

DEPARTMENT OF THE AIR FORCE

PRESENTATION TO THE COMMITTEE ON ARMED SERVICES

SUBCOMMITTEE ON READINESS

UNITED STATES HOUSE OF REPRESENTATIVES

**SUBJECT: FISCAL YEAR 2008 AIR FORCE MILITARY CONSTRUCTION, BRAC
AND FAMILY HOUSING**

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(INSTALLATIONS, ENVIRONMENT AND LOGISTICS)**

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Mr. Chairman (Solomon Ortiz - TX), Congresswoman Davis (Ranking Member) and distinguished members of the committee, as our Nation, and Department, finds itself in a transition period, the Air Force continues to evolve and remain indispensable as threats emerge and change. The Air Force is the preeminent force for operations beyond the bounds of earth, and is vital and relevant in the conduct of ground operations as well. The Air Force has been continually engaged in War for the past sixteen years. The Quadrennial Defense Review (QDR) guides the Air Force and enables us to deliver sovereign options for the defense of the United States of America and its global interests. The Air Force is getting smaller, but our commitments have not. Airmen performing critical installations, environment and logistics tasks are intrinsic to every facet in the success of our missions. My Civil Engineers are critical to every facet in the success of our missions. We currently have over 2,500 engineers in the theater of operations directly supporting Operations Enduring Freedom and Iraqi Freedom. In order to fulfill our mission, we are making process changes at every level of the Air Force with results in resource savings and more efficient operations. We have more work to do, but by institutionalizing Air Force Smart Operations 21 (AFSO 21) concepts into our daily operations we are leaning our internal processes to reduce workload and reduce or eliminate unnecessary work. These efforts allow us to meet the enormous challenges of today, the foreseeable future, and ultimately, sustain and modernize the world's best air, space, and cyberspace force. In these tumultuous times our priorities remain consistent: fighting and winning the war on terror, developing and caring for our Airmen and their families, and recapitalizing and modernizing aging aircraft and spacecraft.

Air Force facilities, housing, 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 bases provide force projection platforms to support Combatant Commanders (COCOMS). Our bases *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 COCOM's to fight and win the war on terror, providing quality of life facilities, implementing BRAC, sustaining our infrastructure and striving to recapitalize our aging infrastructure, while proactively supporting the operational environment. We are the DoD's leader in expeditionary combat support and continue that role with pride. Our total force military construction, family housing, and sustainment, restoration, and modernization programs are paramount to successful operations and maintaining a reasonable quality of life for our men and women in uniform and their families.

The FY 2008 President's Budget request for Air Force construction is over \$2.3 billion, comprised of traditional MILCON (\$1.0B), BRAC 2005 (\$910M) and housing investments (\$363M). The Total Force MILCON portion (\$1B) of Air Force FY 2008 President's Budget (PB) construction request reflects our highest construction priorities. This request includes \$912 million for active military construction, \$86 million for the Air National Guard, and just over \$27 million for the Air Force Reserve. While the 2008 traditional MILCON budget request is approximately \$300 million lower than last year's, it reflects our highest priorities and most urgent needs. Unfortunately, we face demands on our resources that require some very tough choices. Our current challenging budgetary environment includes: increased operations, maintenance, and personnel costs; the cost of the long war; reduced Air Force total obligation authority (TOA); 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. In order to accomplish this we are accepting manageable risk in facilities and

infrastructure funding in order to bolster our recapitalization and modernization efforts. This budget carefully balances our facility operations and maintenance accounts for sustainment, restoration, modernization with military construction programs to make the most effective use of available funding in support of the Air Force mission. The Air Force Total Force sustainment funding in FY 2008 is \$2 billion, 92% of the amount called for by the Facility Sustainment Model (FSM). The FY 2008 Total Force restoration and modernization (R&M) funding is \$346 million.

The Air Force FY 2008 PB request of \$363 million for the Military Family Housing investment program balances new construction, improvements, and planning and design work. While we continue to strive to eliminate inadequate housing, we cannot allow more housing to fall into disrepair. In addition to the \$363 million requested for housing investment, we request nearly \$688 million for operations and maintenance, for a total housing investment of more than \$1 billion.

To continue our aggressive BRAC implementation schedule, the FY08 PB request includes \$1.2 billion for BRAC related activities of which \$910 million is construction. The Air Force is lead for 64 BRAC business plans and has financial equity in an additional 16 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 the Global War on Terror, support our Airmen and their families, and recapitalize and modernize our force. We believe the FY 2008 President's Budget proposal will provide the construction bedrock for continued success of our mission.

FIGHTING AND WINNING THE GLOBAL WAR ON TERROR

The Air Force's first priority is to fight and win the Global War on Terror (GWOT). We

plan to invest \$192 million on GWOT-related projects that support and enhance the AF's ability to deliver intelligence, maintenance, and operational capabilities to our COCOMs. At MacDill AFB, Florida the Air Force is executing two projects at Central Command (CENTCOM) by completing the Joint Intelligence facility and altering the CENTCOM headquarters facility. CENTCOM's area of responsibility is the geographic and ideological heart of the GWOT. A war without borders, it spans 27 countries in the Central Asian region of the world. The Joint Intelligence Center provides the CENTCOM Commander with the situational awareness and long range analyses needed to defeat adversaries within the AOR, promote regional stability, support allies, and protect US national interests, all aimed toward victory in the GWOT. Two projects at RAF Menwith Hill Station, United Kingdom and one at Offutt AFB, Nebraska enhance intelligence gathering and analysis capabilities for the United States and our allies. The Basic Expeditionary Airman Skills Training (BEAST) at Lackland AFB, Texas provides facilities for expanded field training that will equip our Airmen as they enter the Air Force with the warfighting skills and mindset vital in today's operational environment.

DEVELOP AND CARE FOR AIRMEN AND THEIR FAMILIES

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, reside, and recreate. Our Total Force Airmen are the most valuable assets we have in fighting the GWOT and ensuring our air, space and cyberspace dominance. We have to continue to recruit, train, equip, and retain the Airmen of tomorrow. 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 exceptional training and operational facilities.

Workplace

Work-related injuries cost the Air Force over \$130 million annually and have a significant impact on operational capability. Most importantly, workplace injuries negatively impact the quality of life for our Airmen and their families. One program being used to achieve a reduction in workplace injuries is OSHA's Voluntary Protection Program (VPP). The SECAF and CSAF have directed "launching the Voluntary Protection Program throughout the Air Force...for service wide implementation." Through VPP, every Airman and his Wingman are empowered to actively identify and take action to eliminate safety and health hazards in the workplace. Our goal is to offer an accident-free work environment for each and every Airman.

At Home

When Airmen deploy, time spent worrying whether their families are safe and secure is time not spent focusing on the mission. Quality of life initiatives are critical to our overall combat readiness and to recruiting and retaining our country's best and brightest. Our quality of life initiatives reflect our commitment to our Airmen.

Family Housing

The Air Force Family Housing Master Plan details our Housing military construction, operations and maintenance, and privatization efforts. It is designed to ensure safe, affordable, and adequate housing for our members. To implement the plan, our FY 2008 budget request for family

housing is over \$1 billion. Consistent with Department of Defense Strategic Planning Guidance, the Air Force is on track to fund projects through 2009 which will eliminate inadequate overseas housing.

For FY 2008, the requested \$363 million for our housing investment program will replace and improve approximately 2,100 housing units at eight overseas bases. An additional \$688 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 the beginning of FY08, we will have privatized over 44,000 housing units, or 72% of our US housing inventory, far exceeding the OSD goal of 60%. The Air Force is strategically leveraging its \$596 million investment to bring in \$7.37 billion in equivalent MILCON investment from the private sector; that is nearly fifteen dollars of private investment for each public tax dollar. The Air Force is aggressively researching privatization at remaining US MILCON installations where feasible.

Unaccompanied Housing (Dormitories)

The FY 2008 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. Phase I, now construction complete, eliminated central latrine dormitories. With the FY07 MILCON we have funding necessary to complete phase II of our Dormitory Master Plan, our 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 FY08 Program reflects this strategy. The \$47 million request for dormitory investment will replace 368 rooms for unaccompanied personnel at both stateside and overseas 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. Our goal is for Airmen to make fitness and exercise a regular part of their lives and prepare them to meet the rigors of a deployed environment, not simply to pass an annual fitness test. 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 Tyndall AFB, Florida.

We also remain committed to the children of our Airmen and are dedicated to provide them with adequate and nurturing day care facilities. In 2008 the most urgent need is at Patrick AFB, Florida. Our \$12 million effort at Patrick AFB will provide supervised care for 266 infants and preschool children, replacing a child development center that was established in a warehouse built in 1958.

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. A new Security Forces Operations Facility at Scott AFB, Illinois will provide the men and women of the active duty and National Guard in one of our most stressed career fields a functional, consolidated facility. The Fire

Training Facility at Ramstein AB is jointly funded by NATO and provides military critical live-fire and structural fire/crash rescue training. Finally, a recapitalization project at the Air Force Academy continues the phased upgrade of Fairchild Hall academic building. The final renovation and upgrade of Fairchild Hall will be complete with a \$15 million effort programmed in our FY09 MILCON program.

RECAPITALIZATION AND MODERNIZATION

Our third priority is to modernize and recapitalize the Air Force. Air forces succeed when they anticipate and are allowed to shape the future strategic environment, and ultimately develop the capabilities required for the next fight. Air forces succeed when they are able to organize, train, and equip themselves properly for both the current and future fights and purposefully build in the flexibility to operate across the spectrum of conflict and deliver effects at all levels of war – tactical, operational and strategic. Air forces succeed when they remain focused on their primary mission of providing asymmetric range and payload as an independent force that is part of an interdependent joint team. Our 2008 MILCON program is a direct reflection of our strong commitment to the success of our Air Force and is heavily weighted toward modernization and recapitalization support. The FY 2008 Total Force military construction program consists of 43 projects that are essential to modernization and recapitalization, totaling \$544 million.

The F-22A Raptor is the Air Force's primary air superiority fighter and key enabler, providing operational access, homeland defense, 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.

We are constructing five active duty and reserve projects to beddown the world's premier fighter at a cost of \$75 million. The F-35A Lightning II Joint Strike Fighter (JSF) is our 5th generation multi-role strike fighter aircraft optimized for air-to-ground attack. The F-35A will recapitalize combat capabilities currently provided by the F-16 and A-10 and will complement the capabilities of the F-22A. Projects at Eglin AFB, Florida begin the beddown for joint F-35 training squadrons and combines Air Force and Navy funding totaling \$74 million. Our legacy aircraft remain a vital part of our national defense. We are constructing much needed facilities for the Reserve F-16 Wing at Hill AFB, Utah and the active duty F-15 Wing at RAF Lakenheath, United Kingdom.

We are also modernizing the weapons these 5th generation aircraft and legacy stalwarts will carry. The Small Diameter Bomb (SDB) enhances our payload and strike capability while increasing the standoff distance for our pilots. We are constructing munitions storage igloos at RAF Lakenheath, United Kingdom and Ramstein AB, Germany to provide this capability to the warfighter where storage capacity does not exist. Our Tactical Air Controllers are embedded with ground forces, directing Air Power, like the SDB, in support of ground operations. This year's MILCON program provides active duty and Guard Air Support Operations Squadrons the facilities they need on Army installations like Fort Carson, Colorado; Fort Riley, Kansas; Camp Beauregard, Louisiana; and Fort Indiantown Gap, Pennsylvania. These facilities support US Army brigade transformation and provide the Air Force Tactical Air Controllers 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. MILCON projects at Altus AFB, Oklahoma; Hickam AFB, Hawaii; and Travis

AFB, California nearly completes the beddown of our inter-theater mobility workhorse. The C-5 provides the strategic span in our air bridge and we are investing in six projects worth \$50 million at Memphis, Tennessee and Martinsburg, West Virginia. Hangar projects at Davis-Monthan AFB, Arizona and Cannon AFB, New Mexico increase maintenance capabilities for Combat Search and Rescue EC-130s and AC-130s, respectively.

Intelligence, Surveillance, and Reconnaissance (ISR), communications, and space systems play an ever-increasing role in what we do. The Distributed Common Ground System (DCGS) provides real-time, net-centric, decision-quality information to commanders. Projects that enable the DCGS operations will be constructed at Hickam AFB, Hawaii; Hulman RAP Terre Haute, Indiana; and Otis ANGB, Massachusetts. MILSTAR is a joint service communications system that provides secure, jam-resistant, worldwide communications to meet essential wartime requirements for high priority military users. Investments at McGhee Tyson IAP, Tennessee support this vital communications beddown. The lethal combination of air and space assets the United States possesses gives us capabilities that are unmatched. The Air and Space Integration facility at Schiever, AFB, Colorado enables us to continue this dominance and widen the gap on our adversaries. Finally, the Communications Frame facility at Bolling AFB will modernize this critical node for communications in the National Capital Region.

Depot Maintenance Reengineering and Transformation 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 support warfighter requirements more effectively. The 2008 program continues with four projects at Hill AFB, Utah; Robins AFB, Georgia; and Tinker AFB, Oklahoma totaling \$66 million.

The 2008 military construction program has six other modernization infrastructure

projects worth \$178 million. These projects span the globe; from a Mobility Processing Center in Germany and storm damage repair in the Gulf of Mexico, to an infrastructure project on Guam that provides increased force protection for the entrance to Anderson AFB. These projects recapitalize our aging infrastructure and enable us to support our vision for a modernized force.

BASE REALIGNMENT AND CLOSURE

As we continue supporting our three main priorities, implementing the Base Realignment and Closure (BRAC) recommendations is an important vehicle for the Air Force to ensure we are more lethal, agile, and capable of maintaining total dominance in air, space, and cyberspace domains. While the Commission's final decisions fell short of the Air Force's overall goals for BRAC, particularly in eliminating excess physical capacity, they did help the Air Force take a major step towards reshaping its Total Force structure. The Joint Cross Service Group recommendations which make up the vast majority of the FY08 PB request are pivotal to transforming the way the Air Force and our sister services train and fight together.

The Air Force developed and is implementing an aggressive schedule for its BRAC 2005 recommendations, and we are working in close partnership with our Joint partners and with the Air National Guard, the Air Force Reserve, and our major commands to further develop and refine this schedule.

The Air Force is lead military service for 64 BRAC Business Plans, and has equity in an additional 16. Our FY08 BRAC program is comprised of \$910 million in MILCON, \$223 million in O&M, and the balance in the personnel and environmental accounts. Of the \$910 million in MILCON projects, \$749 million is driven by Joint Cross Service Group recommendations. Joint interdependence adds complexity to the execution of this BRAC funding. Business Plans developed to assist in execution of BRAC actions have been coordinated and

approved by OSD and also coordinated with other Service agencies. Coordinating, completing, and implementing these plans will ensure the Air Force is successful in effectively and efficiently implementing the BRAC 2005 recommendations. We are confident the Air Force is heading in the right direction. We believe if we stay on course we can meet all expectations and objectives of the BRAC 2005 round, while minimizing disruptions to the mission, our warfighters, their families, and the communities that support our Air Force.

Given the many external influences, and as good stewards of taxpayer dollars, we cannot look at BRAC implementation as an isolated activity. To be successful, we must orchestrate BRAC implementation activities in concert with new Air Force mission beddowns, legacy weapons systems and force drawdowns, emerging missions, Total Force Integration (TFI), and cross Service initiatives. An example of our attainment of this objective from BRAC 2005 recommendations is at Kulis Air National Guard Base, Alaska. The 2005 BRAC Commission recommended that, contingent on the availability of adequate military construction funds to provide the necessary replacement facilities at Elmendorf AFB, Kulis ANGB be closed. After an in depth analysis of detailed concepts of operations and available infrastructure, the Air Force, the Air National Guard, Pacific Air Forces, and my staff, collectively concluded on Jan 30, 2007, that operations at Kulis ANG Base could and would be relocated to Elmendorf.

When this move is complete, the 176th Wing, Kulis ANGB and the 3rd Wing, Elmendorf AFB will form one, in a growing number of, Air National Guard and active duty associate units in the Air Force. This association will facilitate a unique opportunity for the Air Force to merge all our Total Force elements - Air National Guard, Air Force Reserve and active duty operations - across multiple mission areas, including airlift, Combat Search and Rescue, Airborne Warning and Control Systems and 5th generation fighters, all in one location and in a theater key to our

global activities.

Joint Basing

The concept of Joint Basing poses new BRAC implementation challenges and is also an example of transformational joint activity. Under this concept, adjoining Service installations or installations in close proximity would share common in installation, support and management activities. Of the 12 recommended joint bases, 10 of them involve Air Force installations, with the Air Force designated as the lead service for six. A Senior Joint Base Working Group, led by the Deputy Undersecretary of Defense (Installations & Environment), developed guidance to implement the Joint Basing concept by October 1, 2007. The Air Force continues to work with OSD to refine the implementation guidance.

The Air Force believes that for the welfare of the warfighter and their families that Joint Basing must be a raging success. To that end, the Air Force stands ready to step into the lead role at each installation where the Air Force has equity.

Environmental Cleanup and Property Transfer

As stewards of public assets the Air Force must manage them to achieve maximum value for the taxpayer while at the same time overseeing those assets with the utmost regard for environmental issues.

Environmental clean up and transfer of BRAC real property is often technically challenging and has involved extended timeframes to complete. Nevertheless, the Air Force has deeded 82% of 87,000 acres of BRAC property from previous BRAC rounds. Our real property disposal efforts have led to the creation of more than 54,000 reuse jobs in the affected communities. To complete the clean up and transfer of the remaining property, the Air Force is

attempting to leverage private sector experience in redeveloping former industrial property similar to Air Force facilities. Our way ahead for legacy BRAC property includes an emphasis on performance-based contracting including guaranteed fixed price terms, regionalized contracts, and innovative tools such as early transfer, negotiated sales, and privatization. Our objectives remain 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 in the process.

The Air Force takes serious its responsibility to protect human health and the environment. Since 1991 we have spent \$2.6 billion on environmental clean up at our BRAC installations - an investment that protects human health and the environment for our Airmen, our communities, and future generations.

Way Ahead

As you are well aware the House and Senate recently approved a Continuing Resolution Authority which approved \$2.5 billion in BRAC funding for the Department of Defense, which is \$3.1 billion less than requested for FY 2007. If left unchanged, the reduction will result in the Air Force receiving far less than expected in FY 2007 funding. If not corrected, the Air Force, and our sister services will have to re-evaluate our plans and will likely experience delays and disruptions in construction and the movements of our people and assets. Delays could impact mission readiness and the ability to meet mandated completion deadlines.

Prompt action and restoration of full funding will permit the Air Force to stay on course in executing our obligation for timely completion of the BRAC recommendations approved by the Congress.

We solicit your support in advocating that action.

ENHANCED USE LEASING

At remaining non-BRAC facilities, the Air Force is reshaping our infrastructure to meet the demands of the 21st century. The Air Force seeks fair market value and utilizes new tools such as Enhanced Use Leasing to optimize our resources and obtain value from our excess capacity - value we can return to the warfighter. Enhanced Use Leasing allows undeveloped and unused military facilities to be used by private industry, by leasing them to private entities. For example, an Enhanced Use Lease of a vacant 8.33-acre parcel on Kirtland AFB in New Mexico, allows the New Mexico Institute of Mining and Technology to construct a 20,000 square feet commercial office building lab research facility and secondary educational facility, which provides rent to the Air Force and will improve scientific and educational opportunities for Kirtland AFB, the Air Force Research Laboratory, New Mexico Tech and the public in general. The Air Force has six current and pending Enhanced Use Lease projects and twenty potential Enhanced Use Leases across the country.

MAINTAINING OUR FACILITIES AND OPERATIONAL INFRASTRUCTURE

The Air Force remains focused on sustaining, restoring, and modernizing our operational infrastructure. 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 manage assets by optimizing resources to deliver operational infrastructure for the warfighter at our installations and ranges. In 2008, 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 wear out more rapidly. In addition, commanders in the field use 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 in FY 2008 is \$1.99 billion, 92% of the amount called for by the Facility Sustainment Model (FSM). The FY 2008 Total Force R&M funding is \$346 million, a slight improvement over our FY 2007 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 nine 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 2006, we demolished 21.9 million square feet of non-housing facilities and infrastructure at a cost of \$260 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. For FY 2008 and beyond, 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 \$75 million for planning and design (P&D), of which \$12 million is for military family housing. The request includes \$52 million for active duty, \$8 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 2009 construction programs and to start the designs for FY 2010 projects, allowing us to award contracts in the year of authorization and appropriation.

This year's request also includes \$26 million for the Total Force unspecified minor construction program which is our primary means for funding small, unforeseen projects that cannot wait for the normal military construction process. Because these projects emerge over the course of the year, it is not possible to program the total funding requirement.

UTILITY 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 our installations are key to our operational capabilities, our network of bases provides 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 the best solution for simultaneously meeting both these requirements.

To date, under OSD's utilities privatization program, the Air Force has conveyed 11 systems under 10 U.S.C. 2688 and 6 additional systems using standard FAR clauses, for a total of 17 privatized systems with a plant replacement value in excess of \$300 million. We are currently evaluating an additional 338 systems for privatization. We anticipate that we will more than double the number of our privatized utility systems in FY 2008. By the time the program concludes, we anticipate more than 120 of about 500 systems could be privatized. During the course of this process, we expect many competitive solicitations will end up as sole source procurements from local utility companies.

ENERGY

The Air Force is serious about being a global leader in facility energy conservation and renewable energy. In the last year the Air Force chartered a Senior Focus Group and set its strategic vision of making energy a consideration in all we do. Our strategy is built around a balance of supply side energy assurance and demand side energy efficiency. Our new energy strategy for the 21st Century is focused on meeting the President's new energy mandates outlined in Executive Order 13423. Our strategy covers not only our facilities infrastructure, but also fuel optimization in our aviation operations and ground transportation fleet.

The Air Force facilities infrastructure strategy is to eliminate waste in energy use as the major conservation priority. Conducting effective energy audits to identify energy waste streams is the first step. Optimizing the efficiency of heating and cooling systems, and eliminating over-lighting are just two of the initiatives in our energy toolbox.

Our traditional project goals of delivering high quality facility projects on schedule and within budget is expanding the term "quality" so that our goal becomes the creation of

functional, maintainable, and high performance facilities. Under Executive Order 13423 the Air Force will employ the *Federal Leadership in High Performance and Sustainable Building Guiding Principles* to reduce total cost of ownership, improve energy efficiency and water conservation, to provide safe, healthy, and productivity enhancing environments. We currently employ Leadership in Energy & Environmental Design (LEED) criteria created by the U.S. Green Building Council as design guidelines. The LEED Green Building Rating System is the nationally accepted benchmark for the design, construction, and operation of high performance green buildings. We are incorporating day-lighting and improved building envelop designs to reduce heating, ventilation, and air conditioning loads and power use. By FY 2009, 100% of Air Force eligible MILCON projects will be “capable of certification” in LEED registration. High quality energy-efficient facilities is our goal.

The Air Force is responding to the effectively doubling of the energy conservation mandate of E.O. 13423 by strengthening management of our energy programs from base level Energy Management Steering Groups, and technically competent energy managers through Major Command and Headquarters United States Air Force governance groups. Additionally, we are building an investment program based on high value initiatives that save energy and help the Air Force mitigate the impact of rising utility costs. We are hiring energy professionals to assist our Major Commands and installations target the right initiatives. We are also partnering with the Office of the Secretary of Defense, the Department of Energy, the Environmental Protection Agency (EPA), and others to implement best practices across our enterprise.

In the area of renewable energy, this year we awarded a contract that will result in an 18 megawatt (MW) peak power photovoltaic (PV) solar array at Nellis AFB, NV – projected to be the largest PV array in the world once on line in late 2008. The Air Force is building on a long

history of facility energy conservation success. Our new energy initiatives will enhance our campaign to meet or exceed the goals of the new Executive Order.

Our efforts were recognized in FY 2006 when we received the EPA Climate Protection Award as the number one purchaser of renewable energy in the nation. The Air Force continues to be the largest user of renewable energy as defined by the Energy Policy Act of 2005 with the purchase of 990,319 MW of green power representing 9.6% of our total electrical consumption last year. Also, for the third year in a row, the Air Force heads the EPA's list of Top 10 federal government green power purchasers in the Green Power Partnership.

CIVIL ENGINEER TRANSFORMATION

The Air Force Civil Engineers have a long history of supporting all the critical Air Force programs mentioned earlier. The engineers are also benchmarking with the private sector and aggressively transforming their business processes to be more effective and efficient. The Air Force civil engineers developed several initiatives to minimize the impact of Air Force-wide personnel reductions on their ability to provide combat capability and home-station installation support. Rather than settle for a fair share distribution across specialties and Major Commands, these transformational initiatives targeted specific process improvements which resulted in realignments for military and civilian authorizations to balance workload and increase combat capability. The Civil Engineers are transforming civil engineer functions at all organizational levels to centralize the core engineering capabilities and streamline their processes. This includes centralizing the execution of new and current mission MILCON, housing, and environmental restoration construction projects at the Air Force Center for Environmental Excellence (AFCEE) in San Antonio, TX. The Civil Engineers also applied Operational Risk Management concepts to the way we accomplish the fire emergency services support mission.

By accepting capability-based risks, civil engineers can provide the same level of fire and crash rescue service for the airfield and installation, while reducing the numbers of fire fighters required on duty during times when events are less likely to occur. The transformational initiatives mentioned above will allow us to execute our civil engineer mission more effectively and increase our combat capability for Explosive Ordnance Disposal (EOD) and Air Force heavy construction units, known as RED HORSE Squadrons. As a whole, these initiatives ensure civil engineer support to the warfighter remains steadfast and our garrison installation support remains at an acceptable level.

CONCLUSION

September 18th, 2007, marks the 60th anniversary of the creation of our independent United States Air Force. This year we commemorate this anniversary of our proud Service – a service born of revolutionary ideas, forged in combat, and proven through decades of progress and achievement. The readiness and capability of our fighting force to fight and win our nation’s wars, now and in the future, depends heavily upon the state of our operational infrastructure. As the Air Force continues to modernize and recapitalize, we will continue to wisely invest our precious military construction funding to fight and win the war on terror, develop and care for our Airmen and their families, while recapitalizing and modernizing our air and space systems.

Thank you Mr. Chairman.