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SENATE ARMED SERVICES
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STATEMENT OF

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(ENERGY, INSTALLATIONS AND ENVIRONMENT)

BEFORE THE

SUBCOMMITTEE ON READINESS AND MANAGEMENT SUPPORT

OF THE

UNITED STATES SENATE ARMED SERVICES COMMITTEE

21 MARCH 2012

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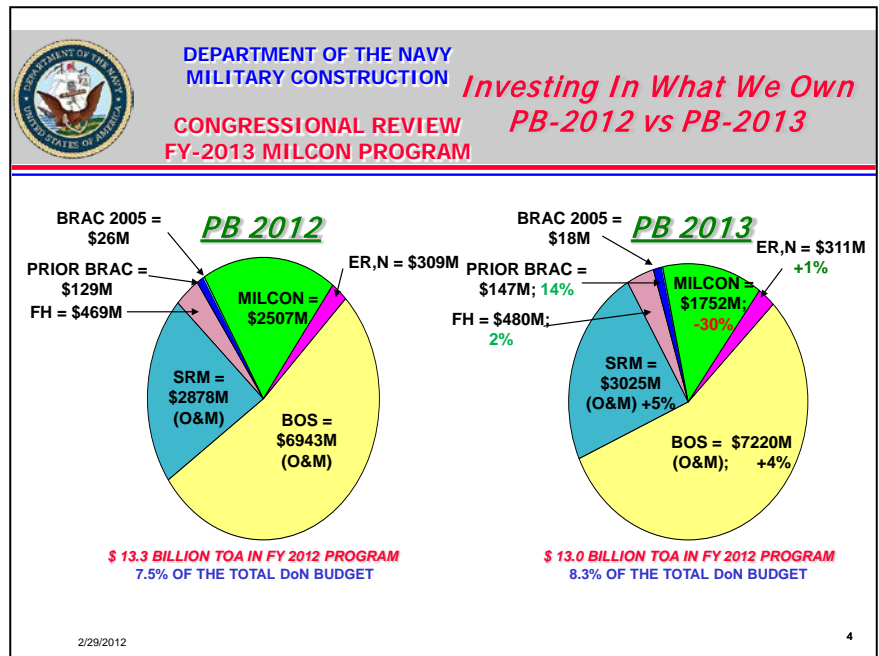
Chairman McCaskill, Senator Ayotte, and members of the Subcommittee, I am pleased to appear before you today to provide an overview of the Department of Navy's investment in its shore infrastructure.

THE NAVY'S INVESTMENT IN FACILITIES

Our Nation's Navy-Marine Corps team operates globally, having the ability to project power, effect deterrence, and provide humanitarian aid whenever and wherever needed to protect the interests of the United States. Our shore infrastructure provides the backbone of support for our maritime forces, enabling their forward presence. The Department's FY-2013 budget request includes a \$13.0 billion investment in our installations, a decrease of \$0.3B from last year.

The FY-2013 **military construction** (active + reserve) request is \$1.8 billion. Although significantly less than the FY-2012 request of \$2.5 billion, it represents continued investment enhancing Combatant Commander's capabilities, improving service member's quality of life, supporting mission requirements, continued emphasis on energy security, and recapitalizing aging infrastructure.

The FY-2013 **family housing** request of \$480 million represents a two percent increase from the FY-2012 request. The Navy and Marine Corps continue to invest in housing, including both the recapitalization of our overseas housing and additional privatization to recapitalize inadequate housing in the United States. Having privatized virtually all family housing located in the United States, we are investing in a "steady state" recapitalization effort to replace or renovate housing at overseas and foreign locations where we continue to own housing.



Our **BRAC** program consists of environmental cleanup and caretaker costs, as well as property disposal costs for prior round BRAC and BRAC 2005 locations. We do not foresee potential for large revenue from land

sales, which were used to fund the *legacy BRAC* program from FY2005 through FY2008. Thus, we again seek appropriated funds in FY-2013 in the amount of \$147 million. The FY-2013 *BRAC 2005* budget request of \$18 million supports ongoing environmental restoration, caretaker costs, and property disposal efforts. The Department has completed implementation of the BRAC 2005 recommendations. The DoN fully supports the Secretary's proposal for two additional rounds of BRAC to improve alignment of our shore footprint with our force structure.

Our FY-2013 request for base operating support (BOS) is in excess of \$7.0 billion. The BOS program finances the operation of our DoN shore infrastructure worldwide including programs that support ship, aviation and combat operations, public safety, security, installation management, housing and quality of life for both active and reserve components. To maximize the impact of our BOS funding, we continue to pursue and realize more cost effective ways of providing base support functions.

Finally, the Department's budget request invests \$1.0 billion in FY 2013, and \$4.0 billion across the FYDP, to support the DON's aggressive energy goals to increase energy security and reduce dependency on fossil fuels.

MILITARY CONSTRUCTION

The DoN's FY 2012 military construction program requests appropriations of **\$1.8 billion**, including **\$105 million** for planning and design and **\$17 million** for Unspecified Minor Construction.

The active Navy program totals **\$918 million** and includes:

- **\$176 million** to fund eight combatant commander projects: At Camp Lemonnier, Djibouti: a joint operations center, a cold storage warehouse, containerized living/work units and a fitness center; in Souda Bay: an aircraft parking apron and an intermodal access road; and, in Bahrain: a bachelor quarters and dining facility.
- **\$146 million** to fund Quality of Life initiatives including a bachelor quarters at Naval Base Coronado, California in support of the Chief of Naval Operations' Homeport Ashore initiative; a training barracks at Naval Air Station Oceana, Virginia; a bachelor quarters in Okinawa, Japan; a dining facility at Naval Air Station Meridian, Mississippi, and a fitness center at Naval Support Activity South Potomac, Virginia.
- **\$280 million** to fund the second increment of a second explosives handling wharf at Naval Base Kitsap, Washington.

- **\$284 million** to fund twelve projects to achieve initial or final operational capability requirements for new systems and new missions: a general purpose warehouse and high explosive magazine at Naval Station Rota, Spain; an Aegis Ashore missile defense complex at Naval Support Facility Romania; a Broad Area Maritime Surveillance (BAMS) mission control facility at Naval Air Station Jacksonville, Florida; a BAMS maintenance training facility at Beale AFB, California; a H-60S simulator training facility at Naval Base Coronado, California; a EA-18G flight simulator facility at Naval Air Station Whidbey Island, Washington; a Littoral Combat Ship training facility at Naval Base San Diego, California; drydock electrical distribution upgrades for CVN78 at Norfolk Navy Shipyard, Virginia; a cruiser/destroyer training facility at Naval Support Activity, South Potomac in Virginia; a combat system engineering building at Naval Weapons Station Earle, New Jersey, and a BAMS operational facility at an overseas location.
- **\$32 million** to fund additional critical Navy priorities: a strategic systems evaluation lab consolidation at Naval Weapons Station Seal Beach, California and communications infrastructure at Naval Support Facility, Diego Garcia.

The active Marine Corps program totals **\$664 million** and includes:

- **\$18 million** for the construction of unaccompanied housing at Naval Weapons Station Yorktown, Virginia for the consolidation of the Marine Corps Security Force Regiment;
- **\$13 million** to provide quality of life facilities such as a mess hall at Quantico;
- **\$31 million** to construct student billeting for the Basic School in Quantico, Virginia;
- **\$83 million** to build infrastructure to support ingress/egress access at Marine Corps installations. These projects include road improvements, main gate improvements, anti-terrorism force protection posture improvements, and correct safety issues. These projects will have a direct effect on the quality of life of our Marines along with alleviating both on-base and off-base community concerns;
- **\$394 million** to fund projects enhancing operational capability such as those needed for the MV-22 aircraft at Camp Pendleton, Hawaii, Miramar, and Yuma; Joint Strike Fighter at Beaufort and Iwakuni; and operational units in New River, Cherry Point, and Yorktown;
- **\$53 million** to provide training facilities at Camp Pendleton, Camp Lejeune, Beaufort, and Iwakuni;
- **\$47 million** for land expansion for MAGTF large-scale training exercises at 29 Palms;

- **\$26 million** for the second increment of the North Ramp Parking project at Anderson Air Force Base to support the relocation of Marines to Guam.

The Navy and Marine Corps Reserve Military Construction appropriation request totals **\$47 million** and includes a Transient Quarters at Naval Air Station Joint Reserve Base New Orleans, Louisiana, a Commercial Vehicle Inspection Site at Naval Air Station Joint Reserve Base Fort Worth, Texas, a Joint Navy and Marine Corps Reserve Center at Des Moines, Iowa, a Marine Corps Reserve Training Center at Yuma, Arizona, and a Vehicle Maintenance Facility at Brooklyn, New York.

FACILITIES MANAGEMENT

Facilities Sustainment, Restoration and Modernization (SRM)

The Department of Defense uses a Facilities Sustainment Model to calculate life cycle facility maintenance and repair costs. The model uses industry-wide standard costs for various types of buildings and geographic areas and is updated annually. Sustainment funds in the operation and maintenance accounts are used to maintain facilities in their current condition. The funds also pay for preventative maintenance, emergency responses for minor repairs, and major repairs or replacement of facility components (e.g. roofs, heating and cooling systems).

The FY 2013 budget request funds sustainment at 80 percent and 90 percent of the model's recommended levels for the Navy and Marine Corps, respectively. To maximize support for warfighting readiness and capabilities, the Navy has requested overall facilities sustainment at 80 percent of the DoD model level. To enhance the quality of education at our premier institutes of higher learning, we will continue to fund the Naval Academy, Naval War College, and Naval Postgraduate School at 100 percent of this model. Additionally, the Navy has targeted the allocation of sustainment funds to increase the sustainment and maintenance of unaccompanied housing. The Navy has minimized operational impacts and ensured the safety of our Sailors and civilians by prioritizing maintenance and repair efforts for facilities that directly affect mission operations such as piers, hangars, and communications facilities, as well as unaccompanied housing and family support centers. The Marine Corps will maintain sustainment funding at 90 percent of the model. Even this strong commitment will result in some facilities degradation. The Marine Corps will continue to prioritize and target facilities that directly affect mission operations for full sustainment.

Restoration and modernization provides major upgrades of our facilities. In FY 2013, the Department of the Navy is investing \$0.6B of Military Construction, and \$1 billion of Operation and Maintenance funding into restoration and modernization of existing facilities.

NAVAL SAFETY

Protecting the Department's Sailors, Marines and civilian employees and their dependents remains one of our highest priorities. I consider continual, marked improvement in our safety performance to be essential to maintaining the highest state of operational readiness for our Navy and Marine Corps team. During FY11, DON once again achieved record-setting mishap rate reductions in numerous key mishap categories.

The Department continues to be a world-class safety organization, where, in step with civilian industry leaders, no avoidable mishap or injury is considered acceptable. In benchmarking against the nation's largest, safest, and most productive commercial industries, we have recognized that our top initiative must be the development and deployment of a state-of-the-art Risk Management Information System or RMIS. RMIS will dramatically expand the quality and quantity of data available, improve DON safety information management and analysis, simplify reporting, enhance unit-level access to safety information, and automate unit-level safety program management. RMIS is a high priority for funding in our FY2014 budget.

Using FY02 as a baseline, the Secretary of Defense established a goal for each Military Service and DOD Agency to achieve a 75 percent reduction in key mishap rates by the end of FY12. By the end of FY11, both the Navy and the Marine Corps achieved mishap rate reductions which exceeded the DOD-wide average reduction in each of the three primary mishap categories being tracked by the Office of the Secretary of Defense. The three mishap categories and associated reductions from the FY02 mishap rate baseline are depicted below:

Mishap Category	USN Reduction	USMC Reduction	Average DOD-Wide Reduction
Private Motor Vehicle Fatality Rate ¹	60%	47%	39%
Aviation Class A Flight Mishap Rate ²	49%	42%	39%
Civilian Total Lost Day Rate ³	43%	47%	39%

¹ Rate is # of deaths per 100,000 military members.

² Rate is # of mishaps per 100,000 flight hours. A Class A Aviation Flight Mishap occurs when there was intent for flight and greater than \$2M damage, total loss of an aircraft, a fatality, or an injury resulting in total permanent disability.

³ Rate is days lost per 100 persons per year (more of a FECA case management than safety metric).

I am committed to sustained, continuous improvement and our hard work is paying dividends. At the end of FY11, the Department achieved the lowest on- and off-duty fatality rates ever recorded in our history. Similarly, for the first time we achieved the lowest ever fatality rates for on-duty, private motor vehicle and off-duty/recreational mishaps in the same year. On the civilian side, over the past 10 years, the Department has witnessed declines in civilian total and lost time case rates of 39% and 36%, respectively. These reductions are in line with annual Presidential injury and illness rate reduction requirements.

I am pleased to report that the Department of the Navy is the proud owner of nearly half of all Department of Defense OSHA VPP (Voluntary Protection Program) Star sites, and we recently recognized three OCONUS installations in Japan as VPP Star equivalent sites. Implementation of safety management systems, such as VPP, will be an important tool for our continued improvement in Department-wide safety results.

ENERGY

The Department of the Navy is committed to implementing an energy program that enhances our national security by reducing our dependence on imported fossil fuels. Its platform is that energy security is national security. The energy program is comprehensive – it involves both Services and contains initiatives to reduce energy demand and provide alternative forms of energy supplies on shore, afloat, in the air, and in theater.

The Department is a recognized leader and innovator in the energy industry by the federal government and private sector as well. Over the past decade, DON has received almost a quarter of all of the Presidential awards and

nearly a third of all of the Federal energy awards. Additionally, DON has received the Alliance to Save Energy “Star of Energy Efficiency” Award and two Platts “Global Energy Awards” for Leadership and Green Initiatives.

Goals and Initiatives

The program for which FY13 funding is sought will exceed the goals established by the Energy Independence and Security Act of 2007, Energy Policy Act of 2005, National Defense Authorization Act of 2007 and 2010, Executive Orders 13423 and 13514.

The Secretary of the Navy has set five aggressive department-wide goals to reduce DON’s overall consumption of energy, decrease its reliance on petroleum, and increase its use of alternative energy. Meeting these goals requires that the Navy and Marine Corps value energy as a critical resource across maritime, aviation, expeditionary, and shore missions.

The goals are:

- By 2020, 50% of total DON energy will come from alternative energy resources,
- By 2020, DON will produce at least 50% of shore based energy requirements from alternative resources and 50% of Department installations will be net-zero,
- DON will demonstrate a Green Strike Group in local operations by 2012 and sail the Great Green Fleet by 2016,
- By 2015, DON will reduce petroleum use in commercial vehicles by 50%,
- Evaluation of energy factors will be used when awarding contracts for systems and buildings.

A myriad of investments and activities will be directed to meeting the Secretary’s goals. Principally, they will be geared toward behaviors and technologies that will reduce the Navy and Marine Corps’ overall requirements for energy and technologies that can provide adequate substitutes for fossil-based energy. Two significant initiatives will be:

- The development of a biofuel alternative to the liquid fuels used in ships, tanks, and tactical vehicles. To meet the goal of 50% of total DON energy from alternative energy, the DON has partnered with the DOE and USDA to collectively pool \$510 million to spark development of the commercial advanced alternative fuels industry. The DON is using authorities provided by the Defense Production Act (DPA) Title III for its contribution. This effort will help to obtain the 8 million barrels of biofuel needed by 2020. The alternative fuel must be available at prices competitive with the conventional

petroleum fuels being replaced; it must not have negative consequences for the food chain; and it must be a “drop-in”, that is, not requiring infrastructure or operational changes.

- Development of a gigawatt of renewable energy generation on DON installations. Pursuant to meeting the 50% shore energy goal, the Secretary has directed the establishment of a task force to facilitate the production of large-scale renewable power where possible on the bases. This development will use existing third-party financing mechanisms such as power purchase agreements, joint ventures and enhanced use leases. The projects will cost no more over their life than conventional energy sources.



Funding

The Department has budgeted \$1.0 billion in FY2013 and approximately \$4.0 billion across the FDYP for operational and shore energy initiatives. The strategy for executing these initiatives focuses on reducing our dependence on petroleum, lowering our energy cost, and complying with Federal legislation and energy mandates.

The funding sources are:

O&M Navy: Projects would include propeller coatings, in-port ship energy conservation, Advanced Metering Infrastructure, combustion system improvements, Aviation & Maritime training in support of best practices for energy conservation (ENCON) and facility energy audits and facility energy efficiency upgrades.

O&M Marine Corps: Projects would include completion of energy audits, shelter liners, advanced power systems, renovated HVAC system to increase efficiency, and completed SMART metering projects.

National Defense Sealift Fund (NDSF)/Other Procurement Navy: Projects would include Shipboard Lighting Upgrades, shore power management/monitoring systems, ship engine automation upgrades.

Research, Development, Test, and Evaluation: Projects would include undersea power systems, energy storage and power mgmt, the shipboard energy

dashboard, water purification technologies, man-portable electric power units, and energy storage and distribution.

Achievements

The Department is on track to meet its goals, and throughout 2011, we demonstrated progress through an assortment of energy programs, partnerships, and initiatives. This past summer, the Blue Angels flew all six planes on biofuels during their 2-day air-show at NAS Patuxent River.

Since flying the F/A18, dubbed 'The Green Hornet', at MACH 1.7 in 2010 as part of the test and certification process using a 50-50 blend of Camelina based JP-5, the Department has also successfully conducted test and certification on the MH-60 Seahawk helicopter, AV-8B Harrier, E-A6B Prowler, MQ-8B Fire Scout, T-45C Goshawk, MV-22 Osprey, ran a Riverine Command Boat, Landing Craft Air Cushion (LCAC), Landing Craft Utility (LCU), 7m Rigid Hull Inflatable Boat (RHIB), the ex-USS Paul F Foster, and an Allison 501K turbine generator. The DON also partnered with Maersk to run a large merchant ship on renewable biofuel. These tests represent milestones necessary to meet the goal of sailing the Great Green Fleet in 2016.

The USS *MAKIN ISLAND*, using a hybrid-electric drive to dramatically lower its fuel usage at slow speeds is currently deployed to the Pacific region on its maiden operational deployment. The Navy is continuing to move forward with installation of a similar system on new construction guided missile destroyers and to look at the feasibility of retrofitting the fleet with these systems in the course of routine shipyard availabilities.

Additional energy initiatives, such as propeller and hull coatings, were undertaken to make the existing inventory of ships more energy efficient. Stern flaps will also assist in reducing energy consumption, as will some combustor modifications and systems to monitor ship-wide energy use. Energy conservation programs were also put in place for both ships and aircraft to educate and incentivize the Fleets to reduce energy consumption and identify inefficient activities for improvement. The future Navy will use advanced materials on propellers, energy storage and power management systems, and advanced propulsion technology to make warships more efficient while allowing them to meet their combat capability.

Last year, the Marines tested equipment that could be deployed on battlefields at their Experimental Forward Operating Bases (ExFOB) at Twenty-Nine Palms. Technologies tested at the ExFOB are now deployed with Marines in

Afghanistan. Solar power generators and hybrid power systems are reducing the amount of fossil fuel needed to operate in a combat zone. This year's ExFOB will concentrate on wearable electric power systems and lightweight man-portable water purification systems. By deploying these technologies, the Marines have proven that energy efficiency means combat effectiveness and increased safety for our deployed service members as fewer convoys are needed to resupply fuel.

In addition to these tactical and platform applications, the DON has implemented a number of energy projects at our facilities ashore. We are actively exploring for new geothermal resources to augment our existing 270 MW geothermal power plant at China Lake. We have awarded three projects under our Solar Multiple Award Contracts (MAC) in the Southwest (SW) and are finalizing a similar solar MAC for Hawaii. One of the SW solar MAC awards will provide 13.8 MW of solar power at NAWS China Lake. This project



will save the Department \$13M over 20 years while also providing security from electric grid outages. The Hawaii solar MAC will install 28 MW of solar PV on DON installations including covering the runway on Ford Island with PV thus recreating the look of the runway as seen from the air. We are also looking at developing our wind resources, exploring Waste to Energy projects and developing ocean power technology at all DON installations.

We are also aggressively conducting facility energy audits while completing installation of "Smart" electric metering to implement a wide range of facility energy efficiency measures. By the end of this year, over 27,000 meters will be installed in our existing facilities and provide the means to better measure the amount of energy we are consuming. This will allow for our energy managers to provide 'real-time' feedback to our leaders on our installations. At the same time, we continue to ensure that new construction is built to LEED Silver standards per the 2012 NDAA.

DON continues to explore how to implement and maintain culture change initiatives, beginning with education and training, to ensure that energy management is understood by all personnel to be a priority in tactical, expeditionary, and shore missions. Energy awareness campaigns will be used to encourage personal actions that show commitment to energy program goals. The Naval Postgraduate School has added an energy program to its curricula

and we are partnering with the National Defense University to pilot two culture change demonstrations. The pilots, at MCB Camp Lejeune and NAVSTA Mayport, will focus on raising the energy awareness of civilian and military personnel.

The Department will continue to cultivate strategic partnerships with existing and new organizations to leverage our energy goals. By partnering with federal agencies, such as the Department of Energy, the Department of Interior, the Department of Agriculture, and the Small Business Administration, we are raising the awareness at all governmental levels of the strategic importance of energy within DON. In addition, we are working with academic institutions and private industry to bring innovative ideas and approaches to the forefront.

Our budget request asks for continued support of these and similar projects in order to enhance our efficiency and maximize our move to greater independence and more resilient infrastructure.

RELOCATING THE MARINES TO GUAM

On February 8, 2012, the U.S. Government and Government of Japan acknowledged that they were meeting to discuss potential adjustments to the 2006 Realignment Roadmap. Both governments remain committed to the establishment of an operational Marine Corps presence on Guam. We believe that the adjustments to the Guam force laydown that are being considered will be responsive to congressional concerns, while also maintaining and enhancing peace and security in the Asia Pacific region, one of two regions emphasized in the January 2012 Defense Strategic Guidance. Bilateral discussions have only just begun and I expect that more information will be available in the next couple of months. The Department will keep Congress informed of these discussions and, upon a final decision on the Guam laydown, will provide you with updates on our planning, programming and execution strategies for implementing any adjustments.

The FY-2013 budget request includes \$26 million to construct facilities in support of the relocation of Marines from Okinawa to Guam. The project funds the second increment of a facility necessary to support the relocating aviation element and, upon completion of both increments, will provide aircraft parking apron, taxiways, lighting, wash racks and supporting utilities at Andersen Air Force Base. This project supports the relocating aviation element and is required regardless of the final force laydown on Guam. In its JFY-12 budget (which runs April 1, 2012 through March 31, 2013), the Government of Japan has requested \$8

million in design funds for its direct cash contribution. The JFY-2012 budget request also includes \$83 million in funding for utilities financing, pursuant to the Realignment Roadmap, for water and power projects.

The Government of Japan remains committed to both the realignment of Marine Corps forces to Guam and the Futenma Replacement Facility. Of the \$6.09 billion Japanese share, \$834 million in direct cash contributions have been received to date. The Government of Japan has also committed to making concrete progress on the Futenma Replacement Facility. In December 2011, the Government of Japan delivered an Environmental Impact Statement to the Governor of Okinawa, a necessary precursor to the signing of the landfill permit. Further progress on the Futenma Replacement Facility and future Japanese financial contributions to the Guam realignment will be discussed in detail during ongoing bilateral negotiations.

A Record of Decision (ROD) for the Guam military realignment was signed in September 2010. The first military construction contracts were awarded following the ROD. Construction activity funded by both the U.S. and Government of Japan at Apra Harbor and Andersen Air Force base is now ongoing.

In response to public concerns regarding access to cultural sites near the preferred alternative site for the live-fire training range complex, a decision on the location for the live-fire training range complex was deferred in the September 2010 ROD. In January 2011, the DON committed that training activities would be conducted in a manner such that access to these sites would remain available 24 hours per day, seven days per week as is currently available today. The DON has evaluated options to satisfy this commitment while fully meeting the training requirements of the relocating Marines. It was determined that a Supplemental Environmental Impact Statement (SEIS) would be necessary prior to making a final decision on the location of the live-fire training range complex. Litigation regarding the live-fire training range complex was dismissed in December 2011 following the Navy's commitment to prepare the SEIS.

A Notice of Intent was published on February 9, 2012, which formally began the SEIS process. The SEIS is expected to take approximately two years to complete. Upon completion of the SEIS and the selection of a location for the training range complex, the DON will work with the Government of Guam and any affected private land owners in order to secure property necessary to meet training requirements.

Guam remains an essential part of the United States' larger Asia-Pacific strategy, which includes developing the island as a strategic hub and establishing an operational Marine Corps presence. The Department of Defense

recognizes Congress' concerns regarding execution of the Guam military realignment as outlined in the Fiscal Year 2012 National Defense Authorization Act (NDAA) and is taking steps necessary to resolve critical issues that will allow the construction program to move forward. The United States and Japan are continuously looking for more efficient and effective ways to achieve the goals of the Realignment Roadmap. Both countries remain committed to maintaining and enhancing a robust security alliance, and the United States remains committed to enhancing the U.S.-Japan Alliance and strengthening operational capabilities while significantly reducing the impact of U.S. bases on the Okinawan people.

HOUSING

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

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

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

Family Housing

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

- Reliance on the Private Sector. In accordance with longstanding DoD and DoN policy, we rely first on the local community to provide housing for our Sailors, Marines, and their families. Approximately three out of four Navy and Marine Corps families receive a Basic Allowance for Housing (BAH) and own or rent homes in the community. We determine the ability of the private sector to meet our needs through the conduct of housing market analyses that evaluate supply and demand conditions in the areas surrounding our military installations.
- Public/Private Ventures (PPVs). With the strong support from this Committee and others, we have successfully used PPV authorities enacted in 1996 to partner with the private sector to help meet our housing needs through the use of private sector capital. These authorities allow us to leverage our own resources and provide better housing faster to our families. Maintaining the purchasing power of BAH is critical to the success of both privatized and private sector housing.

- Military Construction. Military construction (MILCON) will continue to be used where PPV authorities do not apply (such as overseas), or where a business case analysis shows that a PPV project is not feasible.

Our FY-2013 budget includes \$102 million in funding for family housing improvements (including planning and design). This request provides for the revitalization of approximately 200 Navy and Marine Corps housing units in Japan and Guam and the second phase of privatization in the Pacific Northwest, involving almost 900 homes. The budget request also includes \$378 million for the operation, maintenance, and leasing of remaining Government-owned or controlled inventory.

The Navy and Marine Corps privatized family housing inventory consists of over 63,000 homes. With over 90 percent of the housing stock privatized, our focus, and my priority, continues to be the oversight of the Department's privatized housing portfolio to ensure that the public/private ventures are financially viable and self-sustaining, that our private partners meet their obligations under the governing business agreements and that residents are satisfied with both their housing and the services they receive.

Surveys continue to reflect steady, significant improvement in reported resident satisfaction. Where issues have been identified, the Department has worked with the partners to resolve them as quickly as possible. We have taken, or are taking, a number of actions to further strengthen our oversight. These include:

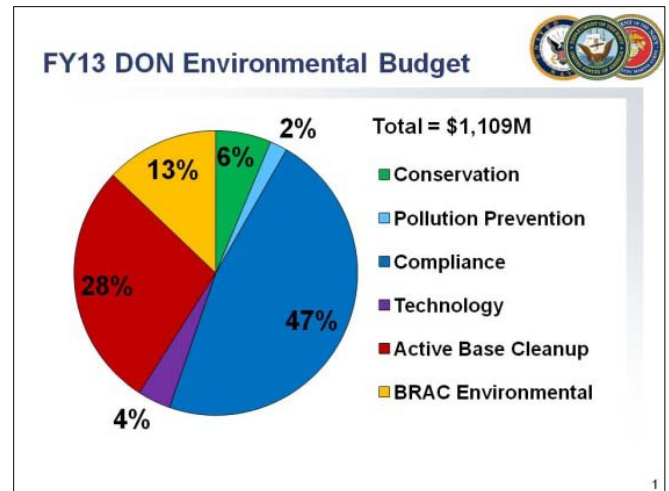
- Identifying and flagging key indicators (e.g., number and type of service calls, response times);
- Identifying common issues and trends identified in comments provided along with resident surveys;
- Increasing and reinforcing resident awareness of the Services' role in privatized housing and advocacy for members and their families; and
- In conjunction with the partners, developing a risk communications plan to respond to resident concerns.

Unaccompanied Housing

Our budget request includes over \$133 million in funding for the construction of unaccompanied housing and student quarters to support over 1,000 single Sailors and Marines. This includes an \$76 million unaccompanied housing project at Naval Base Coronado, CA to support the Chief of Naval Operations commitment to achieve the Navy's "Homeport Ashore" objective by 2016.

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

- Provide Homes Ashore for our Shipboard Sailors. The Homeport Ashore initiative seeks to provide a barracks room ashore whenever a single sea duty Sailor is in his or her homeport, so they need not live on the ship. The Navy has made considerable progress towards achieving this goal through military construction, privatization, and intensified use of existing barracks capacity. The Navy remains on track to provide housing ashore for all junior single Sailors, assigned to sea duty, by 2016.



- Condition of Unaccompanied Housing. The Department continues to address the challenge of improving the condition of existing Navy and Marine Corps unaccompanied housing. The Navy has increased its level of Restoration and Modernization funding targeted to unaccompanied housing across the Future Years' Defense Plan to ensure that 90% of the Navy's unaccompanied housing inventory is adequate by FY 2022. With the construction of a large amount of new housing under the recently completed Commandant's BEQ initiative, almost 90 percent of the Marine Corps' unaccompanied housing is now considered adequate.

ENVIRONMENT

In FY2013, the Department of the Navy (DON) is investing over \$1 billion in its environmental programs across all appropriations. This level of investment has remained relatively consistent over the past few years. The relative distribution of environmental funding across the environmental program areas, as displayed within the chart to the right, remains stable.

While fulfilling its national security mission, DON continues to be a Federal leader in environmental management by focusing our resources on achieving specific environmental protection goals and proactively managing emerging environmental issues. The Department continues its commitment to environmental compliance, stewardship and responsible fiscal management that

support mission readiness and sustainability. In this regard, DON is continuing efforts to integrate sound environmental policies and long term cost considerations into the early stages of the acquisition process to achieve cleaner, safer, more energy-efficient and affordable weapons, materials, processes, and technologies across the naval enterprise.

Compliance - Sustainability

The Department's environmental budget will ensure continued compliance with existing regulations, while also smartly investing in a more agile and sustainable Navy and Marine Corps. Sustainability is seen by DON as a means of supporting our mission while also reducing lifecycle costs. DON has instituted many policies and practices implementing sustainability tenets including retrofitting/constructing buildings to optimize energy and water use, adopting goals for renewable energy use and stormwater management on facilities, and conducting integrated solid waste management.

As an example, to reduce afloat solid waste, Naval Supply Systems Command (NAVSUP) has several packaging initiatives underway. These include two programs (Plastics Removal In Marine Environment (PRIME) and Waste Reduction Afloat Protects the Sea (WRAPS)) that reduce the amount of solid waste generated at sea and encourage use of environmentally friendly products. Under these programs, NAVSUP is working with the General Services Administration (GSA) to identify items that can be shipped with reduced packaging that is free of plastics and is implementing a reusable water bottle pilot project. NAVSUP is also working with GSA on industry packaging strategies that shift the mindset from point of sale packaging to e-commerce packaging that features recyclable boxes that are easy to open and free of excess materials such as hard plastic clamshell cases, plastic bindings, and wire ties.

National Ocean Council

The National Ocean Council (NOC) is a Cabinet-level body established by Executive Order in July 2010 which includes a mandate for the use of spatial planning as a tool to maximize compatible use. Including the Department of the Navy (DON), there are 27 federal agencies and offices tasked to develop a comprehensive national ocean policy which uses ecosystem based management and coastal and marine spatial planning as foundational building blocks. The DON is extensively engaged in supporting the President's NOC goals while working to ensure our current operating areas remain accessible within the comprehensive national ocean policy: for the first time comprehensive spatial planning is being conducted in the Exclusive Economic Zones (EEZs) including the western Pacific, Alaska and the Arctic, the Gulf of Mexico, and the Caribbean. DON is supporting the NOC in a variety of activities, including collecting and developing information about military activities in the coastal and marine zone,

writing strategic plans, serving as the federal co-lead for the South Atlantic Regional Planning Body, and participating in developing Coastal and Marine Spatial Plans for each of the nine identified regions.

The Department participates in numerous interagency ocean-policy working groups formed under the NOC. The Department of the Navy also participated in developing the NOC Implementation Plan, which was released to the public in January 2012. To foster more effective Federal engagement with tribal governments regarding coastal and marine spatial planning, DON is coordinating delivery during 2012 of the DoD Tribal Communications and Coastal and Marine Spatial Planning courses to participants from all four military services plus the President's Council on Environmental Quality, the U.S. Coast Guard, National Oceanic and Atmospheric Administration, and Bureau of Ocean Energy Management.

Chesapeake Bay

After issuing the Chesapeake Bay Strategy in May 2010, the Department continues to demonstrate environmental leadership working with the other Federal agencies to achieve Chesapeake Bay restoration goals. DON represents DoD as the Executive Agent for the Chesapeake Bay program. As such, DON has participated with the Federal Leadership Council to ensure that the Strategy sets forth aggressive, measurable, and attainable goals to restore the health of the Chesapeake Bay, a National Treasure. DON continues working with the States as they develop their Watershed Implementation Plans. Our goal is to identify our nutrient and sediment sources, prioritize areas for nutrient and sediment reduction projects, and implement these projects to meet or exceed our reduction targets.

Natural Resources Conservation

Department of the Navy natural resources program managers continue to provide installation Commanders with special subject matter expertise, products and services necessary to ensure they can access, test, train, and execute construction projects with as little environmental constraint as possible, while also protecting the natural resources under our stewardship. The basis of our conservation program centers on the preparation and implementation of Integrated Natural Resources Management Plans (INRMPs). These plans integrate natural resources management with the installation's operational and training requirements as well as address the needs of our Federal and State partners and other stakeholders to ensure our INRMPs remain current and effective. A primary objective of our INRMPs is to implement conservation measures which protect threatened and endangered species and their habitat as required by the Endangered Species Act, which can help to reduce or eliminate the need to designate critical habitat on DON property. The Department has

been very successful in protecting and conserving natural resources on our installations and near-shore areas while ensuring our installation Commanders have the land, sea and airspace necessary to test and train in a realistic manner.

A recent noteworthy accomplishment involved the installation of a living shoreline at Naval Support Activity Panama City, FL. The Navy partnered with the Florida Department of Environmental Protection to restore approximately 2,800 feet of shoreline. This shoreline was restored by establishing 175 separate reefs created from recycled oyster shells obtained from local restaurants and plantings of approximately 22,000 donated marsh grasses. This living shoreline is a natural substitute for the typical hardened sea wall or rip rap that would otherwise be necessary to address years of erosion from natural and manmade causes. This enduring project was supported by 2,840 volunteer hours, both military and civilian, who worked together to provide this living shoreline which will support interactive educational opportunities provided by the Navy.

Cultural Resources Conservation

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

To increase awareness of many of the nation's cultural resources under the stewardship of DON, this past year, the Marine Corps began the development of a poster series, titled "Defending Our Cultural Heritage," that celebrates and educates the public on Marine Corps stewardship of cultural resources. The initial four posters in this series highlight the National Historic Landmarks under Marine Corps stewardship, as well as the partnership initiative with the Advisory Council on Historic Preservation, the National Park Service, and the State Historic Preservation Offices in the four states represented by these posters.

Installation Restoration Program (IRP)

The DON continues to make significant progress remediating past contaminants. At the end of FY-11, the Department had completed cleanup or has remedies in place at 86 percent of the 3,909 contaminated sites on active installations. We are projecting that all but 46 of these sites will be cleaned up or have remedies in place by 2014. These remaining sites will be subject to newly established DOD metrics to drive successful completion in the coming years.

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 munitions response sites. Our major focus through FY-11 was initiating remedial investigations and completing site inspections for newly identified sites. Of the 361 sites in the program, site inspections have been completed at 99% of these sites, with only one remaining. This site had a removal action underway that was necessary prior to the start of the investigation. Additional funding was also obligated to address high priority sites at Vieques, PR. DON is using the results of the completed site inspections to prioritize the next phases of work. DON plans to achieve cleanup or remedies in place at 99% of MRP sites by FY-20, with the remaining 5 sites reaching remedy in place by FY-24.

Marine Mammals

The Department of the Navy is continuing its focused research and monitoring programs addressing marine mammals and anthropogenic sound. The Navy is investing over \$25 million per year to continue research into the effects of sound on marine mammals, develop products and tools that enable compliance with marine mammal protection laws for Navy training and operations, provide a scientific basis for informed decision making in regulatory guidance and national/international policy, continue research to define biological criteria and thresholds, and to predict location, abundance, and movement of high risk species in high priority areas.

Using our improved scientific knowledge developed from our research, the Navy has started a second round of environmental documentation focused on marine mammal and sound issues. Phase II Environmental Impact Statements will include all of the spatial areas covered by Phase I, plus increased coverage to include parts of the global commons.

COMPATIBLE LAND USE

The Department of the Navy has an aggressive program to promote compatible use of land adjacent to our installations and ranges, with particular focus on limiting incompatible activities and protecting important natural habitats. A key element of the program is Encroachment Partnering (EP), which involves cost-sharing partnerships with states, local governments, and conservation organizations to acquire interests in real property adjacent and proximate to our installations and ranges. Encroachment Partnering agreements help prevent development that would adversely impact existing or future missions. These agreements also preserve important habitat near our installations in order to relieve training or testing restrictions. The program has proven to be successful in leveraging Department of Defense and Department of Navy resources.

The Department of Defense provides funds through the Readiness and Environmental Protection Initiative (REPI) that are used in conjunction with Navy and Marine Corps O&M funds to leverage acquisitions in partnership with states, local governments and non-governmental organizations. For FY2011, the Marine Corps acquired restrictive easements over 3,349 acres. REPI and Marine Corps funds totaled \$3.4 million while the encroachment partners provided \$3.6 million. The Navy acquired 1,908 acres with combined REPI and Navy funds of \$9.36 million and \$6.4 million provided by partners.

To-date, the Marines have acquired restrictive easements for 33,862 acres of land with \$50.8 million of REPI and Marine Corps funding. Encroachment partners have contributed \$55.7 million. The Navy has acquired 9,851 acres to date with \$28.4 million of REPI and Navy funding, and \$35.5 million contribution from encroachment partners.

Vital to the readiness of our Fleet is unencumbered access to critical water and air space adjacent to our facilities and ranges. An example is the outer continental shelf (OCS) where the vast majority of our training evolutions occur. The Department realizes that off-shore energy exploration and wind development play a crucial role in our nation's security and are not necessarily mutually exclusive activities with military training. Therefore, we are engaging with the other Services, the Office of the Secretary of Defense, and the Department of Interior to advance the administration's energy strategy. We are poised to coordinate with commercial entities, where feasible, in their exploration and development adjacent to installations and our operating areas along the OCS that are compatible with military operations. However, we must

ensure that obstructions to freedom of maneuver or restrictions to tactical action in critical range space do not degrade the ability of naval forces to achieve the highest value from training and testing.

BRAC IMPLEMENTATION

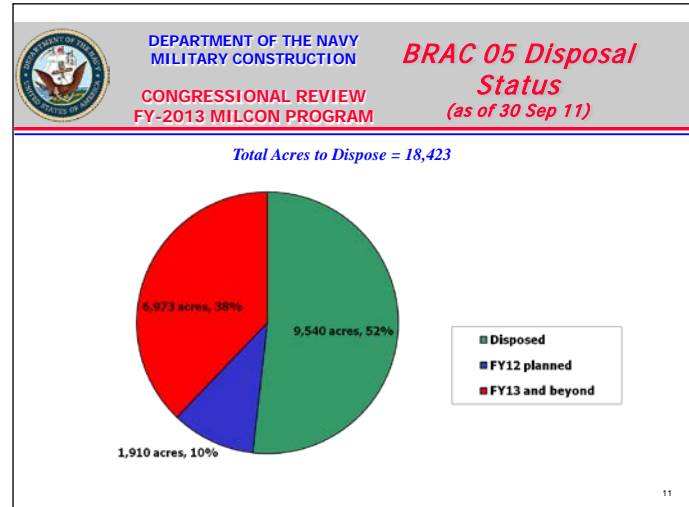
BRAC 2005 Implementation

The Department met its legal obligations by the statutory deadline of September 15, 2011 and successfully implemented all required realignment and closure actions as specified in our established business plans. Going forward, our FY 2013 budget request of \$18 million enables ongoing environmental restoration, caretaker, and property disposal efforts at BRAC 2005 installations.

BRAC 2005 provided an important opportunity to improve operational efficiencies, reduce excess infrastructure, add joint bases, and produce savings. In total, the Department led 33 recommendations which involved 484 realignment and closure actions and 118 BRAC construction projects. We invested our dollars to build state of the art facilities which vary in function from administrative to industrial to research and development that are necessary to support our warfighters.

During the past year, DON closed Naval Air Station Brunswick, ME, Naval Air Station Joint Reserve Base Willow Grove, PA and the Naval Support Activity New Orleans, LA along with a number of Navy Marine Corps Reserve Centers. The Department established the Marine Corps Support Facility in the first-of-its-kind Federal City New Orleans. We led the effort and completed the relocation of five DoD Investigative, Counterintelligence and Security agencies to Marine Corps Base Quantico. The Department invested over \$400 million on construction and outfitting of 11 facilities to establish a state of the art Research, Development, Acquisition, Test and Evaluation center for Integrated Weapon System and Armaments and Fixed Wing Air Platforms at Naval Air Warfare Center China Lake, CA.

By the end of FY 2011, the Department disposed of 52 percent of the property that was slated for closure in BRAC 2005. These disposal actions were



completed via a combination of lease transfers and terminations, reversions, public benefit conveyances, Federal and DoD agency transfers and an Economic Development Conveyance (EDC). Of interest for FY 2011 is the conveyance of 1,133 acres at Naval Air Station Brunswick to several recipients using various real estate authorities supporting economic redevelopment of the community and public uses, such as education and parks.

For 2012, the Department will continue its disposal efforts at Brunswick with another 1,593 acres planned for conveyance. The 2012 Plan also includes transfer of remaining real property at Naval Station Ingleside, TX, Marine Corps Support Activity Kansas City, MO and Naval Support Activity New Orleans, LA. Other significant disposals include completing all disposal actions at five smaller facilities.

Naval Support Activity New Orleans, LA: Construction for the new building that houses Headquarters, Marine Forces Reserve and Marine Corps Mobilization Command was completed in June 2011.

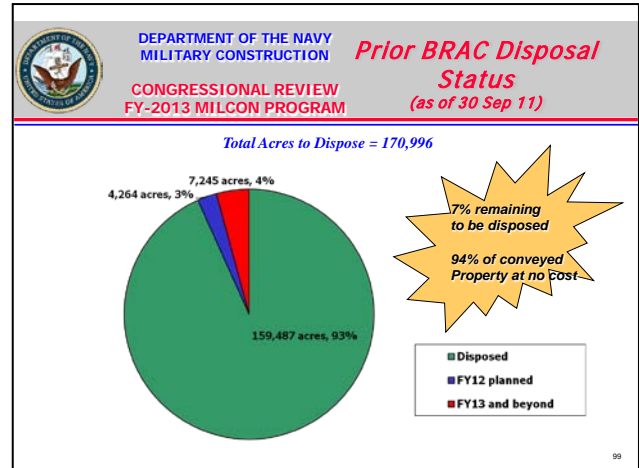
Naval Air Station Brunswick, ME: The Department's largest BRAC 2005 operational action closed Naval Air Station Brunswick and consolidated the East Coast maritime patrol operations in Jacksonville, FL. Runway operations in Brunswick ceased in February 2010. The closure ceremony occurred in May 2011. The disposal of NAS Brunswick has been a stunning success story to support the reuse and economic redevelopment of the base and mid-coast Maine. Almost 1,200 of the base's 3,400 acres have already been disposed. This includes 750 acres of runway and aviation facilities to start a private airport before the base even closed, and almost 300 acres through an EDC. This EDC was transferred at Fair Market Value with Navy receiving a portion of the mixed use redevelopment proceeds for the next 20 years. Smaller conveyances have also been made to the local community college for classroom facilities and to the Town of Brunswick for parks and recreation reuse.

Over the last year, we spent \$16 million in cleanup at BRAC 2005 locations. The majority of this funded environmental activities at Naval Air Station Brunswick, ME, Naval Weapons Station Seal Beach Detachment Concord, CA, and Naval Air Station Joint Reserve Base Willow Grove, PA. Our remaining environmental cost to complete for FY 2012 and beyond is \$189 million.

Prior BRAC

The BRAC rounds of 1988, 1991, 1993, and 1995 were a major tool in reducing our domestic installation footprint and generating savings. All that remains is to complete the environmental cleanup and property disposal on portions of 14 of the original 91 bases and to complete environmental cleanup, including long term monitoring at 26 installations that have been disposed.

We disposed of 839 acres of real property in FY 2011, for a total of 93 percent of real property disposed in the first four rounds of BRAC. In FY 2011, we completed the disposal of nearly 400 acres at the former Naval Air Station Barbers Point, HI to the City and County of Honolulu via a National Parks Service sponsored public benefit conveyance. This will allow the City and County of Honolulu to develop much needed parks, ball fields, and preserve open space in the rapidly developing Kalaeloa area of Oahu. We continue to use the variety of the conveyance mechanisms available for Federal Property disposal, including the Economic Development Conveyance that was created for BRAC properties. Ninety-one percent of the property conveyed has been at no consideration to the Federal Government. Our FY 2013 budget request of \$147 million will enable us to continue disposal actions and meet the legal requirements for environmental cleanup.



We continue to use the variety of the conveyance mechanisms available for Federal Property disposal, including the Economic Development Conveyance that was created for BRAC properties. Ninety-one percent of the property conveyed has been at no consideration to the Federal Government. Our FY 2013 budget request of \$147 million will enable us to continue disposal actions and meet the legal requirements for environmental cleanup.

With 64 percent of our remaining property requiring supplemental National Environmental Policy Act (NEPA) analysis and completion of environmental remediation activities, disposal actions will continue after FY 2012. Due to changing redevelopment plans, we are finalizing Supplemental NEPA analyses at Naval Shipyard Hunters Point, CA and recently completed efforts at Naval Station Roosevelt Roads, PR.

In FY 2012, we have already conveyed nearly 600 acres at Naval Air Station South Weymouth, MA and over 1,000 acres at Naval Station Roosevelt Roads via EDCs. Other significant actions include the initiation of a public sale at Naval Station Roosevelt Roads, PR, for about 2,033 acres and the initial impending conveyance of property at Naval Station Treasure Island via an EDC. With the completion of these actions, we will have disposed of 96 percent of our Prior BRAC real properties.

The Department has now spent about \$4.6 billion on environmental cleanup, environmental compliance, and program management costs at prior BRAC locations through FY 2011. Our remaining environmental cost to complete for FY 2012 and beyond is approximately \$1.36 billion. This includes about \$150 million cost growth, which is due in part to additional radiological contamination at Naval Air Station Alameda, CA, Naval Station Puget Sound, WA and Naval Station Treasure Island, CA. The increase is also associated with ground water cleanup at sites at Naval Air Station Moffett Field, CA and additional investigation and remediation at Naval Shipyard Mare Island, CA.

BRAC Summary

The Department met its legal obligation to complete the BRAC 2005 closure and realignment actions by September 15, 2011. While the relocation of Navy organizations from leased locations in the National Capital Region to DoD owned space continues to require some effort, we expect to be fully complete this spring.

For the Prior BRAC installations, we transferred 1,041 acres at Naval Station Roosevelt Roads, PR and 557 acres at Naval Air Station South Weymouth, MA to the respective Local Redevelopment Authorities. Additionally, we are working with the Naval Station Treasure Island Local Redevelopment Authority to complete the first transfer of property required for the construction of the Oakland Bay Bridge. Although the remaining prior round BRAC installations present cleanup and disposal challenges, we continue to work with regulators and communities to tackle complex environmental issues, such as low-level radiological contamination, and provide creative solutions to support redevelopment priorities, such as Economic Development Conveyances with revenue sharing.

CONCLUSION

Our Nation's Sea Services continue to operate in an increasingly dispersed environment to support the maritime strategy and ensure the freedom of the seas. We must continue to transform and recapitalize our shore infrastructure to provide a strong foundation from which to re-supply, re-equip, train, and shelter our forces. With your support of the Department's FY-2013 budget request, we will be able to build and maintain facilities that enable our Navy and Marine Corps to meet the diverse challenges of tomorrow.

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