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ARMED SERVICES COMMITTEE

STATEMENT OF
REAR ADMIRAL CHRISTOPHER WEAVER
COMMANDER, NAVY INSTALLATIONS COMMAND
BEFORE THE
SUBCOMMITTEE ON READINESS AND MANAGEMENT
OF THE
SENATE ARMED SERVICES COMMITTEE

01 APRIL 2004

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Mr. Chairman and members of the Committee, I am Rear Admiral Christopher Weaver, Commander, Navy Installations Command. It is a pleasure to appear before you today to provide an overview of the Navy's shore infrastructure and environmental programs.

FY-2005 Budget Overview

Projecting power and influence from the sea is the enduring and unique contribution of the Navy and Marine Corps team to national security. The Navy's FY-2005 budget request balances risks across operational, institutional, force management and future challenges identified by the Secretary of Defense.

The Navy's installation and environmental programs total \$6.9 billion in FY-2005. That our portion of the Navy's budget is declining bears witness to the successes we have had in the last few years managing costs and pursuing innovative solutions to long-term problems. We continue to meet all Department of Defense (DoD) and Navy installations and environmental goals. This budget provides funds to operate, recapitalize and transform our fleet assets and our shore installations.

Base Operations Support funds provide fundamental services such as utilities, fire and security, air operations, port operations, and custodial care that enable the daily operations of our bases. Our FY-2005 request to support these services is \$3.2 billion.

Our Military Construction request is a very robust \$850 million. It keeps us on track to eliminate inadequate bachelor housing, and provides critical operational, training, and mission enhancement projects.

The Family Housing request of \$574 million provides funds to operate, maintain and revitalize our worldwide inventory of 36,000 units. Our Family Housing request declines compared to FY-2004 because of increases in the military pay accounts for Basic Allowance for Housing, which makes finding affordable housing in the community more likely, and the success of our housing privatization efforts. Through privatization and future construction funds, the Navy achieves the DoD goal to eliminate inadequate homes by FY-2007.

Sustainment, Restoration and Modernization (SRM) funding is used to sustain existing facilities in an acceptable level of readiness and restore and modernize inadequate or inefficient facilities. Operations and Maintenance funds dedicated to SRM activities in FY-2005 is \$1.33 billion. Facilities sustainment requirements are based on a DoD model. The budget achieves 95 percent of the model requirement for Navy bases, an increase of two percent

above the FY-2004 request. While the FY-2005 recapitalization rate declines slightly compared to FY-2004, we will meet the DoD 67-year recapitalization rate goal by FY-2008.

Our FY-2005 request for environmental programs totals \$840 million. This request is sufficient to meet all known environmental compliance and cleanup requirements, invest in pollution prevention, and fund cultural and natural resources conservation efforts, including implementation of Integrated Natural Resources Management Plans.

I will now discuss these areas in more detail.

Housing

We have made a special effort in this budget to maintain progress in improving the quality of housing for our Sailors.

Family Housing

Our family housing strategy consists of a prioritized triad:

- Reliance on the Private Sector. In accordance with longstanding DoD and Navy policy, we rely first on the local community to provide housing for our Sailors, and their families. Approximately three out of four Navy families receive BAH and own or rent homes in the community. Our bases have housing referral offices to help newly arriving families find suitable homes in the community.
- Public/Private Ventures (PPV). With support from the Congress, we have used statutory PPV authorities enacted in 1996 to partner with the private sector to use private sector capital. These authorities, which I like to think of in terms of public/private partnerships, allow us to leverage our own resources to provide better housing considerably faster to our families.
- Military Construction. Military construction will continue to be used where PPV authorities don't apply (such as overseas), or where a business case analysis shows that a PPV project is not financially sound.

FY-2004/2005 PPV HOMES

Navy

- Hawaii: 1,948
- Northeast: 4,210 *
- Northwest I: 2,705
- Mid-Atlantic: 5,930
- Great Lakes/Crane: 2,823
- San Diego: 2,668

* Scope being revised to retain 250 more units previously planned for divestiture at Mitchel Housing Complex in Long Island, NY

The Importance of BAH

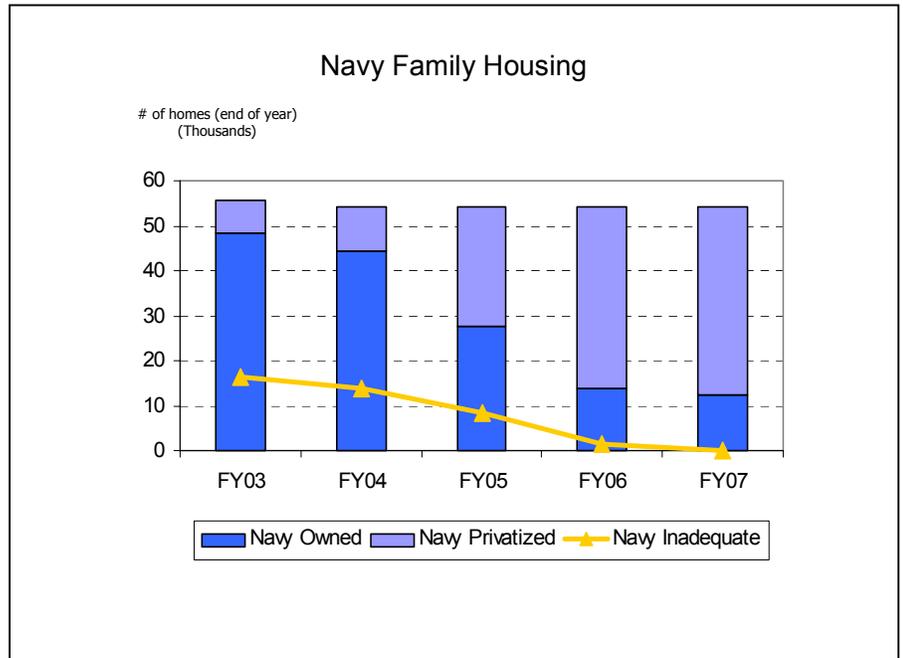
Higher BAH allowances help more Sailors and their families to find good, affordable housing in the community without additional out-of-pocket expenses. This reduces the need for military housing, allowing us to divest excess, inadequate homes from our inventory. Higher BAH also improves the income stream for PPV projects, making them more economically attractive to potential developers. The FY-2005 request completes a five-year DoD goal to increase BAH and eliminate average out-of-pocket expenses for housing.

Eliminating Inadequate Homes

The Navy remains on track to eliminate inadequate family housing units by FY-2007. We continue to pursue privatization at locations where it makes sense. We will eliminate almost 70% of our inadequate inventory through the use of public/private ventures. As of March 1, 2004, we have awarded 9 projects totaling approximately 9,700 units. We recently awarded a joint Army/Navy military housing project at Monterey, California that includes 593 homes at the Naval Postgraduate School. During FY-2004 and FY-2005, we plan to award six projects totaling approximately 20,000 homes. This will allow us to improve our housing stock and provide more homes to Sailors and their families much faster than if we relied solely on traditional military construction. The Navy is now taking a regional approach to accelerate progress and improve the financial viability of its PPV projects.

There will still be a residual inventory of Government-owned housing after FY-2007 with a continuing need for family housing construction, operations, and maintenance funds. However these requirements will decline as family housing is privatized. We continue to review these requirements, particularly in the management sub-account, as we transition from ownership to privatization.

The single biggest challenge in our efforts to eliminate inadequate family housing by FY-2007 is the statutory “cap” on the amount of budget authority that can be used in military family housing privatization. DoD projects that the



Services will reach the current cap of \$850 million in FY-2004, and that it will impede our ability to carry out our FY-2005 privatization effort. Military family housing privatization is a successful tool to provide quality, self-sustaining housing for Navy families. It is important that we stay the course. We will continue to work with the Congress to ensure that our Sailors live in quality housing.

Bachelor Housing

Our budget request of \$130 million for bachelor quarters construction continues our emphasis on improving living conditions for unaccompanied Sailors. There are three challenges:

1. Provide Homes Ashore for our Shipboard Sailors. There are approximately 17,500 Sailors worldwide who are required to live aboard ship while in homeport. Based upon actions taken by the Navy and funds provided by Congress through FY-2004, we have now given 4,900 Sailors a place ashore to call home. This is our most pressing housing issue. The Navy will achieve its "homeport ashore" initiative by FY-2008 by housing two members per room. Our FY-2005 budget includes one "homeport ashore" project at Naval Shipyard, Bremerton, Washington. By housing two members per room, this project will provide spaces for almost 800 shipboard Sailors.
2. Ensure our Barracks Meet Today's Standards for Privacy. We are continuing our efforts to construct new and modernize existing barracks to provide more privacy for our single Sailors. The Navy applies the "1+1" standard for permanent party barracks. Under this standard, each single junior Sailor has his or her own sleeping area and shares a bathroom and common area with another member. The Navy will achieve these barracks construction standards by FY-2013.
3. Eliminate gang heads. The Navy remains on track to eliminate inadequate barracks with gang heads for permanent party personnel¹ by FY-2007.

While we believe privatization will be as successful in accelerating improvements in living conditions for our single Sailors as it has been for families, it does present a different set of challenges. For years, we have built barracks to military rather than local community standards. For example, there were limits on room size, and no common area for occupants to prepare meals or to socialize. I want to thank the Congress for legislation last year to allow building privatized barracks to private sector standards.

We must now consider other unique aspects in privatizing bachelor housing: the impact of extended deployments on unit occupancy and storage

¹ Gang heads remain acceptable for recruits and trainees.

requirements; their location outside the fence line of the base, or inside the fence line but on severable Government land; and sharing a unit by two or more members. We are confident that the Government can join with a private partner to fashion a solution to these concerns that preserve the viability of a project while protecting Government interests. We are developing pilot unaccompanied housing privatization projects for San Diego, CA and Hampton Roads, VA.

Military Construction

Military Construction Projects

Our FY-2005 military construction program (active and reserves) requests appropriations of \$850 million. It includes \$190 million for 7 waterfront and airfield projects; \$138 million for 5 quality of life projects (including barracks); \$69 million for 6 force protection projects; \$176 million for 3 projects supporting new capabilities; \$153 million for 8 mission enhancement projects; and \$38 million for 2 environmental compliance projects. There is \$74 million for planning and design, and \$12 million for unspecified minor construction.

In aggregate, about two-thirds of the military construction request is for restoration and modernization projects. The remaining portion of the program is for new footprint projects that provide for new capabilities, e.g., force protection, bachelor quarters, and facilities for new platforms.

There are 5 projects totaling \$94 million at non-U.S. locations overseas – Rota, Spain; Andros Island, Bahamas; Diego Garcia; and two projects in Sigonella, Italy.

Nine projects totaling \$426 million in FY-2005 appropriations have construction schedules (including FY-2004 continuing projects) exceeding one year and cost more than \$50 million, thus meeting the criteria for incremental funding. Four of these projects received full authorization in FY-2004 and are being continued or completed in FY-2005. We are requesting \$245 million appropriations and \$497 million in new authorization to start 5 incrementally funded projects in FY-2005.

Outlying Landing Field, Washington County, North Carolina

The new F/A-18E/F Super Hornet is replacing F-14 and older F/A-18C aircraft. The Navy prepared an Environmental Impact Statement that examined a range of alternatives for homebasing these new aircraft on the East Coast. A Record of Decision was signed in September 2003 to base eight tactical squadrons and a fleet replacement squadron at Naval Air Station Oceana, VA, and two tactical squadrons at Marine Corps Air Station Cherry Point, NC.

This homebasing decision requires a new Outlying Landing Field (OLF) to support fleet carrier landing practice (FCLP) training. The current site near Virginia Beach, VA is not as effective for night-time training due to ambient light sources, and lacks the capacity to handle a training surge such as experienced for the war on terrorism and Operation Iraqi Freedom. The Washington County site is about halfway between NAS Oceana and MCAS Cherry Point. We believe it is the best alternative from an operational perspective.

In FY-2004 the Congress provided authority to acquire approximately 3,000 acres for the core area of the OLF and to begin constructing the runway. We are now seeking authority to acquire a 30,000-acre buffer zone for noise, build a control tower, and erect fire and rescue facilities. We are asking for this authority over two years, with the first increment of \$61.8 million in FY-2005.

There is some local opposition to the OLF site we selected; two lawsuits challenge the sufficiency of the Department's Environmental Impact Statement. The Navy wants to be a good neighbor, and will consider the concerns of local property owners. For example, the Navy has committed that all land not required for actual OLF operations will be available for continued agricultural use. The Navy believes it has met all legal and regulatory requirements, and is proceeding with property acquisitions and construction planning.

VXX

Marine Helicopter Squadron One (HMX-1), located at the Marine Corps Air Facility, Quantico, VA, now performs helicopter transportation for the President, Vice President and heads of state. Numerous modifications and improvements have limited the mission effectiveness of the current VH-3D and VH-60N helicopters. The planned acquisition of a replacement helicopter, called VXX, will improve transportation, communication, and security capabilities and integrate emerging technologies. The total acquisition cost is \$5.9 billion. Originally planned for an initial operating capability in 2013, the acquisition schedule has now been accelerated to December 2008.

The FY-2005 budget includes \$777 million in Research and Development for VXX system design and demonstration, and \$106 million (Navy and Marine Corps) in appropriations (\$166 million authorizations) for military construction to support VXX. Facilities are required to support the test and evaluation of three VXX scheduled for delivery in October 2006, to provide hangar space for the eventual full complement of 23 aircraft, and to provide in-service support for the life cycle of the aircraft.

The accelerated VXX acquisition schedule required us to make some judgments in the FY-2005 military construction program to ensure that facilities

would be available in time to house the aircraft and the combined government/contractor support team. There is insufficient excess hangar capacity to house VXX at Naval Air Station Patuxent River, MD, where the Navy conducts most of its test and evaluation of new aircraft. Similarly, the 1935 era hangars at Quantico are inadequate to meet current HMX-1 needs.

However, before committing large sums to construct new facilities, we are studying whether there is excess capacity elsewhere in the National Capital Region that could be adapted to accommodate both the test and evaluation phase and the operational mission for VXX at lower cost than building new facilities at Patuxent and Quantico. In addition, the VXX program manager has a business case analysis underway to determine whether a government owned, contractor operated facility at Patuxent is the most cost effective solution for in-service support. As another variable, the Systems Development and Demonstration (SDD) and initial production solicitation released in December 2003 gives the vendor the option to use its own facilities. We plan to complete these studies, consider the vendors' proposal, and decide this spring on the most cost effective location for the facilities. This timeframe supports the current acquisition timeline. In the absence of specific locations, we labeled two VXX projects in our FY-2005 program under the title "Various Locations."

FACILITIES

Facilities Sustainment, Restoration and Modernization (SRM)

Sustainment -- The Department of Defense uses models to calculate life cycle facility maintenance and repair costs. These models use industry wide standard costs for various types of buildings. Sustainment funds in the Operations and Maintenance accounts maintain shore facilities and infrastructure in good working order and avoid premature degradation. The Navy achieves 95 percent sustainment of the model requirements in FY-2005. Sustainment dollars decreased compared to FY-2004 due to the removal of old facilities in our inventory as a result of our demolition program, and revised pricing assumptions.

Recapitalization -- Restoration and Modernization provides for the major recapitalization of our facilities using Military Construction and Operations and Maintenance funds. While the Navy achieves the Department of Defense goal of a 67-year recapitalization rate by FY-2008, the FY-2005 recap rate rises to 148 years from 140 years in FY-2004. The Navy will manage its near term facilities investment to limit degradation of operational and quality of life facilities.

Closure of Naval Station Roosevelt Roads, Puerto Rico

The Navy will close Naval Station Roosevelt Road by March 31, 2004, as directed by section 8132 of the FY-2004 Defense Appropriations Act. We have begun the required environmental reviews and the initial phases of the property disposal process. The Navy is taking great care in relocating military personnel and families, and assisting civilian employees with relocation and outplacement. The DoD school will remain open until the end of the school year.

As directed in the law, the closure and disposal is being carried out in accordance with the authorities and procedures contained in the Defense Base Closure and Realignment Act (BRAC) of 1990, as amended. The Navy is establishing Naval Activity Puerto Rico as a successor organization to maintain the property and preserve its value through disposal, which we expect to occur in late 2005. The Commonwealth has formed a Local Redevelopment Authority (LRA) that has begun land use planning for the property. The Navy and DoD Office of Economic Adjustment are coordinating with the LRA. We will ensure the needs of the military and civilian employees are met as we carry out this closure and property disposal.

Nebraska Avenue Complex

At the request of the Department of Homeland Security (DHS), the Navy has agreed to relocate 10 Navy commands with 1,147 personnel from its Nebraska Avenue Complex (NAC) in Northwest Washington, D.C. The 556,000 square feet of office space will provide a headquarters facility for DHS personnel. DHS will pay for the Navy's first move, and if necessary, the first year's lease costs. As of the end of January 2004, seven Navy commands with 469 personnel had relocated. The Administration has requested authorizing legislation that would allow the remainder to move by January 2005. To meet this timeline, the requested legislation must be enacted by April 30, 2004. Several of the Navy commands will relocate to government-owned facilities, while others will move to leased spaces until we identify permanent government-owned facilities.

The requested legislation allows the Navy to transfer custody of the NAC property to the General Services Administration (GSA), who will manage the facilities for DHS. We will require a legislative waiver from Section 2909 of the Defense Base Closure and Realignment Act (BRAC), which specifies that bases may not be closed except through the BRAC process. The Navy will receive consideration for the fair market value of NAC in the FY-2006 budget process.

EFFICIENCIES

Commander, Navy Installations Command

The Navy established Commander, Navy Installations Command (CNI) on October 1, 2003 to consolidate and streamline management of its shore infrastructure. Instead of eight Navy commands responsible for planning, programming, budgeting and executing resources for shore installations, there is a single command – CNI. The Navy now has an enterprise wide view of installation management and resources.

CNI will guide all regions and installations towards Navy strategic objectives. The centralized approach will identify and disseminate best business practices across all regions/installations. The ability to identify standard costs and measure outputs is improving the capability based budgeting process. Managing from a program centric knowledge base allows for a top-level assessment of capabilities and risks.

This central focus on facilities can leverage capabilities between the military services to avoid duplicate investments while still creating surge capacity through joint use opportunities. CNI has developed strategic partnerships with Naval Supply Systems Command (NAVSUP) and Naval Facilities Engineering Command (NAVFAC) to apply their logistics and contracting expertise.

The Navy is already realizing savings, estimated at \$1.6 billion across the FYDP, AND improving services from CNI initiatives.

- Consolidating installation functions at the regional level versus installation level (e.g., housing management, administrative functions, contracting, supply, comptroller, business management, maintenance, warehousing).
- Combining command staffs (e.g., NAB Coronado and NAS North Island; CBC Port Hueneme and NAS Point Mugu)
- Consolidating installation contracts (e.g., tug and pilot contracts; custodial and grounds maintenance; negotiating area wide utility rates).
- Shifting installation level supply and contracting functions to NAVSUP and NAVFAC (e.g., eliminate duplication at the installation and regional levels).
- Studying in 2004 the merger of other overlapping installation functions from Bureau of Naval Personnel (e.g., morale, welfare and recreation programs, fleet and family support programs, child care), NAVSUP (personnel support programs such as food services), and NAVFAC (facilities management).

Naval Safety Program

Senior level management attention to safety concerns, coupled with selected financial investments, can yield profound benefits to the well being of

our Sailors, civilians, contractors, and the bottom line mission costs. Ensuring the safety of our people has been a top Navy priority. Secretary Rumsfeld's recently challenged the Military Services to reduce the rate of mishaps by 50% by FY-2006.

That has amplified efforts to reduce mishaps and reaffirm the value we place on safety. We have elevated the position of Commander of the Naval Safety Center from a one-star to a 2-star Flag Officer. On March 17, 2004, Secretary England convened the first senior-level Navy and Marine Corps Safety Council to review Department of the Navy mishap reduction plans. Navy Flag and Marine Corps General Officers chair or co-chair four of the nine Defense Safety Oversight Council Task Forces. We are reducing lost workdays due to injuries in our civilian workforce.

Human error continues to play a role in over 80 percent of our mishaps. We are studying ways to modify high risk driving behaviors. Our FY-2005 budget will expand our Military Flight Operations Quality Assurance initiative, a highly successful program used in commercial aviation that downloads flight performance data (black box data) after every flight and allows the aircrew and aircraft maintenance team to replay a high fidelity animation of the flight and aircraft performance parameters. We are working to improve data collection and analysis in order to effectively integrate safety into the acquisition process.

Joint Cooperation on Installation Management

In February, the installation commanders from Navy's Aviation Engineering Service, Lakehurst, the Army's Fort Dix, and McGuire Air Force Base signed a partnership agreement encouraging joint solutions for common problems between the three contiguous bases and their tenant commands. The three installation commanders are already reducing operating costs by consolidating firearms training, radar information for air operations, and contracts for pest control, linen service, and hazardous waste disposal. We want to encourage such cooperation wherever we have opportunities to partner with the other military departments.

BRAC 2005

Now more than ever, we need to convert excess capacity in our U.S. shore infrastructure into war-fighting capability. BRAC 2005 may well be our last significant opportunity to reduce excess infrastructure, and apply savings to improve readiness. More importantly, it will allow us to transform our infrastructure to best support the force structure of the 21st Century.

The Congress gave considerable thought on how to structure a BRAC 2005 process that sets fair and objective evaluation standards and incorporates the

lessons learned from four previous BRAC rounds. We will be meticulous in meeting these statutory standards. We will treat all bases equally. We will base all recommendations on the 20-year force structure plan, infrastructure inventory, and published selection criteria. In no event will we make any decisions concerning the reduction of infrastructure until all data has been collected, certified and carefully analyzed.

We will look for joint use opportunities in our analysis and recommendations. We must apply the type of joint warfighting successes witnessed in Afghanistan and Iraq to a more efficient and effective Department of Defense shore infrastructure.

Demolition/Footprint Reduction

The Navy has achieved the FY-2002 DoD goal of demolishing 9 million square feet of excess and vacant facilities. In FY-2005, the Navy has budgeted \$49 million to demolish 1.6 million square feet.

The demolition effort has evolved from just eliminating “eye-sores” to encouraging installations to consolidate, move out of costly leased or antiquated facilities, and eliminate the most inefficient facilities. We want to avoid spending SRM and base operating support funds on facilities we no longer need.

Utility Privatization

Privatizing DoD electricity, water, wastewater, and natural gas utility systems to corporations who own and manage such systems will allow DoD to concentrate on core defense functions and yield long term cost savings. The Secretary of Defense has directed that each Service evaluate the potential for privatizing their utility systems, while 10 USC § 2688 provides the legislative authority to convey utility systems where economical. The Navy is on track to meet the DoD goal of reaching a source selection authority (SSA) decision for all of its utility systems by 30 September 2005.

Strategic Sourcing

Our strategic sourcing program examines cost effective options to deliver service and support services to our shore installations. There are three components: OMB Circular A-76 Competitive Sourcing program, Strategic Manpower Planning, and Divestiture.

A-76 competitions compare performance costs for civilian employees versus contract performance for facility management, logistics support, real property maintenance, and other similar functions that are widely available in the commercial sector.

Strategic manpower planning ensures uniform service members perform assignments that are inherently military while converting functions that are commercial in nature to civilian or contractor performance. The Navy is currently studying military positions in FY-2004 and FY-2005 for potential conversion.

We are examining opportunities to divest functions that are not core competencies of the Navy and are readily available in the commercial sector. As an initial effort, we are studying whether to divest our optical fabrication to private industry. The Navy has 380 military and civilian personnel and spends \$36 million per year to produce 1.3 million pairs of eyeglasses annually. The study is scheduled for completion in FY-2004.

PRIOR BRAC CLEANUP & PROPERTY DISPOSAL

The BRAC rounds of 1988, 1991, 1993, and 1995 have been a major tool in reducing our domestic base structure and generating savings. All that remains is to complete the environmental cleanup and property disposal. We have had significant successes on both fronts.

Property Sales

We have used property sales as a means to expedite cleanup and the disposal process as well as recover the value of government owned property purchased by taxpayers. We are applying funds received from land sales to accelerate cleanup at the remaining prior BRAC locations, both Navy and Marine Corps.

More property sales are planned that will be used to finance the remaining prior BRAC cleanup efforts. We will use the proceeds from sales to finance our FY-2005 program of \$115 million.

Property Disposal

The Department of the Navy (Navy and Marine Corps) had about 161,000 acres planned for disposal from all four prior BRAC rounds, with the former Naval Air Facility Adak, AK accounting for 76,800 acres. The Congress provided the necessary statutory authority last year to allow the Navy to relinquish over 71,000 acres of the Adak land withdrawal to the Department of Interior, and Interior to exchange portions of that land with other lands held by The Aleut Corporation. The Navy will fence and retain about 5,600 acres due to the presence of munitions. I am happy to report that we completed the transfer of 71,200 acres of Adak on March 17, 2004 to the Department of the Interior.

The transfer of Adak, along with recent successful property conveyances at Louisville, KY; Key West, FL; Indianapolis, IN; and Richmond, CA puts us in position to have less than seven percent (or about 11,000 acres) of the property from all four prior BRAC rounds still to dispose by the end of this fiscal year.

Cleanup

The Department of the Navy (Navy and Marine Corps) had spent \$2.3 billion on environmental cleanup at prior BRAC locations through FY-2003. We expect the remaining cost to complete cleanup at about \$495 million for FY-2006 and beyond, most of which is concentrated at fewer than twenty remaining locations. Any additional land sale revenue beyond that currently budgeted will be used to further accelerate cleanup at these remaining prior BRAC locations, which are primarily former industrial facilities that tend to have the most persistent environmental cleanup challenges.

ENVIRONMENTAL CLEANUP

Cleanup Program at Active Bases

We continue to make substantial progress toward completing our environmental restoration program and are on target to complete the cleanup on active bases by the DoD goal of 2014. For the third year in a row, the number of cleanups completed at active bases exceeded the planned target. Almost 70 percent of all sites have remedies in place or responses complete. We have kept a stable funded program and predict steady progress to cleanup the remaining sites.

- Our Alternative Remedial Technology Team reviews innovative technologies and promotes their use in the field.
- Our partnering with regulators minimizes disputes and has served as a model for other agencies. Our Environmental Management Executive Council brings together two EPA Regions and six states on the west coast to jointly resolve issues.
- Our acquisition strategy matches the type of work to be performed with the most cost-effective contractual vehicle while enhancing opportunities for small businesses.

Munitions Response Program

We are working with the Office of the Secretary of Defense to develop Munitions Response Program (MRP) objectives for discarded military munitions and unexploded ordnance (UXO) at locations other than operational ranges. We completed an extensive inventory of our installations to identify potential MRP sites. We continue to move forward on initiating and completing Preliminary Assessments (PAs) and expect to achieve the DoD PA completion goal by FY-2007. Site Inspections (SIs) will begin in FY-2006. Any imminent human health

or environmental concerns identified during our investigations will be addressed immediately.

Vieques Cleanup

We ceased military training on Vieques in 2003 and, as required by law, transferred 14,572 acres on eastern Vieques to the Department of Interior (DoI) in April 2003. DoI will manage the majority of it as a wildlife refuge, with the former Live Impact Area (about 900 acres) designated as a wilderness area. The Governor of Puerto Rico has proposed listing Vieques and Culebra on the National Priorities List (NPL). We expect to sign a Federal Facilities Agreement to govern the cleanup after the NPL listing becomes final.

Cleanup on western Vieques (the former Naval Ammunition Supply Detachment (NASD)) is proceeding as we work closely with the Puerto Rico Environmental Quality Board. Seventeen sites have been identified, but none with major environmental contamination, as NASD was not an industrial operation. These sites make up 490 acres of the 8,114 acres transferred. We expect to spend about \$16 million on these sites and complete the cleanup by 2007.

Cleanup assessments are also underway on eastern Vieques (former training/bombing range). Twelve sites consisting of 80 of the 14,572 acres transferred require assessment and potential cleanup. The sites include routine waste disposal areas used to support the former Camp Garcia, a landfill, and sewage lagoon. Other areas of concern will be examined. We expect to spend about \$14 million on cleanup for the 12 non-munitions sites and complete the cleanup by 2014.

The former bombing ranges will require munitions assessment and cleanup. In the spring of 2003 the Navy investigated two beaches for potential munitions. The Navy has budgeted \$8 million in FY-2005 for range assessments and initial clearance actions. Beaches and the live impact area will be high priorities. We estimate a cleanup cost of \$76 million in FY-2006 and beyond for munitions assessments and clearance actions based on the land uses designated in the statute. We will be working closely with the EPA and DoI. Worker safety and minimizing disturbance of the natural environment will be important considerations.

Kaho'olawe

Kaho'olawe is a 28,800 acre uninhabited island in Hawaii used as a naval gunfire and bombing range from 1942 through 1990. In accordance with Title X of the FY-1994 Defense Appropriations Act, the Navy transferred title of

Kah'olawe to the State of Hawaii in 1994, and has been clearing ordnance according to the State's priorities.

Navy relinquished control of access to Kaho'olawe to the State on November 11, 2003, as required by Title X, ending a ten-year cleanup effort. The Congress appropriated a total of \$460 million for the cleanup, including \$44 million provided to the State to assist them in preparing a reuse plan and managing the island. As of January 16, the Navy had cleared a total of 22,059 acres, consisting of 1,543 acres cleared of surface ordnance only; 20,516 acres cleared of surface ordnance and all scrap metal (known as Tier I); and 2,636 Tier I acres that were further cleared up to a four-foot depth (known as Tier II). During the cleanup, the Navy completed many non-clearance State goals, including road construction, historic and archaeological assessments, and shipped over 11 million tons of scrap metal, along with tires and aircraft debris used as targets.

The cleanup contractor is completing demobilization, removing remaining scrap items and equipment not needed by the State. The Navy has signed an agreement with the State, as required by Title X, to respond to newly discovered, previously undetected ordnance found on the island in the future. The Navy believes it has accomplished the original Title X goal to provide reasonably safe and meaningful use of the island, as several thousand visits by the public have already been recorded. However, there is no technology that can assure the complete removal of all ordnance. The State and Navy will remain partners to manage the risk to humans from ordnance that certainly remains on the island.

ENVIRONMENTAL QUALITY

Marine Mammals

The Navy is proud of its record of environmental stewardship, particularly our marine mammal research efforts and protective measures for military training activities.

We are leaders in marine mammal research and are committed to find methods and technologies that reduce the risk of harm to marine mammals without compromising our ability to train effectively. The Navy spends about \$8 to \$10 million per year in marine mammal research, representing about half of all known worldwide investments in this area. We coordinate with and share findings with other agencies such as the

Navy Marine Mammal Research Focus Areas

- Underwater sound propagation
- Marine mammal locations and densities
- Behavior effect thresholds
- Mitigation techniques

National Oceanic and Atmospheric Agency, and the National Science Foundation.

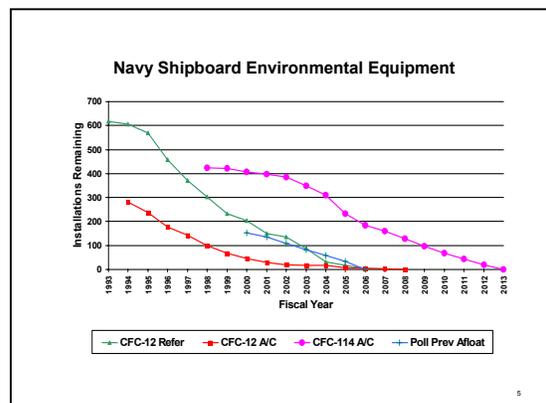
The Navy has protective measures to avoid harm to marine mammals during training and operations at sea while preserving training realism:

- Planning – Using historical marine mammal location information to plan training activities. Protective measures are tailored to the type of training, location, and season.
- Detection – Posting trained lookouts 24 hours per day on surface ships. Submarines employ passive acoustic detection devices to determine range and bearing of vocalizing marine mammals. We may launch aerial searches for marine mammals in training areas before, during and after training events.
- Operations – Establishing buffer zones during training exercises, and suspending operations when necessary. Navy may limit active sonar training through standoff distances, source power level reductions, limit nighttime and bad weather operations, or opt to train in deep rather than shallow water.

The changes made by the Congress to the Marine Mammal Protection Act will allow us to better balance our readiness requirements with our legal obligations to ensure military activities are protective of marine mammals, and will allow us to "train as we fight" when our activities do not have biologically significant effects on marine mammals. We urge the Congress to reaffirm those changes as they consider reauthorization of the Marine Mammal Protection Act.

Shipboard Programs

The Navy invested \$465 million in the last decade to install pulpers, shredders, and plastic waste processors on its surface ships. This equipment avoids the need to discard plastics into the world's oceans and allows environmentally acceptable disposal of other solid wastes such as food, paper, cardboard, metal and glass. Submarines will be outfitted with similar solid waste equipment by the end of 2005, well in advance of the December 2008 deadline established in the Act to Prevent Pollution from Ships.



The Navy has been converting air conditioning and refrigeration plants on its surface fleet from ozone depleting

CFCs to environmentally friendly coolants. We plan to spend a total of \$400 million on this effort, including \$30 million in FY-2005. We expect to complete the conversion of nearly 900 CFC-12 plants by 2008, and over 400 CFC-114 plants by 2012. We expect to spend about \$35 million to install suites of pollution prevention equipment (e.g., HVLP paint sprayers, aqueous parts washers) on ships, including \$5 million in FY-2005. This equipment, combined with management actions, reduces 10,000 pounds per year of hazardous material brought aboard our large ships.

We continue efforts with EPA to establish uniform national discharge standards for all armed forces vessels. This has proven to be a very complex undertaking. Navy and EPA have opted to segregate the 25 types of discharges into "batches," with control standards for the first batch of 5 discharges (including hull coatings) to be published by September 2005.

Alternative Fuel Vehicles

For the second year in a row, the Navy-Marine Corps Team substantially exceeded the Energy Policy Act requirement that 75 percent of covered fleet vehicle procurements be alternative fuel vehicles. In FY-2003, the Navy acquired 86% of its light duty vehicles as alternative fuel vehicles. Our Navy Public Works Center in Washington, D.C. converted the entire executive motor pool to alternative fueled vehicles.

We are hoping to expand our procurement of hybrid vehicles in FY-2004 and beyond and to increase the use of bio-diesel and ethanol. We are working with the Army's National Automotive Center to place hydrogen-powered fuel cell vehicles in the San Diego area. These actions will help develop a regional hydrogen infrastructure and provide us with hands-on experience with hydrogen and fuel cell transportation technology. While there are important environmental benefits, these investments provide opportunities for technology transfer to future weapons systems.

Conservation

Integrated Natural Resources Management Plans (INRMP) are the foundation upon which Navy activities protect and manage lands. Navy INRMPs already address endangered species and migratory birds. We have revised our INRMP guidance to ensure they provide a conservation benefit to endangered species. Our bases work closely with the U.S. Fish and Wildlife Service, State fish and game agencies to prepare the INRMPs. We take seriously our obligation to conserve natural resources entrusted to us by the American people. It is the only means to ensure continued access to these resources in furtherance of our military mission. Good conservation practices and military training operations can be mutually beneficial. Navy efforts increased the

population of the federally protected California least tern from 13 nests in 1977 to 1,200 today, and the snowy plover population from 12 nests in 1992 to 101 today at the Silver Strand portion of Naval Amphibious Base Coronado. Because of this success, the Fish and Wildlife Service reduced training restrictions on our Special Forces.

ENCROACHMENT

We have made great strides in addressing encroachment issues over the past two years. Congress has provided much needed relief through enactment of legislation in the 2003 and 2004 National Defense Authorization Acts that allows the Navy to balance military readiness and environmental stewardship.

- We have worked closely with the Department of the Interior to implement congressional direction to develop a rule that clearly defines the relationship between military readiness activities and the Migratory Bird Treaty Act. The Department of the Interior plans to publish the proposed rule soon.
- The Congress amended the Endangered Species Act to allow the Secretary of the Interior to exclude military installations from critical habitat designation when such installations are managed in accordance with an INRMP and the Secretary determines the INRMP provides a benefit to the endangered species.
- We will use the revised definition of harassment of marine mammals in analysis of new technologies for military readiness training programs (such as the Virtual At Sea Training (VAST) system for naval gunfire), littoral warfare training, and supplemental analysis on deployment of the SURTASS LFA sonar system. The revised definition ensures that analysis of impacts on marine mammals is based on science, not speculation. The changes approved by Congress reflect current methodologies used by Navy and the National Marine Fisheries Service and reduce the likelihood of costly, time-consuming litigation caused by ambiguous language.

Notwithstanding the gains we've achieved thus far, encroachment continues to be a very real problem – one that will become more complex as populations grow, pressures on ecosystems mount, and the means required to sustain military readiness evolve through new technologies and threats.

Coming to grips on when military munitions become solid wastes under the Resource Conservation and Recovery Act can ensure effective range management for both military readiness training and waste management. Flexibility for implementing the general conformity requirements of the Clean Air Act will allow more effective deployment of new weapons systems and the realignment of existing assets. We continue to discuss these important issues

with the states and groups such as the National Governors Association and the Environmental Council of the States.

Congressional efforts to address the balancing of military readiness and environmental stewardship have not gone unnoticed by state legislatures. Following your example, three states - California, Arizona, and Texas - have enacted laws requiring local governments to consider impacts on military readiness during environmental planning and land use planning processes.

CONCLUSION

In conclusion, I would ask the members of this committee to judge the merits of the Navy's installations and environmental program through the considerable progress we are making in virtually all areas.

That concludes my statement. I appreciate the support of each member of this committee, and will try to respond to your comments or concerns.