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ARMED SERVICES COMMITTEE

STATEMENT OF
H. T. JOHNSON
ASSISTANT SECRETARY OF THE NAVY
(INSTALLATIONS AND ENVIRONMENT)
BEFORE THE
READINESS AND MANAGEMENT SUPPORT SUBCOMMITTEE
OF THE
SENATE ARMED SERVICES COMMITTEE
ON
SHORE INFRASTRUCTURE AND ENVIRONMENTAL PROGRAMS

28 FEBRUARY 2002

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Mr. Chairman and members of the Committee, I am H. T. Johnson, Assistant Secretary of the Navy (Installations and Environment). I appreciate the opportunity to speak to you today on the Department of the Navy's shore infrastructure and environmental programs.

We are all justifiably proud of the way this Nation's military forces have responded to the September 11 terrorist acts in New York, Pennsylvania and Washington DC. From providing increased security for homeland defense at airports and port facilities against future potential threats, Tomahawk cruise missiles fired from ships and submarines, and carrier-based Navy and Marine Corps aircraft providing 80 percent of the combat sorties over Afghanistan, Sailors and Marines have served proudly and with distinction to eliminate terrorist threats in what was previously considered a landlocked sanctuary. In "Operation Enduring Freedom" and the global "War on Terrorism," on-station Naval Forces were first to respond, first to fight, first to secure U.S. interests.

It takes highly trained and motivated individuals, using advanced technologies and weapon systems, to successfully pursue U.S. military objectives. Our bases and stations provide direct and indirect support to forward-deployed Naval Forces. Perhaps more importantly, such installations are the means by which Naval forces are formed, trained, maintained, and housed. And our environmental programs help ensure our continued use of military training areas on land and at sea, while also complying with national and international environmental standards.

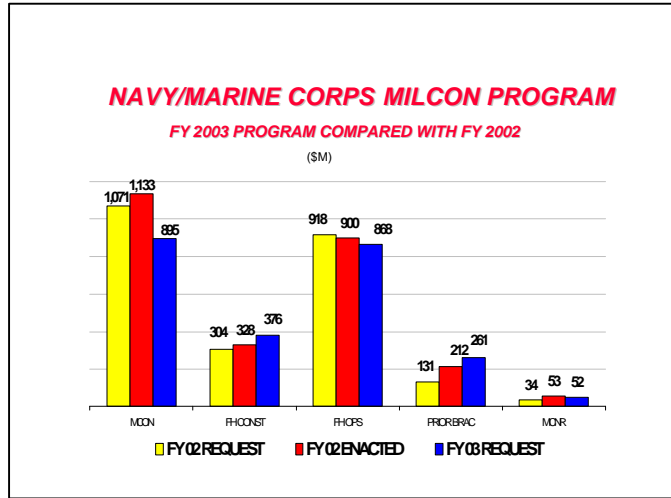
The Secretary of the Navy has repeatedly said people are our most important asset. Military pay and benefits are obviously important. But members of this Committee know that a modern, well maintained infrastructure is a very strong "people" program; it's the pier, the hangar, the warehouse, where Sailors, Marines, civilian employees and contractors report to work; it's the classroom, the training range where they learn and hone their skills; it's the nice home in a good neighborhood where our military members and their families live. It's also the commitment to effective safety and occupational health programs that protects them from the daily hazards they face, whether on the job or off. The military mission is inherently a dangerous one. Whether it is training for the mission, carrying out the mission, or preparing the weapons and weapon systems that may be employed, we need to, and are, pursuing a vision of zero mishaps for the future by institutionalizing operational risk management, embracing best business practices, and adopting key safety technologies.

I will begin by summarizing our FY-2003 budget request, and follow with more details in each program area.

The FY-2003 BUDGET

Shore Infrastructure Budget

The Department of the Navy shore infrastructure budget includes these appropriations: Military Construction, Navy; Military Construction, Naval Reserve; Family Housing, Navy and Marine Corps; Base Realignment and Closure; and the Operations and Maintenance accounts which provide base support and Sustainment, Restoration and Modernization.



Our FY-2003 infrastructure budget request continues the progress we have made in last year's budget. Our budget request of \$9.3 billion represents a 4.5 percent increase over the enacted FY-2002 level of \$8.9 billion. While maintaining the overall forward momentum, we have emphasized housing and the sustainment of our existing facilities, consistent with the priorities of the Secretary of Defense, the Secretary of the Navy, the Chief of Naval Operations, and the Commandant of the Marine Corps. There are notable gains in these areas.

Housing is a cornerstone of our efforts. The FY-2003 family housing construction request totals \$376 million, a 15 percent increase over the FY-2002 enacted level of \$328 million. This funding will allow us to build 1,147 new homes (all but 65 are replacement construction) and renovate 3,137 existing homes. Included in this improvement request is \$33 million for privatization at Pearl Harbor, HI. Our family housing operations and maintenance

FY-2003 DoN Family Housing Construction			
Location	Homes	\$M	
Construction			
Lemoore, CA	178	\$ 41.0	*
New London, CT	100	\$ 24.4	*
Mayport, FL	1	\$ 0.3	
Meridian, MS	56	\$ 9.8	*
Larissa, GR	2	\$ 1.2	
St. Mawgan, UK	62	\$ 18.5	
Twentynine Palms, CA	76	\$ 19.4	*
Kaneohe Bay, HI	65	\$ 24.8	*
Camp Lejeune, NC	317	\$ 43.7	*
Quantico, VA	290	\$ 41.8	*
Improvements (Various Locations)			
Navy	2,928	\$ 123.9	
Marine Corps	209	\$ 15.6	
Planning & Design		\$ 11.3	
Total Construction	4,284	\$ 375.7	
* Replacement construction			

request totals \$868 million, a 4 percent reduction below the FY-2002 enacted level. This reduction is due to a net reduction of approximately 5,000 government owned homes, primarily the result of privatization efforts.

Our military construction request for the active component totals \$895 million, consisting of 43 Navy and 19 Marine Corps projects. The facts are that there are other pressing requirements, most of which are associated with the conduct of the war on terrorism. After the September 11 attack, the Department was required to make some difficult choices to pursue the war on terrorism. The Secretary had to achieve balance across many competing needs. This military construction budget request is the second largest in 6 years. It is exceeded only by our FY-2002 request, and is considerably larger than previous requests. We are planning to use some of the funds allocated for anti-terrorism/force protection (AT/FP) from the Defense Emergency Response Fund toward military infrastructure. These additional funds are not included in any tables or other discussion in this statement.

Nearly three-quarters of the military construction request is for restoration and modernization

projects. Consistent with our focus on solving housing needs, the active military construction request includes a robust bachelor housing effort totaling \$275 million to construct, improve and replace 4,360 bachelor-enlisted quarters beds. There is also \$69 million for six Navy and two Marine Corps quality of life projects, including fitness centers and dining facilities. We have included \$69 million for planning and design efforts, and raised our request for unspecified minor construction to \$23 million under the expectation that further AT/FP efforts will be needed.

Military Construction, Navy		
Type of Facility	Navy (# projects/\$M)	Marine Corps (# projects/\$M)
Quality of Life	12/\$270M	6/\$73M
Operational	15/\$118M	1/\$3M
Training	1/\$6M	2/\$10M
Maintenance/Storage	3/\$63M	8/\$75M
Utilities	2/\$34M	1/\$5M
RDT&E	1/\$9M	

Our Military Construction, Reserve request totals \$52 million, about the same as the FY-2002 enacted level. There are six Navy (including a bachelor enlisted quarters for 92 spaces) and three Marine Corps projects totaling \$48

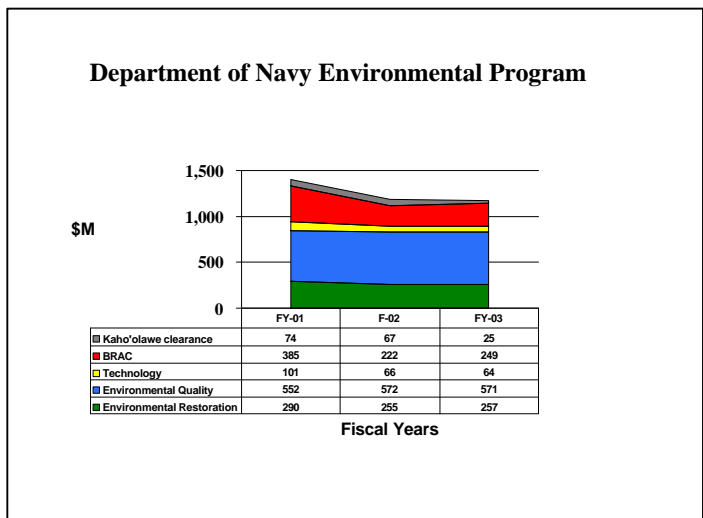
million, \$2.5 million for planning and design, and \$1 million for unspecified minor construction.

Our prior Base Realignment and Closure (BRAC) request totals \$259 million, a 20 percent increase over the FY-2002 enacted level of \$215 million. This funding supports caretaker functions and cleanup of contamination at base closures under the four previous rounds (i.e., BRAC 1988, BRAC 1991, BRAC 1993, and BRAC 1995). This request meets all current regulator and community expectations for cleanup at our BRAC bases. I am pleased to report we have resolved our FY-2002 shortfall as a result of the additional funds provided by Congress, the availability of land sale revenue, and the use of prior year BRAC funds which we have determined are no longer needed for their original intended purpose. These prior year BRAC funds are being reallocated to fund FY-2002 BRAC cleanup needs.

Our Sustainment, Restoration and Modernization (SRM) funded by Operations and Maintenance accounts request totals \$2,066 million, a 15 percent increase over the FY 2002 enacted level of \$1,797 million. This \$269 million increase in funding allows the Marine Corps to achieve 92 percent, and Navy 84 percent, of the sustainment requirement for the existing facilities inventory based on the current requirements model. This provides the highest level of sustainment funding achieved using this metric, considerably higher than the estimated 80 percent for Marine Corps in FY-2002, and the estimated 71 percent Navy average over the three previous years.

Environmental Budget

Our environmental budget request totals \$1.2 billion, the same as the FY-2002 enacted level of \$1.2 billion. Environmental quality is the single largest portion of the environmental budget. Funding for this function is contained in a number of different DON accounts: the Active and Reserve Operations and Maintenance appropriations for Navy and Marine Corps; Other Procurement, Navy; Military Construction, Navy; Military Construction, Naval Reserve; Research, Development, Test and Evaluation, Navy; and Navy Working Capital Fund. This level of funding supports the basic environmental compliance, conservation and pollution



prevention functions at our bases, e.g., personnel salaries, environmental permits and fees, environmental sampling and laboratory analysis, and hazardous waste disposal costs. It also funds all known one-time compliance projects to meet FY-2003 Federal, state and local environmental standards such as the Clean Water Act, Clean Air Act, Safe Drinking Water Act, Resource Conservation and Recovery Act, and Act to Prevent Pollution from Ships.

The environmental restoration program, also called the cleanup program, is designed to clean up contamination at current active Navy and Marine Corps bases. Cleanup funding at active bases is on par with last year, and provides sufficient funds to meet all legal agreements now in place with EPA and the states while continuing consistent progress to program completion in 2014.

The budget request continues a large environmental research and development effort, primarily aimed at resolving current and future marine environmental issues for our ships. For example, the budget request includes \$10 million for marine mammal research to better understand behavior, habitat, and sensitivity to sound generated in the water.

The Navy is approaching the end of a ten-year effort to clear ordnance at Kaho'olawe, a small, uninhabited island in Hawaii that served as a naval bombing range for over 50 years. The FY-2003 budget request of \$25 million is the same as the FY-2002 budget request. Although the clearance effort will not achieve full clearance of unexploded ordnance, it has already met the goals of Public Law 103-139 to allow public access for cultural, religious and educational purposes. In accordance with this statute, the Navy will conclude its clearance efforts, and turn over access control of Kaho'olawe to the State of Hawaii in November 2003. We are grateful for the close cooperation we have received from the Kaho'olawe Island Reserve Commission on behalf of the State of Hawaii.

I would now like to address specific program areas in more detail:

HOUSING

We have two overarching housing principles:

- Our Sailors and Marines, and their families, are entitled to quality homes; and
- Housing that we provide, either directly through ownership or indirectly through privatization, must be self-sustaining over the long term. "Self-sustaining" means that we must ensure that the resources are there to operate, maintain, and recapitalize the home throughout its life.

Family Housing

Our family housing strategy consists of a prioritized triad:

1. Reliance on the Private Sector. We rely first on the local community to provide housing for our Sailors, Marines, and their families. Three out of four Navy and Marine Corps families receive a Basic Allowance for Housing (BAH) and own or rent homes in the community. Our bases have housing referral offices to help newly arriving families find suitable homes in the community.
2. Private Financing through Public/Private Ventures (PPVs). With the strong support from this Committee and others, we have successfully used statutory PPV authorities enacted in 1996 to partner with the private sector and meet our housing needs, in part, through the use of private sector capital. These authorities, which I like to think of in terms of public/private partnerships, allow us to leverage our own resources and provide better housing faster to our families. We are aggressively seeking additional opportunities to meet our housing needs through the use of PPVs.
3. Military Construction. Military construction will continue to be used where PPV authorities don't apply (such as overseas) or where they don't make financial sense for the Department.

Some years ago, the Secretary of Defense established a goal to eliminate inadequate military family housing units by FY-2010. Secretary Rumsfeld recently accelerated that goal by three years, to FY-2007. Through a combination of increased funding and increased use of PPV authorities, I am pleased to say that the Navy and Marine Corps have stepped up to the challenge: the Navy will meet the Office of the Secretary of Defense (OSD) goal and eliminate their inadequate family housing by FY-2007. The Marine Corps will exceed the goal and eliminate their inadequate housing by FY-2005.

Bachelor Housing

Our budget request continues the emphasis on improving living conditions for our unaccompanied Sailors and Marines. While we are nearing the achievement of our goal for improving family housing, our track record in addressing the housing needs of our single members has been uneven. One of our top priorities is to focus attention and resources on improving bachelor housing. There are three challenges:

1. Provide Homes Ashore for our Shipboard Sailors. There are approximately 31,000 Sailors worldwide who are required to live aboard ship even while in homeport. This situation is unacceptable. The recent change in law allowing E4s to receive BAH is a step in the right direction. Under current levels of funding, the Navy estimates that it will be able to

achieve its “homeport ashore” initiative by FY-2008. Our FY-2003 budget includes two “homeport ashore” projects that will provide homes ashore to 764 shipboard Sailors at Norfolk, VA and Bremerton, WA.

Through continued emphasis on military construction and the use of private financing authorities for bachelor housing, I strongly believe we can, and must, do even better.

2. Ensure our Barracks Meet Today’s Standards for Privacy. We are continuing our efforts to construct new and modernize existing barracks to provide

DON Barracks Construction Request		
Location	Spaces	\$M
NS Norfolk, VA	500	\$ 37.3 *
NAF Andrews, MD	120	\$ 9.7
NTC Great Lakes, IL	1,056	\$ 43.4
NTC Great Lakes, IL	1,056	\$ 41.7
NWS Yorktown, VA	168	\$ 15.0
JHCS Larissa, GR	40	\$ 14.8
CNM Guam	72	\$ 13.4
NS Bremerton, WA	264	\$ 35.1 *
NAS Atlanta, GA	92	\$ 6.7
MCB Camp Pendleton, CA	400	\$ 23.2
MCAGCC 29 Palms, CA	384	\$ 25.8
MCB Quantico, VA	200	\$ 10.3
MCB Quantico, VA	100	\$ 5.0
Total	4,452	\$281.5

increased privacy to our single Sailors and Marines. The Navy applies the “1+1” standard for permanent party barracks. Under this standard, each single junior Sailor has his or her own sleeping area and shares a bathroom and common area with another member. To promote unit cohesion and team building, the Marine Corps was granted a waiver to adopt a “2+0” configuration where two junior Marines share a room with a bath. Both configurations allow for more private quarters for our senior Sailors and Marines. Our FY-2003 request reflects a recent change in OSD criteria that gives the Services flexibility to adjust the proportion of living area and common space within an overall limitation of 66 square meters (710 square feet) per module. The Navy will achieve these barracks construction standards by FY-2013; the Marine Corps by FY-2010.

3. Eliminate gang heads. The Navy and Marine Corps remain on track to eliminate the inadequate barracks with gang heads for permanent party personnel¹. The Navy will achieve this goal by FY-2008; the Marines by FY-2005.

¹ Gang heads remain acceptable for recruits and trainees.

Family Housing Privatization

We are using a two-step approach for PPV. The first step (Request for Qualifications (RFQ) phase) allows a list of proposers to be narrowed to those who are judged to be highly qualified on the basis of their experience, financial capabilities, and vision for meeting our needs. Those proposers judged to be “highly qualified” (typically four to six) are then invited to submit technical and financial proposals to achieve our project objectives. We then select a preferred developer with whom we enter into

DoN Family Housing Privatization Projects Awarded	
Location	# homes
Corpus Christi/Ingleside/Kingsville, TX	404
Everett, WA	185
Kingsville (II), TX	150
Everett (II), WA	288
San Diego, CA	3,248
New Orleans, LA	935
South Texas, TX	661
Camp Pendleton, CA	712
Total Awarded	6,583

exclusive negotiations. In all PPV projects, we have established the following objectives:

- Self-sustaining projects that provide for necessary recapitalization over the long-term without additional infusions of cash;
- A legally recognized voice in key decisions made over the life of the agreement;
- Flexibility to accommodate unforeseen changes over the life of the agreement; and
- Protection of Government interests and minimization of Government exposure in case of default, poor performance, or non-performance.

We have now awarded eight PPV projects totaling 6,583 homes. Through the use of these authorities we have leveraged \$135 million in DON funds with \$478 million in private sector capital for a combined investment of \$613 million in homes for our Sailors, Marines and their families. We have

DoN Family Housing Privatization Projects in Process	
In Procurement	# homes
Beaufort/Parris Island, SC	1,165
Stewart Army Subpost, NY	171
Total in Procurement	1,836
In Planning	
Northeast Region	564
Lakehurst, NJ	212
Oahu Regional, HI	1,978
Mid-South, TN	626
San Diego (II), CA	4,981
Hampton Roads, VA	TBD
Camp Pendleton (II), CA	3,595
Total in Planning	11,959
TBD – To be determined	

effectively expanded our buying power by stimulating over \$4.50 of construction for each \$1.00 we have contributed. We currently have two additional projects in procurement (not yet awarded) and another eight projects in planning. All told, the projects, either in procurement or planning, total 13,792 homes.

Private Financing Alternatives for Bachelor Housing

I believe that there are real opportunities for applying PPV authorities to our barracks needs. We held an industry forum last November with developers, lenders, and property managers. We learned that there is a potential to use private sector financing to improve bachelor housing. We are developing three bachelor housing pilot projects – Hampton Roads, VA; Camp Pendleton, CA (Del Mar); and Quantico, VA (Basic School). We look forward to bringing these proposals to the Committees in the near future.

Housing Issues

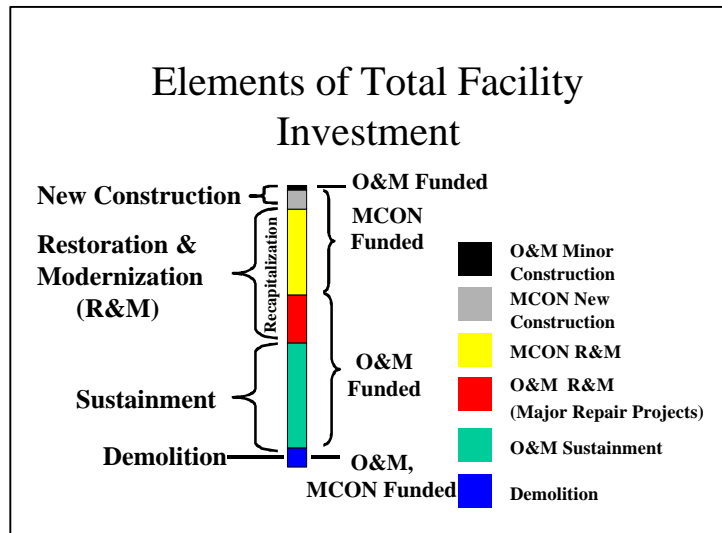
We appreciate Congress extending the military housing public/private venture authorities to 2012. DoD is considering additional legislative changes to improve our efforts in family housing and remove obstacles for the application of these authorities to bachelor housing, such as combining family and bachelor housing privatization accounts into a single fund to facilitate joint projects.

FACILITIES

Sustainment, Restoration and Modernization

With this budget, the DON is implementing the new DoD methodology for facilities maintenance and repair. “Sustainment” is the amount of funding required for scheduled maintenance and facility component repairs over the expected service life of the facility. It does not improve the

condition or readiness of the facility. It is calculated using the DoD Facilities Sustainment Model (FSM), which considers facilities quantity data (most often square feet), and unit cost factors (most often dollars per square foot) derived from private industry. The calculated sustainment requirement is unique to the DON infrastructure inventory and adds, consistency and audit ability in determining our requirement. FSM projects inventory gains (new construction) and losses (demolition, privatization, excess facilities) to arrive at a total



sustainment requirement. The sustainment metric is the percentage funded of the FSM generated requirement. While competing budget pressures precluded us from doing better, this budget request meets more than 85% of the Department of Navy FSM calculated requirement - much better than in previous years.

“Restoration and Modernization (R&M)” is the portion of SRM that goes beyond sustainment to improve the condition and readiness of the facility, using Operations and Maintenance as well as military construction funds. The O&M funds help to correct poorly rated facilities and to recapitalize the inventory. R&M requirements are based on an investment level to achieve a DoD average 67 year recapitalization rate, with all facilities satisfactorily sustained. Over the FYDP, R&M (O&M and MILCON) is funded to eliminate facility deficiencies by 2013. The FY-2003 recapitalization rate is 122 years and the FYDP (03-07) average is 83 years.

Anti-terrorism/Force Protection

Every installation has increased its security posture since the attacks of September 11. Additional security personnel, technology (security systems, detection devices), security fencing, barriers, security boats, and training are being used to enhance our AT/FP posture. The SRM budget includes \$147 million in AT/FP projects. These measures include shatter resistant windows, structural reinforcement, and building hardening.

The military construction budget request has incorporated AT/FP measures within the scope of each project, where appropriate. These measures include standoff distances, shatter resistant windows, structural reinforcement and building hardening. These features account for \$17.5 million within the projects requested in the FY 2003 MILCON program.

There are seven military construction projects totaling \$107 million that support specific AT/FP enhancements and/or improvements. These projects were identified after the September 11 attacks:

- Advanced Explosive Ordnance Disposal Training Facility, Eglin AFB, FL - \$6.4 million.
- Shoreline Security Fencing, Naval Station, Norfolk, VA - \$2.0 million.
- Installation Services Support Center, Naval Support Activity, Bahrain - \$26.0 million.
- Parking Garage and Perimeter Security Upgrade, Naval Air Station, Sigonella, Italy - \$19.6 million.
- AT/FP Improvements, Naval Shipyard, Kittery, ME - \$11.6 million.
- AT/FP Improvements, Naval Shipyard, Portsmouth, VA - \$19.7 million.
- AT/FP Improvements, Naval Shipyard, Puget Sound, Bremerton, WA - \$21.7 million.

Building Demolition

Our centralized demolition program remains a success story. Defense Reform Initiative Directive 36 directed the Navy and Marine Corps to dispose of excess facilities over the period of FY-1998 through FY-2002. Navy will exceed its goal of 9.1 million square feet (MSF) in FY-2002. The Marine Corps met its goal of 2.1 MSF in FY-2000. Both Services will continue the demolition program. Our FY-2003 budget request continues this effort, with Navy planning to spend \$42 million on 50 projects to demolish 2.0 MSF and Marine Corps planning to spend \$5 million on 15 projects to demolish 0.5 MSF. The Navy has expanded the use of the central account funds to allow limited relocation and repair costs to consolidate functions before demolishing the vacated building. These actions will eliminate obsolete excess facilities, and further reduce SRM needs.

Energy and Utilities Privatization

To comply with Executive Order 13123 goals, federal agencies must reduce energy consumption 30 percent by FY-2005 and 35 percent by FY-2010, using FY-1985 as the baseline. I am pleased to report that we have reduced consumption by nearly 25 percent through FY-2001, exceeding our target of 24 percent. To meet these goals, we are implementing energy efficient technologies, conducting energy awareness programs, and using private sector expertise. I am delighted that the DON energy program received two of the four government wide Presidential Energy Awards presented by the Vice President at a Ceremony on October 18, 2001.

We are also expanding the use of geothermal energy production at Naval Air Warfare Center China Lake, CA and Naval Air Station Fallon, NV. This gives us a cost efficient method to use private sector financing to generate additional energy in the western U.S. while using our land for military training needs.

Defense Reform Initiative Directive 49 directed the Services to privatize their natural gas, water, wastewater and electrical systems except where uneconomical or where precluded by unique security reasons. Privatization is expected to reduce total ownership costs while upgrading the reliability of our utility systems. The DON is continuing efforts to privatize, where economically beneficial, 704 systems at 122 activities worldwide by FY-2005. Proposals are now being evaluated to privatize utility systems at the Marine Corps base at 29 Palms, CA and Navy and Marine Corps installations in the Great Lakes and Washington, DC regions.

Facilities Issues

The DoD is considering a number of facilities related proposals, including:

- Reduction in long-term facility maintenance costs. Expands the demonstration program under Section 2814 of the FY-2002 National Defense Authorization Bill, now limited to the Army, to allow a single contractor to design, build, operate and maintain facilities funded with military construction funds. It would allow additional demonstration projects that seek to reduce life cycle costs for facilities within the DoD.
- Conveyance of surplus real property for natural resource conservation purposes. Allows the transfer of environmentally sensitive property with endangered species habitat to a non-governmental organization. This type of property can now only be transferred to governmental entities. This proposal would expand the field of potential recipients, expanding the opportunity to dispose of excess property that has limited commercial development potential.
- Amend 10 USC 2810 Construction Projects for Environmental Response Actions. Based on Congress' new definition of repair, the Services are not able to continue to define environmental restoration of soil as repair. The unintended consequence of this redefinition is that these cleanups would have to be classified as MILCON, with all of the necessary approvals inherent with that funding source. This proposal would return the status of environmental restoration projects as repair and allow these cleanup projects to be funded from the Environmental Restoration accounts in the DoD Appropriations Bill. Notification would be submitted for projects estimated over \$10 million.

PRIOR BASE REALIGNMENT AND CLOSURE

Status

We are now in the home stretch to complete environmental cleanup and property disposal from the four prior rounds of BRAC, 1988 under Public Law 100-526 and 1991, 1993, and 1995 under Public Law 101-510. We were authorized to implement a total of 178 actions consisting of 46 major closures, 89 minor closures, and 43 realignments. We have completed closure and realignment of all bases except one move from leased space to government owned space.

FY-2001 BRAC HIGHLIGHTS

- Cecil Field, FL: 29 acre parcel transferred to the city of Jacksonville, FL with no-cost economic development authority. Of the 17,037 acres, just 768 acres remain to be conveyed.
- Trenton, NJ: final 27 acres of the former Naval Air Warfare Center was sold for \$1.2 million.
- Long Beach, CA: 323 acres transferred to the City of Long Beach under a Port Public Benefit Conveyance. Of the original 1,483 acres, only 235 acres remain to be conveyed.
- El Toro, CA: 901 acres conveyed to the Federal Aviation Administration.
- Barbers Point, HI: 148 acres transferred to the Hawaii National Guard.
- Philadelphia, PA: the last 2.9 acres of the Naval Complex were conveyed to the Philadelphia Authority for Industrial Development
- Perth Amboy, NJ: 3 acres of the former Naval Reserve Center were sold for \$1 million.

Our focus is now on cleanup and property disposals for 595 parcels at 90 installations. I am pleased to report that to date we have transferred 354 parcels comprising over 69,000 acres. Conveyance actions are complete at 60 of the 90 installations. Still to go are 241 parcels at 30 installations. Completing environmental cleanup is generally the critical path to conveyance. The FY-2003 budget is sufficient to meet all regulator requirements and commitments to local redevelopment authorities.

A look ahead

We have ambitious plans for property disposals during the remainder of FY-2002 and into FY-2003. At Mare Island we have signed early transfer agreements that will convey approximately 3,670 acres to the City of Vallejo and the State of California for economic use and development. At Hunters Point, the Secretary of the Navy signed an agreement with the City of San Francisco to work with a public/private partnership to accelerate the conveyance of this property. And at the former Oakland Naval Hospital, we have initiated action with the General Services Administration to sell the 174-acre property by public sale. We are nearing conveyance of the final parcels at each of the following locations: Annapolis, Long Beach, Louisville, Naval Activities Guam, New London, and Orlando, with another seven locations working toward planned transfer in FY-2003.

I will now discuss our environmental efforts, particularly with respect to mounting concerns about our ability to sustain military readiness.

Environmental Programs

Sustained Readiness

Military readiness is essential to the security of the United States, to the protection of the lives and well being of our citizens, and to the preservation of our freedoms, economic prosperity, and our national heritage. A well-trained military is a principal component of military readiness. To be well-trained and prepared, Sailors and Marines must train in the same manner as they fight. Military lands and training ranges (including land, sea and air training and operating areas) exist to ensure military preparedness by providing realistic training opportunities, including the use of live ordnance.

Having experienced combat first-hand, I can assure you that there is no substitute for training. In a world where advanced weapons and sensors are available for the right price, no amount of technology, hardware, personnel or leadership can substitute for realistic training. When ground forces ashore call for gunfire or close air support in future combat, we cannot afford to have the ship or aircraft crew learn on the job.

Population growth, economic development, increased land use, expansion of conservation and recreational areas, and urban and suburban sprawl, along with state and federal environmental laws and regulations, have significantly restricted the military's access to and use of military lands, training ranges, and at-sea Operating Areas (OPAREAS), and limited its ability to engage in live-fire training. This phenomenon – sometimes referred to as “encroachment” – has markedly restricted the military's ability to train realistically and, unless checked, promises to produce further restrictions in the future.

Access restrictions have already negatively affected military readiness and will continue to erode it unless this trend is reversed. In some cases, the application of certain environmental laws and regulations to military lands and training ranges challenges their primary mission as locations for military training.

Our goal is to enhance readiness, not to roll back environmental protection. We are not looking for an exemption for everything the military does, but a balanced approach between environmental concerns and unique military readiness needs.

Navy and Marine Environmental Stewardship

- Marine Corps Camp Pendleton, CA: The endangered least Bell's vireo population has increased from 100 nesting pairs in 1985 to over 1,000 last year.
- San Clemente Island, CA: The Navy spends about \$2.5 million per year on habitat preservation and a captive breeding program that has increased the endangered loggerhead shrike from 13 to 166 birds.
- The Navy spent \$300 million to install plastic waste processors on all surface ships to avoid discharging plastics overboard during lengthy deployments.
- American Bird Conservancy recently hailed the Department of Defense's participation in Partners in Flight effort, praising its efforts to “defend the stepping stones of bird migration.”
- The Navy is pursuing a multi-year research effort to detect, classify, and monitor behaviors, habitat, and migration routes of marine mammal populations using its expertise in underwater sound propagation.

Among the elements of our national heritage protected by the shield of military readiness is our Nation's environment – our land, air, and water as well as the fish, wildlife, and plant species that inhabit them. In addition to defending against foreign threats, the military acts as trustee, helping to protect the environment by its prudent and conscientious management of natural resources. Largely as a result of this stewardship, military lands present favorable habitats for plants and wildlife, including protected species.

The DoD is a recognized leader in environmental stewardship and will continue to protect the Nation and the environment. We must have the flexibility to use military lands and at-sea Operating Areas for national defense as the first priority. There are numerous examples of environmental

considerations that limit training opportunities, and increase the challenge of sustaining readiness.

The designation of critical habitat under the Endangered Species Act (ESA) can undermine the purposes for which military lands have been set aside. Under the ESA, if an agency action may affect critical habitat, that agency is required to ensure that its action does not destroy or adversely modify designated habitat. We believe that designation of critical habitat on lands under military control will adversely affect military readiness. The courts have held that critical habitat is intended for species recovery. Once critical habitat is designated, such lands must be used first for species recovery. Hence, the designation of critical habitat is a bar to any land use that diminishes the value of that land for species recovery.

The DoD is already obligated under the Sikes Act to develop Integrated Natural Resource Management Plans (INRMP) for lands under military control. These INRMPs address management of natural resources in the context of the military mission for which the lands were placed under the control of the military services. Because INRMPs are prepared in cooperation with FWS and state agencies, these agencies recommend ways for DoD installations to better provide for species conservation and recovery. The Sikes Act, however, preserves the principal purpose of providing the military with lands on which to test, train, and support military readiness.

Nowhere is the potential impact of critical habitat designation on the use of military lands for military training more apparent than in Southern California and especially with respect to Marine Corps bases in that locale. In February and March 2000, FWS proposed designation of 16,000 acres (more than half) of Marine Corps Air Station, Miramar for critical habitat. Areas proposed for designation included runways and other structures, although the runways and facilities themselves were not included. FWS also proposed critical habitat designation on about 57 percent of Marine Corps Base, Camp Pendleton, an installation of 126,000-acres. At Miramar, the Marines were able to convince FWS that the INRMP provided sufficient species protections therefore no formal critical habitat designation was made. At Camp Pendleton, FWS determined that the harm to military readiness was greater than the value of critical habitat designation, and scaled back its designation. Non-federal entities are unhappy with these results, however, and are challenging these decisions in court.

If the challenges are successful, critical habitat designation at Miramar could impede the construction and use of ground support facilities, such as a rifle range. The Marine Corps will also have to consult with FWS for the use of existing runways and other aviation support facilities. At Camp Pendleton, a

loss could require the Marine Corps to consult on training on 57 percent of the base. The Corps is already modifying training on that portion of the base currently designated as critical habitat: Marine Expeditionary Unit (MEU) amphibious landing exercises are seasonally restricted to only one beach at Camp Pendleton. In March 2000, the 13th MEU was restricted to 500 yards out of 17 miles of beach because of a number of encroachment restrictions, including endangered species. Instead of a realistic night time amphibious landing, units coming ashore on Landing Craft Air Cushion (LCACs) vehicles were off-loaded at the LCAC facility before moving inland to continue the exercise. They did not go through the full kinds of training required to prepare to take a hostile beach. This was a very serious degradation of training.

The Navy has worked hard to ensure that its training needs and those of endangered species such as the Western Snowy Plover can co-exist. NAB Coronado has been home to Navy frogmen and SEALs since their inception in World War II. All of the basic skills from diving to hydrographic reconnaissance have been taught on the beaches and in the bays surrounding the base. Since 1996, the Navy has spent about \$675,000 per year on conservation and management programs for the birds. That effort has successfully increased nesting by almost 300 percent. Nonetheless, the Navy's stewardship efforts resulted in the loss of training area. Due to encroachment, including the increase in the Western Snowy Plover and the Least Turn population, and the designation of critical habitat for the Pacific population of the Western Snowy Plover by FWS in December 1999, NAB Coronado has lost the use of over 80 percent of its training beaches. The Navy has had to substantially alter training activities or to conduct them elsewhere, both of which disrupt training cycles, increase costs and the already considerable time Sailors must spend away from their families before leaving for 6-month deployments.

Rather than allowing successful stewardship to evolve into an infringement on training, there must be incentives that encourage continued conservation efforts. The Navy implemented a protection program for the endangered California Least Tern and Western Snowy Plover at Naval Amphibious Base Coronado, CA. Nests were relocated or marked, and areas with marked nests were avoided during training exercises. Over the period of 1993 through 2001, the number of Least Tern nests increased 600 percent and the number of Snowy Plover increased 300 percent. However, the FWS has allowed the Navy to take 10 Least Tern nests and one Snowy Plover nest annually. The Navy has had to move, scale back or drop its amphibious training exercises because of the potential to exceed the number of takes allowed. The Navy has requested an increase in the number of takes. This would allow more effective training, and provide an incentive to continue a program that is manpower intensive and costly.

Litigation under the Migratory Bird Treaty Act (MBTA) may result in restrictions on training at ranges and operating areas. MBTA was enacted more than 80 years ago to regulate commercial duck hunting and conservation of migratory birds. Since a U.S. Circuit Court of Appeals ruling, the MBTA has been viewed by some as a vehicle for regulating a wide range of activities that affect nearly every species of bird.

Based on the Circuit Court decision, third parties have filed suit challenging the unintentional taking of migratory birds incidental to military training. The Navy has been sued over its use of a small, uninhabited island in the Western Pacific as a target range because the Navy does not have a permit to take migratory birds. We are concerned by the impact of the MBTA on training ranges and activities and are working within the Administration to address this issue.

The basic competition between military and conservation interests in the use of on-base resources highlights one area where we have a strong common interest: preservation and enhancement of undeveloped off-base land, water and air resources. Both military and conservation interests have a major stake in preserving and enhancing the remaining open space surrounding military installations. Recognition of this common interest has led to discussions with state and local governments, as well as non-governmental organizations to develop a partnership approach to addressing our mutual concerns.

Sustainable Readiness Requires:

- Recognition of the military's unique duty to prepare for and win armed conflicts;
- Legislative balance between environmental protection and national defense needs;
- Clarification of ambiguous standards;
- Flexibility to seek mutually optimum solutions;
- No change to routine environmental compliance.

Access for military purposes is an issue at sea as well as ashore. The Marine Mammal Protection Act's definition of "harassment" has been a source of confusion since the definition was included in 1994 amendments to the statute. The statute defines "harassment" in terms of "annoyance" or the "potential to disturb," vague standards that are difficult to interpret. The definition of harassment and its application are pivotal because an authorization to harass marine mammals must be obtained in advance of any activity that would be deemed to constitute harassment. The Navy has had to alter or halt its training and research efforts to eliminate even the possibility that a training event will disturb a marine mammal to avoid the delays and uncertainty with getting a permit under this ambiguous standard. A clearer definition of harassment is needed. We are working with other interested Departments on a legislative

proposal to clarify the definition of harassment. The recent recommendations of the National Research Council that focus harassment on significant disruptions to behaviors critical to survival and reproduction may be a worthy approach for this Administration to consider. Military training plans could then incorporate these standards in a consistent, balanced manner.

The DoD is working within the Administration to identify ways to sustain the readiness of our forces. We must ensure the appropriate balance between military readiness and the environment, clarifying ambiguous statutory and regulatory requirements, finding more flexible ways to protect the environment, and working with conservation organizations to protect the environment within as well as outside the fence of our bases.

Section 1041 of the FY-2002 Defense Authorization Act directs the Secretary of Defense to prepare a report to the President and the Congress on the need for a "Defense Impact Review Process." This process would, if enacted, provide the DoD the opportunity to review the proposed actions of other Federal agencies in order to identify those actions which may have an adverse impact on national defense. We believe that just as the DoD must consider resource protection and conservation when formulating programs or actions, so should other federal agencies consider national defense considerations. We are working with the Office of the Secretary of Defense and the other Services to prepare the required report.

Munitions/UXO

The Department has an aggressive program to manage munitions and unexploded ordnance (UXO) at operational, closed and transferred ranges. At operational ranges, it is vital that we train our people in the same manner and under the same conditions that they would fight. We also need to ensure that range operations do not present an unacceptable risk to human health or the environment. We plan to conduct comprehensive environmental assessments at each of our operational ranges to ensure there are no environmental threats. To ensure long-term viability of our ranges, Sustainable Range Management Plans will be developed for all Navy and Marine Corps ranges. For closed ranges and properties to be transferred from DoD ownership, we plan to use DoD explosive safety authorities and the procedures prescribed under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) to take appropriate actions (e.g., munitions removal, limiting access) and to cleanup munitions constituents. As part of the DoD Munitions Response Committee, we are discussing the special nature of clearance and cleanup for munitions with state and federal regulators. The Committee has set a goal to develop a collaborative decision-making process for clearance and cleanup of properties with munitions and munitions related contaminants. One of the models for this

approach is the successful munitions clearance and cleanup at Adak, AK. The Navy, EPA Region IX, and the State of Alaska worked together to reach agreement on a risk-based process for investigation, clearance and remediation of the Navy's property at Adak.

Installation Restoration

The installation restoration program, also called the cleanup program, is focused on the investigation and cleanup of contamination at sites located on active Navy and Marine Corps installations. There are 3,656 sites on 200 installations - 129 of these installations have on-going cleanup activities while 71 installations are completed.

We have established the following operating principles for the program:

- We will evaluate, and ultimately close out all sites in the program.
- We will use relative risk evaluations and risk management to determine priorities for action within available funding.
- We will maintain a stable funding profile at a level that protects human health and the environment, and makes progress toward fulfilling our legal obligation to address and reach decisions at all sites.
- We will plan, prioritize and execute the program in open dialogue with regulators and public stakeholders, and ensure meaningful involvement of affected communities.
- We will expedite cleanups by using formal partnering and the flexibilities and lead agency responsibilities described in Executive Order 12580 and the National Contingency Plan for Oil and Hazardous Substances Spills.

By the end of FY-2001, we had “remedies in place” or “responses completed” at 61% of the active Navy and Marine Corps sites. I am pleased to report that FY-2001 was a particularly successful year for us: we improved our process and cleaned twice as many sites while doubling the number of installations where all cleanup actions have been completed, compared to what we had planned to accomplish. Contributing to this success were major improvements in our site management database. More importantly, we have developed formal partnering arrangements with state and federal regulators. This has led to a more streamlined process with fewer disagreements, which should hold us in good stead for the future.

In 1995, we created a Cost to Complete Index. This index tracks the total remaining cost to complete the program, the cumulative amount invested and the cost avoidance achieved through the implementation of various management initiatives and the application of new technologies. The cost to complete for the program has been reduced from \$5.23 billion in FY-1995 to \$3.31 at the end of FY-2001, including \$570 million in cost avoidance. One of the initiatives that have

paid dividends is the Navy's Alternative Restoration Technology Team, which seeks out new technologies and helps our field divisions apply them to site cleanups.

The Navy is working with state and EPA partners on an innovative method to ensure long-term management for land use controls. Land use controls are used to protect public health where residual contamination remains. The Navy has participated in a pilot project where land use controls would be managed by a non-profit, private trust specifically established for this purpose. There are significant advantages for all parties. Transferring responsibility for land use controls would allow the DoD to essentially privatize this function, and allow economies of scale since all land use controls in a state or region, from both public and private parties, could be managed together. And, it provides a degree of assurance to regulators and the public that the controls will be monitored and enforced.

Shipboard Environmental Program

The Navy is a world recognized leader in environmental activities, and has invested about \$775 million in the last five years to identify, develop, test, buy and install environmentally compliant equipment on its ships. The goal is to ensure that Navy ships are environmentally benign. The Navy will complete the installation of pulpers and shredders to process solid waste on all surface ships this calendar year.

The Clean Air Act Amendments of 1990 prohibited the commercial production of chlorofluorocarbons (CFCs) that are used by the Navy as shipboard refrigerants and the commercial production of Halons that are used by the Navy as firefighting agents. The Navy has developed alternative shipboard systems that do not rely on the CFCs and Halons whose production has stopped². The Navy is replacing CFC-12 in its shipboard cooling systems with ozone-friendly hydrofluorocarbon (HFC)-134a. The Navy will convert over 900 CFC-12 cooling systems to HFC-134a by the year 2005. At the end of FY-2001, 261 of 316 total air conditioning Plants have been converted and 451 of 655 Refrigeration Plants have been converted. These conversions make 192 ships CFC-12-free! We have sufficient funding to convert an additional 25 ships in FY-2002. Our FY-2003 budget request would convert an additional 29 ships.

The fleet-wide conversion of shipboard CFC-114 air-conditioning plants to use ozone-friendly HFC-236fa is underway. The converted cooling systems will incorporate redesigned compressors and microprocessor-based monitoring and control that will enhance troubleshooting and reduce the workload on Sailors

² The Defense Logistics Agency maintains a reserve supply for mission critical needs

assigned to operate and maintain the plants. Testing indicates that these converted plants perform better and are quieter. As of the end of January 2002, a total of 35 plants have been converted aboard 9 ships. Under the current conversion schedule all 103 surface ships in the program would be completed by 2013. An additional 10 ships will be converted in FY-2002. Our FY-2003 budget request converts 13 more ships. Under the current conversion schedule, all 103 surface ships in the program would be completed by 2013.

Newly built ships such as the Navy's newest destroyers (Flight IIA of *Arleigh Burke* (DDG 51) Class), the new *San Antonio* (LPD 17) amphibious class, the CVN 76 aircraft carrier, and all future shipbuilding programs will incorporate Navy designed and tested advanced shipboard air-conditioning and refrigeration plants that also use HFC-134a.

Approximately 70% of hazardous waste handled by Navy homeports originates from used or excess hazardous materials offloaded from ships. The Navy is buying commercial off-the-shelf pollution prevention equipment to reduce the shipboard use of hazardous materials. The goal is to reduce the need for hazardous material on ships by up to 35 percent. Savings will accrue not only to reduce environmental costs for hazardous waste disposal, but also areas outside the environmental budget, e.g., material procurement costs, labor, and safety. At the end of FY-2001, 32 ships have been outfitted with pollution prevention equipment. Plans are to convert 40 more in FY-2002, and the FY-2003 budget request provides sufficient funds to convert 36 more. The Navy expects to complete this effort by the end of FY-2005.

The Navy has been working with the U.S. Environmental Protection Agency to establish uniform national discharge standards not currently regulated for naval vessels. These standards will establish standards for armed forces vessel discharges that are not currently regulated. Phase I was completed with publication in the Federal Register in May 1999 for 25 identified ship discharges that require marine pollution control devices or other management control efforts. The next step is to establish performance standards for these 25 to-be-regulated discharges. This step has proven to be more complicated than originally thought. There are numerous combinations of vessel types, discharges and control devices that must be considered. Navy and EPA are working to simplify this process by prioritizing the vessels and discharges of most concern and using a sequential rulemaking process. We will be updating the appropriate congressional committees on our progress later this year with a modified schedule for the Phase II rulemaking.

Environmental Quality

The Environmental Quality program is focused on ensuring that Navy and Marine Corps activities support Fleet and Fleet Marine readiness requirements in full compliance with U.S. environmental laws and regulations³. Our environmental quality strategy emphasizes pollution prevention (P2) as a means to meet environmental compliance standards in a cost-effective manner. P2 eliminates the contaminant “at the source” through process changes, and substitution of non-hazardous or less hazardous materials. Money invested in P2 can avoid permitting, sampling, testing to ensure that permit standards are met, and hazardous waste disposal costs. It can also improve safety and occupational health in the workplace.

Environmental Quality Successes

- NAS Whidbey Island WA has been running a composting system that reduced the waste stream by 484 tons, saving \$1.3 million in disposal fees.
- MAGTF Training Center Twentynine Palms CA created a Total Waste Innovations program to review and analyze their waste management efforts. The resulting changes reduced waste management costs by 48% and increased recycling and reuse volume by 40%.
- MCB Quantico VA received the 2001 Environmental Excellence Outstanding Achievement Award for a government facility from the Alliance for the Chesapeake for their pollution prevention program.

CONCLUSION

In conclusion, I believe our infrastructure is well positioned for the future. We are accelerating the solution to long-standing housing shortfalls for Navy and Marine Corps families and enlisted personnel. We are making real progress on family housing PPV, and look to apply these tools to bachelor housing. Funding to support our prior BRAC efforts is on track, and we have a strong environmental cleanup and property disposal plan for this year and next.

We are working within the Administration to identify ways to sustain the readiness of our forces. Although military commanders do an outstanding job of protecting and restoring natural resources in the areas used to train our people, urbanization and rigid application of some environmental requirements threatens our ability to train our Sailors and Marines to be ready for combat when the President calls. We need to ensure the appropriate balance between military readiness and the environment.

³ At overseas locations, environmental standards are based on Final Governing Standards which, in turn, are based on host nation standards, Status of Forces agreements, or application of U.S. standards.

This concludes my statement. I look forward to working with the Committee and staff to best support our Sailors, Marines, and our Nation.