how this budget supports modernization of infrastructure at these facilities including security for example, and also energy efficiency enhancements? Does the Army or does DOD have a long-term plan to address these issues? And either one of you or both of you can speak to that issue.

Mr. ARNY. Over a long-term basis we used to look at sustainment rates of 70, 75 percent. We are now at 90 percent. We would like to go to 100 if the budget would allow. We are also looking at developing this Q rating plan which will allow us to better measure the condition of our facilities.

And then we will be able to defend ourselves in the MILCON world against the procurement folks to say, "Look, if you want a Navy, Marine Corps, Air Force, Army that is capable, you have got to expend this much money."

We were also beneficiaries this year of the stimulus funds so we got an additional \$7.4 billion. And also in the 2010 budget we were able to sustain our sustainment funding in the latest budget round, so we are doing much better, and we have a better long-term way to do it. It is not there yet, but it is much better than we have done over the past 10 to 15 years.

Mr. LOEBSACK. Thank you very much, and I will yield back the balance of my time, Mr. Chair.

Mr. ORTIZ. The gentleman from Mississippi, Mr. Taylor.

Mr. TAYLOR. Thank you Mr. Chairman. I want to thank our panel for being here today. Mr. Arny, I am concerned, and I am going to ask for your personal oversight on the transfer of the property at Roosevelt Roads.

I think that all of our Defense Department has a bad habit of buying high and selling low, and I think again it is whether it is on paying too much for ships or aircraft or taking things that are of substantial value and selling it for less than they are worth, we have got to do a better job.

I am going to give you a for instance that I still haven't had an adequate response on. In my congressional district in Gulfport, Mississippi, Navy Retirement Home purchased 10 acres of land with 2 homes on it. One of the homes had a pool with riparian rights, which means it had access to build a pier out in the Gulf of Mexico.

They purchased that 10 acres in 2003 for \$5.7 million. In less than 12 months they sold off the 2 homes, the swimming pool and the riparian rights for less than \$1 million. So that means you paid \$570,000 for acreage timber that you could not access from the road, which you turned around and sold 2 homes and 3.4 acres for an average of \$280,000 an acre.

That is a bad deal. That is a terrible deal for the taxpayer, and quite frankly, I believe something is rotten there. I think somebody in your system gave away, literally gave away a public resource. Now the reason I say that is number one, I want that looked into. That is in my own congressional district, but I want it looked into.

I don't want to see that happen. I had visited Roosevelt Roads on several occasions. That is a phenomenal piece of property. I realize the market right now for real estate is at an all time low so the first question is do we want to be selling this phenomenal piece of property when the market is terrible, or do we want to wait a few years and get an actual value for that property when the economy recovers, and I believe it will.

Has anyone given any thought to that? And the other perfect example I will give is in our quest to balance the budget, around 2004, 2005—I am sorry. Yes, in our quest to balance the budget during the Clinton years, shortly after the 1994 election, we sold off the oil shale reserves when the price of oil was at \$11 a barrel.

What did it reach last summer, almost \$150? So again, there is a pattern here where we are not being good stewards. We are in a rush to make this year's books look good. We do a very poor job long term, and I am curious what is going to be done to kind of change that mentality so we try to buy things for the best price and sell things at the best price for the taxpayer.

Mr. ARNY. Mr. Taylor, I agree with you completely. Let me mention in the Mississippi situation. A year or so ago you had raised this, and I put it in the system. I don't believe that the home falls under DOD anymore, and I am not sure. I was in Navy for six years. That never came under our purview.

I think it is a separate management. When I was at OMB in the mid-1980s, late 1980s, the various homes were separate agencies from DOD. They were not controlled by DOD.

Mr. TAYLOR. Mr. Arny, again, I remember the funds collected from soldiers, sailors, airmen, and Marines fund that, so I think that was very much a DOD nexus.

Mr. ARNY. Yes, sir, and again, but it is not something that—it is a separate little agency if I recall, and I read the articles, and I agree with you that that should be investigated.

Second, on Roosevelt Roads, if it were, and I did base closure for Mr. Penn, if you will recall 4 or 5 years ago, we sold several bases in California and brought in over \$1.1 billion in revenue that then we used to monetize cleanup.

That is the position the department prefers to be in where land has real value. We would like to have the flexibility to be able to sell what the community doesn't need in terms of direct economic development conveyances.

However, as you well know, we are frequently pressured, as we are being again this year, to give things away for nothing, so I would argue that if you leave—the services have now plenty of tools in their toolbox to provide benefit to the communities, and to provide value back to the taxpayers of the country where land is valuable.

And they also have the ability to wait to sell if they are not pressured to change their rules now.

Mr. TAYLOR. Well, again, I want to get it on your radar screen because I hope someone, before a contract is let, is going to look at that and say wait a minute. Is that a fair price for the taxpayers, and shouldn't we just wait a little while until the market recovers?

You sold that property in California when the market was red hot. That was a smart move, but I would certainly hope that someone is going to take the time to make sure that what we get should it be sold is at a fair price to the taxpayers.

Mr. ARNY. Well there are measures, I am told, that will be in your bill that will demand that we do no cost transfers.

Mr. TAYLOR. Thank you, sir.

Mr. ORTIZ. Mr. Kratovil.

Mr. KRATOVIL. Thank you, Mr. Chairman. I apologize for going over my initial time. I was so excited to be able to ask a question I couldn't contain myself, so thank you. Sort of a general question, can any of you discuss—I guess Mr. Arny, the progress in the realignment process of Walter Reed to the Naval Bethesda Hospital.

Mr. ARNY. Yes, sir, I can't give you all the details, but it is on track. The construction is underway. We have a plan that will be complete on time and the facilities will be there.

Mr. KRATOVIL. So as of right now, it is on track and we anticipate that it will be completed as scheduled?

Mr. ARNY. Yes, sir.

Mr. KRATOVIL. All right, Fort Meade's Warrior Transition Unit right now is about—my understanding is it is at about 150? My understanding is there hasn't been any decision as to whether or not that is going to be a permanent unit, apparently still pending.

The concern that I have is that those numbers are continuing to grow and without a final determination, the resources necessary to deal with that growth are not forthcoming. My question is, assuming until that decision is made, assuming the unit remains at that

level or continues to grow, can Fort Meade count of the resources necessary to deal with it?

Mr. ARNY. We have Warrior Transition Units all over the Army, and I think our strategy is to meet surges and spikes where we have capabilities for care. In the Fort Meade situation we are monitoring it closely.

The center was sized based on the best information available. The best I could tell you is I don't have any reports that it is undersized or they are experiencing any difficulties at this time.

Mr. KRATOVIL. My understanding was that the estimates were around 80, and now it is about 150, and it is continuing. The expectations are, because I was just there, are continuing to grow, and again my concern is at the same time we are having these units to provide obviously necessary resources, we are going to set ourselves up for failure if we don't have the resources in the places where we are sending these soldiers.

So it is something I would like to ask you to keep an eye on, particularly as it relates to Fort Meade.

Mr. ARNY. We will, and again, we are applying an enterprise concept for Wounded Warrior Units looking across the Army where capacity exists.

Mr. KRATOVIL. Thank you. I yield back.

Mr. ORTIZ. Mr. Kissell.

You know, going back to what the Navy buys and sells, without having to mention any service at all, we have a piece of land in my district that they could have bought for about \$700,000 but they waited and waited and waited and waited.

When they came back, now they are going to have to pay \$11 to \$12 million or more. So this is why some of the members are disturbed and rightly so, you know? I mean to us, taxpayers' money is very sacred, and I don't have to mention the agency's name. I think some of you know who I am talking about, but anyway we are going to have votes in a few minutes.

We are going to have about 5 votes, which means that if we don't finish our questions you guys will have to stay here for the next 45 minutes to an hour, and we are not going to punish you like that.

So I just have one last question for my good friend Secretary Arny. This round of BRAC wasn't like any previous round, and the implementation of the BRAC commission recommendations were complex and interrelated. Is the department going to complete all the realignment proposed by the BRAC commission by September 2011?

If so, what extraordinary measures will the department adopt to meet this deadline? Maybe you can clue us, are you going to be able to meet this deadline?

Mr. ARNY. Yes, sir, we are going to meet that deadline, and I, you know, in our House Appropriations Committee (HAC) MILCON hearing, you know, all the services agree. We are all on track. We are going to meet it.

Mr. ORTIZ. I know you for a long time. I trust you.

Mr. ARNY. Okay.

Mr. ORTIZ. Hearing no further questions, this has been a very good hearing, and you can understand the concerns of the com-

mittee and their interest as to why they ask some of these questions, but thank you so much for your service.

Thank you so much for joining us today, and hearing no further questions, this hearing stands adjourned.

[Whereupon, at 11:45 a.m., the subcommittee was adjourned.]

A P P E N D I X

JUNE 3, 2009

PREPARED STATEMENTS SUBMITTED FOR THE RECORD

JUNE 3, 2009

CHAIRMAN ORTIZ OPENING STATEMENT
MILITARY CONSTRUCTION HEARING
READINESS SUBCOMMITTEE
June 3, 2009

This hearing will come to order.

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

Today the Readiness Subcommittee will hear about our military construction and BRAC programs.

In general, I am pleased with the budget request this year. I think it does a good job of advancing a number of important initiatives, including fully funding the BRAC 2005 process, providing the infrastructure to support our growing force, and recapitalizing an aging infrastructure.

However, I am also concerned about trends that I see within the Department.

First of all, in the BRAC 2005 process, I am disturbed at the apparent cost escalation over the past few years. Since the Department submitted the first budget request to implement the findings of the BRAC 2005 Commission, the costs to implement this program have almost doubled to 34 billion dollars.

While a variety of reasons have been attributed to this growth, I believe the assumptions underlying the 2005 BRAC recommendations were flawed.

The Department has indicated that its analysis of the BRAC recommendations was based on consistent planning assumptions. Unfortunately, those planning assumptions were completely inadequate. This type of bad cost data leads to bad decisions.

I am also concerned about whether we can meet the statutory completion date of September 2011. With so many of the chess pieces moving in 2011, I am concerned that shortcuts may be taken and money may be wasted in an attempt to meet the deadline.

It is important that the Department take a critical look at this program and review the implementation timelines to ensure that government waste is eliminated and artificial acceleration initiatives are avoided.

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 in strict compliance with the BRAC decisions.

On another subject, I wanted to discuss strategic realignment of U.S. forces in the Pacific. The most pressing issue relates to Marine Corps realignment from Okinawa to Guam. In Guam alone, we are expecting more than 10 billion dollars in construction in the next few years.

It is important to note that Guam is not the only expanding location. Included in this realignment is the expansion of forces to the Futenma Replacement Facility at Camp Schwab in Okinawa.

I believe it is important to get both of these decisions right and to make sure our long-term relations with our Pacific partners remain vibrant and viable for the foreseeable future.

Let me turn our attention to another equally important subject, the basing of aviation assets.

I understand the Department is facing a number of basing decisions this year. The most expansive involves the Joint Strike Fighter. The Air Force alone needs to determine the location of four operational JSF bases and one additional pilot training center.

The problem is that the Joint Strike Fighter is much louder than the F-15, F-16 and F-18 aircraft.

In the basing of future aviation assets, the Department needs to take great caution in balancing the needs of the armed forces with the competing requirements of expanding, local communities. A long-term outlook needs to be taken into account to ensure that the nation has a viable, unencumbered aviation infrastructure that fully supports the missions of the armed forces.

Finally, I remain concerned about the continued underfunding of the sustainment of our military infrastructure. Funding only 90% of the maintenance requirement is shortsighted and only raises costs over the long term.

This chronic underfunding of infrastructure will remain a critical issue of interest for this subcommittee. We can do better and I look forward to working with the Department on making this a reality.

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.

Today, we have a panel of distinguished witnesses representing the Department.

Our witnesses include:

Mr. Wayne Army, Deputy Under Secretary of Defense for Installations and Environment, Department of Defense

Mr Joseph Calcara, Deputy Assistant Secretary of the Army (Installations and Housing)

The Honorable B. J. Penn, Assistant Secretary of the Navy (Installations and Environment)

and

Ms Kathleen Ferguson, Deputy Assistant Secretary of the Air Force (Installations)

Without objection, the witnesses' prepared testimony will be accepted for the record.

Forbes Opening Statement for Hearing on Fiscal Year 2010 Budget Request for Military Construction, Family Housing, and BRAC

Washington D.C. – The Armed Services Subcommittee on Readiness today held a hearing to review the Administration's 2010 budget request for Military Construction (MILCON), Family Housing, and BRAC. The subcommittee's Ranking Member, U.S. Congressman J. Randy Forbes (R-VA), released the following prepared remarks for the hearing:

"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.

"Frankly, Mr. Chairman, I am frustrated with the budget the Department has submitted. While we need to hold this hearing in preparation for our subcommittee markup next week, we have been given incomplete information at best.

"It is difficult enough to properly consider a complex military construction budget under our compressed schedule. Worse, we have no future years defense plan, or FYDP, to help us understand future intent. Finally, and most disturbing, major Defense Department decisions announced after the budget was locked will require budget adjustments, and detail on these adjustments is still not available.

"While understandable to some degree in a new administration, many large decisions have been pushed to the quadrennial defense review, or QDR, leaving us in a quandary about what is real and what has changed in the budget request.

"For example, the Secretary of Defense's recent decision to limit the Army's BCT growth to 45, rather than 48 brigades, calls into question the Army's military construction program. Even though the Army finally identified the brigades that will be lost, the ultimate BCT footprint is still undetermined pending QDR review of re-stationing two BCT's from Europe. The reality is that the Army cannot articulate with any precision how the fiscal year 2010 budget request should be adjusted.

"In addition, the Deputy Secretary of Defense delayed the Navy's earlier recent decision to homeport a nuclear aircraft carrier at Mayport, Florida pending the outcome of the QDR. While I support the Department's review of the decision, the Navy still has requested funding that could be used in furtherance of making Mayport a carrier homeport. It is difficult for me to support a legitimate request to have another east coast 'port in a storm' when I know that it could be used as a down payment for the unnecessary expense of making Mayport a nuclear carrier homeport.

"There are equally vexing, unresolved issues involving the basing of joint strike fighter squadrons around the United States due to pending environmental reviews; the Marine Corps realignment from Okinawa to Guam based on questions about the availability of Marine training areas in the Pacific and flight safety certification of the Futenma Replacement Facility; and the Department's brinkmanship on completing BRAC moves at a number of sites.

"This budget also defers a number of land acquisition challenges. Even without a FYDP, we know that the Navy wants an Outlying Landing Field for Oceana based aircraft squadrons; the Army wants to acquire more training land at Pinon Canyon, Colorado; and the Marine Corps intends to acquire large tracts adjacent to 29 Palms Marine Base, California. Each of these actions is important for the readiness of Army, Navy, and Marine Corps units, and each comes with considerable public concern or opposition.

"All of these acquisition and basing issues are sensitive national security and local matters, requiring the considered judgment of Congress in possession of all the facts. But we don't have the facts nor do we have 'transparency'. Instead, we are asked to approve a budget funding decisions that will be revisited during the QDR. Mr. Chairman, I think it's fair to expect that we will make modifications to this request, unless today's witnesses are prepare to resolve some of the questions I have posed. Our constituents rightly expect us to understand the consequences of budgets we approve, and I do not believe we have what we need to approve this request."

HOLD UNTIL RELEASED
BY THE COMMITTEE

STATEMENT OF

MR. WAYNE ARNY

DEPUTY UNDER SECRETARY OF DEFENSE

(INSTALLATIONS AND ENVIRONMENT)

BEFORE THE

SUBCOMMITTEE ON READINESS

OF THE

HOUSE ARMED SERVICES COMMITTEE

JUNE 3, 2009

Introduction. Chairman Ortiz, Congressman Forbes, distinguished members of the Subcommittee: I appreciate the opportunity to appear before you today to address the President's Budget request for fiscal year (FY) 2010 and to present an update on the status of our nation's military installations.

Overview. Our installations are the platforms from which America's military capability is generated, deployed, and sustained. They play an essential part in addressing two principal objectives of the Department. First, they take care of our military forces, our most important asset. Secondly, they support and enhance our capability to meet the military challenges that we face today, and those that we may face in the coming years. Our installations provide training facilities for new recruits and career service members, maintenance shops and depots to repair and refit their equipment, and quality work and living spaces that warfighters and their families deserve. Our primary focus is to ensure that our military installations are capable of supporting the missions of our forces, today and in the future. To successfully provide this support, we focus our resources on programs and initiatives that will provide the necessary infrastructure in the most effective and efficient manner.

America's military installations, including both their built and natural environments, must be managed in a comprehensive and integrated manner to optimize our investment in the assets needed to accomplish the mission. In the United States and overseas, the Department currently manages over 539,000 facilities, with a plant replacement value exceeding \$700 billion, located on approximately 29 million acres of land. These assets must provide modern and safe work and training areas for our military forces, as well as quality housing.

Before updating you on our FY 2010 Installations and Environment programs, I'd like to talk briefly about the impact on our military infrastructure of two extremely important challenges facing our nation. The first of these is Overseas Contingency Operations (OCO).

Overseas Contingency Operations. Military construction is a key enabler of OCO, directly supporting wartime operations by providing operational and support facilities at key locations. In April, the Department submitted its FY 2009 OCO funding request for \$2.3 billion. This investment will help the Department execute realignment of forces into and within Afghanistan, by enabling strategic and operational flexibility and increasing Intelligence, Surveillance, and Reconnaissance (ISR) capabilities. The FY 2009 request will also facilitate access to child care and improve support facilities for wounded warriors and their families.

The FY 2010 OCO request of \$1.4 billion continues the important objective to increase the U.S. presence in Afghanistan, specifically the Regional Commands South and East. The facilities required to sustain, protect, and house these personnel include utilities, roads, housing, and dining facilities as well as environmental projects. The FY 2010 OCO request will increase the capacity of air lines of communication, broaden logistics and intelligence capabilities, and provide the ability to reposition forces as the situation dictates.

American Recovery and Reinvestment Act (ARRA) of 2009. The other challenge is the downturn in the economy, and in response, the ARRA of February 2009. This effort will have a significant impact on DoD's facilities. The Department is applying the funding to enhance our ability to provide high quality installations and facilities and to improve our energy efficiency.

The ARRA includes approximately \$7.4 billion in Defense-related appropriations. The Military Construction (MilCon) and Operation and Maintenance (O&M) funds provided by the

Act are available for obligation through the end of FY 2013 and FY 2010, respectively. The Department has identified over 4,200 projects in the following categories:

- \$4.2 billion in O&M accounts to improve, repair, and modernize DoD facilities, including energy-related improvements
- \$1.3 billion in MilCon for hospitals
- \$240 million in MilCon for child development centers
- \$100 million in MilCon for warrior transition complexes
- \$535 million for other MilCon projects, such as housing for Service members and their families, energy conservation, and National Guard facilities
- \$300 million to develop energy-efficient technologies
- \$120 million for the Energy Conservation Investment Program (ECIP)
- \$555 million for a temporary expansion of the Homeowner's Assistance Program (HAP) benefits for private home sale losses of DoD military and civilian personnel
- \$15 million for DoD Inspector General oversight and audit of ARRA execution

In addition to providing much needed facility improvements and funding for important energy research programs in support of the national effort to achieve greater energy independence, the ARRA will also contribute to our ongoing efforts to "green" DoD's built infrastructure. In their baseline MilCon programs, the Military Services have taken the lead in ensuring a sustainable future for the Department by directing that new construction meets both the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) Silver Certification standard and the Federal Leadership in High Performance and Sustainable Buildings Memorandum of Understanding. In executing ARRA projects, this type of forward

thinking directly translates to 115 projects and \$2.3 billion in the MilCon and military family housing construction programs designed and built to LEED Silver Certification standards.

DoD is committed to ensuring that ARRA funds are expended responsibly and in a transparent manner that will further job creation, economic recovery, and the overall improvement of our military infrastructure. Over the coming months, we'll be keeping the Congress and the public apprised of our progress in executing these funds.

Facilities Investment. Now I would like present an overview of our Installations and Environment programs beginning with MilCon and related facilities investments. The FY 2010 MilCon and Family Housing Appropriation request totals \$23 billion, which is a decrease of \$1.9 billion from the FY 2009 budget request, but still compares very favorably with historic trends. The decreased funding is primarily in the Base Realignment and Closure (BRAC) and Family Housing programs, which I will discuss in more detail shortly. The budget request will enable the Department to respond rapidly to warfighter requirements, enhance mission readiness, and provide essential services for its personnel and their families. In addition to new construction, this funding will restore and modernize enduring facilities, while eliminating those that are excess or obsolete. A large part of the funding is targeted for initiatives to support the realignment and increase in endstrength of forces, projects to improve and update facilities, and projects needed to take care of our people and their families, such as family and bachelor housing, Warrior in Transition housing, and child development centers.

Comparison of Military Construction and Family Housing Requests

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

	FY 2009 Request	FY 2010 Request
Military Construction	11,283	12,835
NATO Security Investment Program	241	276

	FY 2009 Request	FY 2010 Request
Base Realignment and Closure IV	393	397
Base Realignment and Closure 2005	9,065	7,480
Family Housing Construction/Improvements	1,457	489
Family Housing Operations & Maintenance	1,741	1,444
Chemical Demilitarization	134	147
Family Housing Improvement Fund	1	3
Energy Conservation Investment Program	80	90
Homeowners Assistance Program	5	23
TOTAL	24,400	23,184

We are continuing ongoing initiatives to reshape and resize our infrastructure, and at the same time, we recognize that there will be localized growth in the facilities footprint to accommodate changes in force structure, end strength, and weapons systems. These efforts include facilities to support Army Modularity, Army and Marine Corps Grow-The-Force initiatives, and bed-down of new weapons systems such as the Joint Strike Fighter.

While our basing initiatives continue the process of reconfiguring our overall physical plant, and acquiring facilities for future requirements, we cannot lose sight of the importance of maintaining and modernizing our existing facilities. It is imperative that we continue to invest in our existing infrastructure, and plan for the appropriate level of investment in all our facilities going forward.

Facilities sustainment has been and continues to be the most important program to support the overall health of our inventory of facilities. Sustainment funds regularly scheduled maintenance and major repair or replacement of facility components expected periodically throughout the life cycle of a facility. Investing in sustainment prevents deterioration, maintains safety, and preserves performance. As you know, we use the Facilities Sustainment Model

(FSM) to estimate the funding requirements for our facilities. The model uses benchmark costs from public and private sources which are updated on a regular basis. Our goal continues to be full sustainment of our facilities to optimize our investment and ensure readiness. The FY 2010 President's Budget provides \$7.8 billion for sustaining the Department's significant inventory, representing 91 percent of the FSM requirement.

The second key element of our facilities investment program is recapitalization, which includes restoration and modernization, and is funded primarily with O&M and MilCon appropriations. Restoration includes repair and replacement work to restore facilities damaged by inadequate sustainment, natural disaster, fire, accident, or other causes. Modernization includes alteration of facilities to implement new or higher standards, accommodate new functions, or replace building components that typically last more than 50 years. The Department remains committed to maintaining a rate of investment in facilities recapitalization that will improve, modernize, and restore existing facilities, and replace them when it is more economical to do so. To that end, we're refining the way we calculate the required investment for recapitalization, and more closely aligning it with the actual condition of each facility. We will keep you apprised of our progress as we develop the new methodology.

Sustainment and Recapitalization Request

(President's Budget in \$ Millions)

	FY 2009 Request	FY 2010 Request
Sustainment (O&M-like) *	7,482	7,799
Restoration and Modernization (O&M-like plus)*	1,780	2,035
Restoration and Modernization (MilCon)	8,102	6,527
TOTAL SRM	17,364	16,361

**Includes Operation and Maintenance (O&M) as well as related military personnel, host nation, and working capital funds and other appropriations such as Research, Development, Test, and Evaluation (RDT&E)*

Separate and distinct from the BRAC process, we continue to right-size our inventory through the elimination of excess and obsolete facilities. The Military Departments continue to maintain and execute robust disposal and demolition programs to improve the safety and aesthetics of our installations, to ensure that only essential facilities are retained, and to reduce overall operating costs. In FY 2008, the Department eliminated 6 million square feet of unneeded facilities. Another 5.5 million square feet is projected for demolition in FY 2009. The FY 2010 request includes almost \$200 million to eliminate approximately 8 million additional square feet of unneeded infrastructure.

Global Defense Posture. Now I'd like to tell you more about our initiatives to provide the right military facilities in the right location with the right capabilities, beginning with the status of our global restationing efforts. As we continue with planned posture changes to meet our world-wide missions, the Department is improving its ability to contend with post 9/11 security challenges and developing more relevant relationships and forward capabilities for 21st century expeditionary operations. The FY 2010 MilCon request supports the Department's efforts to strengthen our forward military presence, including facilities and infrastructure, and to transform overseas legacy forces, Cold War basing structures, and host-nation relationships into a flexible network of access and capabilities with allies and partners. These efforts include:

- Continued force posture realignments within and from Central Europe which enable advanced training and flexible ground force capabilities to support NATO's own transformation goals. The European Command's transformation and recapitalization efforts will require investments in fixed facilities, mobility, prepositioning of equipment, and interoperability. Future infrastructure requests will enable the elimination of substandard housing and will include projects that support continued transformation efforts.

- Shifting our European posture south and east by transforming the 173rd Airborne Brigade in Italy, and establishing infrastructure support for rotational presence in Romania and Bulgaria. Permanent Forward Operating Sites and other training facilities in Romania and Bulgaria have projected completion dates of 2009 and 2011, respectively. In addition to supporting a full-time training effort, Joint Task Force-East provides the logistical base for United States Air Forces in Europe and Special Operations Command Europe exercises in Eastern Europe and Eurasia.
- Continued progress toward future realignments in the Pacific as part of U.S.-Japan force posture changes that will have far-reaching, beneficial impacts for the U.S.-Japan alliance, and will shape our strategic posture throughout the Asia-Pacific region. While Japan is shouldering most of the costs associated with the planned posture changes per the Defense Policy Review Initiative (DPRI), U.S. MilCon funds are necessary to complete remaining facility construction and other infrastructure needs on Guam. MilCon funding will provide projects such as utilities and airfield pavement to bed-down Marine aviation at Andersen Air Force Base, wharf improvements, and the relocation of a military working dog facility at Naval Base Guam. Investments are also needed to improve off-base infrastructure, including selected roads and bridges required for throughput of necessary construction materials.
- Continued consolidation and restructuring of forces on the Korean peninsula to strengthen our overall military effectiveness and to prepare for transitioning wartime operational control of Republic of Korea (ROK) forces to the ROK military forces by 2012. This includes relocating U.S. troops out of Seoul, returning most of Yongsan Army Garrison to the ROK, and consolidating remaining troops into two hubs south of Seoul. This effort positions U.S. forces to better conduct combat operations should deterrence fail on the Korean peninsula,

and makes the U.S. presence less intrusive on the Korean people. We anticipate the ROK to continue funding much of the facilities and infrastructure construction for this transition in accordance with the amended Land Partnership Plan and Yongsan Relocation Plan.

However, MilCon funding is needed at Camp Humphreys to support U.S. Army forces relocating from camps north of the Han River.

- Developing basic infrastructure and capabilities for current and future operations in the U.S. Central Command area of responsibility and other overseas contingency operation areas.
- Enhancing contingency access through an array of sites in Africa that serve as focal points for combined training, capacity building, and broadened relationships with host nations and other partners. MilCon funding is needed at Camp Lemonier, the Department's enduring Forward Operating Site in Djibouti, to support such requirements and improve infrastructure needs within the U.S. Africa Command.

The Department continues to maintain and strengthen host-nation partnerships supporting these posture changes. The FY 2010 global defense posture projects ensure strengthening of forward capabilities for OCO and other expeditionary non-traditional missions, commitment to alliance goals and collective defense capabilities, and enhanced deterrent capabilities for addressing future security challenges.

Base Realignment and Closure (BRAC) 2005. In addition to our global posture realignments, we continue to execute BRAC 2005, the largest round undertaken by the Department. After an exhaustive examination of over 1,200 alternatives, the Secretary of Defense forwarded 222 recommendations to the BRAC Commission for its review. The Commission accepted about 65 percent without change and its resulting recommendations were approved by the President and forwarded to the Congress. The Congress expressed its support of

these recommendations by not enacting a joint resolution of disapproval by November 9, 2005, therefore, the Department became legally obligated to close and realign all installations so recommended by the Commission in its report. These decisions affect over 800 locations across the Nation and include 24 major closures, 24 major realignments, and 765 lesser actions. The BRAC Act required that the Department begin implementation of each recommendation within two years of the date the President transmitted the Commission's report to the Congress and complete implementation of all recommendations within six years of that date. The Department continues to monitor BRAC implementation to ensure we are meeting our legal obligation.

Beyond the comparative size, it is important to note that BRAC 2005 is the most complex round ever. This complexity is not merely a function of its magnitude, but is, to the largest extent, a function of the original goal established for this round: that BRAC 2005 would focus on the reconfiguration of operational capacity to maximize war fighting capability and efficiency. Focusing on operational capacity required that we appropriately assess the increased military capabilities we are achieving through these recommendations.

We accomplished that requirement and, through BRAC, are significantly enhancing each capability. Two locations, Fort Bliss, Texas, and Naval Air Station (NAS) Brunswick, Maine, highlight what we are achieving. Fort Bliss is the largest operational Army BRAC movement. Approximately 15,000 Soldiers and their family members will move to Fort Bliss and the surrounding communities, and construction of BRAC operational facilities is moving ahead as planned in preparation for the arrival of the 1st Armor Division at Fort Bliss. In September 2008, Soldiers of the 1st Brigade, 1st Armored Division took occupancy of the first Brigade Combat Team (BCT) Complex. Soldiers of the 4th Brigade, 1st Armored Division are now in temporary facilities and eagerly await completion of the second BCT complex scheduled for

September 2009. The Army has programmed the construction of several quality of life facilities to support this growth including dental/health clinics, a hospital, a child development center, a commissary, a physical fitness center, and youth centers.

The closure of NAS Brunswick will reduce operating costs while allowing the single-siting of the East Coast Maritime Patrol (VP) community at NAS Jacksonville, Florida. NAS Jacksonville and NAS Brunswick are collaborating to ensure seamless relocation of five aircraft squadrons along with the realignment of the maintenance functions and various mission support groups. In preparation for the arrival of the first Brunswick aircraft, a new type II hangar construction project is on track for completion this month. It will be the home for the first returning Brunswick VP squadron which is currently deployed. The hangar, the Navy's largest, will provide maintenance spaces for all five Brunswick squadrons and will also be able to support the future transition to the P-8 Poseidon multimission maritime aircraft.

A key component of this BRAC round was rationalizing medical infrastructure. This rationalization was needed to address the transformation in healthcare that has occurred since these facilities were constructed, and to adapt our facilities to the continuing changes in warrior care. At one end of the scale, BRAC enabled the Department to close seven small and inefficient inpatient operations, converting them to ambulatory surgery centers. BRAC also enabled DoD to realign medical operations from McChord Air Force Base, Washington, to Fort Lewis, Washington, and to transform the Medical Center at Keesler Air Force Base, Mississippi, into a community hospital. On the larger end of the scale, BRAC enabled DoD to realign two of its major military medical markets: San Antonio, Texas, and the National Capital Region (NCR). The strategic realignments in San Antonio of Brooke Army Medical Center and Wilford Hall medical center, and in the NCR of Walter Reed Army Medical Center and the National

Naval Medical Center at Bethesda, Maryland, address critical needs to realign and consolidate key clinical and clinical research capabilities, undertake serious facility modernization requirements, as well as better matching facility locations and capabilities, achieving medical advances, and adapting to changing needs of wounded warriors.

For the NCR, the FY 2010 costs (including the \$263 million included in the FY 2009 supplemental request) are \$2.4 billion. As is the case with San Antonio, costs rose due to construction inflation, wounded warrior lessons learned, and unforeseen costs as the construction process has unfolded.

Unique to the NCR is the effort to enhance and accelerate construction at Bethesda and Fort Belvoir, Virginia, as a result of lessons learned and the Department's commitment to implement the recommendations of the Independent Review Group (IRG) on Rehabilitative Care and Administrative Processes at Walter Reed Army Medical Center and National Naval Medical Center Bethesda. The IRG's April 2007 report recommended a variety of measures to improve medical care and that DoD accelerate BRAC projects in the NCR. In order to implement the report's recommendations and incorporate other war-related lessons learned, the Department committed to create Warrior Transition Unit facilities at the Bethesda Campus to enhance wounded warrior care, especially the outpatient convalescent phase. The Department also committed to enhancing inpatient facilities at both Fort Belvoir and Bethesda. These enhancements, together with a commitment to accelerate construction to ensure that the new facilities will be operational as soon as possible, required the investment of an additional \$679 million. The FY 2008 supplemental appropriated \$416 million.

The BRAC 2005 Commission Report also calls for the transfer of installation management functions from 14 designated installations to 12 other installations to create 12 Joint

Bases. Joint basing calls for installations that share a common boundary or are in close proximity to consolidate installation management functions and the delivery of installation support functions while considering best business practices and ensuring warfighting capabilities are preserved or enhanced. The 12 Joint Bases will be established in two phases, with Full Operational Capability (FOC) for Phase I bases in October 2009 and Phase II bases in October 2010. At FOC, total obligation authority and real property will transfer from supported Component(s) to the supporting Component.

The Department is using this opportunity to create the conditions for more consistent and effective delivery of installation support through Common Output Level Standards (COLS), which establish joint definitions, standards, and performance metrics for each identified installation support function that will be consolidated at each Joint Base.

In its entirety, the BRAC program is substantial. As of the FY 2010 President's Budget it represents a \$35.4 billion requirement over 2006-2011 and \$4 billion in annual savings after full implementation (after FY 2011). The Department originally estimated BRAC 2005 investment using the Cost of Base Realignment Actions (COBRA) model at \$21.1 billion (in constant FY 2005 dollars) with annual recurring savings of \$4.4 billion. The COBRA model used in the analysis estimated costs based on standard factors to array the relative merit of options – it was never intended to be budget quality nor used for implementation planning. When compared to our current requirement, there is a \$14.3 billion or 68 percent increase in COBRA-estimated costs. The increase was fully funded in the President's FY 2010 budget request, and results primarily from inflation, changes in MilCon, environmental restoration and program management costs not included in COBRA, additional O&M to support fact-of-life cost

increases, and construction for additional facilities to enhance capabilities and/or address deficiencies. The savings decrease is primarily a result of revised personnel eliminations.

Almost 70 percent of the BRAC 2005 program supports MilCon requirements compared to 33 percent experienced in the previous rounds. In the BRAC 2005 round, DoD has now made decisions to:

- Use new construction vs. renovated space (existing space diverted to other needs)
- Accommodate changes in unit sizes, functions or responsibilities by increasing facilities, changing configurations, or building additional facilities
- Accept inflation factors exceeding previous planning factors (delayed implementation compounds the inflation increase).

Assisting Communities. As we execute BRAC 2005, we continue to abide by the DoD policy that when implementing DoD actions that seriously affect the economy of a community, every practical consideration shall be given to minimizing the local impact. To that end, DoD provides economic adjustment assistance through its Office of Economic Adjustment (OEA) to help communities help themselves, using the combined resources of Federal, State, and local governments and private sector to support local initiatives.

OEA, through the Defense Economic Adjustment Program (DEAP), continues to work with States, territories, and more than 147 communities across the country impacted by the Department's continuing closure, downsizing, and mission-growth actions.

Over two dozen locations are looking at unprecedented increases in military, civilian, and contractor personnel as a result of BRAC 2005, Global Defense Posture Realignment, Army Modularity, and Grow-the-Force activity. For most locations, OEA is providing overall planning support for personnel, procurement, and construction activity to prepare local adjustment

strategies, including growth management plans, to support local mission growth. The challenge for many of these locations is to respond to myriad hard (road, schools, houses, water and sewer) and soft (public services, health care, child care, spousal employment) infrastructure issues that directly bear on the quality of life for our warfighters, their families, and the homeowners, businesses, and workers in the surrounding communities.

A primary concern, particularly at this time of economic uncertainty, is how to apply scarce Federal, State, and local public resources with those of the private sector to carry out adjustments in local facilities and public services, workforce training programs, and local economic development activities. Needs for public investment, such as road improvements, water and sewer infrastructure, and school construction have emerged and OEA is working with each affected State and region to document these needs and bring them to the attention of other Federal Agencies for their consideration and assistance. To date, OEA has found over 50 critical projects that are ready to move forward, but need a total of \$1.7 billion in Federal or other support. Communities also identified over 300 other mission-growth-related projects in various planning phases, at a total cost of \$7 billion that had incomplete funding strategies. While OEA is presently bringing these needs to the attention of the U.S. Departments of Transportation, Commerce, Education, and Agriculture as the cognizant agencies where assistance might be made available, they are also seeking to update the information to account for current economic strains and those other growth efforts that may have information available.

OEA, on behalf of DoD, has recognized Local Redevelopment Authorities (LRAs) for 116 locations to: provide leadership and speak on behalf of the impacted area with one voice; identify the impacts of closure across local businesses, workers, and communities; plan redevelopment and other economic development activities to lessen these impacts; and direct

implementation of the redevelopment plan to respond to these actions. Approximately 96 redevelopment plans have been completed to date. When completed, redevelopment plans are submitted as part of a statutorily-mandated homeless assistance application to the U.S. Department of Housing and Urban Development (HUD), who, in turn, must review each application for compliance with statute prior to Military Department property disposal and the redevelopment effort going forward.

The redevelopment plan is also significant at the Federal level because: 1) the Military Departments dispose of buildings and property in accordance with a record of decision or other decision document and, in preparing this decision document, give substantial deference to the LRA's redevelopment plan; and 2) other Federal agencies are to afford priority consideration to requests for Federal assistance that are part of the plan under Executive Order 12788, as amended, "Defense Economic Adjustment Programs."

As with the growth-impacted communities, OEA is presently working with affected closure and downsizing communities to identify specific needs for "public" investment and expects to have a working estimate of those needs by this summer. In the past, these needs have included demolition, road alignments, infrastructure development, etc. With disposal for these locations yet to occur, communities will need some additional support from the U.S. Departments of Commerce (Economic Development Administration (EDA)), Labor ((Employment Training Administration (ETA))), and Agriculture (Rural Development Administration) through FY 2014.

The ability to support State and local economic adjustment activities, including road construction, infrastructure development, demolition and site preparation, workforce development, and general economic development is beyond the Department's capacities.

Accordingly, the Department relies upon the Economic Adjustment Committee (EAC), through DEAP, as directed by Executive Order 12788. The EAC is comprised of 22 Federal Departments and Executive agencies, and among its functions is to: coordinate interagency and intergovernmental adjustment assistance; serve as a clearinghouse for the exchange of information between Federal, State, and local officials involved in the resolution of economic adjustment concerns resulting from DoD actions; and, afford priority consideration to requests from Defense-affected communities for Federal assistance that are part of a comprehensive base redevelopment or growth management plan.

In response to previous BRAC activity, approximately \$1.9 billion in Federal assistance was provided to assist affected States, communities, workers, and businesses. EDA, ETA, the Federal Aviation Administration, and OEA were the source of this funding. The response to date for BRAC 2005 has consisted of approximately \$212 million, primarily from OEA and the Department of Labor. The BRAC support has concentrated on worker assistance, community economic adjustment planning for growth and downsizing, and coordinating public benefit property conveyances for downsizing communities.

The EAC is chaired by the Secretary of Defense, and the Secretaries of Commerce and Labor are co Vice-Chairs. If affected States and communities are to benefit from these Federal resources, it will be important for the cognizant Federal programs to adequately source their staff and program budgets to respond. To date, we have not had much response to assist either growth- or downsizing-impacted areas. Moreover, the current Federal response to the national economic crisis has placed even greater stress on the cognizant agencies, with the effect of further subordinating needed attention for Defense-impacted communities. Accordingly, the

intergovernmental coordination of adjustment assistance under the EAC will continue to be reviewed to further improve overall responsiveness to the needs of these States and communities.

The Department has used the full range of transfer and conveyance authorities to dispose of real property made available in prior BRAC rounds (1988, 1991, 1993, and 1995). Property disposal is complete at 205 of 250 prior BRAC locations where property became available for disposal, and local redevelopment efforts in turn have resulted in the creation of over 143,700 jobs, more than offsetting the 129,600 civilian jobs that were lost across 73 prior BRAC locations where OEA is monitoring redevelopment activity.

Improving The Quality of Housing. Just as the Department works to maintain the fabric of communities affected by BRAC, we also work to maintain the communities of our military installations. At the same time that our military installations must support the operational needs of warfighters, they must also provide for the quality of life of our Service members and their families. Access to quality, affordable housing is a key factor affecting service member recruitment, retention, morale, and readiness. Through privatization and increases in housing allowances, DoD has made great strides in increasing service members' housing choices. Privatization allows for rapid demolition, replacement, or renovation of inadequate units and the sale of units no longer needed. Privatization also enables DoD to make use of a variety of private sector approaches to build and renovate military housing faster and at a lower cost to American taxpayers.

To date, the Military Services have leveraged DoD housing dollars by 10 to 1, with \$2.5 billion in Federal investments generating \$25 billion in housing development at privatized installations. The FY 2010 President's Budget request includes \$2.0 billion for Family Housing, a decrease of \$1.2 billion below the FY 2009 enacted amount, for continued efforts toward

reduction of inadequate units, operation and maintenance of government-owned housing, and the privatization of over 2,400 family housing units. Over 600 of these units support the Grow-the-Force initiative.

The housing privatization program was created to address the oftentimes poor condition of DoD-owned housing and the shortage of affordable private housing of adequate quality for military service members and their families. Privatization allows the military services to partner with the private sector to generate housing built to market standards for less money and frequently better quality than through the MilCon process. Additionally, and almost of greater importance, the projects include 50 years of maintenance and replacement where necessary. Although nearly all projects have been awarded, we are still in the early stages of the program since the housing will be privately owned for fifty years. With privatization deal structures and an income stream in place, full revitalization will be completed within a five to ten-year initial development period.

Military family housing requirements are changing at multiple installations due to BRAC, Global Posture, Joint Basing, and Grow-the-Force. While some installations may find they have a surplus of housing, others may experience a deficit. No matter where military family housing is needed, our Service members and their families need access to safe, desirable, and affordable housing. The Military Services continue to evaluate installation housing requirements, and the opportunities to meet additional housing needs through privatization continue to expand.

The FY 2010 budget request also includes funding to eliminate inadequate family housing outside the United States. The budget request reflects a MilCon cost of \$18 million for the Army to construct 38 family housing units in Baumholder, Germany.

As it has increased the quality of family housing, privatization is also helping the Military Services provide quality housing for our unaccompanied Service members. To date, the Army has added bachelor officer quarters and senior enlisted bachelor quarters to its 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. In contrast to the Army, the Navy is mainly focusing its unaccompanied housing privatization efforts to bring shipboard junior enlisted sailors ashore using a special pilot authority (10 USC 2881a). The first unaccompanied housing privatization pilot project was awarded in December 2006 at San Diego, the second was executed in December 2007 at Hampton Roads, Virginia, and a third project is under consideration at Jacksonville-Mayport, Florida. Both of the awarded Navy pilot projects have demonstrated that, with partial Basic Allowance for Housing authority, privatization of single, junior enlisted personnel housing is less costly on a lifecycle basis than the traditional Government-owned model. The pilot projects have also demonstrated that through privatization, single members can enjoy a quality living environment more equitable with housing for their married counterparts and commensurate with the sacrifices they are asked to make.

Energy Management. Just as we take responsibility for caring for our human resources, the Department also takes responsibility to wisely manage its energy resources. By aggressively implementing energy conservation measures, we are avoiding costs while improving utility system reliability and safety. The Department developed comprehensive policy guidance incorporating the provisions of the Energy Security and Independence Act of 2007. This guidance will continue to optimize utility management by conserving energy and water usage,

and improving energy flexibility by taking advantage of restructured energy commodity markets when opportunities arise.

The Department's efforts to conserve energy are paying off. DoD is the largest single energy consumer in the Nation and consumed \$3.95 billion in facility energy in FY 2008. DoD facility energy consumption intensity has decreased nearly 11 percent since 2003. Our program includes energy efficient construction designs, aggregating bargaining power among regions and the Services to achieve more effective buying power, and investments in cost-effective renewable energy sources.

DoD has significantly increased its focus on purchasing renewable energy and developing resources on military installations. In 2005, DoD set a goal to reach 25 percent renewable energy procured or produced by FY 2025 and Congress placed this goal in the National Defense Authorization Act 2007. Even though the increasing cost of Renewable Energy Certificates drove down the percentage of renewable energy consumption in FY 2008, I am pleased to report that the Department remains ahead of the curve, achieving 9.8 percent renewable energy procured and produced for FY 2008.

Renewable energy projects are consistently more expensive than similar conventional energy sources, resulting in limited opportunities that are lifecycle cost effective. Still, the Department has increased the use of Energy Conservation Investment Program (ECIP) funds for renewable energy projects from \$5 million in FY 2003 to \$86 million out of the \$120 million provided for ECIP in the ARRA funding for 2009. Plans call for ECIP funding to increase \$10 million per year, from \$90 million in FY 2010 up to \$120 million in FY 2013, and renewable energy projects will continue to be a high priority.

The Department began tracking water consumption in FY 2002. While the Energy Policy Act of 2005 did not articulate a specific water reduction goal, Executive Order 13423 includes a requirement of 2 percent water reduction per year. By FY 2007, DoD reduced total water consumption by 27 percent or 43.8 million gallons per year. While we continue to strive to exceed requirements, our prior achievements have set the baseline low, so continuing the trend will be a challenge. Even with the reduced baseline, DoD achieved a 2.9 percent reduction in water intensity in FY 2008.

Environmental Management. 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)

	FY 2009 Request	FY 2010 Request
Environmental Restoration	1,506	1,475
Environmental Compliance	1,660	1,618
Environmental Conservation	330	323
Pollution Prevention	163	103

Environmental Technology	212	225
Base Realignment and Closure (BRAC)	455	554
TOTAL	4,327	4,298

Over the past 10 years, the Department has invested nearly \$42 billion in our environmental programs. In FY 2008, we obligated \$4.3 billion and in FY 2009 we are executing another \$4.5 billion for natural and cultural resource conservation, pollution prevention, cleanup, compliance, and environmental technology. The FY 2010 budget request of \$4.3 billion will enable us to continue to demonstrate leadership in protecting and preserving the environment on our installations.

In FY 2008, the Military Services invested \$353 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.

In 2008, the Department inventoried 480,706 acres and found 6,118 new archaeological sites. The Department has surveyed a total of 8,082,925 acres and has found 112,774 archaeological sites. The Department treated 2,602 of the sites to include stabilization, rehabilitation, monitoring, and protection in 2008. In 2009, the DoD will continue to sustain and manage its archeological and historic cultural resources. Some of the current activities include preserving the fabric, systems, historic character, and function of the DoD-built environment; maintaining readiness while protecting our heritage by incorporating cultural resources into installation planning; and consulting in good faith with internal and external stakeholders.

The Department is also protecting its older properties, not only for historical interest, but for continued active use to support today's operational requirements. Over 32 percent of DoD's 344,000 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 benchmark 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, nearly 350 of which inhabit DoD lands. DoD has a greater density of listed species than any other Federal agency: some 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, that 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 35 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 at risk and common species and their habitats before they become rare, INRMPs have provided increased flexibility in how DoD conducts its mission activities.

The Department is executing \$344 million in FY 2009 conservation efforts, of which \$215 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, \$129 million is planned for non-recurring one-time projects such as installation of exclusion devices to protect endangered of at-risk species habitats, development of automated acoustic technologies for monitoring migratory birds, and shoreline protection projects. Fiscal year 2009 Cultural Resource projects include identifying design efficiencies and LEED equivalence standards for historic buildings, and producing historic context studies for Cold War sites in the Pacific and rural industrial sites on DoD lands in the Southeast.

The Department is requesting \$323 million for FY 2010 conservation efforts, which includes \$209 million in recurring funds for continuous conservation management activities and \$114 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 \$40 billion in the Defense Environmental Restoration Program (DERP), including an FY 2009 appropriation of \$1.5 billion. Through DERP, the Department has restored 74 percent of those areas on installations or Formerly Used Defense Site (FUDS) that have been impacted by past defense activities, in cooperation with State agencies and the U.S. Environmental Protection Agency. 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 2008, the Department had completed cleanup on 82 percent of IRP sites on active installations, 69 percent of IRP sites on FUDS, and 74 percent of IRP sites on installations closed

or realigned in the first four rounds of BRAC and BRAC 2005. In FY 2009, we are executing approximately \$1.5 billion at active and FUDS locations and another \$525 million at BRAC bases for environmental restoration efforts. These expenditures should enable us to complete cleanup at an additional 619 sites at active and FUDS locations and 154 sites at BRAC bases.

For the MMRP, DoD has completed cleanup of military munitions at 33 percent of sites at active installations, over 58 percent of BRAC installation sites, and 34 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. 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 close out in a timely manner. These efforts will reduce our long-term liability and ensure the expeditious return of these properties to productive reuse. Our FY 2010 budget request of \$1.5 billion will help implement these improvements while continuing to make progress to complete our cleanups and close out the properties.

The FY 2010 budget request of \$103 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 pollution prevention technologies to reduce pollution to our air, water, and land. In 2008, the Department invested \$162 million in pollution prevention programs, including recurring requirements such as solid waste diversion and recycling, hazardous material reduction, and green procurement. In FY 2008 the Department diverted 3.9 million tons or 63 percent of our

solid waste from landfills, avoiding approximately \$260 million in landfill costs. Additionally, the Department has reduced hazardous waste disposal by 37 percent from calendar year 1996 to 2007. The Department is also effectively managing air quality, reducing hazardous air pollutant emissions at our installations by 24 tons from 2006 to 2007. To further reduce waste and resource consumption, in 2008 the Department updated its Green Procurement Program (GPP) strategy, which encourages Military Services to purchase environmentally preferable products and services. Through the GPP, the DoD has become a leader in green procurement, and we continue to make further improvements to GPP, most recently issuing policy direction requiring DoD contracting officers to use a contract provision giving preference to bio-based products. In FY 2009, we are executing \$165 million for pollution prevention, with another \$103 million planned for FY 2010. These levels of investment will enable DoD to continue to meet our diversion and recycling goals while reducing our operating costs.

In FY 2008, the Department obligated \$1.54 billion for environmental compliance activities, including an \$83 million MilCon investment in new construction projects to build drinking water facilities, wastewater treatment facilities and above ground fuel storage tanks that comply with Safe Drinking Water and Clean Water Act requirements. 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 3,550,000 men, women, and children living and working on our installations with safe drinking water. The Department also manages over 1,600 water pollution control permits for our wastewater and storm water treatment systems, which achieved an overall 95 percent rate of compliance in 2008. Our FY 2009 appropriation included another \$1.67 billion to upgrade treatment facilities and

meet new and expanding permit requirements. Our FY 2010 budget request of \$1.6 billion will enable the Department to continue to sustain our air, water, and land resources to maintain operational readiness and enhance the health and welfare of surrounding communities, and the natural environment.

Emerging Contaminants. Our experiences with mission and environmental consequences associated with perchlorate, ozone-depleting substances, and other chemicals with evolving regulatory standards indicate a need to establish a program to make earlier, better-informed, risk management decisions regarding these emerging contaminants (ECs). This new program is already helping us better protect human health and the environment, and enhance military readiness. Simply put, the EC program identifies risks early in the process, before regulatory actions take place or materials become unavailable, thus protecting our people, assets, and the mission.

We have established a three-tiered process to (1) look “over-the-horizon” and identify chemicals and materials with evolving science and regulatory interest; (2) assess the risks to human health, the environment, and DoD’s mission; and (3) develop appropriate risk management options for DoD program managers. Twenty-one EC impact assessments have been completed for chemicals that include explosives, fuel constituents, corrosion preventatives, fire-fighting foams, and industrial degreasers. Examples of risk management options resulting from these assessments include conducting research to fill basic science gaps, improving material handling and personal protection practices, developing new or improved remediation technologies, and developing less toxic substitute materials or processes. One of the major thrusts of the program is to work closely with the DoD industrial base to conduct lifecycle analyses regarding less toxic alternative chemicals for use in weapons platforms, systems and

equipment. A significant recent example of a risk management action is a new DoD policy to minimize the use of hexavalent chromium, a known carcinogen, throughout DoD.

Because of the many national policy issues related to ECs, we continue to work with a number of Federal and State regulatory agencies, industry, academia, and professional organizations. In particular, we formed an EC working group with the Environmental Protection Agency (EPA) and the Environmental Council of States (ECOS) to address and discuss EC issues. Four important work products, including procedures for dealing with new ECs, have been completed and endorsed by all parties and are publically available on the ECOS, EPA, and DoD websites.

We are also working in partnership with a new Industry-University Cooperative Research Center, initiated by the National Science Foundation, to focus on emerging contaminant research. Some of this effort will be geared to helping Federal agencies and industry use safer chemicals and materials for improved long-term sustainability.

Sustaining the Warfighter. All of our efforts with regard to both our built and natural infrastructure are because, simply put, our Nation's warfighters need the best training and equipment available. This means sustaining our vital training and test range and installation infrastructure. Incompatible land use in the vicinity of DoD installations and ranges continues to challenge training and testing sustainability. Particular challenges from incompatible land use include noise complaints from new neighbors, concerns about smoke and dust, diminished usable airspace due to new structures or growing civil aviation, a loss of habitat for endangered species, and a compromised ability to test and train with the frequency needed in time of war.

History has demonstrated that effective training of U.S. troops has a direct impact on their success on the battlefield. Reliable access to operational ranges and supporting installations

is needed to sustain that training. In 2002, Congress provided statutory authority to use O&M funds to create buffers around our ranges and installations. Using this authority, DoD established the Readiness and Environmental Protection Initiative (REPI), and has worked with willing partners to cost-share compatible land use solutions that benefit military readiness and preserve natural habitat. In FY 2005, REPI leveraged \$12.5 million of O&M Congressional funding to secure \$55 million worth of buffer land and easements, encompassing 13,939 acres at seven installations. In FY 2006, with \$37 million of O&M funding, REPI secured over \$93 million worth of buffer land and easements, encompassing 33,521 acres.

Overall in FY 2007, REPI initiated 27 projects in 17 States; in FY 2008, REPI funded 36 projects in 19 States. Already, \$23.2 million from FY 2007 and FY 2008 funding has secured \$74 million of buffer land, encompassing 28,378 acres. For FY 2009 REPI identified an additional 39 projects in 21 States for funding. Congress appropriated \$56 million for REPI in FY 2009. Such REPI and partner funding has resulted in projects providing clear benefit to the military mission, such as protecting the Navy's one-of-a-kind La Posta Mountain Warfare Training Facility in California; keeping training areas open at Marine Corps Base Camp Lejeune, North Carolina; and buffering live-fire training ranges at Fort Carson, Colorado.

After several years of implementing REPI projects, DoD asked the RAND Corporation to assess the program's effectiveness. In 2007, RAND issued its report, titled *The Thin Green Line: An Assessment of DoD's Readiness and Environmental Protection Initiative to Buffer Installation Encroachment*. The report found that REPI projects, as in the case of the installations noted above, have proven effective in relieving military training and testing activities from encroachment pressures and in strengthening joint readiness.

According to RAND, REPI also helped improve the natural environment and the quality of life in communities where the projects were located. The environmental benefits of REPI projects have included helping to preserve habitat, biodiversity and threatened and endangered species; protecting wildlife corridors; and safeguarding water quality and supply. REPI also was shown to improve local economies and the reputation of installations with surrounding communities; for example, the project near NAS Fallon in Nevada has helped preserve productive local agricultural land and the continued viability of local farms.

Many of the challenges facing DoD are also of mutual concern to other Federal agencies and State governments. These issues can and do cross administrative boundaries, demanding cooperative action at the regional level. The Department is partnering regionally with State governments and Federal agencies to identify and address such shared concerns. These partnerships are proving essential to sustaining our ranges and installations, as well as to furthering our partners' goals and missions. For example, DoD continues to work with State governments and other Federal agencies in the Southeast Regional Partnership for Planning and Sustainability – or SERPPAS. The States of Alabama, Florida, Georgia, North Carolina, and South Carolina are engaged with the military and other Federal agencies in this important regional initiative. Through the SERPPAS process, the partners are promoting better planning related to growth, the preservation of open space, and the protection of the region's military installations. A similar effort is now getting underway in the southwestern U.S., a region of critical military training and testing importance that is facing myriad growth and environmental challenges.

DoD continues to work closely with other Federal agencies to sustain military readiness. One major thrust is to ensure that wind farm projects and energy transmission corridors are

compatible with military readiness activities. The Department also coordinates with the Department of Homeland Security to ensure that our military readiness activities and infrastructure in border regions are compatible with new security measures. The Department's sustainability program continues to reach out to non-Federal partners, working regularly with State, county, and local governments, Tribal, and non-governmental organizations on issues of mutual concern to seek win-win solutions. Meanwhile, overseas, DoD continues to develop mission sustainment procedures with host nations. The Department looks forward to further building upon all of these efforts to ensure that warfighters' current and future training and testing opportunities remain unrivaled.

Additionally, DoD's Office of Economic Adjustment (OEA) has managed the Joint Land Use Study (JLUS) program since 1985. JLUS is a cooperative land use planning effort between affected local governments and military installations that seeks to anticipate, identify, and prevent growth conflicts by helping State and local governments better understand and incorporate technical data developed under Service Air Installation Compatible Use Zone, Range Air Installation Compatible Use Zone, Operational Noise Management Program, Encroachment Action Plan, and Encroachment Control Plan studies into local planning programs. When a Service believes an installation may be experiencing incompatible development problems, or that there is likelihood for incompatible development that could adversely affect the military mission, the Service may nominate the installations for a JLUS to OEA. All the Services takes advantage of the JLUS program, finding it an effective tool for bringing communities and the military together to mutually address development issues and needs.

Safety and Health Risk Management. A significant responsibility associated with Installations and Environment is the management of the Department's safety and health programs. Over the last year, the Department experienced some improvement in its safety and health performance, but we have a way to go.

In 2005, the Department published policy (DoD Directive 4715.1E) that required implementation of management systems for safety and health (similar to environmental management systems described by the International Standards Organization (ISO) 14000 series of standards) emphasizing the integration of safety and health into day-to-day operations. By "operationalizing" safety and health, we make safety a part of every process and operation.

We are encouraging commanders to meet and exceed tough performance-based criteria for a managed safety and health system and proving it by achieving "Star" recognition in the Occupational Safety and Health Administration's Voluntary Protection Program (VPP). Installations holding VPP Star Status undergo an independent review of their programs and must be among the best, having injury and illness rates at or below the national average. So far, the Department has 22 Star Sites to date; we anticipate more than 36 Star Sites by the end of FY 2009 and we further expect that number to increase every year. Recently, the Pentagon began its journey toward Star recognition.

Operationalizing safety applies to every aspect of the Department's missions. In preparing for basing changes on Guam, we, through the Department of Defense Explosives Safety Board, developed a comprehensive Military Munitions Annex to the Guam Joint Military Master Plan. This effort sought to fully harmonize the receipt, storage, maintenance, transportation, and use of military munitions by the Department of Defense and Department of Homeland Security organizations on Guam. Explosives safety risks on Guam have been

identified and strategic recommendations will result in risks from military munitions being eliminated or mitigated. Furthermore, operationalizing safety improves the entire operation, by improving munitions support to execution of war plans and contingencies and optimizing munitions processes. We are continuing this effort by integrating explosives safety into all facets of operational planning.

In the area of Strategic Human Capital Management, my organization, along with the entire Department, is focused on human capital planning emphasizing improved competency-based workforce planning. In establishing “Functional Community Managers” for: Safety and Health, Explosives Safety, Fire and Emergency Services, and Expeditionary Environment Safety and Occupational Health (ESOH), we will implement a comprehensive strategy to ensure a strong safety and health workforce that is able to meet the challenges of today and the future. Our Functional Community Managers, bringing first hand knowledge of competencies needed, work in partnership with the Department’s Human Resource experts to ensure the Department is positioned to acquire and retain the talent it needs to meet current and future mission requirements.

The ability to send our people home from work healthy and safe is of paramount concern. The number of civilian injuries is one measure of our success in managing safety and health. For our civilian employees, we reduced the lost time injury rate over the last five years by 13 percent. We continue to seek improvements to prevent all mishaps and the resulting injuries and losses. Operating motor vehicles continues to be the most significant mishap threat to our military members. We have reduced the number of military fatalities for all privately-owned motor vehicles on public highways from 308 in FY 2002 to 260 in FY 2008 – a 16 percent reduction. However, for motorcycles, we are part of a national trend in increasing motorcycle

fatalities. Nationally, motorcycle fatalities increased by 58 percent from 2002 to 2007. DoD fatalities increased from 71 to 124 for FY 2002 to FY 2008 – a 75 percent increase. We are continuing to develop programs and initiatives to address this negative trend.

Operating military vehicles in Iraq and Afghanistan is also a significant risk, with 24 motor vehicle fatalities in FY 2008 – a reduction from a peak of 59 motor vehicle fatalities in FY 2005. Our military members have met the combined threats from Improvised Explosive Devices and poor roadways with increased training and experience in operating tactical vehicles, and by improved survivability of crashes from increased seat belt use, gunner's harnesses, and rollover training.

In early 2009, Installations and Environment published policy that defines “all-hazards” emergency management for DoD installations worldwide. DoD installations now have consistent guidance to improve their compatibility with their civilian counterparts and a management structure focused on preparing for and responding to emergencies regardless of the hazard. Our ability to seamlessly interact with civilian responders will make us much more effective in times of disaster. We are continuing to work with other offices in DoD to eliminate unnecessary redundancy and confusion at the time of an emergency and provide holistic emergency response on and around our installations.

Integrating Business Management. Accomplishing the diverse missions of the Installations and Environment community requires integration across organizational boundaries. We have made great progress with our initiatives to improve the efficiency of the Department's business processes. We are working to develop and implement common data standards across the Military Departments and Defense Agencies, modernize business systems, and enable audit-ready processes. In the Installations and Environment community, we have three key business

transformation efforts: real property accountability, environmental liabilities, and hazardous materials information management.

The Department manages almost 60 percent of the Federal government's buildings and structures – over 539,000 assets worldwide. Each Military Department has a separate system to manage their share of this property. Several years ago we conducted research and hired a top ranked information technology firm to help us develop our business system modernization strategy. We determined, based upon the firm's recommendation and the Military Service leadership's concurrence, that building a single system would not be the optimal solution. Instead, we decided to develop DoD-wide standards and upgrade or replace the existing systems so that they can be interoperable across DoD. To achieve this goal, we developed common data standards and reengineered business processes. As of September 30, 2009, all of DoD's primary real property systems will be interoperable, ensuring that accurate, timely, and reliable real property information is available for more transparent management decision making.

In addition to the data and business process standards initiatives, we are also working to modernize our systems. Many of the existing, government-built legacy systems use outdated technology and do not apply current industry best practices. Led by my organization, the Military Services are in the process of acquiring new commercial off-the-shelf systems or upgrading their current systems to comply with the standards. To further integrate real property information for Department-level analysis, my office is building the real property data hub that will provide real-time accessibility to data.

Uniquely identifying each of our real property assets is fundamental to real property accountability. Our Real Property Unique Identifier Registry is at full operational capability. These unique identifiers allow us to establish linkages within our systems between facilities,

equipment and people. The registry includes address information on all DoD installations and sites and we are working with other DoD functional communities to ensure that physical location information used across DoD comes from one authoritative source – the Registry.

The ability to share data with the communities that surround our installations is a key component in our ongoing efforts to sustain military readiness. My organization is working with stakeholders across the Federal government on aligning geospatial data standards so that data sharing can take place between the local and Federal communities. We have recently integrated geospatial data requirements into the Department's Business Enterprise Architecture, which will further expand interoperability opportunities in DoD.

On the environmental management side, my office has been leading efforts to standardize and streamline the complex processes required to accurately value and report environmental liabilities. We are developing a blueprint for implementation of the reengineered business processes in the Department's enterprise resource planning systems.

To minimize future needs for environmental cleanup and to ensure safety of our personnel, ready access to complete and accurate hazardous material information is critical. We are working to improve availability of timely, accurate, consistent, and complete product hazard data for use across the Department.

In summary, our business transformation efforts are helping the Department efficiently share information and best practices across organizational boundaries. As the Services modernize their systems and achieve interoperability, the Department will gain access to secure, reliable information crucial for effective management of assets, and ultimately reducing costs and improving performance across all of DoD.

Conclusion. In closing, Mr. Chairman, I sincerely thank you for this opportunity to update you on our work in Installations and Environment on behalf of the Department of Defense. To meet the ever changing warfighting landscape, our military must be flexible and responsive and our installations must adapt, reconfigure, and be managed to maximize that flexibility and responsiveness. I appreciate your continued support and I look forward to working with you to provide the quality installations that our military forces need and deserve.

RECORD VERSION

STATEMENT BY

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DEPUTY ASSISTANT SECRETARY OF THE ARMY
(INSTALLATIONS AND HOUSING)

BEFORE THE

SUBCOMMITTEE ON READINESS
COMMITTEE ON ARMED SERVICES
UNITED STATES HOUSE OF REPRESENTATIVES
FIRST SESSION, 111TH CONGRESS

ON THE FISCAL YEAR 2010
MILITARY CONSTRUCTION, ARMY
MILITARY CONSTRUCTION, ARMY NATIONAL GUARD
MILITARY CONSTRUCTION, ARMY RESERVE
ARMY FAMILY HOUSING
AND
BASE REALIGNMENT AND CLOSURE
BUDGETS

JUNE 3, 2009

NOT FOR PUBLICATION
UNTIL RELEASED BY THE
COMMITTEE ON ARMED SERVICES

INTRODUCTION

Mr. Chairman and members of the Subcommittee, it is a pleasure to appear before you to discuss the Army's Military Construction, Family Housing, and Base Realignment and Closure budget requests for fiscal year 2010. Our requests are crucial to the success of the Army's strategic imperatives to Sustain, Prepare, Reset, and Transform the force. We appreciate the opportunity to report on them and respond to your questions. We 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.

The Army's strength is its Soldiers – and the Families and Army Civilians who support them. With your continuing support, we will assure that the quality of life we afford our Soldiers and Families is commensurate with the quality of their service. Our budget requests have been vetted to ensure they reflect the minimum requirement to maintain the All-Volunteer Force and ensure Soldiers and their Families receive the facilities, care, and support they need to accomplish their missions.

OVERVIEW

Rebalancing the Force in an Era of Persistent Conflict

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

Our Nation has been at war for over seven years. Our 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 the wars in Iraq and Afghanistan, meet other operational demands, sustain our All-Volunteer Force, and prepare for future threats to the Nation.

Our 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 the Active Component of 547,400, a National Guard of 358,200, and an Army Reserve of 206,000 men and women. At the same time, we are restationing about 1/3 of the force through a combination of Base Closure and Realignment and Global Defense Posture Realignment actions. All of these initiatives have corresponding military construction requirements.

The details of the Army's fiscal year 2010 request follow:

Military Construction Appropriation	Authorization Request	Authorization of Appropriations Request	Appropriation Request
Military Construction Army (MCA)	\$3,116,350,000	\$3,660,779,000	\$3,660,779,000
Military Construction Army National Guard (MCNG)	N/A	\$426,491,000	\$426,491,000
Military Construction Army Reserve (MCAR)	N/A	\$374,862,000	\$374,862,000
Army Family Housing Construction (AFHC)	\$241,236,000	\$273,236,000	\$273,236,000
Army Family Housing Operations (AFHO)	\$523,418,000	\$523,418,000	\$523,418,000
BRAC 95 (BCA)	\$98,723,000	\$98,723,000	\$98,723,000
BRAC 2005 (BCA)	\$4,081,037,000	\$4,081,037,000	\$4,081,037,000
Overseas Contingency Operations	\$923,900,000	\$923,900,000	\$923,900,000
TOTAL	\$8,984,664,000	\$10,362,446,000	\$10,362,446,000

The Army's fiscal year 2010 Military Construction and Overseas Contingency Operations budget requests include \$10.4 billion for Military Construction, Army Family Housing, and BRAC appropriations and associated new authorizations.

Army Modular Force (AMF)

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. The Army strategy is to use existing facility assets where feasible and program projects when not. The fiscal year 2010 request of \$589 million will provide permanent facilities construction to support conversion of existing BCTs to new modern BCTs at Forts Wainwright, Carson, Lewis, and Bragg.

Grow the Army (GTA)

On April 6, 2009, the Secretary of Defense issued guidance to stop growth of Army BCTs at 45 versus 48. We understand this decision has caused some understandable concern in places that expected to receive the three additional BCTs, and we recognize the impact this decision could have on communities that have made significant investments to accept new units. We are working the details with urgency, but at this point, no final decisions have been made as to which BCTs will be affected. The Army is conducting a thorough analysis with the goal of balancing our force mix for the current fight while setting conditions to meet the future strategic environment. We are leveraging the ongoing Quadrennial Defense Review process and our force mix analysis to determine the proper balance. We will keep the Congress advised of our progress.

In the meantime, it is crucial that the Army maintain currently planned fiscal year 2009 construction projects and fiscal year 2010 construction, pending the analysis and decision by Army Senior Leaders, and recognizing that the vast majority of the facilities at Army installations are legacy systems still requiring modernization or replacement. Construction projects play an essential role in supporting our end strength growth to 547,400 as well as transforming our installations to support organizational changes. The fiscal year 2010 requirement for BCTs is \$404 million. Other Grow the Army facility support requirements, such as projects to support the combat support/combat service support units, training base, quality of life, and support to the Army National Guard and Army Reserve growth, in fiscal year 2010 total \$1.07 billion.

Global Defense Posture Realignment (GDPR)

The Global Defense Posture Realignment initiative ensures Army forces are properly positioned worldwide to support out National Military Strategy and to support the mission in Afghanistan. GDPR will relocate over 41,000 Soldiers and their Families from Europe and Korea to the United States by 2013. Over time, it will build a BCT Complex and support facilities at White Sands Missile Range, New Mexico, and operational, training, and support facilities at Fort Benning, Fort Bliss, Fort Riley, Schofield Barracks, and Camp Humphreys. As part of the fiscal year 2010 program, the Army requires \$252 million to construct facilities in Bagram, Afghanistan and a warehouse in Kuwait. The total GDPR request is \$524 million.

Base Realignment AND Closure (BRAC)

The Army is requesting \$4,081,037,000 for BRAC 2005, which is critical to the success of the Army's BRAC 2005 initiatives, and \$98,723,000 for legacy BRAC to sustain vital, ongoing programs. BRAC 2005 is 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.

Under BRAC 2005, the Army will close 12 Active Component installations, 1 Army Reserve installation, 387 National Guard Readiness and Army Reserve Centers, and 8 leased facilities. BRAC 2005 realigns 53 installations and/or functions and

establishes Training Centers of Excellence, Joint Bases, a Human Resources Center of Excellence, and Joint Technical and Research facilities. To accommodate the units relocating from the closing 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.

The over 1,100 discrete actions required for the Army to successfully implement BRAC 2005 are far more extensive than all four previous BRAC rounds combined and are expected to create significant recurring annual savings. BRAC 2005 will enable the Army to become a more capable expeditionary force as a member of the Joint team while enhancing the well-being of our Soldiers, Civilians, and Family members living, working, and training on our installations.

BRAC 2005 Implementation Strategy

All of our BRAC 2005 construction projects are planned to be awarded by the first quarter of fiscal year 2010. This will enable the major movement of units and personnel in fiscal years 2010 and 2011, with expected completion by the mandated BRAC 2005 deadline. The Army remains committed to achieving BRAC 2005 Law and is on track to do so. With full and timely funding, there will be no impacts to movement schedules, training, or readiness. Fiscal year 2010 is our fifth and final year of BRAC construction. We have moved into a period where our construction timeline flexibility is exhausted. We cannot overstate the difficulties that cuts or delays in BRAC funding pose to the Army as we implement BRAC construction projects. If the Army program is not fully funded by October 2009, we will be significantly challenged to execute BRAC as intended.

BRAC 2005 Fiscal Year 2010 Budget

The Army's fiscal year 2010 budget request will continue to fund both BRAC and GDPR actions necessary to comply with BRAC 2005 Law. The Army plans to award and begin construction of 80 military construction projects, plus planning and design for

fiscal year 2010 projects. This is estimated to cost \$2.5 billion and includes five additional GDPR projects, 37 Army National Guard and Army Reserve projects, and an additional 38 Active Component projects.

The BRAC budget request will also fund furnishings for BRAC projects awarded in fiscal year 2006, 2007, 2008, and 2009 as the buildings reach completion and occupancy. The request also funds movement of personnel, ammunition, and equipment associated with BRAC Commission Recommendations.

In fiscal year 2010, 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 \$147.7 million, which includes munitions and explosives of concern and hazardous and toxic waste restoration activities.

Prior BRAC

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 \$12.6 billion in savings through 2008 – nearly \$1 billion in recurring, annual savings from prior BRAC rounds.

The Army is requesting \$98.7 million in fiscal year 2010 for prior BRAC rounds (\$5.3 million to fund caretaking operations and program management of remaining properties and \$93.4 million for environmental restoration) to address environmental restoration efforts at 147 sites at 14 prior BRAC installations. To date, the Army has spent \$2.95 billion on the BRAC environmental program for installations impacted by the previous four BRAC rounds. We disposed of 181,345 acres (86 percent of the total acreage disposal requirement of 209,834 acres), with 28,489 acres remaining.

Fiscal Year 2010 Overseas Contingency Operations (OCO)

This request supports the National Strategy for OCO. The request funds projects critical to the support of deployed war fighters, operational requirements for airfields, operational facilities, supplies, troop housing and infrastructure to ensure safe and efficient military operations in Afghanistan. A total of 74 projects that will fulfill the Department's immediate mission needs and urgent infrastructure requirements in theater are planned for a total of \$828 million.

ARMY INITIATIVES**Military Construction, Army**

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

Range and Training Lands. Ranges and training lands enable our Army to train and develop its full capabilities to ensure our Soldiers are fully prepared for the challenges they will face. Our Army Range and Training Land Strategy supports Army transformation and the Army's Sustainable Range Program. The Strategy identifies priorities for installations requiring resources to modernize ranges, mitigate encroachment, and acquire training land. The fiscal year 2010 request supports 25 projects, \$178 million for Active Component training ranges.

Barracks. Providing safe, quality housing is a crucial commitment the Army has made to all of our Soldiers. 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. The importance of providing quality housing for single Soldiers is paramount to success on the battlefield. The Army is in the 17th year of modernizing barracks to provide about 148,000 single enlisted permanent party Soldiers with quality living environments. Because of increased

authorized strength, the requirements for barracks have increased in several locations, and for fiscal year 2010, a total of \$711.5 million will be invested in 3,592 new permanent party barracks spaces that will meet DoD's "1 + 1" or equivalent standard. 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. 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 occupied in fiscal year 2015. For trainee barracks, the Army is requesting \$535.9 million to build or upgrade 2,278 new spaces to standard. We are requesting funds to keep this program on schedule so we can eliminate all inadequate trainee barracks spaces, finishing funding with fiscal year 2015 and occupying the barracks in fiscal year 2017.

Family Housing. This year's budget continues our significant investment in our Soldiers and their Families by supporting our goal to continue funding to eliminate remaining inadequate housing and sustain housing at enduring overseas installations. The U.S. inadequate inventory has been funded to be eliminated by the end of fiscal year 2007 through privatization, conventional military construction, demolition, divestiture of uneconomical or excess units, and reliance on off-post housing. For Families living off post, the budget for military personnel maintains the Basic Allowance for Housing that eliminates out-of-pocket expenses.

Warrior In Transition. The Army \$1 billion budget for its Warrior in Transition (WT) Program funds military construction to facilitate command and control, primary care, and case management to establish a healing environment that promotes the timely return to the force or transition to civilian life. The fiscal year 2009 Overseas Contingency Operations requests \$425 million in funding. The fiscal year 2009 American Recovery and Reinvestment Act (ARRA) provided \$100 million for two complexes and the fiscal year 2010 budget request will provide 13 complexes for \$503.5 million.

Overseas Construction. Included in this budget request is \$437 million in support of high-priority overseas projects. In Germany, we are requesting funds for barracks at Ansbach and Kleber Kaserne. 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. Two vehicle maintenance shops and a Fire Station are included. Our request for funds in Italy continues construction for a BCT. We are also including Training Aids Facilities in Japan at Camp Zama and Okinawa. Additionally, approximately \$678 million of our fiscal year 2009 Overseas Contingency Operations request will support military construction projects in Afghanistan for troop housing, airfield and operational facilities, infrastructure and utility systems, fuel handling and storage, and roads.

Other Support Programs. The fiscal year 2010 budget includes \$153 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 2010 budget requests \$25 million for oversight of host nation funded construction for all Services in Japan, Korea, and Europe.

Incremental Funding. We are requesting the third increment of funding, \$55.4 million, for the previously approved, incrementally funded, SOUTHCOM Headquarters at Miami-Doral, Florida. In addition, we are requesting the fourth and final increment of funding, \$102 million, for the Brigade Complex at Fort Lewis, Washington. The budget also includes \$23.5 million for a Brigade Complex-Operations support facility and \$22.5 million for a Brigade Complex-Barracks/Community, both projects at Dal Molin, Italy. Finally, we are requesting the second increments for the Brigade Complexes at Fort Carson \$60 million and Fort Stewart \$80 million.

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

Military Construction, Army National Guard

The Army National Guard's fiscal year 2010 Military Construction request for \$426,491,000 (for appropriation and authorization of appropriations) is focused on Transformation/Army Modular Force, Mission and Training, Grow the Army, planning and design, and unspecified minor military construction

Transformation. In fiscal year 2010, the Army National Guard is requesting \$158.2 million for six projects in support of our modern missions. There are three aviation projects to provide facilities for modernized aircraft and changed unit structure. Also in support of the Modular Force initiative, we are asking for two Readiness Centers and one maintenance facility.

Mission and Training. Our budget request also includes \$154 million for 10 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 two training facilities, six Range projects, and two Readiness/Armed Forces Reserve Centers.

Grow the Army. Under the category of Grow the Army, we are requesting \$80 million for five Readiness Centers to improve the Army National Guard's ability to deal with the continued high levels of deployment.

Other Support Programs. The fiscal year 2010 Army National Guard budget also contains \$24 million for planning and design of future projects and \$10.3 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 2010 Military Construction request for \$374,862,000 (for appropriation and authorization of appropriations) is for Preparation, Transformation, other support, and unspecified programs.

Mission and Training projects: In fiscal year 2010, the Army Reserve will invest \$45 million to prepare our Soldiers for success in current operations. Included in the mission and training projects is an Armed Forces Reserve Center and a Combined Arms Collective Training facility, which will be available for joint use by all Army components and military services.

Grow The Army Projects: 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 2010, the Army Reserve will construct 19 Reserve Operations Complexes in eleven states and the Commonwealth of Puerto Rico, with an investment of \$304 million to support the transformation. These projects will provide operations, maintenance, and storage facilities for over 6,000 Soldiers in 56 newly activating combat support and combat service support units and detachments.

Other Unspecified Programs: The fiscal year 2010 Army Reserve budget request includes \$22.3 million for planning and design for future year projects and \$3.6 million for unspecified minor military construction to address unforeseen critical needs or emergent mission requirements that cannot wait for the normal programming cycle.

Army Family Housing Construction (AFHC)

The Army's fiscal year 2010 Family housing construction request is \$273,236,000 for authorization, authorization of appropriation, and appropriation.

The fiscal year 2010 new construction program uses traditional military construction to provide 38 new houses for Families with an \$18 million replacement project at Baumholder, Germany. The Army also requests \$32 million to fund the final increment for three projects at Wiesbaden, Germany, to finish replacement housing that was fully authorized in fiscal year 2009. These projects will result in completing 250 homes for Army Families.

The Construction Improvements Program is an integral part of our Family housing revitalization and privatization programs. In fiscal year 2010, we are requesting \$161.4 million to increase scope of these existing privatization projects: 334 homes at Fort Knox, Kentucky; 176 homes at Fort Wainwright, Alaska; 144 homes at Fort Polk, Louisiana; 90 homes at Fort Irwin, California; and, 78 homes at Fort Sill, Oklahoma. The Improvements program also provides \$11.9 million for equity contributions for 11 homes at Fort Bragg, North Carolina, and 8 homes at Fort Eustis, Virginia, that were required due to Base Realignment and Closure. Also, the fiscal year 2010 request supports \$46 million for direct equity investment in support of the privatization of 1,242 homes at Fort Richardson, Alaska, as part of the Joint Basing effort with Elmendorf Air Force Base.

In fiscal year 2010, we are also requesting \$3.9 million for planning and design for final design of fiscal year 2010 and 2011 Family housing construction projects, as well as for housing studies and updating standards and criteria.

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

The RCI program will include 45 locations, with a projected end state of almost 88,000 homes – 98 percent of the on-post Family housing inventory in the U.S. At the end of fiscal year 2009, the Army will have privatized 44 locations, with an end state of over 85,000 homes. Initial construction and renovation at these 44 installations is estimated at \$12 billion over a three to ten year development period, of which the Army will contribute about \$2.0 billion. Although most projects are in the early phases of their initial development, since 1999 through March 2009, our partners have constructed 18,769 new homes, and renovated 13,697 homes.

Army Family Housing Operations (AFHO)

The Army's fiscal year 2010 Family Housing Operations request is \$523,418,000 (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, both at home and in foreign areas. More than 9,000 residences will be leased and more than 80,000 privatized homes will be managed.

Operations (\$88.4 million). The operations account includes four sub-accounts: management, services, furnishings, and a small miscellaneous account. All operations sub-accounts are considered "must pay accounts" based on actual bills that must be paid to manage and operate Family housing.

Utilities (\$81.6 million). 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 (\$115.9 million). The maintenance and repair account supports annual recurring projects to maintain and revitalize Family housing real property assets. Since most Family housing operational expenses are fixed, maintenance and repair is the account most affected by budget changes. Funding reductions result in slippage of maintenance projects that adversely impact Soldier and Family quality of life.

Leasing (\$205.7 million). The leasing program provides another way of adequately housing our military Families. The fiscal year 2010 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 (\$31.8 million). The privatization account provides operating funds for implementation and oversight of privatized military Family housing in the RCI program. RCI costs include selection of private sector partners, preparation of environmental studies and real estate surveys, and contracting of consultants. These funds support the preparation and execution of partnership agreements and development plans, and oversight to monitor compliance and performance of the privatized housing portfolio.

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 2009 ARRA expanded HAP to provide benefits to: (1) seriously wounded Warriors in Transition (to include Coast Guard and DoD civilian employees) who relocate for medical treatment or medical retirement, from September 11, 2001 (No expiration date); (2) surviving spouses of fallen warriors and DoD and Coast Guard civilians killed while deployed in support of the Armed Forces, from September 11, 2001 (No expiration date); (3) BRAC 2005 impacted personnel assigned to relocating or closing organizations or installations, without proof that the DoD announcement caused markets to decline (Expires 2012, or an earlier date designated by the Secretary); (4) Service members with permanent change of station orders required to relocate during the home mortgage crisis (Expires 2012, or an earlier date designated by the Secretary). The ARRA expanded HAP is funded at \$555 million.

Excluding the ARRA expanded HAP, the fiscal year 2010 budget requests authorization of appropriations in the amount of \$23.225 million. Total program estimate for fiscal year 2010, excluding ARRA expansion, is \$41.98M and will be funded with requested budget authority, revenue from sales of acquired properties, and prior year unobligated balances.

Operation and Maintenance

The Army's fiscal year 2010 Operation and Maintenance budget includes \$3.04 billion in funding for Sustainment, Restoration, and Modernization (S/RM) and \$8.91 billion in funding for Base Operations Support (BOS). The S/RM and BOS accounts are inextricably linked with our military construction programs to successfully support our installations. The Army has centralized the management of its installations assets under the Installation Management Command to best utilize this funding. Centralized barracks management, also known as the First Sergeant's Barracks Initiative (FSBI), will standardize barracks management Army-wide, enhance single Soldier quality of life, reduce overall un-programmed single Soldier Basic Allowance for Housing, maximize barracks utilization, and reallocate Soldier time away from non-war fighting tasks. The FSBI provides top-quality oversight and management of daily barracks operations. The FSBI review committee completed review and validation of funding requirements for 12 Installations. Implementing FSBI at these installations brings in about 55 percent of the Army barracks inventory.

SUMMARY

Mr. Chairman, our fiscal year 2010 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 our Army:

Military Construction:

- 26 new Training Ranges/Facilities
- \$11 billion invested in Soldier/Family Readiness
- \$1.8 billion to Grow the Army
- \$524M support the mission in Afghanistan
- \$828M funds projects for Overseas Contingency Operations mission in Afghanistan
- Over 3,300 Soldiers training in 16 new or improved Readiness Centers and Armed Forces Reserve Centers
- 20 New Army Reserve Operations Complexes
- 6,054 Soldiers get new Reserve Operations Complexes
- Over 7,800 Soldiers training in nine new or improved Readiness Centers and Armed Forces Reserve Centers
- Six Ranges serving 166,000 men and women in our Armed Forces

Base Realignment and Closure:

- Statutory compliance by 2011 for BRAC
- 80 Military Construction projects
- Planning & Design for fiscal year 2010 – 2010 Projects
- Remaining NEPA for BRAC 2005 actions
- Continued Environmental Restoration of 31,844 acres

Base Operations Support:

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

Sustainment/Restoration and Modernization:

- Funds Sustainment at 90 percent of the OSD Facility Sustainment model requirement.

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

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

Not for publication until
Released by the House Armed
Services Committee

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

Before the
SUBCOMMITTEE ON READINESS
of the
HOUSE COMMITTEE ON ARMED SERVICES

03 JUNE 2009

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Armed Services Committee

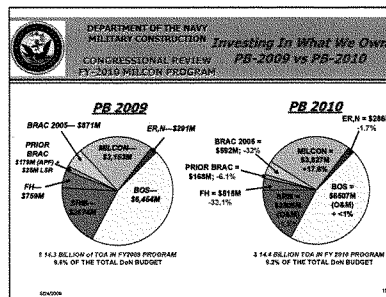
Chairman Ortiz, Representative Forbes, and members of the Subcommittee, I am pleased to appear before you today to provide an overview of the Department of Navy's investment in its shore infrastructure.

THE NAVY'S INVESTMENT IN FACILITIES

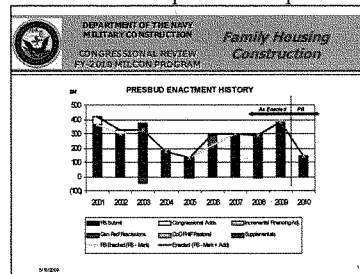
Our Nation's Sea Services continue to operate in an increasingly dispersed environment to support the Maritime Strategy and ensure the freedom of the seas. This requires an ever strong foundation of installations from which to re-supply, re-equip, train, and shelter our forces. We must continue to make smart infrastructure investments to prepare for the future and secure the peace abroad. Our FY-2010 shore infrastructure baseline budget totals \$14.3 billion, representing 9.2 percent of the DoN's FY-2010 baseline request of \$156 billion.

Our FY-2010 request of \$6.5 billion (which includes \$433 million for environmental programs) for **Base Operating Support** is only slightly greater than last year's request.

The FY-2010 military construction (active + reserve) request of \$3.8 billion is \$674 million more than the FY-2009 request. This growth in Department's military construction program is primarily due to the continuation of the Marine Corps' "Grow the Force" initiative and the inclusion of the first capital investments to support their realignment of forces from Okinawa to Guam.



The FY-2010 Family Housing request of \$515 million represents a 32% decrease from the FY-2009 request. It is helpful to examine the table at left to put this



decrease in perspective. Prior year family housing construction requests reflected an accelerated program to address additional housing requirements associated with Marine Corps force structure initiatives. 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.

As in FY-2009, we must seek appropriated funds in FY-2010 in the amount of \$168 million for Legacy BRAC activities as we have exhausted land sales revenues. We anticipate some limited future revenue as we move to dispose of the former Naval Station Roosevelt Roads in Puerto Rico and some other smaller property sales. We will use revenue from these future sales to accelerate cleanup at the remaining prior BRAC locations.

The FY-2010 BRAC 2005 budget request of \$592 million represents a significant shift from construction to Operation & Maintenance funds as our focus turns to outfitting facilities with equipment and materiel and supporting the physical relocation of personnel, rather than constructing new or renovating existing structures, as one might expect as the statutory deadline approaches. Although we are on track to meet the September 15, 2011 deadline, we do face some significant challenges ahead.

Here are some of the highlights of these programs.

MILITARY CONSTRUCTION

The DoN’s FY-2010 Military Construction program requests appropriations of **\$3.8 billion**, including **\$169 million** for planning and design and **\$12.5 million** for Unspecified Minor Construction.

The active Navy program totals \$1.1 billion and includes:

- **\$302 million** to support three intermediate and depot level maintenance projects: the second increment of the CVN replacement pier at Puget Sound Naval Shipyard, Bremerton, Washington; modifications to the P-8/MMA facility at Naval Air Station Jacksonville, Florida; and the largest of the three projects at \$227 million – Pier 5 Replacement at Norfolk Naval Shipyard, Portsmouth, Virginia;
- **\$84 million** to fund 11 airfield projects. Included among these projects are seven supporting the Joint Strike Fighter: 6 at Eglin AFB, Florida and 1 at Edwards AFB, California;

- **\$42 million** to fund four expeditionary operations projects at Camp Lemonnier, Djibouti, which include an ammunition supply point, security fencing; road improvements, and a fire station;
- **\$86 million** to fund five training projects: a submarine learning center in Guam; the Asia-Pacific Center in Honolulu, Hawaii; a SERE school for SOCOM in Spokane, Washington; and E-2D Trainer Facility at Naval Station, Norfolk, Virginia; and a flight simulator at NAS Pensacola, Florida;
- **\$193 million** to fund four ordnance related projects: the 6th of 7 increments of the Limited Area Production and Storage Complex and the 2nd of two increments of the waterfront security enclave fencing, both projects at Naval Submarine Base, Bangor, Washington; constructs missile magazines at Naval Station Pearl Harbor, Hawaii; and a torpedo exercise support building in Guam;
- **\$95 million** to construct three enlisted training barracks, one each in Newport, Rhode Island; Eglin AFB and NAS Pensacola, Florida;
- **\$126 million** to fund four waterfront operations projects, which include dredging the entrance to the turning basin at Naval Station, Mayport, Florida to enable nuclear carriers to transit the channel without risk to the propulsion system, and Charlie One Wharf replacement (unrelated CVN homeporting) also at Mayport. The remaining two projects are the second phase of the waterfront development project at Naval Support Activity, Bahrain, and the final increment of the magnetic silencing facility at Naval Station, Pearl Harbor, Hawaii;
- **\$22 million** to build base support facilities: Naval Construction Division Operations Facility and a centralized public works facility at Naval Base, Point Loma, California; and
- **\$83 million** for planning and design efforts.

The active Marine Corps program totals \$2.7 billion (of which \$1.9 billion is for "Grow the Force"), a \$705 million increase over the FY-2009 Military Construction request. This cost increase is due to the initial construction investment in Guam and a continued emphasis on Grow the Force.

- **\$323 million** for the construction of unaccompanied housing at Camp Pendleton, Twentynine Palms, California, and Camp Lejeune, North Carolina in a continuation of the Commandant of the Marine Corps' initiative to improve the quality of life for single Marines;
- **\$200 million** to provide quality of life facilities such as dining facilities, physical fitness centers, and fire houses at Twentynine Palms, San Diego, and Camp Pendleton, California, the Basic School at Quantico, Virginia, and Camp Lejeune, Cherry Point and New River in North Carolina;

- **\$109 million** to construct new recruit barracks and student billeting supporting the School of Infantry and the recruit training at Camp Pendleton and for the Basic School in Quantico, Virginia;
- **\$977 million** to build infrastructure to support new construction. These projects include communications upgrades, electrical upgrades, natural gas systems, drinking and wastewater systems, and roads. 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;
- **\$744 million** to fund operational support projects such as those needed for the stand-up of V-22 aircraft in North Carolina and California; and operational units in Camp Lejeune, North Carolina and Camp Pendleton, California. Logistics operations will be enhanced with a new Port Operations facility at Marine Corps Support Facility, Blount Island, Florida;
- **\$140 million** to provide training improvements for aviation units and Marine Corps Security Force training at Quantico, VA, and Marines training at the School of Infantry at Camp Lejeune, North Carolina, and Camp Pendleton, California. A new range will be provided in Hawaii.
- **\$122 million** to construct maintenance facilities at Twentynine Palms, California, Yuma, Arizona, Beaufort, South Carolina, and New River and Camp Lejeune, North Carolina;
- **\$41 million** for the construction of storage facilities at Twentynine Palms and Camp Pendleton, California and Cherry Point, North Carolina; and
- **\$84 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 \$64 million, including \$2 million for planning and design efforts, to construct three reserve centers — one each at Luke AFB, Arizona; Alameda, California; and Joliet, Illinois. These funds will also be used to construct a C-40 Hangar at Naval Air Station Oceana, Virginia Beach, Virginia; a parachute and survival equipment center in San Antonio, Texas, and vehicle maintenance facility in Charleston, South Carolina.

Fully-funded and Incrementally-funded MILCON projects

Our FY-2010 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)

% Sustainment	FY-08	FY-09	FY-10
USN Budget	82%	90%	93%
USN Actual/Plan	83%	90%	
USMC Budget	89%	90%	91%
USMC Actual/Plan	145%	90%	

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). For Navy, funding includes Joint Basing investments which requirements have yet to transfer. Once they do, the rate will revert to 90%...k

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 fielded a new Facility Modernization Model to replace the previous "67-year Recapitalization Metric" that, too, has been deemed too amorphous a model and another is under development based on "Quality" or "Q" ratings. Nonetheless, in FY-2010, the Department of Navy is investing \$2.27 billion in R&M funding.

Meeting the Energy Challenge

In August 2006, I directed that all new Department of Navy facilities and major renovations be built to U.S. Green Building Council "LEED Silver" standards starting in FY-2010. For military construction projects, we met the requirement a year earlier, in FY-2009. This year we began including sufficient funds for major renovations where the work exceeds 50 per cent of the facility's plant replacement value.

With funds provided through the American Recovery and Reinvestment Act (ARRA) we are able to leverage current technological advances to reduce energy demand and increase our ability to use alternative and renewable forms

of energy for shore facilities as well as in our logistics processes. This technology improves energy options for our Navy today and in the future. Of the \$1.2 billion in ARRA funds that have been provided to Navy, \$577 million in Operation and Maintenance, Navy; Operation and Maintenance, Marine Corps, and Military Construction has been applied to projects that will reduce our fossil fuel energy consumption. Major investments include \$169M to install photovoltaic systems, \$71M for advance metering installation, \$30M for the energy conservation improvement program (ECIP), \$9M for geothermal energy development, and \$31M for energy improvements in various facilities, (such as critical repairs to major utilities systems, HVAC replacement, etc.).

Naval Safety

The Department of the Navy strives to be a world class safety organization. In FY-08 we achieved our lowest rate ever recorded for total Class A Operational Mishaps¹. As of 24 April 2009, if our current pace continues, we would close out FY-2009 with our lowest mishap rate ever recorded in 6 of the 7 combined Navy and Marine Corps mishap categories that we track.

The Department is working to reduce fatalities and injuries resulting motorcycle and automobile mishaps on the nations highways, to implement a culture across the Navy and Marine Corps that encourages openly sharing experiences and lessons learned. In addition to active involvement by all levels of leadership, we're also developing a corporate safety risk management IT system that will allow improved collection of safety data and provide analysis, metrics and lessons learned across the enterprise, as well as provide an IT tool to manage local safety and health programs.

We have embraced the Occupational Safety and Health Administration (OSHA) Voluntary Protection Program (VPP), which fosters a cooperative relationship between management, labor, and OSHA to improve workplace safety. DoN has achieved "Star" status, OSHA's highest level of achievement, at ten sites representing the majority of the VPP star sites in DoD. The Navy activities include all four Naval Shipyards, our largest industrial facilities. Our other Navy VPP Star sites include: the Navy Submarine Base in Kings Bay Georgia; Naval Air Station, Key West, Florida; Intermediate Maintenance Facility Puget Sound, Silverdale, WA; Weapon Station Charleston, South Carolina, and Naval Hospital Corpus Christi, Texas. Our first Marine Corps VPP Star Site is Logistics Base, Barstow, California.

¹ A 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.

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. 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 FY09. 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.

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.

With the support of Congress, and particularly this Committee, we have made great strides in improving the quality of life for our members and their families over the past years. These include:

- Funds programmed and contracts in place to eliminate inadequate family housing in the Navy and Marine Corps.
- A robust military construction program to meet the Marine Corps' unaccompanied housing needs.
- Successful execution of the first two unaccompanied housing privatization projects within the Department of Defense.

Despite these achievements, there remain challenges that we face as a Department. 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.

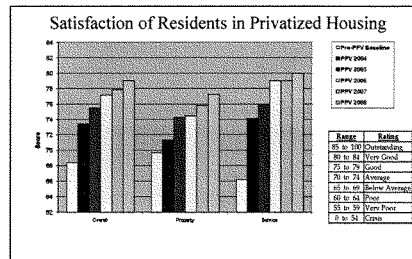
Our FY-2010 budget includes \$146 million in funding for family housing construction and improvements. This amount includes \$79 million for the Government investment in continued family housing privatization at Camp Lejeune and includes funding for an addition to a Department of Defense school. It also includes the replacement or revitalization of Navy housing in Japan, Korea, and Spain where the military housing privatization authorities do not apply. Further, there are proposed projects in Guam, unrelated to the Realignment of Marine Forces that would replace or revitalize existing homes there. Finally, the budget request includes \$369 million for the operation, maintenance, and leasing of remaining Government-owned or controlled inventory.

As of the end of FY 2008, we have awarded 30 privatization projects involving over 61,000 homes. As a result of these projects, nearly 20,000 homes will be renovated and over 21,000 new or replacement homes will be built. (The remaining homes were privatized in good condition and did not require any work.) Through the use of these authorities we have secured approximately \$8 billion in private sector investment from approximately \$800 million of our funds, which represents a ratio of almost ten private sector dollars for each taxpayer dollar.

While the military housing privatization initiative has been overwhelmingly successful, there are challenges in this program area as well. They include:

- The current economic climate. In the current economic climate, we have seen a dramatic curtailment in the amount of private financing available for our future military housing privatization projects/phases. This, in turn, affects plans for future construction and renovations. We are working with the Office of the Secretary of Defense, the other Services, and the lending community on ways in which we might mitigate such impacts and preserve our ability to leverage private capital on future projects/phases.
- Program Oversight. There has been a great deal of attention focused by Congress on the Service's oversight of housing privatization projects in the wake of difficulties experienced by some partners. We take seriously our responsibility to monitor the privatization agreements to ensure that the Government's long term interests are adequately protected. We have instituted a portfolio management approach that collects and analyzes financial, occupancy, construction, and resident satisfaction data to ensure that the projects remain sound and that the partners are performing as expected. We conduct meetings with senior representatives of our partners and, where necessary, resolve issues of mutual interest. Where our projects have encountered difficulties, appropriate corrective actions have been taken. For example, we had concerns regarding performance of the private partner in our Pacific Northwest project. We worked with that partner to sell its interest to another company which has a record of good performance with military housing privatization projects.

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 at right, the customer surveys indicate a steady improvement in member satisfaction after housing is privatized.



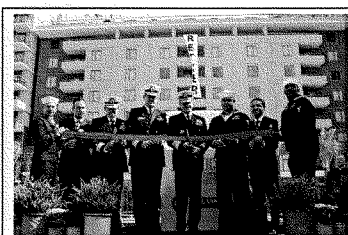
Unaccompanied Housing

Our budget request includes \$527 million for 14 unaccompanied housing projects (included 6 training barracks) at seven Navy and Marine Corps locations. The budget continues the emphasis on improving living conditions for our unaccompanied Sailors and Marines.

Our current inventory consists of over 157,000 unaccompanied housing spaces for permanent party Sailors and Marines. These represent a wide mix of unit configurations including rooms occupied by one, two, or more members. There are challenges, however, which the Department is committed to address.

- 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. In his May 6, 2009 testimony before the House Appropriations Committee, Subcommittee on Military Construction, the Chief of Naval Operations 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 inclusion of \$88 million in funding, in the ARRA, for a new barracks in San Diego is helping us meet this goal. 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, in Fiscal Year 2009 the Marine Corps will make significant progress toward fulfilling this priority. Your 2009 appropriation of \$1.2 billion in MILCON funding for Marine Corps barracks will result in the construction of approximately 12,300 permanent party spaces at eight Marine Corps installations. Your continued support of this initiative in our Fiscal Year 2010 proposal will allow us to construct an additional 3,000 new permanent party barracks spaces. With this funding we will stay on track to meet our 2014 goal. The Fiscal Year 2010 request for bachelor housing will provide eight barracks projects at Camp Lejeune, North Carolina, and Twenty-Nine Palms, and Camp Pendleton, California. 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.



Pacific Beacon in San Diego

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 first of three construction sites opened in November 2008 and the remaining units are scheduled for completion in 2010.

The Navy is continuing to evaluate candidate locations for the third pilot project, including the Mayport/Jacksonville, Florida area and additional phases at San Diego and Hampton Roads using the public/private entities previously established.

ENVIRONMENT

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 Spring 2008, a year and a half ahead of the required implementation schedule. Navy has made tremendous progress as well. It is well positioned to implement EMS at all major installations in 2009. The Department is now planning for EMS sustainment and potential future enhancements for FY10 and beyond to ensure maximum benefit 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 88 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 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 determined the effectiveness of DoN INRMPs outweighed the necessity to make 32 Critical Habitat designations on DoN installations.

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 includes infrastructure, ships, and objects of our Navy heritage; vestiges of our Colonial past; and Native American archaeology and 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. The clear objective of the Navy's historic preservation program is to balance the Navy's current and future mission needs and our stewardship responsibility to the American taxpayer with 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 historic inventory, assess potential use/reuse candidates and ensure that our installation planners and cultural resources managers are working closely together.

Our installations are filled with examples of historic preservation supporting and reinforcing the mission of a facility. 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, and interested members of the public, to develop effective and efficient ways to balance our stewardship and fiscal responsibilities as part of our Shore Installation Management program.

Historic buildings are a valuable part of our portfolio: Navy has been able to rehabilitate historic buildings in a way 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 the yard 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.

Installation Restoration Program (IRP)

The DoN continues to make significant progress remediating past contaminants. As of the end of FY-08, the Department has completed cleanup or has remedies in place at 83 percent of our 3,723 contaminated sites at our active installations. We remain on track to have remedies in place or responses completed by the year 2014. The execution of the program follows a cyclical pattern as the internal DoD metrics are accomplished. FY-07 saw a major push and achievement of many "high risk" sites meeting their cleanup milestones. The next milestone is for "medium risk" sites to achieve this milestone by end of FY-11. The FY-09 and FY-10 resources are therefore focused on investigating the medium risk sites, evaluating cleanup alternatives, and selecting remedies. FY-11 will see another large spike in the number of sites achieving the cleanup milestone. The same pattern will occur for the "low risk" sites from FY-12 through FY-14.

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 is completing site inspections at all 257 MRP sites. Additional funding is 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 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 Marine Mammals/Sonar R&D investments

The Navy is taking a number of proactive steps to protect marine mammals from anthropogenic sound in the water. The Navy continues to make long-term investments in marine mammal research by supporting numerous 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.

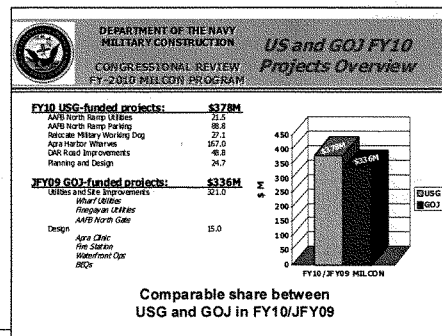
Marine Mammals/Military Readiness Activities

Over the last eight years, the Navy has been implementing its program of updating environmental documents on its 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 (EISs) for the Hawaii Range Complex, the Southern California Range Complex and the Atlantic Fleet Active Sonar Training areas. The U.S. Navy conducts the majority of its training involving the use of mid-frequency active sonar on these range complexes. 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 for other range complexes will be completed in 2009 and 2010.

Through the MMPA and ESA authorization processes, the National Marine Fisheries Service (NMFS) concluded that the proposed military readiness activities would have a negligible impact to marine mammals and will not jeopardize the continued existence of endangered marine mammal species in Hawaii, Southern California and off the East and Gulf Coasts of the United States. In this public process, NMFS reviewed and validated the 29 specific mitigation measures required by the two-year January 2007 MMPA National Defense Exemption. Those measures enabled the Navy to employ MFA sonar in a manner that maintained testing and training fidelity during critical MFA sonar testing and training while providing environmentally sound protection to marine mammals. Importantly, the Navy has continued unilaterally to require these mitigation measures for those areas not yet covered by environmental compliance documentation.

RELOCATING THE MARINES TO GUAM

The FY-2010 budget request includes \$378 million to construct facilities in support of the relocation. The Government of Japan, in its JFY-2009 budget (which runs April 1, 2009 through March 31, 2010) has



provided a comparable amount and we expect to receive their contribution in June. The graph at right identifies the projects each funding stream constructs.

The Department of Defense recognizes that the condition of Guam's existing infrastructure could affect our ability to execute the aggressive program execution and construction schedule. 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.

Roadway, intersection, and bridge upgrades are required to handle the flow of materials from the port to work sites. Through the Defense Access Road (DAR) program, DoD is working to identify, certify as eligible for funding, and consider in future DoD budgets the need for improvements to roadways, intersections, and bridges that are critical to executing the construction program. Five road improvement projects have been certified by Transportation Command's Surface Deployment and Distribution Command under the DAR program and more are under consideration. 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 Port of Guam requires near and long-term improvements. The Port Authority of Guam 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. Near-term improvements to the port are underway, including the recent delivery of three refurbished cranes that will become fully operational soon. With these 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.

Of the total \$6.09 billion Japanese commitment included in the Realignment Roadmap, \$740 million is for developing electric, fresh 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 may not be cost-effective. DoD is collaborating with the Government of Guam to understand its 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. Japan's contribution to the utilities special purpose entity is but one example of how bringing private investment through public-private partnerships may be part of the solution to Guam's infrastructure problems.

Relocation to Guam represents a strategic opportunity for the United States that we must get right. 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 current and future utilities providers, and be acceptable to Government of Guam and environmental regulators. A business model is being developed to support these requirements while ensuring the interests of the U.S Government and the GOJ are met. The EIS is addressing both interim and long-term solutions as they relate to infrastructure on Guam.

DoD's Office of Economic Adjustment (OEA) has provided the Government of Guam with grants totaling more than \$4.5 million to support environmental, financial and planning studies; staffing; and community outreach programs. Additionally, the Department of Defense is working with other Federal agencies to determine what appropriate roles DoD and other Federal agencies can play in helping Guam to address necessary infrastructure and services improvements on Guam, as noted by recent Government Accounting Office reviews. Additionally, the Department will ensure that Guam's local economic adjustment requirements, as they are known at the time, are provided to the Economic Adjustment Committee, chaired by the Secretary of Defense and the Secretaries of Commerce and Labor as co-Vice Chairs.

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 are collaborating with the Government of Guam to develop a program for the equitable and safe treatment of all workers, including Guam residents, workers from the Commonwealth of the Northern Mariana Islands (CNMI), Hawaii and the U.S. mainland, and any necessary H2-B laborers. We are evaluating methods to have contractors manage safety, medical, housing, transportation, and security for their workers, taking into account potential long-term positive side benefits that different solutions may have on 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. A key milestone to executing the realignment in the established timeframe is achieving a Record of Decision on a

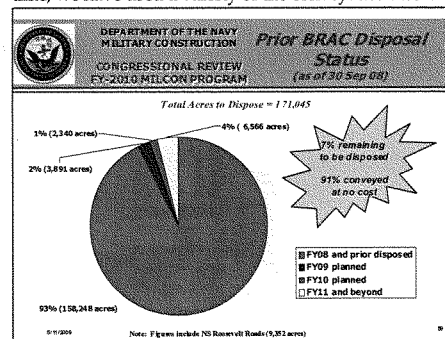
schedule that allows for construction to begin in FY2010. The target for a Record of Decision is January 2010. We realize there are significant and complicated issues that need to be addressed in this study, and the interests of the public need to be protected. This is a complex EIS, as it considers not only the relocation of the 8,000 Marines and their dependents, but also a Navy proposal for a transient nuclear-powered carrier capability at Apra Harbor, and an Army proposal to station a ballistic missile defense capability on Guam. However, we remain on an aggressive schedule to finish the final EIS by the end of 2009, with a Record of Decision following. To that end, we are holding informal discussions with regulatory agencies early and often to uncover and address issues of concern well in advance of the formal review process; we are streamlining existing internal and external review and approval processes with regulatory agencies and other external partners; and we are conducting concurrent internal DoD reviews to expedite approval of the EIS for distribution and publication. We will share with the Congress significant issues that emerge during the EIS process.

PRIOR BRAC CLEANUP & PROPERTY DISPOSAL

The BRAC rounds of 1988, 1991, 1993, and 1995 were a major tool in reducing our domestic base structure and generating savings. The Department has achieved a steady state savings of approximately \$2.7 billion per year since FY-02. 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 on 15 installations that have been disposed.

Property Disposal

By the end of Fiscal Year 2008, we have disposed of 93% of the real property slated for closure in the first four rounds of BRAC. Throughout that time, we have used a variety of the conveyance mechanisms available for Federal



Property disposal, including the Economic Development Conveyance (EDC) that was created for BRAC properties. Ninety-one percent of the Department of the Navy real property was conveyed at no cost. From the remaining 9%, the Department of Navy

has received over \$1.1 billion in revenues via a variety of conveyance mechanisms. Nearly all of this revenue has been generated since FY-2003. Since then, we have used these funds to accelerate environmental cleanup, and to finance the entire Department of the Navy prior BRAC effort including caretaker costs from FY-2005 through FY-2008.

These funds have enabled us to continue our environmental clean-up efforts at 31 installations. We have used these funds to accelerate cleanup at Naval Shipyard Hunters Point, CA, as well as Naval Air Station Alameda, CA, enabling us to be closer to issuing Findings of Suitability to Transfer or conveyance of the property for integration of environmental cleanup with redevelopment.

Land Sale Revenue

Despite our success in using property sales to augment funding for environmental cleanup and property disposal, as well as recover value for taxpayers from the disposal of federal property, future revenues are very limited. In FY-2009, we resumed our budget requests for appropriated funding.

Prior BRAC Environmental Cleanup

The Department has spent about \$4.0 billion on environmental cleanup, environmental compliance, and program management costs at prior BRAC locations through FY-2008. We project an increase in the cost-to-complete of about \$172 million since last year. Nearly all of this cost increase is due to additional munitions cleanup at Naval Air Facility Adak, AK, Naval Shipyard Mare Island, CA, and Marine Corps Air Station El Toro, CA. The increase is also associated with additional radioactive contaminations at Naval Station Treasure Island, CA, Naval Air Station Alameda, CA, and Naval Shipyard Mare Island, CA.

BRAC 2005 IMPLEMENTATION

The Department has moved expeditiously from planning to the execution of the BRAC 05 Program. The Office of the Secretary of Defense has approved all 59 Navy-led business plans. Additionally, 24 other service-led business plans with some form of Navy equity have been approved. The Department's BRAC 05 Program is on track for full compliance with statutory requirements by the September 15, 2011 deadline. However, some significant challenges lie ahead.

Accomplishments

In total, the Department awarded 85 of 118 BRAC construction projects with a combined value of \$1.4 billion.² Eighteen FY-2009 projects worth \$256 million are on track to award this year. Some noteworthy projects include:

- In July 2008, the Department awarded a \$325 million project to co-locate Military Department Investigative Agencies at Marine Corps Base, Quantico, VA. When complete it will combine almost 3,000 personnel from the Department of Defense (DoD) and the Services' Investigative Agencies. It also includes the construction of a collocated "School House" for the Joint Counterintelligence Training Academy (JCITA) as well as nearby roadway improvements. Combined together, these actions will significantly enhance counterintelligence synchronization and collaboration across DoD.
- In less than 12 months since business plan approval, nine projects for a combined \$222M were awarded at Naval Air Weapons Station, China Lake, CA, Naval Weapons Station, Indian Head, MD, and Dahlgren, VA, in support of the Department's effort to consolidate and create a Naval Integrated Weapons & Armaments Research, Development, Acquisition, Test, and Evaluation Center. Two projects worth \$39 million are projected to award next month.

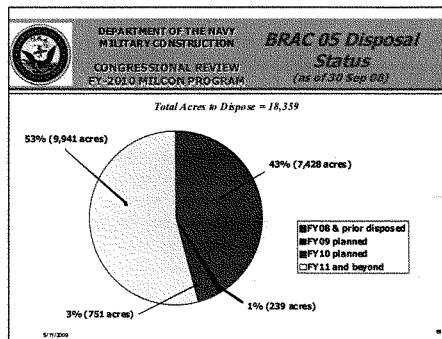
Helping Communities

Fifteen impacted communities have established a Local Redevelopment Authority (LRA) to guide local planning and redevelopment efforts. The DoD Office of Economic Adjustment has been providing financial support through grants and technical assistance to support LRA efforts. Of these 15 communities, six reuse plans have been approved by the Department of Housing and Urban Development (HUD). Three communities are still preparing their plans with submissions planned for later this year. At the installations where the reuse plans have been completed, the Department has initiated the National Environmental Policy Act documentation for disposal of those properties.

² Three FY-2008 projects valued at \$14 million remain to be awarded

Land Conveyances and Lease Terminations

By the end of FY-2008, the Department disposed of 43% of the property that was slated for closure in BRAC 2005. These disposal actions were completed via lease termination, reversions, and Federal and DoD agency transfers. Of interest is the reversion of Singing Island at Naval Station Pascagoula and the Dredge Spoil Material Area at Naval Station Ingleside, transfer of the tidal area of Naval Weapons Station Seal Beach Detachment Concord to the Department of the Army, and disposal of 78% of the reserve centers slated for closure.



The Department has also closed or realigned 38 of 49 Naval Reserve Centers, Navy Marine Corps Reserve Centers, Navy Recruiting Districts, Navy Regions, and Navy Reserve Readiness Commands. Seven of these were disposed in 2008. The 2009 Plan includes transfer of 144 acres at Naval Air Station Atlanta, Reserve Centers at Orange, TX, and Mobile, AL, and 75 acres from Naval Station Pascagoula to the Air Force.

NSA New Orleans, LA

In September 2008, the Department and the Algiers Development District (ADD) Board entered into a 75-year leasing agreement. We leased 149 acres of Naval Support Activity New Orleans West Bank to the ADD in exchange for up to \$150 million in new facilities to support Headquarters, Marine Forces Reserve.

Simultaneously, the Department finished construction, relocated from New Orleans, and formally opened the new Commander, Navy Reserve Force Command Headquarters in Norfolk, VA. In their new \$33 million, 90,000-square foot facility, the 450-man command is in very close proximity to the Department's U.S. Fleet Forces Command as well as the Joint Forces Command. This proximity means better communication between active and reserve forces, including more face-to-face meetings with local commands.

Naval Air Station Brunswick, ME

The Department's largest BRAC 05 operational action will close Naval Air Station Brunswick, Maine, and consolidate the East Coast maritime patrol operations in Jacksonville, Florida. The cornerstone of this relocation is a \$132 million aircraft hangar scheduled for completion and occupation in May 2009. This project represents the Department's largest patrol squadron hangar, and it will serve to maintain all five P-3 squadrons. It is also designed for the future transition to the P-8 Poseidon aircraft. The first relocating P-3 Squadron deployed from Naval Air Station Brunswick occurred in November 2008 and will return directly to their new home in Jacksonville.

Naval Station Ingleside/NAS Corpus Christi, TX

Significant progress was also made to prepare facilities to relocate eight Mine Counter Measure (MCM) ships from Naval Station Ingleside, TX to Naval Base San Diego, CA. The Department re-evaluated its infrastructure footprint in the greater San Diego area and elected to change from new construction to renovation of existing facilities, thereby saving more than \$25 million in construction costs. These ships will start shifting homeport this spring, with completion later in the calendar year.

Joint Basing

Two of four Joint Base Memorandums of Agreement (MOAs) where the Department is the lead component have 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 personnel, budget, and real estate—transfer from the Supported component(s) to the lead. Joint Basing has two implementation phases, with Phase I installations scheduled to reach full operational capability in October 2009, and Phase II installations in October 2010. The four Department-led joint bases are Little Creek-Fort Story (Phase I), Joint Region Marianas (Phase I), Anacostia-Bolling (Phase II), and Pearl Harbor-Hickam (Phase II).

Environmental Cost to Complete

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, the Department's remaining environmental liabilities for BRAC 05 are substantially less than in previous rounds of BRAC. We have spent \$148 million in cleanup at BRAC 05 locations through FY-2008. The majority of this has been spent at Naval Air Station Brunswick, ME and Naval Weapons Station Seal Beach Detachment Concord,

CA. Our remaining environmental cost to complete for FY-2009 and beyond is \$99 million. This estimate is \$8 million higher than last year's estimate due to additional munitions, groundwater, and landfill cleanup and monitoring at Naval Air Station Brunswick, ME, Naval Weapons Station Seal Beach Detachment Concord, CA, and Naval Air Station Joint Reserve Base Willow Grove, PA.

Financial Execution

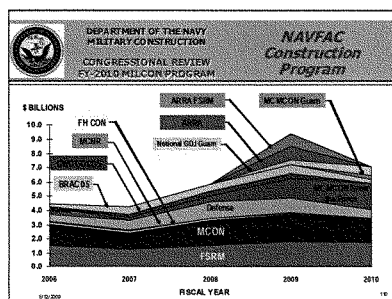
The execution of our FY-2006–2008 funds is now at nearly 90%. This is a significant improvement over the same period last year and further demonstrates our shift from planning to execution and accelerated implementation. We are also on track to obligate over 90% of our FY-2009 funds by the end of the fiscal year. We appreciate the efforts of Congress to provide these funds early in the fiscal year, which directly contributed to our success.

Challenges

Although we are on track to meet the September 15, 2011 deadline, we do face some significant challenges ahead. Seven major construction projects at Naval Air Weapons Station China Lake, CA and Naval Weapons Station Indian Head, MD require complex site approvals and certifications for operation from the Department of Defense Explosive Safety Board. Additionally, Correctional Facilities require certification before occupancy. The Department plans to closely manage construction so that it completes in time to conduct the necessary certifications.

Several complex move actions require close coordination with other services and agencies. While they remain on track for timely completion, we must maintain effective and continuous coordination to succeed.

MEETING THE CONSTRUCTION EXECUTION CHALLENGE

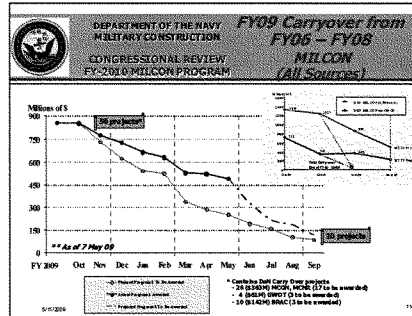


We have outlined how our facilities investment continues at a record setting pace, and the Department's execution agent, the Naval Facilities Engineering Command (NAVFAC), is ready to meet the demand.

While market conditions exacerbated by world-wide natural disasters led to lagging execution rate during FY-2006, NAVFAC has drastically reduced carryover despite a 60% increase in contract awards, as the graph depicts. Smart acquisition strategies and vigorous management in the field continue to reduce the carryover.

- Special consideration is being given to executing the construction program in Guam.

To the maximum extent possible NAVFAC will apply criteria and standards that enable offsite construction methodologies. This will not only reduce the importation of raw construction materials to the island but it also helps to minimize the socio-economic impact by reducing the off-island labor required. NAVFAC continues to make concerted efforts to reach out to Small Business enterprises, and will also utilize a variety of contracting vehicles, such as the, 8(A) Multiple Award, HUBZONE Multiple award, and the new Small Business Global Multiple Award that is pre-award status.



CONCLUSION

Our nation's maritime forces operate closely with other joint forces allies, and coalition partners, delivering the main tenets of our Cooperative Strategy for 21st Century Seapower: protecting the homeland, preventing conflicts, and when necessary, winning our Nation's conflicts. To fulfill this challenge we must ensure our Sailors and Marines have the training, education, and tools necessary to prevail in conflict and promote peace abroad. The Department of Navy's (DoN) investment in our shore infrastructure represents our deepening commitment to this goal. Our installations are where we homeport the Fleet and her Marine forces, train and equip the world's finest Sailors and Marines. Our FY-2010 budget supports a forward posture and readiness for agile, global response.

Thank you for your continued support and the opportunity to testify before you today.

DEPARTMENT OF THE AIR FORCE
PRESENTATION TO THE ARMED SERVICES COMMITTEE
SUBCOMMITTEE ON READINESS

UNITED STATES HOUSE OF REPRESENTATIVES

**SUBJECT: FISCAL YEAR 2010 AIR FORCE MILITARY CONSTRUCTION,
FAMILY HOUSING AND BASE REALIGNMENT AND CLOSURE
PROGRAMS**

**STATEMENT OF: MS. KATHLEEN FERGUSON
DEPUTY ASSISTANT SECRETARY FOR INSTALLATIONS
UNITED STATES AIR FORCE**

3 JUNE 2009

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

KATHLEEN I. FERGUSON



BIOGRAPHY

UNITED STATES AIR FORCE

KATHLEEN I. FERGUSON

Ms. Kathleen I. Ferguson, a member of the Senior Executive Service, is the Deputy Assistant Secretary of the Air Force for Installations, Office of the Assistant Secretary of the Air Force for Installations, Environment and Logistics, Washington, D.C. She is responsible for the management, policy and oversight of the \$6 billion annual Air Force installation and facility programs. These include facility management, base closures, military construction, family housing, acquisition, maintenance, operation, repair and disposal of real property.

Ms. Ferguson began her career as a design civil engineer at Plattsburgh AFB, N.Y., in 1981. She transferred to Langley AFB, Va. in 1983, and held a variety of positions with the 1st Fighter Wing, Headquarters Tactical Air Command and Headquarters Air Combat Command until 1993. In 1994 she moved to the Pentagon where she worked with environmental and civil engineering programs.

Ms. Ferguson became Chief of the Installation Support Panel with the Office of the Deputy Chief of Staff for Installations and Logistics when the Air Force corporate structure stood up in 1995. From 1997 to 1999 she served on the headquarters staff for the U.S. Air Forces in Europe Command at Ramstein Air Base, Germany. She returned to the Pentagon and the IL office as Chief of the Installation Support Panel with the Office of the Civil Engineer. From 2000 to 2002, she worked for IL as the Combat Support Division Chief for the Directorate of Supply. Prior to assuming her current position, she was the Deputy Air Force Civil Engineer. Ms. Ferguson is a registered professional engineer in Virginia.



EDUCATION

1980 Bachelor of Science degree in civil engineering, University of New Hampshire
 1989 Air Command and Staff College, Maxwell AFB, Ala.
 1989 Master's degree in public administration, Auburn University
 2001 Program for Senior Managers in Government, John F. Kennedy School of Government, Harvard University

CAREER CHRONOLOGY

1. 1981 - 1983, design engineer, 380th Civil Engineering Squadron, Plattsburgh AFB, N.Y.
2. 1983 - 1988, Chief, Engineering Branch; Chief, Contract and Environmental Planning Section; and Contract Programmer, 1st Civil Engineering Squadron, Langley AFB, Va.
3. 1988 - 1989, student, Air Command and Staff College, Maxwell AFB, Ala.

KATHLEEN I. FERGUSON

4. 1989 - 1994, Deputy Chief, Programs Division, Headquarters Air Combat Command Civil Engineering; Chief, Military Construction Programs Branch, Headquarters Tactical Air Command Civil Engineering; later, Project Manager for MILCON Design and Construction, Headquarters Tactical Air Command Civil Engineering, Langley AFB, Va.
5. 1994 - 1997, Chief, Civil Engineer Programs and Analysis Branch; Chief, Installation Support Panel; and Environmental Program Manager, Civil Engineer Legislative Affairs Analyst and resource allocation team member, Office of the Deputy Chief of Staff for Installations and Logistics, Headquarters U.S. Air Force, Washington, D.C.
6. 1997 - 1999, Chief, Programs and Resources Division, Civil Engineer Directorate, Headquarters U.S. Air Forces in Europe, Ramstein Air Base, Germany
7. 1999 - June 2000, Chief, Civil Engineer Programs and Analysis Branch and Chief, Installation Support Panel, Office of the Civil Engineer, Office of the Deputy Chief of Staff for Installations and Logistics, Headquarters U.S. Air Force, Washington, D.C.
8. June 2000 - April 2002, Chief, Combat Support Division, Directorate of Supply, Office of the Deputy Chief of Staff for Installations and Logistics, Headquarters U.S. Air Force, Washington, D.C.
9. April 2002 - October 2007, Deputy Air Force Civil Engineer, Headquarters U.S. Air Force, Washington, D.C.
10. October 2007 - present, Deputy Assistant Secretary of the Air Force for Installations, Office of the Assistant Secretary of the Air Force for Installations, Environment and Logistics, Washington, D.C.

AWARDS AND HONORS

2005 Meritorious Executive Presidential Rank Award

(Current as of October 2007)

INTRODUCTION

More than 27,000 Airmen are currently deployed in support of Operations ENDURING and IRAQI FREEDOM, daily demonstrating their importance in support of Joint combat operations. Within the Secretariat for Installations, Environment and Logistics (SAF/IE), we fully appreciate the impact our efforts have in support of these Airman and how it affects their ability to positively influence our Air Force's warfighting abilities and capacity to counter hostile threats.

To that end, the men and women of SAF/IE are committed to ensuring our Air Force installations are right sized to support our forces, our combat systems have a robust logistics infrastructure for sustainment, and our forces have the necessary accessibility to the full spectrum of our environment to ensure combat readiness. In addition to our Airmen's combat readiness, we also appreciate how these same efforts support our Airmen and their families and ensure a Quality of Service commensurate with the contribution they provide to the defense of our Nation.

Air Force Military Construction (MILCON), Military Family Housing (MFH), and Base Realignment and Closure (BRAC) programs form the foundation of our installation structure. Our Air Force installations serve as key platforms for the delivery of Global Vigilance, Reach and Power for our Nation, and our Fiscal Year (FY) 2010 investments reflect a direct connection to this vital work.

As the Air Force continues to focus on modernizing our aging weapon systems, we recognize that we cannot lose focus on critical Air Force infrastructure programs. In order to maintain effective stewardship of the resources given to us, our FY2010 President's Budget of

4.9 billion dollars for MILCON, BRAC, MFH, and facility maintenance is a reduction from our FY2009 request of 5.6 billion dollars. We intend to mitigate potential shortfalls in MILCON and facility maintenance funding by bolstering our restoration and modernization programs as much as possible. Using an enterprise portfolio perspective, we intend to focus our limited resources only on the most critical physical plant components, by applying demolition and space utilization strategies to reduce our footprint, aggressively pursuing energy initiatives, continuing to privatize family housing and modernizing dormitories to improve quality of life for our Airmen.

Our efforts are in direct support of and consistent with the Air Forces' five priorities, 1) Reinvigorate the Air Force Nuclear Enterprise, 2) Partner with the Joint and Coalition Team to Win Today's Fight, 3) Develop and Care for Airmen and Their Families, 4) Modernize our Air and Space Inventories, Organizations and Training, and 5) Recapture Acquisition Excellence. It is with these priorities in mind that I will outline our MILCON, Military Family Housing and BRAC efforts and the individual priorities they support.

REINVIGORATE THE AIR FORCE NUCLEAR ENTERPRISE

The Air Force has a solemn responsibility and obligation to operate and maintain its portion of America's nuclear deterrent posture, which consists of land-based intercontinental ballistic missiles (ICBMs), nuclear-capable bombers and dual capable fighters. Over the past several months the Air Force senior leadership team, along with the Office of the Secretary of Defense (OSD) and Interagency partners, have closely examined the Air Force nuclear enterprise and identified several areas for improvement.

The results of these internal assessments reinforced the need to continually focus on nuclear sustainment and operations as well as the management of the weapons and their delivery platforms. A critical aspect of this effort includes the infrastructure and facilities providing the necessary life-cycle installation support of this vital mission. Air Force Civil Engineers and field experts are currently conducting Facility Condition Assessments (FCA) of all nuclear-related facilities, which will provide detailed information on our infrastructure deficiencies directly supporting the nuclear mission. Projects will be developed, programmed, and prioritized appropriately to obtain the necessary funding required to correct any deficiencies. Additionally, the FY2010 President's Budget request includes an investment of 45 million dollars in four infrastructure projects at Minot Air Force Base, North Dakota, FE Warren Air Force Base, Wyoming and Clear Air Station, Alaska. These projects include missile procedures, training operations and missile service complex facilities.

DEVELOP AND CARE FOR AIRMEN AND THEIR FAMILIES

Airmen are the Air Force's most valuable resource and we remain committed to recruiting and retaining the world's highest quality force. As part of the American Recovery and Reinvestment Act of 2009, monies allotted to the Air Force support that effort. Over 260 million dollars in MILCON will improve the lives of our Airmen and their families through MFH improvements, dormitory construction, and providing Child Development Center facilities and services.

Developing Airmen

The Air Force must continue to ensure we are preparing Airmen for the challenges of today and tomorrow by providing quality facilities in which to train and operate. Our FY2010 budget request includes 39 million dollars for three projects. We will construct a new recruit dormitory and basic military training facility giving incoming Airmen quality training facilities to start a career of service. Another highlight includes a C-5 Ground Training Schoolhouse addition for the Air Force Reserve Command.

Military Family Housing Program

The MFH Master Plan details our Housing MILCON, operations and maintenance, and privatization efforts. Since last spring, the Air Force completed new construction or major improvements on over 2,000 units in the United States and overseas, with another 2,286 units under construction in the United States and 2,783 units under construction overseas.

Our FY 2010 budget request for MFH is just over 567 million dollars. The Air Force request for housing investment is 67 million dollars to ensure the continual improvement of our overseas homes. Investments will provide whole-house renovations for 365 units at two overseas bases and extend their useful life. Our request also includes an additional 500 million dollars to pay for operations, maintenance, utilities and leases for the family housing program.

Housing Privatization

Housing privatization continues to improve quality of life for our Airmen and their families. By the beginning of FY2010 we will have privatized approximately 38,900 housing units at 44 bases. We have seen the delivery of over 10,000 new or renovated homes and are

currently bringing more than 200 homes a month online. We will have leveraged more than 402 million dollars in government investment to garner almost 6.3 billion dollars in private sector total housing development, or sixteen dollars of private investment for each public tax dollar. With the support of Congress, we will continue to work toward our goal to privatize 100 percent of Military Family Housing in the Continental United States, Hawaii, Alaska and Guam by the end of FY2010.

Unaccompanied Housing (Dormitories)

The Air Force Dormitory Master Plan (DMP) is the cornerstone for developing requirements for unaccompanied housing. The budget request includes five dormitories worth 138 million dollars. We will continue to replace existing dormitories at the end of their useful life with a standard Air Force-designed private room configuration under the “Dorms-4-Airmen” concept. Simultaneously, our implementation of a “bridging strategy” ensures we are investing Facility Sustainment and Restoration and Modernization funds into aging facilities to extend their useful life until MILCON replacements can be executed and to ensure we keep “good dormitories good.”

Fitness and Child Development Centers

Elevated operations tempo and increased home-station demands makes physical fitness an imperative for Airmen. Our FY2010 request includes two Fitness Centers worth 41 million dollars. We also remain focused on providing our families with appropriate and nurturing child care facilities. We will continue to invest in these facilities which we believe are key to caring for Airmen and their families. This year’s budget request includes two child development centers worth 20 million dollars.

Environmental Quality and Management Systems

Our environmental management programs continue to ensure the most basic quality of life needs are met for our Airmen and surrounding communities: clean air, clean drinking water and healthy working and living conditions for our workforce and base residents. We have implemented a new environmental management approach at Air Force installations. Installations are now utilizing the Environmental Management System (EMS) to identify environmental aspects of base operations, assess their impacts, and help commanders make informed decisions and investments to reduce environmental risks and compliance costs. Our installation commanders significantly reduced new environmental enforcement actions by 44 percent from FY2005 to FY2008.

We are also continuing our existing environmental quality and restoration programs. The FY2010 request includes just under 1 billion dollars for direct-funded non-BRAC environmental programs such as: traditional environmental restoration activities, environmental compliance activities and projects, pollution prevention initiatives, environmental conservation activities, munitions response activities, and investment in promising environmental technologies. Our environmental restoration program is proceeding aggressively to clean-up sites contaminated by past practices. The Air Force closed or has remedies in place at 89 percent of the contaminated sites and expects to have remedies in place at all sites by FY2012, two years ahead of the Department of Defense FY2014 environmental restoration goal.

MODERNIZE OUR AIR & SPACE INVENTORIES, ORGANIZATIONS AND TRAINING

Modernizing our aging air and space inventories, organizations and training to prepare for tomorrow's challenges requires significant investment of 353 million dollars for 34 projects.

We will complete the planned F-22 beddown, including the two Air National Guard projects at Hickam Air Force Base, Hawaii. The beddown of the F-35 also continues to be a priority, with eight projects supporting actions at Nellis Air Force Base., Nevada and Eglin Air Force Base, Florida.

We also continue to modernize our facilities in support of our larger aircraft by constructing seven new facilities supporting C-130 operations and training. Other projects in this program include a consolidated communication facility at Cannon Air Force Base, New Mexico, two research facilities at Wright Patterson Air Force Base, Ohio and upgrading electrical infrastructure at Hurlburt Field, Florida. As part of our work to achieve balance across our portfolios, we continue to transform the enterprise by developing new concepts of operations, implementing organizational change, and integrating advanced technologies in installation support.

Energy Stewardship

The Air Force has launched an aggressive program to invest in facility energy conservation and renewable energy alternatives. Recently, the Secretary of the Air Force signed a Mission Directive institutionalizing energy policy within the Air Force and driving more efficient energy management practices. Together, these policies will direct specific actions in the areas of operational processes, training, and installation management geared toward reducing our “energy footprint,” and increasing our use of cleaner energy alternatives.

Over the past year, we’ve stood up the Air Force Facility Energy Center (FEC) at the Air Force Civil Engineer Support Agency at Tyndall Air Force Base, Florida. The new FEC consolidates energy technical expertise and project management capabilities in order to leverage best practices across the force. The goal of this office is to develop and implement innovative

energy solutions reducing our energy “footprint” at Air Force installations. In 2008, the *Air Force Infrastructure Energy Strategic Plan* was issued to guide the strategic and tactical direction of our energy program, a plan designed to balance supply-side energy assurance and demand-side energy efficiency. It incorporates the energy strategy of the 21st Century designed to meet the energy mandates outlined in the *Energy Policy Act 2005 (EPAct 05)*, *Executive Order (EO) 13423* and *Energy Independence and Security Act of 2007 (EISA 2007)*. The strategy maps the way ahead for meeting energy mandates through FY2015 and covers facilities infrastructure as well as fuel efficiency in our ground transportation fleet.

The new infrastructure energy strategy is founded on Four Pillars that are designed to 1) Improve Current Infrastructure, 2) Improve future infrastructure, 3) Expand renewables, and 4) manage cost. We intend to achieve the Four Pillars by incorporating best business practices into our education and training programs, pursuing cultural change in our organizations, and improving our asset management. We see potential indicators that our efficiency strategy is providing return-on-investment. Between the FY2003 baseline year and FY2008, the Air Force decreased energy intensity by 17.8 percent. The Air Force also developed a life-cycle cost-effective metering strategy to meet EPAct 05, which mandates the installation of electric meters on required facilities by 2012. We recognize the value of metering and are already 74 percent complete toward the goal. The Air Force is also making great strides in our water conservation program, with Air Force-wide water consumption decreasing 1.3 billion gallons from FY2007 to FY2008.

In the area of renewable energy, our strategy expands public and private partnerships by leveraging private sector capital to bring renewable power production to our bases at competitive

prices. For example, in a partnership with state and local government and private industry, the photovoltaic (PV) solar array at Nellis Air Force Base, Nevada, the largest PV array in North America, generated 57,139 megawatt-hours in FY2008, and saving approximately \$1 million per year. Through a Congressional appropriation, F.E. Warren Air Force Base, Wyoming, installed a 2,000 kilowatt wind turbine in January 2009, adding to the two turbines already operational. Together the three wind turbines are capable of generating 6.7 million kilowatt-hours per year, enough to power 836 homes. These and other renewable energy and conservation initiatives provide examples of how the Air Force is committed to not only meeting, but exceeding the goals of the new Executive Order with initiatives that provide long-term return-on-investment.

Sustainability

With an eye toward improving future infrastructure, our traditional project goals of delivering high quality facility projects on schedule and within budget is expanding to include creation of functional, maintainable, and high performance facilities. Under *EO 13423* and *EISA 2007*, the Air Force employs the Federal Leadership in High Performance and Sustainable Building Guiding Principles to reduce total cost of ownership and improve energy efficiency and water conservation to provide safe, healthy, and productivity-enhancing facility environments. We also employ the U.S. Green Building Council's Leadership in Energy & Environmental Design (LEED) criteria in our designs. The LEED Green Building Rating System is the nationally accepted benchmark for the design, construction, and operation of high performance green buildings. In 2008, the Air Force certified its first LEED gold building at Offutt Air Force Base, Nebraska. This year, 100 percent of Air Force-eligible MILCON projects will be capable of certification in LEED.

The Air Force understands that it is not just new construction that needs this focus and attention. We have already begun the task of greening our existing building inventory and installation support platforms. Sustainability cannot just be about facilities, it has to be a holistic approach to include how we develop and sustain our installations. The vision is to build and shape sustainable communities using innovative solutions to lower the cost of installation support and provide more eco-friendly installations.

BRAC 2005 Execution Report Card

BRAC 2005 impacts more than 120 Air Force installations. Whether establishing the F-35 Joint Strike Fighter Initial Training Site at Eglin Air Force Base, Florida, closing Kulis Air Guard Station in Alaska, or transferring Pope Air Force Base, North Carolina to the Army, the Air Force community as a whole – active, Guard, Reserve -- will benefit from changes BRAC achieves.

Unlike the last round of BRAC where 82 percent of the implementation actions affected the active Air Force, in BRAC 2005, 78 percent of implementation actions affect the Air National Guard and Air Force Reserve. In fact, the Air Force will spend more than 486 million dollars on Air National Guard and Air Force Reserve BRAC MILCON projects. In addition, many of the BRAC MILCON projects on active Air Force installations, like the C-130 facilities built or renovated at Elmendorf Air Force Base, or KC-135 facilities built or renovated at Seymour-Johnson and MacDill Air Force Bases, will benefit Air Reserve Component forces stationed there.

The Air Force's total BRAC budget is approximately 3.8 billion dollars, which the Air Force has fully funded.

The Air Force's largest BRAC costs are for military construction projects; approximately 2.6 billion dollars. Operations and Maintenance (O&M) expenditures closely follow at 926 million dollars. This includes expenditures for civilian pay and moving expenses, supplies, equipment, travel, etc. There are other BRAC expenses, as well. Other requirements include expenses for information technology, equipment procurement, and Air Force Reserve and Air National Guard training, to name a few, at 142 million dollars.

Other BRAC programmed amounts include 132 million dollars for military personnel expenses and environmental planning and cleanup.

The Air Force's Fiscal Year 2010 BRAC 2005 Budget Request is ~418 million dollars, of which less than 20 percent is for BRAC MILCON projects.

The Air Force's primary focus in the Fiscal Year 2010 program is in budget areas other than BRAC MILCON because we are now more focused on personnel-related issues, relocating assets and functions, outfitting new and renovated facilities, procuring end-state necessities, and continuing environmental actions to realign and integrate the total force.

Joint Basing

The Air Force has a long and successful history of working toward common goals in the Joint environment. The Air Force remains committed to ensuring all bases, Joint or otherwise, maintain their capability as weapon system platforms and meet our quality of life standards. To accomplish this we worked with our sister Services and OSD to establish common quality of life standards that ensure our personnel receive efficient installation support services.

The Services are addressing many complex issues such as information technology integration, human resources planning, manpower and fiscal resources, and new organizational structures. A Senior Joint Base Working Group, led by the Deputy Under Secretary of Defense (Installations and the Environment) developed implementation policy to guide the transition of installation management functions and meet the BRAC timeline. The group is in the process of reviewing and coordinating the numerous details in the formal support agreements and implementation plans to establish each Joint Base. The five Joint Bases aligned in the first phase of implementation have developed comprehensive Memoranda of Agreement (MOA) establishing the relationships between the Services, and are now shifting their focus to the orderly transition of installation management functions by October 2009. The seven Phase II installations are developing their MOAs now and will begin the transition of functions next year, and will complete the process by October 2010.

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 BRAC 88, 91, 93 and 95, which we refer to as legacy BRAC, with the remainder under lease for redevelopment and reuse. The highly successful reuse of Air Force Base closure property led to the creation of tens-of-thousands of jobs in the affected communities. 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. These include an emphasis on performance-based environmental remediation contracts, using such performance-based contracts on regional clusters of BRAC bases, and innovative tools such as early property transfer and privatization of environmental cleanup so that the cleanup efforts complement, rather than impede, the property redevelopment plans and schedules. Our objectives remain constant and clear: (1) provide reuse opportunities that best meet the needs of the Air Force and local communities, (2) move the process along smartly in each situation to get property back into commerce as soon as practical, and (3) provide transparency throughout the process. Of the 32 legacy BRAC bases slated for closure, the Air Force completed 20 whole-base transfers. Ten of the remaining 12 bases are targeted for transfer

by the end of Fiscal Year 2010, while the last two (former George and McClellan Air Force Bases) will be transferred no later than the end of Fiscal Year 2012.

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 dollars for legacy BRAC cleanup activities and another 20 million dollars for BRAC 2005 cleanup activities. Recent progress at the former McClellan Air Force Base in Sacramento, once the most environmentally contaminated closure base within DoD, is a sterling example of the effective approach taken by the Air Force and the local community in fostering redevelopment of closure base property. As a result of previously unprecedented collaboration between the local community, the Environmental Protection Agency, state environmental regulators, the primary developer, and the Air Force on the privatization of cleanup of the base, the former base is quickly becoming the “greenest” business park in California. It is home to what will be the most energy-efficient computer data center in the nation.

In summary, the Air Force’s real property asset management framework involves an understanding and balancing of our mission needs and risks with market dynamics, the federal budget, the condition and performance of our assets and the need to protect the environment.

PARTNER WITH THE JOINT AND COALITION TEAM TO WIN TODAY’S FIGHT

America’s Airmen are “*All In*” supporting the Joint and Coalition team to win today’s fight with precision and reliability. Our FY2010 program includes 544 million dollars for 28 projects

directly connected to today's fight. Four projects valued at 198 million dollars directly support U.S. Central Command by providing much needed in-theater airlift ramp and fuel facilities, a war-reserve material compound, and a passenger terminal. Other projects include an aerospace ground equipment maintenance complex at Ramstein Air Base in Germany, a Global Hawk maintenance and operations complex at Naval Air Station Sigonella in Italy, and beddown facilities for Air Force air support and operations personnel with Army units. These investments provide direct returns by reducing backlog and waste in our logistics trail, and increase the capacity and efficiency of our fighting forces at downrange locations.

Approximately 30,000 Airmen are currently deployed as part of Operations ENDURING FREEDOM and IRAQI FREEDOM. More than 3,000 of these Airmen are civil engineers, with over 40 percent of our deployed engineers filling Joint Expeditionary Tasking (JET) billets, serving side-by-side with our sister Services. Our heavy construction Rapid Engineer Deployable Heavy Operational and Repair Squadron Engineers (RED HORSE) and our Prime Base Engineer Emergency Force (BEEF) engineers are well-known in-theater for their ability to build and maintain expeditionary installations. Airmen continue to assist both Iraq and Afghanistan in building the capacity to provide self-governance. Since 2004, the Air Force has completed over 5.6 billion dollars in major renovation or construction projects, giving the governments of Iraq and Afghanistan the capacity to provide basic services for its people. Whether it is serving on Provincial Reconstruction Teams, mitigating the threat of improvised explosive devices (IED), standing up host nation Field Engineering Teams, or teaching aspiring engineers at the Afghan Service Academies, Airmen continue to demonstrate courage, commitment, and dedication in contingency operations. We are honored to serve with our Joint and Coalition team partners and will continue to support the

Nation's call-to-arms by providing unique engineering capabilities and the most talented installation support personnel available.

RECAPTURE ACQUISITION EXCELLENCE

The Air Force remains committed to recapturing acquisition excellence and developing innovative solutions that enable smart business decisions. Through the Air Force Civil Engineer Strategic Sourcing Program Management Office at the Air Force Civil Engineer Support Agency at Tyndall Air Force Base, Florida, we are working to select and prioritize sourcing opportunities and oversee the efforts of other Major Command-initiated CE strategic sourcing efforts. The Program Management Office will capitalize on industry-best practices to reduce the cost of building systems and commodities while improving the delivery of support to our customers. Five strategic sourcing opportunities and a commodity cost review are currently in progress to identify sourcing strategies leading to regional or enterprise-level acquisitions. We organized a staff comprised of civil engineers, contracting officers and financial specialists to ensure we implement a well-integrated, cross functional approach aimed at determining the right investments for our enterprise.

CONCLUSION

Air Force MILCON, MFH and BRAC initiatives will continue to connect directly to Air Force priorities. It is imperative we continue to manage our installations by leveraging industry-best practices and state-of-the-art technology. Our CE transformation effort, now entering its third year, continues to produce efficiencies and cost savings that enhance support for the warfighter, reduce the cost of installation ownership, and free resources for the recapitalization

of our aging Air Force weapon systems. More importantly, these investments reflect effective stewardship of funding designed to serve our Airmen in the field, their families, and the taxpayer at home.

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

JUNE 3, 2009

RESPONSES TO QUESTIONS SUBMITTED BY MR. FORBES

Secretary PENN. During the Navy's Strategic Laydown and Dispersal review, the Navy Staff's Operations, Plans, and Strategy directorate (OPNAV N3N5) considered a variety of factors for various homeports including port force protection postures and risk mitigation measures. The analysis of East Coast strategic dispersal of nuclear-powered aircraft carriers was informed by referencing the following threat and vulnerability documents:

- a. Joint Staff Integrated Vulnerability Assessment (JSIVA) on Naval Station Norfolk initiated by the Joint Staff and conducted by a team of seven specialists from the Defense Threat Reduction Agency (DTRA) from 6–11 August 2006.
- b. Chief of Naval Operations Integrated Vulnerability Assessment (CNOIVA) for Naval Station Mayport conducted by NCIS from 21–26 January 2007.
- c. *"Port Threat Assessment: Sector Hampton Roads"* conducted by the USCG dated 17 May 2007.
- d. *"Port Threat Assessment: Sector Jacksonville"* conducted by the USCG dated 28 June 2006.
- e. Southeast Virginia Threat Assessment conducted by NCIS dated 27 August 2008 and 10 October 2008.
- f. Mayport, Florida Threat Assessment conducted by NCIS dated 30 May 2008.
- g. Jacksonville, Florida Threat Assessment conducted by NCIS dated 3 October 2008.
- h. *"Domestic Maritime Domain Terrorist Threat Assessment"* and *"Domestic Maritime Domain Terrorist Threat Assessment (Update)"* conducted by the FBI dated 28 March 2008 and 17 April 2008 respectively.
- i. *"Homeland Security Threat Assessment: Evaluating Threats 2008–2013"* conducted by the Department of Homeland Security dated 18 July 2008.
- j. *"The Terrorist Threat to the U.S. Maritime Domain"* conducted by the USCG dated 25 March 2004.
- k. *"The Terrorist Threat to the U.S. Homeland"* conducted by the Director of National Intelligence dated July 2007.

Most of these documents are classified but can be provided via the appropriate channels, if required. The documents were cited in briefs to Navy leadership during the Strategic Laydown and Dispersal decision process.

The decision to create the capacity to homeport a CVN at NAVSTA Mayport represents the best military judgment of the DON's leadership regarding strategic considerations. The need to develop a hedge against the potentially crippling results of a catastrophic event was ultimately the determining factor in the decision to homeport a nuclear-powered aircraft carrier in Mayport. The consolidation of CVN capabilities in the Hampton Roads area on the East Coast presents a unique set of risks. CVNs assigned to the West Coast are spread among three homeports. Maintenance and repair infrastructure exists at three locations as well. As a result, there are strategic options available to Pacific Fleet CVNs if a catastrophic event occurs. By contrast, NAVSTA Norfolk is homeport to all five of the CVNs assigned to the Atlantic Fleet and the Hampton Roads area is the only East Coast location where CVN maintenance and repair infrastructure exists. The Hampton Roads area also houses all Atlantic Fleet trained crews and associated community support infrastructure. A second CVN homeport on the East Coast will provide additional CVN maintenance infrastructure and provide strategic options in case of a catastrophic event in the Hampton Roads area. [See page 14.]

Secretary PENN. The risk assessments for both Norfolk and Mayport are classified. These documents were used by the OPNAV N3N5 staff during the Strategic Laydown and Dispersal review.

The list of risk assessments was previously provided in response to a HASC Department of Defense Priorities hearing held on 27 Jan 09. Since then, there have been two new assessments for the Hampton Roads area:

- (1) CNO Integrated Vulnerability Assessment for Norfolk, Virginia dated 11 May 2009, classified.
- (2) Southeast Virginia Threat Assessment produced by NCIS dated 17 Jun 2009 concerning the terrorist threat in the SE Virginia area, classified.

The information in these reports does not significantly differ from previous reports, nor do they change the strategic impact to naval forces if the Hampton Roads area was closed by a catastrophic event. [See page 15.]

RESPONSES TO QUESTIONS SUBMITTED BY MR. KISSELL

Ms. FERGUSON. There are currently no Air Force specific General Officer positions at Ft. Bragg, but we will continue to support the Air Force general presently assigned to the Joint Special Operations Command position at that location. [See page 17.]

Mr. CALCARA. The Army is not aware of any issues. [See page 17.]

Secretary PENN. There are no Department of the Navy Flag or General Officers relocating to Fort Bragg because of BRAC. [See page 17.]

QUESTIONS SUBMITTED BY MEMBERS POST HEARING

JUNE 3, 2009

QUESTIONS SUBMITTED BY MR. ORTIZ

Mr. ORTIZ. The Department has indicated that several basing initiatives have been included in the Quadrennial Defense Review (QDR) including Marine Corps training requirements associated with Guam, nuclear aircraft carrier basing on the East Coast, and Brigade Combat Team retention in the European theater.

In your estimation, how likely is it that the QDR will be able to make these explicit decisions in time to include the responses in the fiscal year 2011 budget submission?

Mr. ARNY. The QDR process timeline was established to ensure integration with the FY 2011 budget cycle. To date, QDR activities are on track for completion within the specified milestone schedule. I have no reason to believe that QDR will not proceed as planned in order to inform the FY 2011 budget submission. However, some issues will require additional analysis which will defer budget details to the FY 2012 submission.

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?

Mr. ARNY. No. The Department does not need additional flexibility and is on track to implement all BRAC 2005 recommendations prior to the September 15, 2011 statutory deadline. To ensure BRAC is fully implemented in accordance with statutory requirements, the Department assesses status of each recommendation during an annual Integrated Program and Budget Review. The Department recognizes the unique challenges associated with implementing the more complex recommendations and the synchronization efforts required to manage the interdependencies among many recommendations. To apprise senior leadership of problems requiring intervention as early as possible, the Department institutionalized an implementation execution update briefing program in November 2008. These update briefings, representing 83 percent of the investment value of all recommendations, provide an excellent forum for managers to review progress. The business managers have and will continue to brief the status of implementation actions associated with recommendations exceeding \$100M on a continuing basis through statutory completion of all recommendations (September 15, 2011).

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?

Mr. ARNY. The Department, specifically the Army, has not identified any strategic risks with moving a significant amount of the Army's command structure concurrently in 2011.

The Army employs a doctrinal concept of echeloned displacement when moving its command and control headquarters in order to ensure continuity of mission performance. Normally, a headquarters divides into two functional elements (base and advance). While the base element continues to operate, the advance element displaces to a new site where, after it becomes operational, it is joined by the base element.

Three Army Commands (ACOMs) will experience the largest impact: U.S. Army Forces Command (FORSCOM) to Fort Bragg, NC; Army Materiel Command (AMC) to Redstone Arsenal, AL; and Training and Doctrine Command (TRADOC) to Fort Eustis, VA. All three ACOMs have planned the initial relocation of the advanced elements at different times, beginning in FY 2010, and all three base elements join up with their respective advanced elements prior to 15 Sep 2011.

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

Mr. ARNY. The BRAC 2005 program has seen a \$14.9B (71%) cost increase over the initial cost estimate (\$21.1B). This increase represents the combined impact of multiple factors, many of which were not included in the cost estimating model ("COBRA"). These factors include: inflation; changes in military construction, environmental restoration and program management costs not included in COBRA; additional Operation and Maintenance to support fact of life cost increases; and con-

struction of additional facilities to enhance capabilities and/or address deficiencies. This last item—increasing the scope above the initial plan—accounts for the overwhelming majority of the increase.

Mr. ORTIZ. DOD has indicated full funding for sustainment is its goal. OSD has proposed 90 percent funding of the sustainment account in fiscal year 2010.

Does OSD believe that the sustainment model accurately forecasts sustainment requirements?

Mr. ARMY. Yes. The Facility Sustainment Model (FSM) is a cost estimating tool that planners use to estimate future budget requirements for managing the maintenance and repair of the portfolio of facilities under their stewardship.

The Department began developing the FSM in 1999/2000 and published for use in 2001 to support development of the 2003 budget request.

The FSM calculates the theoretical annual sustainment requirement for each facility in the official DoD Real Property Inventory (RPI) based on the type of facility (i.e., the Facility Analysis Category—FAC), the physical size of the facility (e.g., the facility square footage), and the sustainment cost factor for that type of facility (e.g., cost per square foot for a FAC). The model is derived from data from the private sector and assumes that all facilities are new.

Mr. ORTIZ. Considering the long-term detrimental effects of not fully funding sustainment, what is the risk associated with accelerated deterioration?

Mr. ARMY. The risks associated with underfunding sustainment translates into increased future repair costs and longer outages to make the repairs. Deterioration that is not addressed results in reduced service life of the asset and may lead to failure to fully support military readiness. Structural deterioration, penetrations in the building envelope that allow water intrusion, and aging service systems (e.g., electrical or fire protection) each pose life/safety concerns. Each structure, component, pavement, utility, etc. has its own set of specific risks, including the following representative examples:

- Roofs that are not maintained or replaced as scheduled develop leaks. Water intrusion into interior building spaces, which can often go undetected for a long period of time, creates additional damage to interior finishes and potentially to structural members which significantly increases the future repair bill beyond the scope of a roof replacement. Additionally, storm water on the interior of buildings creates hazardous conditions for occupants.
- Pavement crack sealing and surface rejuvenation helps prevent potholes. When this maintenance is not performed, it leads to road base deterioration and ultimately reduces the service life of the pavement. The future costs to rebuild road pavements far exceed the cost to provide preventive maintenance to the existing surface.
- Concrete spalling on runways and aircraft parking aprons create conditions for foreign object debris (FOD), which can cause damage when sucked into aircraft jet engines or when blown out of an engine into other aircraft or airfield operators. Aircraft must be hauled by tugs over concrete surfaces that have not been maintained to minimize the risk of causing injury to personnel or equipment, adversely impacting military readiness.
- Buildings with aging building service systems (e.g., heating, ventilation, cooling) create poor work environments which impact morale, work place efficiencies, and even the health of building occupants.

In conclusion, underfunded sustainment budgets lead to increased requirements for more comprehensive repairs in the restoration and modernization budgets and, if the repairs are neglected, to increased military construction requirements for replacement structures.

Mr. ORTIZ. DOD is on track to privatize 87 percent of the family housing units, including 188,000 units by 2010.

Considering that 36 percent of the awarded privatization projects have occupancy rates below expectations, are the housing private partners going to be able to continue the long-term investment and financial solvency to continue this program? What are the challenges that need to be corrected?

Mr. ARMY. The 36 percent figure represents a 2006 GAO report. A newer 2008 GAO report indicates the number has decreased to 22 projects (24 percent). The large majority of projects in the Military Housing Privatization Initiative (MHPI) portfolio are only marginally below 90 percent and financial solvency and long-term investment is not an issue as Debt Service Coverage Ratios (DCRs) generally remain strong. The occupancy rate of the overall MHPI portfolio in the December 2008 Program Evaluation Plan is 92 percent.

Mr. ORTIZ. Compared with the larger outlays required in our personnel accounts to support Family Housing Privatization, is the overall Family Housing program saving money or has it just moved money from a discretionary account to a mandatory funding account?

Mr. ARNY. In the long term, the costs for privatized housing are estimated to be roughly 10 percent less than the costs to housing owned by the government. Privatization ensures that the sustainment funding is made to properly maintain the housing.

Mr. ORTIZ. Does privatization mask the overall cost afforded to general/flag officer quarters?

Mr. ARNY. No. Such quarters, commonly referred to as executive homes under privatization, are revitalized and sustained in the same manner as ordinary privatized family homes. Because private costs incurred for executive homes directly reduce funds available for other houses, there may be a greater constraint on spending.

Mr. ORTIZ. What is the impact of a deteriorating credit market on the Public Private Venture program?

Mr. ARNY. As would be expected, the stagnation in the housing and overall financial markets has had an impact on the MHPI program. Market forces have led to increased costs and tightening of credit standards. Credit spreads relative to the LIBOR (London Inter-bank Offered Rate) index are now as much as 300–400 basis points as opposed to 100–150 basis points previously. Additionally, Debt Coverage Service Ratios (DCSR) are now commonly required to be in the 1.4 to 1.5 range versus 1.15 to 1.2 used for earlier projects.

This is not a reflection of distrust in MHPI projects but simply a lack of liquidity in the market as a whole. Financial institutions recognize that MHPI projects continue to have high occupancy and strong operation and maintenance performance while continuing to execute their renovation and new construction schedules. While our 94 existing projects are operating normally, finding financing for new projects presents unique challenges.

Previous tools such as bond insurance and Guaranteed Investment Contracts (GICs) have all but disappeared. We continue to work closely with private markets to ensure that our excellent track record puts us at the head of the line when market liquidity returns. Additionally, we are looking at uses of our authorities to replace financial products which have disappeared from the market.

Mr. ORTIZ. The Army has programmed \$11.2 billion for the Grow-the-Army initiative and has proposed \$4.2 billion in fiscal year 2009 military construction and \$1.3 billion in fiscal year 2010. This military construction investment was based on a proposal to increase the force structure to include 48 Brigade Combat Teams. Secretary Gates recently announced that the Army will grow to only 45 Brigade Combat Teams, causing a misalignment in the proposed infrastructure.

Where will the reduction in three Brigade Combat Teams occur?

Mr. CALCARA. The Brigade Combat Teams will be reduced by one each at Forts Carson, Stewart, and Bliss.

Mr. ORTIZ. Considering the change in the overall force posture of the Army to 45 Brigade Combat Teams, what fiscal year 2009/fiscal year 2010 military construction projects are misaligned to support the future force?

Mr. CALCARA. The Army is currently conducting a gap analysis to determine this and will provide results to committee staff prior to conference.

Mr. ORTIZ. Considering the Army end strength to support Grow the Army has not changed, what additional Combat Support/Combat Service Support elements are required to support the Grow-the-Army initiative? Where will these additional elements be homebased?

Mr. CALCARA. The Army does not intend to build additional Combat Support/Combat Service Support elements to support the Grow the Army Initiative. Due to wartime operational demands, the Army has more requirements for Soldiers than the Active Component 547,400 Army can fill. By removing three Brigade Combat Teams (BCTs) from the program in fiscal year 2011, the Army is estimating the removal of approximately 10,300 requirements, allowing those associated Soldiers to be used to offset requirements existing elsewhere in the force. In fiscal year 2011, this will allow the Army to improve manning levels of next-to-deploy units much sooner than we are able. These three BCTs do not exist until fiscal year 2011, and any savings from their removal cannot be used to improve manning fill in the near term.

Mr. ORTIZ. The Army has reported that it has 10,000,000 square feet of relocatable space to support end-strength growth.

What is the Army's plan to discourage future use of relocatable spaces?

Mr. CALCARA. Garrison Commanders are cautioned to use the relocatable authority only as a last resort. Relocatable buildings will be used at about a 50 percent ratio to their real property counterparts except for certain types of uses such as bar-

racks and medical facilities. The Army must use the relocatable authority wisely to bridge the gap between mission requirements and availability of real property facilities. The Army is to look at alternate options to provide the needed space. The order of precedence is full utilization of available real property, including World War II wooden structures where economic considerations and good engineering judgment dictate, construction of temporary facilities when the total funded cost does not exceed \$750,000, and short-term leased space off post. The last option is to use relocatable buildings.

Mr. ORTIZ. How does the Army intend to address the 10,000,000 square feet of existing relocatable, temporary space at various Army installations?

Mr. CALCARA. The Army is moving aggressively to eliminate the need for relocatable buildings. Over the next two years, 16 percent of the relocatable inventory will be replaced with permanent military construction (MILCON) projects currently under construction. We anticipate an additional 66 percent will be replaced with MILCON projects by fiscal year 2015, 13 percent are awaiting programming, and the remaining 5 percent satisfy temporary surge requirements and do not require permanent construction.

Mr. ORTIZ. The Army has reported that it has a 5,000,000-acre training deficit across multiple installations.

How does the Army intend to address the existing deficit in training space?

Mr. CALCARA. The purpose of the Department of the Army's Range and Training Land Strategy (RTLS) is to address the existing land deficit in training space facing the Army. The RTLS prioritizes Army training land investments and optimizes the use of all Army range and training land assets. The RTLS also provides a long-range plan for the Army to provide the best range infrastructure and training land to units.

The RTLS was developed in five phases. The first phase was to inventory current Army training assets. The second phase examined land values, parcel ownership, environmental constraints, environmental requirements, and population trends from public records to identify the best opportunities for training land acquisition and buffering. The third phase analyzed available land data to recommend short-term and long-term opportunities based on Army priorities. The RTLS process is designed to ensure that Army planners continually reevaluate land requirements against the Army Campaign Plan (ACP) and current Army priorities. The fourth phase was the establishment of planning objectives and the identification of installations where land acquisition supports the ACP. The fifth and final phase was to evaluate public attitudes and provide outreach support for specific land acquisitions.

The deliberate phases of the RTLS provide the framework for the Army to select the most appropriate course of action to address training land shortfalls at specific Army installations. The options that the Army can pursue to overcome the 4.5 million acre training land deficit include: focused management to maximize existing land holdings, buffering through partnerships, utilization of other Federal lands where possible, and land acquisition.

Mr. ORTIZ. If the Army is unable to acquire the documented deficit in real estate, will this adversely impact military readiness? How?

Mr. CALCARA. If the Army is not able to address the documented deficit in real estate through the Range and Training Land Strategy (RTLS), there will be impacts to training capability. Commanders may have to employ work-arounds to accomplish required training events. While work-arounds can be successfully employed to address some training capability shortfalls, long-term use of major work-arounds can have a negative impact on training and unit capability. Significant training land shortfalls require units, particularly at the brigade level, to develop work-arounds that train units without stressing their full operational capability. This creates the risk of developing bad habits in training and imbeds false expectations as to true battlefield conditions.

Army training standards are based on lessons learned in combat and tactical wisdom purchased at great human cost. Every work-around is essentially a trade-off that makes training less realistic than the conditions they will face in a combat situation. This is a particularly significant challenge with respect to operating over large operational areas, employing manned and unmanned aviation, conducting logistics operations, and using state-of-the-art communication and intelligence collection and dissemination systems that require unfettered access to the electro-magnetic spectrum.

Training capability will be impacted if the Army is unable to address training land shortfalls. Unit training readiness levels are determined by commanders. Each commander must assess the degree to which work-arounds affect the unit's operational capability.

Mr. ORTIZ. The Army initially indicated that it intended to acquire more than 400,000 acres of land to support the existing Piñon Canyon range. The Army has since reduced its requirements to 100,000 acres.

Why has the Department vacillated on the acreage required to support training in southeastern Colorado?

Mr. CALCARA. The Army's doctrinally based requirement for at least 418,577 additional acres of training land has never been reduced, and was not challenged or questioned in the recent Government Accountability Office (GAO) Report GAO-09-171. In May 2006, Fort Carson's Department of the Army-approved Land Use Requirements Study (LURS) validated the need for an additional 418,577 acres of training land at Piñon Canyon Maneuver Site (PCMS) to support training for Soldiers stationed at Fort Carson. In February 2007, the Office of the Secretary of Defense (OSD) approved the Army's request for a waiver to pursue land acquisition for up to 418,577 acres at PCMS. The LURS and OSD approval were completed before the Grow the Army decision was complete.

At the request of Congress, the Army conducted additional review and analysis of the feasibility of acquiring 418,577 acres and determined that an acquisition of 100,000 acres was feasible and would provide the greatest training benefit, at the lowest cost, the lowest acreage footprint, and with the fewest number of affected landowners and communities. While the acquisition of 100,000 acres, alone, addresses less than one-quarter of the doctrinal requirement to fulfill the training land shortfall at Fort Carson/PCMS, it would provide operational benefits and enhanced training for Soldiers and units stationed at Fort Carson. If combined with the existing PCMS acreage, this expanded training area would significantly enhance the Army's overall capability for maneuver training. Specifically, this area would provide sufficient space to allow a Heavy Brigade Combat Team and an Infantry Brigade Combat Team to conduct simultaneous combat training at PCMS.

Mr. ORTIZ. If the Department is unable to acquire additional land in the Piñon Canyon region, will this adversely impact the stationing plan at Fort Carson?

Mr. CALCARA. The Grow the Army (GTA) Stationing Plan, published in 2007, directed the stationing of two Infantry Brigade Combat Teams (IBCTs) at Fort Carson. This decision was based on a stationing analysis and environmental assessment that analyzed growth capacity, power projection, training and well-being. The Army has a shortfall of training and maneuver land based on doctrinal and operational requirements, totaling approximately 4.5 million acres in the United States. In fact, almost every U.S.-based installation has a shortfall in maneuver training land. However, most installations experiencing training land shortfalls do not have any feasible opportunity to rectify the situation through land acquisition. Encroachment at most installations has created population densities, environmental issues, and escalating land values, rendering significant land acquisition efforts impossible. Fort Carson/Piñon Canyon Maneuver Site (PCMS) is one of the very few feasible opportunities the Army will ever have to address this issue through land acquisition.

The shortfall in maneuver training land at Fort Carson/PCMS (as well as at other installations) has forced the Army to alter its training by utilizing work-arounds that change the exercises and scenarios in ways that make them less realistic. In short, these work-arounds do not stress units to their full operational capabilities, and run the risk of providing false expectations for units when they experience real combat.

Because the land acquisition process often takes many years to complete, and because of the need to complete the Grow the Army Stationing Plan in the shortest possible time, the Army made a decision not to link additional land at Piñon Canyon, with additional GTA BCTs.

Prior to the GTA stationing decision, Fort Carson had a validated requirement shortfall of maneuver training land of approximately 418,000 acres. Stationing BCT #47 would have exacerbated the shortfall to over 500,000 acres. The cancellation of BCT #47 brings the shortfall back to approximately 418,000 acres.

Mr. ORTIZ. Please explain how the Department is planning to acquire land and specifically, how eminent domain is planning to be used.

Mr. CALCARA. In some circumstances, the Army will pursue the purchase of land to mitigate training land deficiencies. The current Army position is to purchase land only where it is feasible, operationally sound, and compatible with environmental conditions and requirements. Additionally, there are no current plans to use eminent domain condemnation authority to acquire land from unwilling property owners.

Mr. ORTIZ. The Marine Corps has requested \$1.2 billion in the budget request for 2010 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?

Secretary PENN. The target date for achieving 202,000 was 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 prepared to support the accelerated growth in end strength with the continued implementation of our interim solutions including extended use of temporary facilities, slowing down of demolition, more extensive use of BAH and assignment standards.

Mr. ORTIZ. What alternatives are the Marine Corps pursuing to accommodate growth?

Secretary PENN. 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 existing facilities, slowing planned building demolition for use in the short term, and relocatable facilities (trailers, sprung shelters and pre-engineered buildings).

The FY 2009 Military Construction plan for the Marine Corps includes accelerated enablers common to 202,000 increased footprint—utilities systems, family housing, barracks, training ranges, etc. (\$1.4 billion). The Marine Corps military construction plan ensures quality of life for our rapidly expanding force. Unit specific construction begins in FY 2010 after the expected completion of the National Environmental Policy Act (NEPA) review.

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/accesion pipeline throughput requirements.

For Marine Corps Family Housing, the Marine Corps plan for addressing the additional family housing requirement due to Growing the Force relies on the communities near the military installations as the primary source of housing. Through the conduct of housing market analyses, housing for the additional families associated with our 202K growth has been programmed where we've determined that the local community cannot support the housing needs of our military members. Almost 5,000 additional homes have been programmed in the current FYDP to support Marine Corps family housing requirements.

Mr. ORTIZ. The Navy 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 are the Navy and Marine Corps taking to limit aviation accidents to the local community?

Secretary PENN. The Department takes a proactive approach to maximizing aviation safety in and around our air installations using a combination of airfield safety regulations, operational alternatives/procedures, and Air Installation Compatible Use Zones (AICUZ) studies.

Each station evaluates operational alternatives and establishes procedures to reduce accident potential, e.g., flight track modifications, altering hours of operation, changes in pattern altitudes, etc.

Finally, the Department of Navy has a very aggressive AICUZ program focused on air operations and land use compatibility in high noise and safety zones. The DoN is continually evaluating our training requirements and seeking alternatives to mitigate noise and safety concerns while preserving our mission capabilities. Through the AICUZ Program, installations work with local officials to foster compatible land use development though land use controls such as zoning. Additionally, most Navy and Marine Corps installations have a Community Plans and Liaison Officer (CPLO) on staff to work with neighboring communities to address their concerns.

Mr. ORTIZ. Does the Navy and Marine Corps have a program for each installation that limits aviation incidents to the local community?

Secretary PENN. The Department of Navy has a very aggressive Air Installations Compatible Use Zones (AICUZ) program focused on air operations and land use compatibility in high noise and safety zones. The DoN is continually evaluating our training requirements and seeking alternatives to mitigate noise and safety concerns while preserving our mission capabilities. Through the AICUZ Program, installations work with local officials to foster compatible land use development though land use controls such as zoning. Additionally, most Navy and Marine Corps installations have a Community Plans and Liaison Officer (CPLO) on staff to work with neighboring communities to address their concerns.

Mr. ORTIZ. The Marine Corps has proposed a realigned III Marine Expeditionary Force command structure that relocates the Marine Corps general officers to Guam with little command structure remaining in Okinawa.

How does the proposed command structure enhance the III Marine Expeditionary Force capabilities?

Secretary PENN. Guam, as the westernmost U.S. territory in the Pacific, does provide strategic flexibility and freedom of action to support the Range of Military Operations including Theater Security Cooperation activities. III MEF forces are currently spread between Okinawa, mainland Japan and Hawaii, while additional forces deploy to the region from CONUS as part of the Unit Deployment Program. III MEF major subordinate commands, 1st MAW, 3MARDIV and 3MLG are all presently located on Okinawa and the current proposed command structure has all three subordinate headquarters moving to Guam. Operational relationships between these adjacent units will continue to remain operationally effective after they relocate to Guam. Additionally, the current plan calls for Marine Corps Bases Butler Headquarters to remain on Okinawa.

Mr. ORTIZ. The Marine Corps is programmed to depart a heavily encroached Marine Corps Air Station at Futenma, Okinawa, and move to a new location on Okinawa at Camp Schwab. The Japanese construction proposal for the Futenma Replacement Facility, embedded in the previously agreed U.S./Japanese Defense Posture Review Initiative, has several safety-of-flight issues that Naval Air Systems Command would not waive. Opening up negotiations with the Japanese on this issue may necessitate renegotiations on other provisions of the overall agreement.

Is the Marine Corps prepared to accept the risk associated with a Futenma Replacement facility that will be constructed with safety-of-flight issues?

Secretary PENN. The Department of Navy is committed to the safety of both aircraft operations and the community in which our aircraft operate. As such, we will actively seek and support measures to eliminate deviations from criteria as our bilateral planning processes continue.

Mr. ORTIZ. The Department of Defense has indicated that training associated with the realigning force from Okinawa should be funded by Government of Japan and U.S. Department of Defense funds. However, transient Marine training enhancements would be funded by the Marine Corps. This training enhancement may exceed \$4 billion.

What is the projected funding requirement for transient Marines?

Secretary PENN. Training for all DoD forces in the Pacific, including transient Marine forces, is being studied in the Quadrennial Defense Review (QDR). Any future programs resulting from the QDR to expand training capacity in the Pacific theater, to include expansion of training capacity in the Commonwealth of the Northern Mariana Islands (CNMI) for Guam-based and transient Marine forces, will be addressed in a separate program of record and will be evaluated in a future Environmental Impact Statement. Projected costs for additional training capacity in the Pacific will be developed following the QDR.

Mr. ORTIZ. When does the Department anticipate expanding the Northern Marianas training capacity to support Marine training?

Secretary PENN. The Department is studying alternatives to meet the Marine Corps Core Competency and associated collective training and MAGTF readiness requirements as well as joint training requirements in the Pacific in the current Quadrennial Defense Review (QDR). Programs resulting from the QDR, to include expansion of training capacity in the Commonwealth of the Northern Mariana Islands, will be evaluated in a future Environmental Impact Statement and established in a separate program of record. Delivery of these capabilities is expected to coincide with completion of other facilities to support the arrival of relocating Marines.

Mr. ORTIZ. The Navy has indicated that alternative CVN berthing is an important consideration in managing CVN assets.

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?

Secretary PENN. It is difficult to quantify the likelihood of a catastrophic event, natural or man-made, in the Hampton Roads area (currently the only Atlantic Coast CVN homeport). The Navy must plan to address the maintenance and repair infrastructure requirements for CVNs as well as the operational considerations. Homeporting a CVN at NAVSTA Mayport is the hedge against the unacceptable risk of having all five Atlantic Fleet CVNs homeported in one area. The risk of a catastrophic event in the Hampton Roads area is not altered by having a second CVN homeport, the risk is mitigated and provides the assurance that the Navy will be able to meet its national defense obligations.

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?

Secretary PENN. If a catastrophic event were to occur in the Hampton Roads area, the only CVN Atlantic Coast homeport and maintenance/repair facility, there would be an operational impact on the CVN force. The costs would need to be balanced against the lost operational time and capability if Atlantic Fleet CVNs were required to transit 12,700 nautical miles to a Pacific Fleet maintenance and repair facility if there was catastrophic damage to the facility in the Hampton Roads area.

It is prudent to maintain a second CVN port facility on the East Coast just as the Navy does on the West Coast to ensure there will be no gap or lapse in Navy's ability to meet its Title 10 requirements and maintain seamless CVN operation.

Mr. ORTIZ. The Department has indicated that requirements associated with the nuclear aircraft carrier basing on the East Coast will be determined in the context of the QDR.

In your estimation, how likely is it that the QDR will be able to make this type of explicit decisions in time to include the fiscal year 2011 budget submission?

Secretary PENN. The QDR is not due to report out until early 2010; however we do expect some of the specific issues to be briefed to the Secretary of Defense for final approval prior to the written report. Budgetary adjustments, if any, will be made at the appropriate time.

Mr. ORTIZ. How does the QDR impact the fiscal year 2010 budget request to include \$75 million in Mayport improvements, which could also be used to homeport a CVN at Mayport?

Secretary PENN. The proposed FY 2010 budget request includes \$46.3 million for channel dredging in Mayport. Additionally, the FY 10 budget requests \$29.7 million for Charlie Wharf improvements at Mayport. These improvements are necessary since Charlie Wharf is the primary ammunition loading wharf for ships homeported in Mayport, and are not associated specifically with an alternate carrier facility.

The Navy must perform maintenance dredging at NAVSTA Mayport every two years. In FY 2010, the Navy is requesting MILCON funding to dredge the channel to a depth adequate to allow a CVN to enter the port without limitation. This would provide Navy a port in which a CVN can berth with adequate support and force protection.

Mr. ORTIZ. The fiscal year 2010 Air Force MILCON budget request contains \$1.0 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 Elmendorf AFB, AK, and trainers remaining in warehouses until the appropriate supporting infrastructure is programmed and built.

Why did 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 in infrastructure the Air Force has taken in facilities and infrastructure is broad and varies according to the needs of the entire AF. We balance this risk across all combatant commands, major commands (MAJCOM), and installations by building our investment program utilizing the highest priority projects with wing and MAJCOM commanders' input. The need for MILCON investment is across all facility types, including operational, training, maintenance hangars, research and development, and quality of service. With a limited and fixed top line, the AF must determine priorities using investment impact data and take risk where necessary. MILCON projects included in the program are based on project merit and meeting Air Force priorities.

Mr. ORTIZ. The Air Force has proposed to defer investments in facilities sustainment and restoration. The Air Force is requesting funds necessary to support 59 percent 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. Modernizing the Air Force's aging aircraft fleet is our toughest challenge; in order to recapitalize and modernize the Air Force must take risk in some areas. Because the Air Force invested heavily in infrastructure in the past, it was decided that risks in our facility and infrastructure accounts were acceptable for a short duration.

Mr. ORTIZ. What is the long-term effect of a delay in funding restoration and modernization activities?

Ms. FERGUSON. Our current risk in facilities investment has resulted in a \$10.2B backlog in requirements and will create additional future bow-waves. The effects of delays in Restoration and Modernization will require investments in facility

sustainment well above modeled requirements. The Air Force views installations as critical war-fighting platforms that provide a core Air Force expeditionary combat capability. The AF fully understands the risk taken in our modernizing our facilities and infrastructure cannot jeopardize our ability to conduct critical operations from our installation weapon systems.

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. The Secretary of the Air Force directed an "Enterprise-Wide Look" (EWL) for the beddown of the Joint Strike Fighter (JSF) to ensure the Air Force perform an objective review of all potential F-35 operational and training basing options. Additionally, the Secretary recently approved the basing criteria for the JSF EWL, which include such factors as airspace and ranges; weather; facilities; runways and ramps; environmental and cost factors; logistics support; and availability of support facilities such as housing, medical and child care. The Air Force's plan is to make the criteria available through a briefing to all interested members of Congress and their staffs, which we expect to provide in August 2009.

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 APZ and seek funding 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 (MACA) programs

- Base level safety office programs required by Air Force regulation
- Community involvement is usually high
- Includes comprehensive web sites for most bases who share airspace with local flying communities/airports/FBOs
- Can involve road-shows to local airports/flying orgs
- Bases are required to keep and update a MACA Pamphlet for the local community on a regular basis
 - o Usually contains basic information about the military base traffic pattern, procedures for passage, ATC radar codes, radio frequencies, etc.

- Very helpful for local aviators who may or may not have in-depth knowledge on the local military operations

Bird Aircraft Strike Hazard (BASH) programs

- Each base develops its own procedures depending on local hazards in accordance with Air Force safety policy
- Includes risks from all wildlife, not just birds
- Many utilize local outreach programs to keep problem species from public/private land surrounding bases. For example, with landowner permission, McConnell Air Force Base utilizes a border collie to harass geese on private land around.
- Local threat information is also available publicly via world wide web (Avian Hazard Assessment System [AHAS] and Bird Avoidance Model [BAM] web sites, which use historical data and Next Generation Radar [NEXRAD] data to assess strike hazards for any particular time period)

QUESTIONS SUBMITTED BY MR. ABERCROMBIE

Mr. ABERCROMBIE. The Department of Defense has indicated realigning forces from Okinawa should be funded by Government of Japan and DOD funds. What assurances do we have that U.S. companies will receive part, or all of the MILCON to construct the housing for the Marines on Guam as opposed to outsourcing these requirements to foreign companies ?

Mr. ARMY. US MILCON projects on Guam will have all of the same protections that every other US MILCON project has that are outlined in Title 10 and the Federal Acquisition Regulations (FAR). These govern our actions and we must follow them. Projects funded with direct cash contributions from the Japan will be openly competed on a fair and level playing field and administered by the US Naval Facilities Engineering Command (NAVFAC). NAVFAC will administer these projects in accordance with the FAR. Regarding contractor housing, DoD and GovGuam are determining strategies for mitigating impacts and opportunities for long-term benefits to Guam. Contractors competing for work will be evaluated on ability to address workforce impacts.

Mr. ABERCROMBIE. Costs associated with Marine training enhancements on Guam and the Northern Marianas would be funded by the Marine Corps. This training enhancement may exceed \$4 billion. What is the projected funding requirement for transient Marines? When does DOD anticipate expanding the Northern Marianas training capacity to support Marine training?

Mr. ARMY. Training for all DoD forces in the Pacific, including transient Marine forces, is being studied in the Quadrennial Defense Review (QDR). Any future programs resulting from the QDR to expand training capacity in the Pacific theater, to include expansion of training capacity in the Commonwealth of the Northern Mariana Islands (CNMI) for Guam based and transient Marine forces, will be addressed in a separate program of record and will be evaluated in a future Environmental Impact Statement. Projected costs for additional training capacity in the Pacific will be developed following the QDR.

Asia-Pacific Training as a whole is a Directed Issue under the current Quadrennial Defense Review (QDR). Several courses of action are currently under review to determine how best to ensure adequate joint and combined training capacity to meet the broad spectrum of training requirements in the region. A recommendation will be made as part of the overall QDR process.

Mr. ABERCROMBIE. The nation's four public shipyards are in desperate need of modernization to be able to maintain a 21st century fleet. Is there a capital investment/modernization plan for the four public yards? If not, how is the Navy planning to ensure continued investment to maintain and modernize the shipyards? The Fiscal Year Defense Plan (FYDP) has not been released yet pending the Quadrennial Defense Review (QDR), but in the interim, public shipyards such as Pearl Harbor Naval Shipyard in my district, are dealing with cost growth on old project plans and antiquated repair facilities that are insufficient to address modern requirements. What does the Navy plan to do about this? Push projects further out in the FYDP?

Secretary PENN. The Naval Sea Systems Command, the Navy's technical authority for public shipyards, maintains a shipyard modernization plan for the Naval Shipyards which acts to guide infrastructure investments. Leveraging this plan and other locally generated requirements, specific projects are developed at the installation level and validated regionally. The Navy assesses each prospective MILCON project through a structured approach aligned to Navy priorities. This objective as-

assessment leads to a prioritization of all MILCON requirements and forms the basis of the Navy MILCON program.

Shipyard projects are evaluated and prioritized in the same manner as, and with, all Navy MILCON requirements. Every year we review the entire shipyard recapitalization program to ensure it meets or exceeds the minimum capital investment requirements of U.S.C. Title 10 Section 2476 (Minimum capital investment for certain depots). The FY10 President's Budget Submission included two MILCON projects valued at \$296 million in support of Norfolk Naval Shipyard and Puget Sound Naval Shipyard and Intermediate Maintenance Facility, comprising 27% of the total Navy MILCON program.

Recapitalizing the Public Shipyards is a long-term challenge that the Navy will continue to keep at the forefront as we work within the current limited fiscal environment.

QUESTIONS SUBMITTED BY MR. FRANKS

Mr. FRANKS. Ms. Ferguson, you discussed in the hearing that Secretary Donley and General Schwartz requested a re-look at the basing process for the Joint Strike Fighter.

Part 1: Why did the Air Force decide that the criteria guiding the selection of bases was insufficient and required a "re-look?"

Part 2: Can you please discuss some of the changes you expect to see as a result of this re-look?

Part 3: How much additional time will this "re-look" add to the final selection decisions?

Part 4: Will the committee have an opportunity to review the new criteria before final selection decisions are finalized?

Ms. FERGUSON. Prior to the fall of 2008, our Major Commands de-centrally managed and executed our basing process. Last fall, Secretary Donley directed that these basing decisions take place at the Headquarters Air Force level and established the Air Force Senior Basing Executive Steering Group (SB-ESG) to oversee these actions and ensure a standard, repeatable process in determining overall AF basing opportunities. Additionally, Secretary Donley directed an "Enterprise-Wide Look" (EWL) for the beddown of the Joint Strike Fighter (JSF) to ensure the Air Force perform an objective review of all potential F-35 operational and training basing options. To implement Secretary Donley's new strategic basing process, the SB-ESG worked with Air Combat Command (ACC), designated as the lead command for the JSF beddown, and Air Education and Training Command (AETC) to finalize basing criteria for both operational bases and for training bases in a way that recognizes their differing requirements. Secretary Donley recently approved the draft criteria for the JSF EWL, which include such factors as airspace and ranges; weather; facilities; runways and ramps; environmental and cost factors; logistics support; and availability of support facilities such as housing, medical and child care. The Air Force's plan is to make the criteria available through a briefing to all interested members of Congress and their staffs, which we expect to provide in August 2009. Finally, it is the Air Force's intent to complete the Environmental Impact Statements and basing decisions in a manner that supports the current JSF aircraft delivery schedule.

Mr. FRANKS. Ms. Ferguson, what implications does the Air Force's new Combat Air Forces Restructuring have on your BRAC activities? Specifically at bases where the drawdown of legacy aircraft is accelerated and a future mission designation, like the Joint Strike Fighter, is yet to be determined?

Ms. FERGUSON. The Air Force's new Combat Air Forces Restructuring should have no adverse affect on actions required to complete BRAC 2005. MILCON projects associated with BRAC 2005 at Combat Air Forces Restructuring-affected bases are already in progress. At bases where the drawdown of legacy aircraft are accelerated, and future missions have not been designated, there is the potential for unused excess capacity.

Mr. FRANKS. Ms. Ferguson, you mention in your testimony several large energy projects that are being touted as a huge success for the U.S. Air Force. Specifically you mention, "photovoltaic (PV) solar array at Nellis Air Force Base, Nevada, the largest PV array in North America, generated 57,139 megawatt-hours in FY2008, and saving approximately \$1 million per year." When will these projects transition from a "great idea or initiative" to something the Air Force mandates at locations with very similar environmental conditions, like bases in Arizona.

Ms. FERGUSON. The Air Force is continually reviewing opportunities to use the available renewable resources for energy projects to improve the energy security at

its installations, whether through enhanced use lease authority or other forms of public-private partnership. Capitalizing on development opportunities for large energy projects requires leadership, partnering with industry, and a cogent strategic approach. One of the pillars of the Air Force's infrastructure energy strategic plan is to promote the development of renewable and alternative energy for use in facilities and ground vehicles and equipment. Opportunities to develop renewable and alternative energy in any given locale are driven by four primary factors:

- Availability of renewable resources
- Utility and commodity cost
- Federal, state and local tax incentives, rebates, and mandates
- Deployment and sustainability

The Air Force identifies and reviews executable projects each year to ensure the best investment opportunities are identified. Projects are addressed on a case-by-case basis to ensure that the project provides the best opportunity to fulfill the Air Force mission and meet its goals.

