

DEPARTMENT OF THE AIR FORCE

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UNITED STATES HOUSE OF REPRESENTATIVES

**SUBJECT: FISCAL YEAR 2009 AIR FORCE MILITARY CONSTRUCTION, BRAC,
ENVIRONMENTAL AND FAMILY HOUSING PROGRAMS**

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Mr. Chairman, Congressman Forbes and distinguished members of the committee, as our Nation and Department finds itself in both a time of war and a time of transition; the Air Force continues to evolve to ensure we stand ready to protect America and its interests. The Air Force is the preeminent force for operations beyond the bounds of earth, and is vital to the success of ground operations as well, which is being proven daily in Iraq and Afghanistan. Beginning with Operations DESERT SHIELD and DESERT STORM, the Air Force has been at continuous combat operations for more than seventeen years. We cannot provide Global Vigilance, Global Reach, or Global Power without our warfighting platforms—our installations—and the Airmen that construct, operate and maintain those installations. I would like to highlight just a few of the significant ways our Total Force Airmen are serving this great nation in this capacity.

We are firmly committed to supporting the Air Force's number one priority, "winning today's fight." Over 22,000 Airmen are currently deployed in direct support of Operations Enduring Freedom and Iraqi Freedom. More than 2,500 are engineers. Forty percent of the engineers are serving side-by-side with our Army comrades-in-arms by filling "Joint Sourced," "in lieu of" or "individual augmentee" positions, often sharing the same level of risk while operating "outside the wire." Our heavy construction RED HORSE engineers and our Prime BEEF engineers are well-known in the AOR for their ability to build and maintain expeditionary installation weapons platforms, whether bedding down Air Force, joint, or multinational forces. Our Air Force Explosive Ordnance Disposal (EOD) Airmen make up 37 % of Central Command's joint EOD capability in theatre and in calendar year 2007 they responded to more than 8,400 calls to destroy IEDs, unexploded ordnance, or weapons caches. Sixty six percent of these EOD warriors are operating "outside the wire" alongside their joint peers. Our "customers," whether joint, other federal agency, or multinational, continually let us know

how impressed they are by the capabilities our combat support personnel bring to the fight. While eighteen of our logistics and installation Airmen have made the ultimate sacrifice in this war, we are proud to be part of the joint effort serving our nation's call to arms.

The reconstruction effort stands alongside the operational mission in Iraq and Afghanistan. Our Air Force Center for Engineering and the Environment (AFCEE) is successfully executing a robust program to win the hearts and minds of Iraqi and Afghan citizens and help set the conditions for more free societies. Thus far, their efforts have included the execution of more than 576 projects, worth more than \$4.6 billion dollars, to construct or repair more than 4,000 facilities, to include government and military facilities, airports, roads, schools, medical clinics, police stations, utilities systems, and more. Much of this work is being done by Iraqi and Afghan citizens making up more than ninety percent of the construction workforce and seventy percent of the project engineers. External audits have validated AFCEE's efficiency: low overhead costs in manpower and financial resources, minimized in-country presence, and successful leveraging of the latest in efficient and effective business processes.

Our capabilities are vital to the Global War on Terror and other American interests overseas. We are also leading the way in many initiatives on the home front. Let me briefly highlight a few. The Air Force is a great example of leadership in energy, facilities management, and the environment. We have been recognized as the number one federal purchaser of renewable energy four years running, and we are overall number three in the nation. We will achieve the DoD's 2014 goal for environmental restoration two years early. Our housing privatization efforts have leveraged more than \$350 million taxpayer dollars, bringing in \$6 billion in private sector investment, speeding the delivery of adequate housing to our Airmen. The Air Force is solidly on track to eliminate inadequate

housing overseas, having already received support from this Congress through 2007 to completely fund the elimination of inadequate stateside family housing. Our emergency responders implemented the cross-functional Air Force Incident Management System in December 2007, making us the first federal agency to meet the Executive Order and the Department of Homeland Security directive for implementing the National Incident Management System, assuring seamless and coordinated emergency response among agencies at or near our installations. The Air Force wants to ensure that appropriate conditions exist to make Joint Basing a raging success. We have a long and successful history of working toward common goals in a Joint environment, without compromising Air Force principles and the well-being of our people. Joint Basing initiatives are no exception. Therefore, to guarantee success, each Joint Base should be required to provide an appropriate setting to all of its assigned personnel to facilitate mission success and provide improved quality of life. Our Airmen, Soldiers, Sailors, Marines, DoD Civilians and their families will benefit from efficient, consistent Installation Support Services. These standards will ensure the Air Force and our sister Services continue to provide all personnel with the level of Installation Support Services they deserve. Our base commanders and their local service providers are, of course, on the front lines of our efforts to maintain and improve services. As we work with the Office of the Secretary of Defense (OSD) and our sister Services, we will ensure all Joint Basing initiatives contribute to DoD's ability to perform its mission. Joint Basing allows us to build closer relationships and forge stronger ties among the Services.

While we are proud of these successes, we have much work to do. Our Air Force's biggest challenge is to modernize our air, space, and cyberspace capabilities to ensure we continue to provide our nation with its decisive military advantage. While not optimal, we must take manageable risk in

our facilities and infrastructure to free up funding for weapons modernization. We also, however, have a vision to transform and overcome these challenges.

TRANSFORMATION

Our Air Force is transforming around new concepts of operations, organizational change, and advanced technologies. Accordingly, we are on a difficult but promising journey to transform our installations support enterprise. We are changing on a scale not seen since the post-Cold War draw down. As part of our Air Force strategy to internally fund weapon systems recapitalization and modernization, we needed to reduce manpower. We took this as an opportunity to restructure our Civil Engineer and Air Force Real Property Agency (AFRPA) organizations and improve support to the warfighter. The first major initiatives to transform how we effectively manage support for our installations are largely complete. We've reorganized Civil Engineering at all levels; rebalanced the force to include manpower increases in our high-demand RED HORSE and EOD combat engineer capabilities; and centralized the execution of all MILCON, housing MILCON, and environmental restoration at the AFCEE in San Antonio. BRAC 2005 directed the relocation of AFRPA to San Antonio and we took advantage of this to restructure AFRPA at the same time, to attract new skills and ideas to preserve and improve our focus on unlocking value in our underutilized real property.

We are also transforming our business processes, infrastructure, and technology to enable us to operate our installations within reduced funding levels and thereby continue to support our weapons modernization and recapitalization initiatives. Our approach includes producing efficiencies in enterprise-wide business processes while reducing by twenty percent, by the year 2020, the funding required for sustaining and maintaining our \$243 billion physical plant. Let

me emphasize that installation support funding has already been reduced by 14 percent in the last three years; now we are figuring out ways to live within this funding level for the long haul and not impact our standards. Not only are we elevating internal best practices to the strategic level and using the Air Force Smart Operations for the 21st Century toolkit of “LEAN” and “Six Sigma” process improvement methods, we are also incorporating best practices from our strategic partnership with leading private sector companies, called the “Corps of Discovery.”

Our installations organization established “Corps of Discovery” teams to visit companies such as GM, IBM, GE, Bank of America, ExxonMobil, CB Richard Ellis, Jones Lang LaSalle, Archibus, and others. We found that we share many of the same challenges in maintaining our operational or primary mission edge while effectively balancing investment in infrastructure. Through this mutually-beneficial relationship, these patriotic companies are sharing their invaluable transformation “lessons learned.” We are centering our transformation strategy on these key “lessons learned,” such as strategic sourcing and real estate management from a portfolio perspective. Leading edge companies manage their real estate and physical plant with a holistic and integrated asset management approach that enables them to better articulate and manage risk while supporting their company’s mission. We recently reorganized our installations organizational structure and people around Asset Management. True transformation, takes years, and these companies have proven the value of this long-term investment. Their knowledge and experience is proving invaluable to us as we transition to the asset management approach, which is also playing a key role in installations transformation.

Maintaining our installations within current funding levels requires an aggressive approach to efficiently utilize our physical assets and target limited funding on the most critical

portions of our physical plant. An asset management-based operation allows us to attach value to our built and natural environment. This business case analysis approach will provide better decision making in a resource constrained environment. Our asset management initiatives to reach this goal include utilities privatization; energy conservation; redesigned incentive-based consolidation, demolition, and demolition in situ programs; housing privatization; and others. Finally, we have initiated a focused effort to identify opportunities where Enhanced Use Lease (EUL) authority can help us find ways to leverage our physical plant value while providing a mechanism to offset facilities and utilities operations and maintenance costs, especially energy costs. As a force multiplier, we are leveraging our Air Force Real Property Agency to be our center of excellence for identifying and acting upon EUL opportunities across the Air Force. Following on the tremendous success of the construction of the largest photovoltaic solar installation in the Americas at Nellis AFB, NV, we are pursuing five major energy-related EUL projects: solar energy at Edwards AFB, CA; Luke AFB, AZ; and Kirtland AFB, NM; a coal-to-liquid fuels project at Malmstrom AFB, MT; and a prospective nuclear energy project at a location yet to be identified.

Successful implementation of transformed business processes that will drive these physical plant utilization initiatives requires an enabling information technology (IT) system. We are transforming IT systems to support reengineered business processes and maximize the efficiency of our work force. Our benchmarking found integrated workplace management systems commonly used at these Fortune 500 companies, and we are examining how these IT systems could enable our own transformation. Launched the first part of this year, our IT acquisition strategy is leveraging key insights from the “Corps of Discovery” partnerships, and

will also leverage capable commercial-off-the-shelf systems. While meeting executive, department and Air Force requirements for real property accountability systems and data transparency, the new Agile Installation Management IT system will enable enterprise-wide reengineered business processes centered on the complete lifecycle of asset management.

As you can see, we are transforming enterprise-wide, from core business processes to organizational structure and IT systems. We are also providing leadership to our government and even the private sector, from purchasing and producing alternative energy, to housing privatization and asset management. We are making process changes at every level, resulting in resource savings and more efficient operations. At the heart of all of our efforts are of course our customers. Exceeding the expectations of our warfighters, their families and the communities that support our installations, in terms of cost, quality of service and delivery, stands as the centerpiece of our installations business model.

These efforts are the means by which we are meeting the enormous challenges of today and the foreseeable future, and they ultimately enable us to sustain and modernize the world's best air, space, and cyberspace force. These transformational changes will help us maintain our focus on our Air Force's three overarching priorities: winning today's fight, taking care of our people, and preparing for tomorrow's challenges.

FY09 AF MILCON, BRAC, ENVIRONMENTAL, O&M AND FAMILY HOUSING PROGRAMS

Air Force facilities, housing, environmental, and BRAC programs are key components of our support infrastructure. At home, our installations provide stable training environments as we equip and reconstitute our force. Both our stateside and overseas installations provide force projection

platforms to support Combatant Commanders (COCOMs), from homeland defense sorties over New York, to strike missions in Iraq. Our installations *are* weapons systems and in order to support our base-centric concept of operations, the Air Force has developed an infrastructure investment strategy that focuses on enabling COCOMs to win today's fight, take care of our people, prepare for tomorrow's challenges, implement BRAC, protect and restore our natural environment, drive energy efficiency and independence, sustain our infrastructure, and strive to recapitalize our aging infrastructure. We are the DoD's leader in expeditionary combat support and continue that role with pride. Our total force military construction, family housing, environmental, energy, and sustainment, restoration, and modernization programs are paramount to successful operations and maintaining the quality of life that our men and women in uniform and their families deserve.

The FY 2009 President's Budget (PB) request for Air Force military construction is more than \$2.1 billion, comprised of traditional MILCON (\$988M), BRAC 2005 (\$734M) and housing investments (\$396M). Unfortunately, we face demands on our resources that require tough choices. Our challenging budgetary environment includes: increased operations, maintenance, and personnel costs; the cost of the long war against terrorism; and absorbing inflation factors that reduce overall buying power. These factors have forced us to self-finance the centerpiece of future dominance - a massive and critical recapitalization and modernization effort of our aging air and space force. To accomplish this, we are accepting manageable risk in facilities and infrastructure funding. The Total Force MILCON portion (\$988M) of the Air Force FY 2009 PB military construction request reflects our highest construction priorities. This request includes \$935 million for active military construction, just over \$34 million for the Air National Guard, and \$19 million for the Air Force Reserve. In addition, this budget carefully balances our facility operations and maintenance accounts for

sustainment, restoration, and modernization with military construction programs to make the most effective use of available funding in support of the Air Force mission, while keeping “good facilities good.” The Air Force Total Force sustainment funding in FY 2009 is \$2 billion, 90% of the amount called for by the Facility Sustainment Model. The FY 2009 Total Force restoration and modernization (R&M) funding is \$514 million – an increase of approximately \$168M over last year’s request.

The Air Force FY 2009 PB request of \$396 million for the Military Family Housing investment program balances new construction, improvements, and planning and design work, and completes the funding to eliminate inadequate housing overseas. We cannot allow our current housing stock to fall into disrepair. Therefore, in addition to the \$396 million requested for housing investment, we request nearly \$599 million for operations and maintenance, for a total housing investment of just under \$1 billion.

To continue our proactive and responsive environmental quality and restoration programs, the FY 2009 PB request includes \$1,015 million for direct-funded non-BRAC environmental programs. In addition to the \$435 million we requested for traditional environmental restoration activities, the FY09 PB request includes \$367 million for environmental compliance activities and projects, \$82 million for pollution prevention initiatives, \$53 million for funding environmental conservation activities, \$61 million for munitions response activities, and \$17 million in investments in promising environmental technologies.

The Air Force is investing in its facility energy future, with \$14M in 2008 and \$229M more across the FYDP. These monies are lead-turning important initiatives such as establishing Resource Efficiency Managers AF-wide and enhancing our aggressive utility rate and Energy Savings Performance Contract management teams to ensure we are getting the best value for every tax-payer

dollar. We also are investing in the highest payback energy conservation initiatives such as upgrading our energy-intensive aircraft paint hangars; decentralizing heat plants; recommissioning facility heating, ventilating and air conditioning (HVAC) systems; and installing ground-source heat pumps. We expect the return on investment on these initiatives to be 2.5 to 1 or, a savings of approximately \$550M by 2015.

To continue our aggressive BRAC implementation schedule, the FY 2009 PB request includes \$1.2 billion for BRAC-related activities, of which \$734 million is construction. The Air Force is lead for 64 BRAC business plans and has equity in 16 additional business plans. Full support of this funding request is critical to ensure we remain on track to meet the requirement for compliance by 2011.

Sound investment in our installations postures the Air Force to support our priorities of winning today's fight, taking care of our people, and preparing for tomorrow's challenges. We believe the FY 2009 PB proposal will provide the funds to ensure our installations continue to serve as effective power projection platforms that enable the continued success of our core Air Force missions.

WINNING TODAY'S FIGHT

The Air Force's first priority is to win today's fight. We plan to invest \$222 million on 14 projects that support and enhance the AF's ability to deliver intelligence, maintenance, and operational capabilities to our COCOMs. The Air Force is executing 5 projects directly contributing to winning today's war within the CENTCOM area of responsibility (AOR). CENTCOM's AOR is the geographic and ideological heart of today's fight. A war without borders, it spans 27 countries in the Central Asian region of the world. The 5 projects in

CENTCOM's AOR provide much-needed in-theater aircraft maintenance as well as appropriate parking, fueling, and cargo handling space. An additional eight CONUS projects provide critical infrastructure necessary to continue to deliver, grow, and improve the high demand for an Unmanned Aircraft System presence in current and future operations. The AF will also construct a large vehicle inspection station to greatly improve the force protection and operational capability of the forces at RAF Lakenheath in the United Kingdom.

TAKING CARE OF OUR PEOPLE

The Air Force sees a direct link between readiness and quality of life. The Air Force is committed to creating and maintaining a consistent, high quality, and safe environment in locations where Airmen work, train, reside, and recreate. Our Total Force Airmen are the most valuable assets we have in winning today's fight and ensuring our air, space and cyberspace dominance. We must continue to recruit, train, develop, and retain the best America has to offer. As our Air Force becomes more capable, more efficient and more lethal, so will our Airmen. The quality of life we provide for our Airmen and their families is a distinct determining factor in how long they remain in our service. The sacrifices our Airmen and their families make are enormous. We are deeply committed to providing every Airman and their family with the best possible quality of life as they serve our nation. In this year's budget we strive to promote a wide spectrum of projects that take care of our Airmen and their families; from quality family housing for our families, quality dormitories for unaccompanied Airmen, functional fitness centers, and safe child development centers, to realistic training and operational facilities.

Workplace

The Air Force is fully committed to the ensuring the safety and protection of human health for all of our personnel, both on and off duty. The Air Force evaluated its current injury and illness rates for Airmen and determined implementation of the Occupational Safety and Health Administration's Voluntary Protection Program (VPP) would improve upon that commitment. VPP implementation historically results in a major reduction in illness/injury compared with non-VPP sites in like industries, and reductions on the order of 50% are not uncommon. The Air Force formalized this commitment to VPP last August through signing of a partnership agreement between the Air Force and OSHA. The agreement included a commitment to reduce civilian and military workforce injuries and illness by at least 3% per year and to expand participation in VPP and increase awareness of the value of effective safety and health management. Currently, 20 Air Force installations have begun work toward implementing the elements of VPP, and five will be ready to apply for formal OSHA evaluation and designation in 2008—Altus AFB, OK; Hanscom AFB, MA; Tinker AFB, OK; Robins AFB, GA; and Eielson AFB, AK. Eventually all Air Force installations both in the continental United States and overseas will use this tool. To make sure the Air Force is gaining from others who have improved workplace safety, we are working closely with civilian companies who have proven their commitment to the highest level of health and safety performance. We have already learned from these companies and have used their experiences to improve our safety processes, and also have found VPP implementation a common element at these high-performing organizations. Our ultimate goal is to make VPP a way of thinking both on duty and off duty for our Airmen. VPP is one way to give our Airmen the safest possible environment in which to work and live.

Energy

The Air Force Model Energy Base Initiative is testing the breadth of initiatives and best practices in facility management, aviation fuel reduction, and ground vehicle management. McGuire AFB, NJ and Barksdale AFB, LA are the two bases selected to demonstrate the effectiveness of comprehensive efforts by the AF to implement its energy strategy. McGuire AFB was selected because it represented for the Air Force a base with an Air Mobility mission in a region with a large heating load in the winter. Barksdale AFB represents an air combat mission with a large cooling load in the summer. The Air Force will be disseminating lessons learned and best practices throughout the organization as they become available, and will share with our sister services and other energy partners.

Under the Air Force Smart Operations for the 21st Century processes, we have established the HQ Air Force Energy Senior Focus Group and Provide Infrastructure Working Group which look at four strategic pillars to maximize our energy efficiencies: Improve current infrastructure, improve future infrastructure, expand renewables, and manage cost. We have established metrics to track compliance with executive orders and Air Force guidance.

We are continuing our aggressive stance with five major energy-related EUL projects: solar energy at Edwards AFB, CA; Luke AFB, AZ; and Kirtland AFB, NM; a coal-to-liquid fuels project at Malmstrom AFB, MT; and a prospective nuclear energy project at a location yet to be identified.

Family Housing

The Air Force Family Housing Master Plan details our Housing military construction, operations and maintenance, and privatization efforts. To implement the plan, our FY 2009 budget

request for family housing is just under \$1 billion. Consistent with Department of Defense Strategic Planning Guidance, the Air Force is on track to fund projects through 2009 that will eliminate inadequate overseas housing.

For FY 2009, the requested \$396 million for our housing investment program will replace and improve more than 2,100 housing units at eight overseas bases. An additional \$599 million will pay for operations, maintenance, utilities and leases to support the family housing program.

We have used the privatization authorities granted by Congress to accelerate our family housing improvement program. By FY2009, the AF will privatize 41,500 housing units, and with the funding of the FY2009 PB the AF plans to privatize an additional 4,300 housing units. The Air Force projects it will have strategically leveraged more than \$350 million in government investment to bring almost \$6 billion in private sector total housing development. That is sixteen dollars of private investment for each public tax dollar. The Air Force is evaluating the privatization of remaining CONUS installations where feasible.

Unaccompanied Housing (Dormitories)

The FY 2009 total Air Force requirement for dormitory rooms is 60,200. We have made great progress using the three-phased investment strategy outlined in our Dormitory Master Plan (DMP). Phase I, now construction complete, eliminated central latrine dormitories. With the FY 2007-2009 MILCON programs we have the necessary funding to complete Phase II of our DMP, which is our permanent party and pipeline dorm room shortage (deficit), by building new dormitories. In Phase III, now underway, we will replace existing dormitories at the end of their useful life with a standard Air Force-designed private room configuration under the 'Dorms-4-

Airmen' concept. Our 'Dorms-4-Airmen' concept capitalizes on our wingman strategy and keeps our dorm residents socially and emotionally fit.

Our FY 2009 Program reflects this strategy. The \$104 million request for dormitory investment will replace or construct more than 1,400 rooms for unaccompanied personnel at three CONUS bases. We are equally committed to providing adequate housing and improving the quality of life for our unaccompanied junior enlisted personnel as we are to our families.

Fitness and Child Development Centers

The Air Force maintains its strong commitment to the 'Fit-to-Fight' program. Fitness and exercise is a regular part of Airmen's lives as they prepare to meet the rigors of the expeditionary environment. Our goal is to replace at least one fitness center per year until we have the resources to do more. This year we will construct a new fitness center at Dover AFB, Delaware.

We also remain committed to our Air Force families and we are dedicated to providing them with adequate and nurturing child care facilities. The most urgent need in 2009 is at Columbus AFB, Mississippi. Its current facility only meets half of the childcare requirement and is being supplemented by a leased trailer. Our \$8M FY09 MILCON project will construct a Child Development Center to provide supervised care for 128 infants and preschool children.

Operations and Training

Our MILCON program supports our expanded view of quality of life for Airmen by providing facilities from which to train in and operate. New Security Forces Operations and Communications facilities in Burlington, Vermont will provide the men and women of the Air National Guard in one of our most stressed career fields with functional, up-to-date facilities to meet necessary training and day-to-day operational requirements. This year's program also

includes a 56-position Combat Arms Training and Marksmanship facility at Maxwell AFB, Alabama to supplement the existing, undersized, high-demand range. The range enables the continuing improvement of our Air and Space Basic Course by providing combat-focused training to our junior officers. Finally, a recapitalization project at the Air Force Academy concludes the phased upgrade of the Fairchild Hall academic building.

Environmental Management Programs

Our environmental management programs continue to ensure our most basic quality of life needs are being met for our Airmen and surrounding communities: clean air, clean drinking water, and healthy working and living conditions for our workforce and base residents. We are also implementing refinements to our environmental management approach to incorporate best practices where we find opportunities. All Air Force installations have put in place and continue to utilize their Environmental Management Systems to identify environmental aspects of base operations, assess their impacts, and allow commanders to make informed decisions and investments to reduce environmental risks and compliance costs. I also challenged our installation commanders to significantly reduce new environmental enforcement actions last year, and I'm proud to tell you we cut our new enforcement actions by 39% from FY05 to FY07--a major success story. We intend to cut enforcement actions by another 14% in FY08.

PREPARING FOR TOMORROW'S CHALLENGES

Our third priority is to prepare for tomorrow's challenges. Our 2009 MILCON program is a direct reflection of our strong commitment to the current and future success of our Air Force and is heavily weighted toward preparing for tomorrow's challenges by addressing our most critical modernization and recapitalization needs. The \$493 million FY 2009 Total Force military

construction program consists of 32 projects that are essential to modernization and recapitalization,

The F-22 Raptor is the Air Force's primary air superiority fighter and key enabler, providing operational access, homeland and cruise missile defense, and force protection for joint forces. Combat-capable Raptors are in full rate production on the world's only 5th generation production line. Elmendorf AFB, Alaska will be the second operational Raptor base, and Holloman AFB will be the third. We are constructing 13 projects to continue to beddown the world's premier fighter at a cost of \$197 million. The F-35 Lightning II Joint Strike Fighter is our 5th generation multi-role strike fighter aircraft optimized for air-to-ground attack. The F-35 will recapitalize combat capabilities currently provided by the F-16 and A-10, and will complement the capabilities of the F-22. A student dormitory project at Eglin AFB, Florida continues the beddown for joint F-35 training squadrons. To provide the best possible training to our aircrews by using a professional adversary force of pilots and controllers, the Air Force is pressing forward with its vision for a more robust Aggressor program. Constructing a squadron operations facility and aircraft maintenance unit at Nellis AFB, Nevada supports the beddown of a full 24-aircraft F-16 Aggressor squadron.

Our Tactical Air Controllers are embedded with ground forces, directing Air Power in support of ground operations. This year's MILCON program provides the 3rd Air Support Operations Group with a Joint Air Ground Center at the unit's host Army installation, Fort Hood Texas. This facility supports the US Army's brigade transformation and provides Air Force Tactical Air Controllers with the training space required to support the critical Close Air Support mission.

We are modernizing and recapitalizing our facilities in support of large-frame aircraft as well. The C-17 continues its outstanding support for humanitarian operations and the Joint warfighter. The addition and alteration of simulator facilities at Charleston and McChord Air Force Bases will greatly improve the program's training efficiency. A MILCON project at Cheyenne, Wyoming constructs a C-130 squadron operations facility to support daily 24-hour operations for airborne firefighting, aeromedical evacuation, and homeland defense missions. Tinker AFB is also receiving a hangar to satisfy scheduled maintenance requirements for Air Force Reserve and Air National Guard associate KC-135 units.

Intelligence, Surveillance, and Reconnaissance (ISR), communications, and space systems play an ever-increasing role in what we do. The Total Force Initiative (TFI) Information Operations Squadron Facility at New Castle, Delaware will provide real-time information operations mission support, analysis, and feedback of reconnaissance missions around the world supporting commanders in the field.

Depot Maintenance Reengineering and Transformation (DMRT) remains essential to revitalizing depots using "LEAN" principles to increase aircraft availability by reducing depot cycle time, defects, and costs. This program has played a significant role in transforming our industrial base to more effectively support warfighter requirements. The 2009 program supports the DMRT initiative with two projects, one at Robins AFB, Georgia and one at Tinker AFB, Oklahoma, together totaling \$73 million.

The 2009 military construction program has five other infrastructure modernization projects worth \$109 million. These projects cover the spectrum from a SOCCENT headquarters facility at MacDill AFB, Florida and personnel moves in the National Capitol Region, to an

infrastructure project on Guam that enables the relocation of a Combat Communications unit from Kadena AB, Japan to Andersen AFB, Guam. These projects recapitalize our aging infrastructure and enable us to support our vision for a modernized force.

BASE REALIGNMENT AND CLOSURE

The ongoing implementation of Base Realignment and Closure recommendations is among the Air Force's efforts to transform the Total Force. In this round of BRAC, 78% of our required actions involve the Air Reserve Component while in past rounds, fewer than 20% involved the Air National Guard and Air Force Reserve. This transformational effort across the force will ensure the Air Force is more lethal, agile, and capable of maintaining total dominance in air, space, and cyberspace domains.

Joint Basing

We have a long and successful history of working toward common goals in a Joint environment, without compromising Air Force principles and the well-being of our people. Joint Basing initiatives are no exception. Therefore, to guarantee success, each Joint Base should be required to provide an appropriate setting to all of its assigned personnel to facilitate mission success and provide improved quality of life. Our Airmen, Soldiers, Sailors, Marines, DoD Civilians and their families will benefit from efficient, consistent Installation Support Services. These standards will ensure the Air Force and our sister Services continue to provide all personnel with the level of Installation Support Services they deserve. Our base commanders and their local service providers are, of course, on the front lines of our efforts to maintain and improve services. As we work with the Office of the Secretary of Defense (OSD) and our sister Services, we will ensure all Joint Basing initiatives contribute to DoD's ability to perform its

mission. A Senior Joint Base Working Group, led by the Deputy Under Secretary of Defense (Installations & Environment), is developing policy to implement joint bases by September 15, 2011, in accordance with BRAC law. The group is in the process of defining common standards for delivery of service of installation support functions before they are transferred. Once standards and corresponding performance metrics are established, the bases will develop formal support agreements and implementation plans in order to proceed with the joint base construct.

San Antonio Medical Merger

In San Antonio, the Air Force is the lead for implementing one of the most complex sets of BRAC recommendations in history. Along with our sister Services, and the TRICARE Management Activity, we continue to make significant strides to change the way military health care is delivered, and to consolidate all Services' enlisted medical education and training from across the U.S. onto a single campus at Fort Sam Houston, and to centralize a significant part of military medical research.

Execution of BRAC recommendations in San Antonio is fully funded and on-schedule. On January eleventh of this year, the Corps of Engineers broke ground on a ninety-two million dollar Battlefield Health and Trauma Research facility which will be integral to developing life saving medical care for our war-fighters. Additionally, beginning this year, we will begin constructing instructional facilities, dining facilities, and dormitories in direct support of world-class training for our Joint medics. Just this month, two dormitory contracts have been let in support of this effort.

BRAC 2005 Execution Report Card

Managing and executing the multi-million dollar program, with diverse interests,

locations, and economic influencers involved, is a major endeavor. As a result the Air Force underwent an effort to identify, analyze and define its requirements and the assets needed to implement its program.

The Air Force has executed 80 percent of our Fiscal Year 2007 BRAC MILCON projects, with the total contract awards staying within 99 percent of the original programmed amount. I am content with the current working estimates for our unexecuted Fiscal Year 2007 projects and confident we will award the projects and stay within budget. Current working estimates for the Air Force Fiscal Year 2008 BRAC MILCON projects again show we should execute within our overall programmed amount.

The \$939 million Omnibus reduction to the Department of Defense BRAC 2005 account must be restored. If left unfunded, the reduction will result in the Air Force receiving \$235M less than required in Fiscal Year 2008. The Air Force will experience delays and disruptions in construction and the movement of our people and assets. Delays will impact our ability to meet mandated completion deadlines and could ultimately result in a failure to complete mandated actions. Prompt action and restoration of full funding will permit us to stay on course in executing our obligations for timely completion of the BRAC recommendations as approved by the Congress. We solicit your support in advocating that action occur.

AIR FORCE REAL PROPERTY AGENCY BRAC AND REAL ESTATE

The Air Force is a federal leader in the implementation of the real property management principles outlined in Presidential Executive Order 13327, *Federal Real Property Asset Management*. We aggressively manage our property assets to deliver maximum value for the taxpayer, support to the Air Force warfighter, and improved quality of life for our Airmen and

their families. The Air Force is achieving these priorities through two fundamental efforts: (1) completion of our BRAC property disposal mission; and (2) leveraging the value of our non-BRAC property assets using a suite of property management and disposal tools.

The Air Force has successfully deeded 85 percent of the 87,000 acres of legacy Air Force BRAC property to date. The highly successful reuse of Air Force base closure property led to the creation of tens-of-thousands of jobs in the affected communities. To complete the clean up and transfer of remaining property, the Air Force is partnering with industry leaders on innovative business practices for its “way ahead” strategy. These include an emphasis on performance-based environmental remediation contracts, using such performance-based contracts on regional clusters of BRAC bases, and innovative tools such as early property transfer and privatization of environmental cleanup. Our objectives remain constant and clear: (1) provide reuse opportunities that best meet the needs of the Air Force and local communities, (2) move the process along smartly in each situation to get property back into commerce as soon as practical, and (3) provide transparency throughout the process. Of the 32 legacy BRAC bases slated for closure, the Air Force has completed 19 whole-base transfers. The remaining 13 are targeted for transfer by 2010.

As the Air Force transfers BRAC property for civic and private reuse, it is paramount that we ensure any past environmental contamination on the property does not endanger public health or the environment. The Air Force will continue to fulfill this most solemn responsibility, as reflected in our FY 2009 request of \$120 million for legacy BRAC clean up activities.

At our non-BRAC Air Force installations, we continue to reshape our infrastructure to meet the demands of the 21st century. The Air Force seeks fair market value for disposal or

outgrants of property, and uses new tools, such as Enhanced Use Leasing, or EUL, authority, to optimize our resources and obtain value from our underutilized or excess capacity -- value we can return to the warfighter.

EUL constitutes a rapidly growing segment of our efforts to leverage the value of our property assets. EUL allows the Air Force to lease military property that is currently underutilized, but that is still needed for future mission needs, to private industry and public entities in exchange for cash or in-kind consideration that will provide certain services, facilities, or property repair and renovations to the Air Force. EULs are win-win scenarios for all involved. Through EUL projects, developers can establish long-term relationships with private and government partners who are potential tenants with specific real estate needs. Additionally, developers can receive market rates of return on design, construction, maintenance, tenant leases and property management activities. The Air Force Enhanced Use Lease Program is active with 21 projects undergoing feasibility studies across the nation. A 10 USC 2869 exchange is another asset management tool, allowing the Air Force to work with communities to find effective win-win solutions to the disposal of BRAC and non-BRAC property. Communities benefit from receipt of real property, in exchange for which, value is returned to the Air Force in the form of approved MILCON projects. The Air Force is actively engaged in 2869 exchanges at Lynn Haven, FL and Norwalk, CA.

MAINTAINING OUR FACILITIES AND OPERATIONAL INFRASTRUCTURE

The Air Force remains focused on sustaining, restoring, and modernizing our operational infrastructure. Through our “Corps of Discovery” partnerships, we have been benchmarking the “best of the best” asset managers that our country has to offer. We are finding and implementing

ways to manage better, utilize resources more wisely, leverage private sector investment potential, and use smart information technology. Our aim is to effectively manage assets by optimizing resources to deliver operational infrastructure for the warfighter at our installations and ranges. In 2009, we have focused sustainment funding on keeping our “good facilities good” and targeted limited Restoration and Modernization (R&M) funding to fix critical facility and infrastructure deficiencies to maintain readiness.

Our sustainment program is aimed at maximizing the life of our facilities and infrastructure in order to preserve our existing investment. Without proper sustainment, our facilities and infrastructure rapidly wear out. Additionally, commanders in the field are driven to use other operations and maintenance (O&M) accounts to address facility requirements that impact their mission capabilities.

When facilities require restoration or modernization, we use a balanced program of O&M and military construction funding to make them “mission ready.” Unfortunately, restoration and modernization requirements in past years exceeded available O&M funding, causing us to defer much-needed work. It is important for us to steadily increase the investment in restoration and modernization in order to halt the growth of this backlog, while fully funding sustainment to maximize the life of our facilities and infrastructure.

The Air Force Total Force sustainment funding request in FY 2009 is \$2 billion, 90% of the amount called for by the Facility Sustainment Model (FSM). The FY 2009 Total Force R&M funding request is \$514 million, a much needed improvement over our FY 2008 PB request. This is an area where the Air Force is taking manageable risk given our other budgetary priorities.

DEMOLITION OF EXCESS, OBSOLETE FACILITIES

In addition to modernizing and restoring worn out facilities, we also demolish excess and obsolete facilities. This ensures funds are focused on facilities we need, not on sustaining those we do not. For the past ten years, the Air Force has aggressively demolished or disposed of facilities that were unneeded or no longer economically viable to maintain. From FY 1998 through FY 2007, we demolished 27.3 million square feet of non-housing facilities and infrastructure at a cost of \$303 million in O&M funding. This is equivalent to demolishing more than three average size Air Force installations and has allowed us to target our O&M funding on facilities we need for the long-term mission. As part of its transformation vision, the Air Force will continue to aggressively identify opportunities to eliminate excess and obsolete facilities.

PLANNING AND DESIGN/UNSPECIFIED MINOR CONSTRUCTION

This year's Air Force MILCON request includes \$88 million for planning and design (P&D), of which \$8 million is for military family housing. The request includes \$71 million for active duty, \$5 million for the Air National Guard and \$4 million for the Air Force Reserve. These funds will allow us to complete the design work for FY 2010 construction programs and to start the designs for FY 2011 projects, allowing us to award contracts in the year of authorization and appropriation.

This year's request also includes \$28 million for the Total Force unspecified minor construction program, which is our primary means for funding smaller projects.

ENERGY STRATEGY

The increasing costs of energy and our commitment to reducing our dependence on foreign oil have led to the development of the Air Force energy strategy—to reduce demand, increase supply, and change the culture within the Air Force so that energy is a consideration in

everything we do.

In view of this commitment, the Air Force is implementing aggressive demand side fuel optimization and energy efficiency initiatives on each of our three energy sectors: aviation operations, ground transportation and support equipment, and installations. We are also assuring energy supply side availability of fuel for our aircraft, ground vehicles and equipment, and our facilities through initiatives such as testing and certifying our aircraft to use synthetic fuel and exploring public-private partnerships so that renewable sources of energy are available. Third, and perhaps the most important element of our energy strategy, we are ensuring that our strategy transcends the present to create a lasting culture of change in all Airmen so that energy becomes a consideration in all we do through the strong involvement of our senior leadership, changes to our training and curricula at all levels throughout the Air Force and communication efforts so that every Airman knows the importance of what they are doing to conserve energy.

Synthetic Fuel

Taking the lead to reduce dependence on foreign oil, the Air Force is evaluating a broad range of energy alternatives and the Air Force Synthetic Fuels Initiative is a key part to our energy strategy. As the DoD's leading consumer of jet fuel, we are currently engaged in evaluating alternative fuels and engine technologies leading to greater fuel efficiency. We've certified the B-52 to fly on a synthetic fuel blend, and are on track to test and certify the C-17, B-1 and F-22 in the near future, with the entire Air Force fleet certified by early 2011.

The Air Force goal is to cost-effectively acquire 50 percent of our contiguous United States (CONUS) aviation fuel via a synthetic fuel blend utilizing domestic feedstocks and produced in the United States by 2016, with the intent to require that the synthetic fuel purchases

be sourced from suppliers with manufacturing facilities that engage in carbon dioxide capture and effective reuse.

The Air Force has stated its commitment to purchase alternate fuels that have a greener footprint than currently-available alternatives. And of course, we will ensure we take all necessary steps to protect human health and the environment in compliance with local, state and federal law, including the National Environmental Policy Act and Section 526 of the Energy Security and Independence Act of 2007. By requiring carbon dioxide capture and effective reuse for our Synthetic Fuels Initiative, the Air Force is ensuring that lifecycle greenhouse gas emissions associated with the production and combustion of synthetic fuel purchased for general use have lower emissions than those from conventional petroleum sources.

Reduction of Facility Energy Usage

The Air Force has an aggressive facility energy conservation program that achieved an impressive 30% reduction in energy use over the past 20 years. Your Air Force is the Federal Government's largest purchaser of "green power" and the third largest in the nation overall. Thirty-seven of our bases purchase green power - at Dyess AFB, TX, Fairchild AFB, WA, and Minot AFB, ND, 100 percent of the electrical energy purchased came from renewable sources.

Public-Private Partnerships and Energy Enhanced Use Leases

The Air Force continues to look for opportunities at our installations for installing and developing renewable energy projects for wind, solar, biomass, waste-to-energy, landfill gas and geothermal power as well as commercial-scale ethanol and biodiesel fuel plants.

At Nellis AFB, NV, through a public-private partnership with Powerlight, a subsidiary of Sun Power Corporation, we installed the largest solar photovoltaic array in the Americas. It became operational in November and produces over 14.2 megawatts of clean, renewable, power.

Overall, this renewable source of power results in a cost savings of nearly \$1 million a year for the installation and the American taxpayer.

On under-utilized land at Malmstrom AFB, MT, the Air Force is exploring the potential for a publicly financed and operated coal-to-liquid fuel plant. We held an industry day on January 31, 2008, at Malmstrom to provide the opportunity for potential partners to learn about the project and the installation's assets. Similar to the solar energy EUL projects we are pursuing at Edwards AFB, CA; Luke AFB, AZ; and Kirtland AFB, NM; this private-public partnership would allow a private industry to utilize Air Force property in return for in-kind considerations.

Nuclear Energy

We are also looking into the merits of hosting a nuclear power plant on an Air Force installation, at the request of members of the Senate. Given the energy requirements of our air bases, as well as the unique demands of some of our remote installations, small modular nuclear reactors seem to provide a viable option to meet our future energy demands. We believe that the market is best suited to identify technological and economic winners. We expect the nuclear power project to be commercially funded and financially viable with normal commercial risk. In all cases, the Air Force would not develop, design, own, operate, or be the licensee for the nuclear power plant. We are in the process of gathering and assessing responses to a Request for Information from industry. The current estimate is that any plant built and operated pursuant to this initiative could be operational in latter half of next decade. Under ideal circumstances the Air Force intends to sign one or more letters of intent with viable consortiums by October 2008.

Alternative Vehicles and Fuels

We currently have over 5,200 FlexFuel vehicles in our fleet and nearly 8 percent of our

diesel fuel is B20, which is a blend of 80 percent conventional diesel and 20 percent renewable bio-fuels. We spent approximately \$10 million on alternative fuels alone for ground vehicles and equipment in FY07 and have budgeted over \$100 million over the next five years for alternative fuel and low-speed vehicles.

Greenhouse Gas Emissions

The Air Force recognizes that energy and environmental management decisions are essentially two sides of the same coin; the interdependence between the two areas is clear. While our overall energy strategy is driven by the imperative to ensure the security and sustainability of mission critical energy resources, likewise, our environmental management strategy is looking beyond the regulatory paradigm to ensure mission needs are supported by sustainable environmental practices.

As an Air Force with global reach and alliances, we are well aware of the international concern regarding greenhouse gas emissions, and recognize the importance placed on greenhouse gas emissions management by our allies, global partners, and here in the homeland. In order to make proactive, informed decisions about greenhouse gas emissions management with respect to energy use, alternate energy options, as well as chemical use, land management and process improvement opportunities, the Air Force has initiated a comprehensive greenhouse gas inventory to identify overall greenhouse gas emission sources from a “top down” aggregate energy use perspective, as well as from a detailed “bottom up” perspective, identifying greenhouse gas emissions from material usage and process activities. Further, we are identifying and quantifying biological carbon sequestration on our Air Force properties so that biological sequestration opportunities are understood as we manage over 9.8 million acres of Air Force

installations and military range lands. We intend to complete our first comprehensive inventory by September 1st of this year.

UTILITY PRIVATIZATION

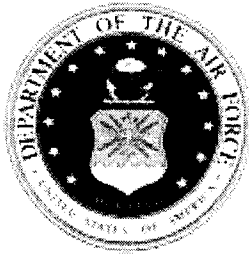
Turning to utilities privatization, similar to our efforts in privatizing housing, the Air Force is privatizing utilities where it makes economic sense and does not adversely affect readiness, security, or mission accomplishment. Because installations are key to our operational capabilities, our network of bases provide necessary infrastructure for deploying, employing, and sustaining air and space operations and re-deploying and reconstituting the force afterwards. Reliable utility systems are critical infrastructure components and essential to air operations and quality of life at every Air Force base. Additionally, these systems must be consistent with modern technology to optimize energy conservation. We believe privatization offers an important tool in the toolbox for simultaneously meeting both these requirements.

To date, under OSD's utilities privatization program, the Air Force has conveyed 14 systems under 10 U.S.C. 2688 and 6 additional systems using standard FAR clauses, for a total of 20 privatized systems with a plant replacement value in excess of \$300 million. We are currently evaluating an additional 335 systems for privatization. Additionally, where market conditions may have changed, we plan to re-solicit 145 systems previously determined "uneconomic." We anticipate possibly privatizing another 10 systems in FY 2008. By the time the program concludes, we now anticipate more than half of about 500 systems could be privatized. During the course of this process, we further expect many competitive solicitations will end up as sole source procurements from local utility companies.

CONCLUSION

The current and future readiness and capability of our Air Force to deter our enemies and, when necessary, fight and win our nation's wars, depends heavily upon the state of our power projection platforms - our installations. As the Air Force continues to modernize and recapitalize, we will continue to wisely invest our precious military construction, operations and maintenance, BRAC, military family housing, energy, and environmental funding to win today's fight, take care of our people, and prepare for tomorrow's challenges.

Thank you Mr. Chairman.



BIOGRAPHY

UNITED STATES AIR FORCE

WILLIAM C. "BILL" ANDERSON

William C. "Bill" Anderson is Assistant Secretary of the Air Force for Installations, Environment and Logistics, Washington, D.C. and the Air Force's Senior Energy Executive. As Assistant Secretary, he heads three division departments that deal at the policy level with Air Force facility and logistical issues. The department's responsibilities include installations, military construction, base closure and realignment; environment, energy, safety and occupational health issues; and all logistical matters.

Mr. Anderson was born in Syracuse, N.Y. He is a graduate of Washington College in Chestertown, Md., and earned his law degree with honors from Syracuse University. He has also studied in the master's program for international business at the University of Miami. Mr. Anderson is a member of the Maryland and Florida Bars.

Mr. Anderson served in a variety of financial and tax consulting positions at Merrill Lynch & Co., Inc., Arthur Anderson & Co., and Ryder Systems, Inc. He then joined the General Electric Company holding a variety of positions, including Tax Counsel, General Counsel and Director of Environmental and Quality Affairs for General Electric's electrical products business in Europe. He returned to the U.S. as their General Manager and Senior Counsel, Environmental Health and Safety.



EDUCATION

- 1980 Bachelor of Arts degree in history, Washington College, Chestertown, Md.
- 1983 Juris Doctorate degree, Syracuse University, N.Y.

CAREER CHRONOLOGY

1. 1984 - 1985, financial consultant, Merrill Lynch & Co., Inc., Miami, Fla.
2. 1985 - 1987, senior tax consultant, Arthur Anderson & Company, Miami, Fla.
3. 1987 - 1990, senior tax specialist, Ryder Systems, Inc., Miami, Fla.
4. 1990 - 1991, Associate Tax Counsel - International, General Electric Company, Schenectady, N.Y.
5. 1991 - 1993, Tax Counsel, General Electric Electrical Distribution and Control, Plainville, Conn.
6. 1993, Integration Manager, General Electric AEG, Frankfurt, Germany
7. 1994 - 1996, General Counsel and Director, Environmental and Quality Affairs, General Electric Power Controls, Gent, Belgium
8. 1996 - 2005, General Manager and Senior Counsel, Environmental Health and Safety, General Electric

Consumer and Industrial, Plainville, Conn.

9. 2005 - present, Assistant Secretary of the Air Force for Installations, Environment and Logistics, Headquarters U. S. Air Force, Washington, D.C.

PROFESSIONAL MEMBERSHIPS AND ASSOCIATIONS

Maryland State Bar

Florida State Bar

Former Vice Chairman, Urban League of Greater Hartford, Inc.

Former Member, Advisory Board, Bureau of National Affairs Environmental Due Diligence Guide

Former Adviser, National Conference of Commissioners on Uniform State Laws

Drafting Committee on the Uniform Environmental Covenants Act

Former Legal Counsel, Florida Jaycees

Former Board Member, Puerto Rico - USA Foundation

(Current as of September 2007)