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ARMED SERVICES SUBCOMMITTEE
ON READINESS

STATEMENT OF

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BEFORE THE

HOUSE ARMED SERVICES SUBCOMMITTEE

ON READINESS

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Chairman Ortiz, Representative Forbes, and members of the Subcommittee, I am pleased to appear before you today to provide an overview of the Department of Navy's investment in its shore infrastructure.

THE NAVY'S INVESTMENT IN FACILITIES

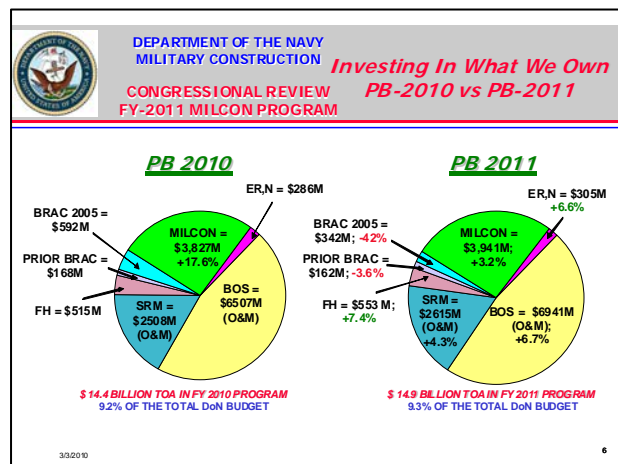
Our Nation's Navy-Marine Corps team operates globally, having the ability to project power, effect deterrence, and provide humanitarian aid whenever and wherever needed to protect the interests of the United States. Our shore infrastructure provides the backbone of support for our maritime forces, enabling their forward presence. The Department's FY2011 budget request includes a \$14.9 billion investment in our installations, an increase of over \$450M from last year.

Our FY-2011 request for **Base Operating Support** is \$6.9 billion (which includes nearly \$450 million for environmental programs), 6.7% greater than last year's request.

The FY-2011 **military construction** (active + reserve) request of \$3.9 billion is only slightly larger than FY-2010 request and remains at a historical high. The program continues the effort to ensure facilities are in place to support the Marine Corps' end-strength of 202,100 active duty personnel. It also provides further investments in accordance with the Defense Policy Review Initiative to relocate Marines from Okinawa to Guam.

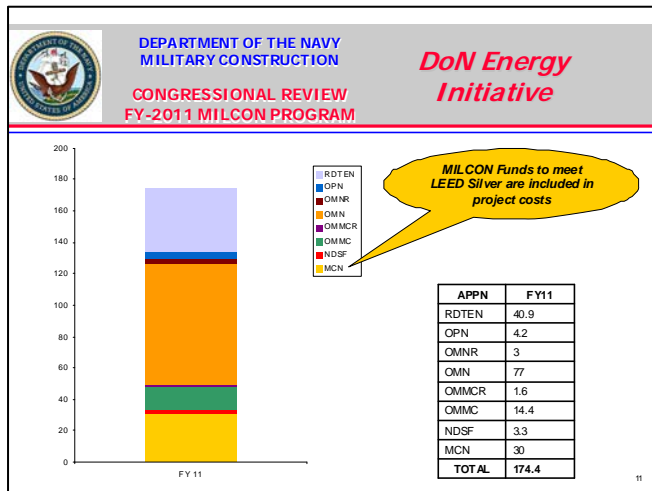
The FY-2011 **Family Housing** request of \$553 million represents a seven percent increase from the FY-2010 request. The Navy and Marine Corps have continued to invest in housing, including both the recapitalization of overseas housing as well as additional privatization to address housing requirements. Thus, having virtually privatized all family housing located in the United States, at overseas and foreign locations where we continue to own housing we are investing in a "steady state" recapitalization effort to replace or renovate housing where needed.

Our **BRAC** program consists of environmental cleanup and caretaker costs at prior BRAC locations, and implementation of BRAC 2005 recommendations.



We do not foresee much potential for large revenue from land sales, which were used to fund the Legacy BRAC program from FY2005 through FY2008. Thus, we again seek appropriated funds in FY-2011 in the amount of \$162 million. Should land sale revenue accrue from the disposal of the former Naval Station Roosevelt Roads in Puerto Rico and some other smaller property sales, we will reinvest them to accelerate cleanup at the remaining prior BRAC locations.

The FY-2011 **BRAC 2005** budget request of \$342 million supports only outfitting, realignment, and closure functions as the necessary construction projects were funded in prior years. The Department has made significant progress during the past year, and to date has completed 253 of 488 realignment and closure actions as specified in our established business plans and we are on track for full compliance with statutory requirements by the September 15, 2011 deadline.



Finally, the Department's PB2011 budget request includes an additional \$174 million to support Secretary Mabus' aggressive energy goals to increase energy security, reduce dependency on fossil fuels, and promote good stewardship of the environment. Toward this end, he directed an additional investment of \$1.4 billion be made through the Future Years Defense Program. The PB2011

program funds three military construction projects to build photovoltaic arrays, continues research and development in operational energy efficiencies for the tactical fleet, and will enable the Services to increase the energy efficiency of its infrastructure.

Here are some of the highlights of these programs.

MILITARY CONSTRUCTION

The DoN's FY-2011 Military Construction program requests appropriations of **\$3.9 billion**, including **\$122 million** for planning and design and **\$21 million** for Unspecified Minor Construction.

The active Navy program totals \$1.1 billion and includes:

- **\$399 million** to fund eleven Combatant Commander projects: a General Warehouse, a Horn of Africa Joint Operations Center, a base Headquarters Facility, and External Road Paving at Camp Lemonier, Djibouti; an Operations Support Facility, the third phase of the Waterfront Development, and an Ammunition Magazines in Bahrain; a Joint POW/MIA Accounting Command Facility and a Center for Disaster Management/Humanitarian Assistance in Pearl Harbor, Hawaii; a Vehicle Paint Facility at Macdill AFB, Florida; and an Air Traffic Control Tower in Naval Air Station Rota, Spain.
- **\$75 million** to fund one Bachelor Quarters at Naval Base San Diego, California in support of the elimination of Homeport Ashore deficits by 2016 at the Interim Assignment Policy (2 personnel per room).
- **\$101 million** to fund four Nuclear Weapons Security projects: a Security Enclave and Waterfront Emergency Power at Submarine Base Kings Bay, Georgia; and Waterfront Emergency Power and Limited Area Emergency Power at Naval Base Kitsap, Washington.
- **\$148 million** to fund five projects to achieve Initial/Final Operational Capability requirements for new systems: an Aviation Simulator Training Facility at Naval Air Facility Atsugi, Japan; a Broad Area Maritime Surveillance Testing and Evaluation Facility at Naval Air Station Patuxent River, Maryland; a T-6 Capable Runway Extensions at Outlying Landing Fields (OLF) Barin and Summerdale, Alabama; a MH-60 R/S Rotary Hangar at Naval Base Coronado, California; and Upgrades to Piers 9/10 at Naval Station Norfolk, Virginia.
- **\$196 million** to fund additional critical Navy Priorities: an Electromagnetic Sensor Facility at Naval Station Newport, Rhode Island; the second phase of the Agile Chemical Facility at Indian Head, Maryland; a Pier Replacement and Dredging at Naval Base San Diego, CA; a Laboratory Expansion at Naval Base Kitsap, Washington; and a Pier Upgrade at Naval Station Norfolk, Virginia.
- **\$119 million** to fund follow-on increments of projects previously incremented by Congress: the final increment of the Limited Area Production and Storage Facility at Naval Base Kitsap, Washington; and the second increment of the Pier 5 Recapitalization at Norfolk Naval Shipyard, Virginia.
- **\$57 million** for planning and design efforts.

The active Marine Corps program totals \$2.8 billion of which \$1.25 billion is for Grow the Force and \$452 is for design and construction to support the relocation of Marines to Guam.

- **\$630 million** for the construction of unaccompanied housing at Camp Pendleton, Twentynine Palms, Hawaii, Cherry Point, Camp Lejeune, and

- Quantico in a continuation of the Commandant of the Marine Corps' initiative to improve the quality of life for single Marines;
- **\$74 million** to provide quality of life facilities such as dining facilities and physical fitness centers at Beaufort, Hawaii, and Camp Lejeune;
 - **\$56 million** to construct student billeting for the Basic School in Quantico, Virginia;
 - **\$357 million** to build infrastructure to support new construction. These projects include communications upgrades, electrical upgrades, natural gas systems, drinking and wastewater systems. These projects will have a direct effect on the quality of life of our Marines. Without these projects, basic services generally taken for granted in our day-to-day lives, will fail as our Marines work and live on our bases;
 - **\$781 million** to fund operational, maintenance, and storage support projects such as those needed for the MV-22 aircraft at New River and Miramar and Joint Strike Fighter at Yuma; and operational units in Camp Lejeune, Cherry Point, Camp Pendleton, and Hawaii;
 - **\$195 million** to provide training facilities for aviation units at Camp Pendleton, Beaufort, and Yuma;
 - **\$50 million** to support professional military education by providing facilities at Marine Corps University in Quantico;
 - **\$25 million** to provide encroachment control at Beaufort and Bogue Field.
 - **\$30 million** to provide military construction-funded photovoltaic power plants at Camp Pendleton, San Diego, and Camp Lejeune;
 - **\$75 million** to support on- and off-load equipment operations at Blount Island;;
 - **\$427 million** for facilities necessary to support the relocation of Marines to Guam; and
 - **\$64 million** for planning and design efforts.

With these new facilities, Marines will be ready to deploy and their quality of life will be enhanced. Without them, quality of work, quality of life, and readiness for many Marines will have the potential to be seriously degraded.

The Navy and Marine Corps Reserve Military Construction appropriation request is \$61 million, including \$2 million for planning and design efforts, to construct a Reserve Training Facility at Yakima, Washington, a Vehicle Maintenance Facility at Twenty-Nine Palms, California, a Joint Air Traffic Control Tower at Joint Reserve Base New Orleans, Louisiana, and an Ordnance Cargo Logistics Training Complex at Naval Weapons Station Yorktown, Virginia.

Fully-funded and Incrementally-funded MILCON projects

Our FY-2011 budget request complies with Office of Management and Budget Policy and the DoD Financial Management Regulation that establishes criteria for the use of incremental funding. The use of incremental funding in this budget has been restricted to the continuation of projects that have been incremented in prior years. Otherwise, all new projects are fully funded or are complete and usable phases. However, as the cost of complex piers and utilities systems rise above the \$100 million and even \$200 million threshold, compliance with the full-funding policy drives both Services to make hard choices regarding which other equally critical projects must be deferred into the next year.

FACILITIES MANAGEMENT

Facilities Sustainment, Restoration and Modernization (SRM)

The Department of Defense uses a Sustainment model to calculate life cycle facility maintenance and repair costs. These models use industry-wide standard costs for various types of buildings and geographic areas and are updated annually. Sustainment funds in the Operation and Maintenance accounts are used to maintain facilities in their current condition. The funds also pay for preventative maintenance, emergency responses for minor repairs, and major repairs or replacement of facility components (e.g. roofs, heating and cooling systems). The FY2011 budget request funds sustainment at 92% and 90% for the Navy and Marine Corps, respectively. For Navy, funding includes Joint Basing investments which requirements have yet to transfer. Once they do, the rate will revert to 90%.

Restoration and modernization (R&M) provides major upgrades of our facilities using Military Construction, Operation and Maintenance, Navy Working Capital Fund, and BRAC, as applicable. Although OSD has determined a condition-based model ("Q-ratings") is the best approach to prioritize funding, establishing metrics has been challenging. Nonetheless, in FY-2011, the Department of Navy is investing nearly \$1.3 billion in R&M funding.

Naval Safety

Protecting Department of the Navy's Sailors, Marines and Civilian employees and preserving the weapon systems and equipment entrusted to us by the American People remains one of our highest priorities. I consider continual improvement of our safety performance to be an integral component to maintaining the highest state of operational readiness for our Navy - Marine Corps team. In FY 2009, the DoN began implementing a comprehensive Safety Vision co-signed by the CNO, CMC and the Secretary of the Navy. The DoN Safety Vision outlines safety objectives and will continue to serve as a roadmap

as we strive to be a world-class safety organization, where, in step with civilian industry leaders, no avoidable mishap or injury is considered the cost of doing our business.

The Secretary of Defense established a goal to achieve a 75 percent reduction in baseline FY 2002 mishap rates across DOD by the end of FY 12. By the end of FY 09, DON exceeded the DOD-wide mishap rate reduction in three of the four mishap categories being tracked by the Office of the Secretary of Defense.

During FY 2009 we continued our Department-wide assault to reduce the loss of Sailors and Marines to fatal accidents on our nation's highways. We lost 143 Sailors and Marines to automobile and motorcycle accidents in FY 06. In FY 09, we brought those losses down to just 77, our lowest number ever recorded. While we achieved unprecedented reductions in highway fatalities during FY 09, we still find these losses untenable - we can and must do better.

In FY 2009 DON achieved our best year ever recorded for Total Class A Operational Mishaps¹. While this represents a significant achievement, FY09 was the third consecutive FY we achieved, "best year ever recorded" in this category.

Our efforts also focus on achieving continual improvement in the reduction of workplace injuries. In FY 2009, the Department has achieved Voluntary Protection Program (VPP) "Star" status, OSHA's highest level of achievement, at eleven sites representing the majority of the VPP star sites in DOD. These activities include all four Naval Shipyards, our largest industrial facilities. Additionally, over the past 7 years, we have reduced the Navy and Marine Corps Civilian Lost Day Rates (due to injury) by 46% and 65% respectively.

Encroachment Partnering

The Department of the Navy has an aggressive program to manage and control encroachment, with a particular focus on preventing incompatible land use and protecting important natural habitats around installations and ranges. A key element of the program is Encroachment Partnering (EP), which involves cost-sharing partnerships with states, local governments, and conservation organizations to acquire interests in real property adjacent and proximate to our installations and ranges. Encroachment Partnering Agreements help prevent development that would adversely impact existing or future missions. These

¹ An FY09 Class A mishap is one where the total cost of damages to Government and other property is one million dollars or more, or a DoD aircraft is destroyed, or an injury and/or occupational illness results in a fatality or permanent total disability. An operational mishap excludes private motor vehicle and off duty recreational mishaps. Mishaps exclude losses from direct enemy action.

agreements also preserve important habitat near our installations in order to relieve training or testing restrictions on our bases. The program has proven to be successful in leveraging Department of Defense and Department of Navy resources to prevent encroachment.

For FY2009, the Navy acquired restrictive easements over 3,091 acres. The acquisitions were funded by \$7.1 million from the Department of Defense Readiness and Environmental Protection Initiative (REPI) program, \$2 Million of Navy funds, and \$9.25 Million from the encroachment partners. The Marine Corps during FY2009 acquired easements over 1,777 acres. These acquisitions were funded by \$7.7 Million from REPI, \$6.2 Million from Navy funds, and \$7.2 Million from the encroachment partners. The encroachment program has successfully initiated restrictive easement acquisitions at 13 Navy installations and 7 Marine Corps installations.

Compatible Development

Vital to the readiness of our Fleet is unencumbered access to critical water and air space adjacent to our facilities and ranges. An example is the outer continental shelf (OCS) where the vast majority of our training evolutions occur. The Department realizes that energy exploration and off-shore wind development play a crucial role in our nation's security and are not necessarily mutually exclusive endeavors. Therefore, we are engaging with the other services, the Secretary of Defense's office, and the Department of Interior to advance the administration's energy strategy. We are poised to coordinate with commercial entities, where feasible, in their exploration and development adjacent to installations and our operating areas along the OCS that are compatible with military operations. However, we must ensure that obstructions to freedom of maneuver or restrictions to tactical action in critical range space do not measurably degrade the ability of naval forces to achieve the highest value from training and testing.

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urban development and is a win-win for the Department and our host communities.

In FY-2008, Navy and Marine Corps completed partnership acquisitions on 16,662 acres. Funding for those purchases of land and easements included a combined contribution from DoD and DoN of \$11.72M, which was matched by similar investments from partner organizations. In FY-2009, Navy and Marine Corps received an additional \$19.78M from the DoD Readiness and Environmental Protection Initiative program, which will be combined with funding from the Department and our partner organization.

ENERGY REFORM

The Department of the Navy (DoN) is committed to implementing a balanced energy program that exceeds the goals established by the Energy Independence and Security Act of 2007, Energy Policy Act of 2005, National Defense Authorization Act of 2007 and 2010, Executive Orders 13423 and 13514. We place a strong emphasis on environmental stewardship, reducing overall energy consumption, increasing energy reliability, and reducing our dependence on fossil fuels. The Department is a recognized leader and innovator in the energy industry by the federal government and private sector as well. Over the past nine years, DoN has received 28% of all of the Presidential awards and 30% of all of the Federal energy awards. Additionally, DoN has received the Alliance to Save Energy “Star of Energy Efficiency” Award and two Platts “Global Energy Awards” for Leadership and Green Initiatives.

Organization and Commitment

Increased Energy Efficiency is a Department of Defense (DoD) High Priority Performance Goal. Moreover, the Secretary of the Navy (SECNAV) is whole-heartedly committed to the energy effort and it is one of his top three initiatives for the Department. The Secretary established a Deputy Assistant Secretary of the Navy for Energy (DASN-Energy) to consolidate the Department’s operational and installation energy missions. The consolidation of both operational and installation energy portfolios under one director is unique to the Department of the Navy. The DASN-Energy will be a career member of the Senior Executive Service who will report directly to the ASN (I&E) and will be able to coordinate across the Department to develop overarching policy, provide guidance, oversee the continued development of new ideas and align existing programs. In turn, each of the Services has established an energy management office to implement the Secretary’s guidance. Within the Chief of Naval Operations (CNO) organization, a Navy Energy Coordination Office (NECO) was established to develop and institutionalize the Navy’s Energy

Strategy. Within the Commandant of the Marine Corps (CMC) organization, an Expeditionary Energy Office was established to drive energy efforts and initiatives within the expeditionary forces on the ground in theater.

From the Secretary down to the deck plate Sailor and the Marine in the field, the Department is committed to meeting our aggressive energy goals. We all view energy as an invaluable resource that provides us with a strategic and operational advantage.

Energy Goals

The key statutory and regulatory goals relevant to installation energy consumption require the following:

- Reduce energy intensity (BTUs per square foot) by 3 percent per year, or 30 percent overall, by 2015 from the 2003 baseline [Energy Independence and Security of 2007, or EISA] [this includes an 18 percent reduction by the end of FY2011 in accordance with DOD's High Priority Performance Goals in the President's Budget];
- Increase use of renewable energy to 7.5 percent in 2013 and beyond (Energy Policy Act of 2005, or EPACT); and produce or procure 25 percent of all electric energy from renewable sources by the end of 2025 [National Defense Authorization Act of 2007] [this includes the DOD's High Priority Performance Goal of 14.3 percent by 2011]; and
- Reduce consumption of petroleum (gasoline and diesel) by non-tactical vehicles by 30 percent by 2020 [Executive Order 13514, October 2009].

However, in October of 2009, Secretary Mabus established far more aggressive goals for the Department. For installations, he directed that 50% of our shore energy will come from alternative sources and that by 2015 the Department will reduce fleet vehicle petroleum usage by greater than 50%. Based on these ambitious energy goals, we are developing our strategic roadmap and a set of energy directives that will provide guidance and direction to the Navy and Marine Corps. We are also developing baseline metrics, milestones, tools and methodologies to measure and evaluate progress towards meeting the Secretary's goals. Additionally, we are documenting our past and current energy use for tactical platforms and shore installations. We are making investments, allocating resources, developing possible legislation, institutionalizing policy changes, creating public-private partnerships, and pursuing technology development required to meet these goals. These investments will include \$28.23M in Energy Conservation Investment Program (ECIP) projects, which have a savings to investment ratio of 2.94.

HOUSING

The following tenets continue to guide the Department's approach to housing for Sailors, Marines, and their families:

- All service members, married or single, are entitled to quality housing; and
- The housing that we provide to our personnel must be fully sustained over its life.

A detailed discussion of the Department's family and unaccompanied housing programs, and identification of those challenges, follows:

FAMILY HOUSING

As in past years, our family housing strategy consists of a prioritized triad:

- Reliance on the Private Sector. In accordance with longstanding DoD and DoN policy, we rely first on the local community to provide housing for our Sailors, Marines, and their families. Approximately three out of four Navy and Marine Corps families receive a Basic Allowance for Housing (BAH) and own or rent homes in the community. We determine the ability of the private sector to meet our needs through the conduct of housing market analyses that evaluate supply and demand conditions in the areas surrounding our military installations.
- Public/Private Ventures (PPVs). With the strong support from this Committee and others, we have successfully used PPV authorities enacted in 1996 to partner with the private sector to help meet our housing needs through the use of private sector capital. These authorities allow us to leverage our own resources and provide better housing faster to our families. Maintaining the purchasing power of BAH is critical to the success of both privatized and private sector housing.
- Military Construction. Military construction (MILCON) will continue to be used where PPV authorities don't apply (such as overseas), or where a business case analysis shows that a PPV project is not feasible.

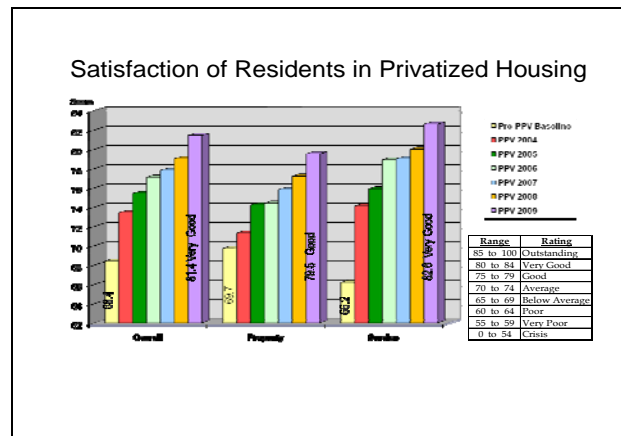
Our FY-2011 budget includes \$186 million in funding for family housing construction, improvements, and planning and design. This amount includes \$107million for the Government investment in continued family housing privatization at Marine Corps Bases Camp Pendleton, California and Camp Lejeune, North Carolina. The request for Camp Lejeune includes funding for an addition to a Department of Defense school. It also includes \$76 million for the replacement or revitalization of Navy and Marine Corps housing, primarily in

Japan and Cuba where the military housing privatization authorities do not apply. Finally, the budget request includes \$366 million for the operation, maintenance, and leasing of remaining Government-owned or controlled inventory.

As of the end of FY 2009, we have awarded 33 privatization projects involving over 62,000 homes. These include over 42,000 homes that will be constructed or renovated. (The remaining homes were privatized in good condition and did not require any work.) Through the use of these authorities we have secured approximately \$9 billion in private sector investment from approximately \$900 million of our funds, which represents a ratio of over nine private sector dollars for each taxpayer dollar.

While the military housing privatization initiative has been overwhelmingly successful, we can continue to work with our partners to address challenges associated with current economic conditions. In some cases, projects may need to be restructured to better match supply with demand and to ensure that the housing will continue to be sustained and recapitalized over the long term.

Perhaps the most important measure of success of our privatization program has been the level of satisfaction on the part of the housing residents. To gauge their satisfaction, we used customer survey tools that are well established in the marketplace. As shown in the following chart, the customer surveys indicate a steady improvement in member satisfaction after housing is privatized.



Unaccompanied Housing

Our budget request includes over \$700 million in funding for the construction of unaccompanied housing to support single Sailors and Marines. This includes over \$600 million of funding to support requirements associated

with the Marine Corps "Grow the Force" initiative and to continue implementation of the Commandant of the Marine Corps program to construct sufficient housing so that no more than two single Marines are required to share a sleeping room. The budget request also includes \$75 million to support the Chief of Naval Operations commitment to achieve the Navy's "Homeport Ashore" objective by 2016.

The following are areas of emphasis within the Department regarding housing for single Sailors and Marines:

- Provide Homes Ashore for our Shipboard Sailors. The Homeport Ashore initiative seeks to provide a barracks room ashore whenever a single sea duty sailor is in his or her homeport, so they need not live on the ship. The Navy has made considerable progress towards achieving this goal through military construction, privatization, and intensified use of existing barracks capacity. The Chief of Naval Operations is committed to providing housing ashore for all junior sea duty Sailors by 2016 at the Interim Assignment Policy standard (55 square feet of space per person). The Navy's long term goal is to achieve the OSD private sleeping room standard (90 square feet per person).
- Commandant's BEQ Initiative. It is the Commandant of the Marine Corps' priority to ensure single Marines are adequately housed. Thanks to your previous support of this initiative, the Marine Corps will make significant progress toward fulfilling this priority. MILCON funding since Fiscal Year 2008 for the Marine Corps barracks initiative will result in the construction of approximately 19,800 new permanent party spaces at multiple Marine Corps installations. Your continued support of this initiative in our Fiscal Year 2011 proposal will allow us to construct an additional 5,000 new permanent party barracks spaces. With this funding we will stay on track to meet our 2014 goal. The Fiscal Year 2011 request for bachelor housing will provide thirteen barracks projects at Camp Lejeune and Cherry Point, North Carolina, Twenty-Nine Palms, and Camp Pendleton, California, Hawaii, and Quantico, Virginia. We are also committed to funding the replacement of barracks' furnishings on a seven-year cycle as well as the repair and maintenance of existing barracks to improve the quality of life of our Marines. These barracks will be built to the 2+0 room configuration, as have all Marine Corps barracks since 1998. This is

consistent with the core Marine Corps tenets for unit cohesion and teambuilding.

Unaccompanied Housing Privatization

The Navy has also executed two unaccompanied housing privatization projects using the pilot authority contained in section 2881a of Title 10, United States Code. In March we cut the ribbon on the Pacific Beacon project in San Diego. Pacific Beacon includes 258 conveyed units targeted for unaccompanied E1-E4 sea duty Sailors and 941 newly constructed dual master suite units targeted for E4-E6 Sailors.

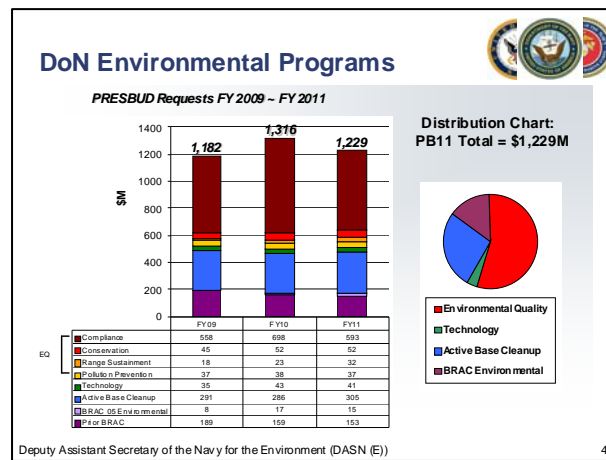
The second unaccompanied housing privatization project is in Hampton Roads (executed in December 2007) and included the conveyance of 723 units in seven buildings on Naval Station and Naval support Activity Norfolk and the construction of 1,190 dual master suite units. The last units are scheduled for completion in 2010.

With these two pilot projects, we have secured approximately \$600 million in private sector investment from approximately \$80 million of our funds, which represents a ratio of over seven private sector dollars for each taxpayer dollar.

Based on resident surveys, the residents of privatized unaccompanied housing at both San Diego and Hampton Roads are very satisfied with service received from the privatization partner as well as the condition of the units. San Diego won an industry award for excellence in providing customer satisfaction.

ENVIRONMENT

In FY2011, the Department is investing over \$1 billion in its environmental programs across all appropriations. This figure includes infrastructure projects funded through the military construction program. Although the impetus for these construction projects were driven by the additional capacity of the Marine Corps' Grow the Force effort, the fact remains that concurrent benefits will accrue to the environment and the surrounding community.



Environmental Management Systems

The Department of the Navy is committed to improving mission performance through better environmental program management. An Environmental Management System (EMS) strengthens our management effectiveness and provides a framework for a continual improvement process. When properly implemented, EMS creates awareness and identifies environmental aspects and impacts of operations. It particularly highlights and prioritizes risks, promotes pollution prevention, incorporates best management practices, minimizes Notices of Violation and Non-Compliance through proactive compliance management, and tracks progress towards established environmental goals.

The Department has made great strides implementing EMS across the Navy and Marine Corps installations world-wide. The Marine Corps achieved fully conforming EMS status in October 2008, over a year ahead of the required implementation schedule. Navy achieved fully conforming EMS status in September 2009, three months ahead of the required implementation schedule. The Department is now planning and implementing EMS sustainment and system enhancements for FY11 and beyond to maximize benefits from EMS.

Natural Resources Conservation

The Department of the Navy's natural resources conservation program continues to excel in the stewardship of our natural environment while fully supporting mission requirements. The basis of our program centers on development and implementation of Integrated Natural Resources Management Plans (INRMPs). These plans, currently in place at 91 DoN installations with significant natural resources, integrate all facets of natural resources management with the installation's operational and training requirements. Further, since these plans provide conservation benefits to Federally listed threatened and endangered species and their habitats, our installations are eligible for exclusion from formal critical habitat designation, eliminating a regulatory constraint and providing the needed flexibility to support the military mission and maximize the use of our training areas.

Since the Endangered Species Act, Section 4(a)(3)(B)(i), was amended in the FY-04 NDAA, the U.S. Fish & Wildlife Service and the National Marine Fisheries Service have utilized this amendment on numerous occasions to preclude Critical Habitat designations at dozens of DoN installations where INRMPs provided a benefit to the species for which Critical Habitat was proposed.

DoN has also developed and implemented a web-based tool for measuring the effectiveness of Navy and Marine Corps Natural Resources

Programs and overall ecosystem health as it relates to mission sustainability. The tool ensures leadership is making the investments necessary to protect natural resources, as well as the mission.

Cultural Resources Program

Cultural resources under the Department of Navy's stewardship include infrastructure, ships, and objects of our Navy and Marine Corps heritage; vestiges of our Colonial past; and Native American/Native Hawaiian resources. We take great pride in our heritage, and the many cultural resources on our installations serve as reminders of the long and distinguished course we have charted and of those who lived on the lands before they were incorporated into our bases. The clear objective of the Department's cultural resources program is to balance our current and future mission needs with and our stewardship responsibility to the American taxpayer and our desires to preserve our cultural heritage for future generations. The primary mechanism to achieve these goals is an Integrated Cultural Resources Management Plan (ICRMP), which remains the key mechanism for gathering information about an installation's history and resource inventory, assessing potential use/reuse candidates with our built environment and ensuring that our installation planners and cultural resources managers are working closely together.

Our installations have many success stories in which proactive management of cultural resources supported and reinforced the mission. We take very seriously our statutory obligations regarding historic properties. We work with OSD, the other Services, and other agencies such as The Advisory Council on Historic Preservation and State Historic Preservation Officers, tribal governments, Native Hawaiian organizations, and interested members of the public, to develop effective and efficient ways to balance our stewardship and fiscal responsibilities.

Historic buildings are a valuable part of our portfolio: the Department has been able to rehabilitate historic buildings in ways that supports mission requirements as effectively as newer buildings, with the added benefit of preserving historic property. The Washington Navy Yard (WNY) is an excellent example of this on a large scale. WNY is a showplace for adaptive use of historic properties, including "green" renovations that reduce energy consumption, and has served as the catalyst for a redevelopment of the M Street corridor that continues today. Using a combination of rehabilitated historic buildings and carefully designed new construction, we have been able to provide high quality work space for thousands of Navy employees while preserving an important historic district. From a practical and fiduciary perspective, the best opportunity to retain a historic building is to keep it in current mission use, appropriately renovated and maintained. Similarly, at Marine Corps Base Camp Lejeune, we

have successfully incorporated alternative energy sources (photovoltaic panels) into historic structures without impacting the character of the structure, resulting in a win-win situation for energy reduction and preservation goals.

Camp Lejeune Drinking Water

The Department remains committed to finding answers to the many questions surrounding the historic water quality issue at Camp Lejeune. Health effects of exposures to these drinking water contaminants are uncertain. We continue to support research initiatives by the Agency Toxic Substances and Disease Registry (ATSDR). Additionally, the Marine Corps funded a Congressionally-mandated National Academies National Research Council (NRC) review, which was released 13 June 2009. In total, the Department has provided over \$23.8M in funding for research initiatives, including over \$22.9M to ATSDR and over \$900K to the National Academy of Sciences - National Research Council (NRC) in support of their efforts to research potential health issues. This total includes \$8.8M transferred on 26 February 2010 to fund ATSDR for FY-10.

Installation Restoration Program (IRP)

The DoN continues to make significant progress remediating past contaminants. As of the end of FY-09, the Department has completed cleanup or has remedies in place at 85 percent of the 3,734 contaminated sites on active installations. The DoD goal to have remedies in place or responses completed by the year 2014 was established in 1996 when the department had 3,256 known contaminated sites. The Department has identified 478 additional sites requiring cleanup over the past 14 years. We have been working aggressively to achieve remedy in place or response for all sites by 2014, but have reached the limits of possibility. As of the end of FY-09, we are projecting 46 sites will not meet this DoD goal. The reasons are generally; 1) discovery of significantly more contamination and time to cleanup the site, 2) late entry into the program does not afford time to complete all regulatory phases, and 3) additional time is required to meet stakeholder requirements. All sites are and will be cleaned up to be protective of human health and the environment.

Munitions Response Program (MRP)

The DoN is proceeding with investigations and cleanup of Munitions and Explosives of Concern and Munitions Constituents at all Navy and Marine Corps locations other than operational ranges. The major focus through FY-10 was completing site inspections at all 257 MRP sites. Additional funding has been addressing high priority sites at Vieques and Jackson Park Housing. Based on the results of the site inspections and the site prioritization protocol results, DoN will sequence more complete remedial investigations and cleanups starting in

FY-11. DoN plans to achieve cleanup or remedies in place at all MRP sites by FY-20.

Operational Range Assessments

Both the Navy and the Marine Corps completed environmental operational range assessments on all of their land-based operational range complexes in the U.S. by the end of FY-08. To date, neither the Navy nor the Marine Corps has had a release or threat of a release from an operational range to an off-range area that presents an unacceptable risk to human health and the environment. Navy and Marine Corps are planning and executing 5-year reviews of these operational ranges.

Marine Mammals/Sonar R&D investments

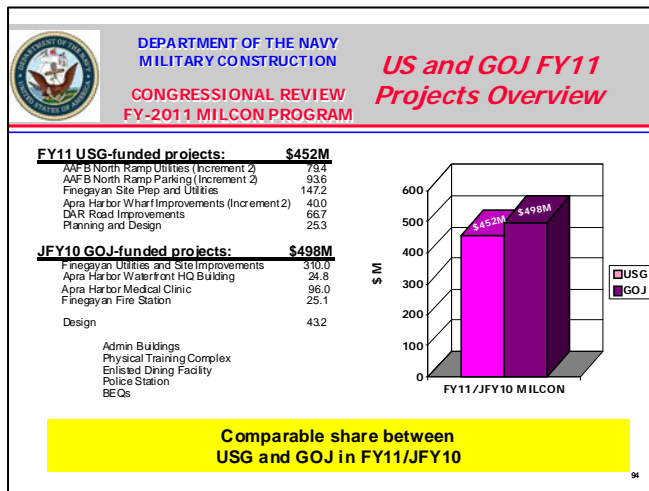
Identifying and funding marine mammal research on the potential effects of sound sources from training activities (e.g. mid-frequency active sonar (MFAS), live ordnance) remains essential to Navy's proactive compliance strategy. We continue to make long-term investments in marine mammal research by supporting universities, institutions, and technology businesses worldwide. Their studies will help answer critical questions in marine mammal demographics; establish criteria and thresholds to assess the effects of naval activities; develop effective mitigation and monitoring methods to lessen any potential effects; and continue to refine characteristics of the sound field. Over the past year, the Navy has continued focused research on Behavior Response Studies, developing risk assessment models, and developing passive acoustic monitoring capabilities that will assist in identifying long-term population assessment. Two of our instrumented undersea ranges, located in the waters off of the Bahamas and southern California, now have fully implemented Marine Mammal Monitoring on Ranges programs. In addition, the Navy has increased its collaborative research work with NOAA where possible, most notably by co-funding marine mammal cruises and providing NOAA researchers with passive acoustic monitoring technologies.

Marine Mammals/Military Readiness Activities

Over the last nine years, the Navy has been developing environmental documents on 13 major maritime range complexes and operating areas. As part of this effort, in 2008 and early 2009, the Navy signed Records of Decision for Environmental Impact Statements/ Overseas Environmental Impact Statements (EISs/ OEISs) for the Hawaii Range Complex, the Southern California Range Complex and the Atlantic Fleet Active Sonar Training areas. The Navy conducts the majority of its on-range mid-frequency active (MFA) sonar training on these range complexes and operating areas. As a result of completing these three EIS/OEIS and obtaining the associated environmental compliance documentation under the Endangered Species Act (ESA) and Marine Mammal

Protection Act (MMPA), the Navy no longer needed an MMPA National Defense Exemption. Similar documentation involving military readiness activities on four other range complexes were completed in 2009. Six other EIS/ OEIS are scheduled to be completed in 2010.

RELOCATING THE MARINES TO GUAM



The FY-2011 budget request includes \$452 million to design and construct facilities in support of the relocation. The projects funded by this level of investment provide the horizontal infrastructure (utilities, site improvements, etc.,) necessary to enable the vertical construction programmed for FY2012 and beyond. The Government of Japan, in its JFY-2010 budget

(which runs April 1, 2010 through March 31, 2011) has requested a comparable amount of \$498 million and we expect to receive their contribution in June. The graph at left identifies the projects each funding stream constructs.

The Marine Corps relocation, along with other DoD efforts to realign forces and capabilities to Guam, represents a unique opportunity to strategically realign the U.S force posture in the Pacific for the next 50 years. This is a major effort and one we must get right. The Department of Defense recognizes that the condition of Guam's existing infrastructure could affect both our ability to execute the program schedule and quality of life on the island. If the issues surrounding existing infrastructure and other major social issues impacting Guam are left unaddressed by the Federal Government in this strategic realignment, we risk creating disparity between conditions on- and off-base, losing the support of the people of Guam, and adversely affecting our ability to achieve our mission. The Department of Defense is committed to ensuring this does not happen, and is leading the effort to coordinate an interagency "whole-of-government approach" to solve Guam's many issues. Our strategy is to identify options that will support DoD missions, provide the widest possible benefit to the people of Guam, be technically and financially supportable by utilities providers and rate payers, and be acceptable to Government of Guam and regulatory officials. DoD recently held a meeting of the Economic Adjustment Committee (EAC) as recommended in a recent Government

Accountability Office review, to discuss with federal agencies and departments a plan for identifying and addressing Guam's priority needs.

Construction capacity studies, assessments of socioeconomic impacts, and the development of the Environmental Impact Statement (EIS) have demonstrated that, in particular, Guam's road network, commercial port, and utilities systems are in need of upgrades. DoD is contributing to funding upgrades to the island's public roadways, bridges and intersections through the Defense Access Road (DAR) program. Road improvement projects have been certified by Transportation Command's Surface Deployment and Distribution Command under the DAR program for FY-11, following up on the projects funded in FY-10. Existing deficiencies in the island's road system and long-term traffic impacts due to the projected population increase are being considered in partnership between Guam Department of Public Works and the U.S. Federal Highway Administration. These efforts are occurring in parallel in order to ensure compatibility and mutual benefit to DoD and the Guam community.

The commercial port, which is vital to this isolated island community, has not undergone any major improvements since it began operations 40 years ago. The port requires near and long-term improvements to support the military buildup and future community growth. The Port Authority of Guam (PAG) and the U.S. Maritime Administration (MARAD) signed a memorandum of understanding to improve the port by developing an adequate master plan and implementation of a Capital Improvement Plan. These plans will develop the port into a regional shipping hub that will serve both military and civilian needs in the region in the long term. With recommended upgrades and improvements to materials-handling processes, the Port of Guam should be able to accommodate throughput to sustain the expected \$1.5-2.0 billion per year in construction volume. DoD, MARAD, PAG, the Government of Guam, and federal agencies are currently working to identify a funding source which could support the near-term improvements required at the port.

Of the total \$6.09 billion Japanese commitment included in the Realignment Roadmap, \$740 million is for developing electric, potable water, sewer, and solid waste infrastructure in support of the relocating Marine Corps forces. Analysis of utilities options indicates that developing new, stand-alone systems will not be cost-effective. DoD is collaborating with Guam's utilities providers to understand their needs and to determine the feasibility of water, wastewater, solid waste and power solutions that are mutually beneficial and acceptable to DoD, the civilian community and the regulatory agencies. We are actively working with Guam's Consolidated Commission on Utilities and utilities providers (Guam Power Authority, Guam Water Authority), Guam EPA, and U.S. EPA to develop the best technical solutions for utilities systems and facilities. Specific to wastewater, Guam's current system requires upgrades to

both increase its capacity and to meet standards for primary and secondary treatment. These upgrades are critical enablers to the construction program and we are anticipating funding from Japan to meet these requirements. We are also working with the Department of Interior, U.S. EPA, and the Department of Agriculture on potential funding opportunities using a whole-of-government approach to addressing island-wide utilities solutions.

DoD's Office of Economic Adjustment (OEA) has provided the Government of Guam with grants totaling more than \$10 million to support environmental, financial and planning studies; staffing; and community outreach programs.

We will seek to maximize opportunities for U.S. workers, including the existing workforce on Guam. Nonetheless, we recognize the potential for significant socioeconomic effects on Guam with the introduction of off-island workers who will support the construction program. In order to minimize negative effects, we worked closely with the Government of Guam, federal agencies, and other stakeholders to develop requirements which would mitigate environmental and social impacts associated with the anticipated influx of off-island construction workers. Our acquisition strategy includes contract provisions requiring contractors to provide concrete, feasible plans and resources to mitigate potential socio-economic impacts. In awarding construction contracts a workforce management plan, is one of three major technical factors in the source selection criteria.

Among the areas we are evaluating in the workforce management source selection criteria are management of medical, housing, dining, transportation, and security for workers, taking into account potential long-term positive side benefits that different solutions may have for the Guam community.

Environmental Impact Statement

As it is designed to do, the National Environmental Policy Act (NEPA) process and associated studies are helping us identify and address environmental issues and constraints and develop effective mitigation strategies. A key milestone to executing the realignment within the targeted timeframe is achieving a Record of Decision on a schedule that allows for construction to begin in FY2010. The target for a Record of Decision is August 2010. On November 20, 2009, we released the Draft EIS for public review with a 90 day comment period. This comment period, which was twice the amount of time required under NEPA, was used because we were committed to ensuring that all interested parties have full opportunity to review and provide comment on the DEIS. We realize there are significant and complicated issues that need to be studied in preparing the Final EIS and reaching a Record of Decision (ROD) on the realignment effort. We also recognize the interests of the public need to be

protected. However, we remain on an aggressive schedule to finish the Final EIS by the summer of 2010, with ROD following. Other agencies have identified significant issues, including the potential long-term impacts to environmental resources, that we are analyzing along with all other comments received. To that end, we are currently analyzing all public comments including those received from other resource agencies and developing strategies for addressing concerns raised in the Final EIS. We are committed to developing effective and appropriate mitigation. Additionally, we will continue to meet with resource agencies as we have done throughout the development of the EIS to elevate and resolve several technical and policy issues. We will share with the Congress significant issues that emerge during the process of developing the final EIS.

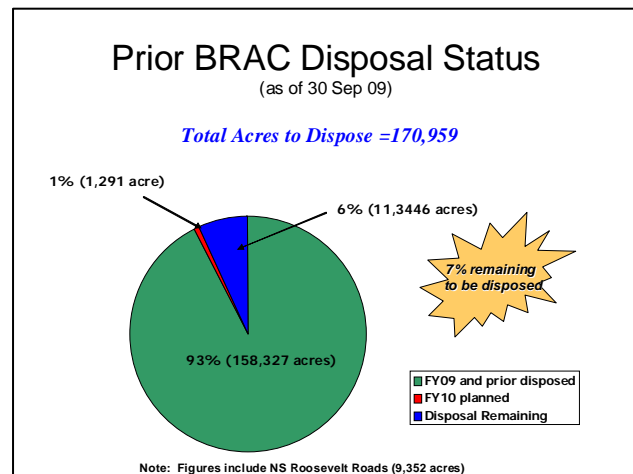
PRIOR BRAC CLEANUP & PROPERTY DISPOSAL

The BRAC rounds of 1988, 1991, 1993, and 1995 were a major tool in reducing our domestic installation footprint and generating savings. All that remains is to complete the environmental cleanup and property disposal on portions of 16 of the original 91 bases and to complete environmental cleanup, including long term monitoring at 22 installations that have been disposed.

Property Disposal

We disposed of 154 acres of real property in Fiscal Year 2009, for a total of 93% of real property disposed in the first four rounds of BRAC. We continue to use the variety of the conveyance mechanisms available for Federal Property disposal, including the Economic Development Conveyance (EDC) that was created for BRAC properties. Of the real property the Department has disposed, 91% of this property was conveyed at no cost. From the remaining 9% of conveyed property, the Department has received over \$1.1 billion in land sale revenues. We have used these funds to accelerate environmental cleanup and were able to finance the entire DON Prior BRAC effort, from FY 2005 through FY 2008.

Future opportunities for land sale revenues, however, are very limited, and we continue our request for appropriated funds in FY2011. Our budget request of \$162 million will enable us to continue disposal actions and meet the minimum legal requirements for environmental clean up.



Prior BRAC Environmental Cleanup

The Department has now spent about \$4.3 billion on environmental cleanup, environmental compliance, and program management costs at prior BRAC locations through FY 2009. Our remaining environmental cost to complete for FY 2010 and beyond is approximately \$1.4 billion. This includes \$160 million cost growth which is due in part to additional munitions cleanup at Naval Air Facility Adak, AK and Naval Shipyard Mare Island, CA, clean up at Naval Station Roosevelt Roads, Puerto Rico, and additional long term monitoring program-wide. The increase is also associated with additional radiological contamination at Naval Station Treasure Island, CA, Naval Air Station Alameda, CA, and Naval Shipyard Mare Island, CA.

Naval Station Treasure Island, CA

We would like to highlight a breakthrough on negotiations for the EDC of Naval Station Treasure Island. Negotiations had been ongoing with the City since 2007. Due to the disparity of the DON and City valuations, many compensation options were reviewed to convey the property while still obtaining Fair Market Value (FMV). The Navy had previously offered deferred compensation and percentages of gross revenue. The City had offered profit participation subordinate to a guaranteed return to developers. With adoption of language in the Fiscal Year 2010 National Defense Authorization Act, Congress enacted new EDC language that allows flexibility in transfer terms for EDCs including accepting profit participation structures.

Utilizing this authority, we were able to announce in December that an agreement in principle was reached with the City of San Francisco to convey 996 acres of the former Naval Station Treasure Island. The agreement guarantees \$55M to the Navy paid over 10 years with interest and an additional \$50M paid once the project meets a return of 18%. Then after an additional 4.5% return to investors (22.5% total), the Navy would receive 35% of all proceeds. This deal represents a unique opportunity to spur development, while still providing a guaranteed payment to the Navy as well as a share in the benefit of what both the City and the Navy expect to be a successful redevelopment and job generating project.

The environmental cleanup of Treasure Island is nearing completion. Once the City finalizes California Environmental Quality Act documentation and approvals with the Board of Supervisors in late 2010 or early 2011, we will be in position for the clean transfer of more than 75% of the base. The remaining cleanup includes the continued treatment of two small groundwater plumes and removal of low level radioactive contamination. These projects and the remaining transfer are expected to be complete well before the land is needed for subsequent phases of the redevelopment project.

BRAC 2005 IMPLEMENTATION

The Department has made significant progress during the past year, and to date has completed 253 of 488 realignment and closure actions as specified in our established business plans. A number of construction projects have already been completed or are well on their way. The PB 2011 budget request of \$342 million will enable us to continue outfitting buildings, realigning functions, and closing bases in accordance with our business plans. Although all 59 of Department of the Navy-led business plans have already been approved, four additional plans with Navy equity led by other services have been approved. Thus, the Department's BRAC 05 Program is on track for full compliance with statutory requirements by the September 15, 2011 deadline.

Accomplishments

In total, the Department has awarded 105 of 117 BRAC construction projects with a combined value of \$1.8 billion. The final 12 projects worth approximately \$303 million are on schedule for award this year. Some noteworthy achievements include:

- Seven BRAC construction projects, programmed at \$211 million, have been awarded and are under construction at Joint Base McGuire-Dix-Lakehurst, NJ. This work supports the relocation of units, aircraft, and equipment from the closure of Naval Air Station Joint Reserve Base Willow Grove, PA. The Navy supported the full operational capability of Joint Base McGuire-Dix-Lakehurst and successfully transferred all Navy real property in September 2009.
- Construction projects valued at over \$100 million have been awarded to support the Consolidation of Correctional Facilities into Joint Regional Correctional Facilities. New level II (Medium Security) correctional facilities are being constructed at Miramar, CA and Chesapeake, VA and an addition to the Navy's Brig in Charleston, SC is underway.

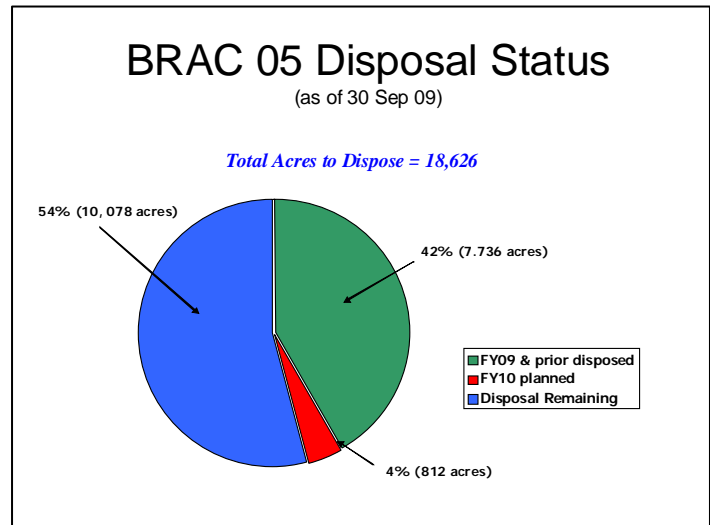
Land Conveyances and Lease Terminations

By the end of FY-2009, the Department disposed of 42% ²of the property that was slated for closure in BRAC 2005. These disposal actions were completed via a combination of lease terminations, reversions, public benefit conveyances, and Federal and DoD agency transfers. Of interest for FY2009 is the complete disposal of Naval Air Station Atlanta. Thirty seven acres were returned to the Air Force and 107 acres were transferred to the Army for use by the Georgia

² The percent disposed is lower than stated last year as we added over 300 acres to the amount to be disposed due to property becoming available at NS Newport and completion of legal surveys over the past year.

National Guard. Last year we also disposed of the Navy Reserve Center in Orange, TX for use by the community as a port facility.

The most significant action we have planned for 2010 is the reversion of the main base at Naval Station Ingleside, TX. We have been working closely with the Port of Corpus Christi to complete this action by the end of April, when the base will operationally close, five months earlier than planned. The 2010 Plan also includes transfer of real property at Naval Air Station Brunswick, the Navy Marine Corps Reserve Center Tacoma, WA, the Inspector Instructor Facility Rome, GA, and the last parcel at Navy Reserve Center Duluth, MN.



Naval Support Activity New Orleans, LA

Construction for the new building that will house Headquarters, Marine Forces Reserve and Marine Corps Mobilization Command is well underway in the future Federal City. To support the closure of Naval Support Activity New Orleans and the relocation of base operating support and tenant activities to Naval Air Station Joint Reserve Base New Orleans, nine construction projects have been completed and another five are on-going.

Naval Air Station Brunswick, ME

The Department's largest BRAC 05 operational action will close Naval Air Station Brunswick, ME, and consolidate the East Coast maritime patrol operations in Jacksonville, FL. The newly constructed hangar in Jacksonville, FL, completed in May 2009, is now home to all five relocated P-3 squadrons. It will also support the future transition to the P-8 Poseidon aircraft. Runway operations in Brunswick ceased in February 2010.

Naval Air Station Joint Reserve Base Willow Grove, PA

In 2007, legislation was enacted directing the Department to transfer Naval Air Station Joint Reserve Base Willow Grove, PA to the Air Force, who would then convey property to the Commonwealth of Pennsylvania for the operation of a Joint Interagency Installation. Since that time the Department and the Air Force have worked with the Commonwealth on the actions required to implement the transfer of real property.

In November 2009, Governor Rendell of the Commonwealth of Pennsylvania informed the Secretary of Defense that the Commonwealth would no longer pursue the Joint Interagency Installation because of fiscal constraints. Based on that decision, the closure of Naval Air Station Joint Reserve Base Willow Grove will follow the established reuse planning process. To that end, the Department has initiated Federal Screening with other DoD and Federal agencies and is working with the LRA, Horsham Township, on its reuse planning efforts.

Joint Basing

All four Joint Base Memorandums of Agreement (MOAs) where the Department is the lead component have now been approved. The MOA for each joint base defines the relationships between the components, and commits the lead component to deliver installation support functions at approved common standards. Resources including funding, personnel, and real property transfer to the lead component. The MOAs are reviewed annually for mission, manpower, and financial impacts and any needed resource adjustments. Joint Basing has two implementation phases. Phase I installations – Little Creek-Fort Story and Joint Region Marianas – reached full operational capability in October 2009, and Phase II installations – Anacostia-Bolling and Pearl Harbor-Hickam – are planned for October 2010.

Environmental Cost to Complete and Financial Execution

The Department's remaining environmental liabilities for BRAC 05 are substantially less than in previous rounds of BRAC given the relatively few number of closures, the absence of major industrial facilities, and the extensive site characterization, analysis, and cleanup that has occurred over the last several decades. Over the last year, we spent \$8 million in cleanup at BRAC 05 locations. The majority of this funded environmental activities at Naval Air Station Brunswick, ME and Naval Weapons Station Seal Beach Detachment Concord, CA. Our remaining environmental cost to complete for FY-2010 and beyond is \$103 million.

The Department is achieving an execution rate of our FY 2006 – 2009 funds of nearly 90%. We have realized bid savings on some construction projects and have primarily used these savings to offset other construction project increases.

Challenges

We are scheduled to meet the September 15, 2011 deadline and will continue to manage ongoing construction, outfitting and relocation efforts closely. Many of our construction projects require either special certifications or accreditations before occupancy to include DoD Explosive Safety Board

approvals, accreditation of correctional facilities or certification of Sensitive Compartmented Information Facilities within constructed facilities.

We plan to continue to work closely with the other military services and defense agencies on complex relocation actions that require close coordination. While they remain on track for timely completion, we must maintain effective and continuous coordination to succeed.

MEETING THE CONSTRUCTION EXECUTION CHALLENGE

While our investment in infrastructure continues at a record breaking level, the Naval Facilities Engineering Command (NAVFAC) has demonstrated its ability to accomplish the program, and more. The Command's execution rate for Fiscal Year 2009 was nothing short of phenomenal; particularly considering it awarded the majority of the additional \$1.8 billion American Recovery and Reinvestment Act program by the end of the calendar year while maintaining an execution rate of 90% for the regular program. Only 10 ARRA projects remain to be awarded, including the new Naval Hospital at Camp Pendleton, CA.

NAVFAC has a comprehensive acquisition strategy for executing the Guam realignment program, with plans to award three separate small business Multiple Award Construction Contracts (MACCs) and two MACCs for unrestricted competition. A Small Business MACC will be awarded this Spring, a Small Business 8(A) MACC will be solicited in March, and a HUBZONE MACC has been awarded. Additionally, there will be an unrestricted competitively bid MACC for US funded projects, with another MACC planned for Japanese funded construction. Using smart acquisition strategies and leveraging resources across the enterprise, NAVFAC is fully capable of meeting the demand for its services.

CONCLUSION

Our Nation's Sea Services continue to operate in an increasingly dispersed environment to support the Maritime Strategy and ensure the freedom of the seas. We must continue to transform and recapitalize our shore infrastructure to provide a strong foundation from which to re-supply, re-equip, train, and shelter our forces. With your support of the Department's FY-2011 budget request, we will be able to build and maintain facilities that enable our Navy and Marine Corps to meet the diverse challenges of tomorrow.

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