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SUBCOMMITTEE ON MILITARY CONSTRUCTION
HOUSE APPROPRIATIONS COMMITTEE

STATEMENT OF

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(ENERGY, INSTALLATIONS, AND ENVIRONMENT)

BEFORE THE

SUBCOMMITTEE ON MILITARY CONSTRUCTION,

VETERANS AFFAIRS, AND RELATED AGENCIES

of the

HOUSE APPROPRIATIONS COMMITTEE

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Chairman Dent, Ranking Member Bishop, and members of the Subcommittee, I am pleased to appear before you today to provide an overview of the Department of the Navy's (DON) investment in its infrastructure, energy, and environment programs.

Our Navy and Marine Corps installations and facilities are the platform to train and prepare our Marines and Sailors, to deploy ships, aircraft and operational forces, as well as to support our military families. We are stewards of a large portfolio of installations - valued at $229B ($173B Navy and $56B USMC, respectively) in plant replacement value – that is vital to our operational forces. Against the backdrop of world events and competing requirements and resources, we must balance our desired level of funding with the principal purposes for our existence: to optimize readiness of the operational forces and preserve their quality of life. Readiness-enablers include runways, piers, operations & maintenance facilities, communications & training facilities, and utilities; those that enable quality of life include barracks, mess halls, and recreation and fitness centers. We have a responsibility to balance the investments for this portfolio according to current year authorizations while being mindful of the impacts to life cycle and ever-evolving mission requirements.

Investing in Our Infrastructure

We thank Congress for passage of the Bipartisan Budget Act (BBA) of 2015, the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2016 and the Consolidated Appropriations Act, 2016. Although the BBA of 2013 provided some budget stability for FY 2014-2015, and limited relief from the Budget Control Act (BCA) of 2011 sequestration levels, the unfortunate consequence of constrained DON funding levels and timing is that many of our installations' piers, runways, and other facilities are degrading. We continue to make progress in replacing and demolishing unsatisfactory infrastructure, yet still have challenges based on BCA caps and on the prospect of a return to sequestration levels in FY18.

In FY17, the President's Budget (PB) is requesting $11.9B in various appropriations, a 10.4% decrease ($1.4B) from amounts appropriated in FY16 to operate, maintain and recapitalize our shore infrastructure. Figure 1 compares the FY16 enacted

budget and the FY 2017 PB request by appropriation. Each appropriation is discussed more fully in the following sections.

Appropriation	FY2016 enacted ($M)	PB17 ($M)	Delta ($M)	Delta (%)
Military Construction, Active and Reserve	1,739	1,126	-613	-35.3%
Family Housing, Construction	17	94	77	452.9%
Family Housing, Operations	353	301	-52	-14.7%
BRAC	170	154	-16	-9.4%
Sustainment, Restoration and Modernization	3,110	2,356	-754	-24.2%
Base Operating Support	7,625	7,610	-15	-0.2%
Environmental Restoration, Navy	300	282	-18	-6.0%
Total	**13,314**	**11,923**	**(1,391)**	**-10.4%**

Notes:

MILCON, SRM and BOS include OCO

BOS includes BSIT

Figure 1: DON Infrastructure Funding by Appropriation

We strive to maintain a shore infrastructure that is mission-ready, resilient, sustainable and aligned with Fleet and operational priorities. Toward that end, and especially important given the risks inherent at these funding levels, Navy and Marine Corps have taken actions to more proactively manage the installations portfolio. For example, Navy has taken the initiative to:

- Standardize the facility inspection and Facility Condition Index (FCI) process that quantifies facility condition and documents the needed maintenance and repair work within our facilities portfolio. This information helps guide spending of available dollars.
- Incorporate principles of condition-based maintenance across all buildings, utilities and structures, in order to prioritize work on only the most critical components (e.g. roofs and exterior walls) at our most critical facilities or on components that relate to life, health and safety. We are able to focus resources on specific building components and systems where failure jeopardizes personnel safety or a warfighting mission.
- Led by Commander, Navy Installations Command, exercise a single integrated forum to receive and adjudicate demand signals from Fleet and Enterprise

Commanders to identify and prioritize projects, optimizing the available resources.

- Maintain focus on reducing footprint by demolishing or divesting unneeded buildings as funds are available, and recapitalizing existing facilities in lieu of new construction when possible.
- Supplement available appropriated dollars by the increased use of authorities that leverage third party financing for improving infrastructure while lowering energy consumption and energy costs.

Military Construction (MILCON)

Navy's MILCON program funds infrastructure at home and abroad, supports our warfighters, and meets the objectives in CNO's Design for Maintaining Maritime Superiority and the Secretary of Defense's Strategic Guidance. Together, Navy and Marine Corps will invest $1.13B worldwide in military construction funds to support warfighting and modernization of our utilities and critical infrastructure.

For Navy, the FY17 request is for 25 projects, Planning and Design and Unspecified Minor Construction, at a budget of $700M, which is 29% lower than the FY16 as-enacted budget of $986M. Navy has invested an average of $1B annually in MILCON since 2010, and the FY17 request is the lowest since 1999. Navy continues to invest prudently in MILCON, but assumes long-term risk in deferring recapitalization of our existing infrastructure.

The Navy's FY17 MILCON request supports Combatant Commander requirements, enables new platforms/missions, upgrades utilities and energy infrastructure, recapitalizes Naval Shipyard facilities, and supports weapons of mass destruction (WMD) training requirements. They include:

Combatant Commander Support ($233M, 9 projects)
Medical/Dental Facility - Camp Lemonnier Djibouti
Harden POL Infrastructure - NAVBASE Guam
Coastal Campus Utilities Infrastructure - NAVBASE Coronado
Coastal Campus Entry Control Point - NAVBASE Coronado
Communication Station - NAVSTA Rota
Grace Hopper Data Center Power Upgrades - NAVBASE Coronado
Missile Magazine - NAVWPNSTA Seal Beach

P-8A Hanger Upgrade - NSA Naples (Keflavik, Iceland)
P-8A Aircraft Rinse Rack - NSA Naples (Keflavik, Iceland)

New Platform/Mission ($198M, 6 projects)
UCLASS RDT&E Hangar - Naval Air Station PAX River
Triton Mission Control Facility - NAS Whidbey Island
Triton Forward Operating Base Hangar - VARLOCS
EA-18G Maintenance Hangar - NAS Whidbey Island
F-35C Engine Repair Facility - NAS Lemoore
Air Wing Simulator Facility - NAS Fallon

Utilities and Energy Infrastructure ($85M, 4 projects)
Upgrade Power Plant & Electrical Distribution System - PMRF Barking Sands
Energy Security Microgrid - Naval Base San Diego
Service Pier Electrical Upgrades - Naval Base Kitsap
Shore Power (Juliet Pier) - COMFLEACT Sasebo

Naval Shipyards ($76M, 4 projects)
Sub Refit Maintenance Support Facility - Naval Base Kitsap
Nuclear Repair Facility - Naval Base Kitsap
Utilities for Nuclear Facilities - Portsmouth Navy Shipyard (NH)
Unaccompanied Housing Consolidation - Naval Shipyard Portsmouth (NH)

WMD Training ($21M, 1 project)
Applied Instruction Facility - NAS Whiting Field, Milton, FL

MILCON Reserves ($11M, 1 project)
Joint Reserve Intelligence Center - NAS JRB New Orleans

For the Marine Corps, the FY17 request is for 11 projects, Planning and Design and Unspecified Minor Construction, at a budget of $426M, which is 44% lower than the FY16 as enacted budget of $754M. Investments in MILCON will primarily support new warfighting platforms, weapons support, force relocation facilities (Rebalance to the Pacific, Aviation Plan), improve security and safety posture, and recapitalize and replace inadequate facilities. The 11 projects in the Marine Corps FY17 MILCON budget include:

New Platform and Weapons Support Facilities ($110M, 2 projects):
F-35 aircraft maintenance hangar at MCAS Beaufort, SC; and
F-35 aircraft maintenance shops at Kadena Air Base, Japan.

Facilities to Support Force Relocations/Increased Force Requirements ($119M, 3 projects):

Aircraft maintenance hangar for VMX-22-MCAS Yuma;
Expansion of Reserve Center Annex-Galveston; and
Utility upgrades for Finegayan cantonment area- Guam.

Safety, Security, and Environmental Compliance ($31M, 2 projects):

EPA-required central heating plant conversion-MCAS Cherry Point; and
Range safety improvements at MCB Camp Lejeune.

Recapitalize and Replace Inadequate Facilities ($117M, 4 projects):

Replace and consolidate communications, electrical, and maintenance shops- MCB Hawaii;
Replace unreliable electrical power supply at reserve center- Brooklyn, NY;
Replace reserve training facilities- Syracuse, NY; and
Modernize recruit barracks and construct a recruit reconditioning center for injured recruits at MCRD Parris Island.

Reduced funding availability in MILCON will result in reduced investments in projects that support the consolidation of functions or replacement of existing facilities, which will cause degradation of the long-term health of existing facilities.

Relocation of Marines to Guam remains an essential part of the United States' larger Asia-Pacific strategy of achieving a more geographically distributed, operationally resilient and politically sustainable force posture in the region. Guam provides a critically important forward base for our expeditionary Marine ground and air forces and also provides key sustainment capabilities for our forward-deployed ships and submarines. The permanent basing of Marines in Guam significantly contributes to maintaining regional stability and provides reassurance for key allies and partners across the Pacific region.

Family Housing

The Department continues to rely on the private sector as the primary source of housing for Sailors, Marines, and their families. When suitable, affordable, private housing is not available in the local community, the Department relies on government-owned, privatized, or leased housing. The FY17 request of $395M supports Navy and Marine Corps family housing operation, maintenance, renovation, and construction requirements. Of this amount, $79M is for the first phase of replacement of inadequate

family housing at Naval Support Activity Andersen, Guam and $11M is for the renovation of family housing at Marine Corps Air Station Iwakuni, Japan. The budget request also includes $301M for the daily operation, maintenance, and utilities expenses of the military family housing inventory.

To date, over 62,000 Navy and Marine Corps family housing units have been privatized through the Military Housing Privatization Initiative (MHPI). MHPI has enabled the Department to leveraged private sector resources to improve living conditions for Sailors, Marines, and their families.

Facilities Sustainment, Restoration and Modernization (FSRM)

To maximize support for warfighting readiness and capabilities, the President's FY17 budget request continues to carefully accept risk in FSRM.

The FY17 budget requests $1.9B to sustain infrastructure, a 16% reduction from the FY16 enacted value of $2.3B. Navy and the Marine Corps have resourced FY17 facilities sustainment at 70 percent and 74 percent, respectively, of the Department of Defense (DoD) Facilities Sustainment Model. Over time, this lack of sustainment will cause our facilities to deteriorate.

To restore and modernize our existing infrastructure, the the FY17 budget request is $463M, a 38% reduction from the FY16 enacted value of $749M. Budget constraints have compelled the Department to focus its limited resources to address life/safety issues and the most urgent deficiencies at our mission-critical facilities, piers, hangars, runways and utility systems. We are committed to fully funding infrastructure at strategic weapons facilities, accelerating Naval shipyard infrastructure improvements, supporting the Marine Corps Aviation Plan, and force relocations. However, as the Department defers less critical repairs, especially for facilities not directly tied to DON's warfighting mission, certain facilities degrade and the overall facilities maintenance backlog increases. At current funding levels, the overall condition of DON infrastructure will slowly, but steadily, erode over the Future Years Defense Plan (FYDP). Although we are proactively managing the risk we are taking in our shore infrastructure, we acknowledge that this risk must eventually be addressed.

Base Operating Support (BOS)

The FY17 BOS request of $7.6B is essentially the same as FY16 levels. Similar to the risk taken in our facility investments, the Department is accepting lower standards in base operating support at our installations. Base operations at Navy and Marine Corps installations are funded to the minimum acceptable standards necessary to continue mission-essential services. We have enforced low service levels for most installation functions (administrative support, base vehicles, grounds maintenance, janitorial and facility planning) in order to maintain our commitment to warfighting operations, security, family support programs, and child development. These measures, while not ideal, are absolutely necessary in the current fiscal environment.

Safety Program

Our initiatives are improving the skills of our Safety Professionals directly benefiting over 800,000 personnel (uniformed personnel (Active and Reserve) and civilian) executing diverse, complex missions across the globe. DON's safety program has expanded its global online training resources to ensure the Naval Safety workforce is educated and trained through more effective and modernized cost efficient methods. We are acquiring commercial off-the-shelf information technology tools to enhance our tireless fight to reach our objective of zero mishaps. The Risk Management Information initiative will comprise a streamlined mishap reporting system, data base consolidation, state-of-the-art analytical innovations, and data capabilities to improve our predictive abilities for safer Sailors and Marines.

Managing Our Footprint

Base Realignment and Closure (BRAC)

We appreciate the Congressional support for additional FY16 funds for environmental cleanup at BRAC properties. For FY17, the Department has planned to expend $154M to continue cleanup efforts, caretaker operations, and property disposal. By the end of FY15, we disposed of 94 percent (178,180 acres) of our excess property identified in previous BRAC rounds through a variety of conveyance mechanisms. Of the remaining 6 percent (11,674 acres), the majority is impacted by complex

environmental issues. Of the original 131 installations with excess property, Navy only has 17 installations remaining with property to dispose.

Although many tough cleanup and disposal challenges remain from prior BRAC rounds, we have fostered good working relationships with regulatory agencies and local communities to tackle these complex issues and provide creative solutions to support redevelopment priorities.

Compatible Land Use

DON has an aggressive program to promote compatible land use adjacent to our installations and ranges. This program helps Navy and Marine Corps to operate and train in cooperation with surrounding communities, while protecting important natural habitats and species. We conduct Air Installation Compatible Use Zone Studies and Range Area Compatible Use Zone Studies, and provide them to nearby communities for their consideration in the exercise of their land management responsibilities.

A key element of the program is Encroachment Partnering, which involves cost-sharing partnerships with states, local governments, and conservation organizations to acquire interests in real property proximate to our installations and ranges.
The Department is grateful to Congress for providing funds for the DoD Readiness and Environmental Protection Integration (REPI) Program. Since 2005, DON has acquired restrictive easements on approximately 91,000 acres.

Protecting Our Environment

The Department is committed to environmental compliance, stewardship and responsible fiscal management that support mission readiness and sustainability, investing over $1B across all appropriations to achieve our statutory and stewardship goals. The funding request for FY17 is about 2.3 percent less than enacted in FY16, as shown in Figure 2:

Category	FY 2016 enacted ($M)	PB 2017 ($M)	Delta ($M)	Delta (%)
Conservation	86	93	7	8.1%
Pollution Prevention	22	19	-3	-13.6%
Compliance	480	485	5	1.0%
Technology	36	37	1	2.8%
Active Base Cleanup (ER,N)	300	282	-18	-6.0%
BRAC Environmental	158	141	-17	-10.8%
TOTAL	1,082	1,057	-25	-2.3%

Figure 2: DON Environmental Funding by Program

The Department continues to be a Federal leader in environmental management by focusing resources on achieving specific environmental goals, implementing efficiencies in our cleanup programs and regulatory processes, proactively managing emerging environmental issues, and integrating sound policies and lifecycle cost considerations into weapon systems acquisition to achieve cleaner, safer, more energy-efficient and affordable warfighting capabilities without sacrificing operational capability.

In FY17 we will complete environmental planning for Navy's Records of Decision (RODs) for EA-18G Growler training at Whidbey Island, Washington. As an example of our land stewardship responsibilities, we will complete natural and cultural surveys to support Marine Corps air and ground training at Twentynine Palms, California. To maintain our environmentally responsible operations at sea, we will continue to be leaders in ocean research by studying marine mammal behavioral response to sound in water. We will also build on our accomplishments this past fiscal year, which included finalizing the environmental planning processes for the new Marine Corps Base on Guam; completing a five year authorization for testing and training in the Marianas Island Testing and Training area with National Marine Fisheries Service; and successfully rearing five hundred hatchlings and releasing thirty five mature tortoises with the University of California, Los Angeles (UCLA) at the Marine Corps Twentynine Palms Desert Tortoise Head Start Facility.

Enhancing Combat Capabilities

The Department of the Navy's Energy Program has two central goals: (1) enhancing Navy and Marine Corps combat capabilities, and (2) advancing energy security afloat and ashore. Partnering with other government agencies, academia and the private sector, we strive to meet these goals with the same spirit of innovation that has marked our history—new ideas delivering new capabilities in the face of new threats.

Our naval forces offer us the capability to provide power and presence –to deter potential conflicts, to keep conflicts from escalating when they do happen, and to take the fight to our adversaries when necessary. Presence means being in the right place, not just at the right time, but all the time; and energy is key to achieving that objective. Using energy more efficiently allows us to go where we're needed, when we're needed, stay there longer, and deliver more firepower when necessary.

Improving our efficiency and diversifying our energy sources also saves lives. During the height of operations in Afghanistan, we were losing one Marine, killed or wounded, for every 50 convoys transporting fuel into theater. That is far too high a price to pay. Reducing demand at the tip of the spear through energy efficiency, behavior change and new technologies takes fuel trucks off the road.

I'll mention just a couple of examples. The work that the Marine Corps is doing to integrate solar power and software into autonomous UAVs will allow them to take advantage of environmental conditions and provide persistent surveillance for periods far in excess of our current capabilities without refueling. They are also working on technologies that harvest kinetic and other forms of energy into an integrated power system capable of running a Marine's radios and electronic gear. These are real combat capabilities that will result in increased lethality.

Navy is pursuing similar combat capabilities. In 2016 we will begin installing hybrid electric drives in our destroyers, enabling our ships to remain on station longer during low speed missions and extend time between refueling. This is the same technology that is now onboard USS MAKIN ISLAND and USS AMERICA, allowing those ships to stay on station between refueling far longer than their predecessors.

Improving Energy Security and Resilience

Reliable and affordable electricity at our installations is critical to mission effectiveness. Measures to reduce vulnerability and to increase resiliency of the electrical system improve and protect national security. The 2013 attack on key grid infrastructure in California is a reminder of how fragile the commercial system can be. The Department of the Navy recognizes this vulnerability and is working to enhance our energy security.

Navy's Renewable Energy Program Office (REPO) has brought one gigawatt (GW) of renewable energy into procurement. We expect those renewable energy projects to yield hundreds of millions in projected utility cost savings and even more important energy security benefits. For example, last August we celebrated the procurement of 210 megawatts (MW) of solar generation for 14 installations in California, with a projected cost savings of $90 million over a 25-year term. At Naval Submarine Base Kings Bay, Georgia Power Company is constructing a 42 MW solar generation facility, which the base will have access to during external grid outages. Marine Corps Logistics Base Albany will receive access to a 44 MW on-base solar generation facility for use during grid outages and a second feeder line from Georgia Power Company's grid.

DON's successful industry partnerships form a foundation for future third party-financed energy resiliency projects in the form of microgrids, battery storage, fuel cells, and distributed generation, where these capabilities make sense. Industry has shown interest in battery storage by proposing facilities located at two Navy installations in California. The Arizona Power Service recently signed an agreement to develop a microgrid at Marine Corps Air Station Yuma and will provide the base unlimited access to onsite backup power, eliminating the need for up to 41 diesel generators. These and future energy security efforts using existing Title 10 authorities will help make DON's installations more energy secure and resilient mission platforms.

Strategic Investments in the Future

We endeavor to make investments that enhance our operational flexibility. Our program to test and certify emerging alternative fuels is critical for us to keep pace with developments in the private sector and maintain interoperability with commercial supply chains. In addition, the Defense Logistics Agency (DLA) Energy (through which Navy

buys operational fuels) recently awarded a contract to provide us with an alternative fuel blend of F-76 – the fuel we use to power our ships. The contract was awarded at a cost competitive rate with traditional fossil fuels and represents an important step toward diversifying our fuel supply chains.

Conclusion

Navy-Marine Corps Energy, Installations and Environment team will continue to carefully and deliberately manage our portfolio to optimize mission readiness, and improve quality of life. The Department's FY17 request makes needed investments in our infrastructure and people, preserves access to training ranges, and promotes environmentally prudent and safe actions, while ensuring energy resiliency and security.

Thank you for the opportunity to testify before you today. I look forward to working with Congress to deliver an innovative, resilient, sustainable and secure shore infrastructure that enables mission success for the United States Navy and Marine Corps, the most formidable expeditionary fighting force in the world.