

NOT FOR PUBLICATION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

STATEMENT OF

ADMIRAL GARY ROUGHEAD

CHIEF OF NAVAL OPERATIONS

BEFORE THE

SUBCOMMITTEE ON MILITARY CONSTRUCTION,
VETERANS AFFAIRS, AND RELATED AGENCIES

OF THE

COMMITTEE ON APPROPRIATIONS

10 MARCH 2011

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Chairman Culberson, Representative Bishop, and esteemed members of the committee, I am honored to appear before you representing the dedicated Sailors and civilians of the United States Navy. I appreciate the opportunity to testify about our Navy's shore infrastructure, which enables our operational and combat readiness and is essential to the quality of life and quality of work for our Sailors, Navy civilians, and their families.

High operational demands, rising manpower costs, and an aging Fleet of ships and aircraft continue to cause us to take deliberate risks in shore readiness, specifically in the sustainment, restoration, and modernization of our shore infrastructure. With your unwavering support, we continue to provide the necessary shore infrastructure for our Fleet operations, combat capabilities, family services, and shore energy improvements. Your support has enabled us to increase child care spaces, add bachelors quarters through our Homeport Ashore program, and ensure nuclear weapons security. We are taking risk in other areas ashore, which will result in additional maintenance, sustainment, restoration, and modernization requirements, and higher total ownership costs over the lifecycle of our facilities. Accordingly, our future shore readiness, particularly the recapitalization of our facilities infrastructure, remains at high risk.

The Continuing Resolution (CR) for FY 2011 compounds that risk by limiting our ability to issue contracts for new construction and facilities sustainment, restoration, and modernization, and it negatively impacts our ability to support our Sailors, Navy civilians, and their families. The CR has forced us to take mitigation measures that include limiting numerous contracts for base operating support, slowing civilian hiring, and delaying award of new military construction contracts. If we are still under a CR in March, we will delay at least six Navy and Navy Reserve MILCON projects in Georgia, Hawaii, Maryland, Virginia, and Washington. If the CR lasts all year, we will have no choice but to make permanent these mitigations and others, impacting additional projects in California, Florida, Louisiana, and Rhode Island, and significantly reducing the operation, recapitalization, and sustainment of our facilities. Your support in passing an appropriation to address these impacts is appreciated greatly.

Our FY 2012 budget request deliberately targets our shore infrastructure investments to deliver greatest impact on achieving our strategic and operational objectives. Our shore investment strategy provides shore infrastructure that is properly sized and aligned to enable warfighting and Joint capabilities, minimizes the decline of critical mission-essential and quality of life infrastructure, and optimizes warfare enterprise outputs and quality of service. Our investments ashore facilitate our ability to meet Initial Operational Capability of new ships, aircraft, and systems, support our Navy's operational readiness and Combatant Commander initiatives, yields shipyard efficiencies, and enhance quality of life and quality of work for our Sailors, Navy civilians, and their families.

Our FY 2012 Military Construction (MILCON) budget requests \$1.1B for 29 projects, Planning & Design, and Unspecified Minor Construction. These investments will increase our warfighting capability, enhance nuclear weapons security, support energy initiatives, and improve Sailor quality of life. We have paused our facilities demolition program while we refine a plan that optimizes our shore footprint.

Our FY 2012 budget request includes \$2B for the sustainment, restoration, and modernization of our shore infrastructure, a slight increase over last year's request. This investment is directed toward our mission-critical facilities, including airfields, hangars, piers, dry docks, barracks recapitalization, and energy upgrades. To maximize our support for warfighting readiness and capabilities, we reduced our facilities sustainment posture to 80 percent of the Department of Defense (DOD) Facilities Sustainment Model; Joint Bases are funded to 90 percent of this model. The Naval Academy, Naval War College, and Naval Postgraduate School are funded to 100 percent of this model. We have minimized operational impacts and ensured the safety of our Sailors and civilians by prioritizing projects that address facilities with the lowest quality rating first.

I remain committed to sustaining Fleet operations, family programs, child development and youth services, and bachelor housing through our Base Operating Support (BOS) program. We fully funded joint basing standards and our shore energy program, and reduced risk in air and port operations; however, we took risk in other BOS functions, funding them at significantly lower common output levels. To maximize the impact of our BOS funding, we continue to pursue and realize more cost effective ways of providing base support functions in areas such as emergency services, installation planning and management, facility services, human resources, information technology, and administration.

MILCON Program

Of the \$1.1B in our FY 2012 MILCON budget request, \$42.5M is allocated for planning and design and \$21.5M is allocated for unspecified minor construction. We also request \$17.2M in MILCON Navy Reserve funding, including \$1.5M for planning and design and \$2M for unspecified minor construction. We continue to benefit from lower construction prices and have reduced the overall cost of our FY 2012 projects to reflect current market conditions.

Our FY 2012 MILCON program prioritizes our operational readiness for current and future mission requirements and focuses on:

- Eliminating nuclear weapons security deviations
- Enhancing capabilities to support Combatant Commander requirements
- Supporting new mission and new system requirements
- Recapitalizing critical shore infrastructure
- Improving Sailor quality of life and increasing Homeport Ashore housing
- Upgrading Mayport to be a nuclear carrier homeport
- Increasing energy security and generating energy savings

Appendix I provides a brief overview of Navy projects funded by the FY 2012 Military Construction Program. Highlights follow.

We continue to place a priority on the security of our nuclear weapons at our two Strategic Weapons Facilities, and have programmed the capital investments necessary to mitigate nuclear weapon security deviations as soon as possible. Our FY 2012 budget requests four projects that will mitigate current deviations; additionally, we are requesting the first increment of funding for construction of a second explosives handling wharf for our strategic weapons on

the West Coast. This new wharf, located at Naval Base Kitsap in Bangor, Washington, is needed to sustain our Trident D5 strategic weapons system in the Pacific and is critical to nuclear weapons surety and our national security. We are incrementally funding this \$715M project from FY 2012 through FY 2015. I request your support for this project over the next four years.

Our FY 2012 MILCON request enhances operational capabilities in Bahrain and Djibouti to support U.S. Central Command and U.S. Africa Command, respectively. As the site of our Naval Forces Central Command/U.S. Fifth Fleet headquarters, our facilities in Bahrain enable our Navy's forward maritime presence and enable rapid response to crises. I remain committed to our Navy's presence in Bahrain. Our MILCON budget includes six projects in Bahrain over the FYDP to support new facilities that enhance shore infrastructure which supports Fleet operations.

We are requesting funding for seven projects that will provide new and/or improved hangars, training, and maintenance facilities. Specifically, we are requesting \$180M in FY 2012 to support joint operations and initial operational capability requirements for P-8A, BAMS, E-2D, and MH-60R/S. These investments will ensure our shore infrastructure is ready and capable to support new ships, aircraft, and systems as they enter the Fleet.

We continue to support the recapitalization of our critical infrastructure. Our FY 2012 budget request includes \$145M for recapitalization, including the construction of a depot-level maintenance facility in Norfolk, Virginia and integrated dry dock water treatment capabilities in Bangor, Washington, and the modernization of water plant facilities in Diego Garcia.

Our Homeport Ashore initiative remains on track to provide accommodations for our junior (E1-E4) unaccompanied Sailors by 2016. Through this initiative, Navy will construct sufficient bachelor quarters for all our junior single Sailors to have berthing ashore while their ships are in homeport. Our FY 2012 budget requests funding for one bachelors quarters project in Norfolk in support of Homeport Ashore.

We continue to focus on achieving the 2010 Quadrennial Defense Review direction to upgrade the carrier port of Mayport. Much like the dispersal of West Coast aircraft carriers between California and Washington, a second homeport on the East Coast to maintain aircraft carriers is prudent in the event of a natural or man-made disaster in Hampton Roads. The dredging project funded in FY 2010 is underway and will ensure unimpeded access to Mayport. Our FY 2012 budget requests funding for the Massey Avenue corridor improvement projects. We plan to request funding for the Wharf F recapitalization in FY 2013, and the remaining projects within the FYDP, to establish Naval Station Mayport as nuclear carrier-capable homeport by 2019.

The Secretary of the Navy and I are committed to advancing our energy security. Energy is an operational imperative and I established the Navy's Task Force Energy more than two years ago to improve combat capability, assure mobility, green our footprint, increase our energy security, and meet legal mandates. We have reduced our energy use ashore by more than 14 percent since 2003 as a result of our energy efficiency efforts, which include energy efficient building upgrades, energy management systems, procurement of alternative fuel vehicles, and achievement of sustainable building standards for all new construction and major renovation projects. Our continued investments in advanced metering and energy audits will help identify

further opportunities for efficiency gains and alternative energy use. Our approach remains focused on integrating the right technology at the right time in the right place while transforming Navy culture and behavior for long term sustainability. Our FY 2012 budget requests \$1.8B across the FYDP to fund shore energy initiatives.

BRAC and Infrastructure Reduction

The Base Realignment and Closure (BRAC) legislation helps us align our infrastructure with our operational needs, take advantage of joint basing opportunities, and reduce excess and underutilized infrastructure that increases our sustainment requirements and total ownership costs. We are on schedule to achieve all statutory BRAC 2005 milestones by Sept. 15, 2011; however, we continue to experience significant challenges in relocating Navy organizations from leased facilities in the National Capital Region to DoD-owned spaces. To date, we have completed 328 of 485 realignment and closure actions and we have awarded 118 of 118 planned BRAC construction projects, totaling about \$2B. This progress represents an increase of 13 projects and about \$200M since this time last year, and includes the realignments of Joint Base Anacostia-Bolling and Joint Base Pearl Harbor-Hickam, which concluded on Oct. 1, 2010. Our FY 2012 budget requests \$26M for ongoing environmental restoration, caretaker, and property disposal costs at BRAC 2005 installations, and \$129M for environmental cleanup, caretaker operations, and property transfers for productive re-use at prior-round BRAC installations.

We suspended our demolition program starting in FY 2012 so we could develop a comprehensive plan to optimize our shore infrastructure that deliberately pursues the recapitalization of existing facilities in lieu of new footprint construction. Consolidating our facilities and divesting of excess infrastructure will allow us to reduce our footprint ashore and lower our sustainment requirements and total ownership costs.

Housing Program

Quality housing has a significant impact on Sailor retention, productivity, and individual and mission readiness. With your support, we continue to make progress in our housing program. Our FY 2012 budget request continues our commitment to improve living conditions and to provide safe, affordable, and comfortable housing for our Sailors and their families. We are pursuing a three-part housing strategy:

1. Reliance on the Private Sector: We make every effort to house our Sailors in the local community first. Proper resourcing of our Basic Allowance for Housing (BAH) ensures our Sailors have the opportunity to buy or rent homes of their choosing in the communities in which we operate and live. In FY 2010, local communities housed approximately 76 percent of our family population and 44 percent of our single Navy Sailors.
2. Public/Private Ventures (PPV): Approximately 97 percent of our family units in the United States are privatized. PPV has improved greatly the quality of housing for our Sailors and their families and it allows us to sustain these units at the lowest life-cycle cost. We continue to provide enhanced oversight of our PPV projects to ensure Navy Sailors and their families benefit from quality housing and services. Our portfolio management program collects and analyzes

financial, occupancy, construction, and resident satisfaction data to ensure our PPV projects are optimized and performing as required and the services provided meet expectations.

3. MILCON: We continue to rely on MILCON funding for bachelor and overseas family housing. We are committed to ensuring our junior single Sailors are afforded the opportunity to have housing ashore when they are in homeport through our Homeport Ashore initiative.

Our FY 2012 budget requests \$75M for family housing construction, improvements, planning, and design. We have awarded all FY 2010 overseas family housing projects and we are prepared to execute the FY 2011 projects. We are also requesting \$341M for the operation and maintenance of approximately 10,000 Navy-owned homes and 3,000 leased homes.

We have privatized approximately 97 percent of our family housing units in the U.S. and these units are considered adequate or will be adequate after the end of the initial development period; however, only 63 percent of our government-owned family housing units, most of which are overseas, are classified as “adequate” (Q1/Q2) by OSD standards. We are steadily improving the condition of our family housing units and I am committed to achieving the Secretary of Defense’s goal of having 90 percent of our family housing inventory rated as “adequate”. We will not meet the Secretary’s timeline of 2012, but we have programmed projects across the FYDP to reach this goal by 2015. Our family housing program supports the readiness of our Naval forces by providing Sailors and their families suitable, affordable, and safe housing worldwide.

Our Public Private Venture program has been tremendously successful in leveraging public funding to generate private sector investment in family housing by a ratio of about 19:1; we have funded \$268M in family housing projects and secured \$5.2B in private sector investments. When the PPV transition is complete, we will own less than 100 homes in CONUS and Hawaii, but will retain ownership and management of all foreign assets. We continue to receive very positive feedback from our Navy families living in privatized family housing.

Our bachelor housing investments are focused on completing our Homeport Ashore program by 2016, and achieving an “adequate” (Q1/Q2) rating for 90 percent of our bachelors quarters by 2022. New barracks at Naval Base Coronado will be completed in the spring of 2012 and will provide berthing for more than 1,000 Sailors. Our FY 2012 budget requests funding for one bachelors quarters in Norfolk and we have programmed the final three Homeport Ashore construction projects in FY 2013 and FY 2014. We will not meet the Secretary of Defense’s goal for achieving an adequate rating for 90 percent of our bachelors quarters by 2017; however, we are increasing our annual restoration and modernization investment to improve the condition of our Q3 and Q4 barracks from \$125M to \$195M across the FYDP, which will allow us to meet the Secretary’s goal by 2022. We planned to renovate barracks during FY 2011 in Milton, FL; Atsugi, Japan; Ventura, Lemoore and San Diego CA; Whidbey Island and Bremerton, WA; and Pearl Harbor, HI; however, the CR prevents us from awarding those contracts. We will continue to follow our policy of not assigning Sailors to rooms with serious environmental, health, or safety concerns.

Construction of our Bachelor Housing PPV pilot projects in San Diego, CA, and Hampton Roads, VA is complete and these facilities are providing high-quality market-style quarters for 6,600 Sailors. Thank you for your support of these PPV pilot programs.

Family Readiness & Quality of Life

Family readiness and quality of life programs enable individual and mission readiness. We provide a network of services, programs, commands, agencies, and individuals that support and advocate for our Navy families and enhance their quality of life. Our Fleet and Family Support Centers offer Sailors and their families access to deployment support, relocation and transition assistance, personal financial management, life skills education, new parent support, family employment, sexual assault prevention and response services, and child and domestic abuse prevention and response services. We have an active ombudsmen program connects commands with Sailors and their families, and we continue to use social media and off-base sites to reach out to active duty and reserve Navy families in remote or isolated locations.

We remain committed to providing our Sailors and their families a comprehensive continuum of care that addresses all aspects of medical, physical, psychological, and family readiness. Navy Safe Harbor initiative is at the forefront of Navy's non-medical care for all seriously wounded, ill, and injured Sailors, Coast Guardsmen, and their families; and we continue to provide exceptional, individually tailored assistance to a growing enrolled population of more than 600 individuals. Our Warrior Transition Program (WTP) and Returning Warrior Workshops (RWW) are essential to our post-deployment reintegration efforts and facilitate the reintegration of deployed Sailors with his or her spouse and family.

We continue to provide high-quality childcare and developmental youth programs for Navy children six weeks to 18 years of age. These programs enable our Navy families balance competing demands of mission readiness and family responsibilities. All of our programs are operated in accordance with the Military Child Care Act and are DoD-certified and nationally accredited. By the end of this year, we will complete our efforts, started in 2006, to expand child care by 7,000 spaces; this increase in child care capacity will allow us to meet the Secretary of Defense's goal of providing childcare to meet at least 80 percent of the potential need. Our child care and youth programs are highly valued by our Sailors and their families. I thank you for your continued support of these programs.

Conclusion

You can be extremely proud of our Sailors. They are extraordinary men and women. Our naval installations are key to our warfighting readiness. Our MILCON and quality of life programs deliver flexible, agile, and scalable capabilities that support our Navy's warfighting mission and our people. Thank you for your continued support of our Navy's shore readiness programs; your unwavering commitment to our Sailors, Navy civilians, and their families; and for all you do to make our United States Navy an effective and enduring global force for good.

APPENDIX I
FY 2012 MILCON-NAVY (MCN) AND NAVY RESERVE (MCNR) PROJECTS

Combatant Commander Capabilities

\$190M for five projects supporting operational capabilities and quality of life enhancements for Africa Command, Central Command, and Transportation Command:

- Al Jufayr, Bahrain: Waterfront Development, Phase IV
 - Climate-Controlled Warehouse, Combat Vehicle Warehouse, Water Storage and Distribution System, and Fleet Recreation Facility
- Al Jufayr, Bahrain: Bachelor Quarters
- Camp Lemonnier, Djibouti: Taxiway Enhancement
- Camp Lemonnier, Djibouti: Aircraft Logistics Apron
- Camp Lemonnier, Djibouti: Bachelor Quarters

Nuclear Weapons Security

\$208M for five projects supporting enhancement of nuclear weapon security and mitigation of all nuclear weapon security deviations:

- Kitsap, WA: Explosives Handling Wharf-2 (Increment 1 of 4)
- Kitsap, WA: Explosives Handling Wharf Security Force Facility
- Kitsap, WA: Waterfront Restricted Area Vehicle Barriers
- Kings Bay, GA: Waterfront Restricted Area Land/Water Interface
- Kings Bay, GA: Crab Island Security Enclave

Mayport

\$15M for one project supporting the establishment of Naval Station Mayport as a nuclear carrier-capable homeport by 2019:

- Mayport, FL: Massey Avenue Corridor Improvements

Energy

\$195M for four projects supporting elimination of antiquated centralized steam systems and increasing operational reliability at Pacific Missile Range Facility (PMRF):

- Norfolk, VA: Decentralize Steam System
- Indian Head, MD: Decentralize Steam System
- Great Lakes, IL: Decentralize Steam System
- PMRF, HI: North Loop electrical Distribution System Replacement

Quality of Life / Bachelor Housing

\$128M for two projects supporting elimination of Homeport Ashore deficit by 2016 at Interim Assignment Policy (two Sailors per room), and recapitalization of a fitness facility.

Additionally, \$99M for two Bachelor Quarters projects supporting Combatant Commander capabilities (shown above):

- Norfolk, VA: Bachelor Quarters
- Coronado, CA: Fitness Center

New Systems / New Missions

\$180M for seven projects supporting initial operational capability requirements for fixed wing and rotary aircraft and joint operations:

- Jacksonville, FL: Broad Area Maritime Surveillance Training Facility
- Jacksonville, FL: P-8A Trainer Facility
- Jacksonville, FL: P-8A Hangar Upgrades
- Coronado, CA: MH-60 R/S Maintenance Facility
- Point Mugu, CA: E-2D Aircrew Training Facility
- Patuxent River, MD: Aircraft Prototype Facility, Phase II
- Eglin AFB, FL: EOD Course Applied Instruction Facility

Infrastructure Recapitalization

\$145M for five projects supporting recapitalization efforts on Naval Shipyard maintenance facilities, a forward-deployed water plant, communication facility, and Reserve training facility:

- Norfolk, VA: Controlled Industrial Facility
- Kitsap, WA: Integrated Dry Dock Water Treatment, Phase I
- Pearl Harbor, HI: NIOC Operational Fleet Electronic Support Facility
- Diego Garcia, IO: Potable Water Plant Modernization
- Pittsburgh, PA: Armed Forces Reserve Center (MCNR)