

NOT FOR PUBLICATION
UNTIL RELEASED BY THE
SUBCOMMITTEE ON READINESS AND MANAGEMENT SUPPORT
SENATE ARMED SERVICES COMMITTEE

STATEMENT OF

THE HONORABLE DENNIS V. McGINN

ASSISTANT SECRETARY OF NAVY
(ENERGY, INSTALLATIONS, AND ENVIRONMENT)

BEFORE THE

SUBCOMMITTEE ON READINESS AND MANAGEMENT SUPPORT

of the

SENATE ARMED SERVICES COMMITTEE

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Chairman Ayotte, Ranking Member Kaine, 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's) investment in its infrastructure and energy programs.

Toward a More Secure Future

The world events of 2014 demonstrate the complex and unpredictable nature of our times. From the rise of the Islamic State, an emboldened Russian Federation, and the outbreak of the Ebola virus, the Navy-Marine Corps team has been on station as America's "first responders", operating around the clock and around the world. Our Navy and Marine Corps must be manned, trained, and equipped to deter and respond to geo-political crises and natural events wherever, whenever, and however they occur.

Our installations provide the backbone of support for our maritime forces, enabling their forward presence. Last year's budget, while conforming to the spending caps imposed by the Bipartisan Budget Act of 2013, would lead to rapid degradation of shore establishment readiness if continued into the future. In contrast, the DoN's President's Budget Request for Fiscal Year 2016 (PB 2016) makes progress toward achieving a more sustainable investment profile, with increases of 50 percent in military construction funding and nearly 30 percent in the Facilities Sustainment, Restoration and Modernization accounts, while continuing to manage risk in shore infrastructure investment and operations. This increased funding enables the Department to meet the 6 percent statutory investment in our shipyards, aviation fleet readiness centers, and depots and will accomplish the deferred critical maintenance on other facilities. We're making investments in safety and quality of life projects, too, but this progress assumes the Department will not be held to the discretionary budget caps.

Investing in Our Infrastructure

Overview In FY 2016, the Department is requesting \$13.3 billion in various appropriations accounts, an increase of \$1.5 billion from amounts appropriated in FY 2015 to operate, maintain and recapitalize our shore infrastructure. These investments will enable the Department to support the three pillars upon which the 2014 Quadrennial Defense Review (QDR) is based: *protect the homeland, build security globally; project*

power and win decisively. Figure 1 provides a comparison between the FY 2015 enacted budget and the PB 2016 request by appropriation.

	FY 2015 <i>enacted</i>	PB 2016 (\$M)	Delta (\$M)	Delta (%)
Military Construction, Active + Reserve	1,136	1,705	569	50.1%
Family Housing, Construction	16	17	0	0.6%
Family Housing Operations	354	353	-1	-0.3%
BRAC ¹	140	157	17	12.1%
Sustainment Restoration & Modernization (O&M) ²	2,356	3,052	696	29.5%
Base Operating Support ²	7,546	7,748	202	2.7%
Environmental Restoration, Navy	277	292	15	5.4%
¹ Prior funds will also support FY2015 BRAC activities				
² Includes OCO				
TOTAL	11,825	13,324	1,498	12.7%

Figure 1: DoN Infrastructure Funding by Appropriation

We continue to accept risk in shore infrastructure by prioritizing life/safety issues and efficiency improvements to existing infrastructure, focusing on the repair of only the most critical components of our mission critical facilities, and by deferring less critical repairs, especially for non-mission-critical facilities.

Protecting the Homeland Together, the Navy and Marine Corps will invest over \$250 million domestically in military construction funds to upgrade or modernize utilities and critical infrastructure that will ensure continuity of operations in the event of man-made or natural disasters. In Georgia at Kings Bay, the Navy would upgrade the electrical distribution and supporting communications network that haven’t been substantially modified since 1997. At its logistics base in Albany, the Marine Corps will replace an aging and degraded heating and ventilation system that has exceeded its useful life. In Washington State, a \$34 million project would complete the waterfront restricted area at Naval Submarine Base, Bangor, ensuring the security of our strategic weapons arsenal.

We're making investments to protect and be good stewards of our natural environment, too. At its Recruit Depot in Parris Island, South Carolina, the Marine Corps will construct additional safety berms at its ranges to retain expelled rounds and thereby protecting the adjacent sensitive wetlands from copper and lead contamination. At the Naval Magazine in Indian Island, Washington, the Navy will provide shore power to an ammunition pier, replacing leased generators that now run under operationally limiting air permits. And, unrelated to the broader issue of rebalancing forces to the Asia-Pacific Region, the Navy will correct deficiencies in the storm water and waste water systems in Guam, resolving an outstanding Notice of Violation issued by the Environmental Protection Agency.

Building Global Security The FY 2016 budget request supports global security by strengthening our international partnerships and enhancing our defense posture abroad. Fulfilling the U.S. commitment to our NATO allies regarding the Phased Adaptive Approach to European ballistic missile defense, we will construct an interceptor site in Redzikowo, Poland, complementing the one we're building in Romania. We have enduring interests in the Middle East and the Gulf region. In Bahrain, the pier replacement and ship maintenance support facility projects included in this budget request will enable our forces to respond swiftly to emerging threats.

We will also continue to rebalance our force structure to the Asia-Pacific region and this budget request includes funding to support the arrival of new aviation assets to Marine Corps Base Kaneohe, Hawai'i and Japan. Additionally, the DoN budget request provides \$126 million to construct a live-fire training range complex in Guam that will support current and future training needs of the Marine Corps and our allied partners. Finally, DoD, through its Office of Economic Adjustment, is requesting an additional \$20 million to supplement the amount of \$106 million previously appropriated—and the associated authority—to continue improvements to Guam's civilian water and wastewater infrastructure necessary to support the Marine relocation.

Guam, and the relocation of Marines to that island, 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.

The Department appreciates the removal of the restrictions from the National Defense Authorization Act for FY 2014, as well as the language in section 2822 in the National Defense Authorization Act for FY 2015 permitting the Navy to enter into a Refuge agreement with the U.S. Fish and Wildlife Service. Together, these provisions will allow us to move forward on the essential Guam component of our Pacific force laydown plan.

Last July we provided Congress with our revised Guam Master Plan. Under this plan, also referred to as “the distributed laydown,” approximately 5,000 Marines and 1,300 dependents will come to Guam versus the original plan that had considered approximately 8,600 Marines and 9,000 dependents. The estimated cost, scope, and schedule for the military construction and Government of Japan funded projects necessary to carry out the revised plan were detailed in the Guam Master Plan. In the next year the Government of Japan will commit \$176 million to construct a Driver Convoy Course and a complex for Urban Terrain Range Operations at Anderson AFB South. To date, we have received in our Treasury almost \$1 billion in Japanese funding toward completion of the relocation. This in itself is indeed a strong statement of the Japanese commitment to the relocation.

Projecting Power The advanced capabilities of our ships and aircraft help make us the most effective expeditionary fighting force in the world and these weapons systems and platforms require facilities and infrastructure capable of supporting them. The FY 2016 budget request will provide hangars and mission control facilities to accommodate our increasing deployment of and dependence on unmanned aerial systems such as the Navy’s Triton and the Marine Corps’ “Blackjack.” As the Navy continues its transition from the Orion P-3 maritime patrol aircraft to the Poseidon P-8s, we will build hangars and other necessary facilities to enable their deployment to Hawai’i and Sigonella, Italy. Finally, the Navy will construct supporting facilities for the Littoral Combat Ships homeported in San Diego, California and Mayport, Florida. Together, these investments will increase our ability to collect intelligence, and conduct surveillance, reconnaissance and targeting—extending our reach and enabling us to prevail in anti-access and area-denial regions.

Investing in Our People

Overview The strength of our Navy-Marine Corps team lies not only in advanced weaponry or faster, stealthier ships and aircraft. Our naval forces derive their greatest strength from the Sailors and Marines who fire the weapon, operate and maintain the machinery, or fly the plane, and from the families and civilians supporting them. We continue to provide the best education, training, and training environments available so our forces can develop professionally and hone their warfighting skills. Providing quality of life is a determining factor to recruiting and retaining a highly professional force. To this end, we strive to give our people access to high-quality housing, whether government-owned, privatized, or in the civilian community, that is suitable, affordable, and located in a safe environment.

Training and Education Of the \$1.7 billion request for military construction, the Navy and Marine Corps together have programmed almost \$190 million in operational and technical training facilities, including the live-fire training range complex in Guam. Of the remaining projects, the majority support aviation training for a variety of manned and unmanned aircraft, including the Joint Strike Fighter, E-2D Hawkeye, KC-130 tankers, MH-60 and CH-53 helicopters, and the Triton. Finally, the Marine Corps will construct a Reserve Center that will support the training requirements of an amphibious assault unit that is relocating from Little Creek to Dam Neck, Virginia.

Unaccompanied Housing The Navy plans to make \$117.6 million in operations & maintenance-funded repairs to its bachelor housing inventory, focusing on the barracks in the worst condition. This is a three-fold increase over the amount of funds programmed in FY 2015. Additionally the Navy's budget request includes two projects that will recapitalize inadequate (Q4) barracks at Naval Air Station Pensacola, Florida and at Naval Air Station, Patuxent River, Maryland. The Marine Corps completed programming of its substantial investment in unaccompanied housing in FY 2012, although several are in various stages of construction. The arrival of new aviation squadrons at Marine Corps Base Hawai'i will increase personnel base loading and in

response, the FY 2016 budget request includes funds to construct a new barracks and improve our Marines' quality of life.

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 FY 2016 budget request of \$370 million supports Navy and Marine Corps family housing operation, maintenance, and renovation requirements. Of this amount, \$11.5 million will revitalize government owned homes at Marine Corps Air Station Iwakuni, Japan and Wallops Island, Virginia. The budget request also includes \$260.2 million 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. As a result, the Department has leveraged its resources to improve living conditions for Sailors, Marines, and their families. The Department has programmed \$28.7 million to provide oversight and portfolio management to ensure the Government's interests in these public/private ventures remain protected and quality housing continues to be provided to military families.

Safety Workforce Initiative: The safety workforce reform initiative is already in progress supporting over 750,000 personnel serving the Department in diverse, complex and evolving missions across the globe. The Naval Safety program is pressing forward on two key fronts: people and technology. To do this, the Department is recruiting, hiring and developing its safety professionals to ensure we employ the right people at the right place at the right time. Concurrently, we are expanding our global online training resources to ensure the Naval Safety workforce exceeds best practices found throughout industry.

Steps toward expanding the knowledge base of our safety workforce have yielded positive results. During FY 2014 global online safety training increased 65 percent from previous years with savings in administrative costs and the equivalent of 1,720 workdays

of productivity gained. The same was true for the Annual Joint Safety Professional Development Conference (PDC). As a result of the FY 2013 sequester, we offered the PDC as a “virtual” conference. “Web” attendance doubled actual attendance over previous years, with an approval rating reaching 97 percent, and an overall cost savings to the government in excess of \$2.2 million.

Finally, the Department is in the process of acquiring a system of commercial off-the-shelf information technology tools that will revolutionize our tireless fight to reach our objective of zero mishaps – the only ethically acceptable goal if we are to keep faith with our magnificent Sailors and Marines. The Risk Management Information initiative comprises a streamlined mishap reporting system, data base consolidation, state-of-the-art analytical innovations, and sophisticated data collection and distribution capabilities that will allow us to ascend above explaining mishaps after the fact and begin predicting and preventing them before they occur.

Managing Our Footprint

Overview It has long been a basic tenet that the Department of Defense should own or remove from public domain only the minimum amount of land necessary to meet national security objectives. The Department is grateful for the Congressional land withdrawals during 2013 and 2014. These withdrawals allow the Department to continue vital testing and training in California at China Lake, Twentynine Palms, and the Chocolate Mountains Range. The FY 2016 budget request includes funds to modernize and expand the Townsend Bombing Range in Georgia. This project will allow pilots based on the East Coast to train using precision guided munitions without having to travel to the Bob Stump Training Complex in Arizona and California.

Base Realignment and Closure (BRAC) The Department of the Navy fully supports the Administration’s request to authorize a single round of BRAC in 2017. The BRAC process continues to offer the best opportunity to objectively assess and evaluate opportunities to properly align our domestic infrastructure with our evolving force structure and laydown. Under previous BRAC efforts, the Navy has been able to realize approximately \$4.4 billion in annual recurring savings.

We appreciate the support of the Congress in providing additional FY 2015 funds for environmental cleanup at BRAC properties. For FY 2016, the Department has programmed \$157 million to continue cleanup efforts, caretaker operations, and property disposal. By the end of FY 2014, we disposed of 93 percent of our excess property identified in previous BRAC rounds through a variety of conveyance mechanisms with approximately 12,710 acres remaining. Of the original 131 installations with excess property, the Navy only has 17 installations remaining with property requiring disposal. Here are several examples of what we were able to achieve last year:

In the San Francisco Bay Area, the Department completed the transfer of 624 acres at Naval Station Alameda to the Department of Veterans Affairs under a no-cost transfer that will ultimately support an outpatient clinic, a National Cemetery, and office space. The Department also completed radiological surveys of over 700 residential housing units at Naval Station Treasure Island, most of which are under lease to the City of San Francisco. Additionally, the Department and the Treasure Island Development Authority signed a Development Conveyance that will allow initial property transfers to begin in FY 2015.

We reduced our overall number of BRAC installations by four last year completing final disposals at Naval Support Activity New Orleans, LA, Naval Air Station Cecil Field, FL, and Navy/Marine Corps Reserve Centers in Akron, OH, and Reading, PA.

The balance of the property at the remaining installations will be disposed as we complete our environmental remediation efforts, which we project will cost \$1.1 billion (FY 2016 and beyond) with nearly 50 percent of the costs attributed to long-term operations and monitoring of remedies already in place. The major program cost drivers are low-level radiological waste and munitions cleanup.

Although cleanup and disposal challenges from prior BRAC rounds remain, we continue to work with regulatory agencies and communities to tackle complex environmental issues and provide creative solutions to support redevelopment priorities, such as Economic Development Conveyances with revenue sharing.

Compatible Land Use The Department of the Navy has an aggressive program to promote compatible use of land adjacent to our installations and ranges, with particular focus on limiting incompatible activities that affect the Navy and Marine Corps’ ability to operate and train, and protecting important natural habitats and species. This includes the Air Installation Compatible Use Zones Studies and Range Air Compatible Use Studies that are provided by Installations to nearby or adjacent communities to encourage development compatible with installation and range operations in their comprehensive development plans. 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 adjacent and 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 73 thousand acres around Navy and Marine Corps installations. We are poised to purchase restrictive easements over additional lands using funds appropriated this year for the REPI program and are developing projects for future funding.

Protecting Our Environment

Overview The Department is committed to environmental compliance, stewardship and responsible fiscal management that support mission readiness and sustainability, investing over \$1 billion across all appropriations to achieve our statutory and stewardship goals. The funding request for FY 2016 is about 1.7 percent more than enacted in FY 2015, as shown in Figure 2:

Category	FY 2015 (\$M)	PB 2016 (\$M)	Delta (\$M)	Delta (%)
Conservation	89	86	-3	-3.4%
Pollution Prevention	30	29	-1	-3.3%
Compliance	504	485	-19	-3.8%
Technology	29	37	8	27.6%
Active Base Cleanup (ER,N)	277	292	15	5.4%
BRAC Environmental	127	145	18	14.2%
TOTAL	1,056	1,074	18	1.7%

Figure 2: DON Environmental Funding by Program

The Department continues to be a Federal leader in environmental management by focusing our 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.

Partnering for Protection – In FY 2016 we will focus on environmental planning for at-sea training in the Pacific Northwest and the Gulf of Alaska, and on Combined Joint Military Training in the Marianas Islands. The Department has been partnering with the National Marine Fisheries Service (NMFS) over the past two years to improve the regulatory process and reduce the cost of obtaining authorizations for at-sea testing and training. We are exploring mutually agreeable recommendations with NMFS which could reduce the time and cost of preparing environmental planning documentation and securing permits, while ensuring the continued protection of marine mammals.

We are also leading Federal efforts in the Pacific islands to standardize and implement biosecurity plans for military actions. The importance of effective biosecurity is demonstrated by the recent infestation of the Coconut Rhinoceros Beetle in Hawai'i. The Department, in cooperation with U.S. Department of Agriculture and State of Hawai'i, has taken important steps to help eradicate this destructive insect that was initially discovered at the International Airport and quickly spread to Joint Base Pearl Harbor-Hickam. The Department is also partnering with the State of North Carolina and non-governmental organizations on recovery of the Red Cockaded Woodpecker and expanding training capabilities at Marine Corps Base Camp Lejeune, and with the Bureau of Ocean Energy Management on sharing marine mammal science on the east coast. Working together we can save money and achieve better results.

Fueling Combat Capabilities

Overview 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.

Enhancing Combat Capabilities Our naval forces offer us the capability to provide presence – 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 and new technologies takes fuel trucks off the road.

Improving Energy Security and Resilience We need to make smart investments to ensure our shore installations stay up and running because installations, like our shipyards, are central to our forward operations. That means maintaining and upgrading our utility infrastructure and getting smarter about how we’re using electricity. It means managing our electricity demand to reduce stress on the electric grid and decrease outages. And, it means investing in technologies like advanced storage, fuel cells, and solar panels so we increase our resilience in the face of natural events or future threats like cyber attacks that affect the electric grid.

In 2014, the Department executed an agreement through our Renewable Energy Program Office to buy renewable energy produced from a 17 megawatt solar array located across three Navy and Marine Corps installations in Hawai’i. That agreement includes the ability for us to draw power from the solar panels even when the grid goes down. Not only does this project enhance our energy security, it will save us money on our electric bills, too. We also awarded a \$13 million Energy Savings Performance

Contract for Webster Field, an outlying annex of Naval Air Station Patuxent River in southern Maryland. The contract will provide for ground source heat pumps, lighting retrofits, and various other energy conservation measures that are projected to virtually eliminate the need for shore fossil fuel, reducing energy consumption by 38 percent in the first year of performance.

More recently, we entered into a lease with Duke Energy for just over 80 acres on Camp Lejeune for development of 17 megawatts of renewable electric power for the North Carolina grid to meet renewable portfolio standards. Electricity will be made available to meet the base's contingency energy requirements under the agreement.

Strategic Investments to Fuel the Future As we look to the future, we have to make smart investments that preserve operational flexibility. The private sector, including major airlines like United and Cathay Pacific, is diversifying its fuel supply through the use of alternative fuels. Our program to test and certify emerging alternative fuels is critical for us to keep pace with those developments and maintain interoperability with the private sector.

Under a Presidential Directive, the Department of the Navy has also worked with the Departments of Energy and Agriculture to promote the growth of a domestic biofuel industry. In September 2014, the Department of Defense, under the authority provided by the Defense Production Act (DPA), provided funds to three companies supporting the construction and commissioning of biofuel refineries to produce cost competitive, drop-in biofuels. The total of \$210 million in government commitments to those companies is expected to be matched by nearly \$700 million in private investment. The three refineries are planned to have a combined annual production capacity of more than 100 million gallons of advanced drop-in alternative fuel.

It is important to point out that neither Defense Logistics Agency (DLA) Energy (through which the Navy buys operational fuels) nor the Navy is under any obligation to purchase alternative fuels from any company – including the three that received DPA awards. In fact, Section 316 of the FY2015 NDAA requires that drop-in alternative fuels be cost competitive with traditional fuels (unless waived by the Secretary of Defense). That requirement is consistent with DoD and DoN policy

Conclusion

Our Nation's Navy-Marine Corps team operates globally, having the ability to project power, effect deterrence, and provide humanitarian aid whenever and wherever needed to protect the interests of the United States. The Department's FY 2016 request supports critical elements of the 2014 Defense Quadrennial Review by making needed investments in our infrastructure and people; preserving access to training ranges, afloat and ashore, and promoting energy resiliency and security.

Thank you for the opportunity to testify before you today, I look forward to working with you to sustain the war fighting readiness and quality of life for the United States Navy and Marine Corps, the most formidable expeditionary fighting force in the world.