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STATEMENT OF

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BEFORE THE

HOUSE ARMED SERVICES SUBCOMMITTEE

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Chairman Forbes, Representative Bordallo, 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 FY2012 budget request includes a $13.3 billion investment in our installations, a decrease of more than $1.6B from last year.

The FY-2012 **military construction** (active + reserve) request is $2.5 billion. Although significantly less than the FY-2011 request , it represents continued investment in quality of life and mission requirements, a continued emphasis on energy conservation, and implementation of the Defense Policy Review Initiative to relocate Marines from Okinawa to Guam.

The FY-2012 **Family Housing** request of $469 million represents a fifteen percent decrease from the FY-2011 request. The Navy and Marine Corps continued to invest in housing, particularly the recapitalization of our overseas housing. Having virtually privatized 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, and property disposal costs at prior round BRAC and BRAC 2005 locations.

We do not foresee much potential for large revenue from land sales, which were used to fund the Legacy BRAC program from FY2005 through FY2008. Thus, we again seek appropriated funds in FY-2012 in the amount of $129 million. Should land sale revenue accrue from the disposal of any BRAC property sales, we will reinvest them to accelerate cleanup at the remaining BRAC locations.

The FY-2012 **BRAC 2005** budget request of $26 million supports ongoing environmental restoration, caretaker, and property disposal efforts. The Department has made significant progress in implementing the BRAC 2005 recommendations during the past year, and to date has completed 328 of 485 realignment and closure actions as specified in our established business plans

and we are on track for full compliance with statutory requirements by the September 15, 2011 deadline.

Our FY-2012 request for **Base Operating Support** is in excess of $7.0 billion. The BOS program finances shore activities that support ship, aviation, combat operations, public safety, and family Quality of Life programs for both active and reserve components.

Finally, the Department's budget request is increased to $1.2 billion FY 2012, and $4.4 billion across the FYDP, to support Secretary Mabus' aggressive energy goals to increase energy security, reduce dependency on fossil fuels, and promote good stewardship of the environment. The FY 2012 program funds three military construction projects to decentralize steam plants, continues research and development in operational energy efficiencies for the tactical fleet, and will enable the Services to increase the energy efficiency of its infrastructure.

Here are some of the highlights of these programs.

MILITARY CONSTRUCTION

The DoN's FY 2012 Military Construction program requests appropriations of **$2.5 billion**, including **$87** million for planning and design and **$23** million for Unspecified Minor Construction.

The active Navy program totals $1.1 billion and includes.

- **$190 million** to fund five Combatant Commander projects: a Bachelor Quarters, a Taxiway Enhancement, and an Aircraft Logistics Apron at Camp Lemonnier, Djibouti; and a Bachelor Quarters and the fourth phase of the Waterfront Development in Bahrain.
- **$195 million** to fund four Energy Savings and Security projects: a Steam System Decentralization at Naval Support Activity Norfolk, Virginia; a Steam System Decentralization at Naval Support Activity South Potomac (Indian Head, Maryland); a Steam System Decentralization at Naval Station Great Lakes, Illinois; and an Electrical Distribution System Replacement at Pacific Missile Range Facility, Hawaii.
- **$128 million** to fund a Bachelor Quarters at Naval Station Norfolk, Virginia in support of the Chief of Naval Operations' Homeport Ashore initiative; and a Fitness Center at Naval Base Coronado, California.
- **$208 million** to fund five Nuclear Weapons Security projects: the first increment of a second Explosives Handling Wharf, Explosives Handling Wharf Security Force Facility, and Waterfront Restricted Area Security

Enclave at Naval Base Kitsap, Washington; and Waterfront Restricted Area Land/Water Interface and Security Enclave at Submarine Base Kings Bay.

- **$114 million** to fund five projects to achieve Initial/Final Operational Capability requirements for new systems: a P-8A Trainer Facility, a P-8A Hangar Upgrade, and a Broad Area Maritime Surveillance Operator Training Facility at Naval Air Station Jacksonville, Florida; a MH-60 R/S Rotary Maintenance Hangar at Naval Base Coronado, California; and an E-2D Aircrew Training Facility at Naval Base Ventura County, California.
- **$15 million** to fund Massey Avenue Corridor Improvements at Naval Station Mayport, Florida in support of homeporting a nuclear capable aircraft carrier by 2019.
- **$198 million** to fund additional critical Navy priorities: a Controlled Industrial Facility at Norfolk Navy Shipyard, Virginia; an Applied Instruction Facility at Eglin Air Force Base; an Aircraft Prototype Facility at Naval Air Station Patuxent River; an Integrated Dry Dock Water Treatment Facility at Naval Base Kitsap, Washington; a Navy Information Operations Command FES Facility at Naval Station Pearl Harbor, Hawaii; and a Potable Water Plant Modernization at Naval Support Facility Diego Garcia.
- **$42 million** for planning and design efforts.

The active Marine Corps program totals $1.4 billion and includes.

- **$59 million** for the construction of unaccompanied housing at Camp Lejeune and Quantico in a continuation of the Commandant of the Marine Corps' initiative to improve the quality of life for single Marines;
- **$48 million** to provide quality of life facilities such as a child development center, a dining facility, and a physical fitness center at 29 Palms and Quantico;
- **$28 million** to construct student billeting for the Basic School in Quantico, Virginia;
- **$301 million** to build infrastructure to support new construction. These projects include, road improvements, drinking and wastewater systems. These projects will have a direct effect on the quality of life of our Marines. Without these projects, basic services generally taken for granted in our day-to-day lives, will fail as our Marines work and live on our bases;
- **$514 million** to fund operational and maintenance projects such as those needed for the MV-22 aircraft at Camp Pendleton and Joint Strike Fighter at Beaufort and Yuma; and operational units in Camp Lejeune, New River, Cherry Point, 29 Palms, Barstow, and Hawaii;
- **$127 million** to provide training facilities and ranges at Camp Pendleton, Camp Lejeune, 29 Palms, and Quantico;

- **$75 million** to support professional military education by providing facilities at Marine Corps University in Quantico;
- **$9 million** for land expansion for MAGTF large-scale training exercises at 29 Palms;
- **$156 million** for facilities necessary to support the relocation of Marines to Guam; and
- **$42 million** for planning and design efforts.

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

The Navy and Marine Corps Reserve Military Construction appropriation request is $26 million to construct an Armed Forces Reserve Center at Pittsburgh, Pennsylvania, and a Marine Corps Reserve Training Center at Memphis, Tennessee. Additionally, $18M has been realigned to the Department of the Army to construct a Joint Navy, Marine Corps and Army Reserve Complex at Indianapolis, Indiana.

Fully-funded and Incrementally-funded MILCON projects

Our FY 2012 budget request complies with Office of Management and Budget Policy and the DoD Financial Management Regulation that establishes criteria for the use of incremental funding. The FY-2012 request includes $78 million to support the first increment of a second Explosives Handling Wharf at Naval Base Kitsap, Washington. Follow-on increments will be submitted in future budget requests. Otherwise, all new projects are fully funded or are complete and usable phases.

FACILITIES MANAGEMENT

Facilities Sustainment, Restoration and Modernization (SRM)

The Department of Defense uses a Sustainment model to calculate life cycle facility maintenance and repair costs. These models use industry-wide standard costs for various types of buildings and geographic areas and are updated annually. Sustainment funds in the Operation and Maintenance accounts are used to maintain facilities in their current condition. The funds also pay for preventative maintenance, emergency responses for minor repairs, and major repairs or replacement of facility components (e.g. roofs, heating and cooling systems). The FY 2012 budget request funds sustainment at 80% and 90% for the Navy and Marine Corps, respectively. To maximize support for warfighting readiness and capabilities, the Navy reduced its facilities

sustainment posture to 81 percent of the Department of Defense (DoD) Facilities Sustainment Model; Joint Bases are funded to 90 percent of this model. The Naval Academy, Naval War College, and Naval Postgraduate School are funded to 100 percent of this model. Additionally, the Navy has targeted the allocation of sustainment funds to increase the sustainment and maintenance of unaccompanied housing. As a result, 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.

Restoration and modernization (R&M) provides major upgrades of our facilities using Military Construction, Operation and Maintenance, Navy Working Capital Fund, and BRAC, as applicable. In FY-2012, the Department of Navy is investing nearly $1.5 billion in R&M funding.

Naval Safety

Protecting Department of the Navy's Sailors, Marines and Civilian employees and preserving the weapon systems and equipment entrusted to us by the American People remains one of our highest priorities. I consider continual improvement of our safety performance to be an integral component to maintaining the highest state of operational readiness for our Navy - Marine Corps Team. During FY10, DON once again achieved record-setting mishap rate reductions in numerous key mishap categories. The Department is successfully tracking toward becoming a world-class safety organization, where, in step with civilian industry leaders, no avoidable mishap or injury is considered the cost of doing our business.

The Secretary of Defense established a goal to achieve a 75 percent reduction in baseline FY02 mishap rates across DOD by the end of FY12. By the end of FY10, DON exceeded the DOD-wide mishap rate reduction in three of the four mishap categories being tracked by the Office of the Secretary of Defense.

During FY10, we continued our Department-wide assault to reduce the loss of Sailors and Marines to fatal accidents on our nation's highways. Over the past 5 years, we lost on average 53 Sailors and Marines to automobile and motorcycle accidents. In FY10, we brought those losses down to just 34, our lowest number ever recorded. While we achieved unprecedented reductions in highway fatalities during FY10, we still find these losses untenable - we can and must do better.

In FY10 DON achieved our best year ever recorded for Total Class A Operational Mishaps[1]. While this represents a significant achievement, FY10 was the fourth consecutive FY we achieved, "best year ever recorded" in this category. Additionally, FY10 marked DON's best year ever recorded for the number of Off-duty/Recreational Fatalities[2] and for the rate of Class A Aviation Flight Mishaps.

Our efforts also focus on achieving continual improvement in the reduction of workplace injuries. By the end of FY10, the Department had achieved Voluntary Protection Program (VPP) "Star" status, OSHA's highest level of achievement, at fourteen sites. These activities include all four Naval Shipyards, our largest industrial facilities. Additionally, over the past 8 years, we have reduced the Navy and Marine Corps Civilian Lost Day Rates (due to injury) by 45% and 51% respectively.

Encroachment Partnering

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

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 FY2010, the Marine Corps acquired restrictive easements over 8,191 acres. REPI and Marine Corps funds totaled and $8.7M while the encroachment partners provided $11Mil. The Navy acquired 1,908 acres with combined REPI and Navy funds of $9.36M and $6.4M provided by partners.

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[1] An FY10 Class A Mishap is one where the total cost of damages to Government and other property is two million dollars or more, or a DoD aircraft is destroyed, or an injury and/or occupational illness results in a fatality or permanent total disability. An operational mishap excludes private motor vehicle and off duty recreational mishaps. Mishaps exclude losses from direct enemy action.

[2] Off-duty/Recreational fatalities do not include off-duty deaths resulting from automobile, motorcycle or pedestrian/bicycle mishaps.

To date, the Marines have acquired restrictive easements for 32,408 acres of land with $49M of REPI and Marine Corps funding. Encroachment partners have contributed $54Mil. The Navy has acquired 9,851 acres to date with $28.4M of REPI and Navy funding, and $35.5M contribution from encroachment partners.

Compatible Development

Vital to the readiness of our Fleet is unencumbered access to critical water and air space adjacent to our facilities and ranges. An example is the outer continental shelf (OCS) where the vast majority of our training evolutions occur. The Department realizes that energy exploration and off-shore wind development play a crucial role in our nation's security and are not necessarily mutually exclusive endeavors. Therefore, we are engaging with the other Services, the 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 measurably degrade the ability of naval forces to achieve the highest value from training and testing.

ENERGY

The Department of the Navy (DON) is committed to implementing a balanced energy program that exceeds the goals established by the Energy Independence and Security Act of 2007, Energy Policy Act of 2005, National Defense Authorization Act of 2007 and 2010, Executive Orders 13423 and 13514. We place a strong emphasis on reducing our dependence on fossil fuels , reducing overall energy consumption, increasing energy reliability, and environmental stewardship. 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.

Organization

The Secretary established a Deputy Assistant Secretary of the Navy for Energy (DASN-Energy) to consolidate the Department's operational and

installation energy missions in the office of the Assistant Secretary of the Navy for Energy, Installations and Environment ASN (EI&E). The consolidation of both operational and installation energy portfolios under the DASN (Energy) has led to a more concentrated focus on the SECNAV's priority of Energy Security and Energy Independence. At the service level, energy efficiency is being institutionalized by the Chief of Naval Operations (CNO) and the Commandant of the Marine Corps (CMC). The Navy Energy Coordination Office (NECO) and Marine Corps Expeditionary Energy Office (E2O) drive energy efforts and initiatives within the services.

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

Naval Energy Vision, Priorities, and Goals

As part of the SECNAV's priority on Energy, DON is committed to a Naval Energy Vision that states "The Navy and Marine Corps will lead the Department of Defense and the nation in bringing about improved energy security, energy independence, and a new energy economy."

With this vision, SECNAV has set two priorities for Naval energy reform: Energy Security and Energy Independence. Energy Security will be achieved by utilizing sustainable sources that meet tactical, expeditionary, and shore operational requirements and force sustainment functions, and having the ability to protect and deliver sufficient energy to meet operational needs. Energy Independence will be achieved when Naval forces rely only on resources that are not subject to intentional or accidental supply distributions. As a priority, DON's energy independence will increases operational effectiveness by making Naval forces more energy self-sufficient and less dependent on vulnerable energy production and supply lines.

With his vision and priorities, the Secretary of the Navy set forth five energy goals to reduce DON's overall consumption of energy, decrease its reliance on petroleum, and significantly 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. DON will lead the Navy and Marine Corps efforts to improve operational effectiveness while increasing energy security and advancing energy independence. DON will achieve the SECNAV goals by adopting energy efficient acquisition practices, technologies, and operations.

The Goals are:

Goal 1 – By 2020, 50% of total DON energy will come from alternative energy resources,
Goal 2 – By 2020, DON will produce at least 50% of shore based energy requirements from alternative resources,
Goal 3 – DON will demonstrate a Green Strike Group in local operations by 2012 and sail the Great Green Fleet by 2016,
Goal 4 – By 2015, DON will reduce petroleum use in commercial vehicles by 50%,
Goal 5 – Evaluation of energy factors will be used when awarding contracts for systems and buildings.

As part of these ambitious energy goals, SECNAV released *The Department of the Navy's Energy Program for Security and Independence.* This strategic roadmap provides guidance and direction to the Navy and Marine Corps. In addition, the CNO and CMC are developing strategic plans, baselines, and metrics to outline energy requirements, funding, profiles, and milestones for achieving energy efficiency and security. The Strategy requires action across the Department of the Navy and is the responsibility of every individual member.

ENERGY FUNDING

DON has budgeted $1.2 billion in FY2012 and approximately $4.4 billion across the FDYP for energy initiatives. Our strategy focused on reducing our dependence on petroleum, lowering our energy cost, and complying with Federal legislation and energy mandates. This focus on energy investment will result in cost savings that will allow DON to continue to aggressively pursue the SECNAV's priorities and goals.

OMN - Projects funded would include testing/certification of Great Green Fleet Fuel, propeller coatings, hull coatings Advanced Metering Infrastructure, simulator upgrades, Aviation & Maritime i-ENCON and facility energy audits and facility energy efficiency upgrades.

OMMC - Projects funded would include completion of mandated energy audits, mobile electric power equipment units, advanced power systems, renovate HVAC system to increase efficiency, and complete SMART metering projects.

NDSF/OPN - Projects funded would include LMSR Light Upgrades, shore power management/monitoring systems, ship engine automation upgrades.

MCN - Funds would go towards solar array construction projects, energy efficiency upgrades, Critical Asset Energy Security Enhancements, advanced

metering, ground-source heat pumps, small-scale wind projects and steam line distribution upgrades.

RDT&E - Projects funded would include testing of hybrid electric drive, Fleet Readiness R&D Program, the shipboard energy dashboard, LCAC Efficiency initiatives, water purification technologies, man-portable electric power units, and energy storage and distribution.

Achieving these priorities and goals will present challenges for the Navy and the Marine Corps. Final success will depend on advancements on technology maturity, resource availability, alternative fuel availability, and business process transformation. However, with the investments budgeted for energy, DON is taking the leadership role within DoD for this success.

SUCCESS

We are on track to meet all our goals, and throughout 2010, we demonstrated progress through an assortment of energy programs, partnerships, and initiatives. Our F/A18, dubbed 'The Green Hornet' reached MACH 1.7 as part of the test and certification process using a 50-50 blend of Camelina based JP-5. We also successfully conducted tests on the MH-60 Seahawk helicopter, and ran a Riverine Command Boat on renewable biofuel. These tests represent milestones for the SECNAV's 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, will generate life-cycle savings of millions of dollars at today's fuel prices. And we are not stopping there. We will continue to move forward with installation of a similar system on new construction DDGs and look at the feasibility of retrofitting the fleet with these systems in the course of routine shipyard availabilities.

Additional energy initiatives that will reduce the energy consumption of our ships and make them more efficient are propeller and hull coatings. Stern flaps will also assist in reducing energy consumption. And when we look to our future Navy, advanced materials used on our propellers, energy storage and power management systems, and advanced propulsion technology will make our warships more efficient while still allowing them to meet their combat capability.

And the Navy is not alone in implementing change. Last year, the Marines tested equipment that could be deployed on battlefields at their Experimental Forward Operating Bases (ExFOB) at Quantico and 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. By deploying these technologies, the Marines have proven that energy efficiency means combat effectiveness.

In addition to these tactical and platform applications, we have 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. Solar Multiple Award Contracts in Hawaii and the Southwest will allow for large-scale solar projects to be built on our installations. And we are looking at developing our wind resources, exploring Waste to Energy projects and developing ocean power technology.

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 at a minimum LEED Silver. By exceeding building efficiency standards, we will be able to meet mandated efficiency goals and drive down our need for conventional energy sources.

SECNAV is committing DON to transform its requirements-setting, acquisition, and contracting processes to incorporate energy efficiency into decisions for new systems and buildings. Our Preferred Supplier Program (PSP) was developed as a tool to reward contractors with favorable contract conditions that have demonstrated superior performance in the area of cost, schedule adherence, quality of product/services and business relations. Evaluation factors for energy efficiency performance include energy benchmarking, goal setting, and measurement and verification. The PSP program has been renamed Superior Supplier Program (SSP) & transferred over to OSD DDR&E in early 2011. And in October of last year, the SECNAV Green Biz Ops site was launched in partnership with the Small Business Administration as a way to partner with small businesses and highlight the opportunities within DON.

Communication and awareness are critical to achieving the SECNAV energy goals. DON is exploring 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.

DON 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 Agriculture, NASA, 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.

HOUSING

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

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

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

Family Housing

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

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

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

Our FY-2012 budget includes $101 million in funding for family housing improvements (including planning and design). This request provides for the revitalization of over 400 Navy and Marine Corps housing units in Japan, Spain, and Cuba. The budget request also includes $368 million for the operation, maintenance, and leasing of remaining Government-owned or controlled inventory. As of the end of FY 2010, we have awarded 38 privatization projects involving over 63,000 homes. These include over 43,000 homes that will be constructed or renovated. (The remaining homes were privatized in good condition and did not require any work.) Through the use of these authorities we have secured approximately $9 billion in private sector investment from approximately $1.6 billion of our funds, which represents a ratio of over seven private sector dollars for each taxpayer dollar.

Unaccompanied Housing

Our budget request includes over $267 million in funding for the construction of unaccompanied housing to support over 2,300 single Sailors and Marines. This includes $59 million to support requirements to continue implementation of the Commandant of the Marine Corps program to construct sufficient housing so that no more than two single Marines are required to share a sleeping room. The budget request also includes an $81 million unaccompanied housing project in Norfolk, VA to support the Chief of Naval Operations commitment to achieve the Navy's "Homeport Ashore" objective by 2016.

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

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

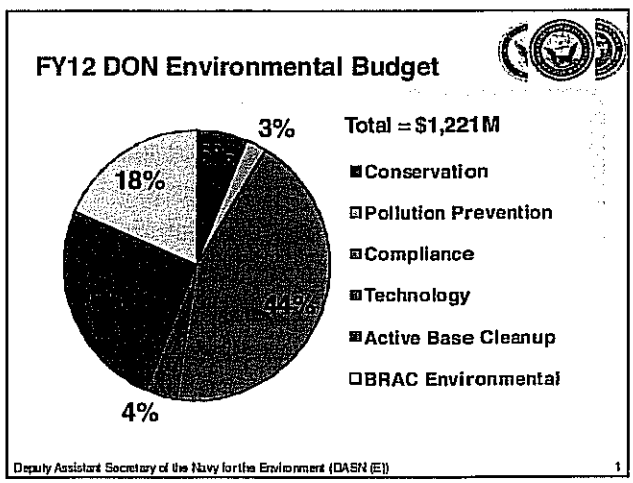
- Commandant's BEQ Initiative. It is the Commandant of the Marine Corps' priority to ensure single Marines are adequately housed.

Thanks to your previous support of this initiative, the Marine Corps will make significant progress toward fulfilling this priority. MILCON funding since Fiscal Year 2008 for the Marine Corps barracks initiative will result in the construction of approximately 25,500 new permanent party spaces at multiple Marine Corps installations. Your continued support of this initiative in our Fiscal Year 2012 proposal will allow us to construct an additional 800 new permanent party barracks spaces. With this funding we will stay on track to meet our 2014 goal. The Fiscal Year 2012 request for bachelor housing will provide two barracks projects at Camp Lejeune, North Carolina; and Quantico, Virginia. We are also committed to funding the replacement of barracks' furnishings on a seven-year cycle as well as the repair and maintenance of existing barracks to improve the quality of life of our Marines. These barracks will be built to the 2+0 room configuration, as have all Marine Corps barracks since 1998. This is consistent with the core Marine Corps tenets for unit cohesion and teambuilding.

- 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 aforementioned Commandant's BEQ initiative, almost 90 percent of the Marine Corps' unaccompanied housing is now considered adequate.

ENVIRONMENT

In FY2012, 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: FY2010 - $1,117M; FY2011 - $1,094M; FY2012 - $1,221M. Additionally, the relative distribution of environmental funding across the environmental programs, as displayed



within the chart to the right, has also remained stable.

Within this mature, stable environment, DON continues to seek to be a Federal leader in environmental management by focusing our resources on achieving specific goals and proactively managing emerging environmental issues. Many of these emerging environmental issues for fiscal year 2012 present unique challenges as well as provide environmental leadership opportunities for the Department of the Navy.

Compliance - Sustainability

The Department's environmental budget invests significantly in complying with existing regulations. Going beyond just simply maintaining compliance, the Department's compliance budget in fiscal year 2012 incorporates a vision of sustainability into our ability to operate into the future without decline – either in the mission or in the natural and manufactured systems that support our mission. Sustainability is seen by DON as a means of improving mission accomplishment and reducing lifecycle costs that apply to all DoD mission and program areas. DON has instituted many policies and practices implementing sustainability tenets including retrofitting/constructing buildings and expeditionary base camps to optimize energy and water use, adopting goals for renewable energy use on facilities, and conducting integrated solid waste management.

The Department recognizes that many key issues facing DoD can be addressed through smart investments that improve sustainability, such as energy efficiency, energy management, renewable energy, water use efficiency, the reduced use of toxic and hazardous chemicals, and solid waste management.

As an example of solid waste management, Naval Facilities Engineering Command Southwest recently completed a large demolition and environmental remediation project at Naval Security Group Activity Skaggs Island (Skaggs Island). Skaggs Island is located 40 miles northeast of San Francisco near the north shore of San Pablo Bay in Sonoma County. It is bounded on all sides by estuarine sloughs and surrounded by salt marsh wetlands beyond the island's levees. Naval Security Group Activity Skaggs Island was commissioned at this site on May 1, 1942, during World War II and was an active communications base for 51 years. The project was able to recycle 6,437 tons of material from demolition of approximately 140 buildings in preparation for the property to be transferred to the US Fish & Wildlife Service (FWS) to become a part of the San Pablo Bay National Wildlife Refuge. Concrete and asphalt were processed for use in a local highway project. All metals were diverted to salvage yards, and the wood was processed with other materials and used as cover material in a landfill.

National Ocean Council

The National Ocean Council (NOC) is a Cabinet-level body established by Executive Order in June 2010. There are 27 federal agencies tasked to engage in developing a comprehensive national ocean policy which uses ecosystem based management and coastal and marine spatial planning as foundational building blocks. The Executive Order mandates spatial planning for maximized compatible use. The Department of Navy equity in this Executive Order is extensive: for the first time comprehensive spatial planning is being conducted in our Exclusive Economic Zones (EEZs) including the western Pacific, Alaska and the Arctic, the Gulf of Mexico, and the Caribbean. The DON ability to train and test in our current operating areas must be protected. 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, providing staff and administrative support, and participating in plans to produce regional Coastal and Marine Spatial Plans.

The Department participates in numerous interagency ocean-policy working groups formed under the NOC. These include but are not limited to the Ocean Science Technology (OST) ad hoc biodiversity Interagency Working Group (IWG), Ocean Social Science IWG, Ocean Education IWG, Ocean Acidification IWG, the Facilities and Infrastructure IWG, the Ocean and Coastal Mapping IWG, the Interagency Ocean Observing Committee, and the Climate Change Adaptation Task Force. The Department of the Navy and the Joint Chiefs Staff are leading a new IWG tasked with writing the "Ocean, Coastal, and Great Lakes Observations and Infrastructure" Strategic Action Plan (SAP), and are co-chairs for the "Changing Conditions in the Arctic" and "Coastal and Marine Spatial Planning" SAPs. In addition the Navy provides a full-time NOC staff member who serves as the primary liaison to the National Security Staff, and provides administrative oversight for the Federal Advisory Ocean Research and Resources Advisory Panel (ORRAP).

Chesapeake Bay

After issuing the Chesapeake Bay Strategy in May 2010, the Department has and 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 is 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. DON recently sponsored a meeting with the Maryland Governor and EPA Administrator to partner on means to meet the DoD, DON, and State goals to restore the health of the Chesapeake Bay. We are planning a similar event with Virginia later this year. Through these and other conservation efforts, DON is truly leading by example.

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 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, currently in place at 89 DON installations with significant natural resources, integrate all facets of natural resources management with the installation's operational and training requirements. DON works closely with our Federal and State partners as well as other stakeholders to ensure our INRMPs remain current and effective. One of our primary objectives is to implement conservation measures to protect threatened and endangered species and their habitat which can help to reduce protected species related regulatory constraints. 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.

DON has also developed and implemented a web-based tool for measuring the effectiveness of Navy and Marine Corps Natural Resources Programs and overall ecosystem health as it relates to mission sustainability. The tool provides leadership with the information necessary to focus scarce funds in the right place to protect and conserve valuable natural areas and habitats while also protecting mission integrity.

Cultural Resources Program

Cultural resources under the Department of Navy's stewardship include infrastructure, ships, and objects of our Navy and Marine Corps heritage; vestiges of our Colonial past; and Native American/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 clear 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.

Our installations have many success stories in which proactive management of cultural resources supported and reinforced the mission. We take very seriously our statutory obligations regarding historic properties. We work with the other Services, and other agencies such as the Advisory Council on Historic Preservation and State Historic Preservation Officers, tribal governments, Native Hawaiian Organizations, Native Alaskans, and interested members of the public, to develop effective and efficient ways to balance our stewardship and fiscal responsibilities. We are also developing a new web-based tool for measuring the effectiveness and efficiency of DON cultural resources stewardship and mission support.

Historic buildings, which are a significant element of our cultural resources, are a valuable part of our portfolio and the Department has been able to rehabilitate historic buildings in ways that support mission requirements as effectively as new construction, with the added benefit of preserving historic property. Of particular concern is energy efficiency and how to retrofit systems to be more efficient while preserving character-defining features. In 2011, the Commandant's House at the Marine Barracks Washington (a National Historic Landmark) will have photovoltaic panels installed on small portions of the roof to help send the message out to the Marine Corps that alternative energy and historic preservation goals are not mutually exclusive.

Installation Restoration Program (IRP)

The DON continues to make significant progress remediating past contaminants. As of the end of FY-10, the Department has completed cleanup or has remedies in place at 86 percent of the 3,834 contaminated sites on active installations. The DoD goal to have remedies in place or responses completed by the year 2014 was established in 1996 when the department had 3,256 known contaminated sites. Over the past 15 years the Department has identified 578 additional sites requiring cleanup. We have been working aggressively to achieve remedy in place or response complete for all sites by 2014. As of the end of FY-10, we are projecting 46 sites will not meet this DoD goal. We consider this a huge success that we have accomplished site cleanup at both our original inventory of sites as well as 532 additional sites in this time period. Also, DoD expanded the universe of DERP eligible sites in 2008. Since that time, we have

identified an additional 107 sites. These sites do not have established metrics, but we are working with DoD to establish appropriate metrics to also bring these sites to 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-10 was completing site inspections at all 330 MRP sites. We successfully completed 97% of these inspections. The 3% not inspected were because several newly discovered sites were added into the program late in the process. These site inspections will be completed in FY-11. Additional funding has also been obligated to address high priority sites at Vieques and Jackson Park Housing. DON has used the results of the completed site inspections to prioritize the next phases of work for all sites starting in FY-11. DON plans to achieve cleanup or remedies in place at all MRP sites (except Vieques) by FY-20.

Camp Lejeune

The Department remains committed to finding answers to the many questions surrounding the historic water quality issue at Camp Lejeune. Scientific/medical studies on this issue continue to investigate whether diseases and disorders experienced by former residents and workers are associated with their exposure to contaminated water at Camp Lejeune. We continue to fund research initiatives, including several ongoing Agency for Toxic Substances and Disease Registry (ATSDR) health studies. Additionally, the Marine Corps funded a Congressionally-mandated National Academies National Research Council (NRC) review, which was released June 13, 2009. In total, the Department has provided approximately $28M in funding for research initiatives, including nearly $27M to ATSDR and over $900K to the National Academy of Sciences. This total includes $3.9M to fund ATSDR for FY-11. In order to ensure total transparency and advance efforts to find answers for our Marines, Sailors, their families, and civilian workers, DON continues to provide full and timely access to all pertinent information that we possess on this subject.

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 $25M 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.

RELOCATING THE MARINES TO GUAM

The FY-2012 budget request includes $181 million for facilities in support of the relocation. The projects provide the horizontal infrastructure (utilities, site improvements, etc.,) necessary to enable subsequent vertical construction and/or support Marine Corps operations. The Government of Japan, in its JFY-2011 budget (which runs April 1, 2011 through March 31, 2012) has requested a comparable amount of $167 million for facilities and design. The JFY-2011 budget request also includes $415 million in funding for utilities financing, pursuant to the Realignment Roadmap, for water and wastewater projects. This financing will be applied to make improvements to wastewater treatment plants off-base, and to the DON's water system on-base that will interconnect with Guam's water system.

The Marine Corps relocation, along with other DOD efforts to realign forces and capabilities to Guam, represents a unique opportunity to strategically realign the U.S force posture in the Pacific for the next 50 years. This is a major effort and one we must get right. The Department of Defense recognizes Congress' concerns regarding execution of the Guam military realignment and is taking steps necessary to resolve critical issues that will allow the construction program to move forward.

The Guam community has been a gracious host to military personnel and families for decades. As we ask the people of Guam to now host a new Marine Corps base, the Department recognizes that close partnership with the Government and people of Guam is essential so that a long-term, positive relationship is fostered. The effort to relocate thousands of Marines and their family members is complex and though there remain issues which separate the Department and the Government of Guam, we are committed to working together to address issues such as cultural preservation, land use, and lessening the impacts on the community.

As such, the Department has outlined four pillars that will guide the approach to the coordinated effort to execute the military realignment. By committing to these four pillars, the Department is demonstrating its willingness to listen and respond to the concerns of the people of Guam.

First, the Department recognizes the added strain that the relocating Marines and their family members will place on Guam's infrastructure and is committed to the pursuit of "One Guam". Improvements to quality of life on Guam will result from direct investments in projects to improve and upgrade civilian infrastructure. These projects include those which are directly related to the military realignment, such as upgrades to the commercial port, roads, and utilities systems; and those identified by the Government of Guam as necessary

to support the community's socioeconomic needs. The Department has committed to work with other federal agencies to advocate for support for Guam's needs so that the One Guam vision can become a reality.

Second, the Department understands and supports the great emphasis the people of Guam place on protecting the island's precious natural resources. We will do our part to protect resources and achieve a "Green Guam" by developing the most energy efficient facilities possible and supporting Guam's efforts to develop sustainable and renewable energy projects. We have projects underway with the Guam Power Authority, Guam Waterworks Authority, University of Guam, Department of Energy and other federal agencies to bring public and private funds to Guam for sustainable projects. We will work with the University of Guam's Center for Island Sustainability to develop and secure funding for green programs.

Third, as discussed in further detail below, the preferred alternative site for the live fire training range complex on Guam that was identified in the Final EIS would require restricted access for safety reasons to the culturally-significant sites of Pagat village and cave when the ranges are in use. Over the past year, the people of Guam made it clear that our plan to provide access to the area only during times when the ranges were not active was unacceptable and had to be changed. In response, we have developed options that will ensure that access to Pagat village and cave will be available 24 hours per day, seven days per week.

Fourth, we recognize that land is a valued and limited resource in Guam. In response to concerns regarding the expansion of our footprint on Guam, we have committed to a "net negative" growth in the amount of property controlled by DOD. This strategy means that at the completion of the military realignment, the Department's footprint will be smaller than it is today, which directly responds to long-standing concerns regarding land use on Guam.

On Guam, the military realignment is viewed as a federal government action, not just a Department of Defense effort. In addition to the concerns noted above that are directly related to the military realignment, Guam's leaders and members of the community are seeking support from across the federal government to resolve several long-standing issues. In our role as a partner to the Government of Guam we have committed to advocate for Guam's needs in Washington, as demonstrated by the Department's support for the Guam Loyalty Recognition Act. A whole-of-government approach, including the participation of federal agencies and Congress, is necessary to demonstrate that the federal government at large is sensitive to the concerns of the people of Guam as we prepare to ask them to host an increased military presence.

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, with a formal decision on the configuration of the runway expected in the spring of 2011. The Department is confident in the progress made to date and is satisfied with Japan's commitment to these realignments.

A Record of Decision for the Guam military realignment was signed in September 2010. The ROD included decisions on the locations of the Marine Corps main cantonment, family housing, aviation and waterfront operations, training on the island of Tinian in the Commonwealth of the Northern Mariana Islands, and selection of utilities and road improvement solutions to support the military realignment effort. Action was deferred on a transient CVN pier, pending additional coral surveys and studies under the National Environmental Policy Act; and on the site specific location of a live fire training range complex on Guam, pending resolution of the National Historic Preservation Act Section 106 consultation process. The first two U.S.-funded military construction projects were awarded following the ROD; however, intrusive design, construction, and award of additional projects were delayed pending resolution of the Section 106 consultation process. In March 2011 we completed the Section 106 process with the finalization of a Programmatic Agreement. Now that this significant milestone has been achieved, we will begin construction and award additional contracts. The Department will also consider recent input to issue a ROD for the live-fire training range complex on Guam.

Partnership with the Government of Guam and the Guam community is central to the success of the Marine relocation. Over the past year, senior Department leadership has engaged the Government of Guam to better understand the community's concerns, identify potential solutions, and develop a way forward in implementing the program. From these discussions we now better understand concerns regarding issues such as access to cultural sites and the expansion of DOD's footprint. However, as training is essential for Marine Corps forces, the Department also shares Congress' concern with ensuring Marine Corps training requirements can be delivered on Guam. With respect to the preferred alternative site for location of a live fire training range complex in the Route 15 area —property which is not currently within DOD's inventory — the Department has committed to conduct training activities in a manner which will allow unfettered access to the Pagat Village and Pagat Cave historical sites should the RT 15 site be selected in the Record of Decision for training. Additionally, the Department has communicated to the Governor of Guam and the Guam Legislature that, following the completion of the realignment, DOD will have a smaller footprint than it has today. This commitment will directly address concerns regarding an expanding DOD footprint on Guam. This concept is currently in the early stage of development. Studies will be conducted to

determine if missions can be relocated and assess any potentially underutilized properties. As a result of these discussions, the Governor of Guam has stated publicly his willingness to discuss land use issues with the Department. The goal is to have an agreement in principle with the Governor by the Fall of 2011, allowing formal land negotiations to commence once appropriate Congressional approval for land acquisition has been received. The Department will continue to update the Congress on land use matters and the status of informal discussions with the Government of Guam.

The Department recognizes concerns from both the public and other federal agencies regarding Guam's existing and future infrastructure and socioeconomic needs. DOD has worked closely with both the Government of Japan and with Guam's utilities providers to identify utility system improvement projects for Japanese financing which both support the relocating Marines and improve Guam's systems. As discussed earlier, in its JFY-2011 budget the Government of Japan has requested $415 million of its required $740 million contribution in utilities financing. The projects which will be financed by this funding will provide utility system upgrades that are critical enablers to the construction program. Specifically, they will provide for upgrades and improvements to wastewater treatment plants which will support the off-island workforce and future population growth associated with the Marine Corps realignment, as well as treatment, production and storage for potable water on-base. As noted in the Navy's National Environmental Policy Act documents, these projects are critical mitigations to alleviate the impact of the population increase from the military realignment program.

The Department is committed to improving the quality of life for both the people of Guam and the military personnel who make the island their home. The Final EIS acknowledges that the military realignment will affect Guam's social services, such as education and medical facilities, due to the added demand on services to Guam as a result of potential population growth that may result from the military realignment. If the issues surrounding existing infrastructure and other major socioeconomic issues impacting Guam are left unaddressed, we risk creating disparity between conditions on- and off-base and losing the support of the people of Guam, which will adversely affect our ability to achieve our mission. The Department of Defense is committed to ensuring this does not happen, and is leading the effort to coordinate an interagency approach to "One Guam". The DOD-led, interagency Economic Adjustment Committee (EAC) is working with the Government of Guam to review socioeconomic needs both directly and indirectly related to the military realignment. The FY-2012 budget includes a request for $33 million in Defense-wide O&M funds to address projects assessed by the EAC. In addition, other federal agencies' FY 2012 budget requests include approximately $30 million in

funding for Guam to assist with the implementation of the projects requested by DOD or support other Guam infrastructure and financial management requirements identified by the EAC. The Department will continue to work with other federal agencies to identify additional opportunities for federal government support to address Guam's socioeconomic needs.

In the coming weeks and months, construction will begin, contracts for additional projects will be awarded, and progress will be made with the Government of Guam towards addressing its concerns related to land acquisition. Concurrently, the Department will continue to evaluate the total cost of the realignment based upon the refining of requirements and evolution of planning efforts conducted to date.

BRAC 2005 IMPLEMENTATION

The Department has made significant progress during the past year, and to date has completed 328 of 485 realignment and closure actions as specified in our established business plans. The Department is on track to implement BRAC 2005 realignments and closures by the statutory deadline of September 15, 2011. Going forward, our FY 2012 budget request of $26 million enables ongoing environmental restoration, caretaker, and property disposal efforts at BRAC 2005 installations.

Accomplishments

In total, the Department has awarded all 118 planned BRAC construction projects with a combined value of $2.1 billion. The final 5 projects awarded within the last six months total approximately $81 million and are on schedule for completion prior to the statutory deadline. Some noteworthy achievements include:

- During the past year, DON closed Naval Station Ingleside, TX, five months earlier than planned and reverted the property to the Port of Corpus Christi. We also closed the Navy Supply Corps School in Athens, GA and relocated the personnel and assets to Naval Station Newport, RI. By 15 September, two more installations, Naval Air Station Willow Grove, PA and Naval Air Station Brunswick, ME will be closed.

- Construction was completed in December 2010 on the Consolidated Investigative Agencies facility at Marine Corps Base Quantico, VA. This $350 million project has set the standard for interagency BRAC

coordination and it will bring together the Service investigative agencies, the Defense Security Service and the Defense Intelligence Agency to create a premier law enforcement, security and intelligence center that will increase collaboration across DoD and leverage the efficiencies and synergies created by collocating the agencies and services.

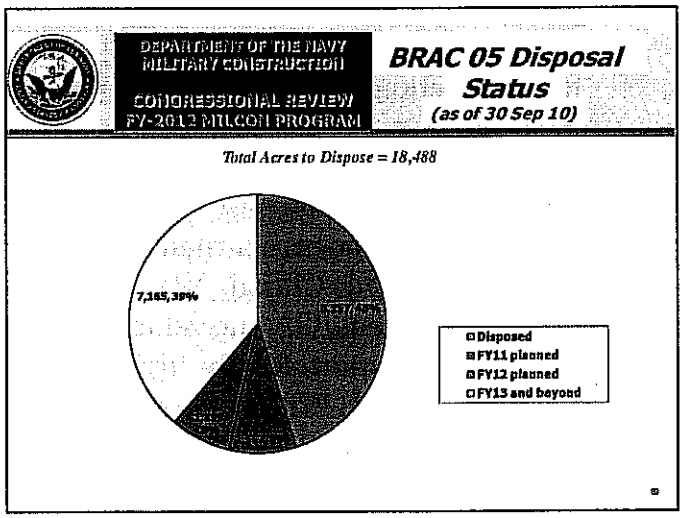
- The Department has invested over $400 million on construction and outfitting of 11 facilities to establish a state of the art Research, Development, Acquisition, Test and Evaluation center for Integrated Weapon System and Armaments and Fixed Wing Air Platforms at Naval Air Warfare Center China Lake, CA. Nine of the 11 construction projects at China Lake are complete with the remaining two projects scheduled to complete this summer.

Community Reuse Planning Efforts

Seventeen impacted communities established a Local Redevelopment Authority to guide local planning and redevelopment efforts, and have been receiving financial support through grants and technical assistance from the DoD Office of Economic Adjustment. Two communities are still preparing their plans with submissions planned for later this year and the Department of Housing and Urban Development is reviewing submissions at six installations. At the installations where the reuse plans have been completed, the Department has initiated the National Environmental Policy Act (NEPA) documentation for disposal of those properties. We have completed the NEPA process at eight of those installations.

Land Conveyances and Lease Terminations

By the end of FY 2010, the Department disposed of 45 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, and Federal and DoD agency transfers. Of interest for FY 2010 is the reversion of the 577-acre Main Base at Naval Station Ingleside to the Port of Corpus Christi. Last year we also transferred a lease interest of 34 acres at the Marine Corps Support Activity in Kansas City, MO for use by the Department of the Army.



The most significant action we have planned for 2011 is the disposal of Naval Support Activity, Athens, GA this spring when the base will operationally close. This property will be conveyed to the University of Georgia via an Education Public Benefit Conveyance. The 2011 Plan also includes transfer of remaining real property at Marine Corps Support Activity Kansas City, MO and Naval Support Activity New Orleans, LA. Other significant disposals include about 1,200 acres at Naval Air Station Brunswick, ME to support aviation and education uses.

Naval Support Activity New Orleans, LA

Construction for the new building that will house Headquarters, Marine Forces Reserve and Marine Corps Mobilization Command is almost complete in the future Federal City. The four floors and approximately 411,000 square-feet of administrative space are currently having furniture and computer equipment installed. When finished, the building will be home to about 2,000 Marines. A ribbon cutting ceremony is planned for the end of June 2011.

To support the closure of Naval Support Activity New Orleans and the relocation of base operating support and tenant activities to Naval Air Station Joint Reserve Base New Orleans, thirteen construction projects have been completed and the final project is targeted for completion by the end of March 2011.

Naval Air Station Brunswick, ME

The Department's largest BRAC 2005 operational action will close Naval Air Station Brunswick and consolidate the East Coast maritime patrol operations in Jacksonville, FL. Runway operations in Brunswick ceased in February 2010. The closure ceremony will occur in May 2011. The runways and adjacent aviation land and facilities totaling more than 900 acres were approved in February 2011 for a no-cost Federal Aviation Administration Public Benefit Conveyance to the Local Redevelopment Authority. These facilities will become an executive airport.

Naval Air Station Joint Reserve Base Willow Grove, PA

In 2007, legislation was enacted directing the Department to transfer Naval Air Station Joint Reserve Base Willow Grove to the Air Force, who would then convey property to the Commonwealth of Pennsylvania for the operation of a Joint Interagency Installation. In November 2009, Governor Rendell of the Commonwealth of Pennsylvania informed the Secretary of Defense that the Commonwealth would no longer pursue the Joint Interagency Installation because of fiscal constraints. The closure of Naval Air Station Joint Reserve Base Willow Grove will again follow the BRAC disposal processes. Federal Screening

among other DoD and Federal agencies has been completed and the Local Redevelopment Authority initiated its reuse planning efforts in February 2011.

Navy Leased Locations, National Capital Region

Navy awarded the remaining construction projects for the relocation of over 2,200 DON personnel from leased locations into DoD owned facilities in the National Capital Region. These remaining projects while on track to complete in time to meet the statutory deadline continue to present significant challenges due to the short construction duration, and complex move actions that require close coordination with other services and agencies.

Joint Basing

All twelve Joint Bases established by BRAC law have achieved full operational capability as of October 1, 2010. The Department is the supporting component for the following four bases: Joint Expeditionary Base Little Creek-Fort Story, Joint Region Marianas, Joint Base Pearl Harbor-Hickam, and Joint Base Anacostia-Bolling.

Environmental Cost to Complete and Financial Execution

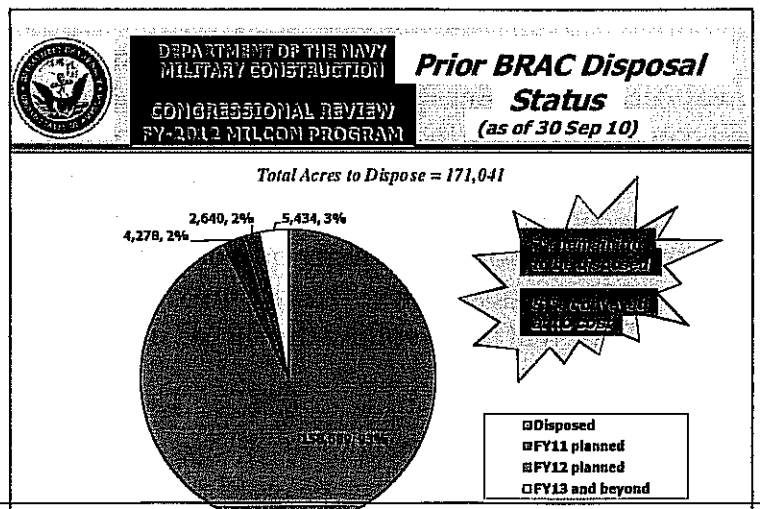
Over the last year, we spent $16 million in cleanup at BRAC 2005 locations. The majority of this funded environmental activities at Naval Air Station Brunswick, ME, Naval Weapons Station Seal Beach Detachment Concord, CA, and Naval Air Station Joint Reserve Base Willow Grove, PA. Our remaining environmental cost to complete for FY 2011 and beyond is $117 million.

Challenges

Completion of large construction and renovation projects and relocations are planned for the last three to six months of BRAC 2005 implementation. Projects associated with the movement of DON organizations from leased space in the National Capital Region to DOD owned space are scheduled to finish September 2011. Additionally, lack of full funding at the beginning of FY 2011 resulted in rearrangement of implementation plans, leaving little margin for error in meeting the statutory deadline across multiple recommendations.

PRIOR BRAC CLEANUP & PROPERTY DISPOSAL

The BRAC rounds of 1988, 1991, 1993, and 1995 were a major tool in reducing our domestic



installation footprint and generating savings. All that remains is to complete the environmental cleanup and property disposal on portions of 15 of the original 91 bases and to complete environmental cleanup, including long term monitoring at 23 installations that have been disposed.

Property Disposal

We disposed of 289 acres of real property in FY 2010, for a total of 93 percent of real property disposed in the first four rounds of BRAC. In FY 2010, we completed the disposal of the Defense Fuel Depot Point Molate to the City of Richmond, CA, using the authority to transfer property prior to completion of environmental remediation activities. This conveyance will enable City redevelopment of the property years sooner by incorporating the environmental remediation effort with the construction. 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 2012 budget request of $129 million will enable us to continue disposal actions and meet the legal requirements for environmental cleanup.

With 74 percent of our remaining property requiring supplemental NEPA analysis and completion of environmental remediation activities, disposal actions will continue after FY 2011. Due to changing redevelopment plans, we are currently undertaking Supplemental NEPA analyses at Naval Shipyard Hunters Point, CA and Naval Station Roosevelt Roads, PR. Although supplemental NEPA analysis is not needed at Naval Station Treasure Island, CA, the City of San Francisco is currently completing a state required environmental review of its revised reuse plan. In addition, we may need to undertake Supplemental NEPA analysis at Naval Air Station Alameda, CA depending on future reuse planning decisions by the City of Alameda.

In FY 2011, we plan to convey 627 acres at Naval Air Station South Weymouth, MA under an Economic Development Conveyance. Other significant actions include issuing deeds for 530 acres at Marine Corps Air Stations El Toro and Tustin in California that are currently under Leases in Furtherance of Conveyance and the initiation of a public sale at Naval Station Roosevelt Roads, PR, for about 2,033 acres. With the completion of these actions, we will have disposed of 95 percent of our Prior BRAC real properties.

Prior BRAC Environmental Cleanup

The Department has now spent about $4.5 billion on environmental cleanup, environmental compliance, and program management costs at prior

BRAC locations through FY 2010. Our remaining environmental cost to complete for FY 2011 and beyond is approximately $1.3 billion. This includes about $180 million cost growth which is due in part to additional munitions cleanup at Naval Air Facility Adak, AK and Naval Shipyard Mare Island, CA, cleanup at Naval Air Station Moffett Field, CA, and additional long term monitoring program-wide. The increase is also associated with additional radiological contamination at Naval Station Treasure Island, CA, and Naval Air Station Alameda, CA.

Naval Station Roosevelt Roads, PR

The Commonwealth submitted an Economic Development Conveyance application in December 2010 requesting approximately 1,000 acres of the remaining property. We are currently reviewing the application and will soon begin formal negotiations. The remaining property will be sold through public auction.

Naval Shipyard Hunters Point, CA

DoD listed the shipyard for closure as part of BRAC 1991. The Department has spent more than $650 million to investigate and clean up contamination at Hunters Point, including 78 installation restoration sites and 93 radiological sites. Congress has added a total of $160 million to the entire Prior BRAC Program over the past three years, and we have used over $100 million to accelerate the cleanup program at Hunters Point.

The additional funding has increased contaminated soil disposal to more than 520,000 cubic yards, nearly 31,000 truckloads, through removal and remedial actions. For radiological contamination, we have received free-release for 17 impacted buildings and removed more than 12 miles of radiological contaminated sewer and storm lines. We continue to utilize emerging technologies to expedite cleanup of groundwater plumes and have streamlined the groundwater monitoring program.

The Department continues to work closely with the City of San Francisco for the potential early transfer of key development parcels within the next year. This transfer of Parcel B (59 acres) and Parcel G (40 acres), followed by additional transfers totaling 60 acres in 2014, make up close to 40 percent of the remaining land for development. With final Records of Decision signed for Parcel C (74 acres) and the anticipated utility corridors, we have made significant strides.in readying parcels to support City redevelopment efforts.

Naval Station Treasure Island, CA

With adoption of new Economic Development Conveyance (EDC) language in the FY 2010 National Defense Authorization Act, DON was able to complete negotiation of a profit participation model for the transfer of Treasure Island. In August of 2010, then-Speaker Pelosi, Secretary Mabus and then-Mayor Newsom signed the term sheet and intent to complete an EDC Memorandum of Understanding (MOU). The formal EDC MOU is expected to be approved and signed by June of this year. The agreement guarantees $55 million to the Navy paid over 10 years with interest and an additional $50 million paid once the project meets a return of 18 percent. Then after an additional 4.5 percent return to investors (22.5 percent total), the Navy would receive 35 percent of all proceeds.

The environmental cleanup of Treasure Island is nearing completion. The City has finalized its California Environmental Quality Act (CEQA) documentation and will submit the CEQA Environmental Impact Report and EDC MOU for approval by the Board of Supervisors in the summer of this year. At that point, we will be in position for the transfer of more than 80 percent of the base. The remaining cleanup includes the continued treatment of two small groundwater plumes and removal of low level radiological contamination. These projects and the remaining transfer are expected to be complete well before the land is needed for subsequent phases of the redevelopment project.

Naval Air Station South Weymouth, MA

Naval Air Station South Weymouth was closed by a 1995 BRAC action. In 2008, Navy and the Local Redevelopment Authority executed an EDC term sheet, but the Local Redevelopment Authority was unable to obtain the necessary bonds to complete the transaction. The Navy has subsequently revalued the property and the parties are negotiating a new payment structure that emphasizes Navy participation in revenue sharing for an EDC of 627 acres.

Naval Air Station Moffett Field, CA

Naval Air Station Moffett Field was transferred to NASA in 1994 with Navy retaining environmental cleanup responsibilities for past Navy releases. Hangar 1, which was built in the 1930s to house the USS Akron and its sister ship, USS Macon, is a Navy Installation Restoration Program site as a result of contamination in its siding and interior paint leaching to the environment. Due to it being a contributing element to the Naval Air Station Sunnyvale Historic District and individual eligibility for the National Register of Historic Places, the Navy's environmental response, which will leave the hangar without siding, has generated tremendous public and congressional interest.

The Navy has completed all Hangar 1 interior work and removal of siding is scheduled to begin in April 2011 for completion at this calendar year's end.

NASA, as the federal facility owner and operator, has committed to reusing and re-siding Hangar 1. They are seeking additional financial support for this effort.

BRAC SUMMARY

The Department is on schedule to meet the statutory requirement 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 present significant challenges, we feel we have a reasonable plan in place to meet this requirement.

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 innovative Economic Development Conveyances.

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-2012 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.