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House Armed Services Committee

Statement of
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THE NAVY
(INSTALLATIONS AND ENVIRONMENT)

Before the
READINESS SUBCOMMITTEE
of the
HOUSE ARMED SERVICES COMMITTEE

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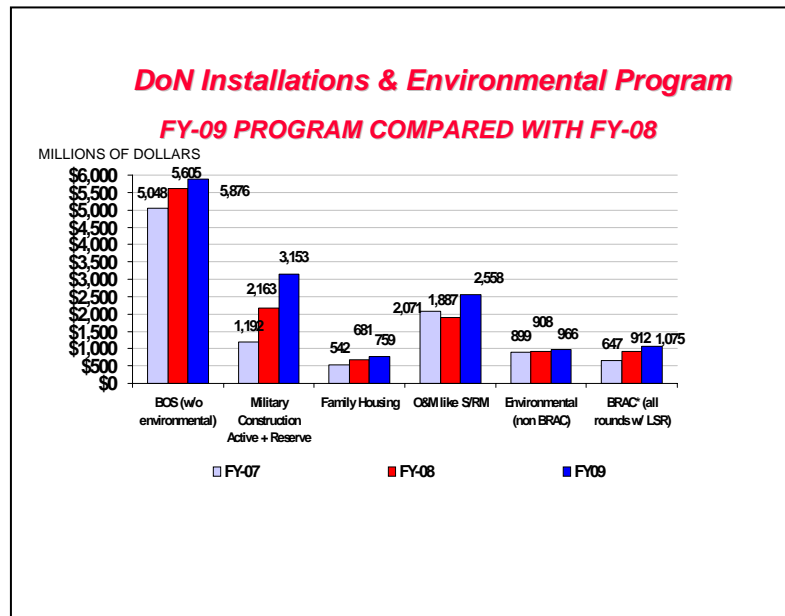
Chairman Ortiz, Mr. Forbes, and members of the Committee, I am pleased to appear before you today to provide an overview of the Department of Navy's investment in its shore infrastructure.

THE NAVY'S INVESTMENT IN FACILITIES

We live in an increasingly globalized and interlinked world – through our economic, communication, and financial networks, yet a world in which rogue nations, terrorists, and even the forces of nature disrupt the delicate balance between war and peace on a daily basis. *A Cooperative Strategy for 21st Century Seapower* establishes that we must not only be capable of winning wars, but must also strive to prevent war by fostering the collective security of all by working with our interagency, international, and private sector partners.

To fulfill this challenge we must ensure our Sailors and Marines have the training, education, and tools necessary to prevail in conflict and promote peace abroad. The Department of Navy's (DoN) investment in our shore infrastructure represents our deepening commitment to this goal. Our installations are where we homeport the Fleet and her Marine forces, train and equip the world's finest Sailors and Marines, and develop the most sophisticated weapons and technologies. Our FY-09 shore infrastructure baseline budget totals \$14.3 billion, representing 9.6 percent of the DoN's FY-09 baseline request of \$149 billion.

The Base Operating Support (BOS) request of \$6.5 billion, excluding environmental, comprises the largest portion of the Department's facilities budget request. This account funds the daily operations of a shore facility, e.g., utilities; fire and emergency services; air and port operations; community support services; custodial and grounds maintenance costs.



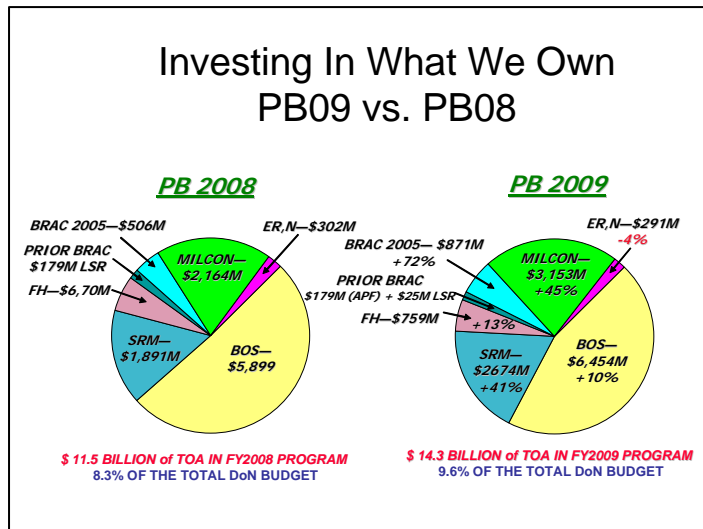
Our FY-09 request of \$6.5 billion for **BOS** reflects a 9.4 % increase from the FY-08 request. The Navy request of \$4.3 billion includes an increase of \$348 million over last year's request and matches the budget request with recent execution performance. The Marine Corps request is \$2.1 billion, an increase of \$207 million over last year's request, and is consistent with their execution experience.

The FY-09 **military construction** (active + reserve) request of \$3.2 billion is \$1.1 billion more than the FY-08 request. This is a 50% increase above the FY-08 request, and nearly three times the size of the FY-07 request. This unprecedented growth in Department's military construction request is primarily due to the Marine Corps' "Grow the Force" initiative.

The FY-09 **Family Housing** request of \$759 million represents a 13% increase over our FY-08 request. This growth is also spurred by the need for additional family housing for the Marine Corps' Grow the Force initiative. The Navy and Marine Corps have continued to improve their overseas housing, which is not eligible for privatization as has been done in the U.S.

Sustainment, Restoration and Modernization (S/RM) includes military construction and operation and maintenance funds. Our FY-09 request of \$2.7 billion funds the Department at 90% of the DoD sustainment model requirement and includes only the amount of S/RM funded with Operations and Maintenance. It represents a 41% increase over our FY-08 request to improve sustainment of existing facilities and rehabilitate older buildings to meet current standards.

Our FY-09 request of \$966 million for **environmental programs** at active and reserve bases is comprised of operating and investment appropriations¹, roughly \$58 million more than our request for FY-08 due to higher compliance and conservation costs.



¹ Includes the following accounts: RDT&E,N; MC,N; OP,N. Excludes BRAC environmental

Our **BRAC** program consists of environmental cleanup and caretaker costs at prior BRAC locations, and implementation of BRAC 2005 recommendations.

Our FY-09 **prior BRAC** program consists of \$179 million in appropriations and \$25 million in remaining land sales revenue from past prior BRAC property sales. This is the first time since FY-05 that the Department has requested appropriated funds for prior BRAC as we have exhausted our land sales revenue from previous sales. We anticipate some limited future revenue as we move to dispose of the former Naval Station Roosevelt Roads in Puerto Rico and some other smaller property sales. We will use revenue from these future sales to accelerate cleanup at the remaining prior BRAC locations.

The FY-09 budget includes a request of \$871 million to implement the **BRAC 2005** recommendations. We are proceeding apace with implementation; however, there has been considerable turbulence in execution in part due to the late receipt of Congressional appropriations. The FY-08 \$939 million Congressional reduction to this DoD account, for which the Navy share is \$143 million, adds additional execution concerns which I will address later in the statement. I urge the Congress to promptly restore the FY-08 reduction.

Here are some of the highlights of these programs.

MILITARY CONSTRUCTION

The DoN's FY-09 Military Construction program requests appropriations of \$3.2 billion including \$239 million for planning and design and \$13.7 million for Unspecified Minor Construction.

The active Navy program totals \$1.1 billion and includes:

- **\$176 million** to fund five waterfront projects: Wharf Upgrades in Diego Garcia to support stationing of a Land-class tender; Berth Lima Conversion at Naval Air Station North Island, CA to accommodate homeporting an additional 3rd nuclear powered aircraft carrier, subject to the completion of an ongoing Supplemental Environmental Impact Statement; the second increment of the Magnetic Silencing Facility in Naval Station, Pearl Harbor, HI; a pier replacement project at Submarine Base New London, CT; and Improvements to Alpha Wharf at Naval Station Mayport, FL, to make structural and utilities repairs to the existing bulkhead.
- **\$62 million** to fund three airfield projects: the second increment of the Hangar 5 Recapitalization at Naval Air Station, Whidbey Island, WA; an Aircraft Maintenance Hangar and Aircraft Parking Apron at Camp Lemonier, Djibouti.

- **\$60 million** to fund four expeditionary operations projects, including headquarters for the 25th Naval Construction Regiment in Naval Construction Battalion Center, Gulfport, MS; two projects supporting Joint Forces Command, one in Naval Station Pearl Harbor to build a Deployment Staging Area and another at MacDill Air Force Base, FL to construct a Communications Squadron Equipment Facility.
- **\$111 million** to fund two training projects: a Special Programs Barracks to conduct remedial training at Recruit Training Command, Great Lakes, IL; and an Integrated Training Center for the P-8A, the replacement for the Maritime Patrol aircraft.
- **\$102 million** to fund two weapons related projects: the 5th of 7 increments of the Limited Area Production and Storage Complex at Naval Submarine Base, Bangor, WA; and the second increment of the Kilo Wharf Extension in Guam.
- **\$91 million** to construct four research and development facilities, including a new laboratory in the District of Columbia that will consolidate 17 separate labs conducting research in unmanned systems.
- **\$60 million** to support ship maintenance operations, including dredging the Norfolk Harbor Channel to enable carriers to navigate up the Elizabeth River to Norfolk Naval Shipyard without risk to the propulsion system.
- **\$268 million** to increase the quality of life for our Sailors and their family members, including two BEQs, five Child Development Centers, and 3 Fitness Centers.
- **\$57 million** for planning and design efforts.

The active Marine Corps program totals \$2 billion, a \$989 million increase over the FY-08 Military Construction and GWOT requests. This program includes:

- **\$1.3 billion** for facilities to support the “Grow the Force” initiative, which I will discuss in greater detail below;
- **\$312 million** for the Marine Corps BEQ Initiative to build over 3,600 spaces and an additional \$856 million in the Marine Corps Grow the Force to build over 8,700 permanent party/trainee spaces. The total funding devoted to Bachelor Enlisted Quarters is \$1.2 billion.
- **\$133 million** in operations and training facilities and an additional \$121 million in the Grow the Force initiative funds Military Operations in Urban Terrain facilities at 29 Palms, CA, and Ranges at Camp Pendleton, CA, and Camp Lejeune, NC; Academic training facilities for The Basic School at Marine Corps Base Quantico, VA, the School of Infantry at Camp Pendleton, CA, and the Marine Aviation Weapons and Tactics Squadron at Marine Corps Air Station Yuma, AZ; operational facilities for V-22 aircraft support at Marine Corp Air Station Miramar and Marine

- Corps Air Station New River, NC, and apron space at Marine Corps Air Facility Quantico, VA.
- **\$36 million** and an additional \$73 million accelerated with the Marine Corps Grow the Force initiative funds Quality of Life facilities such as enlisted dining facilities at Marine Corps Air Station, New River, NC and Camp Lejeune, NC, and a Child Development Center at Camp Lejeune, NC;
 - **\$64 million** and an additional \$62 million from the Grow the Force initiative funds new recruit quarters at Marine Corps Recruit Depot Parris Island, SC and Marine Corps Recruit Depot San Diego, CA as well as Student Officer Quarters for The Basic School at Marine Corps Base Quantico, VA;
 - **\$53 million** in Grow the Force funding will accelerate additional utility infrastructure improvements at Camp Pendleton, CA.
 - **\$67 million** and an additional \$10 million accelerated from our Grow the Force initiative funds aircraft maintenance facilities at Marine Corps Air Facility Quantico, VA, Ordnance Facility at Marine Corps Air Station Beaufort, SC and Communications and Electronics Maintenance Facilities and Regimental Maintenance Facilities at Camp Pendleton, CA.
 - **\$44 million** supports other facilities such as the replacement of the 2nd Marine Air Wing Headquarters facility at Marine Corps Air Station Cherry Point, NC, destroyed by fire in 2007, a satellite fire station for Marine Corps Air Station Miramar, CA; and road improvements for entry into Marine Corps Base Quantico, VA.
 - **\$183 million** for planning and design efforts.

The Navy and Marine Corps Reserve Military Construction appropriation request is \$57 million to construct a total of five reserve centers: two Navy; two Marine Corps; and one joint Armed Forces center.

Marine Corps Grow the Force

To meet the demands of the Long War as well as the uncertainty of our Nation's security environment, the Marine Corps must be sufficiently manned, well trained, and properly equipped. Like the Cold War, the Long War is a generational struggle that will not be measured by the number of near-term deployments or rotations; it is this long-term view that informs our priorities and plan for growth.

To fulfill its obligations to the Nation, the Marine Corps will grow its personnel end strength to 202,000 Active Component Marines. This increase will enable the Marine Corps to train to the full spectrum of military operations and improve the ability of the Marine Corps to address future challenges in an uncertain environment. This growth will enable the Marine Corps to recover its

ability to respond in accordance with timelines outlined in Combatant Commander war plans – thereby reducing operational risk. It will also relieve strain on those superb Americans who have volunteered to fight the Nation's battles. This growth includes:

- Adequate expansions of our infrastructure to provide for our Marines, their families, and their equipment; and
- The right mix of equipment for the current and future fight.

Exacerbating our requirements, the Marine Corps for many years funded only its most critical needs. As a result, Marine Corps installations are in a poor position to properly house and operate with additional Marines. Most of the efforts in FYs -07, -08 and proposed -09 accelerate non-unit specific facilities which benefit all those aboard the installation – such as bachelor quarters, family housing, ranges, operational facilities, and landfills. This will assist in getting our installations ready to support our Grow the Force initiative. Beginning in FY-10, we are planning facility programs to support the final unit specific end-strength growth. Unit-specific construction will begin in FY-10 in concert with the expected completion of the National Environmental Policy Act review. Because Marines will begin to arrive before construction at many locations is complete, the Marine Corps is planning to lease, or purchase temporary support facilities.

As a result of the rapid, but rigorous planning process, the Marine Corps submitted its end-strength growth stationing plan to Congress in October 2007. Our proposed FY-09 request is based on that stationing plan. This plan will ensure that adequate facilities are available to support the phase-in and Full Operating Capability of a 202,000-Marine Corps while meeting our environmental stewardship requirements.

Incrementally funded MILCON projects

For over 30 years, the Congress and the Department of Defense have had a mutual understanding that projects that could not be expensed within a single fiscal year (~ \$50 million) or built within two years could be incrementally funded over several years. This mutual understanding led to the best balance of funds to meet the Department's urgent priorities. Since FY-07, however, the Office of Management and Budget (OMB) began enforcing the full funding requirement of OMB's Circular A-11 with the result that no new DoN projects greater than \$50M in FY-07 or FY-08 were deemed by OMB to have a major national security impact and such projects required full funding in the first year. Congress, however, responded by incrementing one DoN project in FY-07 and two in FY-08, stating it will "continue to exercise its prerogative to recommend

incremental funding where it is deemed appropriate..."² We have taken the lead in drafting criteria for incrementing costly construction projects and working with our partners within OMB. The DoD and OMB commit to work with the Congress to reestablish mutually acceptable and objective criteria for incrementing costly DoD military construction projects.

Meeting the Energy Challenge

In August 2006, I directed that all new Department of Navy facilities and major renovations be built to U.S. Green Building Council "LEED Silver" standards starting in FY-09. In addition, the Energy Policy Act of 2005 set new standards for energy performance in federal facilities, including a 30% energy reduction over current design standards and the specification of devices that measure and reduce energy consumption. A modest three percent investment will contribute to the reduction of life cycle costs of our facilities and will improve the quality of life of our personnel through better indoor environmental air quality and improved levels of comfort within the facilities.

The Continued Need for a Mid-Atlantic Outlying Air Field

The Navy has decided to terminate the draft Supplemental Environmental Impact Statement (SEIS) that conducted further court-directed analysis at five alternative sites for a new Outlying Landing Field (OLF) to support introduction of F/A-18 E/F (Super Hornet) aircraft on the east coast. The Navy will prepare a new Environmental Impact Statement (EIS) under the National Environmental Policy Act (NEPA) that analyzes five new potential OLF sites. This decision followed careful consideration of the public comments received on the draft SEIS, review of new information provided by the state of North Carolina and the Commonwealth of Virginia, and a reassessment of the Navy's operational requirements. It is consistent with the action taken by the Congress in the Fiscal Year 2008 National Defense Authorization Act to rescind the authority to construct the OLF at Site C in Washington County, North Carolina. The new EIS will analyze potential environmental impacts at three sites in Virginia, and two sites in North Carolina that were provided by the respective states. Based on our evaluation of available information, these new sites each have operational, environmental, and population characteristics that make them viable site alternatives. The EIS will further analyze potential environmental impacts at each location and will result in a future decision about a new preferred OLF site. We expect this process will take about 30 months, so we have not requested any construction funds in FY-09. The five sites analyzed in the draft SEIS, including the Washington County location, are no longer under consideration as potential OLF sites.

² House Report 109-464, p. 20

The OLF is required to satisfy training capacity requirements under the Fleet Response Plan, and to reduce the impacts of encroachment on operations at existing facilities. While recent actions initiated by jurisdictions in the vicinity of Naval Air Station Oceana and Navy Auxiliary Landing Field Fentress in response to recommendations of a Joint Land Use Study may mitigate further encroachment, both capacity and encroachment continue to form the basis for the OLF requirement. Throughout this process the Navy will continue to work closely with the Commonwealth of Virginia and the State of North Carolina. The Navy believes that by working with state and local officials, we can understand their perspective on the issues and seek common ground on ways to mitigate impacts and identify potential benefits.

FACILITIES MANAGEMENT

Facilities Sustainment, Restoration and Modernization (SRM)

% Sustainment	FY-07	FY-08	FY-09
USN Budget	95%	83%	90%
USN Actual/Plan	91%	83%	
USMC Budget	93%	93%	90%
USMC Actual/Plan	113%	111%	

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).

Restoration and modernization provides major upgrades of our facilities using Military Construction, Operation and Maintenance, Navy Working Capital Fund, and Military Personnel funds. The DoD uses a recapitalization metric to gauge investment levels. The “recap” metric is calculated by dividing the plant replacement value by the annual investment of funds and is expressed in years. The DoD goal is to attain a 67-year rate by FY-08. This continues to be a relatively coarse metric, as demonstrated by the effect of past Supplemental funds, BRAC construction projects, and recap projects to support Grow the Force. The Navy and Marine Corps continue to work with the Office of the Secretary of Defense and the other

Recap years	FY-07	FY-08	FY-09
USN Budget	83	63	50
USN Actual/Plan	62	60	
USMC Budget	112	103	33
USMC Actual/Plan	117	61	

Components to develop a recap model similar to the Sustainment model, planned for release in the next budget cycle.

Naval Safety

The Department of the Navy strives to be a world class safety organization. FY-07 was our best year ever recorded in every one of the seven major categories of mishaps that we track.

The Department has embraced the Occupational Safety and Health Administration (OSHA) Voluntary Protection Program (VPP), which fosters a cooperative relationship between management, labor, and OSHA to improve workplace safety. DoN has achieved "Star" status, OSHA's highest level of achievement, at five sites representing over half of the VPP star sites in DoD. The Navy activities include all four Naval Shipyards, our largest industrial facilities, and the Navy Submarine Base in Kings Bay Georgia. In 2007 DON was one of six federal departments and independent agencies to meet all four of the goals specified by the President's Safety, Health and Return-to-Employment (SHARE) program.

Noise is also a safety concern in the workplace. Hearing loss is not reversible, it's often not painful and it won't kill you, but it sure is a quality of life issue for our Sailors and Marines when they leave the Service. We are engineering systems to be quieter, improving our training, and making sure our people have the best personal protective equipment.

Encroachment Partnering

The Navy has established an encroachment management program to acquire real property interests in the vicinity of our installations. Long-term encroachment partnering agreements have been established with Churchill County, NV and a local land trust for NAS Fallon; with the City of Virginia Beach for NAS Oceana; with Ocean County, NJ for NAEWC Lakehurst; and with the State of Florida and Santa Rosa County, Florida for NAS Whiting Field. These long term agreements enable the Navy to join with others to acquire easements that preclude incompatible development around our installations. We are working to establish a long term encroachment agreement to protect lands under the supersonic operating corridor at NAWS China Lake and Edwards AFB, California.

The Marine Corps secured easements on 2,715 acres at a cost of \$6.9 million in FY-07 while our partners contributed \$6.8 million to prevent incompatible development and protect vital ecological resources. Marine Corps projects in progress and planned for FY-08 are expected to reach \$30 million in

DoD and partner funds to address encroachment at MCB Quantico, MCAS Cherry Point, MCB Camp Lejeune, MCAS Beaufort, and MCB Camp Pendleton.

Energy

The Department of Navy is committed to achieving the energy efficiency, water conservation, and renewable energy goals that Congress and the President have directed. DoN last year reduced energy consumption by 10.8% compared to the 2003 baseline. DoN is increasing use of renewable energy through evaluation of geothermal, solar, wind, biomass, and ocean energy technologies, as well as implementing highly efficient cogeneration systems, efficient lighting, motors, HVAC and other energy systems. Nearly three percent of the total energy consumed by the Department comes from renewable sources including wind, solar and thermal. The Navy plans to award \$210M per year in energy, water, and renewable projects. We continue to leverage new technologies including ocean thermal energy conversion, tidal energy, and fuel cells. Targeting energy systems at the “per building” level itself is promising, particularly with the use of photo-voltaic cells.

HOUSING

Our FY-09 budget continues to improve living conditions for Sailors, Marines, and their families. Thanks to the support of Congress, we met the goal to program the necessary funds and have contracts or agreements in place by the end of FY-07 to eliminate all inadequate family housing. Renovation or replacement of inadequate Navy housing will be complete by the end of FY-11. Marine Corps families will be out of inadequate family housing by FY-14. This time has been extended from previous projections to maintain a supply of housing for additional Marines associated with Grow the Force until additional housing is constructed through privatization initiatives. We continue to provide homes ashore for our junior shipboard unaccompanied Sailors, to provide appropriate living spaces for our junior enlisted bachelor Marines, and to address long standing family housing deficits. In our FY-09 budget, we are requesting the necessary funding to eliminate the remaining inadequate permanent party unaccompanied BEQs facility spaces still featuring “gang heads.”

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.

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

As of the end of FY-07, we have awarded 30 privatization projects for over 61,000 homes. As a result of these projects, over 30,000 homes will be replaced or renovated, about 5,000 new homes will be built, and the remaining 15,000 were privatized in good condition and did not require any improvements. Through the use of these authorities we have secured approximately \$8 billion in private sector investment from approximately \$800 million of our funds, which represents a ratio of almost ten private sector dollars for each taxpayer dollar.

Our FY-08 and outyear family housing privatization projects are targeted at reducing family housing deficits by constructing additional housing for our families where the private sector cannot accommodate their needs. This includes locations where increased requirements associated with the Grow the Force initiative will add to projected housing deficits. During FY-08, we plan to award three Marine Corps family housing privatization projects that would build an additional 1,100 homes.

Our FY-09 budget includes \$383 million for family housing construction and improvements. This amount includes \$259 million for the Government

Planned Privatization Awards	
Fiscal Year 2008	
Location	# homes
MCB Camp Pendleton (Phases 6, 6A, and 6B)	367
MCB Camp Lejeune (Phase 4)	451
MCAGCC 29 Palms (Phases 2 and 2A)	285
FY 2008 Total	1,103
Fiscal Year 2009	
Navy Southeast (Gulfport)	46
MCB Camp Pendleton	351
MCAGCC 29 Palms	600
MCB Hawaii	520
MCB Camp Lejeune	394
FY 2009 Total	1,911
Total FY2008 to FY2009	3,014
FY-2008 locations include GWOT-funded projects.	

investment in family housing privatization projects planned for FY-09 award. It also includes the replacement or revitalization of housing in Cuba and Japan where privatization is not planned. Finally, the budget request includes \$376 million for the operation, maintenance, and leasing of remaining Government-owned or controlled inventory.

Unaccompanied Housing

Our budget request includes \$1.3 billion for 37 unaccompanied housing projects at ten Navy and Marine Corps locations. The budget continues the emphasis on improving living conditions for our unaccompanied Sailors and Marines. There are three challenges:

1. Provide Homes Ashore for our Shipboard Sailors. With its FY-08 request, the Navy completed programming for military construction associated with the Homeport Ashore initiative to provide ashore living accommodations for E1-E3 unaccompanied Sailors who otherwise would live aboard ship even while in homeport.

In addition to the E1-E3 shipboard Sailors, there are approximately 5,000 unaccompanied E-4 Sailors with less than four years service who are assigned to sea duty. In FY-01, Congress extended the BAH entitlement to all unaccompanied E-4 Sailors assigned to sea duty. Funding for the E-4s with less than four years' service remains un-programmed. The Navy is evaluating housing strategies for its unaccompanied Sailors including this segment of the population. In the interim, we will accommodate these junior Sailors to the greatest extent practicable within our existing unaccompanied housing capacity.

2. Ensure our Barracks Meet Today's Standards for Privacy. We are building new and modernizing existing barracks to increase privacy for our single Sailors and Marines. Reflecting the Commandant of the Marine Corps' priority to ensure single Marines are adequately housed, the FY-09 budget includes \$1.2 billion in MILCON funding for the construction of approximately 13,000 permanent party spaces at eight Marine Corps installations. The Marine Corps has programmed the necessary funding from FY-08 through FY-11 to eliminate the BEQ deficit for the Marine Corps pre-Grow the Force end strength requirement by 2012. Additional funding for BEQ requirements specifically related to the "Grow the Force" initiative is planned to begin in FY-10 after NEPA requirements are met in order to satisfy this requirement by 2014. 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.

3. Eliminate Gang Heads. The FY-09 budget request includes funding to eliminate the last Navy permanent party BEQ with a gang head. The Marine Corps had already accomplished this goal in FY-05, but will continue to use these facilities on an interim basis to address short-term housing requirements resulting from the additional end-strength related to the Grow the Force Initiative.



Pacific Beacon at San Diego

Unaccompanied Housing Privatization

The Department awarded our first pilot unaccompanied housing privatization project to Pacific Beacon LLC in December 2006. When complete in 2009, this project will provide 941 new two-bedroom/two-bathroom apartments for E-4 and above enlisted personnel in San Diego, CA who are unsuitably housed in the private sector or who are living in Government quarters

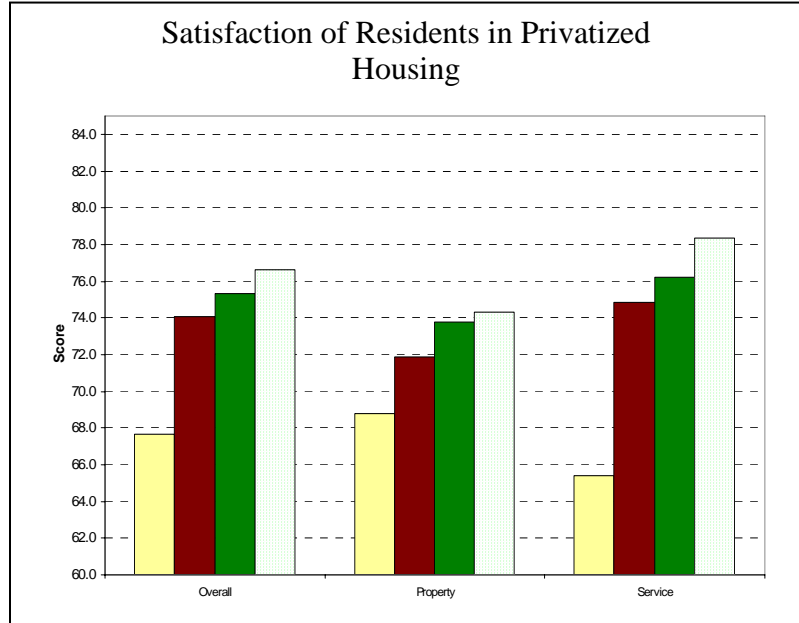
that could be used by shipboard Sailors. An existing unaccompanied housing building, containing 258 "1+1E" modules, was also privatized as part of this agreement. Our partner will provide additional quality of life amenities to existing buildings, such as a swimming pool. We expect the first building to be complete by the end of this year and overall project completion in 2009. I am pleased to report the facility that was privatized, "Palmer Hall," won an industry award for improved resident satisfaction based on resident surveys.

In December 2007, we executed business agreements for our second pilot project at Hampton Roads, VA. This project will build more than 1,100 new two-bedroom/two-bathroom apartments and privatize over 700 existing unaccompanied housing modules for unaccompanied shipboard E1-E3 personnel.

We are nearing completion of our evaluation of the Mayport/Jacksonville, Florida area as the candidate for third pilot project. We are also continuing to evaluate additional phases at San Diego and Hampton Roads using the public/private entities previously executed.

Managing Our Privatization Portfolio

We take seriously our responsibility to monitor the privatization agreements to ensure that the Government's long term interests are adequately protected. We have instituted a portfolio management approach that collects and analyzes financial, occupancy, construction, and resident satisfaction data to ensure that the projects remain sound and that the partners are performing as expected.



We conduct meetings with senior representatives of our partners and, where necessary, resolve issues of mutual interest. We use focus groups to obtain direct feedback from residents, property managers, and Command representatives. Customer surveys show overall improvement in member satisfaction after housing is privatized. Where our projects have encountered difficulties, appropriate corrective actions have been taken. For example, we had concerns regarding performance of the private partner in our Pacific Northwest project. The partner sold its interest as a general partner to another company which has a record of good performance with military housing privatization projects.

ENVIRONMENT

Shipboard Programs

The Navy continues to convert its shipboard air conditioning and refrigeration plants from Ozone Depleting Substances (ODS) to non-ODS refrigerants. As of 1 February 2008, the Navy completed 552 of 690 air conditioning conversions and 595 of 611 refrigeration conversions. The Navy reached a major milestone in 2007 as conversions of the final aircraft carrier air-conditioning systems began. The Navy expects to complete its transition to non-ODS refrigerants by 2017.

In addition to the shipboard air conditioning and refrigeration conversion program, the Navy has taken other ODS management efforts which have reduced our Class I ODS usage by over 95 percent. For example, the Navy is designing and building the first aircraft in the world without halon for fire suppression. In recognition of these many achievements, the Navy garnered six

EPA Best of the Best Stratospheric Ozone Protection Awards at the 20th Anniversary Meeting of the Parties of the Montreal Protocol in September 2007.

The Navy has also completed 168 of 334 upgrades to its plastic waste processors (PWPs), which allow ships at sea to compress plastics into a solid disk for disposal or recycling ashore. The upgraded PWPs reduce maintenance, improve reliability and throughput, and include a self-cleaning feature, giving our Sailors the best equipment available to meet no-plastics discharge requirements while at sea.

Natural Resources Conservation

The Department of the Navy's natural resources conservation programs rely on Integrated Natural Resources Management Plans (INRMP) to ensure our programs are effective in providing conservation benefits to species and their habitats while ensuring no net loss to the military mission. For example, in 2007, the United States Fish and Wildlife Service determined that the INRMPs for the Marine Corps' Townsend Bombing Range, GA, and Camp Pendleton, CA, provided a benefit to the protection of two species: the Flatwoods salamander (*Ambystoma cingulatum*) and tidewater goby (*Eucyclogobius newberryi*), respectively, and the range and base were excluded from Critical Habitat designation.

Since the Endangered Species Act, Section 4(a)(3)(B)(i), was amended in the FY-04 NDAA, U.S. Fish & Wildlife Service and National Marine Fisheries Service determined that the effectiveness of DoN INRMPs outweighed the necessity to make 41 Critical Habitat designations on DoN installations.

Environmental Compliance by Shore Installations

Domestically, 93 percent of Navy and 95 percent Marine Corps permits are in full compliance with Clean Water Act standards, and 98 percent of the Navy and 100 percent of Marine Corps population receives water that meets all Safe Drinking Water Act standards, both increases from recent years. The DoN has made great strides in improving wastewater compliance through significant investments in infrastructure and improved management practices. For example, Marine Corps invested over \$109 million in military construction funds at Camp Pendleton between FY-02 and FY-08 to meet wastewater requirements, including the construction of a new tertiary treatment system to serve the southern portion of the base. An additional \$52.5 million military construction project is budgeted in FY-09 to reduce the total dissolved solids (TDS) in their drinking water.

Installation Restoration Program (IRP)

The DoN has completed cleanup or has remedies in place at 83 percent of our 3,716 contaminated sites at our active installations. We plan to complete the program by the year 2014. The cost-to-complete the installation restoration program continues a downward trend with efficiencies of \$600 million over the past ten years. Use of new technologies, land use controls, remedy optimizations, contract efficiencies, and a dedicated professional staff has contributed to these efficiencies. Our FY-09 request of \$293 million consists of \$243 million for IRP, and \$50.0 million for munitions response.

Munitions Response Program (MRP)

The DoN is proceeding with cleanup of Munitions and Explosives of Concern and Munitions Constituents at all Navy and Marine Corps locations other than operational ranges. We completed the preliminary assessments in FY-07 at 99 percent of the 239 known sites on 62 active installations and will complete site inspections and sampling by 2010. The data obtained from these inspections and samplings will provide the basis for developing estimates for environmental clean-up.

Range Sustainability Environmental Program Assessment

The Navy has completed environmental operational range assessments on 13 of 22 operational range complexes and is on track to complete the remaining nine operational range complex assessments by the end of FY-08. The Marine Corps has completed six range assessments and is on track to complete the remaining eight ranges by the end of FY-09 operational ranges in the United States by the end of FY-08. To date, neither the Navy nor the Marine Corps has had a release or threat of a release from an operational range to an off-range area that presents an unacceptable risk to human health and the environment.

Alternative Fuel Vehicles

The Department has many initiatives to reduce its reliance on imported oil and increase its fuel conservation efforts. Over the past five years, the Navy initiatives have resulted in a 10-fold increase in the use of B-20 (i.e. 20% blend of biodiesel in petroleum diesel). The Navy has partnered with the Exchange Services to supply fuel for both government and commercial use at sites such as Naval Station Norfolk, VA. Biodiesel field testing and integration efforts are underway at several locations to address Executive Order 13423 goals, reduce greenhouse gas emissions, and to increase environmental security.

The Marine Corps has exceeded the Energy Policy Act (EPA) of 1992 for Alternative Fuel Vehicle (AFV) requirements for the past five years and is a leader in DoD and among other Federal agencies in the use of biodiesel and other alternative fuels. It has reduced its consumption of petroleum by 28%

since 1999 due in part to increased use of alternative fuels (such as biodiesel, ethanol and compressed natural gas), neighborhood electric vehicles and conservation. For their aggressive pursuit of compliance with Federal mandates well beyond published goals, the Marine Corps received the White House Closing the Circle Award in 2005 and again in 2007.

Navy Marine Mammals/Sonar R&D investments

The Navy remains a good steward of the environment by taking steps to protect marine mammals from anthropogenic sound in the water. Over the next six years, the Navy will invest up to \$18 million per year for marine mammal research. This long-term investment will support more than thirty universities, institutions, and technology businesses worldwide and address critical issues in marine mammal demographics (the “what, where, when, how many, and how much” questions); establish criteria and thresholds to measure the effects of naval activities; develop effective mitigation and monitoring methods to lessen any potential effects; and continue to refine characteristics of the sound field.

MMPA National Defense Exemption

The Navy has been operating for the past year under a National Defense Exemption (NDE) issued in January 2007. Given recent court decisions in California and continuing litigation in California and Hawaii challenging the Navy’s use of Mid-Frequency Active (MFA) sonar, the ability to rely on the NDE has been important to the Navy’s ability to continue to test and train with MFA sonar. This limited-in-time NDE was necessary to allow the Navy sufficient time to complete the analysis and consultation necessary to support long-term compliance for Navy’s MFA sonar testing and training. The Navy is preparing environmental planning and compliance documents in cooperation with the National Oceanic and Atmospheric Administration (NOAA). The process will be complete for the Southern California Range Complex, the Hawaii Range Complex and the East Coast training areas by the time the NDE expires in January 2009. MFA sonar use as analyzed in these documents conservatively accounts for 75% of the Navy’s testing and training with MFA sonar. The documentation for the remaining ranges will be completed later in 2009.

The NDE requires the Navy to employ 29 specific mitigation measures developed with, and fully supported by, the National Marine Fisheries Service (NMFS) within NOAA. The NDE enables the Navy to employ MFA sonar in a manner that maintains testing and training fidelity while providing protection to marine mammals. By enabling critical MFA sonar testing and training to continue in an environmentally sound manner protective of marine mammals, the NDE serves as a bridge to future compliance with the authorization requirements of the MMPA. NMFS, in recently considering the effects of Navy MFA sonar training exercises on marine mammals in and adjacent to the Navy’s

Southern California Operating Area, noted that the mitigation measures employed as a result of the NDE will minimize the risk of injury to marine mammals, and concluded that it does not expect the exercises to result in adverse population level effects of any marine mammal populations.

As part of the President's Council On Environmental Quality's (CEQ's) approved alternative arrangements for compliance with the National Environmental Policy Act (NEPA) for these exercises, the Navy will use public involvement of best available scientific information to inform long-term range management decisions regarding continued testing and training with MFA sonar. However, while the MMPA has been removed as a basis for legal challenges, the Navy's ability to meet its statutory requirement to train and maintain a ready force, which includes training with MFA, remains at risk due to legal challenges based on other environmental laws, specifically the NEPA, the Coastal Zone Management Act (CZMA), and the Endangered Species Act (ESA). Litigation surrounding those issues continues.

RELOCATING THE MARINES TO GUAM

National interests and treaty commitments require the United States to strengthen its military capabilities in the Western Pacific. U.S. forces must be positioned to maintain stability, ensure flexibility to respond to regional threats, project power throughout the Pacific, defend our assets as well as those of our allies, and provide forces to respond to global contingencies.

The relocation of Marine Corps forces from Okinawa to Guam under the October 2005 agreement, "U.S.-Japan Alliance: Transformation and Realignment for the Future" (ATARA) is part of a broader realignment that, when implemented, will strengthen our regional posture, deter potential aggressors, and provide capabilities that can be flexibly deployed in contingencies. This is essential for the defense of Japan and for peace and security in the Pacific.

Plans for implementing the military realignment to Guam have progressed significantly. United States (USG) and Government of Japan (GOJ) representatives meet regularly to develop implementing instructions covering the programming, budgeting, and funding to construct operational facilities, utilities, and housing needed to realign 8,000 Marines and 9,000 dependents from Okinawa to Guam. The USG and GOJ have negotiated a GOJ contribution of \$6.09 billion of the estimated \$10.3 billion cost for infrastructure on Guam. We have budgeted \$42 million in various DoN accounts in FY-09 to continue planning efforts.

We continue numerous studies necessary for preparing an EIS in compliance with the NEPA. The EIS addresses the movement of Marine Corps

forces from Okinawa to Guam as well as Navy efforts to construct a transient nuclear aircraft carrier-capable pier at Apra Harbor and Army efforts to locate a ballistic missile defense battalion on the island. A draft EIS is expected in spring 2009, the final EIS in December 2009, and a Record of Decision (ROD) in January 2010.

In parallel with the EIS efforts, we are developing a Guam Joint Military Master Plan (GJMMP). The GJMMP addresses the realignment of Marine Corps forces in the context of other DoD actions on Guam, such as plans to increase intelligence, surveillance, and reconnaissance capabilities and transient forces at Andersen Air Force Base, an increased Navy submarine presence, and the Army effort noted above. A working level draft of the GJMMP will be complete this summer.

We are working closely with the Government of Guam (GovGuam), the Guam community, and other federal agencies to ensure that social, economic, cultural, and other direct and indirect consequences are considered. DoD officials meet regularly with representatives from local agencies as part of a Civilian-Military Task Force on the island. We regularly meet with key GovGuam officials to coordinate compatibility with Guam's own Master Plan. Several public scoping meetings have been held and future public outreach sessions will be scheduled to ensure the community's concerns and ideas regarding environmental, socioeconomic and cultural impacts are taken into account. Federal support is also provided through DoD's Office of Economic Adjustment (OEA), which has thus far provided nearly \$1.7 million in grants to GovGuam to support key planning and impact studies.

The business community, including local industry, is updated semi-annually on the relocation and acquisition effort at the Guam Industry Forum. These gatherings, held on Guam, attract large and small scale businesses and serve to facilitate networking and partnering opportunities.

DoD also ensures GovGuam's voice is heard by the rest of the federal government by co-chairing with the Department of Interior's Office of Insular Affairs a federal Interagency Task Force. There are five working groups that bring together representatives from key federal agencies such as Department of Labor, Health and Human Services, Department of State, Department of Agriculture, Environmental Protection Agency, Department of Homeland Security and others to address issues that will affect Guam during and after the military realignment. GovGuam representatives participate in each of the five working groups. I am pleased to note that GovGuam's Port Authority and the Department of Transportation's Maritime Administration are working together to achieve GovGuam's short-term vision of supporting the military realignment

and its long-term goal of becoming a key intermodal transportation hub in the Pacific Rim region.

A critical concern is the availability of an adequate, trained construction workforce. With the need for an estimated 12,000 to 15,000 laborers, a small, but fully employed indigenous workforce on Guam, and a relatively low wage scale that will not attract significant numbers of workers from the continental U.S. or Hawaii, a significant amount of foreign workers will be required. Legislation is pending in Congress to relax the current cap on H2B visas for workers on Guam and the Marianas Islands. We will need a reliable supply of non-immigrant labor throughout the construction phase to complete the relocation of the Marines to Guam.

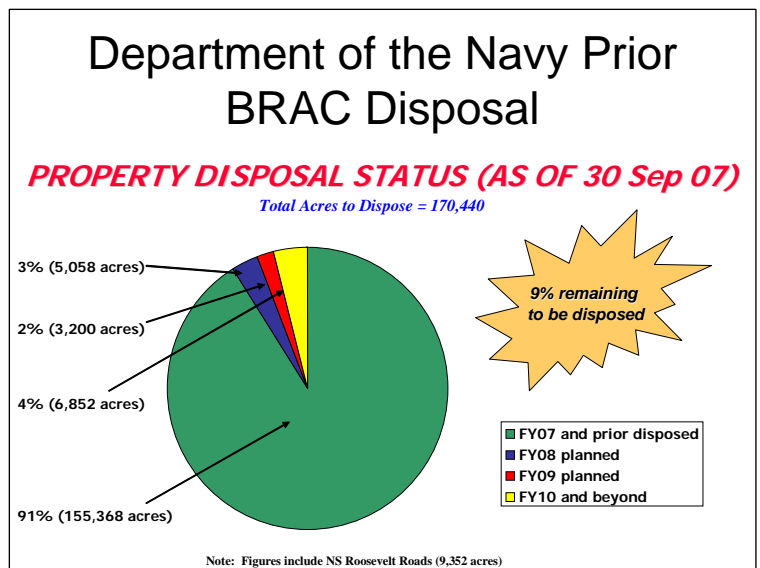
An additional issue of concern is the state of Guam’s off-base infrastructure and public services. Although Guam is a U.S. Territory, the condition of much of its infrastructure is inferior to that found in other parts of the U.S. Without major improvements to its infrastructure, Guam may not be able to adequately support the projected increase to its population. We are working with other federal agencies and the Government of Guam through the Interagency Task Force to identify specific requirements and opportunities within the U.S. Government to finance high priority upgrades to Guam’s infrastructure that support the Department’s realignment. Ongoing cooperation in this regard will be crucial to ensure a successful relocation effort.

PRIOR BRAC CLEANUP & PROPERTY DISPOSAL

The BRAC rounds of 1988, 1991, 1993, and 1995 were a major tool in reducing our domestic base structure and generating savings. The Department has achieved a steady state savings of approximately \$2.7 billion per year since FY-02. All that remains is to complete the environmental cleanup and property disposal on portions of 17 of the original 91 bases and to complete environmental cleanup on 14 installations that have been disposed.

Property Disposal

Last year we conveyed 3,363 acres in six separate real estate transactions at three prior BRAC bases. We also completed Findings of Suitability for Transfer (FOST) for 3,397 acres. The FOST certifies that DoD real estate is



environmentally suitable for transfer by deed under Section 120(h) of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) (42 U.S.C. Section 9620(h)). The Department of the Navy has disposed of 91 percent of the 170,000 acres from prior BRAC actions.

The DoN has spent about \$3.7 billion on environmental cleanup, environmental compliance, and program management costs at prior BRAC locations through FY-07. The current cost to complete cleanup at prior BRAC locations is \$1.1B in FY-09 through completion.

DoN completed 12 CERCLA Records of Decisions (RODs) and Action Memos in FY-07, seven of which were at Alameda, CA. We sampled over 3,500 monitoring wells, and treated over 350,000 cubic yards of contaminated soil and 4.4 billion gallons of contaminated groundwater. At Hunters Point we have completed the removal of all radiological impacted sewer and storm lines on Parcel B: we removed enough soil to cover a football field twenty-eight feet high! We teamed with the Stanford University to treat PCB contamination in sediment with activated carbon. This innovative technology has proven to be quite successful and could lead to more efficient and faster cleanup across DoN.

In FY-08 we are continuing progress at Hunter's Point and Alameda, two of our Prior BRAC installations with remaining programs of considerable size. There has been a concerted effort to accelerate environmental and low-level radiological cleanups to support redevelopment initiatives. Admittedly, the radiological component has caused complications and delays not previously anticipated. In FY-08, DoN will use the \$50 million in additional appropriated FY-08 funds to further cleanup actions at Hunters Point, Adak, Alameda, and Treasure Island. Another \$8 million appropriated in FY-08 for use on groundwater at Hunters Point will be used toward a zero valent iron treatability study. The additional funding allocated to Hunters Point will help expedite cleanup of what has proven to be one of the most unique and difficult BRAC sites for the Navy.

We have continued our success in using property sales to assist in funding environmental cleanup and property disposal as well as recover value for taxpayers from the disposal of federal property. Through a combination of cost economic development conveyances, negotiated sales, and public sales, the DoN has received over \$1.1 billion in revenues from the sale of prior BRAC property. Nearly all of this revenue has been generated since FY-03. Beginning in FY-03, we have used these funds to accelerate environmental cleanup, and to finance the entire DoN prior BRAC effort including caretaker costs since FY-05.

One significant property sale remains for the Navy at the former Naval Station Roosevelt Roads, PR, which is planned for FY-09. Revenue projections for Roosevelt Roads are unknown, but are expected to be well below that obtained from the sale of California property at El Toro and Tustin. In the absence of additional land sale revenue, we are resuming the need for appropriated funds in the FY-09 budget.

BRAC 2005 IMPLEMENTATION

The DoN continues to move forward implementing closure and realignment plans that will eliminate excess capacity, improve operational readiness, capitalize on joint basing opportunities with our sister Services, maintain quality of service, and achieve cost savings. In contrast to prior BRAC commissions, the BRAC 2005 recommendations have fewer closures and many more realignments, particularly realignments that involve more than one component. The DoN has six “fence line” closures and 81 realignment recommendations involving 129 bases.

Environmental Cost to Complete

Given the relatively few number of closures, the absence of major industrial facilities, and the extensive site characterization, analysis, and cleanup that has occurred over the last several decades, the DoN’s remaining environmental liabilities for BRAC 05 are substantially less than in previous rounds of BRAC. We have spent \$128 million in cleanup at BRAC 05 locations through FY-07. Our remaining environmental cost to complete for FY-09 and beyond is \$74 million and the majority of it will be spent at Naval Air Station Brunswick, ME and Naval Weapons Station Detachment, Concord, CA.

Accomplishments

Nearly all impacted communities have established a Local Redevelopment Authorities (LRAs) to guide local planning and redevelopment efforts. The DoD Office of Economic Adjustment has been providing financial support through grants and technical assistance to support LRA efforts.

One of the success stories of the past year was the establishment of Midcoast Regional Redevelopment Authority (MRRRA) as the implementation LRA in Brunswick, ME. In December 2007, the reuse master plans for Brunswick Naval Air Station and Topsham Annex were adopted and MRRRA began implementation of the plans in January 2008. Under the reuse plan, 51% of the total base property has been allocated for development (approximately 1,630 acres); and 49% (approximately 1,570 acres) of the base has been dedicated to recreation, open space, and natural areas.

The former main base of Naval Station Pascagoula (known as Singing River Island) reverted to the State of Mississippi on June 1, 2007. This facility was homeport to 1,000 military members and 100 civilians. Established as an operational homeport in 1992, the Naval Station fulfilled its mission to support and maintain surface combatants in the Southeast Region. The installation closed on November 15, 2006; but severe damage sustained to several buildings and the pier from Hurricane Katrina delayed the reversion to allow repair of the facilities. Through the team efforts of the State of Mississippi, the LRA, and the Navy, the repairs were awarded in January 2007 and completed in May 2007. This reversion represents 528 acres of BRAC 05 property eliminated from the Navy's property account.

Finally, with careful management--such as deploying tiger teams to conduct independent evaluations of site conditions and requirements--we have been able to keep our cost increases down to a modest two percent compared to our FY-08 budget request.

Joint Basing

There will be twelve joint bases, of which the DoN has the lead on four: Joint Base Anacostia-Bolling, DC; Joint Base Pearl Harbor-Hickam, HI; Joint Base Little Creek-Fort Story, VA and Joint Region Marianas, Guam. DoD issued Joint Basing Implementation Guidance (JBIG) in January 2008, stating that a memorandum of agreement for each joint base site will define the relationships between service components. Under the joint guidance, total obligation authority and real property will transfer to the lead service prior to full implementation. A number of "table top" exercises have been conducted to facilitate a smooth transition in implementing joint basing.

Walter Reed National Naval Medical Center

Naval Facilities Engineering Command is the construction agent for the Army-lead BRAC Recommendation to relocate all tertiary (sub-specialty and complex care) medical services from Walter Reed Military Medical Center (WRNMMC) to Bethesda, Maryland. The Draft EIS public comment period closed on January 28, 2008, and a Final EIS is being prepared that will address public comments, most of which concerned traffic/congestion and homeland security. The ROD is planned for May 2008.

Two construction contracts are being prepared to meet the full requirements of the BRAC recommendation:

- Contract 1 includes design and construction of Medical Inpatient and Outpatient facilities, Medical renovations of Buildings 1-10, renovation of Building 17 to house administrative functions, and construction of parking structures. This contract is scheduled for award February 2008. Contract

language precludes all construction activity until the ROD is signed so as to not prejudice the NEPA process. Award prior to ROD signature allows design to begin and gives the project better assurance of completion within the BRAC statutory deadline.

- Contract 2 includes construction of non-clinical/WTU administrative facilities, WTU and Staff Bachelor Enlisted Quarters, and a gymnasium. Contract award is planned for September 2008.

FY-07 Financial Execution

The DoN budget for FY-07 was \$690 million. The OSD Comptroller will release \$54 million of that amount once the business plan for Naval Integrated Weapons and Armaments RDT&E Centers at China Lake, Dahlgren, and Indian Head is approved. As of December 2007, the overall obligation rate was approximately 66%, which was impacted by the fact that over 90% of the funding was received past the midpoint of the fiscal year. Contract awards for 11 of 51 FY-07 BRAC construction projects have been delayed pending resolution of issues related to business plans, resolution of congressional issues and refinement of project scope requirements. We anticipate having contracts in place for the remaining 11 un-awarded projects by the end of the third quarter FY-08.

Impact of the DoD FY-08 Reduction

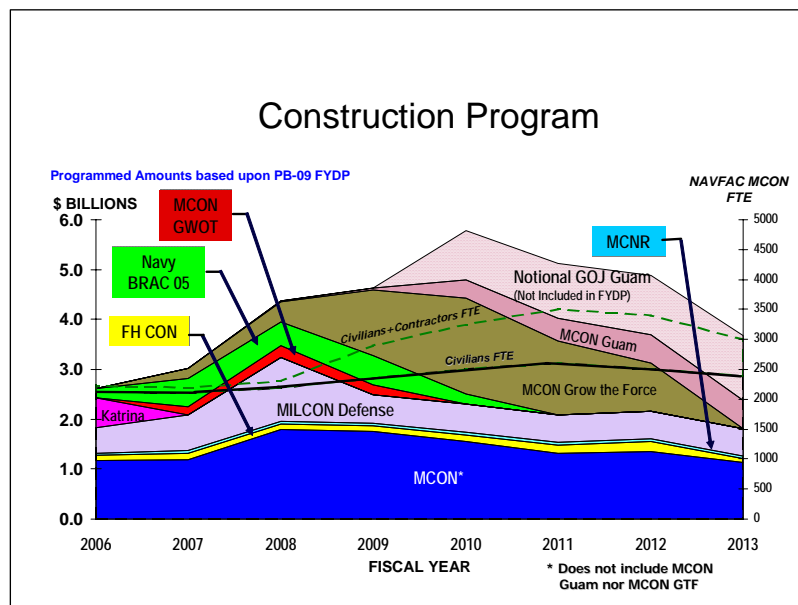
Of the DoD FY-08 Congressional budget reduction of \$939 million, DoN's share was determined to be \$143 million. Lack of funding creates uncertainty with our civilian and military workforce, creates turmoil with the implementation of business plans and causes us to lose momentum. Finally, without full FY-08 funding the Navy's ability to fully support joint recommendations, where the business plan is led by another component, is severely degraded. We encourage the Congress to promptly restore full funding.

If funding is not restored, we will delay two BRAC construction projects (\$97 million) and Operations and Maintenance (\$46 million) spending from FY-08 to FY-09. Without prompt restoral of these funds, the Navy will jeopardize its ability to implement BRAC 2005 by the September 15, 2011 statutory deadline.

MEETING THE CONSTRUCTION EXECUTION CHALLENGE

We have outlined how our facilities investment is at a record setting pace. Yet we are poised to accomplish this tremendous amount of work at hand. The Department's execution agent, the Naval Facilities Engineering Command (NAVFAC), has outlined an aggressive plan to accomplish the in increased volume of work.

Due to market conditions exacerbated by world-wide natural disasters, NAVFAC's execution lagged during FY-06. At the end of FY-06, total NAVFAC



carry-over was \$1,139 million, of which \$712 million was DoN. In addition, there were seven pending reprogrammings. In the subsequent 16 months, we scrubbed these requirements and used innovative acquisition strategies to reduce this backlog. As of the end of January 2008, FY-07 and prior carry-over is down to \$302 million of which \$186 million is DoN. NAVFAC

acquisition plans for FY-08 are poised to award all remaining prior year un-awarded and FY-08 MILCON and BRACON projects.

To execute the growing MILCON workload, we are utilizing successful past and innovations practices:

- Use best value source selection procedures.
- Stand-up additional, fully autonomous Officer-in-Charge of Construction offices at Bethesda, Camp Pendleton, and Camp Lejeune to focus on the concentrated workload at these locations
- Package similar and nearby projects over multiple fiscal years to achieve economies of scale. We achieved great success at Recruit Training Command complex at Great Lakes, IL using this strategy. We will do this where it makes sense while continuing to find opportunities to meet small and disadvantaged business goals.
- Incorporate "best of breed" features and standardize designs, particularly for Marine Corps BEQ projects.
- Apply Common component sourcing to minimize differences in building systems that would otherwise require multiple vendors, maintenance routines, and a wide variety of repair parts.
- Award program support contracts to augment NAVFAC's workforce, while maintaining the Governments acquisition and technical authority.

CONCLUSION

The Sea Services will operate in an increasingly dispersed environment to support the Maritime Strategy and ensure the freedom of the seas. This requires an ever strong foundation of installations from which to re-supply, re-equip, train, and shelter our forces. We must continue to make smart infrastructure investments to prepare for the future and secure the peace abroad. It has been an honor and privilege to serve this great Nation and the men and women of our Navy and Marine Corps team – the military and civilian personnel and their families.

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