

STATEMENT BY
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Mr. Chairman and members of the committee,

It is a pleasure to have this opportunity to appear before you today to discuss your Army's approach to real property management and issues related to historic properties.

I would like to start out by thanking for all the support you have provided in the past. We have benefited from congressional adds to the RPM account for Quality of Life Enhancements. With this supplemental funding we have improved soldier living conditions and will be able to bring all permanent party barracks up to current standards by 2008. The additional support being provided in FY00 will allow us to attack other facilities affecting soldier quality of life. This will help us retain and recruit quality people.

The Army has been the Nation's "Force of Choice" since the end of the Cold War. The Total Army plays a vital role in the execution of the National Military Strategy. Our land forces provide the most flexible and versatile capabilities meeting the nation's force requirements, from humanitarian assistance to combat operations. On an average day in Fiscal Year 98, the Army had over 28,000 soldiers deployed away from their home stations to 76 countries around the world. Our installations provide the support necessary to maintain the trained and ready force needed to meet this challenge.

Installations provide the critical link to readiness by supporting Training, Sustainment of the Force, Power Projection and Information

Technology. Training Support includes maneuver and live-fire ranges, classrooms and training facilities, doctrine testing (battle labs), and simulators. Facilities that support Sustainment include those where soldiers live, work, and train. Housing for soldiers and families, MWR facilities, food service facilities, municipal services, and maintenance facilities are in this category. Installations facilitate deployment of the force, Power Projection, by ensuring railheads, ports, airfields and communication systems support the mission-driven deployment timelines. When soldiers are deployed, Installation services provide support to families. Installation support becomes increasingly important to readiness as technology increases in the force. The Army is modernizing installations to keep up with rapidly evolving information environment, supporting equipment modernization and the increasing use of new information technologies in training ranges and simulations.

Readiness for executing the Army mission requires the right facilities, in the right locations, in the right quantities, and in the right condition. The method for managing this complex concept begins with an analysis of unit locations and missions. This "stationing analysis" determines how much of each type of facility specific installations require. Comparing this facility requirement to the actual inventory identifies facility deficits as well as excess infrastructure. Annual inspection of facilities using defined, published standards provides a consistent and current picture of facility condition and the ability of facilities to support their designated mission.

Facility maintenance and modernization are a "pay me now or pay me later" situation. Routinely funding all maintenance and repair requirements is almost always cheaper than repairing the damage done when it is deferred. Performing preventive maintenance and scheduling major system replacements requires less effort and funds than performing reactive maintenance - currently our normal modus operandi.

Modernizing as repairs are performed also reduces future maintenance requirements and costs. Adequately funding real property maintenance (RPM) requirements to sustain our facilities makes sense if we wish to keep our facilities viable and mission ready.

Years of under funding have made most of our facilities only marginally mission capable. The average age of Army facilities is 44 years, and most have not been modernized. These facilities still have original plumbing, heating systems, and electrical systems that have been patched to remain operational. While the structural integrity of the facilities may be good, these other building systems are failing. We are forcing our soldiers, civilians and their families to live, work and train in substandard conditions. The Army's challenge now is to improve facility conditions while balancing other readiness and quality of life issues.

We are "turning the corner" and making progress toward this, but we have a long way to go. We are focusing our real property maintenance program efforts on reducing RPM requirements, and sustaining and modernizing facilities to defined, published standards. We are reducing our facility inventory and thus our maintenance and repair or modernization costs through divestiture programs such as an aggressive disposal program, and privatization of utilities systems including their transmission lines. The privatization programs get the private sector to provide non-core Army functions. Implementation of the excess facilities disposal program allowed the Army to reduce RPM requirements by about \$400M in 1998 and significantly contributed to reducing the serious gap between required and available RPM funding. Also, we now only provide RPM funding for required facilities which allows funding to be better focused on halting the further deterioration of these facilities - sustainment.

Our facilities strategy to sustain and modernize facilities is founded on established Army-wide standards. These standards are published in

the Installation Status Report (ISR) and are used to judge the condition of facilities. They tell us what “good”, fully mission capable facilities look like, and how many facilities of each type we need. The ISR provides commanders the mechanism to tell us the condition of facilities against those standards. This translates into condition status by facility type from which all levels of command can track condition trends and make educated decisions on facility sustainment and modernization. The ISR also provides cost estimates, based on industry accepted cost factors, to sustain facilities in their current conditions and to modernize facilities to current standards. At the Army level, this gives us a representative cost to bring our facilities up to “good” condition and eliminate maintenance backlog. Facility condition from the ISR forms the basis from which we can develop our facilities strategy. This system is not perfect, but it is a good tool for our leaders to make facility strategy decisions and to review the effects of those decisions on readiness.

Our facilities strategy is programmatic and covers all Army requirements - Active Component, Army National Guard and US Army Reserves. It focuses on outcome rather than individual project actions and intermixes RPM and Military Construction (MILCON) funding. It establishes investment streams to fully fund sustainment and modernize selected categories of facilities. Sustainment funding provides for the level of maintenance necessary to “keep things the way they are” and halts further deterioration. In fiscal year 2000, the Army’s total requirement to sustain its facilities is \$1.8 billion, but only \$1.4 billion funding is available, approximately 75% of the requirement. Funding at this level will halt deterioration of most of our critical facilities, but some others will continue to get worse. We are working hard to reduce this short fall, but as you know, there are tremendous pressures on our limited resources. The one good thing is our funding is going in the right direction - UP.

Modernization restores facilities to fully functional, mission capable condition. It eliminates backlog in repair and maintenance. It includes both RPM and MILCON funding because replacement is the only practical solution for many facilities. The fiscal year 1999 estimated cost to bring Active Component, US Army Reserve, and Army National Guard RPM funded facilities to C-1 condition is \$21.8 billion.

Because the modernization bill is so large and because we cannot fix everything at once, we have focused our efforts on a few types of facilities. We plan to have every permanent party soldier's barracks room worldwide upgraded by Fiscal Year 08. In FY99, we spent \$605 million (RPM + MILCON) to bring permanent party barracks up to standard and in FY00 we have approved an additional \$501 million (RPM + MILCON). In FY99 and FY00 we will spend \$380 million (RPM + MILCON) on the strategic mobility projects to support mobilization and deployment of our force - projects such as airfield runways, railhead facilities and port improvements. We will complete our Strategic Mobility Program by Fiscal Year 03.

As these programs wind down, we will substitute other facility types. We are now working on a modernization plan that addresses additional problem facility types identified in the ISR. It is broken down into manageable increments and focuses again on facilities that are living, working, or training oriented. These include motor pools and other equipment maintenance facilities, instructional buildings and classrooms, trainee barracks, physical fitness centers, headquarters and administrative buildings, and RDT&E laboratories and facilities. To be a complete program, we are also looking at US Army Reserve centers and Army National Guard armories. The plan will also address requirements generated by new weapon systems and force structure changes being brought about by programs such as Land Warrior and Crusader.

As to the question of historic facilities, they are managed the same as our other properties, but they do pose particular challenges because of their intrinsic historic and cultural value. The Army manages approximately 37 million square feet of properties with historic significance. Historic facilities typically have higher sustainment and modernization costs because of age and the unique nature of much of the construction with the associated need for special order construction materials. We are challenged to find short-term return, cost effective ways to modernize these facilities to keep them viable, usable structures while maintaining their historic characteristics. The special order construction materials generally have higher up-front costs, but may produce long-term cost savings because of their structural/composition characteristics. Most modernization projects, therefore, cost significantly more than projects for similar non-historic structures. To alleviate some of these costs, the Army is focusing on improving compliance with the National Historic Preservation Act (NHPA) by encouraging early consultation with State Historic Preservation Offices and the Advisory Council on Historic Preservation. Timely compliance with the requirements of the NHPA facilitates early design consideration to accommodate historic preservation issues in the most economical manner. The Army is also exploring opportunities to partner with private and non-profit organizations to improve the management of historic properties. With the current backlog of maintenance and repair and a growing stock of historic buildings, new approaches to funding and management are critical to the preservation and utilization of the Army's historic properties.

I appreciate the opportunity to outline for you our real property management process and policies. We are striving to create a quality living and working environment for our soldiers, civilians and their families. We have worked hard to achieve a balance between

readiness, modernization and quality of life. In closing, I would like to emphasize that Real Property Maintenance and Military Construction are mutually supporting. One does not work without the other. While modernizing facilities, we must also fund for their adequate maintenance and repair. We appreciate all your support in the past for our RPM and MILCON funding and solicit your continued support in our efforts to “right fund” the sustainment and modernization of our facilities. With your help, our facilities strategy can get us where we want to be.