AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

S. HRG. 111–100, PT. 3

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 2010

HEARING

BEFORE THE

COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

ON

S. 1390

TO AUTHORIZE APPROPRIATIONS FOR FISCAL YEAR 2010 FOR MILITARY ACTIVITIES OF THE DEPARTMENT OF DEFENSE, FOR MILITARY CONSTRUCTION, AND FOR DEFENSE ACTIVITIES OF THE DEPARTMENT OF ENERGY, TO PRESCRIBE PERSONNEL STRENGTHS FOR SUCH FISCAL YEAR, AND FOR OTHER PURPOSES

PART 3
READINESS AND MANAGEMENT SUPPORT

JUNE 17, 2009

Printed for the use of the Committee on Armed Services

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 2010—Part 3 READINESS AND MANAGEMENT SUPPORT

S. HRG. 111–100 PT. 3

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 2010

HEARING

BEFORE THE

COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

ON

S. 1390

TO AUTHORIZE APPROPRIATIONS FOR FISCAL YEAR 2010 FOR MILITARY ACTIVITIES OF THE DEPARTMENT OF DEFENSE, FOR MILITARY CONSTRUCTION, AND FOR DEFENSE ACTIVITIES OF THE DEPARTMENT OF ENERGY, TO PRESCRIBE PERSONNEL STRENGTHS FOR SUCH FISCAL YEAR, AND FOR OTHER PURPOSES

PART 3
READINESS AND MANAGEMENT SUPPORT

JUNE 17, 2009

Printed for the use of the Committee on Armed Services

U.S. GOVERNMENT PRINTING OFFICE

52–622 PDF WASHINGTON : 2009

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2104 Mail: Stop IDCC, Washington, DC 20402–0001

COMMITTEE ON ARMED SERVICES

CARL LEVIN, Michigan, *Chairman*

EDWARD M. KENNEDY, Massachusetts
ROBERT C. BYRD, West Virginia
JOSEPH I. LIEBERMAN, Connecticut
JACK REED, Rhode Island
DANIEL K. AKAKA, Hawaii
BILL NELSON, Florida
E. BENJAMIN NELSON, Nebraska
EVAN BAYH, Indiana
JIM WEBB, Virginia
CLAIRE McCASKILL, Missouri
MARK UDALL, Colorado
KAY R. HAGAN, North Carolina
MARK BEGICH, Alaska
ROLAND W. BURRIS, Illinois

JOHN McCAIN, Arizona
JAMES M. INHOFE, Oklahoma
JEFF SESSIONS, Alabama
SAXBY CHAMBLISS, Georgia
LINDSEY GRAHAM, South Carolina
JOHN THUNE, South Dakota
MEL MARTINEZ, Florida
ROGER F. WICKER, Mississippi
RICHARD BURR, North Carolina
DAVID VITTER, Louisiana
SUSAN M. COLLINS, Maine

RICHARD D. DEBOBES, *Staff Director*
JOSEPH W. BOWAB, *Republican Staff Director*

SUBCOMMITTEE ON READINESS AND MANAGEMENT SUPPORT

EVAN BAYH, Indiana, *Chairman*

ROBERT C. BYRD, West Virginia
DANIEL K. AKAKA, Hawaii
CLAIRE McCASKILL, Missouri
MARK UDALL, Colorado
ROLAND W. BURRIS, Illinois

RICHARD BURR, North Carolina
JAMES M. INHOFE, Oklahoma
SAXBY CHAMBLISS, Georgia
JOHN THUNE, South Dakota

CONTENTS

CHRONOLOGICAL LIST OF WITNESSES

MILITARY CONSTRUCTION, ENVIRONMENTAL, AND BASE CLOSURE PROGRAMS

JUNE 17, 2009

	Page
Arny, Wayne, Deputy Under Secretary Of Defense, Installations and Environment	6
Penn, Hon. B.J., Assistant Secretary of the Navy, Installations and Environment	24
Calcara, Joseph F., Deputy Assistant Secretary of the Army, Installations and Housing	45
Ferguson, Kathleen I., Deputy Assistant Secretary of the Air Force, Installations	54

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 2010

WEDNESDAY, JUNE 17, 2009

U.S. SENATE,
SUBCOMMITTEE ON READINESS AND
MANAGEMENT SUPPORT,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

MILITARY CONSTRUCTION, ENVIRONMENTAL, AND BASE CLOSURE PROGRAMS

The subcommittee met, pursuant to notice, at 3:07 p.m. in room SR–222, Russell Senate Office Building, Senator Evan Bayh (chairman of the subcommittee) presiding.

Committee members present: Senators Bayh, Udall, Inhofe, Chambliss, Thune, and Burr.

Committee staff members present: Leah C. Brewer, nominations and hearings clerk; and Jennifer L. Stoker, security clerk.

Majority staff members present: Terence K. Laughlin, professional staff member; and Russell L. Shaffer, counsel.

Minority staff members present: David M. Morriss, minority counsel; and Lucian L. Niemeyer, professional staff member.

Staff assistants present: Mary C. Holloway and Breon N. Wells.

Committee members' assistants present: Patrick Hayes, assistant to Senator Bayh; Jennifer Barrett, assistant to Senator Udall; Anthony J. Lazorski, assistant to Senator Inhofe; Clyde A. Taylor IV, assistant to Senator Chambliss; and Kevin Kane, assistant to Senator Burr.

OPENING STATEMENT OF SENATOR EVAN BAYH, CHAIRMAN

Senator BAYH. The hearing will please come to order.

I'd like to express my appreciation to our witnesses for joining us today, and the people in the audience for your time, and my ranking member, Senator Burr, for his attendance and interest in the subject matter today.

Today, the Subcommittee on Readiness and Management Support meets to review the military construction (MILCON) and environmental programs of the Department of Defense (DOD) and the fiscal year 2010 budget request for those programs. Additionally, we will review and receive testimony concerning the Department's overseas contingency operations request for fiscal year 2010, which was provided as part of the President's regular budget request this

year; and finally, on the Department's Base Realignment and Closure (BRAC) request for fiscal year 2010.

We welcome back Secretary Penn and Mr. Arny.

The Chair would note, with particular pride, that Mr. Penn originally hails from the State of Indiana, an obvious sign of intelligence, which we appreciate. [Laughter.]

Not to suggest that the others don't possess a similar quality, but——[Laughter.]

We welcome two new witnesses this year, Deputy Assistant Secretary Joseph Calcara from the Army, and Kathleen Ferguson from the Air Force. Thank you both for joining us.

Mr. Calcara, did I pronounce your name correctly?

Mr. CALCARA. Close enough, sir.

Senator BAYH. My last name is mispronounced regularly, so I hope I did well. What is the correct pronunciation?

Mr. CALCARA. "Cal-carra."

Senator BAYH. Thank you.

Thank you all for testifying on such short notice. Because of the late arrival of the President's budget request and our committee's pending markup schedule, we, unfortunately, didn't have a very large window of time to schedule the hearing, so I appreciate your willingness to accommodate the short timeframe.

We meet this afternoon to discuss DOD's MILCON, housing, and environmental programs, as well as the implementation of the 2005 BRAC round. We have many challenges to discuss here today.

This year, we have before us again one of the largest funding requests for MILCON and BRAC in memory. The fiscal year 2010 budget request for MILCON, BRAC, and family housing programs, totaling $24.3 billion, is just slightly less than last year's record amount.

As our witnesses describe in their prepared statements, they are also responsible for billions of additional dollars requested for repair and maintenance, base operations, and environmental programs to keep those bases running.

This year is one of transition between two different administrations and perhaps two different philosophical approaches to force posture and stationing. It also appears that your Services' MILCON budget requests have also deferred a number of decisions pending the results of the Quadrennial Defense Review (QDR), more than will likely be decided by that review, I suspect.

I realize, for the Army in particular, you were handed some last-minute decisions and guidance from Secretary Gates, and have been scrambling a bit in order to put your program together. In some cases, you've had to accommodate changes to projects that have already been authorized and appropriated, and for which some contracts have already been awarded. The Army recently announced a reduction from 48 to 45 brigade combat teams (BCTs), with the reduction to come from Fort Carson, CO; Fort Stewart, GA; and Fort Bliss, TX. Last year, Congress authorized and appropriated almost $1.4 billion in fiscal year 2009 MILCON funds in preparation for the activation of those BCTs, which may not be needed now for that purpose.

In addition, there is approximately $600 million more in fiscal year 2010 MILCON requests for barracks, health clinics, ranges,

and schools associated with those three BCTs, which also may no longer be needed. We look forward to hearing your plans to accommodate those changes.

The Navy's MILCON requests include $378 million in projects to begin what will eventually be a $4.0 billion MILCON bill associated with the relocation of 8,000 marines from Okinawa to Guam. However, the environmental impact statement (EIS) for the Guam facilities is not yet complete, and the Navy's Guam master plan has not been provided to Congress, as required.

In addition, the Commandant of the Marine Corps recently indicated in testimony before the full Armed Services Committee that he had serious concerns about the ability to train his marines in Guam and the Northern Marianas, was concerned with the Government of Japan's ability to provide an adequate replacement facility for Marine Corps aviation elements in Okinawa, and that relocation plans would be subject to review during the forthcoming QDR. I look forward to the Navy's testimony on these points. I would also note that the Navy request includes significant funding for facilities to grow the Marine Corps.

While the Air Force has a significantly smaller request than the other two Services, there are a number of MILCON projects that are planned for the U.S. Central Command area of responsibility that appear, on the surface to be—well, this testimony has been described—supplied to me by the staff—"somewhat dubious." So, Ms. Ferguson, I look forward to hearing from you about that.

These projects appear to have been developed on an ad hoc basis without having secured host-country agreements to protect our increasing investments. I look forward to discussing this issue during the hearing. I think that may involve some of the missile sites in the Czech Republic and elsewhere.

Finally, fiscal year 2010 represents the last significant investment in MILCON in order to complete the BRAC 2005 round. I would like to know if there are any potential stumbling blocks to completing BRAC on schedule by September 2011.

As for the environmental programs, the funding request for fiscal year 2010 remains largely consistent with previous years, with the exception of pollution prevention, which is significantly lower than that requested for 2008 and 2009.

As for environmental restoration and remediation programs, the cleanup of unexploded ordnance, discarded military munitions, and munition constituents, continues to be of high interest to the committee. The National Defense Authorization Act (NDAA) for Fiscal Year 2007 set target dates for cleanup of these materials at active installations, formerly used defense sites, and BRAC sites. While progress is being made, current projections suggest that these dates may not be met. DOD must continue to press forward to address these important issues.

Lastly, encroachment on the installations, particularly on our training and testing ranges, continues to be of concern at many locations around the country. One program that has seen significant success in reducing encroachment while conserving areas around those installations is the Readiness and Environmental Protection Initiative. The committee has encouraged greater use of this pro-

gram in the past, and the program could be expanded even further in the future.

I will note the presence of Senator Udall.

Thank you for coming, Senator Udall, and your interest in these issues.

I will now turn to Senator Burr for any opening remarks that you may have, and then, Senator Udall, if there's anything you'd like to add following Senator Burr, the subcommittee would be happy to hear from you.

Senator Burr.

STATEMENT OF SENATOR RICHARD BURR

Senator BURR. Thank you, Mr. Chairman. I want to also thank you for calling this important hearing to review the budget request for installations and environmental programs for fiscal year 2010.

I also want to thank our witnesses for their dedicated public service. As I review their testimony and this budget request, I'm struck by the sheer magnitude of the range and difficulty of the issues. You deserve our gratitude and sincere appreciation for serving our Nation in this capacity.

I want to recognize Mr. Arny. It's my understanding this may be your last appearance before this committee in managing installations and environment for the Secretary of Defense. I want to thank you publicly for your public service to this country.

This is a unique budget year, in many ways, as we consider decisions and authorizations that will have far-reaching consequences. This budget request includes the first increment of construction totaling $378 million required to move 8,000 marines and their families from Okinawa to Guam. This construction, when completed in 2014, may cost U.S. taxpayers well over $4 billion, with another $3 billion loan to pay off over time. This amount does not include plans by the Air Force to establish a strike capability on Guam, which will add another $500 million to the bill. The EIS to support the move is ongoing, but I know the Marine Corps has particular concerns with their ability to train in Guam. I look forward to hearing about plans to ensure that marines can train effectively once the move is completed.

This budget request includes a request to authorize $116 million for the Air Force to construct a new air base in the Omani desert. The total bill required to ensure our airmen can use the base will exceed $380 million.

We have a similar proposal to spend over $60 million in Qatar for the second phase of a four-phase program that will require another $250 million to support over 6,200 U.S. military personnel at that Persian Gulf location.

Add to these requirements the money needed to build barracks and operational facilities for our soldiers and marines, added to the end strength of the Army and the Marine Corps, as well as the $1.4 billion in fiscal year 2010 alone for facilities in Afghanistan, you don't have a lot left over to do much else at all. My guess is that budgets are only going to get tighter in the years to come. But, I can only guess that, since we don't have the benefit of a Future Years Defense Plan (FYDP) beyond 2010 to see how all these pro-

grams will be funded in the out years—excuse me, Mr. Chairman—I propose that this might——[Laughter.]

Senator BAYH. I thought you were choking on all of the spending we were doing here. [Laughter.]

Senator BURR. I think it's a culmination of healthcare finally getting to me. [Laughter.]

Never fear, the government's here to take care of it. [Laughter.]

——I propose that this might be a good year to take a critical look at some of these projects and to make some hard decisions about holding back on the spending until we have a better idea of where we're going with regard to the QDR. We must avoid, at all costs, authorizing a project that becomes the bridge to nowhere, which is a real risk if we don't know for sure if the funding to make these projects complete and usable will be in future budgets. The taxpayers expect us to make prudent decisions.

Turning to the environmental program, the Services continue to face significant environmental challenges that could impact their ability to deploy and maintain readiness. I'm particularly interested in hearing from Mr. Penn about recent revelations regarding the contamination of drinking water at Camp Lejeune from 1950 to mid-1980s. Recent developments have raised more questions than answers from many of my constituents who were stationed there during these periods.

In May, the Agency for Toxic Substance Disease Registry (ATSDR) removed from its Web site the ATSDR 1997 Public Health Assessment on the impact of Camp Lejeune water contamination. In describing its rationale, ATSDR said that it did not fully take into consideration the documented presence of benzene in the water. After 12 years, ATSDR now says that they can't say for sure whether children or adults have been adversely impacted by exposures to volatile organic compounds in the water. ATSDR also says that it's conducting further studies to determine if past exposure can be linked to certain birth defects and childhood cancers, as well as other studies of illness.

This month, the National Academy of Sciences has issued a report in response to a mandate from Congress. It also concluded that, while water systems at Camp Lejeune were contaminated, they cannot say for sure whether people at Camp Lejeune may have suffered adverse health outcomes as a result of their exposure.

Even more disturbing for former marines and other residents of Camp Lejeune, the report concludes that, given inherent limitations in the data, additional research is unlikely to provide a direct basis for drawing more definitive conclusions. In other words, limbo forever.

Again, these revelations have been leaving veterans and their families with more questions than answers. I'd like to know what the Department of the Navy and the Marine Corps plan to do next, and how they intend to answer the concerns of former marines, their families, and former employees of Camp Lejeune.

Mr. Chairman, it's also come to my attention that Mr. Arny is a former Top Gun pilot; former Principal Deputy Assistant Secretary of the Navy, Shipbuilding Logistics; and former Senate Armed Services Committee professional staff member, serving on

this committee from 1981 to 1984. He has also invited one of his two sons to attend this last public hearing that he's doing. The son attending the hearing, Commander Skip Arny, is a Top Gun pilot, flying F–18s. He just finished as the commanding officer of the Strike Fighter Weapons School at Naval Air Station (NAS) Lemoore, CA, and is getting ready for a tour as a defense attache in Poland. Following his dad's path, he's a 1990 graduate of the U.S. Naval Academy.

His youngest son, Matt, is a lieutenant commander naval flight officer who recently returned from deployment to Iraq, Afghanistan, and Somalia, with the FA–103, onboard the USS *Eisenhower*, flying F–18s, as well, and is now attending the Naval War College in Newport, RI. He is also a Naval Academy graduate, 1993.

Wayne, if it doesn't embarrass, could I ask your son, Commander Skip Arny, to recognize himself?

Commander, thank you for your service.

Mr. ARNY. Thank you for that. [Applause.]

Senator BURR. Thank you, Mr. Chairman.

Senator BAYH. Thank you, Senator Burr.

Senator Udall, any opening comments you'd like to make?

Senator UDALL. On that note, maybe Mr. Arny should start testifying right now. [Laughter.]

Senator BAYH. It is a first for this subcommittee that testimony begins, to applause. [Laughter.]

I'm sure it will end that way, too.

Mr. Arny, we'll begin with you. Welcome back to this committee, where you served with great distinction.

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

Mr. ARNY. Thank you, sir. Chairman Bayh, Senator Burr, Senator Udall, I'm honored to appear before you today to discuss our MILCON program for 2010.

I thank you for acknowledging my son, Skip. As you said, he recently finished Command of Fighter Weapons School at Lemoore, and we have the pleasure of having him and our grandchildren in the area. His brother, as you said, just finished up the tour at the War College, and is in training to command a squadron also at Lemoore. So, like it or not, my wife and I have spent a lot of time at Lemoore, and will continue to, as well as lots of time in Eastern Europe. Unfortunately, these two have never been stationed at the same base together for more than 3 months.

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

Today, we manage over 500,000 facilities, worth over $700 billion, located on approximately 29 million acres of land around the world. In comparison, about 10 years ago we had 115,000 more facilities. The principal program that has helped us balance the infrastructure has been the BRAC authority. It's enabled us to close over 121 major installations and realign 79 major bases after 5 rounds. The 2005 decisions alone affected over 800 locations and

included 24 major closures, 24 major realignments, and 765 lesser actions.

I'd also like to comment on the disposal process for these bases. We've been asked, as a Department, how we feel about pending legislation that would mandate no-cost economic development conveyances (EDC). We currently have a full range of conveyance mechanisms available to the Services, and they already include no-cost EDCs. We are, and always have been, open to this conveyance method, and are more than willing to review such requests, based on the needs of the local communities. Indeed, my data indicates that, since 2002, the Army has granted EDCs on 68 parcels for 32,000 acres. Now, of those, there were 23 parcels at no cost for 31,000 acres, and 45 parcels at cost at 1,000 acres on 5 bases. The Navy has done 8 no-cost EDCs for 4,000 acres.

The Air Force has had 19 no-cost EDCs covering just under 24,000 acres. But, to mandate no-cost EDCs would only advantage some locations, where potentially valuable property, where the taxpayers of the communities—with potentially valuable property, where the taxpayers of the rest of the Nation could perhaps benefit from participating in the profit from the development of that valuable property, especially the development of housing areas that don't bring permanent job growth, as is normally required of a no-cost EDC. Also, the Services are required to plow back any funds they receive from BRAC disposals into BRAC purposes, and that has primarily been to accelerate the required environmental clean-up of former BRAC bases. A mandated no-cost EDC would essentially be giving a particular community, that normally wouldn't qualify for it, a windfall profit that would divert money from the taxpayers.

We will continue to evaluate the legislation we've been presented through the Department's legislative review process, but I wanted to give you this position, on the record.

We also believe it is not enough just to close bases and move functions, we also need to conduct our business more efficiently, as prudent caretakers of the taxpayers' resource. I believe we are.

An excellent example of this is joint basing. As part of BRAC 2005, we are forming 12 new joint bases from 26 separate bases to consolidate installation and management functions under one component. Five of the joint bases, involving 11 installations, will reach full implementation in—October 1, 2009; the remaining 7 joint bases will reach full limitation—implementation in October 2010, well ahead of the BRAC statutory deadline of September 2011.

As for housing, a decade ago we were maintaining over 300,000 family housing units, two-thirds of which were deemed inadequate by the military departments who owned them. With your help and vision, we put housing privatization authorities in place, and the private sector responded by delivering modern, affordable housing, and, with appropriate oversight, we ensured the Federal Government's needs were met. With this year's request, over 98 percent of DOD's housing inventory in the United States will be funded for privatization.

With regard to barracks, the military departments are modernizing their facilities to increase the privacy and amenities in permanent-party bachelor housing. Using MILCON, much progress

has been made, but there is still a need for almost $15 billion to complete the permanent-party buyout.

Privatizing bachelor housing is one way to go, but it has unique challenges compared to family housing. We have seen recent innovative concepts, where the Army has added bachelor officer quarters and senior enlisted bachelor quarters to its existing family housing privatization projects. The Navy is mainly focusing its unaccompanied housing privatization efforts to bring shipboard junior enlisted sailors ashore. The first unaccompanied housing privatization pilot project was awarded in December 2006 in San Diego. The second was executed in December 2007 at Hampton Roads, VA. A third project is under consideration at the Jacksonville-Mayport area in Florida. Both of the awarded projects have demonstrated that, with this authority to pay junior enlisted members less than full housing Allowance Transformation and Realignment Agreements (ATARAs), we are on our way to a very successful enlisted privatization.

Both of the awarded projects have demonstrated that, with this authority to pay junior enlisted members less than full housing ATARAs, we're on our way to very successful enlisted privatization.

This year's budget signals yet another banner year for installations, with about $23 billion in MILCON and about $8 billion in facilities sustainment, restoration, and modernization.

At $23 billion, the MILCON program is very robust, especially when I compare it to the $8 billion to $9 billion levels we were receiving 10 years ago. Similarly, our sustainment budget this year is also more robust, as compared to 10 years ago.

Although much remains to be done, we've made steady headway over the last decade, through two administrations, to improve the overall condition of our facilities inventory by using the facility sustainment model. It has given us a sound target by which to measure our sustainment budgets. As a consequence, we've been able to defend our requirements and increase our overall funding, in spite of significant competing demands.

Recapitalization has been more challenging. We've moved away from believing a single recap rate expressed in years applied across myriad category types could provide a funding level that was rational and defendable, because it didn't work right.

When I was with the Navy secretariat, I personally observed its inaccuracy as Hurricane Ivan hit Pensacola. The sudden infusion of restoration funds skewed the Navy's recap rate to a lower number than the targeted 67 years, but the condition of Navy facilities across the inventory did not improve. Because of this and other factors, I've directed my staff to revisit the facilities condition indices that the Federal agencies are mandated to include in their real property.

My staff will work with DOD agencies to set up program guidelines for determining which facilities require priority for funding, reassessing how Q ratings are determined, and their frequency, and, most importantly, reestablishing how the Department uses master planning at the installation level and eventually in each of the overseas combatant command regions.

In closing, Mr. Chairman, I sincerely thank you for this opportunity to highlight the Department's management of installation

assets 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. We believe we're working on the right issues, and, while we cannot fix them overnight, we appreciate your continued support, and we look forward to working with you and this subcommittee to provide quality installations that our military forces and their families need and deserve.

[The prepared statement of Mr. Arny follows:]

PREPARED STATEMENT BY WAYNE ARNY

INTRODUCTION

Chairman Bayh, Senator Burr, distinguished members of the subcommittee: I appreciate the opportunity to appear before you today to address the President's budget request for fiscal year 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. Second, 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 servicemembers, 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 fiscal year 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 (MILCON) 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 fiscal year 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 capabilities. The fiscal year 2009 request will also facilitate access to child care and improve support facilities for wounded warriors and their families.

The fiscal year 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 fiscal year 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 the Department of Defense's (DOD) 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 MILCON and Operation and Maintenance (O&M) funds provided by the act are available for obligation through the end of fiscal year 2013 and fiscal year 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 servicemembers 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 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 fiscal year 2010 MILCON and Family Housing Appropriation request totals $23 billion, which is a decrease of $1.9 billion from the fiscal year 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 end strength 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 of Dollars—Budget Authority]

	Fiscal Year 2009 Request	Fiscal Year 2010 Request
Military Construction	11,283	12,835
NATO Security Investment Program	241	276
Base Realignment and Closure IV	393	397
Base Realignment and Closure 2005	9,065	7,480

COMPARISON OF MILITARY CONSTRUCTION AND FAMILY HOUSING REQUESTS—Continued

[President's Budget in Millions of Dollars—Budget Authority]

	Fiscal Year 2009 Request	Fiscal Year 2010 Request
Family Housing Construction/Improvements	1,457	489
Family Housing Operations and 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. 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 fiscal year 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 of Dollars]

	Fiscal Year 2009 Request	Fiscal Year 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 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 fiscal year 2008, the Department eliminated 6 million square feet of unneeded facilities. Another 5.5 million square feet is projected for demolition in fiscal year 2009. The fiscal year 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 worldwide missions, the Department is improving its ability to contend with post-September 11 security challenges and developing more relevant relationships and forward capabilities for 21st century expeditionary operations. The fiscal year 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 fiscal year 2010 global defense posture projects ensure strengthening of forward capabilities for OCO and other expeditionary nontraditional 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 Congress. 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 2 years of the date the President transmitted the Commission's report to Congress and complete implementation of all recommendations within 6 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, TX, and Naval Air Station (NAS) Brunswick, ME, 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 health care 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, WA, to Fort Lewis, WA, and to transform the Medical Center at Keesler Air Force Base, MS, 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, TX, 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, MD, 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 fiscal year 2010 costs (including the $263 million included in the fiscal year 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, VA, 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 fiscal year 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 fiscal year 2010 President's budget it represents a $35.4 billion requirement over 2006–2011 and $4 billion in annual savings after full implementation (after fiscal year 2011). The Department originally estimated BRAC 2005 investment using the Cost of Base Realignment Actions (COBRA) model at $21.1 billion (in constant fiscal year 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 fiscal year 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 fiscal year 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 servicemembers and their families. Access to quality, affordable housing is a key factor affecting servicemember recruitment, retention, morale, and readiness. Through privatization and increases in housing allowances, DOD has made great strides in increasing servicemembers' 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 fiscal year 2010 President's budget request includes $2.0 billion for Family Housing, a decrease of $1.2 billion below the fiscal year 2009 enacted amount, for continued efforts toward reduction of inadequate units, O&M 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 servicemembers 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 50 years. With privatization deal structures

and an income stream in place, full revitalization will be completed within a 5- to 10-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 servicemembers 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 fiscal year 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 servicemembers. To date, the Army has added bachelor officer quarters and senior enlisted bachelor quarters to its existing family housing privatization projects at Fort Bragg, NC; Fort Stewart, GA; Fort Drum, NY; and Fort Irwin, CA. A fifth project is planned soon at Fort Bliss, TX. 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 U.S.C. 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, VA, and a third project is under consideration at Jacksonville-Mayport, FL. 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 fiscal year 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 fiscal year 2025 and Congress placed this goal in the National Defense Authorization Act for Fiscal Year 2007. Even though the increasing cost of Renewable Energy Certificates drove down the percentage of renewable energy consumption in fiscal year 2008, I am pleased to report that the Department remains ahead of the curve, achieving 9.8 percent renewable energy procured and produced for fiscal year 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 fiscal year 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 fiscal year 2010 up to $120 million in fiscal year 2013, and renewable energy projects will continue to be a high priority.

The Department began tracking water consumption in fiscal year 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 fiscal year 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 fiscal year 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 of Dollars—Budget Authority]

	Fiscal Year 2009 Request	Fiscal Year 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 fiscal year 2008, we obligated $4.3 billion and in fiscal year 2009 we are executing another $4.5 billion for natural and cultural resource conservation, pollution prevention, cleanup, compliance, and environmental technology. The fiscal year 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 fiscal year 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 fiscal year 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 fiscal year 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 fiscal year 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 fiscal year 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 fiscal year 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 fiscal year 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 fiscal year 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 fiscal year 2009, we are executing $165 million for pollution prevention, with another $103 million planned for fiscal year 2010. These levels of investment will enable DOD to continue to meet our diversion and recycling goals while reducing our operating costs.

In fiscal year 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 fiscal year 2009 appropriation included another $1.67 billion to upgrade treatment facilities and meet new and expanding permit requirements. Our fiscal year 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 fiscal year 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 7 installations. In fiscal year 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 fiscal year 2007, REPI initiated 27 projects in 17 States; in fiscal year 2008, REPI funded 36 projects in 19 States. Already, $23.2 million from fiscal year 2007 and fiscal year 2008 funding has secured $74 million of buffer land, encompassing 28,378 acres. For fiscal year 2009 REPI identified an additional 39 projects in 21 States for funding. Congress appropriated $56 million for REPI in fiscal year 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, NC; and buffering live-fire training ranges at Fort Carson, CO.

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 REPI 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 (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 nongovernmental 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 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 fiscal year 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 DOD 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 5 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 fiscal year 2002 to 260 in fiscal year 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 fiscal year 2002 to fiscal year 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 fiscal year 2008—a reduction from a peak of 59 motor vehicle fatalities in fiscal year 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 decisionmaking.

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 DOD. 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.

Senator BAYH. Thank you very much, Mr. Arny.

Secretary Penn?

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

Mr. PENN. Thank you. Chairman Bayh, Senator Burr, Senator Udall, I'm privileged to come before you today to discuss the Department of the Navy's installation efforts.

Before I touch on a few highlights in the Department's overall facilities budget request, I'd like to take a moment to discuss the report released over this weekend related to past contaminated drinking water at Marine Corps Base Camp Lejeune, NC.

It was the desire of this committee to evaluate the available scientific and medical evidence regarding associations between the prenatal, child, and adult exposure to drinking water contamination with trichloroethylene and tetrachloroethylene that resulted in the NDAA for Fiscal Year 2007 requirement for the Navy to enter into an agreement with the National Academy of Sciences (NAS) to conduct a study.

The National Research Council, which operates under the auspices of the NAS, concluded that the available scientific information does not provide sufficient basis for determining whether the population at Camp Lejeune has suffered adverse health effects as a result of exposure to contamination. It further concluded that research is unlikely to provide more definitive conclusions. The Department will thoroughly review and consider the Council's report, after which it will identify the next steps to take as it continues to work with the appropriate agencies, including the ATSDR.

Finally, I want to underscore that, above all else, the long-term health effects and welfare of our extended Marine Corps family is our utmost concern. We will keep this committee apprised of the status as circumstances evolve.

The Department of the Navy's fiscal year 2010 MILCON request of $3.8 billion 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 five 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 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 had been incremented 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 investments money for locations where we still own and operate military family housing and where additional privatization is planned. Prior requests reflected an accelerated 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 of $168 million, as we've exhausted all land sale revenue. We've disposed of 93 percent of the prior BRAC properties, so there's not a lot 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 costs.

We have made significant progress in the past year in planning for the relocation of marines from Okinawa to Guam. The EIS 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 May 13, 2009, and appropriated $336 million—fiscal year 2008 equivalent dollars—to complement our own fiscal year 2010 investment. We expect to see Japanese contributions deposited into our Treasury by July.

Finally, sir, 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, and civilian personnel and their families.

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

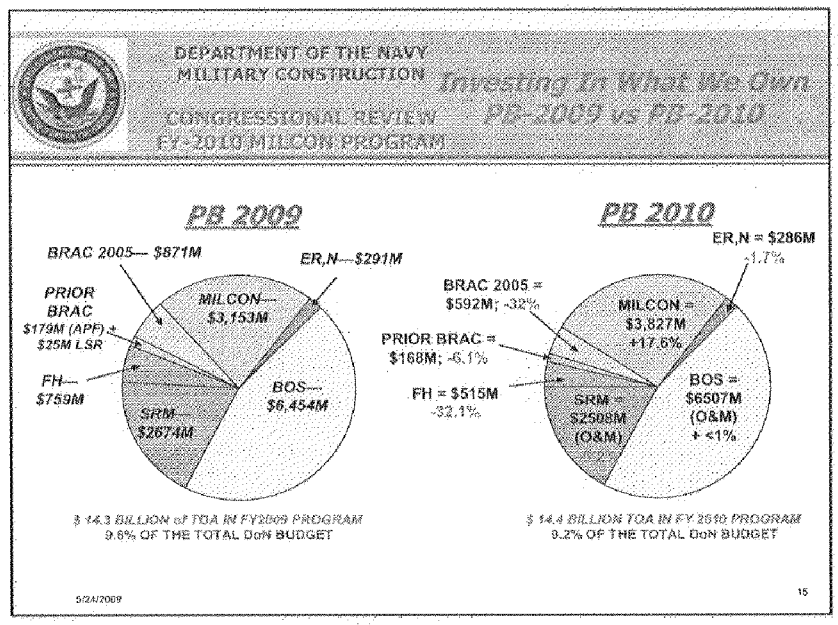
[The prepared statement of Mr. Penn follows:]

PREPARED STATEMENT BY HON. B.J. PENN

Chairman Bayh, Senator Burr, and members of the subcommittee, I am pleased to appear before you today to provide an overview of the Department of Navy's (DoN) investment in its shore infrastructure.

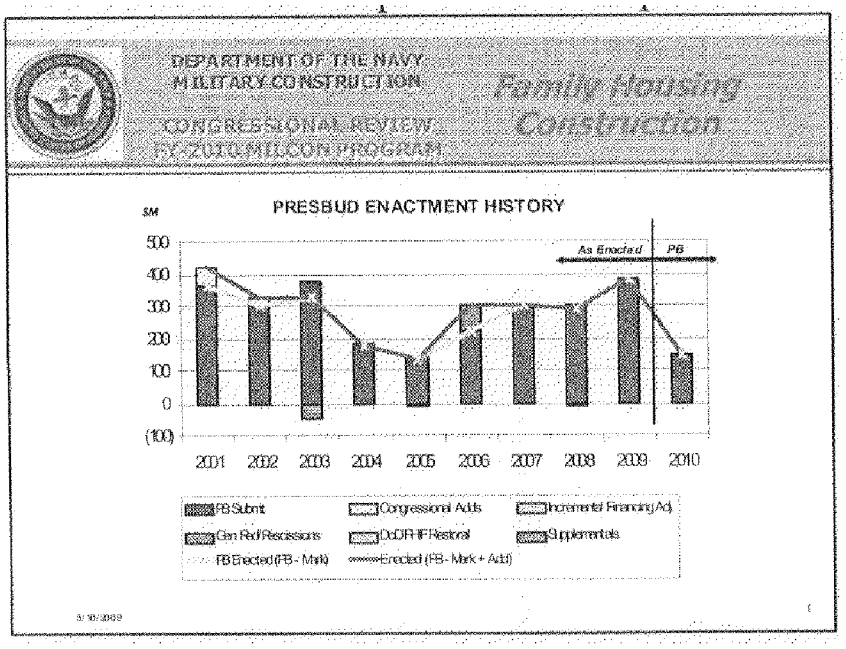
THE NAVY'S INVESTMENT IN FACILITIES

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 resupply, 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 fiscal year 2010 shore infrastructure baseline budget totals $14.3 billion, representing 9.2 percent of the DoN's fiscal year 2010 baseline request of $156 billion.

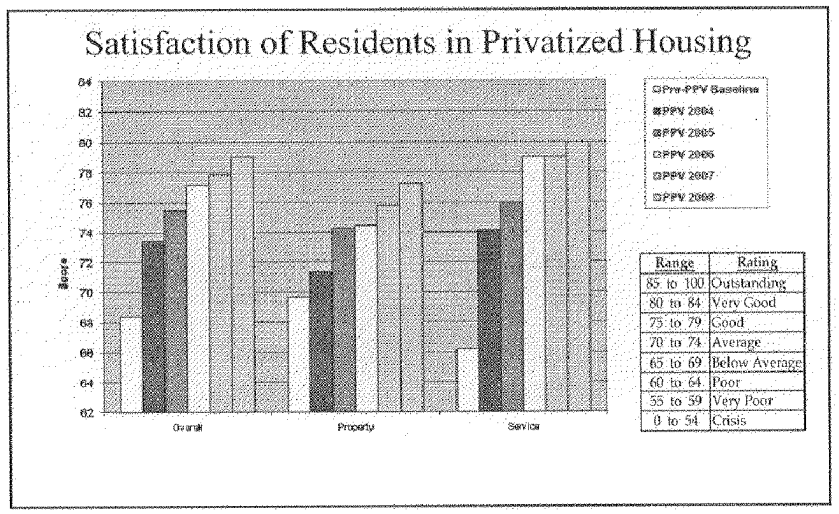


Our fiscal year 2010 request of $6.5 billion (which includes $433 million for environmental programs) for Base Operating Support is only slightly greater than last year's request.

The fiscal year 2010 military construction (MILCON) (Active plus Reserve) request of $3.8 billion is $674 million more than the fiscal year 2009 request. This growth in Department's MILCON 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 fiscal year 2010 Family Housing request of $515 million represents a 32 percent decrease from the fiscal year 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 Base Realignment and Closure (BRAC) program consists of environmental cleanup and caretaker costs at prior BRAC locations, and implementation of BRAC 05 recommendations.

As in fiscal year 2009, we must seek appropriated funds in fiscal year 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 fiscal year 2010 BRAC 05 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 fiscal year 2010 MILCON 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, WA; modifications to the P–8/MMA facility at Naval Air Station Jacksonville, FL; and the largest of the three projects at $227 million—Pier 5 Replacement at Norfolk Naval Shipyard, Portsmouth, VA;
- $84 million to fund 11 airfield projects. Included among these projects are seven supporting the Joint Strike Fighter: six at Eglin AFB, FL and one at Edwards AFB, CA;
- $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, HI; a SERE school for SOCOM in Spokane, WA; and E–2D Trainer Facility at Naval Station, Norfolk, VA; and a flight simulator at NAS Pensacola, FL;
- $193 million to fund four ordnance related projects: the sixth of seven increments of the Limited Area Production and Storage Complex and the sec-

ond of two increments of the waterfront security enclave fencing, both projects at Naval Submarine Base, Bangor, WA; constructs missile magazines at Naval Station Pearl Harbor, HI; and a torpedo exercise support building in Guam;

• $95 million to construct three enlisted training barracks, one each in Newport, RI; Eglin AFB and NAS Pensacola, FL;

• $126 million to fund four waterfront operations projects, which include dredging the entrance to the turning basin at Naval Station, Mayport, FL, 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, HI;

• $22 million to build base support facilities: Naval Construction Division Operations Facility and a centralized public works facility at Naval Base, Point Loma, CA; 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 fiscal year 2009 MILCON 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, CA, and Camp Lejeune, NC, 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, CA, the Basic School at Quantico, VA, 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, VA;

• $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, NC, and Camp Pendleton, CA. Logistics operations will be enhanced with a new Port Operations facility at Marine Corps Support Facility, Blount Island, FL;

• $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, NC, and Camp Pendleton, CA. A new range will be provided in Hawaii.

• $122 million to construct maintenance facilities at Twentynine Palms, CA; Yuma, AZ; Beaufort, SC; and New River and Camp Lejeune, NC;

• $41 million for the construction of storage facilities at Twentynine Palms and Camp Pendleton, CA, and Cherry Point, NC; 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 MILCON appropriation request is $64 million, including $2 million for planning and design efforts, to construct three Reserve centers—one each at Luke AFB, AZ; Alameda, CA; and Joliet, IL. These funds will also be used to construct a C–40 Hangar at Naval Air Station Oceana, Virginia Beach, VA; a parachute and survival equipment center in San Antonio, TX, and vehicle maintenance facility in Charleston, SC.

Fully-funded and Incrementally-funded MILCON projects

Our fiscal year 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)

Percent Sustainment	Fiscal Years		
	2008	2009	2010
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 percent . . . k.

Restoration and modernization (R&M) provides major upgrades of our facilities using MILCON, Operation and Maintenance, Navy Working Capital Fund, and BRAC, as applicable. Although the Office of the Secretary of Defense (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 fiscal year 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 fiscal year 2010. For MILCON projects, we met the requirement a year earlier, in fiscal year 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 MILCON has been applied to projects that will reduce our fossil fuel energy consumption. Major investments include $169 million to install photovoltaic systems, $71 million for advance metering installation, $30 million for the energy conservation improvement program (ECIP), $9 million for geothermal energy development, and $31 million 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 fiscal year 2008 we achieved our lowest rate ever recorded for total Class A Operational Mishaps.[1] As of 24 April 2009, if our current pace continues, we would close

[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.

out fiscal year 2009 with our lowest mishap rate ever recorded in six of the seven 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 10 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, SC, and Naval Hospital Corpus Christi, TX. Our first Marine Corps VPP Star Site is Logistics Base, Barstow, CA.

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 fiscal year 2009. 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 fiscal year 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 $11.72 million, which was matched by similar investments from partner organizations. In fiscal year 2009, Navy and Marine Corps received an additional $19.78 million 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 servicemembers, 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 MILCON 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. 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.

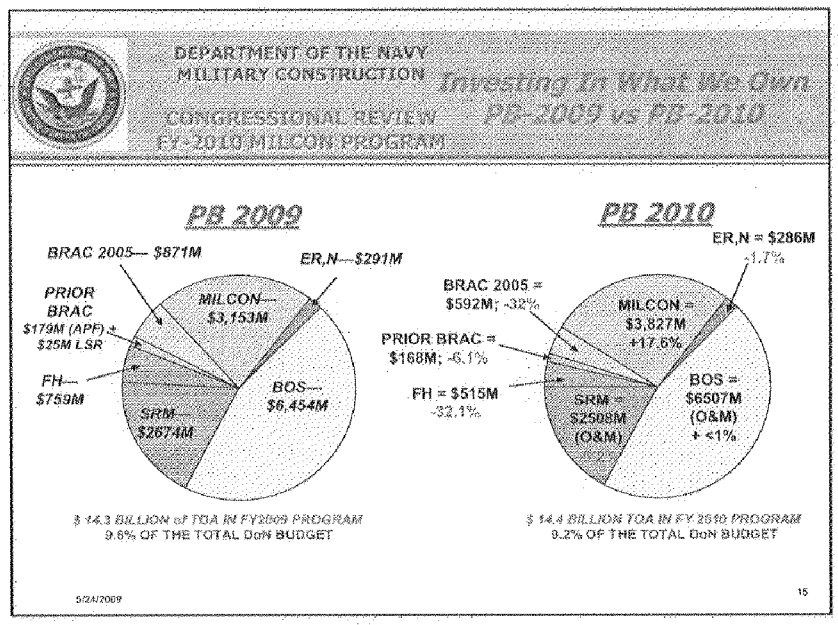
Our fiscal year 2010 budget includes $146 million in funding for family housing construction and improvements. This amount includes $79 million for the Government investment in continued family housing privatization at Camp Lejeune and includes funding for an addition to a Department of Defense school. 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 fiscal year 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 10 private sector dollars for each taxpayer dollar.

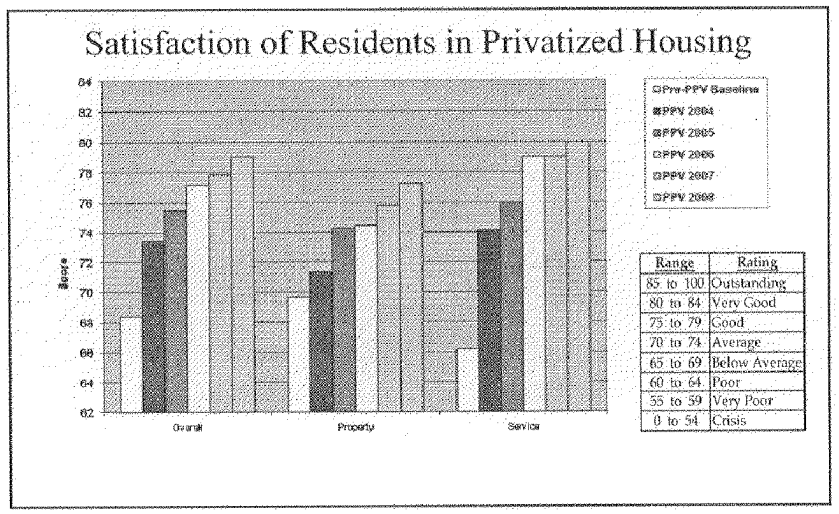
While the military housing privatization initiative has been overwhelmingly successful, there are challenges in this program area as well. They include:

• 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 OSD, 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 7 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 MILCON; 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 8 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, NC, and Twentynine Palms, and Camp Pendleton, CA. We are also committed to funding the replacement of barracks' furnishings on a 7-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, U.S.C. 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 7 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, FL, 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 fiscal year 2010 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 NDAA for Fiscal Year 2004, 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 fiscal year 2008, 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 2014. The execution of the program follows a cyclical pattern as the internal DOD metrics are accomplished. Fiscal year 2007 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 fiscal year 2011. The fiscal year 2009 and fiscal year 2010 resources are therefore focused on investigating the medium risk sites, evaluating cleanup alternatives, and selecting remedies. Fiscal year 2011 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 fiscal year 2012 through fiscal year 2014.

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 fiscal year 2010 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 fiscal year 2011. DoN plans to achieve cleanup or remedies in place at all MRP sites by fiscal year 2020.

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 fiscal year 2008. 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.

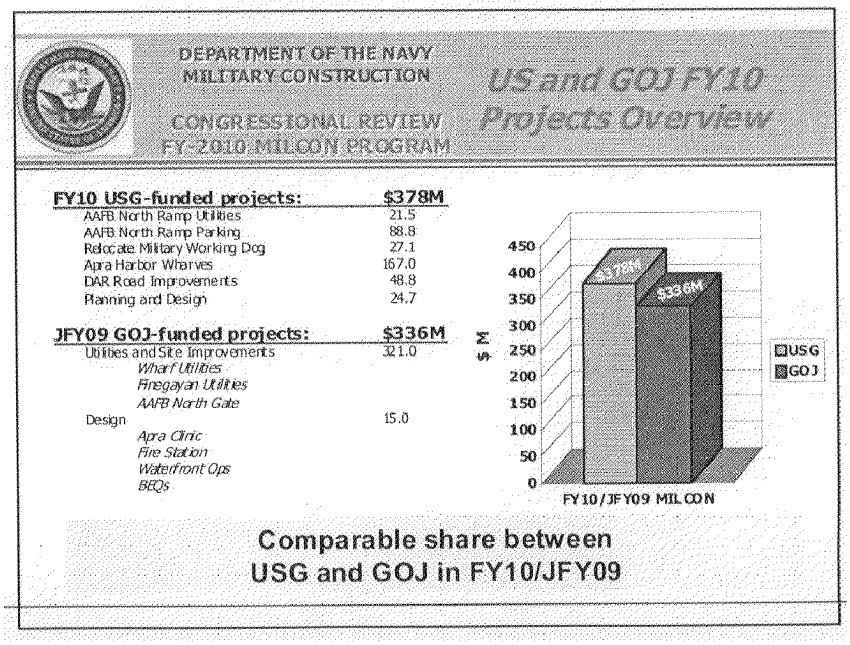
Navy Marine Mammals/Sonar R&D investments

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 8 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 2-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 fiscal year 2010 budget request includes $378 million to construct facilities in support of the relocation. The Government of Japan, in its fiscal year 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.

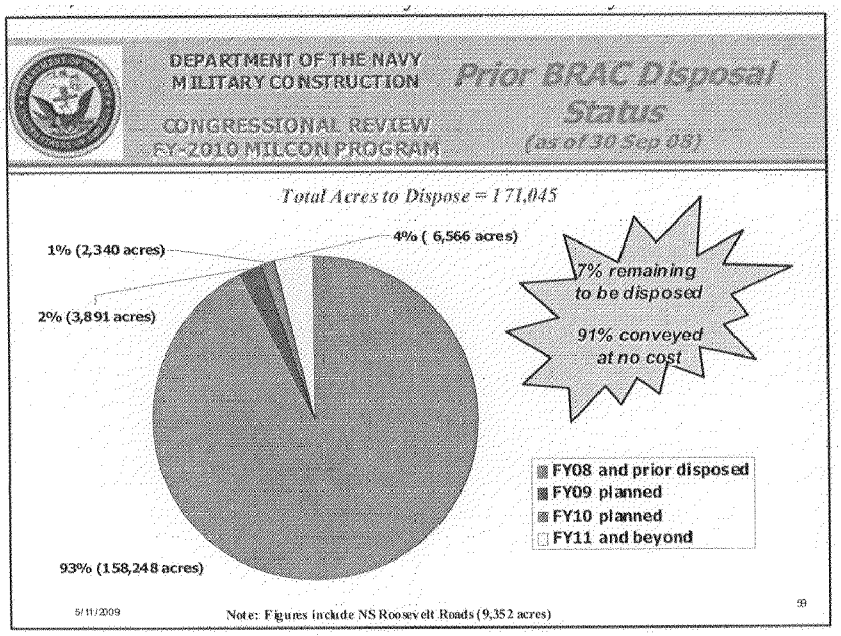
We recognize the potential for significant socioeconomic effects on Guam with the introduction of off-island workers who will support the construction program. In order to minimize negative effects, we are collaborating with the Government of Guam to develop a program for the equitable and safe treatment 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 fiscal year 2010. 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 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 fiscal year 2002. 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 percent 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 percent, 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 fiscal year 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 fiscal year 2005 through fiscal year 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 fiscal year 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 fiscal year 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 2005 Program. OSD 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 2005 Program is on track for full compliance with statutory requirements by the September 15, 2011 deadline. However, some significant challenges lie ahead.

Accomplishments

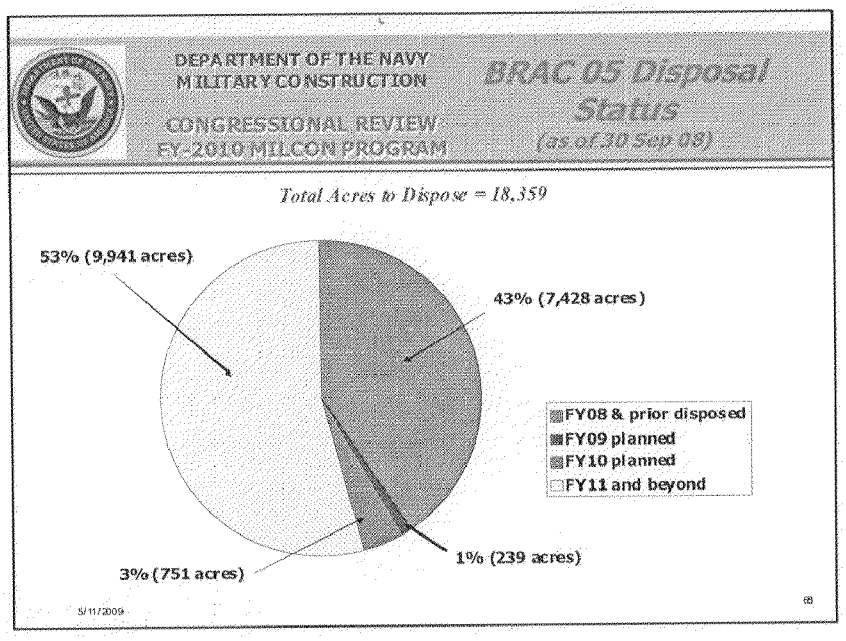
In total, the Department awarded 85 of 118 BRAC construction projects with a combined value of $1.4 billion.[2] Eighteen fiscal year 2009 projects worth $256 million are on track to award this year. Some noteworthy projects include:

- 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 $222 million 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, 6 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 fiscal year 2008 projects valued at $14 million remain to be awarded.



Land Conveyances and Lease Terminations

By the end of fiscal year 2008, the Department disposed of 43 percent 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 percent 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 2005 operational action will close Naval Air Station Brunswick, ME, and consolidate the East Coast maritime patrol operations in Jacksonville, FL. 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 fiscal year 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 fiscal year 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.

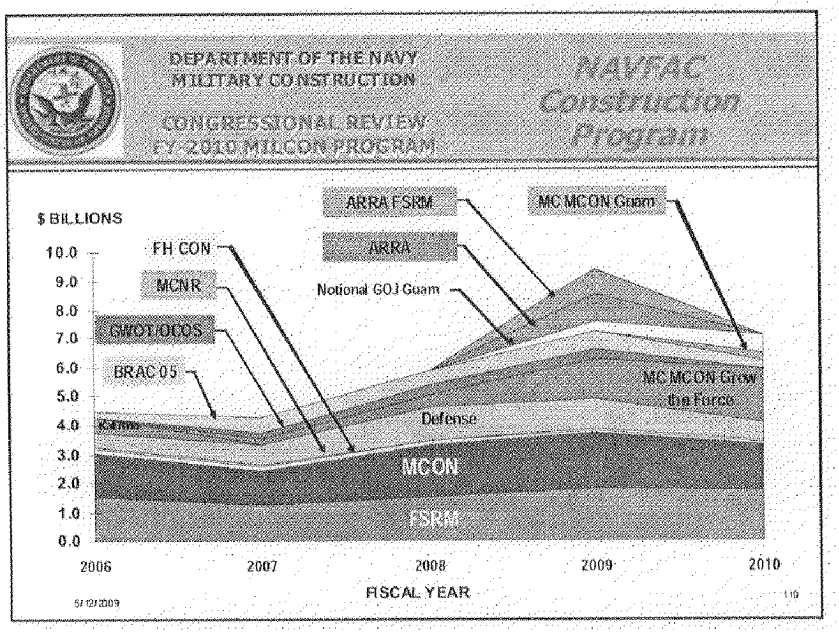
Financial Execution

The execution of our fiscal year 2006–2008 funds is now at nearly 90 percent. 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 percent of our fiscal year 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

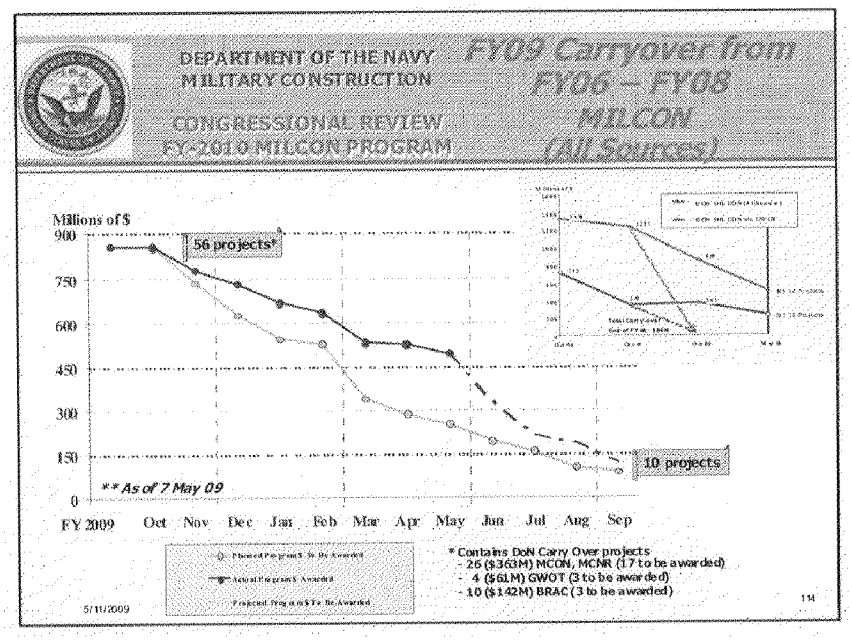
Although we are on track to meet the September 15, 2011 deadline, we do face some significant challenges ahead. Seven major construction projects at Naval Air Weapons Station China Lake, CA, and Naval Weapons Station Indian Head, MD, require complex site approvals and certifications for operation from 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.



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 fiscal year 2006, NAVFAC has drastically reduced carryover despite a 60 percent 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 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 fiscal year 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.

Senator BAYH. Thank you, Secretary Penn. We appreciate your service very much.

Mr. Calcara, I think we'll turn to you next, and then Ms. Ferguson.

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

Mr. CALCARA. Thank you, Mr. Chairman. Good afternoon, Senator Burr and other members. I think Senator Udall stepped out.

It's my distinct honor to present the fiscal year 2010 Army budget, which—in what has been an extremely challenging and dynamic year for us all, working with a compressed schedule. I really appreciate the tremendous support your staff and you have provided us over the years, and we look forward to continuing to work with you.

Our budget is about $10 billion in the construction investment arena across fiscal year 2010. About $4.2 billion of it is tied to BRAC, which will allow us to complete, on time, what has been the largest base closure, for any Service, ever undertaken. The Army's BRAC 5 round is bigger than all four previous rounds combined, and we are on track to complete it, with this funding, by the deadline. There's about a billion dollars in contingency funding in there for our Operation Enduring Freedom (OEF) in Afghanistan. The rest of the money is tied to MILCON. As I know the question of the hour for the Army is, with the recent decision by the Secretary of Defense on 45 brigades versus 48, how does that affect our budget?

So, let me just address the top-line issues. You have my written statement for the record. I would request that you make it part of the record.

Senator BAYH. So ordered.

Mr. CALCARA. Inside the MILCON request, including the Guard, the Reserve, housing, and MILCON, we have about $1.47 billion tied to the brigade Grow the Army Initiative. About half of those dollars are tied to combat support and combat service support functions that are not affected by the brigade configuration. The population will be there. Those requirements are there. We need those projects.

Of the remaining half of the $1.47 billion, about half of that is tied to housing and our MILCON for the Reserves. So, that leaves us with about half of half of half, or a quarter, of the $1.47 billion that we needed to revisit for prudent investment decisionmaking.

Now, we met with your staff—I think it was last week—and we went through our plan. We looked at those dollars and have looked at requirements that still exist at Fort Carson, Fort Stewart, and Fort Bliss. Our recommendation is to take those dollars, in the case of Fort Stewart, for example, and buy out of relocatable facilities. We have a one-for-one match on brigade configuration facility category code. It will allow us to reduce the number of relocatables that we have left to buy out across the FYDP and bring our percentages up, in terms of being out of relocatable facilities, something you've asked us to do. We think it's the right thing to do.

In the case of Fort Carson, we've looked at that location, and there we have chronic shortages. When the original brigades were stood up, the facilities were undersized, but, as we were on a critical timeline to get to 48, we allowed them to go as is. The dollars in the program in fiscal year 2010 will go back to Fort Carson and buy out of those substandard and capacity shortages that exist there. Again, we have population—brigade-centric population that marries up to those requirements.

In the case of Fort Bliss, we have two brigades there—a fires brigade and another brigade—who currently have shortages in facilities. Our plan would be to continue with the investment there,

which will allow us to efficiently and effectively contract at a lower cost structure than if we deferred it, pending the QDR decision. In all likelihood, at least one, or both, brigades coming back from Europe will wind up at Fort Bliss. That will be that much facility that we will not have to program in the out years if we allow those investments to continue.

Otherwise, it has been a challenging year for us, working this. Again, I do appreciate your support, and I look forward to your questions.

Thank you.

[The prepared statement of Mr. Calcara follows:]

PREPARED STATEMENT BY JOSEPH F. CALCARA

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 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 7 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, 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 one-third 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
Base Realignment and Closure 95 (BCA)	$98,723,000	$98,723,000	$98,723,000

Military Construction Appropriation	Authorization Request	Authorization of Appropriations Request	Appropriation Request
Base Realignment and Closure 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 Base Realignment and Closure (BRAC) appropriations and associated new authorizations.

Army Modular Force

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

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 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

The Global Defense Posture Realignment (GDPR) 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, NM, 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

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 (AMF). 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 4 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 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 5 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 years 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 warfighters, operational requirements for air-

fields, 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 Facili-

ties 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, FL. In addition, we are requesting the fourth and final increment of funding, $102 million, for the Brigade Complex at Fort Lewis, WA. 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/AMF, 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 11 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, KY; 176 homes at Fort Wainwright, AK; 144 homes at Fort Polk, LA; 90 homes at Fort Irwin, CA; and, 78 homes at Fort Sill, OK. The improvements program also provides $11.9 million for equity contributions for 11 homes at Fort Bragg, NC, and 8 homes at Fort Eustis, VA, 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, AK, 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 3 to 10 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 subaccounts: management, services, furnishings, and a small miscellaneous account. All operations subaccounts 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) servicemembers 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 $41.98 million 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 unprogrammed single soldier Basic Allowance for Housing, maximize barracks utilization, and reallocate soldier time away from non-warfighting 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
- $524 million support the mission in Afghanistan
- $828 million 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 9 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.

Senator BAYH. Thank you, Mr. Calcara.

Ms. Ferguson?

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

Ms. FERGUSON. Thank you, Mr. Chairman, Senator Burr. On behalf of America's airmen, it's my pleasure to be here today.

I'd 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 deployed in support of ongoing OEF and Operation Iraqi Freedom, daily demonstrating their importance in support of joint combat operations. Within the Secretariat for Installations, Environment, and Logistics, we fully appreciate the efforts—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 warfighting abilities and capacity to counter hostile threats.

MILCON, 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 MILCON, family housing, BRAC, and facility maintenance is a reduction from our 2009 request of $5.2 billion. We intend to mitigate potential shortfalls in MILCON and facilities 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.

One ongoing modernization effort within the Air Force that I'd like to mention is the Joint Strike Fighter (JSF). At the direction of the Secretary of the Air Force, we are taking a deliberate Air Force enterprise-wide look at all installations to bed down the JSF. This review will provide an open, transparent, repeatable, and defendable process to ensure the Secretary has appropriate and accurate information to make all JSF strategic basing decisions.

In regards to military family housing, our master plan details our housing MILCON, operations and maintenance (O&M), and privatization efforts. Since last spring, we 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 United States, and almost 3,000 units under construction overseas.

Our 2010 budget request for housing is just over $567 million. The Air Force request for housing investment is $67 million to ensure the continual improvement of our overseas homes.

Our request also includes an additional $500 million to pay for O&M, utilities, and leases for the family housing program.

BRAC 2005 impacts more than 120 Air Force installations. Unlike the last round of BRAC, where 82 percent of implementation actions affected the active Air Force, in BRAC 2005 a full 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's total BRAC MILCON—total BRAC budget is approximately $3.8 billion, which the Air Force has fully funded. Our fiscal year 2010 BRAC 2005 budget request is approximately $418 million, of which less than 20 percent is for BRAC MILCON projects. I'd like to emphasize, the Air Force BRAC program is on track to meet the September 2011 deadline.

Air Force MILCON, military 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 engi-

neering transformation effort, now entering its third year, continues to produce efficiencies and cost savings that enhance support for the warfighter, reduce the total cost of installation ownership, and free resources for the recapitalization of our aging Air Force weapons 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.

Before I close, I'd like to highlight one additional area of importance to both the committee and the Air Force, and that area is the Air Force's stewardship of energy. 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 towards reducing our energy footprint and increasing our use of cleaner energy alternatives.

Our new infrastructure energy strategy is founded on four pillars that are designed to improve current infrastructure, improve future infrastructure, expand renewables, and 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 are seeing potential indicators that our efficiency strategy is providing return on investment. In fact, between the 2003 baseline year and fiscal year 2008, the Air Force decreased energy intensity by 17.8 percent.

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

[The prepared statement of Ms. Ferguson follows:]

PREPARED STATEMENT BY KATHLEEN I. FERGUSON

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 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 fiscal year 2010 President's budget of $4.9 billion for MILCON, BRAC, MFH, and facility maintenance is a reduction from our fiscal year 2009 request of $5.2 billion. We in-

tend 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, MFH, 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 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 fiscal year 2010 President's budget request includes an investment of $45 million in four infrastructure projects at Minot Air Force Base, ND; FE Warren Air Force Base, WY; and Clear Air Station, AK. 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 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 fiscal year 2010 budget request includes $39 million 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 fiscal year 2010 budget request for MFH is just over $567 million. The Air Force request for housing investment is $67 million 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 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 fiscal year 2010 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 in government investment to garner almost $6.3 billion in private sector total housing development, or $16 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 MFH in the Continental United States, Hawaii, Alaska, and Guam by the end of fiscal year 2010.

Unaccompanied Housing (Dormitories)

The Air Force Dormitory Master Plan is the cornerstone for developing requirements for unaccompanied housing. The budget request includes five dormitories worth $138 million. 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 fiscal year 2010 request includes two fitness centers worth $41 million. 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.

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 fiscal year 2005 to fiscal year 2008.

We are also continuing our existing environmental quality and restoration programs. The fiscal year 2010 request includes just under $1 billion 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 fiscal year 2012, 2 years ahead of the Department of Defense (DOD) fiscal year 2014 environmental restoration goal.

MODERNIZE OUR AIR AND 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 for 34 projects. We will complete the planned F–22 beddown, including the two Air National Guard projects at Hickam Air Force Base, HI. The beddown of the F–35 also continues to be a priority, with eight projects supporting actions at Nellis Air Force Base, NV, and Eglin Air Force Base, FL.

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, NM, two research facilities at Wright Patterson Air Force Base, OH, and upgrading electrical infrastructure at Hurlburt Field, FL. 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, FL. 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 fiscal year 2015 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 fiscal year 2003 baseline year and fiscal year 2008, 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 fiscal year 2007 to fiscal year 2008.

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 fiscal year 2008, and saving approximately $1 million per year. Through a congressional appropriation, F.E. Warren Air Force Base, WY, 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 and 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, NE. 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 inno-

vative 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, FL, closing Kulis Air Guard Station in Alaska, or transferring Pope Air Force Base, NC, to the Army, the Air Force community as a whole—Active, Guard, and 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 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, which the Air Force has fully funded.

The Air Force's largest BRAC costs are for MILCON projects; approximately $2.6 billion. Operations and Maintenance (O&M) expenditures closely follow at $926 million. This includes expenditures for civilian pay and moving expenses, supplies, equipment, travel, etc. 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.

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

The Air Force's Fiscal Year 2010 BRAC 2005 Budget Request is $418 million, 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 decisionmaking processes and the appropriate property acquisition, management, and disposal tools.

Even though the BRAC 2005 round did not significantly 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 2 (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 for legacy BRAC cleanup activities and another $20 million 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. Further, the Air Force has removed nearly 2,900 acres from the National Priorities List at the former Griffiss Air Force Base in Rome, NY. This milestone marks a tremendous accomplishment for the Air Force's cleanup program. It also highlights the strong professional partnership that exists between the Air Force, the EPA, New York State Department of Environmental Conservation and the Griffiss Local Development Corporation, all of whom were indeed instrumental in promoting the development and reuse of the former Griffiss AFB property—a trend we hope to see maintained across all of our communities. This is a major milestone in the restoration program and provides opportunities for new economic growth at the former base.

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 fiscal year 2010 program includes $544 million for 28 projects directly connected to today's fight. Four projects valued at $198 million 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 27,000 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 billets, serving side-by-side with our sister Services. Our heavy construction Rapid Engineer Deployable Heavy Operational and Repair Squadron Engineers and our Prime Base Engineer Emergency Force 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 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, 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, FL, 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.

Senator BAYH. Thank you, Ms. Ferguson.

We're going to have 5-minute rounds. So, you'll let me know when my time is expired? Great.

Mr. Arny, I'd like to start with you. Is there any reason to believe that the Services won't complete the BRAC process on time? You feel pretty good about how things are going?

Mr. ARNY. Yes, sir, we do. Yes, we've looked at it very closely, and we will meet the deadline. This question has been asked at each of the hearings we've been in, and all the Services agree.

Senator BAYH. What's your understanding of where we stand on construction or missile defense sites in the Czech Republic and Poland? We had some testimony, just yesterday, from some officials involved in this area, and it appears that things are changing. But, we're being asked to appropriate some money for some sites that may be somewhat in flux. What's your understanding about that situation?

Mr. ARNY. The Department is currently conducting a Ballistic Missile Defense Review, and we think that'll review the rationale

and requirements for the third site and explore alternatives that may exist. No final decisions have been made on that. From a policy perspective, we follow the lead of our policy——

Senator BAYH. I understand. From our perspective, since no final decisions have been made, how are we supposed to appropriate the money?

Mr. ARNY. Sir, I can just say that we believe that the authorization and appropriations justified that there'll be sufficient funds to continue the program. We had a review of the Missile Defense Agency program ourselves, within house and in MILCON, and we think there's enough flexibility to handle the contingencies.

Senator BAYH. You can understand why we'd ask the question.

Mr. ARNY. Yes, sir, it's why I have an answer right here. [Laughter.]

Senator BAYH. Very good. Let me ask you one that you may not be prepared for, then. By the way, that's good staff work.

I sit on the Select Committee on Intelligence and the Energy and Natural Resources Committee, and we've been briefed multiple times, as Senator Burr would know, recently about the vulnerability to cyber attack, possibly terrorist attack, focused on the Nation's power grid. In particular, some of our defense sites are vulnerable. If you wanted to attack a defense site, in some cases, you wouldn't strike it directly, you'd strike the civilian power upon which the site relies. Many of our facilities only have a few days' backup of kerosene for some reserve generators they have. So, it's a real vulnerability for us.

What's going on to try and build in some redundant capacity so that, if such an event took place, some of our important DOD facilities wouldn't be brought down in a matter of days?

Mr. ARNY. Yes, sir.

Senator BAYH. Because, as I understand it, if you take out some of these transformers and these—the power stations, it could be months before they get back online.

Mr. ARNY. We have looked at that, and we are continuing to look at it. There is a great debate going on within the Department. Some people have advocated islanding, where we could be completely self-sustained. If you recall, in the last decade, we were looking at privatizing our utilities. So, from my perspective it's a real approach avoidance. On our bases, we try to make sure that our critical facilities have sufficient backup for a long period of time. We're also looking at ways that we can benefit from power sources near us. As you've seen, we're putting photovoltaic at Las Vegas.

Senator BAYH. Maybe some geothermal potential at some of the sites, that kind of thing?

Mr. ARNY. Exactly. You have to be careful how you work around the law on that. When the Navy put in 225 megawatts of geothermal at China Lake, back in the 1970s and 1980s, the law did not permit us to take any of that power. We're now developing about 30 megawatts at NAS Fallon. But, again, the way the procurement laws are written, it was much more beneficial for us to sell that power to the outside and take a cut on our electric grid.

Senator BAYH. This is a matter of national security, so if you need some changes in the law to help us address this threat, please let us know what needs to be done.

I'm in favor of saving money wherever possible, being as efficient as possible. This is actually an area where some redundancy, some duplicative capacity may be in order to protect defense sites, because if we're reliant on the civilian power grid, and that's vulnerable to attack, which we've been informed it is fairly vulnerable, then we have to anticipate that sort of thing. So, you let us know what needs to be done to help you address the situation.

Mr. ARNY. Absolutely. It's definitely an issue we're looking at. We don't want to be in the position, in my perspective, of you're sitting on the ridge in San Diego, overlooking a city that's black, and there on the other side of the Bay is Coronado, all lit up like a Christmas tree. That would last for about 24 hours before we would have to be dumping power to the outside. So, we are definitely considering it. We're trying to figure what the middle way is. If we do need any changes in the law, we'll come to you.

Senator BAYH. The last thing I'll say, and then turn to the ranking member, is—there was a study done about some of these vulnerabilities that, unfortunately, found its way into the press, and some of the chatter suggests that the bad guys noticed that. So, this is not just hypothetical.

Mr. ARNY. Yes, sir.

Senator BAYH. Senator Burr.

Senator BURR. Secretary Penn, I think it's safe to say I'm deeply concerned with some of the conclusions that the NAS review came to as it related to Camp Lejeune, and specifically the water contamination.

The report lists 14 disease and health conditions it concludes have limited or suggestive evidence of an association with human exposure to the chemicals identified in Camp Lejeune's water system.

What is the Navy going to do to work with the scientific community to collect the additional information for former residents who are experiencing some adverse health conditions?

Mr. PENN. Sir, after a thorough review and consideration of the report, the Marine Corps, who's responsible, will identify the next steps to take as it continues to work with the appropriate agencies, constituents, and potentially affected former residents. Thus far, we have over 137,000 former residents registered on our pipeline. We get a report, weekly, on the number of people that may have been exposed. We have over 43,000 phone calls coming in to the call center since then. We're not going to let our folks down.

Senator BURR. I appreciate your answer, and I think what you read was the same thing you read in your opening statement. The potential population affected is 500,000. We've tracked down 137,000. The report recommends—and I want to quote from it, "Policy changes or administrative actions that would help resolve the controversy should proceed in parallel with any current or future scientific studies."

So, what are the Navy's ideas about how it can move towards a resolution for the Navy and for former residents? The report said,

"Don't stop," and "have a parallel effort to figure out how you move forward." When will we have that?

Mr. PENN. I don't know exactly when we'll have it. I know the Marines are looking at it, as we speak.

Senator BURR. Mr. Secretary, how long have we been looking at this?

Mr. PENN. About 7 years, as I recall.

Senator BURR. I think it's more like 12.

Mr. PENN. Since I've been here 7 years.

Senator BURR. It's growing hair and it smells. My hope is that we're going to find some path that we can confidently tell people we're going to pursue. I look forward to working with you on that.

Mr. Secretary, let me also ask you what the status of the EIS is for the outlying landing field for East Coast Navy and Marines.

Mr. PENN. The EPA directed us to include the F–35 in our EIS analysis, so that will probably add a year to the study.

Senator BURR. What do you intend to do with the land that was purchased in Washington County?

Mr. PENN. We have been trying to return the land to the individual we purchased it from, and we're in the process of trying to get some laws changed so we can do that.

We cannot just go back to them and say, "Okay, we no longer need your land. Here's your money back." We cannot do that.

Senator BURR. Are you finding the public receptive to that?

Mr. PENN. Yes, sir.

Senator BURR. Okay.

Mr. Calcara, the Army's recently completed transactions with local private partners to construct unaccompanied officer and senior enlisted barracks at Fort Bragg, Fort Stewart, and three other locations. From initial reports, these townhouse-style complexes seem to be a raging success.

What are the pros and cons to using private developers, similar to housing privatization, to build and maintain Army barracks for junior enlisted personnel?

Mr. CALCARA. It is a rousing success. In fact, earlier today I met with the Residential Communities Initiative (RCI) partners in our semiannual meeting, and we are looking at doing it in other locations. The biggest issue with moving down to the lower ranks, obviously, is there is less cash flow to work with at the E1 to E4 level. The other issue that we have is, as we start looking at these projects in areas where there isn't a secondary market, the underwriters are asking for us to put in additional guarantees on occupancy, to forward-finance 1 year's worth of debt service, and some other controls, to offset what they perceive as liquidity risk. When you start adding those pieces into the transaction, we start bumping up against the financial controls under the RCI program.

Senator BURR. Does it make economic sense over the life cycle of the barracks?

Mr. CALCARA. It does, but we have to be able to meet the statutory test of no more than 33 percent cash investment in the transaction——

Mr. ARNY. Senator Burr, if I could add on that. We had similar problems with family housing privatization when we started. We did smaller projects, and, as it because more successful and our

personnel commands got used to it, we then began to expand to where the Services—Navy and—for instance, I think, start first—where we'd do major regions. Both my sons are at Lemoore, and I, frankly, never thought we'd ever privatize Lemoore, because the secondary market around it is—there isn't—very little. But, when you put that together with all of San Diego, that gives the bankers and the developers confidence that if they have shortages at Lemoore, they'll be able to make it up in the San Diego area. So, there are a lot of things we're doing. It's the right way to go.

Senator BURR. My time's run out, but the Chair has allowed me to ask another question because it dovetails in this.

Mr. Calcara, I have a question about the contracts used by the Army to manage housing privatization transactions involving partnerships. I read the testimony from last year, when Secretary Eastin stated that the Army's portfolio in asset management programs was strong and proactive. The overwhelming majority of the Army's housing inventories are now privatized and under the management of the partnership.

DOD efforts over the past 10 years to increase the servicemembers' base allowance for housing has resulted in sizable reserves growing in housing privatization reserves accounts, which can be used to accelerate renovation and recapitalization activities. Eventually, though, the housing inventories for each transaction will reach a point of optimal performance, as measured by the occupancy rates, and reserve funds will still be growing. Can you provide your assessment of the current management practices used by the Army for housing privatization?

Mr. CALCARA. In terms of managing the reserve accounts, we are still in the development periods on virtually all of our projects. I think there is one project that we have finished the development period. So, what you're referring to, in terms of capital-reserves building, really doesn't occur until we get out of the development period, because we continually reinvest the dollars into the construction plan.

I can tell you we are basically doing well in virtually every location.

Senator BURR. Would you say you need to change the methods or process used by the Army to manage these partnerships?

Mr. CALCARA. I don't see a need to change it. I think what we are talking about, you may be hearing about, is the role of our consultants in supporting our transactions and oversight. They're taking a bigger role in government oversight on the transactions and using our consultants more in a deliverable-based, targeted approach, as opposed to a portfolio-wide application. It's not going to change what they're doing for us, it's just going to refine the way they do it for us.

Senator BURR. I appreciate your answers. I would only say that, everywhere I've looked, this has been an incredibly successful program, everybody who's testified; more importantly, the folks who occupy it—probably to do a program like this in the most difficult place, on a base. I would only caution you, sometimes a little tweak here and a little tweak there don't come to the same outcome. You got something that works; stick with the model. If it isn't broke, don't fix it.

Thank you.

Mr. ARNY. But, again, sir, that model grew. I looked back to the history of it before I got here, and we were doing single bases; in some cases, the Air Force was doing partial bases. As we got more experienced service-wide, all three Services, and including the Marine Corps, as well, we've expanded to larger projects. You're right, it's been a success, and we don't want to break it.

Senator BURR. Thank you.

Senator BAYH. Thank you, Senator.

Senator Udall.

Senator UDALL. Thank you, Mr. Chairman.

Mr. Calcara, if I could address the issue of the reduction of brigades under the President's budget—you're well aware of it; I think we all are—45 brigades now, out of an initial plan to have 48. It's three installations, including Fort Carson in my home State, are now left short of a brigade they've been planning for. I think you know, the State of Colorado, Colorado Springs community and our congressional delegation fought hard to get one of the Grow the Army brigades to be based at Fort Carson. The community made investments, based on the DOD's commitment that a new brigade was headed our way. We find ourselves short of a brigade. So, there are some outstanding questions I'd like to throw your way today.

First, I'd be interested in knowing whether decisions have been made about where to put the 10,000 soldiers that will not be filling out these three BCTs. Where will they be based? Will any of them be going to Fort Carson?

Mr. CALCARA. The answer is, I don't have a definitive answer today. In fact, the Army is at the full population strength required in the Grow the Army Initiative. What we are looking at doing now is assigning increments of that population to current installations.

In most cases, a place that has a brigade now, like Fort Carson, may, in fact, see as many as 3,500 going there anyway, without the additional brigade configuration, because the current brigades there now don't have the full population, or because we're reconfiguring combat support.

So, what we did for the purpose of the analysis on investment was, we did assume that all 3,500 would not show at Fort Carson, which would be a worst-case scenario, and then looked at investments and capabilities, based on a reduction of 3,500. We're still comfortable that what we've asked for in the fiscal year 2010 budget supports that population.

What I'm telling you is, when the smoke clears on all of this, there probably will be some more growth at Fort Carson, incrementally, from the original 3,500 lost in that brigade.

Senator UDALL. This is, in part, tied to the Secretary of Defense's observation that we might be overstructured and undermanned, as I understand it.

Mr. CALCARA. It goes to thickening the force, yes.

Senator UDALL. Yes. We may be saying, we may be violently agreeing.

Mr. CALCARA. Yes, we're saying the same thing.

Senator UDALL. Let me move to the construction dollars that Fort Carson's been counting on to prepare for the new soldiers. It's

my understanding that the MILCON dollars for range projects or program of an installation's population and force structure trigger across certain requirements thresholds, even without the BCT–47, which was originally planned for Fort Carson. Are there still sufficient training requirements at Fort Carson to justify the Army's fiscal year 2010 range projects at Fort Carson?

Mr. CALCARA. Yes, sir. In fact, there will still be some shortages after the fiscal year 2010 investment level, so we can, in fact, support everything that's been requested in fiscal year 2010 for Fort Carson.

Senator UDALL. That's good news and, I would argue, appropriate news, given the commitments on both sides that have been made.

If I could, let me speak to the QDR broadly, but then specifically. It's my understanding that the QDR still approves relocating a Germany-based heavy BCT back into the United States in fiscal year 2013. It would seem to me that the top three best military value stationing alternatives for the Army would be Fort Carson and Fort Stewart—I'm sure Senator Chambliss would agree with me—and Fort Bliss—in no particular order. I didn't hear what you had to say in your opening statement. Did you say one or both of these brigades would go to Fort Bliss? I thought it would be decided in the QDR.

Mr. CALCARA. It would be decided in the QDR. What I said is that there is a potential that that could occur. Certainly, Fort Carson could—I would consider it competitive in the stationing decision. It is in the top-three tier of siting locations, tied to, not only military value, but capabilities and current investment that's there. I would tell you, though, to the extent that expansion of our ability to train there gets reduced, that would—I think it ultimately affects some of the decisionmaking on where the two brigades might go.

Senator UDALL. But, let me pursue that a little further. I heard you say Fort Carson is still in the running, so let me direct a question prefaced with a couple of comments.

I think that you would agree that one of the key factors that go into a stationing decision is the training land an installation has. The more training land an installation has, the higher its military value and the better its stationing appeal. Congress has not approved expansion at its current maneuver site at Pinon Canyon, but, I would add, Fort Carson still has the second highest amount of training land of any installation in the country. So, here's the question. With or without the expansion, Fort Carson should be a strong stationing candidate if this Germany-based BCT is relocated. Would you agree?

Mr. CALCARA. I would conclude that it is in the top three, in terms of where we would site it. I would also tell you that, beside training, we look at growth capacity, power projection, and overall well-being to be supported for the soldier. So, there are three to four factors that play into that mix.

My short answer would be, all things considered equal, obviously a location with greater training capacity has a higher chance of being selected than one who does not.

Senator UDALL. Thank you, Mr. Chairman.

Senator BAYH. Thank you, Senator Udall.

Mr. ARNY. Senator Udall, I have to comment that—you have to understand, this is quite amazing to watch Mr. Calcara talk all these Army things, given that he started out as a Navy civil engineer.

Senator BAYH. Right.

Mr. CALCARA. Working for Mr. Arny, by the way. [Laughter.]

Senator BAYH. Senator Chambliss.

Senator CHAMBLISS. Obviously the Navy trained you well, you've adapted to the Army in great fashion. [Laughter.]

Mr. CALCARA. Hoo-aah. [Laughter.]

Mr. CALCARA. My staff is laughing. I don't say "Hoo-aah" often. So, I appreciate it. [Laughter.]

Senator CHAMBLISS. I want to pick up there, where Senator Udall left off, because one of those other bases that's been left standing at the altar is, of course, Fort Stewart, in this process. Over the past 2 years, Army leaders repeatedly pressed local and government community leaders at Fort Stewart to make the investments that the Army encouraged the local community—and Hinesville, in Liberty County, is a small rural county, as you well know—but, they were pressed to make investments totaling over $450 million, which they did. We received some State money, but, basically, most of it was local money.

The Army came down, briefed investment bankers and builders on several occasions in an effort to solicit their support, which—we got great community support, and they really stepped up to the plate. During the briefings, they showed both projected dates for new soldier arrival, unit deployment dates, and so forth.

Additionally, DOD sent the Office of Economic Adjustment to Hinesville to assist the community in properly preparing for the reception of the BCT, and provided a grant to organize and conduct a study of what was required.

In addition to private investment, Congress has appropriated $400 million in MILCON from 2006 to 2009, currently; $244 million is awarded on a contract, with a projected penalty of 30 percent if canceled. Some of this work was contracted as recently as May 10, 2009.

Additionally, the dining facility, which is $15 million, is slated to be let for contract next week.

Now, much along the lines of what Senator Udall asked about there, obviously the Secretary announced, on April 6, that the decision to stop the growth of the Army at 45 BCTs was a surprise. Then, on June 1, the Army announced that a BCT would not be stood up at Fort Stewart. This decision has had very serious and immediate consequences and impact on my home State, as well as directly on the community of Fort Stewart.

That same June 1 decision, though, did state that Fort Stewart still would grow by about 4,500 soldiers by 2013.

Now, there are a number of MILCON projects that we've talked about. Again, let me ask a question to you with respect to those. Where do those projects stand, in the eyes of the Army? Are they justifiable? Do we need to go forward with construction, as proposed?

Mr. CALCARA. Yes, sir. As I mentioned in the opening—I think you may have missed it—we are recommending to stay the course with investment at Fort Stewart to, not only correct what we think are facility deficiencies, but to also buy out of relocatable facilities sooner, which we were going to circle back and do in the out-years anyway.

So, you're absolutely correct, we still see growth there of 5,500. We think it's a wise thing to do to buy out of the relocatables. In fact, when we do make the final stationing decisions, we may, in fact, grow the 5,500 to a higher number as we thicken the force, as Senator Udall mentioned.

Senator CHAMBLISS. Yes. Is there the potential for still another BCT to come back from Germany, I believe, in about 2013? The one I'm speaking of was to be located at White Sands Missile Range in New Mexico. I think a decision has been made not to bring it from Germany back to New Mexico. But, no decision's been made relative to where it will go. Is that correct?

Mr. CALCARA. That's correct, sir. The reason why we took New Mexico off the list was because it was a cost-prohibitive investment there. When we originally had 48, we had no room at the inn to put them anywhere else, and New Mexico became a target receiver location. Now that we're back to 45, we've taken White Sands off the table. Certainly Stewart would be in consideration for one of those brigades.

Senator CHAMBLISS. We're 280,000 acres, the largest Army base east of the Mississippi, and we look forward to bringing all those folks to Fort Stewart.

Ms. Ferguson, I want to talk with you for a minute about our situation at Moody Air Force Base. We worked very hard last year to close this deal to transfer the former American Eagle projects to a new developer. I believe the developer that bought it was Pinnacle-Hunt. That was a very painful process for both the Air Force, as well as the Valdosta community to go through.

Moody was one of, I think, three or four projects—I believe it was four projects——

Ms. FERGUSON. It was four projects.

Senator CHAMBLISS.—that were included in that privatization issue. The situation with respect to that project now, tell me where you think we are and where you see us going with respect to filling this gap of some 229 shortfall in houses that were anticipated for new airmen and airwomen coming into Moody.

Ms. FERGUSON. Okay. I first want to publicly thank your community, and specifically Judge McClain, for the work that he did in helping to get the project sold from American—to Hunt—from American Eagle, Carabetta-Shaw—or Carabetta to Hunt-Pinnacle. I was down there 2 weeks ago and actually bumped into Judge McClain at dinner, and he was really pivotal in helping make that closure go through in November of last year. So, we wanted to thank him publicly.

While onsite down there, we took about a 4-hour tour of the housing at Moody just 2 weeks ago, saw significant improvements, certainly over the last year. Hunt-Pinnacle is working on 50 of the homes that American Eagle had partially out of the ground. Nineteen of those homes were accepted for occupancy on Monday, and

families are beginning to move in, including the new wing commander.

Senator CHAMBLISS. He's getting the first house, I think.

Ms. FERGUSON. He's getting the first house. We toured the house when we were down there. It's a great-looking house.

They're also doing a number of minor renovations in the Quiet Pines area. They're doing roof replacements, window replacements. We also went through the Courts. The Courts area is eventually going to be demolished, but Hunt-Pinnacle was really doing a good job of going in, replacing doors, carpeting, and making them quite nice for the families that are going in there. The Moody housing has great occupancy rate. We're hovering at 98 or 99 percent occupancy.

But, as you point out, the project, as it is today, is not the project that it was originally, and we are still committed to finding a way to correct the shortfall in the community, both outside the fence and inside the fence. We know we still have a deficit to work there, and we're continuing to work that now. We're working a number of different options to try to close that gap, and we're hoping, within the next 6 to 9 months, we'll be able to do that.

Senator CHAMBLISS. Yes. I thank the Air Force and you for really prompt attention to that matter, because it truly has been painful, as you observed from your viewing of it. Got such great potential down there, and to see all those houses literally falling down, in some cases, now, is a pretty sad sight.

Mr. Chairman, with your indulgence, could I go back and ask one other quick question to Mr. Calcara?

I should have included this in my statement to you with reference to the MILCON projects. Because we're going to see an increase in this population anyway, at Fort Stewart, of about 4,500 over the next couple of years, in addition to the MILCON projects, does the Army not agree that, from the standpoint of providing schools for educating our children, that we need to move forward with the construction of additional classroom facilities for those additional children that'll be there as children of Army soldiers?

Mr. CALCARA. Sir, I'm unaware of any specific authority we would have to construct schools. My understanding is that our aid that's provided down there is through Impact Aid that's given to the Department of Education.

Senator CHAMBLISS. I didn't mean to implicate you had MILCON money for the construction of schools. But, we're going to have 4,500 soldiers, and they're going to bring families in, which means we need more classroom capability.

Mr. CALCARA. Yes, I think that's a reasonable conclusion, that, based on the demand analytics for a family size and your current school population characteristics down there, you would need more schools.

Senator CHAMBLISS. Yes. If there is any money in the budget—and I, frankly, can't remember if there is any specific MILCON money for schools, the Army would anticipate continuing with those projects.

Mr. CALCARA. Yes.

Mr. ARNY. But Senator, if I could, with DOD, unless the base has a Department of Defense Education Activity (DODEA) school sys-

tem, which there are only a few bases in the States, the schools are all provided by the outside school districts. Some of our bases, we do provide land, so the school district can build on the base, if that's required, but unless it's a DODEA school, we do not provide MILCON for the construction of schools.

Senator CHAMBLISS. Staff has just reminded me of what I thought was a fact. There are two schools at Fort Stewart to be built in the fiscal year 2010 budget from MILCON monies.

Mr. ARNY. Then Fort Stewart must have a DODEA school system.

Senator CHAMBLISS. Yes. From the Army's standpoint, there is no reason not to continue with those two projects, I assume.

Mr. CALCARA. No, sir. You're absolutely correct. The population is growing by a minimum of 4,500 servicemembers and then their families.

Senator CHAMBLISS. Okay.

Thank you, Mr. Chairman.

Senator BAYH. Thank you, Senator Chambliss.

Senator Thune.

Senator THUNE. Thank you, Mr. Chairman.

I want to thank our panel for their testimony today, and responses to the questions, and for the important work that you do, day in and day out.

I have a question I'd like to direct to the panel, generally, and whoever would care to respond to it. But, it's dealing with the whole of renewable energy projects near military training ranges or, for that matter, even 30 miles away from training ranges.

The military is not particularly enamored and, some have argued, undercut renewable energy projects, due to issues like radar signature interference. That's had a chilling effect on renewable energy projects, which I think you have a number of training ranges that are in the desert, which have tremendous capacity for solar energy, for example. So my question is, what steps could be taken—could DOD take to work with the renewable energy industry to try and establish more of a presence in some of these remote areas that are often quite a distance from training ranges?

Mr. ARNY. Senator, that's an issue we're addressing. When I took over this job, I formed a Defense Energy Working Group in which all the Services participate, the engineers. That's an issue that's come up.

Frankly, it's a matter of us educating the bases. There has to be a compromise. We're the largest single consumer of energy, when you consider our mobility fuels as well as base facilities, so we have to consider all the alternatives.

Frankly, unless we own the land, if somebody wants to put a solar site, or wind, on private land, there's not much we can do. Now, obviously—from what you're telling me—and I've heard this, too—we're jawboning and causing a chilling effect. We have to reverse that. We have to work with people, look at alternatives.

Now, I will tell you that these wind farms, with some of the kinds of radars we use, not only the blades are causing disruption of the radar, but it's also the turbulence downstream.

But, again, if we have an area—we, DOD, have an area where we have exclusive use of that territory, then we'd better consider

buying easements or buying land. We have to work with people who are trying to produce electricity, especially PV in the southwest, so that we can accommodate each other, so we understand each other's problems.

Let's face it, a base commander and folks in the field get promoted by pushing their primary mission, which is testing or training or doing something else. We, as a Service, the Department and the Services, have to educate them to open their mind a little bit and look at alternatives.

Senator THUNE. I appreciate your answer to that, and I hope you will. I think there's a tremendous synergy in there, and opportunity to achieve a couple of critical objectives.

Mr. ARNY. We can't sit there—like I said, as a major consumer of energy—and say, "You can't produce energy outside my base."

Senator THUNE. Right.

Mr. ARNY. It's just incompatible.

Senator THUNE. Right.

I have another question that's related to energy, a different subject. I'd like to direct this to Ms. Ferguson. But, last year, Secretary Donley signed the Air Force Energy Policy, which, among other things, establishes a couple of goals with respect to using alternative fuels in the Air Force aircraft fleet. One goal is to test and certify the aircraft fleet on a 50/50 alternative fuel blend by 2011. A follow-on goal is to require 50 percent of the Air Force's domestic aviation fuel requirement be an alternative fuel blend in which the alternative component is derived from domestic sources.

From what I understand, an initiative to build a coal-to-liquid plant on Malmstrom Air Force Base in Montana was abandoned earlier this year, and a similar plan to build a plant in Alaska with a guaranteed 5-year contract is still up for grabs, with no takers.

So, my question is, how well is the Air Force proceeding toward reaching these alternative fuel goals? How can the committee help the Air Force reach its goal of using domestically produced alternative fuel?

Ms. FERGUSON. I will have to take that for the record for you. I don't have enough data on that with me today.

[The information referred to follows:]

The Air Force is proceeding well towards reaching its alternative aviation fuel goals of certifying its aircraft fleet for use of a 50/50 synthetic fuel blend by 2011 and the follow-on goal of being prepared to acquire 50 percent of the Air Force's domestic aviation fuel requirement via an alternative aviation fuel blend in which the alternative component is derived from domestic sources.

The Air Force's Alternative Aviation Fuel Initiative encompasses certification and testing of synthetic fuel blends produced via the Fischer-Tropsch process and recently initiated efforts involving biomass-derived fuel blends.

The Air Force is on track to certify its aircraft, applicable vehicles, and support equipment, and associated storage and distribution infrastructure for unrestricted operational use of a synthetic fuel blend by early 2011. The B–52, C–17, B–1B, and F–15 have been certified for unrestricted operations using the synthetic fuel blend and the F–22, KC–135, C–5, and T–38 are expected to be certified by the end of 2009. Certification of applicable support equipment and vehicles is over 90 percent complete. Full certification is expected by late 2009. Full certification of storage and distribution infrastructure is expected to be completed by 2010.

In addition to the synthetic fuel blend certification, the Air Force initiated a biomass-derived aviation fuel certification program in January 2009. To support this effort, the Defense Energy Support Center is currently managing an active solicitation for up to 400,000 gallons of renewable aviation fuel derived from biomass. Once

the Air Force receives this fuel, it will be used to fulfill biomass-derived fuel blend certification efforts.

Both certification efforts support the Air Force goal to be prepared to cost competitively acquire 50 percent of its domestic aviation fuel requirement by 2016 via an alternative fuel blend in which the alternative component is derived from domestic sources produced in a manner that is greener than fuels produced from conventional petroleum.

While the Air Force appreciates both the Senator's and the committee's continued strong support of the certification efforts specifically and, more generally, the Air Force energy plans, programs, and strategies, no additional assistance is needed at this time.

Senator THUNE. Okay. I would be very interested in knowing that, Mr. Chairman, for the record. This whole initiative at Malmstrom was highly touted for a while, and it's just all of a sudden fallen off the grid. These other initiatives that the Air Force had undertaken, I think, are critically important. The Air Force is the largest user of fuels, obviously, and if we can use domestically produced alternative fuels here, it lessens the very dangerous dependence that we have on foreign energy.

So, I would appreciate if you could get back to me on that.

Ms. FERGUSON. We'll get back to you.

Senator THUNE. Thank you. I appreciate your testimony and again, thanks for what you do.

Mr. Chairman, I yield back.

Senator BAYH. Thank you, Senator Thune.

Mr. Calcara, I had a couple of questions for you. Let me ask you—the number of brigades was 42, correct? It was then proposed to increase the number of brigades to 48. Isn't that right?

Mr. CALCARA. Yes, sir.

Senator BAYH. That has now been scaled back to 45. But, it was the increase from 42 to 48 that occasioned the proposal to station the three additional brigades at the three sites that will now not get them, correct?

So, knowing what we know today, if the proposal had been 45, as it is today, originally, there would have been no money proposed for those three additional sites. Isn't that true?

Mr. CALCARA. That's true. Yes, sir.

Senator BAYH. Yet, we're now being asked to devote money to sites that otherwise there would have been none authorized, so that money would have been available to address the range of—I understand that there are needs at those sites; I heard your testimony, and I'm sure that's true.

Mr. CALCARA. Right.

Senator BAYH. But, those funds would have been available to address all the needs facing the military in this area, at all the sites. I ask you, are these really the most pressing needs out there in your area of jurisdiction?

Mr. CALCARA. I think if you look at our plans for what amounts to the $335 million, or the 25 percent of that $1.4 billion, most of it is going to take care of training barracks. It's going to get us out of relocatables, and it's going to correct what was originally capacity shortages——

Senator BAYH. I know that. This is not a bridge-to-nowhere kind of situation.

But, my point is that this would never have been authorized originally, and now we're being asked to devote it to this anyway.

So, are there are really no more pressing needs than what is being proposed here at these three sites?

Mr. CALCARA. There's always other pressing needs. But, I guess I would say to you that we've read from you a strong policy imperative to correct our barracks, to get out of relocatable facilities, and to help sustain—or propel, I should say—the Army modular force. These investments will do those three things, which ranked very high in——

Senator BAYH. So, it's just a coincidence that the most pressing needs in those particular areas happen to be at these three sites?

Mr. CALCARA. I wouldn't say it's a coincidence, but when we looked at the dollars potentially available for reinvestment, we did consider all other priorities across the Army. If we felt that we had higher-ranking priorities, we would come to you and suggest—we would have briefed you that, of the $335 million, we think X should go to that, or Y to go to that. We recognized there was a unique situation. We did not intend to mislead anybody in the program.

Senator BAYH. See why a taxpayer might be a bit skeptical that these three facilities were proposed to be expanded, and now that's no longer being proposed, and it just so happens that the money that would not have been authorized for them in the beginning is now the most pressing need facing the Department in this area? That seems to be rather remarkable.

Mr. CALCARA. I see your point, sir, but, again we felt that training barracks, relocatable facilities, and enabling the Army modular force had enough gravitas as our strategic priorities to sustain the investment decision.

Mr. ARNY. Mr. Chairman?

Senator BAYH. Your testimony to the subcommittee is that there is not $1 that can be saved that was originally authorized for this?

Mr. CALCARA. No, sir, that's not true. We did identify, I believe, $190 million, in the session the other day we had with your staff, that was available.

Senator BAYH. But, of these funds, there's nothing that could be saved that was originally authorized for these three sites.

Mr. CALCARA. I would take exception to the word "saved." I think our understanding is that we were going to use these dollars to buy out of requirements that we had, at some point in the process. Whether or not they should have been at the top of the order or the bottom—at a lower position, we did consider that, and we felt training barracks, modular force, were high priorities.

Mr. ARNY. Mr. Chairman, we at OSD did review the priorities with the Army, and agreed with them, as well.

Mr. CALCARA. The other point is, we've already discussed about our high military value locations across the Army, and they are, in fact, Bliss, Stewart, and Carson. So, in some ways, we are investing where we think our future is going to be.

Senator BAYH. Let me ask the Navy about that. Apparently, the decision about where to locate the 8,000 marines from Okinawa is going to be decided in the QDR.

Mr. PENN. No, sir. No, sir, that's not true. The QDR's going to decide the training areas that we will be using, as it's a joint training, all Services, the training in the Pacific.

Senator BAYH. Right. The Commandant has expressed some concern about the ability to train the marines at Guam and the Marianas. Isn't that true?

Mr. PENN. That's correct. That's training. Yes, sir.

Senator BAYH. Okay. Let me ask you, then. How much of the size and composition of the Marine Corps move to Guam is being reconsidered and debated in the QDR process? None?

Mr. PENN. Zero. That's correct.

Senator BAYH. Richard, I'm going to turn to you, although, if you would indulge me for just a moment——

Senator BURR. Sure.

Senator BAYH.—I had a couple of questions for Ms. Ferguson.

The proposal for the investment in Oman—as I understand it, we had invested in an airfield there before, and they're now running us out, because they would like to turn it into a civilian airport. Isn't that true?

Ms. FERGUSON. Sir, we've been there for quite a number of years, and between 1980—I think it's 1982 and 1989, the Air Force invested about $65 million for some War Reserve Materials (WRM) facilities there. The Omanis would like to use that area for more commercial aviation. The area is very cramped, and they've invested $200 million at the Al Musannah site for the Air Force, and would like the U.S. Air Force and the U.K. to move to that new site. These facilities provide the start of relocating those WRM facilities out there.

Senator BAYH. Do you think we ought to get an agreement with them in place before we spend this money?

Ms. FERGUSON. My understanding is, we do have an agreement in place with the Omanis now for the two fiscal year 2010 projects. I have some recent classified information that we can certainly share with the staffers, in another environment.

Senator BAYH. Good. Given their previous behavior, it would be nice to nail this down before we spend the money.

The base in Italy—I hope I'm pronouncing it correctly—Sigonella—I hope that's close enough—it's been, historically, underutilized by the Navy. Do you feel that we should more thoroughly explore using those Navy facilities for the Global Hawk basing before building another hangar facility which might only compound the underutilization situation?

Ms. FERGUSON. We have worked with the Navy, and we are being afforded the opportunity to use a temporary—a hangar, on a temporary basis, and the Navy has long-term plans for the remainder of the facilities, and they are not available to the Air Force for any long-term needs that the Air Force has to bed down the Global Hawk.

Senator BAYH. Thank you, Ms. Ferguson.

Mr. ARNY. Mr. Chairman, if I could follow up for just a second on the Marine Corps training. The Commandant's concern is inadequate—I want to say "unit training." But, that inadequacy exists now with the forces in Okinawa. We do not have adequate Marine Corps training throughout the Pacific. So, the movement to Guam, of 8,000 marines, leaving 10,000 in Okinawa, the EIS for Guam does include individual weapons training facilities in Guam. He's concerned that he doesn't have the kind of unit training he needs.

The Secretary and the Deputy Secretary have committed to the Commandant that we will look at unit training in the Pacific, because the Army has some shortfalls, the Marines definitely have shortfalls, whether they move to Guam or they stay in Okinawa. So, it is an issue that goes beyond the move to Guam, and we are definitely going to look at it, and I believe there will be a separate study and a separate EIS to cover that.

Senator BAYH. We just wanted to make sure we weren't spending money to build facilities on Guam that then we weren't going to end up utilizing.

Mr. ARNY. Absolutely not.

Senator BAYH. Okay, great. Thank you very much.

Senator Burr, forgive me. I need to get a briefing here before our markup coming up so if I could turn the gavel over to you, you promise you won't exceed our authority? [Laughter.]

Senator BURR. We will not spend anymore money, I can assure you. [Laughter.]

We might find some cuts while you're gone. [Laughter.]

Senator BAYH. I'm not sure the Treasury has any more.

Senator BURR. Things might move to North Carolina all of a sudden. [Laughter.]

Senator BAYH. It's a good State. Thank you all very much. I appreciate your testimony here today, and your service to the country.

Senator BURR [presiding]. As Senator Bayh said, we'd like to make sure that the investment we're making in Okinawa is an investment that can be utilized. I was going to ask Secretary Penn, but I'll ask you, Mr. Arny. Aside from the basic estimate of $4 billion for the U.S. investment, does the Department of the Navy have a detailed current estimate of cost to U.S. taxpayers to complete the initiative, including one-time construction costs and additional base operation cost?

Mr. ARNY. Sir, we're putting that plan together, and we'll be able to provide you that as we complete the planning process and as we complete the EIS, which is scheduled for completion in 2010. I've discussed with your staff, we're trying to get those numbers together now. The new Deputy Secretary is taking on the leadership of the Guam move, himself, and has a group, chaired by him, we are meeting every 2 weeks, to make sure that we get all this stuff in a package. I know we are a little bit late in getting some of that to you, but we definitely have a commitment to you and to the Japanese Government to get that movement in place, as well as all the other movements that take place, and to make sure they're properly funded. We will get the details to you as soon as we can.

Senator BURR. It's clearly not an inexpensive move.

Mr. ARNY. No, sir, it is not.

Senator BURR. We want to make sure that the investment is wise.

Mr. ARNY. Yes, sir.

Senator BURR. Ms. Ferguson, let me turn to you. I want to talk specifically about the F–35. What's the current status of the EIS for the initial training site at Eglin?

Ms. FERGUSON. We signed a record of decision for the initial EIS back in February that allowed the delivery of 59 airplanes there.

We are in the process of kicking off the supplemental EIS, as required by the record of decision. In fact, just yesterday, I briefed the Air Force board on the proposal for the range of alternatives that will be considered in the supplemental EIS, and I brief that to the Chief and Secretary next week.

The contract has been awarded for that activity, and our schedule anticipates having a new record of decision specifically on how to operate the 59, what it will require to mitigate the 59 in September 2010.

Senator BURR. There's currently litigation on the move to Eglin?

Ms. FERGUSON. Currently, there's actually two components of legislation of litigation. One, there is a Freedom of Information Act request, and then there is also litigation that was levied by the community of Valparaiso over the National Environmental Policy Act.

We have reached agreement—the Air Force, Department of Justice, have reached agreement for a 90-day stay with the city's attorneys. There's another meeting with respect to that. That was reached the first week in June, and there's another meeting with respect to that, on the 30th of June.

Senator BURR. Potentially, when that stay goes away, if litigation is still pursued, what does that do to delaying our ability to meet the deadlines that we have for the purposes of training?

Ms. FERGUSON. Of course, I'm not the lawyer, I'm the engineer.

Senator BURR. I think everybody in this room knows that in 90 days, this is not going to be settled because we don't even have the EIS done taking into account the noise of the F–35.

Ms. FERGUSON. Right. It's probably best for me, rather than speculate, provide that for the record to the committee.

[The information referred to follows:]

On June 5, 2009, the United States District Court for the Northern District of Florida entered an order staying the National Environmental Policy Act (NEPA) litigation for a period of 90 days. Both parties requested the stay to allow them time to pursue a mutually acceptable resolution of the case without the need for further litigation. The stay will expire in early September, unless the parties seek to terminate it earlier or agree to another stay that the Court approves.

While the case is stayed, the Air Force is able to continue the construction projects necessary to meet our base realignment and closure deadline. If the parties are unable to reach a settlement agreement, eventually the stay (either the current one or any subsequent stay) will be lifted or will expire. At that time, the plaintiff would likely file a motion for a preliminary injunction. In such a motion, the plaintiff would ask the Court to enjoin all construction activities associated with the Joint Strike Fighter (JSF) at Eglin Air Force Base (AFB) and to prohibit or limit the flying of JSF aircraft at Eglin AFB.

If the Court denies the plaintiff's motion for a preliminary injunction, the Court could still decide to enjoin our ability to construct necessary facilities or to conduct flight training after a hearing on the merits.

If the Court grants the plaintiff's motion for a preliminary injunction, some or all of the Air Force's construction activities could be halted. If this happened, we would not have facilities in place to meet our training deadlines. Similarly, if the Court enjoins our ability to fly the JSF, the Air Force, Navy, Marine Corps, and our international JSF partners would not be able to provide the training necessary to certify our initial cadre of JSF pilot instructors. We would also not be able to conduct the flight training required to produce the JSF pilots who will operate this weapons platform in the field.

A preliminary injunction would remain in place until the Court heard the case on the merits and decided whether or not to make the preliminary injunction permanent. Practically speaking, the Air Force, and all others concerned, would be prohibited from taking action to establish the training center at Eglin AFB until such time as the Court determines that the Air Force has complied with NEPA.

Senator BURR. Let me ask it in a different fashion, if I can. Is there a Plan B if, in fact, litigation drags out and Eglin is not an eligible place to stand up for this purpose?

Ms. FERGUSON. We don't have a Plan B. I can tell you the Air Force does not have a Plan B for it. BRAC directed the standup of the initial joint training site at Eglin, and the Air Force is working towards accomplishing that.

Senator BURR. I'll hope that our staff converses with you about whether there should be a Plan B or not. I think it would be prudent to pursue that. There's enough of a challenge with the completion date of the F–35 and the gaps that it may cause. I'd hate to see a delay in our ability to train pilots in that new aircraft.

Mr. ARNY. Sir, there are ways to mitigate that, I believe—and, again, I'm not the lawyer, either, but I've been around enough of these EISs—we can mitigate; and if we can't, we will adapt and move as quickly as we can to train at other locations.

Senator BURR. Thank you.

Let me just go back to Secretary Penn real quick. I asked a question relative to the move from Okinawa to Guam while you were out. In response to a hearing question posed to you last year concerning the costs incurred over the long term by the Department of the Navy for rent payment to reimburse the Japanese Government for their investment in new housing in Guam, you said this, "Impacts to the Navy's budget from this agreement continue to be assessed. Until final implementation details are determined, any additional impacts cannot be fully determined."

Do we have the final implementation details?

Mr. PENN. No, sir, we do not. We probably will not have them until the record of decision. Once we go through the EIS, then we'll have all the numbers of the exact people, the mix that we'll be putting on Guam.

We're building a city on Guam. We have 75 different EISs that we're conducting, and it's taking us a long time, longer than we thought, to put them all together.

Senator BURR. Trust me, I get a full sense of the scope of what we're trying to do. What I'm desperately trying to do is get a sense of what is this going to cost us. I know what the initial cost is. I'm not sure that anybody has addressed for us what the overall cost of this is. I'd be willing to bet—is anybody in a position to tell me now?

Mr. ARNY. Sir, we could probably give you an estimate, based on the forces in our normal term and our normal multiplier effects. Part of it is resolving the laydown with the Marine Corps of which facilities go where. I know that Mr. Penn is wrestling through that on a daily basis. We could probably look at, like I said, based in Guam, what it's going to cost to sustain it.

But, again, if you'd just give us a little more time, we are going to plan this, we're going to make this work, because it's of such strategic importance to us, not only for the Japanese-U.S. relationship, because now we'll have Japanese units training with our units in Guam, but also for the strategic necessity of the United States.

Full disclosure—I represented the Government of Guam for 10 years when I was in the private sector, and we never really had

a plan to make use of the most forward-deployed piece of U.S. territory, for which we lost a lot of lives to retain in World War II. We're 3 hours by air from almost every part of the Pacific Rim. It is just such a key location, with a population that is so pro-American, pro-citizen, because they are American citizens—they've died in all the wars and enlist in higher percentage per capita than any other group in America. So, for our strategic needs as a Nation, it's absolutely essential to get this right. We're working very hard at it.

Sir, some of the things we're doing, that we're not including in the Guam move, like we're putting carriers in there temporarily—in fact, one just arrived yesterday—so, we'll be taking carriers that, when they go to Western Pacific, Guam will be a visit for them. The Army will be putting a ballistic missile battery in, and the Air Force is going to be putting several things on there, as well. So, we're wrapping everything together. But, they're coming out of different funding pots.

Senator BURR. I appreciate the answer. Were this a weapons platform, I would probably walk away and say, interagency, they're still trying to figure how much stuff they're going to put on it. That's why they can't identify what the overall cost is. It's not a weapons platform, it's a strategic base for the future.

I hope you understand why I'm so persistent on this, because if, in fact, you can't provide the details to me, why should I authorize $378 million to proceed? If you can't tell me the overall cost of it, then how do I turn, a year from now, 2 years from now, 3 years from now, and figure out, are you in line with exactly what you told us this was going to cost? Now, some of you may not be here, but I plan to be, so these are accountability methods that are going to be applied to me. I think there's probably a warning shot here that says, if we haven't decided everything that's going to be there, let's do it real quick, let's figure out what it's going to be, let's figure out what the partners' obligations are, let's figure out what ours are, but let's get the details before we start talking about the funding.

Mr. PENN. We should have that very soon. We were hoping to have it by the end of next year.

Senator BURR. Mr. Arny, do you have anything you wanted to add?

Mr. ARNY. No, sir. I think we can provide general long-term sustainment numbers for you, based on multiplier factors. We'll work with your staffs, too, as we refine these numbers, and get you numbers as quickly as we can.

Senator BURR. Super.

Again, on behalf of the chairman, let me thank all of you for your testimony today. It's invaluable. Again, we apologize for the expedited hearing, but we needed to do that to meet the timeframe.

So, at this time, the subcommittee is adjourned.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR CLAIRE MCCASKILL

RELOCATABLE FACILITIES

1. Senator MCCASKILL. Mr. Arny, in light of the findings of a June 2009 Government Accountability Office (GAO) report sanctioned by title 28, section 5, of Senate

Report 110–77 (National Defense Authorization Act (NDAA) for Fiscal Year 2008) relative to problems with the Department of Defense's (DOD) handling of relocatable facilities, what specific measures either are being weighed or implemented by the DOD to address the lack of a comprehensive Office of the Secretary of Defense (OSD) strategy to manage and oversee the use and disposal of the approximate 4,000 relocatable buildings which have been procured on military installations and posts over the past 5 years?

Mr. ARNY. The following steps will be taken to improve the management and oversight of relocatable buildings:

- Clarify guidance on the definition of relocatable facilities;
- Develop a mechanism for collecting and maintaining complete and reliable data on the number of relocatable facilities used by the military Services and on the costs of acquiring them; and
- Develop and implement a strategy to help effectively manage the use, disposal, and redistribution of relocatable facilities across all the Services when redistribution is appropriate, including projected costs.

2. Senator MCCASKILL. Mr. Arny, what is being done to address inaccurate reporting of the number of such relocatable facilities due in part to lack of a central OSD database and clear definition of what constitutes such a structure?

Mr. ARNY. The Department will take the necessary steps to address the inaccuracies. Once the definition of relocatable facilities is clarified, the Department will establish a more rigorous process for reporting the acquisition, use, and disposal of relocatable facilities. To the maximum extent possible, that reporting process will be incorporated into existing data collection systems that support facilities management.

3. Senator MCCASKILL. Mr. Arny, how will DOD address characterization of relocatable structures as personal vice real property structures to facilitate their funding via operations and maintenance budgets vice the military construction (MILCON) appropriations process?

Mr. ARNY. Relocatable facilities are now characterized as personal property vice real property. Department of Defense Instruction 4165.56, Relocatable Buildings, states the following in paragraph 4.3:

> "Relocatable buildings shall be accounted for as personal property, unless these facilities are authorized for procurement using construction procedures. In this case, the buildings shall be accounted for as real property."

4. Senator MCCASKILL. Mr. Arny, what is being done to address waste of public funds resulting from the procurement of new relocatable facilities rather than use of ones in storage or slated for demolition?

Mr. ARNY. As part of the review of policies and procedures pertaining to the acquisition, use, and disposal of relocatable facilities, the Department will consider options for the economic reuse of relocatable facilities to meet new requirements. Consideration will be given to the condition of the relocatables, their proximity to the location at which they are required, and the efficiency with which they can be moved from one location to another.

5. Senator MCCASKILL. Mr. Arny, how much of the $7 billion that the DOD is scheduled to receive from the American Reinvestment and Recovery Act (ARRA) will be spent on relocatable facilities?

Mr. ARNY. None of the ARRA funding will be spent to acquire relocatable facilities.

6. Senator MCCASKILL. Mr. Arny, what is the DOD specific course of action or strategy in place for the use of relocatable buildings specifically as it relates to a rapid drawdown of forces in Iraq and relocation to garrison facilities at bases in the United States, a continued implementation of the Base Realignment and Closure (BRAC) Act by 2011, and the Marine Corps and Army reaching its "Grow the Force" initiatives 2 years ahead of schedule?

Mr. ARNY. Relocatable buildings will be used to provide temporary facilities until a permanent MILCON solution is available. Every effort will be made to minimize the use of relocatable facilities, and when they are required to retain them for the minimum amount of time.

QUESTIONS SUBMITTED BY SENATOR MARK UDALL

READINESS AND ENVIRONMENTAL PROTECTION INITIATIVE

7. Senator UDALL. Secretary Penn, Mr. Arny, Mr. Calcara, and Ms. Ferguson, the Readiness and Environmental Protection Initiative (REPI) gives you the ability to work with State and local governments and conservation groups to protect land important to sustaining military readiness. How important has this program been in your efforts to ensure the long-range sustainability of your test and training installations, ranges, and airspace?

Secretary PENN. REPI has been an effective tool in ensuring the long-range sustainability of the Navy's testing and training installations, ranges, and airspace by protecting military readiness, meeting priorities, and leveraging public funds. REPI has been embraced by its many stakeholders and partners as making a significant contribution to national defense while simultaneously advancing natural resource stewardship and land use planning goals and policies.

Mr. ARNY. REPI has contributed significantly to DOD's efforts to ensure the long-range sustainability of military installations, ranges, and airspace, and to preserve our ability to conduct the realistic testing and training that is vital to military operations and sustaining military readiness. REPI is a key tool in the Department's Sustainable Ranges Initiative to promote long-term readiness and sustainability. REPI funding has allowed the military Services to acquire easements from willing sellers for buffer lands that in many cases have represented the Department's only opportunities for preventing encroachment and preserving installation, range, and airspace capacity and flexibility. To date, REPI has protected over 76,000 acres near 53 installations in 23 States, and has taken advantage of a 2-to-1 partner contribution ratio. REPI is also a valuable and vital tool in fostering important relations with key partners. DOD requirements and actions to sustain the training and testing missions are very compatible with partner missions and objectives—e.g., open space, recreation, preserving working lands, economic opportunities, and the conservation of natural resources—and DOD engagement promotes the power of innovative partnerships, all while generating significant political, community, and partner good will. These partnerships proactively address both mutual mission challenges and shared opportunities.

Mr. CALCARA. REPI is a key tool in the Army's Compatible Use Buffer (ACUB) Program that promotes long-term readiness and sustainability. REPI funding has allowed the Army to protect land with willing sellers and partners to prevent encroachment. ACUB is preserving Army mission capability and flexibility. To date, Army has expended $46.3 million in REPI funding to protect 40,903 acres at 25 Army installations. To that figure, Army contributed an additional $12.7 million in non-REPI funds and partners contributed an additional $91.2 million. REPI is also a valuable and vital tool in fostering important relations with key partners. Army requirements and actions to sustain the training and testing missions are very compatible with partner missions to conserve open space, recreation, working lands, economic opportunities, and other natural resources. These partnerships proactively address both mutual mission challenges and shared opportunities.

Ms. FERGUSON. REPI is a valuable tool in our encroachment toolbox. REPI has allowed the Air Force to help ensure compatible development at a number of our installations and ranges. Although this is not a viable strategy for all our installations and ranges, it allows us to broaden our outreach efforts by identifying common interests with organizations that in the past we would not have thought to include as part of our encroachment solution set.

8. Senator UDALL. Secretary Penn, Mr. Arny, Mr. Calcara, and Ms. Ferguson, under the REPI, implementing section 2684a of title 10, U.S.C., every year the Services consider potential projects and submit a prioritized list of projects that have been validated at the Service headquarters as viable and necessary to ensure long-range sustainability. OSD, with input from the Services, then combines the list of projects submitted to create an integrated priority list (IPL) and allocates REPI funds to those projects based on that IPL. What was the total, in dollar terms by Service, of the REPI funding requirements submitted by the Services during the process to allocate fiscal year 2009 REPI funding?

Secretary PENN. Navy submitted $27.5 million for 12 projects.

Mr. ARNY. For fiscal year 2009, high demand for REPI projects resulted in the Services submitting 52 project proposals with a total funding requirement of $122.586 million. By Service, the Army's REPI funding requirement was $58.910 million for 25 projects, the Navy's REPI funding requirement was $27.503 million for 12 projects, the Marine Corps' REPI funding requirement was $14.959 million

for 6 projects, and the Air Force's REPI funding requirement was $21.214 million for 9 projects.

Mr. CALCARA. The Army's REPI funding requirement was $58.9 million for 25 projects.

Ms. FERGUSON. The Air Force REPI submittal for fiscal year 2009 totaled $21.214 million for nine projects.

9. Senator UDALL. Secretary Penn, Mr. Arny, Mr. Calcara, and Ms. Ferguson, displayed by Service totals, how much REPI funding was provided by OSD in response to the Service project submission?

Secretary PENN. OSD allocated $11.55 million for eight projects to the Navy.

Mr. ARNY. In response to Service requests for REPI funding, OSD was able to allocate $45.27 million to 39 projects. By Service, the Army received $20.49 million for 21 projects, the Navy received $11.55 million for eight projects, the Marine Corps received $8.23 million for four projects, and the Air Force received $5.00 million for six projects.

Mr. CALCARA. For Army, of the $58.9 million submitted, $20.5 million was funded by REPI.

Ms. FERGUSON. The Air Force was allocated $5 million for six projects.

LAND USE AND CONSERVATION PARTNERSHIPS

10. Senator UDALL. Secretary Penn, Mr. Arny, Mr. Calcara, and Ms. Ferguson, DOD has been instrumental in establishing two regional partnerships, one in the southeast and one in the southwest, to address compatible land use and conservation at landscape scales. In addition to State and local governments and conservation groups, the regional partnerships increasingly involve efforts aimed at collaborative planning and action with other Federal agencies. In your view, have these regional partnerships been helpful in ensuring long-range sustainability?

Secretary PENN. The Regional Partnership concept has been a leading force in improving interagency coordination and communication at the Federal level as well as at the State level. The Department of the Navy operates, tests, and trains over large areas of the United States and the ability to bring all the stakeholders to the table affords each of us the opportunity to broaden our perspectives, share information, and hopefully identify mutually agreeable solutions to land use compatibility issues. Regional partnerships work to prevent encroachment around military lands and provide a forum to discuss issues of common concern such as urban sprawl, loss of wildlife habitats, and sustainment of marine and coastal resources. From our perspective, these partnerships provide a forum that allows us to work regionally on land use concerns that affect the sustainment of our readiness training, introduction of new mission requirements, and the acquisition of new weapons systems. Through regional partnerships, the Navy and DOD have been successful in establishing effective working relationships with the States and Federal agencies in order to guide State and regional land use planning. For instance, we have been able to work with the State of North Carolina to identify working lands (e.g., farms, forests) whose development would adversely affect our ability meet our military readiness training requirements. This identification is leading to mutual efforts to protect these working lands from development via regional and local land use planning, and through the purchase of real property rights to ensure these lands remain undeveloped.

Mr. ARNY. DOD has been a key player in both the Southeast Regional Partnership for Planning and Sustainability (SERPPAS) and the Western Regional Partnership (WRP). Both SERPPAS and WRP have been helpful to date, though as the older of the two partnerships, SERPPAS has seen more concrete action. SERPPAS has been very helpful in: supporting landscape/ecosystem-scale collaboration among the Federal, State, and nongovernmental organization (NGO) partners for southern longleaf pine forest restoration; leveraging actions by partners that have resulted in sustaining compatible land uses that buffer DOD installations and ranges; increasing off-post habitat for endangered and threatened species; and providing economic benefits to private landowners. The value of the WRP will increase as it builds off SERPPAS's successes. WRP has identified several focus areas, including the identification and preservation of wildlife corridors and important habitat; sustainable land use; disaster preparedness; GIS mapping; and renewable energy issues. As SERPPAS and WRP continue to develop, these regional partnerships will complement and build on other long-range sustainability activities being undertaken by DOD and the military Services in partnership with other Federal agencies, State and local governments, conservation NGOs, and private landowners.

Mr. CALCARA. DOD led both the SERPPAS and the WRP. These regional partnerships have been helpful. As SERPPAS and WRP continue to develop, these regional partnerships should complement and build on other long-range sustainability activities being undertaken by the Army in partnership with other Federal agencies, State and local governments, conservation NGOs, and private landowners.

Ms. FERGUSON. The SERPPAS has focused a major portion of their efforts on ecosystem-scale collaboration among Federal, State, and nongovernmental partners for the southern longleaf pine forest restoration. The outcome of this collaboration will benefit the Air Force installations and ranges in the southeast that contain longleaf pine ecosystems. The WRP is in its infancy and has recently identified several focus areas, renewable energy, sustainable land use, GPS mapping, and disaster preparedness.

As these partnerships mature we anticipate that they will complement other Air Force sustainability activities.

11. Senator UDALL. Secretary Penn, Mr. Arny, Mr. Calcara, and Ms. Ferguson, how important is the engagement with other Federal agencies both within these regional partnerships and more generally?

Secretary PENN. Engagement with other Federal agencies is critical to our ability to carry out our mission. We interact with other Federal agencies in their capacities as regulators, program managers, and land owners. For example, the establishment of renewable energy corridors and the potential impacts to training ranges and long range radar facilities is one area where the regional partnerships can be effective by sharing information and seeking solutions to critical site selection issues. Additionally, the ability to map military training routes and overlay those routes over maps of Federal lands provides some insight into potential land use compatibility issues in parks, wilderness, and reservations. Other issues, such as potential environmental impacts and air corridor usage, require close coordination with Federal agencies such as the Federal Aviation Administration (FAA), Department of Interior, and Environmental Protection Agency (EPA).

Mr. ARNY. The integration of conservation and land management planning and actions among Federal agencies within SERPPAS and WRP is very important to the regional partnerships' success and the success of long-term land use sustainability and military readiness. The missions of many Federal agencies can both complement and conflict with one another, and coordination and engagement through SERPPAS and WRP helps ensure that Federal resources are effectively leveraged and that partnerships work toward mutual benefits. Responsible management of public lands, particularly in the west, is key to the long-term sustainability of the military value of DOD installations and ranges that support operations, test, and training missions, and for conservation partnerships generally. Engagement in WRP allows the agencies to share GPS data and develop policy regarding renewable energy that will not encroach on DOD installations and will best benefit the environment and endangered species. Engaging with Federal agencies within these regional partnerships provides important incentives for State and local government integration of decisionmaking, while supporting the Federal agencies' abilities to carry out their respective missions. It also encourages the participation of private property owners in SERPPAS and WRP, as well as in compatible land and conservation efforts more generally.

Mr. CALCARA. It is very important that conservation and land management planning be integrated among Federal agencies. Conservation issues are usually regional in nature and transcend the boundaries of any specific agency landholdings such as a military installation, a national forest, national park, or refuge. Interagency coordination and partnerships are critical to resolving issues at the regional landscape level.

Ms. FERGUSON. The engagement with Federal agencies is extremely important. The Air Force has engaged with other Federal agencies for a number of years. We also endorse this concept at the State and local level. In the late 1980s the Air Force established a program of interagency/intergovernmental coordination/collaboration for a number of our programs and work areas. The OSD regional efforts have taken the concept of Federal agency engagement to a new level.

NATIONAL RESOURCE CONSERVATION SERVICE

12. Senator UDALL. Secretary Penn, Mr. Arny, Mr. Calcara, and Ms. Ferguson, in your 2009 Report to Congress submitted in accordance with section 2684a(g) of title 10, U.S.C., you noted that the ability to combine REPI funds with funds under the Farm and Ranchland Protection Program (FRPP) of the Department of

Agruiculture's Natural Resource Conservation Service (NRCS) "continues to reap great benefits for both programs." It is my understanding that the DOD–NRCS partnership has been critical to ongoing projects to protect Fort Sill, OK; Fort Riley, KS; Fort Campbell, KY; and a consortium of bases in South Carolina, as well as to other planned projects. However, I am advised that some technical changes made to the FRPP program in the 2008 farm bill threatens this collaboration and accordingly the projects to protect those key installations. Would the ability to continue these successful partnerships be helpful to your efforts to assure sustainability at those installations and at others where such collaboration was planned?

Secretary PENN. Yes. The Regional Partnership concept has been a leading force in improving interagency coordination and communication at the Federal level as well as at the State level. The Navy operates, tests, and trains over large areas of the United States. The ability to bring all stakeholders together affords each the opportunity to broaden our perspectives, share information, and hopefully identify mutually agreeable solutions to land use compatibility issues. Regional partnerships work to prevent encroachment around military lands and provide a forum to discuss common issues such as urban sprawl, loss of wildlife habitats, and sustainment of marine and coastal resources. These partnerships provide a forum that allows the Navy to work regionally on land use concerns that affect the sustainment of readiness training, introduction of new mission requirements, and the acquisition of new weapons systems. Through regional partnerships, the Navy and DOD have been successful in establishing effective working relationships with State and Federal agencies to guide State and regional land use planning. For example, the Navy worked with the State of North Carolina to identify working lands (farms and forests) whose development would adversely affect the ability to meet military readiness training requirements. This identification is leading to mutual efforts to protect these working lands from development via regional and local land use planning, and through the purchase of real property rights to ensure these lands remain undeveloped.

Mr. ARNY. The Department would welcome initiatives to preserve FRPP support for DOD compatible land use partnerships. DOD partnerships with NRCS are vital to ensure sustainability at installations such as Fort Sill, Fort Riley, and Fort Campbell, and for others where such collaboration was planned. NRCS involvement at Fort Sill was key to buffering the installation's artillery training while also protecting prime agricultural soils and providing economic benefits to landowners. Particularly with economic hardship affecting many potential private and State conservation partners, projects that anticipated collaboration with NRCS, such as at Beale Air Force Base (AFB), CA, are scrambling to replace FRPP funding, and matching State and local funding will be further reduced. Without NRCS FRPP collaboration, similar compatible land use partnerships that would work to ensure our installations' sustainability will be at risk.

Mr. CALCARA. Anny partnerships with NRCS are vital to ensure sustainability at installations such as Forts Sill, Riley, and Campbell, and for others where such collaboration was planned. NRCS involvement at Fort Sill was key to buffering the installation's artillery training while also protecting prime agricultural soils and providing economic benefits to landowners. Particularly with economic hardship affecting many potential private and State conservation partners, projects that anticipated collaboration with NRCS are scrambling to replace FRPP funding. Without NRCS FRPP collaboration, similar compatible land use partnerships that would work to ensure our installations' sustainability will be thrown into question, and the Army welcomes Congress to act to ensure the continuation of FRPP support for these partnerships.

Ms. FERGUSON. The partnership with NRCS is important to collaborative planning efforts. The Air Force has had several REPI projects where FRPP funds were going to be part of the partner contribution. Unfortunately the recent change in the 2008 farm bill has resulted in impacts to Air Force REPI projects. For example, the partner for the fiscal year 2009 Beale AFB project is now scrambling to find funding. In addition, the economic downturn has dried up alternate sources of funds so it is unclear what the loss of FRPP funds will mean to this project. The ability to have these partnerships is an important asset for partnering efforts.

INTERAGENCY PARTNERSHIPS

13. Senator UDALL. Secretary Penn, Mr. Arny, Mr. Calcara, and Ms. Ferguson, in your 2009 Report to Congress submitted in accordance with section 2684a(g) of title 10, U.S.C., you noted that consideration was being given to "initiatives to authorize even greater interagency collaboration" in actions to ensure compatible land

use and range sustainability. Would enhancements to your ability to form and implement interagency partnerships at the Federal level and to pool your resources with those of other Federal agencies help assure the long range sustainability of your testing and training installations, ranges, and airspace?

Secretary PENN. The enhanced ability to form and implement interagency partnerships at the Federal level and to pool Federal agency resources would greatly help assure the long range sustainability of the Navy's testing and training installations, ranges, and airspace. Federal level interagency partnerships would promote more efficient and effective resource sharing and decisionmaking, which would enable the Navy to better meet its mission of installation, range, and airspace sustainability.

Mr. ARNY. Enhancing our ability to form and implement interagency partnerships at the Federal level, and to pool Federal agency resources, would significantly assist in our efforts to ensure the long-term sustainability and military value of our installations, ranges, and airspace to support operations, testing, and training. Facilitating interagency partnerships would allow for better resource sharing and informed decisionmaking, which can help maintain military readiness through installation, range, and airspace sustainability. Coordination of land use protection policy and actions among Federal agencies will be key to protecting the long-term viability of our installations and ranges. Pooling Federal resources and providing matching Federal funds would significantly extend the REPI program and the Department's ability to leverage State, local, and private resources, and achieve the greatest benefit from the use of REPI funds to acquire restrictive easements to preserve conservation and buffer lands.

Mr. CALCARA. Yes. Enhancing our ability to form and implement interagency partnerships at the Federal level, and to pool Federal agency resources, would significantly assist us in our efforts to ensure the long-term sustainability of our testing and training installations. In particular, an authority enabling the Army to pool funds with other agencies to fund with a one-time payment the perpetual management of lands. Pooling Federal resources and providing matching Federal funds would significantly extend the REPI program and the Department's ability to leverage State, local, and private resources, and achieve the greatest benefit from the use of REPI funds to acquire restrictive easements to preserve conservation and buffer lands.

Ms. FERGUSON. Long-term mission sustainability at our air installations and ranges will benefit from enhancements to the ability to form and implement interagency partnerships at the Federal and to pool Federal agency resources. These kinds of partnerships would enhance our ability to use the authority granted in 10 U.S.C., section 2684a.

CLIMATE CHANGE

14. Senator UDALL. Secretary Penn, Mr. Arny, Mr. Calcara, and Ms. Ferguson, section 951 of the NDAA for Fiscal Year 2008 directed DOD to consider the effect of climate change on DOD facilities, capabilities, and missions, and to include those assessments in the upcoming Quadrennial Defense Review (QDR). Are you participating in that review with regard to the potential impacts of climate change on range sustainability, especially for coastal installations like Camp Lejeune and installations in arid regions such as the Mojave?

Secretary PENN. Yes, the Department of Navy is working with DOD through the QDR to examine the capability to respond to the consequences of climate change as tasked by section 951 of the 2008 NDAA. Specifically the Navy has established Task Force Climate Change (TFCC) in May 2009 to develop a roadmap for Navy action regarding climate change. The Marine Corps is planning and implementing projects and activities that support their ability to meet and sustain the mission of the Marine Corps. Examples of Marine Corps activities at installations include: (1) wildfire preparation management; (2) water conservation; (3) hurricane preparedness; and (4) natural resource management.

Mr. ARNY. Yes. The ongoing QDR is examining the capabilities of the Armed Forces to respond to the consequences of climate change, in particular, preparedness for natural disasters from extreme weather events and other missions the Armed Forces may be asked to support inside the United States and overseas, as tasked by section 951 of the 2008 NDAA. All of the military departments and numerous other DOD agencies are participating in this effort. Some specific examples of what DOD and the military departments are doing to address climate change include:

Office of the Secretary of Defense

- Strategic Environmental Research and Development Program (SERDP). SERDP, DOD's environmental research program, has initiated substantial work to understand and assess the impact of climate change to DOD installations. Work is ongoing to quantify the impacts of sea level rise, increased storm intensity and frequency, and potential changes to the coast line at DOD installations due to climate change. Areas of particular focus include installations like Camp Lejeune, and others in the Chesapeake Bay, the Gulf Coast, and southern California. This effort will both quantify the potential impacts and their significance to the military mission. Work is planned for fiscal year 2010 to assess multiple impacts to installation in arid regions across the southwest including installations in the Mojave desert. Information on these efforts has been provided to the upcoming QDR.

Army

- Army Water Sustainability Study: Climate change predictions in the southeast and southwest United States indicate a potential for more severe and extended drought conditions. This ongoing study will evaluate the vulnerability of Army installations to potential water shortages over the next 30 years.

Navy

- Task Force Climate Change. The Navy established TFCC in May 2009. TFCC is chartered to develop a roadmap for Navy action regarding the Arctic specifically, and climate change in general.
- Naval Studies Board Fiscal Year 2009 Study. Navy recently sponsored a Naval Studies Board study on the National Security Implications of Climate Change on U.S. Naval Forces (Navy, Marine Corps, and Coast Guard), to be completed late 2010.

Air Force

- Climate Change Ongoing Reviews. To better understand both the projected threats posed to Air Force operations by climate change and the type of information that will be needed to inform climate change-related policy decisions, the Air Force has been monitoring public, private sector, and NGOs to identify relevant studies and analyses. Information gleaned from such analyses will inform future Air Force policy decisions regarding appropriate management and adaptation strategies.

Mr. CALCARA. Yes. As part of our ongoing involvement in the QDR, the Army is, as directed by section 951 of the NDAA for Fiscal Year 2008, using mid-range projections of climate change from the Intergovernmental Panel on Climate Change (IPCC) 4th Assessment Report (2007) to determine the impacts of global climate change and their implications for national security and examine the capabilities to respond to the consequences of climate change inside the United States and overseas. This assessment is ongoing for Army installations and Army operational forces.

Ms. FERGUSON. The Air Force defers to OSD to answer questions on climate change affecting the DOD.

15. Senator UDALL. Secretary Penn, Mr. Arny, Mr. Calcara, and Ms. Ferguson, Congress is now considering legislation to address climate change, including provisions to establish and fund natural resource adaptation plans and actions at the State level and at the Federal agency level. Should DOD participate in such planning in order to ensure that adaptation plans address DOD range sustainability?

Secretary PENN. Yes. Navy should participate in climate change planning to ensure that adaptation plans address the long-term sustainability of DOD's ranges and other testing and training areas and other assets.

Mr. ARNY. Yes, DOD should participate in such planning in order to ensure that adaptation plans address the long-term sustainability of DOD's ranges and other testing and training areas, and its natural resources. DOD and the military departments are undertaking initial efforts to address climate change issues. Some representative examples of what DOD is doing to contribute to climate change adaptation efforts include:

Office of the Secretary of Defense

- DOD Legacy Resource Management Program (Legacy). The Legacy program is investing in national and regional efforts that will assist the Department in

defining an adaptation strategy that will support the long-term sustainability of its natural and cultural resources. Current initiatives include:

- A partnership with the National Wildlife Federation, the Association of Fish and Wildlife Agencies, the U.S. Fish and Wildlife Service, and other Federal agencies to develop a guidance manual that will summarize currently available natural resource-focused vulnerability assessment tools.
- A Pacific Regional workshop in February 2010 that will identify and prioritize potential management strategies for listed and at-risk species expected to be adversely affected by climate change.
- A project to assess sea level rise scenarios on seven North Carolina military installations in order to aid decisionmaking regarding management of their natural resources and infrastructure.

- DOD's SERDP has initiated research and demonstration activities related to climate change in terms of impact assessment, adaptation, and mitigation.
  - During fiscal year 2009, SERDP initiated four research projects focused on developing the methods, tools, and models necessary for DOD installations to assess the potential impacts of sea level rise and associated storm surge phenomena on installation infrastructure.
  - Also during fiscal year 2009, SERDP has initiated natural resource-related research projects associated with southeastern ecosystems that focus on potential climate change impacts to shoreline bird populations, test adaptation strategies for coastal marsh plant communities, and incorporate climate change into setting recovery objectives for southeastern ecological systems.

Mr. CALCARA. Yes, DOD and the military departments should participate in such planning in order to ensure that climate change adaptation plans for natural resources address the long-term sustainability of DOD's ranges and training areas. Climate change and the potential impacts to natural resources, especially those natural resources regulated under the Endangered Species Act, are of special concern to the Army. It is critical that the military be engaged in natural resources climate change adaptation plans and actions at the State level and at the Federal agency level to ensure the continued sustainability of our training areas and ranges.

Ms. FERGUSON. The Air Force defers to OSD to answer questions concerning DOD range sustainability.

16. Senator UDALL. Secretary Penn, Mr. Arny, Mr. Calcara, and Ms. Ferguson, would provisions to allow better integration of Federal efforts with regard to natural resource adaptation planning and implementation be helpful in your ability to respond to the impacts of climate change?

Secretary PENN. The integration of global observation networks, content standards, indicators, and baseline information related to global climate change would assist the Department of Navy with vulnerability assessments for national security. Initiatives for data sharing and research among and between Federal agencies, academia, National Academy of Science, and others would be beneficial. Although still evaluating what our specific natural resource adaptation planning and implementation actions will encompass, Federal agencies are, on a national scale, addressing emissions of greenhouse gases by reductions mandated in Federal laws and Executive orders, most recently, Executive Order 13423. While the Navy has not identified substantial impediments to integration of Federal efforts in response to the impacts of climate change, provisions highlighting the cooperation of Federal agencies, promoting the exchange of relevant information, and fostering integration of Federal agency efforts would be a welcome addition to our ability to respond the challenges associated with climate change.

Mr. ARNY. DOD currently is taking steps to integrate its efforts, both internally and with other agencies. For example, DOD is working with the White House Office of Energy and Climate Change to develop an administration approach to climate change challenges. Since the mid-1990s, DOD and the military departments have incorporated into their approach to land and water management the principles of ecosystem-based management including one of its key tenets, adaptive management. These approaches not only have led to sustainable use of natural resources to support mission needs and meet stewardship requirements, but also may contribute to ecosystem resilience in the face of climate change. Maintaining ecosystem resilience is a key adaptation strategy given the uncertainty of potential impacts.

The ongoing QDR is examining the capabilities of the Armed Forces to respond to the consequences of climate change, in particular, preparedness for natural disasters from extreme weather events and other missions the Armed Forces may be asked to support inside the United States and overseas, as tasked by section 951

of the 2008 NDAA. All of the military departments and numerous other DOD agencies are participating in this effort.

Provisions to better integrate these and other DOD efforts with other Federal efforts would be mutually beneficial.

Mr. CALCARA. Yes. Provisions to better integrate all Federal efforts with regard to natural resource climate change adaptation planning and implementation would be mutually beneficial. Natural resources climate change adaptation planning is best addressed in a comprehensive manner at a regional landscape/ecosystem scale that transcends the boundaries of any specific Federal facility. A multi-agency coordinated effort to establish standardized climate change vulnerability assessment methods and risk-based adaptation plans for natural resources could ensure best science is used, all critical agency missions are addressed, and create an economy of scale for such plans and responses.

Ms. FERGUSON. The Air Force defers to OSD to answer questions pertaining to natural resource adaptation planning and impacts of climate change.

QUESTIONS SUBMITTED BY SENATOR RICHARD BURR

RELOCATION OF MARINES TO GUAM

17. Senator BURR. Secretary Penn, I have a few questions about the 2005 agreement between the United States Government and the Government of Japan to relocate 8,000 marines from Okinawa to Guam. The agreement was reaffirmed in February 2009 and the budget request for 2010 includes $378 million to start construction of facilities.

Aside from a basic estimate of over $4.0 billion for the U.S. investment, does the Navy have a detailed current estimate of costs to U.S. taxpayers to complete this initiative, including one-time construction costs and additional annual base operations costs? If so, can you provide exactly what these costs will be? If so, are these costs based on the results of a master plan (MP) that details the actual facilities that will be constructed?

Secretary PENN. Cost estimates, including annual base operations costs, to implement the Realignment Roadmap will not be available until the Environmental Impact Statement (EIS) and MP are completed in 2010. Unique to the negotiated timeline and circumstances of the Realignment Roadmap, the master planning process and efforts to comply with the National Environmental Policy Act (NEPA) are ongoing simultaneously and inform one another. Until the EIS and MP are completed, the original $10.2 billion cost estimate, with Japan contributing $6.09 billion and the United States contributing $4.18 billion, remains valid.

18. Senator BURR. Secretary Penn, are these costs captured in the current Navy Future Years Defense Plan (FYDP) to accompany the 2010 budget?

Secretary PENN. We have captured a portion of those costs in the fiscal year 2010 President's budget submit, but as the DOD Comptroller has testified in other hearings, DOD does not have a fiscal year 2010 FYDP that is consistent with current administration policy.

ENVIRONMENTAL IMPACT STATEMENT FOR GUAM

19. Senator BURR. Secretary Penn, the EIS to support the move of 8,000 marines and their families from Okinawa to Guam is ongoing, but I know the Marine Corps has particular concerns with their ability to train in Guam. Are you aware of the concerns raised by the Marine Corps about the current plan for both individual marine training on Guam and collective training in the region?

Secretary PENN. The Guam Military Buildup EIS covers individual skills training to support marines relocating to Guam in support of the Realignment Roadmap. Ranges planned on Guam and on DOD-leased land in Tinian in support of these relocating forces offer the opportunity for individual combat skills training. Transient units, whether United States, joint, or coalition, would have the opportunity to fall in on these ranges for individual skills sustainment training.

The Department is well aware of and is planning for the Marine Corps' longer-term vision to address deficiencies with integrated, combined arms, collective-skills training in the Pacific region beyond what will be delivered as part of the Guam Military Buildup Program. These Marine Corps and other Service training requirements in the Pacific theater are being addressed in the current QDR process.

20. Senator BURR. Secretary Penn, what is the Navy doing to address these concerns?

Secretary PENN. Marine Corps and other Service training requirements in the Pacific theater, beyond individual skills training, are being addressed in the current QDR process, and will be considered as part of future budget submissions.

21. Senator BURR. Secretary Penn, how are the Marine Corps' training needs being evaluated and included in the EIS process supporting the move to Guam?

Secretary PENN. The Realignment Roadmap agreement between the United States and Japan designates the specific Marine Corps units to relocate from Okinawa to Guam. The Guam Military Buildup EIS is based on these units and covers the individual skills training necessary to support individual level readiness for these Marines. Other requirements for unit-level, collective-skills training, and the sustainment of Marine Air-Ground Task Force core competencies and readiness in the Pacific are being addressed in the QDR.

22. Senator BURR. Secretary Penn, does the Navy consider the establishment of adequate training resources for marines on Guam and in the Mariana Islands to be a "showstopper" for the movement of marines to Guam?

Secretary PENN. The inability for Marine units to sustain operational readiness would be a "showstopper" in the relocation to Guam. However, the Navy is committed to ensuring marines on Guam will have access to training necessary to sustain readiness. The Navy considers readiness of Marine units in the Pacific to be of the highest priority.

Our current plan provides individual-skills training on Guam. Unit-level, collective-skills training requirements are currently being studied in the QDR.

23. Senator BURR. Secretary Penn, the agreement between the two governments stipulates that "tangible progress" must be made towards completion of a Futenma Replacement Facility on Okinawa. Has the Governor of Okinawa approved the necessary environmental review actions needed to start building the Futenma replacement facility?

Secretary PENN. No. The environmental review actions are ongoing. The Government of Japan, following its sovereign regulatory process, released the draft Environmental Impact Assessment for the Futenma Replacement Facility in April 2009.

24. Senator BURR. Secretary Penn, what is the status of starting construction of the replacement facility and when will it be completed?

Secretary PENN. On-land construction for those Camp Schwab facilities required in advance of the runway began in June 2008. The Government of Japan has authorized and appropriated $323 million to continue construction in the current Japanese fiscal year (April 2009–March 2010). We have been informed by the Japanese Government that their objective is to complete the replacement facility in 2014.

25. Senator BURR. Secretary Penn, do you see funding or other concerns from the Japanese Government or from the United States that give you concerns about the timeframe for completing the move?

Secretary PENN. DOD received Government of Japan funds in the amount of $336 million on July 27, 2009, to support construction on Guam in accordance with the Realignment Roadmap. I urge Congress to now demonstrate the U.S. commitment to the Roadmap by approving our fiscal year 2010 MILCON budget request of $378 million in fiscal year 2010. Failure to authorize and appropriate a comparable amount for fiscal year 2010 will place the Japanese $6 billion financial commitment to Guam at high risk. Furthermore, delays resulting from deferral of funding requirements into future years or reductions to the program, will only serve to increase the total cost of the Realignment to the United States and extend the time required to complete the move.

FUTURE YEARS DEFENSE PLAN

26. Senator BURR. Mr. Arny, Mr. Calcara, and Ms. Ferguson, the Senate has traditionally used the FYDP to assess the validity of MILCON projects requested by Members to be inserted into the defense bill. On May 15, 2009, the OSD Comptroller issued guidance to each Service Secretary titled "Congressional Add Requests Guidance," which specified the only questions to be answered in response to a review of a Member request. I'd like to enter this letter into the record. Has each

Service adhered to this guidance in response to queries about MILCON projects? If not, where has each Service deviated from the guidance and why?

UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

MAY 15 2009

COMPTROLLER

MEMORANDUM FOR SECRETARIES OF MILITARY DEPARTMENTS
SERVICE CHIEFS
DEFENSE AGENCIES

SUBJECT: Congressional Add Requests Guidance

On April 16, 2009, OMB Director Peter R. Orszag sent a letter to Speaker Nancy Pelosi stating that "agencies and departments will provide answers to factual questions" posed by committee chairs and that these responses "should not be construed as an evaluation or recommendation of specific earmark requests." No similar letter has been requested by or provided to the Senate. However, OMB has informed the Department that this April 16, 2009 letter represents the Administration's guidance on this issue and that the same rules will apply with respect to Senate member add requests.

The only questions to be answered for a member add request are:

1. Does the requested project require enabling legislation to facilitate execution?

2. Is the program funded in the current (FY2010) budget request?

3. Is the program funded in the most recent (FY2009) FYDP?

4. Has the program been funded in the Department of Defense budget in the past five years?

5. Is the program on any service's unfunded requirements list?

6. For procurement programs of record, will the budget request satisfy the inventory objective? If not, what is the outstanding inventory objective?

Additional Guidance:

- Committees should collect and collate requests and transmit them in Excel spreadsheet format and should, to the maximum extent possible, eliminate duplicate requests;

- Generally, requests should be processed on first in-first out basis with few exceptions; (i.e. consideration may be given to Committees with earlier markup deadlines)

- The Department does not intend to post the requests and their respective responses publicly (the Department cannot control whether Congressional requests for such information are made public in the future); and

- The Department cannot guarantee a response will be provided for every request in time for Committee markups.

- Responses to question 3 must include the following disclaimer: "The FY 2009 FYDP does not represent current Administration policy."

Within 48 hours of release of this memorandum, please provide a point of contact list to USD(C); who will be responsible for loading the papers to the Congressional Hearing and Reporting Requirements Tracking System (CHARRTS) for the above questions. There will be only one add request per paper. The services can each designate five points of contacts and the Defense Agencies can designate two points of contact for loading these papers. The points of contact should be sent to Ms. Pam Bell, Pamela.Bell@osd.mil, at 703-697-0733.

Robert F. Hale

Robert F. Hale

Mr. ARNY. The Services adhered to the Congressional Add Requests Guidance issued by the OSD (Comptroller) in May.

Mr. CALCARA. The Army complied with the Congressional Add Requests Guidance when received from OSD(C) in late May. Prior to receipt of this guidance, Army used the normal screening process for MILCON add requests.

Ms. FERGUSON. The Air Force has strictly adhered to the guidance provided and only provided MILCON information in accordance with Office of Management and Budget (OMB) and OSD directives.

MILITARY FAMILY HOUSING IN KOREA

27. Senator BURR. Mr. Calcara, regarding Army housing at Camp Humphreys, what is the current status of the Army initiative to partner with a private developer for the construction and operation of housing for U.S. military personnel and their families?

Mr. CALCARA. The project is on schedule to conduct the financial and real property closing for the first phase of Humphreys Housing Opportunity Project (HHOP) in the fall of 2009. The Army and HFC, (the developer) completed a "mock closing"

July 7–9, 2009, and have finalized virtually all of the complex transactional documents. HFC is currently making good progress in negotiations with the Republic of Korea to obtain important assurances concerning the long-term utilization of property at U.S. Army Garrison (USAG) Humphreys. The developers' financial team of Merrill Lynch and Bank of America are finalizing underwriting and due diligence requirements in order to obtain the approximately $750 million phase-one loan.

28. Senator BURR. Mr. Calcara, what is the schedule for construction?

Mr. CALCARA. The Army interprets this question to relate to the HHOP at USAG Humphreys. HHOP construction is divided into two phases: HHOP 1 and HHOP 2. Each construction phase is approximately 30 months long. HHOP 1 is presently scheduled to begin construction in the fall of 2009 and begin occupancy lease up in the fiscal year 2011 and fiscal year 2012 timeframe to coincide with unit moves under the Yongsan Relocation Plan. HHOP 2 is currently planned to begin construction in the fall of fiscal year 2011 with occupancy and lease up in fiscal year 2013–fiscal year 2014.

29. Senator BURR. Mr. Calcara, what is the total number of units currently planned to be constructed and the estimated total cost for the housing?

Mr. CALCARA. The Army interprets this question to relate to the HHOP at USAG Humphreys. The HHOP developer, HFC, will construct a total of 2,427 units in a mix of 3, 4, and 5 bedroom floor plans. Of the 2,427 units, 1,416 will be constructed on a parcel designated as HHOP 1 and 1,011 units will be constructed on a nearby parcel designated as HHOP 2. The HHOP 2 parcel has capacity for an additional 700+ units if requested; however, the Army's current requirement is satisfied with the 2,427 units. The total development budget for HHOP is approximately $1.3 billion sourced from developer equity and private sector financing.

30. Senator BURR. Mr. Calcara, I note that, in the President's budget request for fiscal year 2009, $125 million was requested for the construction of 216 units in the first phase of family housing in Korea. Has this project been awarded? If not, what is the status of this project?

Mr. CALCARA. The fiscal year 2009 project was awarded on June 26, 2009, at a cost of $124.9 million to construct three towers with 204 housing units.

PROPERTY DISPOSAL FOR DEFENSE BASE CLOSURES

31. Senator BURR. Mr. Arny, I have a concern regarding the subject of the 2005 BRAC, specifically, the current policy on the disposal of property. DOD is authorized to dispose of BRAC property using a range of methods from transfers to another Federal agency to public benefit conveyances or public sales. DOD has the choice to convey property to local redevelopment agencies representing communities affected by BRAC for the purpose of economic development. From your testimony, DOD assesses the needs of the local community and the intended use of the property in determining the amount of compensation to be received in exchange for the economic development conveyance (EDC). You can receive an amount for the EDC that may range from fair market value to an amount less than fair market, to no cost to the conveyee, depending on the local economic conditions. What is the current policy of DOD regarding compensation for EDCs?

Mr. ARNY. Under applicable regulations at 32 CFR 174.10, the Secretary of the military department will review the application for an EDC and negotiate terms and conditions of each transaction with the Local Redevelopment Authority (LRA). The Secretary has discretion and flexibility to enter into agreements that specify the form of payment and schedule. The consideration may be in cash or in-kind and may be paid over time. Any amount paid in the future should take into account the time, value of money, and include repayment of interest.

The Secretary concerned shall seek to obtain consideration at least equal to the fair market value, as determined by the Secretary. An EDC without consideration may be made if——

(1) The LRA agrees that the proceeds from any sale or lease of the property (or any portion thereof) received by the LRA during at least the first 7 years after the date of the initial transfer of property shall be used to support economic redevelopment of, or related to, the installation; and

(2) The LRA executes the agreement for transfer of the property and accepts control of the property within a reasonable time after the date of the property disposal decision.

32. Senator BURR. Mr. Arny, does the Department have a position on proposed language by the House Armed Services Committee that would redefine the roles of EDCs and eliminates fair market value negotiations between eligible parties and DOD prior to conveyance?

Mr. ARNY. The Department strongly opposes House section 2711 because it would mandate that all EDCs be at no-cost. Current law and implementing policy allows DOD to convey property at closed installations at fair market value or at no-cost, depending on the particular circumstances. The Department further opposes this provision because it changes the basic structure of EDCs such that they would be available for redevelopment that may not produce any long-term job generation. Such a change, when coupled with the requirement that the transfer be at no cost, would likely lead to subordinating all other conveyance mechanisms to this new and ambiguous method. The cumulative effect of these proposed changes diminishes the connection to job creation, makes it easier for LRAs to 'flip' valuable properties they obtain at no-cost for profits that can be used for purposes unrelated to redevelopment of the property, and diminishes potential property disposal returns to Federal taxpayers. This section would create potential windfalls for certain communities with high value property, and for private sector developers working with those communities, at the expense of other communities where DOD might otherwise be able to accelerate environmental cleanup using property disposal proceeds. It creates unbalanced incentives for LRAs to seek free conveyance under this authority of any BRAC property that has commercial market value, leaving less valuable, less desirable property for DOD to try to dispose using public benefit conveyance authorities or other methods. DOD experience conveying over 400,000 acres of BRAC real property to date suggests that the current array of property conveyance authorities, including both cost and no-cost EDCs, provides appropriate flexibility to properly address the range of needs and circumstances encountered at closing installations and the communities that have hosted them. This provision would prevent the Department from tailoring the disposal method to meet the needs and circumstances of each local community.

33. Senator BURR. Mr. Arny, what is your opinion on a proposal to require the compensation to the U.S. Government for an EDC to rely on actual market returns realized at the completion of the development as opposed to a negotiated amount?

Mr. ARNY. Current applicable statute and implementing regulations provide the military departments with flexibility to negotiate the terms and conditions of each transaction with the LRA. The military department has discretion and flexibility to enter into agreements that specify the form of payment and the schedule. The consideration may be in cash or in-kind, and may be paid over time. A proposal to require the compensation for an EDC to take a specific form, such as reliance on actual market returns realized at the completion of the development, may not fit every situation and would diminish the Department's ability to negotiate agreements that tailor the form and timing of payment depending on the unique needs and circumstances at each location.

34. Senator BURR. Mr. Arny, are you currently considering applications for no-cost conveyances for the 2005 round of BRAC?

Mr. ARNY. At many BRAC 2005 locations, LRAs are still in the process of preparing and obtaining approval of their redevelopment plans, so the Department has only received two EDC applications at BRAC 2005 locations to date. One of those applications proposes to pay consideration, and the other seeks conveyance at no-cost. We anticipate additional EDC applications as more LRAs complete and obtain approval of their redevelopment plans.

35. Senator BURR. Mr. Arny, with what considerations are you evaluating these applications?

Mr. ARNY. Under regulations published at 32 CFR 174.9, the military departments consider the following factors, as appropriate, in evaluating an EDC application and the terms and conditions of the proposed transfer, including price, time of payment, and other relevant methods of compensation to the Federal Government:

(1) Adverse economic impact of closure or realignment on the region and potential for economic recovery through an EDC.

(2) Extent of short- and long-term job generation.

(3) Consistency with the entire redevelopment plan.

(4) Financial feasibility of the development, including market analysis and need, and extent of proposed infrastructure and other investments.

(5) Extent of State and local investment, level of risk incurred, and the LRA's ability to implement the plan.

(6) Current local and regional real estate market conditions.

(7) Incorporation of other Federal agency interests and concerns, and applicability of, and conflicts with, other Federal surplus property disposal authorities.

(8) Relationship to the overall military department disposal plan for the installation.

(9) Economic benefit to the Federal Government, including protection and maintenance cost savings and anticipated consideration from the transfer.

(10) Compliance with applicable Federal, State, interstate, and local laws and regulations.

36. Senator BURR. Mr. Arny, what would be the impact to DOD programs if you were required to convey all property under EDC authorities at no cost?

Mr. ARNY. Conveying all property under EDC authorities at no cost would create potential windfalls for certain communities with higher value property, and for private sector developers working with those communities, at the expense of other communities where DOD might otherwise be able to accelerate environmental cleanup using property disposal proceeds. It creates unbalanced incentives for LRAs to seek free conveyance under this authority of any BRAC property that has commercial market value, leaving less valuable, less desirable property for DOD to try to dispose using public benefit conveyance authorities or other methods. This provision would prevent the Department from tailoring the disposal method and terms to meet the needs and circumstances of each local community.

37. Senator BURR. Mr. Arny, would the Department still consider the EDC program a sensible way to dispose of BRAC property?

Mr. ARNY. If DOD were required to convey all property under EDC authorities at no cost, the EDC program would remain a sensible way to dispose of BRAC property in those cases in which, after consideration of the EDC evaluation factors published at 32 CFR 174.9, a military department determines that a no-cost EDC is appropriate based on the location-specific facts and circumstances. DOD believes, however, that requiring all EDCs to be at no-cost would create unbalanced incentives for LRAs to seek free conveyance under this authority of any BRAC property that has commercial market value, regardless of whether their particular situation merits that approach, leaving less valuable, less desirable property for DOD to try to dispose using public benefit conveyance authorities or other methods. Such a requirement would prevent the Department from tailoring the disposal method and terms to meet the needs and circumstances of each local community.

UNEXPLODED ORDNANCE CLEAN-UP

38. Senator BURR. Mr. Arny, clean-up of unexploded ordnance (UXO) at DOD's active installations and Formerly Used Defense Sites (FUDS) is a huge task estimated to cost almost $20.0 billion. DOD's funding levels, even after years of increases by Congress, would require decades to complete the job. The NDAA for Fiscal Year 2007 required DOD to meet its own goals to complete preliminary assessments at all active bases and FUDS by fiscal year 2007; complete site inspections (SIs) at those places by fiscal year 2010; and achieve a remedy in place or response complete (RIP/RC) by the end of fiscal year 2009 at all bases and installations closed under prior rounds of BRAC before 2005. What is the current status of achieving these legislative mandates?

Mr. ARNY. The Department has completed preliminary assessments for 95 percent of munitions response sites (MRSs) at active installations and 99 percent of MRSs at FUDS. The Department has completed SIs for 51 percent of MRSs at active installations and 58 percent of MRSs at FUDS. The Department has achieved RIP/RC at 67 percent of MRSs at all bases and installations closed under prior rounds of BRAC before 2005.

39. Senator BURR. Mr. Arny, what firm date has been established for clean-up of property closed by the 2005 round of BRAC?

Mr. ARNY. The clean-up remedy, for UXO, will be in place for all BRAC 2005 installations by 2017.

40. Senator BURR. Mr. Arny, last year's section 313 report estimated that the cost to clean up UXO at all active installations and FUDS was $17.8 billion and that another $902 million would be required to clean up UXO at bases and installations closed by all five rounds of BRAC. Last year's report provided no estimated date

when all active installations, FUDS, and BRAC sites would be completed. What are the cost-to-completion estimates this year?

Mr. ARNY. The estimated cost to complete clean-up, including long-term management (LTM), at the Department's MRSs on active installations and FUDS is $18.4 billion. The estimated cost to complete clean-up, including LTM, at the Department's MRSs on BRAC installations is $972 million.

41. Senator BURR. Mr. Arny, what is the projected date by which all UXO clean-up will be completed?

Mr. ARNY. The Department has established the following goals to measure clean-up progress at its MRSs:

- Achieve RIP/RC at all MRSs at Active installations by the end of fiscal year 2020.
- Achieve RIP/RC at all MRSs at Legacy BRAC installations (i.e. BRAC I (1988), BRAC II (1991), BRAC III (1993), BRAC IV (1995)) by the end of fiscal year 2009.
- Achieve RIP/RC at all MRSs at BRAC 2005 installations by the end of fiscal year 2017.

The Department projects that it will achieve RIP/RC at 95 percent of MRSs at active installations by the end of fiscal year 2017; 69 MRSs are not projected to meet the goal. The Department projects that it will achieve RIP/RC at 95 percent of MRSs at Legacy BRAC installations by the end of fiscal year 2016; 15 MRSs are not projected to meet the goal. The Department projects that it will achieve RIP/RC at 95 percent of MRSs at BRAC 2005 installations by the end of fiscal year 2015; three MRSs are not expected to meet the goal.

At this time, the Department has not established a goal for the completion of FUDS MRSs. We have deferred establishing this goal until the FUDS MRSs have been more fully characterized. The more complete information we have on each MRS, the more accurately we can set a challenging goal for the entire inventory of FUDS MRSs.

42. Senator BURR. Mr. Arny, could Congress accelerate the time it will take to complete these clean-ups by increasing funding? If so, where could increased funding be best used?

Mr. ARNY. No, for active DOD installation MMRP projects increased funding will not accelerate the time it will take to complete cleanup at MRSs, because there are certain requirements inherent in the clean-up process that cannot be influenced by funding. For example, the Munitions Response Site Prioritization Protocol (MRSPP), published as a final Federal regulation on October 5, 2005, codified at 32 CFR Part 179, was developed to assign a relative priority to each MRS, based on potential hazards and site conditions, to sequence sites for remediation and funding. One of the Department's policies identified in the MRSPP (at 32 CFR 179.4) is to ensure that the EPA, other Federal agencies, State regulatory agencies, tribal governments, local restoration advisory boards or technical review committees, and local stakeholders are offered opportunities to participate in the application of the MRSPP. These stakeholders are also involved in making sequencing recommendations, and are provided the opportunity to review and comment when sequencing changes are proposed, as well as throughout the process of MRS investigation, remedy selection, and clean-up. Additionally, the munitions response program is a complex and technically challenging remediation program that must carefully consider explosive safety risks within the Federal Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) response action process. While removal actions can address certain immediate hazards, long-term remedial action for MRSs with public access may not lend itself to quick or accelerated solutions.

CLEAN-UP OF FORMERLY USED DEFENSE SITES

43. Senator BURR. Mr. Arny, for the last several years, Congress has increased the funding for clean-up of FUDS. For example, the President's budget for fiscal year 2008 was $250 million—an amount lower than the $254 million appropriated by Congress for fiscal year 2007. Congress increased the amount for FUDS in fiscal year 2008 to $270 million, an increase of $20 million over the President's budget. How much has the Department requested for FUDS clean-up for fiscal year 2009?

Mr. ARNY. The Department follows an established budgeting process to allocate funds for cleanup at FUDS and other defense sites. DOD components plan, program, and budget resources to meet the goals and objectives developed for the Defense Environmental Restoration Program (DERP). The DOD components use these goals

and objectives to guide investment decisions and set restoration targets for each fiscal year. Each program may be adjusted based on site level data, goals, and objectives. The President's budget request for the FUDS program each year reflects this analysis.

[In millions of dollars]

	Fiscal Year			
	2007	2008	2009	2010
President's Budget Request	$243	$250	$258	$268
Appropriated	$263	$286	$292	

44. Senator BURR. Mr. Arny, how long will it take to clean up FUDS at the level of funding in the President's budget?

Mr. ARNY. The Department projects that it will meet its goal of achieving RIP/RC at 99 percent of all hazardous substance sites at FUDS by the end of fiscal year 2020. The Department also projects that it will achieve its goal of completing SIs at 79 percent of MRSs by the end of fiscal year 2010; the remaining SIs will be completed by the end of fiscal year 2013. Once the SIs have been completed, the Department will have a more accurate picture of the clean-up requirements at the MRSs on FUDS, and be better able to forecast clean-up requirements for military munition response sites.

45. Senator BURR. Mr. Arny, if Congress increased the funding level for FUDS clean-up, could the Department effectively use the money to increase the level of effort and shorten the time line for completion?

Mr. ARNY. No. The Department provides adequate funding to complete FUDS conventional contamination clean-up by the end of fiscal year 2020. The Department also provides adequate funding to complete SIs at MRSs on FUDS. Once these SIs are completed, the Department will have a more accurate picture of munitions response requirements, and will review funding levels to ensure they are sufficient for completing environmental restoration in a timely manner.

SUPERFUND SITES

46. Senator BURR. Mr. Arny, Mr. Calcara, and Ms. Ferguson, during 2008, DOD was involved in a significant dispute with the EPA over cleaning up DOD Superfund sites and related Federal Facilities Compliance Agreements for DOD installations, particularly those of the Army and Air Force. Where are we now on the bases that were the subject of the Superfund clean-up dispute with EPA? How many bases were at issue?

Mr. ARNY. Four DOD installations—Air Force Plant 44, AZ; McGuire AFB, NJ; Tyndall AFB, FL; and Fort Meade, MD—were the subject of the dispute with the EPA. The Federal Facility Agreement (FFA) for Fort Meade was signed by the EPA, Army, Department of Interior, and the Architect of the Capitol on June 19, 2009, and is currently in the a 45-day public comment period. The Air Force is in the process of finalizing negotiations with EPA on the FFA for McGuire AFB. The FFAs for Air Force Plant 44 and Tyndall AFB are currently being drafted with EPA and the respective State.

Mr. CALCARA. The Army had two installations that did not have signed FFAs—Fort George G. Meade and Redstone Arsenal. The Fort Meade FFA was signed by the EPA, Army, Department of the Interior, and the Architect of the Capitol on June 19, 2009. The Redstone Arsenal FFA is currently being discussed between the EPA and the Alabama Department of Environmental Management (ADEM), which has issued a permit to the Army under the Resource Conservation and Recovery Act (RCRA) and the corresponding Alabama statute to regulate the clean-up of Redstone Arsenal. Once those regulators determine their roles and responsibilities, the Army will be able to negotiate a final FFA. There was no dispute over clean-up at either of these installations. Investigation and clean-up efforts continued in cooperation with EPA and the State regulators during the dispute over the content of the FFA, and we are making good progress. In April 2009, Fort Detrick was placed on the National Priorities List (NPL). Although the law does not require the Army to begin negotiations of all FFA for Fort Detrick at this time, the Army and EPA have discussed scheduling the negotiation of this FFA in the near future.

Ms. FERGUSON. The Air Force defers to OSD to answer questions on clean-up of DOD Superfund sites.

47. Senator BURR. Mr. Arny, Mr. Calcara, and Ms. Ferguson, at one point, Maryland was threatening to bring a lawsuit against DOD to force compliance with the cleanup at Fort Meade. What has happened?

Mr. ARNY. In December 2008, the State of Maryland sued the Army to enforce the RCRA Unilateral Administrative Order issued by EPA in 2007 for Fort Meade. Pursuant to agreements between the United States and Maryland, the Court has extended the time for an answer to be filed until October 19, 2009. EPA has agreed to withdraw the RCRA Order when the FFA is finalized, which is currently expected to be in October of this year. The Army, EPA, Department of Interior, and Architect of the Capitol signed the FFA on June 19, 2009. The FFA public comment period was initiated on July 3, 2009, and will run for 45 days. After an additional period to consider any public comments the FFA will be final.

Mr. CALCARA. In December 2008, the State of Maryland sued to enforce the RCRA Unilateral Administrative Order issued by EPA in 2007. Pursuant to agreements between the United States and Maryland, the Court has extended the time for an answer to be filed until October 19, 2009. The EPA will withdraw the RCRA Order when the FFA is finalized, which is currently expected to be in October of this year. The Army expects Maryland to dismiss the lawsuit when the FFA is finalized. The FFA public comment period began on July 3, 2009, and will run for 45 days. After an additional period to consider any public comments, the parties to the FFA will decide if it requires any changes or can become final in its current form.

Ms. FERGUSON. The Air Force defers to the Army on questions pertaining to Fort Meade.

48. Senator BURR. Mr. Arny, Mr. Calcara, and Ms. Ferguson, how many DOD installations that are on the Superfund list still do not have the details of the required clean-up worked out in a Federal Facilities Compliance Agreement with the EPA?

Mr. ARNY. DOD has 141 installations listed on the EPA's NPL, 132 have signed interagency agreements, commonly referred to as FFAs. During negotiations the appropriate clean-up details will be incorporated into the FFA.

Two of the nine installations without signed FFAs are Army installations—Redstone Arsenal, AL; and Fort Detrick, MD. The EPA, Army, and ADEM are currently negotiating the FFA for Redstone Arsenal. Fort Detrick was listed on the NPL in April 2009, and negotiations for the FFA have not been initiated.

The seven remaining installations without signed FFAs are Air Force installations—Air Force Plant 44, AZ; Andrews AFB, MD; Brandywine Defense Reutilization and Marketing Office, MD; Hanscom AFB, MA; Langley AFB, VA; McGuire AFB, NJ; and Tyndall AFB, FL. All seven FFAs have been drafted and are in various stages of review within DOD, or are being negotiated with EPA.

Mr. CALCARA. Discussions regarding an FFA for Redstone Arsenal between EPA, the ADEM, and the Army are taking place. The clean-up work at Redstone Arsenal is currently regulated under an ADEM RCRA permit that provides for the details of all required response actions, subject to ADEM approval. In April 2009, Fort Detrick was placed on the NPL. Although the law does not require the Army and EPA to begin negotiation of an FFA for Fort Detrick at this time, the Army and EPA have discussed scheduling the negotiation of this FFA in the near future. For all of these installations, the details of the clean-up work have been fully coordinated with EPA, the State regulators, and the public for many years, and that will continue for the remaining clean-up actions.

Ms. FERGUSON. The Air Force defers to OSD to answer questions pertaining to DOD installations on the Superfund list.

49. Senator BURR. Mr. Arny, Mr. Calcara, and Ms. Ferguson, do any of the clean ups of DOD sites on the Superfund list require additional funding in fiscal year 2010 in addition to that being sought in the President's budget to remain on schedule to achieve the required clean-up levels?

Mr. ARNY. No additional funding is required in fiscal year 2010 to ensure DOD sites remain on schedule to achieve required clean-up levels. Many of the remaining hazardous substance sites have complex clean-up requirements that will take several years to complete. DOD has appropriately planned, programmed, and budgeted for these sites to meet its clean-up objectives.

Mr. CALCARA. No additional environmental restoration funding is needed in fiscal year 2010 for the Army installation NPL sites. The Army has planned, programmed, and budgeted an adequate amount for the remaining necessary clean-up work.

Ms. FERGUSON. The Air Force defers to OSD to answer questions pertaining to additional funds needed for clean-up of DOD sites on the Superfund list.

NAVY LITIGATION OVER SONAR

50. Senator BURR. Secretary Penn, what is the status of the Navy's litigation with California over sonar training in the crucial Southern California at-sea training ranges?

Secretary PENN. We need to distinguish between the two cases that challenged Navy training in Southern California. In March 2007, the Natural Resources Defense Council (NRDC) and other plaintiffs first filed suit in the United States District Court for the Central District of California challenging major exercises in Southern California under the Marine Mammal Protection Act and NEPA. NRDC argued that the Navy should have completed a longer EIS rather than the 293-page environmental assessment it prepared before deciding to conduct a series of 14 major certification exercises off Southern California during the period from January 2007 through January 2009. NRDC sought a preliminary injunction pending the outcome of its challenge. In a companion case, the California Coastal Commission, an independent State agency, then filed a challenge related solely to alleged violations of the Coastal Zone Management Act. The State of California never filed a lawsuit on these issues and never participated in these lawsuits.

While these two cases involve different statutes, both challenges involve concerns over impacts of sonar use on marine mammals during training activities in Southern California and mitigation measures which, if implemented, would have seriously threatened the Navy's ability to train effectively.

In the NRDC case, the District Court granted an injunction completely prohibiting the use of mid-frequency active sonar (MFAS) during these exercises. After several appeals and more decisions by the District Court, during which the U.S. Court of Appeals for the Ninth Circuit ruled that the original injunction was too broad, the complete injunction was superceded by an injunction that included six restrictions on use of MFAS during these exercises. Because this tailored injunction still threatened the Navy's ability to train effectively, the Navy appealed, focusing on two of the six restrictions that imposed the most serious threats to the Navy's ability to train. These two restrictions involved a condition known as "surface ducting" and another that related to the size of the zone around the sonar that would require reduced sonar power or complete shutdown (the "shutdown zone") in the event a marine mammal was sighted. Specifically, the Navy determined that the surface ducting condition would "unreasonably prevent realistic training" and the shutdown zone would "result in a significant, adverse impact to realistic training." The U.S. Supreme Court granted the Navy a writ of certiorari, and expedited the arguments based on the time-critical nature of the training. In November 2008, the Supreme Court held that the district court applied the incorrect standard for issuing a preliminary injunction and vacated the preliminary injunction as it applied to these two restrictions. Following this favorable U.S. Supreme Court decision, the California Coastal Commission dismissed its case against the Navy in December 2008.

The Navy completed the last of the challenged exercises in December 2008. In January 2009, the Navy completed the Southern California Range Complex EIS and the National Marine Fisheries Service issued the necessary incidental take authorizations under the Marine Mammal Protection Act and Endangered Species Act necessary for similar exercises to continue in the future and Navy has continued to train. In April 2009, the District Court dismissed NRDC's underlying cause of action as moot.

51. Senator BURR. Secretary Penn, are you satisfied that the Navy can train effectively using active sonar not only in California, but in all other training locations, such as off Hawaii?

Secretary PENN. At this time, the Navy can conduct effective training with MFAS on U.S. training ranges such as those located in Southern California, Hawaii, and east coast range complexes running from Virginia to northern Florida. There is the potential, however, for litigation imposed restrictions and additional regulatory requirements that could adversely affect Navy's ability to train effectively in the future. Further restrictions that interfere with the Navy's ability to train effectively for the Navy's number one threat—quiet enemy submarines—may require the Navy, at some point in the future, to return to Congress for assistance.

Over the past 5 years, Navy has expended significant effort preparing environmental planning documentation and has been proactively engaged in permitting actions and consultations with cognizant Federal regulatory agencies, regarding training activities on its major training and testing ranges. Planning, permitting, and consultations for the remaining testing and training ranges is scheduled for completion in late calendar year 2010. The Navy has been working closely with the Na-

tional Marine Fisheries Service to complete the permitting and consultation processes.

The Navy continues to face other environmental challenges in fulfilling its statutory mandate to organize, train, and equip naval forces for combat due to other environmental laws, specifically with regard to requirements of the NEPA, the Coastal Zone Management Act, and the Endangered Species Act. Over the past several years, the Navy defended itself against four separate lawsuits wherein plaintiffs, relying on these environmental laws, sought to impose additional training restrictions on the Navy's use of MFAS that would significantly degrade military readiness. Without the U.S. Supreme Court's action in one case, Navy training would have been subject to the full impact of a District Court's preliminary injunction that could have precluded our ability to properly train and certify our forces, significantly increasing risk to our sailors and jeopardizing our national security. This case was vital to our Nation's security and the combat readiness of the U.S. Navy. In a separate lawsuit challenging Navy's worldwide MFAS training and testing, Navy and six environmental groups settled the case without imposing additional training restrictions but only after lengthy, expensive litigation. Favorable resolution of these cases, however, does not necessarily represent the end of such challenges that would prevent Navy from training and testing effectively with MFAS. Continued challenges could result in additional restrictions that would serve as the baseline upon which even more stringent restrictions could be imposed during subsequent litigation or by inclusion in permitting and consultation requirements. Further restrictions may necessitate the Navy's returning to Congress for assistance.

EIS FOR F–35 LIGHTNING

52. Senator BURR. Ms. Ferguson, as a result of a BRAC 2005 decision, Eglin AFB, FL, was to be the Joint Initial Training Site for the F–35. The ongoing EIS to support the BRAC decision for basing joint initial training on the F–35 at Eglin has been threatened by controversy over the amount of noise the F–35 will produce and its impact on the local community. Litigation has threatened to delay the ability to stand up the training squadrons for the Air Force, Navy, and Marine Corps by the BRAC implementation deadline of September 2011. What is the status of the EIS for the F–35 Joint Initial Training Site at Eglin and what is the Air Force doing to ensure the ability to train on this new aircraft is available on time?

Ms. FERGUSON. The Air Force completed an EIS for the Joint Strike Fighter (JSF) Initial Joint Training Site in October 2008. The EIS evaluated the basing of 107 F–35 Primary Assigned Aircraft (PAA). Based on further consideration of potential noise impacts, mitigation measures, and public comments, the Air Force signed a Record of Decision in February 2009 allowing delivery of 59 F–35 PAA with flight operation limitations until the completion of a Supplemental EIS (SEIS).

The Air Force is still working toward a goal of basing 107 F–35 PAA at Eglin. However, the SEIS will analyze the beddown and operational alternatives and mitigations for a full complement of the 59 F–35 PAA to include potential impacts of moving beyond 59 aircraft, to include the additional 48 aircraft. The SEIS is expected to be completed in September 2010.

53. Senator BURR. Ms. Ferguson, the process of evaluating other training and operational squadron sites for the new F–35 has begun, but the start of a formal EIS process has been delayed from the planned original start date in early 2009. When will the EIS process start for training and operational bases for the F–35?

Ms. FERGUSON. We will begin the formal environmental analysis and conduct public meetings with communities around the candidate bases this fall.

54. Senator BURR. Ms. Ferguson, what criteria are being evaluated to determine the range of potential alternative sites?

Ms. FERGUSON. The criteria is being finalized now and our plan is to make it available through a briefing to all interested Members of Congress and their staffs, which we expect to provide in early August 2009.

55. Senator BURR. Ms. Ferguson, will this criteria be publicly released?

Ms. FERGUSON. Yes, The Air Force will release the JSF criteria in early August 2009.

NAVY OUTLYING LANDING FIELD IN NORTH CAROLINA

56. Senator BURR. Secretary Penn, what is the status of the new EIS for an Outlying Landing Field (OLF) to support East Coast Navy and Marine Corps pilot training?

Secretary PENN. The Navy continues to evaluate five sites, three in southeastern Virginia and two in northeastern North Carolina, for construction and operation of an additional OLF to support Field Carrier Landing Practice operations for all Carrier Air Wing (CVW) fixed-wing squadrons home based and transient to NAS Oceana and Naval Station Norfolk. The required environmental analysis and documentation is underway and progressing. With multiple Federal and State agencies involved, the Navy is scheduling the time required to complete data collection and analysis to ensure we have taken the necessary hard look under NEPA to make an informed decision.

57. Senator BURR. Secretary Penn, what does the Navy intend to do with real estate purchased in Washington County, NC, which is no longer being considered as the site for the new OLF?

Secretary PENN. The Navy has determined that no further requirement exists for the 1,163 acres purchased in Washington County, NC. Accordingly, the Navy is proceeding under normal Federal real property disposal procedures in compliance with the Federal Management Regulation dealing with real property disposal. After confirming that there is no foreseeable DOD military requirement, no special provisions regarding disposal of the property, and no other congressional legislative action that would provide such a provision, the Navy will report the property to GSA as excess property for disposal in accordance with applicable regulations.

58. Senator BURR. Secretary Penn, is the Navy committed to addressing the concerns of local communities during the selection process? If so, how will those concerns be addressed?

Secretary PENN. The Navy has been fully committed to addressing the concerns of local communities from the very beginnings of this new EIS process, and, to that end, has engaged in an ongoing outreach program with elected officials, businesses and business associations, and civic, community, educational, and veterans' organizations. This outreach has resulted in over 60 meetings over the last 24 months, allowing the Navy to better understand the concerns of local communities as we move forward in the EIS process.

As we meet our responsibilities under the NEPA to prepare an EIS to inform a decision with respect to the five potential OLF sites, we remain fully committed to seeking public input and exhaustively examining alternatives prior to making a final decision. As such, we are working with agencies in the Commonwealth of Virginia and the State of North Carolina, NGOs, and public and private enterprises to identify economic and environmental opportunities to further benefit a local community hosting an OLF. These opportunities could include protection and enhancement of the natural environment, lease opportunities to increase community revenues, facilitation with community accepted development, and/or assistance in keeping the land in its natural state and preserving the vital rural way of life that these communities cherish. However, it is important to understand that the Navy does not wish to impose a vision of the future on any county or region, but as able, will provide assistance in implementing a local, community vision. To that end, it may be necessary in the future to seek additional authorities not allowed under current law to enable the Navy to address those concerns. The Navy will be better able to address such concerns once a preferred alternative is identified.

However, one example of the Navy recognizing and addressing community concerns is in regard to the issue of private property and local tax losses, which have been central to any discussion on the OLF project from the outset. To address these community concerns, the Navy adjusted its requirement such that it will only seek to acquire property or property interests as necessary to meet the military mission, while concurrently providing the opportunity for landowners and residences impacted by the construction and operation of an OLF to voluntarily sell their property to the Navy.

MANAGEMENT OF HOUSING PRIVATIZATION TRANSACTIONS

59. Senator BURR. Mr. Calcara, I have a question about the contracts used by the Army to manage housing privatization transactions involving partnerships. I read the testimony from last year when Secretary Eastin stated that the Army's Portfolio and Asset Management program was strong and proactive. The overwhelming ma-

jority of the Army's housing inventories are now privatized and under management of the partnership. DOD's efforts over the past 10 years to increase a servicemember's base allowance for housing has resulted in sizeable reserves growing in housing privatization reserve accounts, which can be used to accelerate renovation and recapitalization activities. Eventually though, the housing inventory for each transaction will reach a point of optimal performance as measured by occupancy rates, and reserve funds will still be growing. Please provide your assessment of the current management practices used by the Army for housing privatization.

Mr. CALCARA. The testimony that Secretary Eastin gave last year is still valid. The Portfolio and Asset Management program remains strong and proactive, and we continue to identify potential challenges and opportunities and to develop appropriate responses to ensure that the quality of life for soldiers and their families remains high. While reserve funds will continue to grow, those funds will be utilized to continue to replace and renovate the housing at each project to ensure that the condition of the homes remains at the levels required to sustain resident satisfaction and quality of communities. This sustainment program differentiates the Residential Communities Initiative (RCI) program from past initiatives with the private sector such as section 801 Build-to-Lease, Capehart, and Wherry housing programs. To determine the optimal use and investment of funds, the Army works with its partners to evaluate current capital market conditions, resident satisfaction survey results, the condition of the housing stock at each project, and the long-term needs of the project. Out-year planning is reviewed every few years and more frequently as the project nears the end of its initial development period. Relying on expertise from the private sector, we participate in decisionmaking related to balancing investment opportunities with capital requirements.

60. Senator BURR. Mr. Calcara, do you see a need to change the methods or processes used by the Army to manage the partnerships? If so, are you in the process of evaluating potential changes to the Army's Portfolio and Asset Management program, and can you describe these changes?

Mr. CALCARA. No, I do not see a need to change the methods or processes used by the Army to manage partnerships. In 2006, the GAO conducted a review of the portfolio and asset management (PAM) programs of all three Services and determined that those of the Army and Air Force were strong, viable programs that provided mechanisms for the early identification and resolution of issues. The Army's PAM program is based on the investment management practices of one of the largest private sector real estate firms. The Army recognizes that any changes to the current program could jeopardize the Army's ability to assess the risk of its investments and could compromise the Army's ability to ensure appropriate execution of its military housing privatization projects.

USE OF SEA RANGES

61. Senator BURR. Secretary Penn, the Navy is well underway with a programmatic effort to comply with the NEPA and the Marine Mammal Protection Act that involves completing an EIS for each of its major at-sea training ranges. This will require a sustained, dedicated effort by both the Navy and the regulatory agency, the National Marine Fisheries Service, since the letter of authorization for impacts on marine mammals must be renewed annually and must take into account the evolving science regarding how marine mammals are affected by sonar. Are you confident that the Navy and the regulatory agency have sufficient personnel and resources to meet the demand for renewal of these permits?

Secretary PENN. I am confident that the Navy has sufficient personnel and resources to meet the critical milestones of its environmental compliance plan. We understand, however, that implementation of the Navy's plan has placed a significant new and continuing regulatory burden on the National Marine Fisheries Service (NMFS). NMFS plays a major role as a cooperating agency with the Navy in preparing environmental analyses under the NEPA and Executive Order 12114, and in conducting regulatory processes under the Marine Mammal Protection Act and Endangered Species Act. NMFS itself can best speak to whether it could benefit from additional resources to meet its increased regulatory workload.

62. Senator BURR. Secretary Penn, what would happen if the Navy and the regulatory agency did not complete the annual renewal process on time?

Secretary PENN. The Navy would need to stop using the range for the regulated activity. If the renewal processes are not completed on time, the Navy would have to evaluate readiness levels and operational requirements and whether training

schedules and corresponding deployments could be shifted to a time period when the annual renewal processes would be completed. The longer the delay in issuing renewals, the greater the impacts will be to military readiness and the Navy's ability to meet its operational requirements.

The Navy's Fleet Response Plan (FRP) is at the heart of our training schedules. That plan ensures continuously available and surge-ready forces are prepared to respond to crisis; but FRP is also integral to preparations for scheduled deployments. Delays in any training causes ripple effects in several regards. First, individual unit skills could atrophy and require additional time to be regained. Second, delays in training could impact deployment of naval forces and their ability to timely relieve or support forces that are already deployed.

BARRACKS PRIVATIZATION

63. Senator BURR. Mr. Calcara, the Army has recently completed transactions with local private partners to construct unaccompanied officer and senior enlisted barracks at Fort Bragg, NC; Fort Stewart, GA; and three other locations. From initial reports, these townhouse-style complexes seem to be a raging success. What are the pros and cons to using a private developer, similar to housing privatization to build and maintain Army barracks for junior enlisted personnel?

Mr. CALCARA. I fully agree that the privatization of senior soldier unaccompanied personnel housing (UPH) has been very successful. However, our current position is that UPH privatization will be limited to single staff sergeants and above. Although there are many positive aspects of housing privatization (e.g., potential savings/cost avoidance of scarce resources, ability to fix and sustain barracks over the long-term, better amenities for soldiers, etc.), there are many challenges with the privatization of accommodations for our junior, single soldiers, i.e. barracks. Significant "scoring" issues by the OMB must be resolved before the Army can consider any barracks privatization projects. OMB would score such issues as mandatory assignments, equity contributions, or loan guarantees. Further, junior soldiers cannot be required to live in privatized barracks and would have to have the option to take their housing allowances and live off-post. The Army does not currently authorize these soldiers any housing allowances or to live off post, and there are concerns about how privatization can be balanced with the Army's Warrior Ethos and unit integrity. Other issues that must be addressed include extended deployments and use of the resident "waterfall" (possibility of civilian assignments into barracks).

64. Senator BURR. Mr. Calcara, does it make economic sense over the life cycle of a barracks?

Mr. CALCARA. We do not know at this time. We are conducting an internal analysis to determine the feasibility of barracks privatization to supplement (not replace) the Anny's Holistic Barracks Strategy. All previous analyses will be considered and made part of the final analysis.

65. Senator BURR. Mr. Calcara, what are the concerns within the Department of the Army with using a public-private venture to build and maintain junior enlisted barracks?

Mr. CALCARA. There are many challenges with the privatization of accommodations for our junior, single soldiers, i.e., barracks. Significant "scoring" issues by the OMB must be resolved before the Army can consider any barracks privatization projects. OMB would score such issues as mandatory assignments, equity contributions, or loan guarantees. Further, junior soldiers cannot be required to live in privatized barracks and would have to have the option to take their housing allowances and live off-post. The Army does not currently authorize these soldiers any housing allowances or to live off post, and there are concerns about how privatization can be balanced with the Army's Warrior Ethos and unit integrity. Other issues that must be addressed include extended deployments and use of the resident "waterfall" (possibility of civilian assignments into barracks).

66. Senator BURR. Mr. Calcara, should the Army be directed by Congress to carry out barracks privatization initiatives for junior enlisted personnel?

Mr. CALCARA. No. If the Army is directed to privatize barracks, there may be some unnecessary, negative impacts on the Army. For example, the OMB would score the projects, thus costing the Army millions or billions of dollars unnecessarily, and it would put our entire MILCON program at risk. Further, privatization would negatively affect the Army's warfighting Ethos and culture. The Army is conducting an internal analysis to determine the feasibility of barracks privatization to

supplement (not replace) the Army's Holistic Barracks Strategy. All previous reports and strategies will be considered and made part of the final analyses on the way ahead.

FACILITIES FOR IRAQ REDEPLOYMENT

67. Senator BURR. Mr. Arny and Mr. Calcara, the redeployment of U.S. forces from Iraq, a process DOD refers to as "reposturing," will be a massive and expensive effort. As of March 2008, for example, there were about 173,000 pieces of equipment in Iraq, worth about $16.5 billion, that will need to be returned to the United States. I have a few questions regarding the development of a comprehensive plan for reposturing U.S. forces from Iraq. Does DOD have agreed-upon guidance for environmental clean-up and the disposition of property, which could affect the time and cost of closing bases in Iraq? If so, can you describe the guidance?

Mr. ARNY. Guidance was developed and published in the form of an Operations Order by Multinational Force-Iraq covering reposture and drawdown that includes equipment disposition and environmental considerations. The process is based on a 140-day model for closure/transfer developed in Iraq and details turn-over standards for facilities.

Disposition of Materiel (both equipment and supplies) will be accomplished utilizing the traditional 5-Step Redeployment Process (applied in order): Consume, Redistribute (or Redeploy), Transfer (in conjunction with Base turnover), Transfer (not in conjunction with Base turnover), and Dispose (through the Defense Reutilization and Marketing Office (DRMO) or Destroy). Equipment and supplies excess to theater or worldwide requirements will be considered for transfer utilizing available authorities (such as Foreign Military Sales, Foreign Excess Personal Property, or Excess Defense Articles).

Guidance for environmental considerations provides for removal of stored hazardous and medical wastes, hazardous materials, insurgent chemicals, fuels, and U.S. controlled munitions, and for collection and disposal of solid waste. Additionally we will close and secure environmental systems such as water and wastewater systems, burn pits, dumps, landfills, and above and below ground storage tanks to the extent the Government of Iraq has not identified a follow-on use. We do not perform remediation for purposes of return of facilities. We are preparing environmental closure reports that document the environmental condition as we return the bases which can be used by the Government of Iraq to guide future actions and to protect the United States from unwarranted claims. This guidance takes into account our commitment to work with the Government of Iraq on potential future use of the facility to help minimize resources and time required.

Mr. CALCARA. I concur with Mr. Arny's response and have no further information to add.

68. Senator BURR. Mr. Arny and Mr. Calcara, is there an associated estimate of the costs for this activity?

Mr. ARNY. No, the costs for individual components of base closure and return are not broken out.

Mr. CALCARA. I concur with Mr. Arny's response and have no further information to add.

69. Senator BURR. Mr. Arny and Mr. Calcara, does DOD foresee the possibility of restrictive conditions on the use of facilities in Kuwait and other neighboring countries? If so, how will these restrictive conditions affect reposturing plans?

Mr. ARNY. The use of military facilities in Kuwait is governed by the U.S.-Kuwait Defense Cooperation Agreement. The United States will work with Kuwait and other regional partners on access to and use of facilities, and is prepared to address contingency requirements.

Mr. CALCARA. I concur with Mr. Arny's response and have no further information to add.

70. Senator BURR. Mr. Arny and Mr. Calcara, will there be adequate infrastructure and facilities in the United States to house and provide work space for returning units?

Mr. ARNY. The Department will pursue all means available to provide adequate facilities for units returning from Iraq. That will include building new facilities, using vacant facilities, and purchasing or reusing relocatable facilities. In those cases where the immediate solution is not a permanent solution, the Department will implement a permanent solution as quickly as possible.

Mr. CALCARA. The acceleration of the Operation Iraqi Freedom (OIF) drawdown is expected to complicate the Army's already tightly synchronized facility support plan. The Army has a strategy to accommodate returning units, which includes new construction, vacant facilities, and where required, the use of temporary relocatable buildings until permanent facilities are built. Upon release of the United States Central Command OIF Drawdown Plan, the Army will gain greater fidelity on the impact of our installations and its ability to ensure adequate facility support.

STATUS OF 2005 DEFENSE BASE REALIGNMENT AND CLOSURE ROUND

71. Senator BURR. Mr. Arny, according to GAO, "The 2005 BRAC round is the biggest, most complex, and costliest BRAC round ever." Their recent report went on to say that "DOD has made progress in implementing the BRAC 2005 round but faces challenges in its ability to meet the September 15, 2011, statutory completion deadline. DOD expects almost half of the 800 defense locations implementing BRAC recommendations to complete their actions in 2011; however, about 230 of these almost 400 locations anticipate completion within the last 2 weeks of the deadline." Will the Department meet the statutory deadline of September 15, 2011?

Mr. ARNY. Yes, the Department intends to meet the statutory deadline of September 15, 2011. 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 business plan managers to explain their actions underway to mitigate the impacts of problem issues. The business managers have and will continue to brief the status of implementation actions associated with recommendations which exceed $100 million on a continuing basis through statutory completion of all recommendations (September 15, 2011). The business managers are also required to brief other plans for which they have concerns.

72. Senator BURR. Mr. Arny, are you requiring BRAC officials at both the Army and the Air Force to update their savings estimates in order to provide Congress with a realistic assessment of the value of this process?

Mr. ARNY. Because the Department considers the updating of savings estimates to be essential, it is requiring all components to update these estimates on a regular basis. While sufficient guidance already exists in the financial management regulation, additional emphasis on this effort is being provided during all BRAC program execution update discussions and in all business plan update approval documentation. Business plans serve as the basis for guiding BRAC implementation actions and specifying the required funding.

IMPACT OF FORCE STRUCTURE DECISIONS ON HOST NATION SUPPORT

73. Senator BURR. Mr. Calcara and Ms. Ferguson, this committee has encouraged DOD to work with nations hosting U.S. military personnel at bases and in local communities to develop partnerships in order to address housing, infrastructure, and community support requirements. These efforts allow U.S. taxpayer funds to be used for other critical mission requirements. Two recent decisions by the Army and the Air Force related to force structure in Germany has jeopardized ongoing initiatives for local governments to provide private resources for construction of housing and provision of other resources, and discourages any future cooperative efforts. What are the future possibilities for the German Government to be able to work with the Army and the Air Force to provide housing for U.S. military forces?

Mr. CALCARA. The U.S. Army in Europe continues to work very closely with German agencies to further housing and infrastructure initiatives. The U.S. Army strongly supports and pursues opportunities for Host Nation funding of infrastructure and housing. We are not aware of any ongoing initiatives with local governments being jeopardized. To the contrary, we have experienced recent success in the German State of Baden-Wuerttemberg with two German funded alternate construction partnerships affecting both family housing and community infrastructure.

We have also experienced great success in the State of Hessen as they worked with city and Federal agencies to acquire real estate for housing and improved vehicular access to military facilities at Wiesbaden. We continue to meet with our Host Nation partners in Rhineland—Palatinate to develop an innovative rental

partnership program that will potentially service the Baumholder military community.

Finally, the State of Bavaria continues to assist with various build-to-lease initiatives that support the Grafenwoehr/Vilseck community. The environment remains positive as we continue hi-lateral discussions seeking burdensharing opportunities that are realistic and remain within the parameters of governing Status of Forces Treaty Agreements and accommodations protocols. We are optimistic about future possibilities for the German federal and state governments to assist in providing housing and infrastructure support to U.S. military forces.

Ms. FERGUSON. The Air Force was working, in close cooperation with the German Federal Real Estate Office, to facilitate a build-to-lease initiative for 271 housing units at Spangdahlem, AB Germany. The request for proposals, issued in June 2008, was based on the 2006 Housing Requirements Market Analysis (HRMA) which projected requirements through 2011. The 2009 HRMA indicated a need for only 38 units beyond the existing installation inventory and private sector supply. The build-to-lease proposals received in October 2008 totaled 134 units. Through mutual agreement between headquarters USAFE and the German agencies it was determined that a reduced build-to-lease project for 38 units would not be financially viable. As a result, the build-to-lease initiative was cancelled. If the requirement increases at some future date, it can be pursued through cooperative efforts between the Air Force and the German Government.

74. Senator BURR. Mr. Calcara and Ms. Ferguson, as for the future of Baumholder, what major units does the Army plan to station there?

Mr. CALCARA. At this time, the Army has not decided which major units to station in Baumholder. As soon as we reach a decision, we will notify the committees of concern.

Ms. FERGUSON. The Air Force defers to the Army on questions pertaining to Baumholder.

75. Senator BURR. Mr. Calcara and Ms. Ferguson, how many personnel and families will end up being stationed at Baumholder?

Mr. CALCARA. The Army will have greater fidelity on the number of military personnel and families as soon as we decide which units to station in Baumholder.

Ms. FERGUSON. The Air Force defers to the Army on questions pertaining to Baumholder.

QUESTIONS SUBMITTED BY SENATOR JOHN THUNE

ALTERNATIVE FUEL GOALS

76. Senator THUNE. Ms. Ferguson, last year, Secretary Donley signed the Air Force Energy Policy which, among other things, establishes a couple of goals with respect to using alternative fuels in the Air Force aircraft fleet. One goal is to test and certify the aircraft fleet on a 50/50 alternative fuel blend by 2011. A follow-on goal is to acquire 50 percent of the Air Force's domestic aviation fuel requirement via an alternative fuel blend in which the alternative component is derived from domestic sources. From what I understand, an initiative to build a Coal-to-Liquid (CTL) plant on Malmstrom AFB in Montana was abandoned earlier this year and a similar plan to build a plant in Alaska with a guaranteed 5-year contract is still up for grabs with no takers. How well is the Air Force proceeding toward reaching these alternative fuel goals?

Ms. FERGUSON. The Air Force is proceeding well towards reaching its alternative aviation fuel goals of certifying its aircraft fleet for use of a 50/50 synthetic fuel blend by 2011 and the follow-on goal of being prepared to acquire 50 percent of the Air Force's domestic aviation fuel requirement via an alternative aviation fuel blend in which the alternative component is derived from domestic sources.

The Air Force's Alternative Aviation Fuel Initiative encompasses certification and testing of synthetic fuel blends produced via the Fischer-Tropsch (FT) process and recently initiated efforts involving biomass-derived fuel blends.

The Air Force is on track to certify its aircraft, applicable vehicles and support equipment, and associated storage and distribution infrastructure for unrestricted operational use of a synthetic fuel blend by early 2011. The B–52, C–17, B–1B, and F–15 have been certified for unrestricted operations using the synthetic fuel blend and the F–22, KC–135, C–5, and T–38 are expected to be certified by the end of 2009. Certification of applicable support equipment and vehicles is over 90 percent

complete. Full certification is expected by late 2009. Full certification of storage and distribution infrastructure is expected to be completed by 2010.

In addition to the synthetic fuel blend certification, the Air Force initiated a biomass-derived aviation fuel certification program in January 2009. To support this effort, the Defense Energy Support Center is currently managing an active solicitation for up to 400,000 gallons of renewable aviation fuel derived from biomass. Once the Air Force receives this fuel, it will be used to fulfill biomass-derived fuel blend certification efforts.

Both certification efforts ensure the Air Force will be prepared to cost competitively acquire 50 percent of its domestic aviation fuel requirement by 2016 via an alternative fuel blend in which the alternative component is derived from domestic sources produced in a manner that is greener than fuels produced from conventional petroleum.

The Air Force examined the possibility of developing a CTL facility on Malmstrom AFB through an Enhanced Use Lease (EUL); however, SAF/IEI determined there were no viable responses to the RFQ and that proposed plant adversely impacts the mission of 341st Missile Wing. Currently, the Air Force is examining the feasibility, cost effectiveness, and environmental impacts of building siting a coal/biomass-to-liquid on or nearby Eielson AFB utilizing EUL authorities. The Air Force is working in partnership with the Fairbanks Economic Development Corporation and other local community officials. While a CTL plant could eventually be sited on Air Force property using EUL authorities or another public-private partnership agreement, the Air Force will not own, operate, or finance any plant.

77. Senator THUNE. Ms. Ferguson, how can this committee help the Air Force reach its goal of using domestically produced alternative fuel?

Ms. FERGUSON. The Air Force is currently certifying its aircraft, applicable vehicles and support equipment, and associated storage and distribution infrastructure for unrestricted operational use of a synthetic fuel blend by early 2011. Ultimately, the Air Force goal is to be prepared to cost competitively acquire 50 percent of the Air Force's domestic aviation fuel requirement via an alternative fuel blend in which the alternative component is derived from domestic sources produced in a manner that is greener than fuels produced from conventional petroleum by 2016. While the Air Force appreciates both the Senator's and the committee's continued strong support of the certification efforts specifically and, more generally, the Air Force energy plans, programs, and strategies, no additional assistance is needed at this time.

DRAFT ENVIRONMENTAL IMPACT STATEMENT

78. Senator THUNE. Ms. Ferguson, the Air Force has proposed to expand the Powder River Training Complex. According to a recent update, the draft EIS will probably be published early this summer and made available for public comment. What is the status of the draft EIS?

Ms. FERGUSON. The draft EIS has been extended due to mitigation procedures between the proponent and the FAA as well as weather issues. Representatives from the 28th Bomb Wing and the Western Service Area Air Force FAA liaison met with FAA representatives (Denver, Minneapolis, Salt Lake) at Ellsworth AFB in an effort to mitigate FAA concerns regarding Instrument Flight Rules access to airspace and local airports. Significant progress was made to resolve arrival and departure concerns as well as some issues related to the Air Traffic Control Assigned Airspace. Ellsworth AFB is revising operational data while the FAA generates the data regarding civil air traffic.

79. Senator THUNE. Ms. Ferguson, when do you expect the draft EIS to be completed and made available for public comment?

Ms. FERGUSON. We anticipate the draft EIS will be released in spring 2010 at the public hearings as part of the EIS development process.

[Whereupon, at 4:45 p.m., the subcommittee adjourned.]

○