

**RECORD VERSION**

**STATEMENT BY  
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**BEFORE THE**

**SUBCOMMITTEE ON READINESS  
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## **Introduction**

Chairman Wilson, Ranking Member Bordallo and distinguished members of the committee, thank you for the opportunity to testify about the Installations, Energy, and Environment component of the Army's Fiscal Year 2019 budget request. I want to begin by thanking the committee for its continued support and commitment to our Soldiers, Families and Civilians. Your sustained leadership and guidance were instrumental in the successes we experienced last year. I look forward to discussing the budget request and to working with the committee to achieve our mutual goal of improving the condition of Army installations and the contributions they make to Army readiness, and continuing to improve the welfare and quality of life for our Soldiers and Families.

## **Readiness**

The Army's number one priority is Readiness. It is completely aligned with the Secretary of Defense and Secretary of the Army's efforts to ensure, build, and sustain warfighting capabilities. As outlined in the National Defense Strategy and Army priorities, attaining desired readiness levels requires both a system-wide assessment of current conditions and a modernization effort that seeks to mitigate risk while setting conditions to meet both current and future threats. We will execute our installation investment strategy to achieve these ends while remaining a good steward of our nation's resources.

Army readiness begins on Army installations, where we build individual and unit readiness. They serve as our initial maneuver platforms when we deploy to support contingency operations around the globe and, increasingly, are where we coordinate and control various mission-related functions for units once deployed. The Army remains engaged globally and is preparing for an increasingly complex future as part of Multi-Domain Battle. Our potential adversaries are prepared and capable of using cyber warfare, false information, and unconventional attacks to disrupt our operations within

the United States. We must be aware of these new challenges as we work to ensure our installations are capable of deploying and sustaining our forces in a contested environment. This effort demands both a new mindset regarding the role Army installations play in Multi-Domain Battle and predictable, adequate, sustained, and timely funding for our infrastructure, facilities, systems, and other associated assets.

Our readiness objectives within the Installations, Energy, and Environment portfolio will be achieved through investments in Facilities and Infrastructure; Energy Resilience; and Environmental Stewardship. Additionally, we have dedicated initiatives that we will conduct to address the other Army focused priorities of Modernization and Reform.

I am confident that with your sustained support, Army installations can continue to enhance Army readiness and lethality.

### **Readiness: Installation Facilities and Infrastructure**

The Army's MILCON budget request provides resources to build new facilities to meet the Army's installation needs related to mission readiness. For FY 2019, the Army's budget request is just over \$2.02 billion for Military Construction. The request allocates \$1.012 billion for the Military Construction Army; \$180 million for the Army National Guard; \$65 million for Army Reserve; \$331 million for Army Family Housing Construction; \$377 million for Army Family Housing Operations; and \$63 million for the Army portion of the Base Closure Account.

The \$1.012 billion for Military Construction Army will allow the Army to move forward with projects such as the \$99 million Cyber Instructional Facility at Fort Gordon, Georgia; the \$32 million Vehicle Maintenance Shop at Fort Campbell, Kentucky; and the Picatinny Arsenal, New Jersey Munitions Disassembly Complex for \$41 million. We can also begin to make investments to improve our academic facilities at West Point Military Academy.

The ARNG's FY 2019 \$180 million MILCON request includes: \$106 million to build Readiness Centers in Montana, Nevada, New Hampshire, North Dakota, and South Dakota; \$12.4 million to construct two range projects in Ohio and Illinois; \$27 million to construct an administrative and warehouse facility in Alaska; \$18.1 million for Unspecified Minor Military Construction (UMMC); and \$16.6 million for planning and design. Readiness centers are the heart and soul of the National Guard and ranges will allow the Guard to be ready to perform state and federal missions. Many of these projects will consolidate units and functions into a single facility allowing the Guard to close multiple older facilities.

The USAR FY 2019 MILCON request totals \$64.9 million with two critical projects replacing failing facilities. The two projects are: \$34 million to replace an Equipment Concentration Site in Barstow, California; and \$23 million to replace World War II era Transient Training Barracks at Fort McCoy, Wisconsin. An additional \$7.9 million will support planning and design of future year projects and address critical needs through the UMMC account.

The Army is increasing investments in our facilities and infrastructure Sustainment, Restoration, and Modernization (SRM) accounts. These increases in funding will maintain and improve the condition of our facilities. Periodic restoration and modernization of facility components are necessary to ensure the reliable functionality of our facilities in support of mission readiness. We are focused on preventing further degradation of facilities and precluding small maintenance issues from turning into large and expensive problems.

The FY 2019 \$4.7 billion budget request gets us closer to meeting our full SRM requirements. The \$1.6 billion request for restoration and modernization funding, an increase of \$742 million over FY 2017 execution, will enable the Army to address up to eight percent of our critical maintenance backlog requirements.

Responsibly managing real property facilities and infrastructure across 13.8 million acres means the Army must maintain extensive base operations. Through funding for Base Operations Support (BOS) accounts, Army installations provide services similar to those associated with a municipality: public works, security protection, logistics, environment, and Family programs. These programs and services enable Soldiers, Civilians, and Families to live and work on 156 Army installations worldwide. The FY 2019 budget requests a total of \$10 billion for BOS accounts, including \$8.274 billion for the Active Component; \$1.130 billion for Army National Guard; and \$595 million for Army Reserve.

In lieu of another request for legislation in FY 2019 authorizing an additional Base Realignment and Closure (BRAC) round, we will review our facilities, to include facility usage optimization, ensuring we have a better accounting of excess infrastructure. Under this initiative, Commanders are accountable for making all reasonable efforts to consolidate units into our best facilities; maximize space utilization; and dispose of excess assets.

### **Readiness: Energy Resilience**

Energy resilience is a critical component to building and enabling Army readiness and support to our Soldiers and joint service partners across the installations portfolio. Energy resilience is our ability to anticipate, prepare for, and adapt to changing conditions and withstand, respond to, and recover rapidly from energy disruptions that impact critical operations on military installations, bases, and camps. Assured access to energy and water underpins readiness-related functions that occur on Army installations and are increasingly vulnerable to severe weather or hostile action as highlighted by the recent hacker intrusions on our national electrical grid.

Recognizing these emerging challenges, the Army is moving aggressively to implement a policy directing installations to sustain operations for critical facilities and infrastructure for a minimum of 14-days. We are prioritizing these efforts initially on

Mobilization Force Generation Installations (MFGI's) and installations identified as Army Power Projection Platforms. We will also complete installation energy plans on 19 installations in FY 2019 to provide direction forward. In addition, we will continue to build on past projects and established capabilities to ensure that energy-related investments first and foremost contribute to energy resilience.

The Army's installation energy budget request will largely be used to fund our FY 2019 utility bill at \$1.088 billion. We recognize that this is a significant cost and that reducing demand enhances energy security. To that end, the Army reduced Energy Use Intensity by 9.6 percent in FY 2017 from FY 2015 levels. We will continue to measure this and set goals for continued improvement. Our budget request also includes \$125 million for water and waste water services, and \$524 million to fund our Utilities Privatization Program.

Efficiency remains a critical component of the Army's installation strategy as it avoids costs and, by reducing energy demands, makes installation energy security easier to obtain. The FY 2019 budget request contains provisions for \$260 million in energy projects, focused on resilience and efficiency. To augment this amount to meet Army total needs, we will continue to partner with the private sector through the use of Energy Savings Performance Contracts (ESPCs) and Utility Energy Service Contracts (UESCs). This approach allows companies and utilities to provide the initial capital investment to design, implement, and maintain energy and water conservation measures, the cost of which is paid over the course of the contract. Last year was the second best in the history of the program with a total third-party investments in ESPCs/UESCs of \$289 million. While we do not have specific annual targets that must be met, we expect to sustain this very successful ESPC/UESC program.

Energy resilience requires on-site energy production. To this end we are refocusing our "Office of Energy Initiatives" that was previously engaged almost exclusively on development of renewable energy projects, to an office focused on building energy resilience, or the "Office of Energy Resilience." This office has built or is

developing over 530 megawatts of on-site energy production. The Army has facilitated energy projects to strengthen the resilience and security of our installations by enabling more fully “islandable” capabilities that combine energy generation with energy storage and controls. In Hawaii the Army worked with Hawaiian Electric Company to develop a 50-megawatt biofuel project capable of providing Schofield Barracks, Field Station Kunia, and Wheeler Army Airfield with secure energy during emergencies. The project is located above the tsunami strike zone and will provide “black start” capability to enhance grid resilience – benefiting both the Army and the community. All of you will be invited to join me for the opening of this project later this year. Additionally, at Fort Sill, Oklahoma, the Army is working with the utility provider to build on site natural gas and solar power plants able to meet 100 percent of the installation’s energy needs.

The “connective tissue” of energy resilience depends on the deployment of cyber and physically secure, “micro-grids.” Most of the Army’s past energy generation projects were designed to support this logical next step. The Energy Resilience & Conservation Investment Program account (ERCIP) will help us achieve this end state. The Army fully appreciates the recent change in this account to focus on resilience.

### **Readiness: Safeguarding our Environment**

The Army manages over 13.8 million acres of land that contain over 1.3 million acres of wetlands, 226 threatened and endangered species, over 86,000 archeological sites, 2,500 environmental permits, and over 1,300 cleanup sites. Environmental considerations are applicable across the full range of military operations at enduring installations, contingency base locations, and at all levels of command in the Army. The mission of the Army’s Environmental Program mission is to support and generate operational and expeditionary forces by delivering environmental compliance and natural resource asset stewardship worldwide, ensuring continued access to training and testing lands, and reducing environmental impacts from weapons systems and equipment development, testing, and fielding.

The Army's lands are an invaluable military training and testing asset. Environmental Quality ensures Army installations comply with environmental laws and conserve natural and cultural resources to maintain accessibility to Army lands and the quality and value of the training landscape. Environmental Restoration investigates and cleans up hazardous substances and pollutants while Munitions Response addresses unexploded ordnance, discarded military munitions, and munition constituents. Restoration and Munitions Response often result in the safe return of Army land assets to mission enabling use. Environmental Technology identifies, investigates, and facilitates the use of environmental technology solutions while reducing costs of materiel production, maintenance and operation, and serves to avoid creating future environmental risks.

Our FY 2019 environmental budget request of \$914 million will allow the Army to remain ready and capable of accomplishing our national defense mission. The Army remains a strong partner and a Federal agency leader in environmental stewardship while ensuring our military force is ready, resilient, and capable of defending our Nation.

### **Modernization and Reform**

As indicated above, Army installations are now clearly included in the Army's Multi-Domain Battle and are facing new threats from a range of potential adversaries. Concurrently, "smart" cities all across America are taking advantage of new and emerging technologies to deliver enhanced public services to their constituents at significant cost savings. Accordingly, one of my top priorities is to embark on a deliberative process to prepare our installations for the future. This "Installations of the Future" effort will use innovation, technology, and partnerships to ensure a modern Army has modern installations capable of serving as our initial maneuver platforms. The Army will collaborate with private industry and academia to explore "smart city" technology applications that can create "smart installations". During FY 2019 we intend to undertake a limited number of demonstration projects that will allow the Army to collect data, perform deep analytics, and apply an artificial intelligence to enhance



readiness. Successful pilots will inform future budget requests. I would welcome the chance to provide you or your staff a more detailed briefing on this initiative.

As you are all aware, the entire Department of Defense is undertaking dedicated management reform efforts to reduce costs and improve the delivery of goods and services. The Army's installation management community is an active participant in a wide variety of Department of the Army and Department of Defense led efforts ranging from contract reform, space utilization, and facilities/lease consolidation. Additionally, it is my intent to work with the Assistant Chief of Staff for Installation Management and other Army senior leaders to conduct a system-wide review of the Army's structural approach to installation management to include structure, major processes, and operations.

### **Conclusion**

Army Readiness begins on Army installations. We need ready and resilient installations to ensure our Soldiers are properly trained and can be deployed anywhere in the world in order to fight and win our nation's wars.

The Army is methodically increasing its facility sustainment levels and focusing its infrastructure investments on readiness priorities to support power projection, mobilization, and the warfighter. Predictable, adequate, sustained, and timely funding allows the Army to maintain its critical infrastructure and training lands to support Soldiers, Civilians, and Families.

Trust is the bedrock of our institution. We greatly appreciate the funding provided in FY 2018 and commit to being responsible stewards with the resources entrusted to us this year. The Army will ensure these resources are allocated against our number one priority—Readiness.

Thank you for the opportunity to present this testimony and for your continued support of our Soldiers, Civilians and Families.