

NOT FOR PUBLICATION UNTIL
RELEASED BY THE HOUSE
SUBCOMMITTEE ON MILITARY CONSTRUCTION,
VETERANS AFFAIRS, AND RELATED AGENCIES,
COMMITTEE ON APPROPRIATIONS

STATEMENT OF

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BEFORE THE

**HOUSE SUBCOMMITTEE ON MILITARY CONSTRUCTION,
VETERANS AFFAIRS, AND RELATED AGENCIES**

OF THE

COMMITTEE ON APPROPRIATIONS

MARCH 12, 2020

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Preface

Chairwoman Wasserman Schultz, Ranking Member Carter, and distinguished Members of the Committee, we appreciate the opportunity to discuss the Navy and Marine Corps installations infrastructure and Quality of Life programs which are critical to our ability to train forces and maintain readiness. Thanks to the strong support we have received from Congress, the Navy and Marine Corps have been able to make significant improvements in the quality and condition of our installation infrastructure. In addition, we continue to make deliberate investments in the services that support Sailors, Marines, and their families through a myriad of quality of life programs.

Since the release of the National Defense Strategy (NDS) in February 2018, our priorities have been revised to ensure that our installations, the platforms from which we generate readiness and project power from a range of mission capabilities, are resilient to an ever-growing range of threats and ready for new generations of weapons systems. The NDS outlines two imperatives:

1) The homeland is no longer a sanctuary. America is a target from enemies seeking to attack our citizens, our infrastructure, and to use political and information subversion. During conflict, we must anticipate attacks against our military bases at home with effects carrying beyond the fence lines to our national infrastructure.

2) Today, every domain is contested. Therefore the threats challenging installation resilience are multi-faceted, extending across domains.

As we look to innovation in the bases of the future, we define installation resilience as the ability of platforms around the world to accomplish their missions despite deliberate actions by adversaries or natural events to deny, disrupt, exploit, or destroy the missions on our bases. We continually assess mission resiliency in an increasingly complex security environment defined by rapid technological challenges. Many vulnerabilities we must address today did not exist a decade or even five years ago. While concerns of installation resilience have, in the past, focused on natural events, the growth and range of adversary threats today represent more complex challenges. We are tackling these challenges holistically across six broad categories: contingency, energy and water, data, control systems cybersecurity, physical security, and environmental resilience. We mitigate these risks amidst competing priorities through a

comprehensive mission assurance evaluation for each critical facility to enhance readiness and lethality in defense of America's interests anytime, anywhere.

There are several challenges in the current operating environment, and all signs indicate those challenges will compound and grow. The recent asymmetric attacks on military installations across the country highlight the insider threat. Our installations are vulnerable targets for a growing host of sophisticated threats intent on disrupting and degrading our ability to generate combat power. The modernization of our installations, while focusing on security and resiliency are more critical than ever to our Maritime Forces. Maintaining the maneuver space to adapt and evolve our protection measures must occupy a central place in our conversations of modernization and readiness. It is imperative that we have the ability and authority to execute investments that afford protection against both inside and outside threats. The operation and maintenance of these installations, as well as their future development and use, require long-term planning, careful investment, and timely program execution. We will also require innovation with our defense community partners to develop and successfully modernize our installations. We have taken an important step in this drive for innovation by standing up an Acquisition Modernization Office (AMO) within Naval Facilities Command to consolidate our activities to acquire services and construction through unique asset management authorities provided to us by Congress. We cannot continue to defer critical projects to reduce our mission risk because of limited military construction or facility modernization account funding. We also have the opportunity to fundamentally change the business practices we use for installation support to integrate with local communities and regions.

Impacts of Hurricanes Florence, Michael, and the China Lake Earthquake

Although Hurricanes Florence and Michael made landfall more than eighteen months ago, Marine Corps Base Camp Lejeune, Marine Corps Air Station New River, and Marine Corps Air Station Cherry Point all in North Carolina continue to recover, with repair projects ongoing thanks in large part to your continued support and funding. In addition, the Navy is focused in California on Naval Air Weapons Station China Lake's recovery from the earthquake in July of 2019. Currently, there are 18 China Lake MILCON projects that are in planning and design as a result of this committee's strong leadership in providing disaster recovery funding in last year's Omnibus Appropriations Act.

The approved FY20 Navy budget included an additional \$351 million for Facilities, Sustainment, Restoration and Modernization (FSRM) repairs and \$2.3 billion for MILCON replacement projects for China Lake earthquake recovery. In addition, the Marine Corps budget included \$838 million for Facilities Sustainment, Restoration, and Modernization repairs and \$1.1 billion for MILCON replacement projects for hurricane recovery. The total Marine Corps MILCON requirement is \$1.7 billion (funded in FY19/FY20). The design contracts for the MILCON packages have all been awarded and the construction contracts will be awarded between July and September 2020 with project completion estimated by 2024.

Impact of Budget Uncertainty

With Congress' strong support, the Department of the Navy has made progress over the last ten years in replacing old and unsatisfactory infrastructure. We appreciate actions taken by Congress in recent years. However, budget uncertainty beyond Fiscal Year 2020 will erode our readiness and our ability to make long-term decisions necessary for a healthy infrastructure portfolio. Long-term reduced funding of installations requirements will result in gradual degradation of our infrastructure and create a bow wave of increased future costs to return these assets to adequate condition. Your Navy and Marine Corps benefit considerably from predictable budgets over a sustained period in order to maintain and improve infrastructure readiness.

The Marine Corps' Infrastructure Reset Strategy seeks to improve infrastructure lifecycle management and ensure infrastructure investments are aligned with Marine Corps installations that are capable, adaptive, and economically sustainable platforms from which to generate readiness and project combat power in a fiscally constrained environment. Successful execution of this strategy will depend on future budget stability.

Military Construction

The Navy's FY2021 MILCON program includes 17 projects valued at approximately \$1.3 billion which is a \$424 million decrease from the Fiscal Year 2020 enacted budget of \$1.7 billion (not including funding for China Lake earthquake recovery). The Navy's FY2021 MILCON program directly supports to National Defense Strategy lines of effort including 12 projects valued at \$867 million to build a more lethal force, three projects valued at \$119 million

to strengthen alliances, one project valued at \$160 million recapitalizing Naval Shipyards, one project valued at \$25 million to increase the readiness of the Navy Reserve Force, and \$98 million to design future MILCON projects.

The Marine Corps' FY2021 MILCON program includes 15 projects valued at approximately \$830 million which is a 36% decrease over the Fiscal Year 2020 enacted budget of \$1.3 billion in military construction. Difficult choices had to be made during development of the Marine Corps' FY21 budget submission. Risks of continued underfunding of military construction include failure to modernize critical infrastructure, delayed fielding of new capabilities, and higher lifecycle sustainment costs. The Marine Corps recognizes the importance of our facilities programs to support the Marine Corps' warfighting capability. The Marine Corps' Infrastructure Reset Strategy ensures every dollar is targeted and spent on the highest Marine Corps priority at the lowest total lifecycle cost, optimizing investment over the long-term to support Marine Corps missions and align investment with our strategic priorities.

Fallon Range Training Complex (FRTC) Modernization

Modernization of naval installations includes modernization of air-to-ground, naval gunfire and combined arms ranges. One such effort underway is modernization of the Fallon Range Training Complex (FRTC). This training complex is the Navy's premier aviation training range and supports all aviation "graduate-level" training. All carrier air wings train at FRTC prior to deployment and about 85 percent of the Navy's aviation ordnance expenditure occurs at FRTC. It also supports all Navy SEAL tactical ground mobility training and all SEAL teams train at FRTC prior to deployment. FRTC consists of four live-fire ranges (B-16, B-17, B-19 and B-20), one non-firing range used for electronic warfare and low-level helo overflights and supporting special use airspace. The complex currently consists of 231,069 acres, of which 202,864 acres is public land withdrawn from the Department of the Interior for military purposes via NDAA FY2000.

FRTC modernization includes four MILCON projects (FY21/22/24/25) for purchase of the non-federal lands, relocation of a portion of Nevada Route 361, relocation of a portion of a privately-owned six-inch natural gas pipeline, and range infrastructure improvements. The first project for land acquisition is programmed in FY21 for \$29M. Collectively, the four planned MILCON projects currently total approximately \$270M.

MILCON Execution

The Department recognizes the need to deliver warfighter capabilities on our installations platforms via MILCON and FSRM, on time and on budget. We have initiated several improvement initiatives:

- Improving Infrastructure Support to New Platforms. We are working with Mission Owners, project sponsors and NAVFAC to improve requirements generation and communication during planning to improve coordinated communications during the development of construction project justifications (DD Form 1391) and design.
- Aligning front end requirements and developing more executable projects through a Program Management Agreement (PMA) pilot being developed with the leadership of the office of the Assistant Secretary of Defense for Sustainment. This will increase partnering, communications and accountability between all government stakeholders prior to and during the development of DD Form 1391's submitted to Congress.
- Implementing a Contractor Partnering Agreement Template (post award), focusing on Key Performance Indicators and commitments from both the Contractor and the Government on how to define both success and risk. Examples of projects where we are applying this is the military construction project to replace the Presidential Aircraft Hangar at Andrews Air Force Base, MD and also for critical Dry Dock repairs at Naval Submarine Base Kings Bay, GA.
- Enhancing Acquisition Planning for natural disaster recovery projects:
 - We are fast tracking acquisition at Camp LeJeune and China Lake through the packaging of projects into distinct zones and;
 - Increased use of Industry forums to identify areas of contractor risks early (security, base access, labor force housing, etc.) and to reduce the bid premiums brought on by unquantifiable risk during solicitations phase

Infrastructure Sustainment, Restoration, and Demolition

The President's Budget for FY21 funds 81% of the OSD facilities sustainment model requirement for the Department of the Navy. When restoring and modernizing our infrastructure, we prioritize life, health, and safety issues and efficiency improvements to

existing infrastructure and focus on repairing only the most critical components of our mission critical facilities. By deferring less critical repairs, especially for non-mission critical infrastructure, some facilities will continue to degrade causing our overall facilities maintenance backlog to increase.

The Navy's request of \$1.3 billion in Restoration and Modernization funding is aimed at shipyard infrastructure, strategic weapons facilities, barracks, and other Fleet priorities.

The Marine Corps' request of \$61 million in FY21 for the demolition of 2.1 million square feet of failing and obsolete facilities enables implementation of the Commandant's Infrastructure Reset Strategy.

Family Housing

The Department of the Navy is actively engaged with ensuring that privatized homes are safe, suitable, and affordable. Our Sailors, Marines, and their families should know their leaders care for their well-being and are both ready and willing to help. Our worldwide family housing inventory is 88% privatized, which has improved the homes in which our families live and other support infrastructure within the privatized housing neighborhoods such as community centers, playgrounds, and "green spaces" that help create a sense of community for our Sailors, Marines, and their families.

Over the last year, the Department of the Navy has collaborated with OSD and the other Services to develop guidance to implement initiatives identified in the FY20 NDAA. Key responsibilities of the Task Force include supporting current staffing efforts, incorporating NDAA requirements into Department policy, instituting the housing dashboard and associated metrics in housing operations, developing training guidance for housing personnel, redefining the roles and responsibilities of our housing offices, and strengthening oversight of our PPV housing operations.

The Department of the Navy is working on the following initiatives along three major lines of effort with the Department of Defense, Department of the Navy and our PPV partners to improve our program:

- Restoring Resident Trust
 - Improving Communications, Advocacy and Transparency at the Installation Housing Offices.

- Establishing a Tenant Bill of Rights and Dispute Resolution Process.
- Implementation of resident town halls and other reoccurring ICO engagement opportunities with service members and their families
- Improved partnering with military and veteran service organizations.
- Reestablishing Active and Engage Leadership
 - New Electronic Data Warehouse and PPV Metrics
 - Hiring Additional Personnel – With the new FY 2020 NDAA appropriations, we have already hired over 100 additional personnel and expect to hire a total of 297 between the Navy and Marine Corps by the end of the fiscal year.
 - Training – Our Housing Learning Center has developed new training for leadership and new housing personnel.
 - Developing housing links on Installation Command websites which list all of our housing offices, and provide residents with informational housing materials and links for submitting housing concerns.
 - Revising and updating Departmental and Service housing policy.
- Reinforcing Oversight
 - Have created a new PPV Assessment Team aimed at process improvement to increase oversight, engagement and resident advocacy over the next year.
 - Revised Incentive Fees Structure – Have developed new policy and working with MHPI partners to update business agreements.
 - Working to implement recommendations from recent GAO and Naval Audit Service reports which will also be covered through enactment of the new FY2020 NDAA requirements.

We are also focusing significant attention on the long-term financial health of our individual PPV agreement to ensure the sustainment of quality housing over the life cycle of the partnership. We are acutely aware that the actions being taken today by the partners to address immediate resident concerns will have a long-term impact on the ability of project revenue to support future investments in the homes. The DoN established the Office of Public Private Partnership (PPP) Reviews to provide the Secretary a review of the long-term financial viability of the agreements with housing partners to drive measurable and accountable results. Our goal

with this review is to ensure our partners will continue to be able to meet their commitments to sustain modern, safe, attractive housing for our residents.

The PPP team will review Public Private Venture (PPV) financial documents from FYs 2014 through 2020, (1st Quarter) and budgets for future investments over the life cycle of the agreements. The team will analyze partner financial data and economic activity; review partner compliance with financial and operating controls; review operational processes for efficiency and effectiveness; and identify risk and vulnerability areas.

Once the review is completed, business sensitive/proprietary reports will be issued to the Secretary. Additionally, the team will immediately notify the Secretary of any abnormal activities when identified. We will then use these reports to ensure existing agreements sustain long term investments in our housing inventory.

The Department continues to focus on improving our PPV housing through engaged leadership, enabling effective management, implementing the FY20 NDAA requirements to ensure we provide housing of the highest quality for our Sailors, Marines, and families. Recognizing this issue is not limited to the DoN, we have reached out across the Joint Force to aggressively pursue solutions that benefit every American who wears the uniform today while providing the best value possible to the American taxpayer. The military Departments have affirmed their commitment to a Resident Bill of Rights and a Resident Responsibilities document. We are dedicated to ensuring these rights are more than aspirational goals on a piece of paper. They must result in tangible improvements for our residents to access. Of the 18 rights, we have identified a few (maintenance history, dispute resolution, rent withholding) that our residents will need a transparent process to exercise their rights. We are working with the Landlords to put those processes into the signed lease agreements to hold them accountable. As such, we have led the tri-Department effort to standardize a Common Lease for military members and housing providers to understand and enforce certain rights. It includes a list of specific resident responsibilities consistent with similar documents in the commercial sector to underscore common expectations for care of the home.

We are in the process of adding annexes to the Common Lease to ensure consistency with recent congressional direction. Specifically, we have also taken point on negotiating with the partners to incorporate a formal Dispute Resolution Process in each agreement. This is an

extremely important initiative to get right, as it will be a consistent tool for our tenants to easily resolve conflicts within a prescribed process and independent adjudication.

In the interim, we have renewed efforts to strengthen our existing informal issue resolution processes to reinforce local Housing Office engagement in resolving resident concerns. When families have a maintenance or service-related issue, they are directed to first contact the PPV Property Management Office. The housing service center and installation commanding officer will advocate for Service members and families that are not satisfied with property manager results. Region Legal Service Offices and the Marine Corps Legal Support Sections are also available to provide free legal advice and consultation to military tenants and their families living in PPV housing.

Our PPV partners are demonstrating a commitment to restore resident trust, implement improved maintenance and quality assurance, and track metrics at higher levels. We continue to work with those partners to ensure issues are being addressed in a timely manner. This involves ensuring all levels of the partner organizations, down to the neighborhood managers and repair technicians, are equally committed to providing outstanding customer service, quality workmanship, and accountability. We are particularly concerned with continued accounts of service discrepancies, particularly during the move in process, that place a burden on the residents to resolve. We are aware that hiring a skilled workforce can be difficult in this competitive economy, and we remain committed to working with the PPV partners to resolve issues.

The men and women who wear our uniform rightfully expect quality workmanship in their homes and the quick resolution of problems directly impacting their families. Both they and our partner employees want to be treated with courtesy and professionalism. We encourage our residents to work with the partners collaboratively to address concerns with the services being offered to maintain homes. Our residents continue to be our first line of quality assurance. We value their feedback and advocacy. We will not let up on our efforts until we see the quality of housing improve across the Nation from the perspective our military members and their families.

Per- and polyfluoroalkyl substances (PFAS)

PFAS is a national issue that needs national solutions. DOD has taken action to quickly address PFOS and PFOA in drinking water. The Department has identified 149 installations

with at least one known or suspected PFAS release site. The Department's three broad goals are: mitigate and eliminate the use of AFFF, better-understand the impacts of PFAS on human health, and fulfill our cleanup responsibility related to PFAS. The Department remains committed to the health and safety of our men and women in uniform, their families, and the communities in which we serve. DON is actively supporting DoD PFAS Task Force efforts to address PFAS related requirements enacted by Congress last year. We do have concerns with the impact to safe operations and the high costs to replace a vast amount of firefighting equipment and to retrofit our facilities in order to comply with the statutorily mandated prohibition of PFAS use.

The FY21 budget request of \$18M will cover various studies needed in FY21 to develop a plan to address holding tanks, determine the nature of system upgrades, and evaluate replacement values. The Department's cleanup programs will execute \$44.3M in FY21 and has spent approximately \$200 million through Fiscal Year 2019 on investigations or response actions, ranging from sampling to drinking water treatment. We expect future costs for cleanup to increase as EPA and state guidance/regulations evolve.

Energy Strategy

Today, the Department of the Navy faces many demanding challenges; we have entered an era of great power competition, characterized by increased complexity, interdependence and uncertainty. In the energy domain, revolutionary technological changes using artificial intelligence, robotics, autonomous systems, advanced telecommunications and additive manufacturing have ONE common critical enabler – electricity. In the near future, we will also need more electricity to power new generations of vehicles, sensors, cyber forces, and directed energy weapons. Our adversaries are already seeking to counter these superior technologies asymmetrically, with cheap methods to deny, disrupt or attack our energy supply and distribution systems. Our infrastructure is being tested and probed today; cyber threats to our electrical grid are real and growing. Energy resilience depends, in part, on the flexibility to counter these threats by using all fuel sources (from fossil fuels to micro nuclear reactors and renewables) effectively and efficiently to meet critical mission priorities. We have reached out to local utilities and the private sector to collaborate on initiatives to improve energy management while reducing vulnerabilities outside the fence lines of our bases.

To reinforce our priorities in the energy domain, the Department has just released the Installation Energy Resilience Strategy (IERS), designed to deliver substantive results for the

enhanced readiness and resilience of our forces. It establishes the direction and goals to find and fix the most critical gaps to assure mission success no matter the status of commercial power. The IERS specifically identifies Navy and Marine Corps shore infrastructure as the platforms for generating, sustaining and deploying tactical assets. It directs the Department to enhance platform capability by integrating a higher degree of energy security by reliability, resilience, and efficiency. It is a call to action to urgently implement resiliency and protections for our critical systems needed to defend our nation, and sets a course that will enhance the organic capability and drive energy performance initiatives at installations.

We are also collaborating with industry and defense communities on the national development of small cell technology and a Fifth Generation (5G) network. Our goal is to reduce the threat of foreign cyberattacks or disruption to this new infrastructure. We know the quality and speed of the decisions, enabled by software and data through wireless networks will drive both an economic and military edge for our country. As such, these networks must be resilient and secure. A whole new generation of weapons systems, unmanned systems, autonomous vehicles, robotics and artificial intelligence will rely on, and are effected by, how fast we can transmit data. The military value for the “base of the future” will depend on the availability, resilience, and security of 5G infrastructure. As such, States and local communities having an economic stake in national defense must take an active role now during permitting processes to develop local 5G infrastructure quickly with minimal security risks.

Environmental Priorities

The Navy and Marine Corps are dedicated to working with local, state, and Federal governments and public entities to ensure environmental compliance and protection of environmental resources while simultaneously protecting training and operations requirements critical to our National Defense. The Department’s environmental program provides policy, resources, and oversight required to address legal compliance of Navy and Marine Corps operations/installations with U.S. environmental laws and international treaties. Environmental Programs consist of Planning, Compliance and Restoration, Natural and Cultural Resources Management, Compatibility and Encroachment. Navy and Marine Corps environmental efforts support continued access to vital testing and training ranges through the implementation of

mitigation to include environmental monitoring and research, which has provided the Navy with data to reduce or alleviate restrictions. Emphasis is placed on protecting the Navy mission from incompatible development near Navy and Marine Corps installations and operating areas.

The Department's FY21 request is \$1,153 million which funds validated legal environmental compliance requirements and high priority initiatives that support mission readiness and modernization. The request will enable:

- Forward-leaning implementation and oversight of the Department's environmental planning streamlining initiative across the enterprise; implementation of Fallon Training Range Complex Record of Decision environmental commitments and associated Consultation with Tribal Governments;
- Recovery and Sustainment Partnership initiatives with USFWS to remove Endangered Species Act encumbrances;
- Tactical Fighter Aircraft Noise Monitoring at NAS Whidbey Island and NAS Lemoore as required by the NDAA FY20 requirement;
- Advocacy for the Department's mission requirements offshore with relevant federal, state and industry stakeholders to ensure the compatibility of competing uses such as energy development; and
- Environmental Restoration at Naval Weapons Industrial Reserve Plant (NWIRP), Bethpage, NY and Naval Shipyard (NSY), Hunters Point, CA.

Base Realignment and Closure (BRAC)

The Navy's FY21 budget request includes \$125 million for installations closed in previous BRAC rounds; \$116 million of this is for environmental cleanup. The Navy has completed disposal of 95% of property (180,257 acres) with the remaining 5% representing 8,785 acres at 16 former installations. Over 40% of the remaining property is at two BRAC 2005 installations (NAS Joint Reserve Base Willow Grove, PA, and NWS Concord, CA). Twenty-seven of 43 former installations (with no property remaining for transfer) still require environmental cleanup or monitoring.

We appreciate Congress' support of the environmental cleanup efforts at the former Hunters Point Naval Shipyard. Fraudulent contractor work delayed property transfers in support

of redevelopment, and extensive rework on low-level radiological cleanup that began in 2019 will continue through 2020. Additionally, PFOS and PFOA have affected public and private drinking water supplies at multiple BRAC installations. In FY20, the Navy will continue investigations and/or cleanup actions at 39 former installations with known or suspected PFOS and PFOA.

Conclusion

The Department of the Navy must quickly recover from the devastating effects of the China Lake Earthquake, as well as Hurricanes Florence and Michael. As outlined in the National Defense Strategy, our installations must prove resilient in the face of the threats we face. We must modernize our installations and ranges to develop and generate combat forces to protect our blunt and surge layer forces and reassure our partners and allies. Our operational capabilities are adapting to meet these changes, and we need to invest in a next generation installation infrastructure. The FY21 budget request supports this premise.

Thank you for the opportunity to testify before you today. We look forward to working with you to further enhance the warfighting capability, the readiness of our warfighting platforms and quality of life of the Department of the Navy.