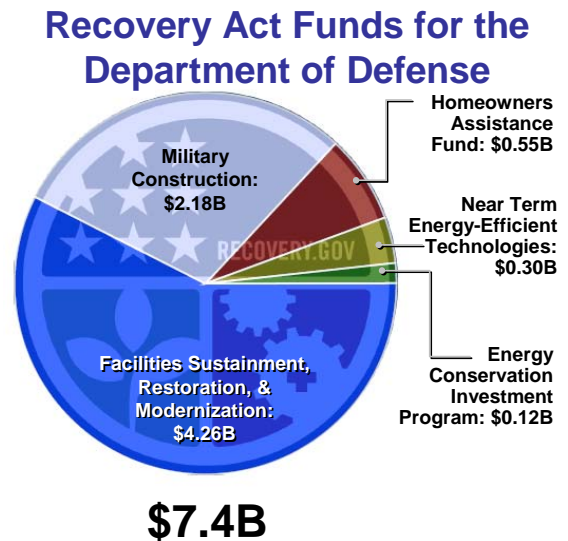


## DEPARTMENT OF DEFENSE AGENCY PLAN

### IMPLEMENTING THE RECOVERY ACT

On February 17, 2009, Congress passed the American Recovery and Reinvestment Act (the Recovery Act) and appropriated \$7.4 billion to the Department of Defense (DoD) for: military construction, facility repair, energy efficiency investments, near-term energy research, and assistance to DoD military and civilian personnel, past and present, who have experienced financial losses through the downturn in the U.S. housing market. The purpose of these investments is to stimulate the economy while supporting our service members and their families. Jobs are created and preserved when funds are spent on military installations to build new facilities, repair aging facilities, or bring buildings up to date with the most modern energy-efficient standards. Technical jobs are created through targeted research on energy projects that aid the Department in reducing its long-term energy costs and improving current energy efficiency in the near-term.



The infrastructure of the DoD is vast and stretches across all 50 states, two territories and the District of Columbia. The Department oversees more than \$700 billion of real property, within 4,468 installations in the U.S. and its territories. These installations are located in heavily populated urban areas, such as Washington D.C., and also remote areas of the western U.S. and Alaska. The structures in these installations are in constant need of repair and these repairs are usually performed by companies located in the surrounding communities. Major construction projects – such as the replacement of aging hospitals – can often create thousands of jobs that go beyond the local community and promote employment in whole regions.

In response to the Recovery Act, the Department has identified over 4,500 construction, facility repair, and research projects for Recovery Act funding and is moving swiftly to expend the funds in a legal and appropriate manner in order to create jobs, stimulate business around U.S. military installations, improve the efficiency of our facilities and advance the “Green Economy.” Specifically, the Department is investing funds in five major categories:

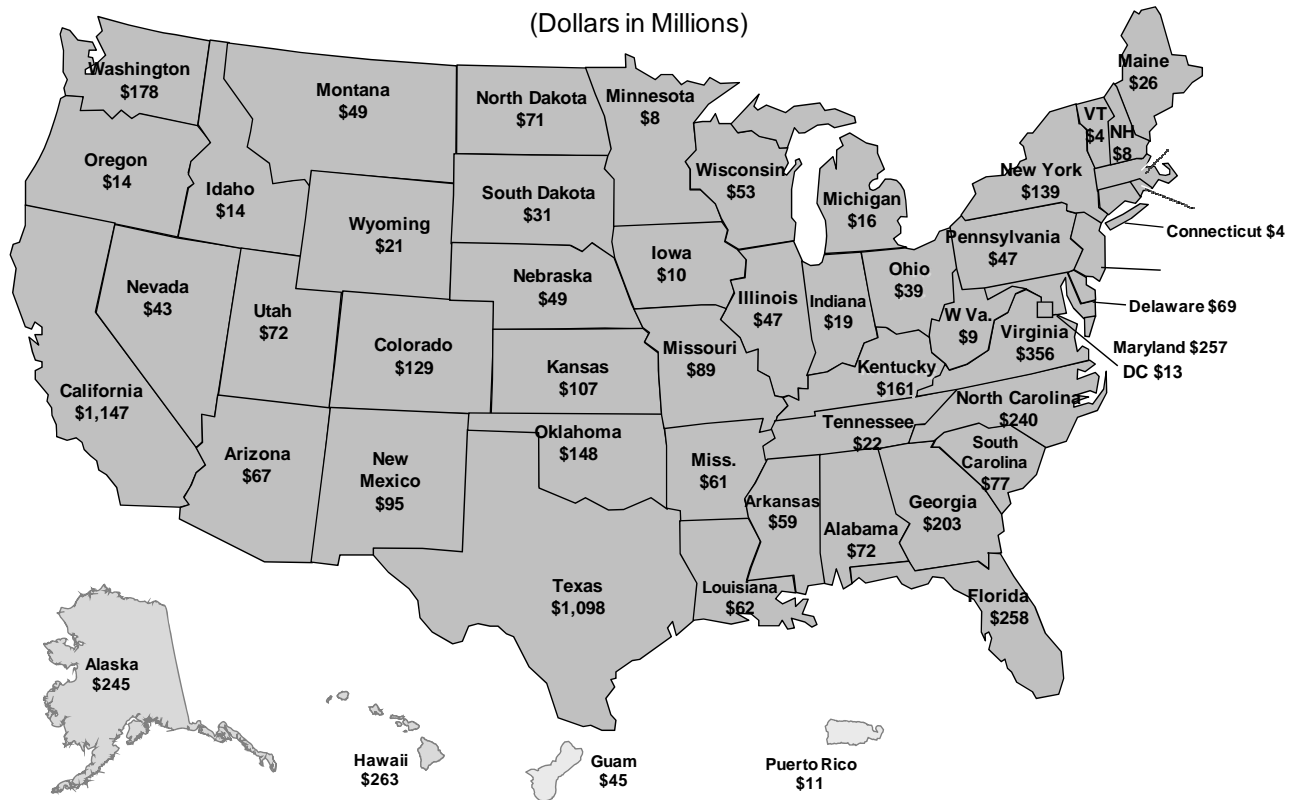
- Facilities Sustainment, Restoration, and Modernization – \$4.26 billion to upgrade of Department facilities, including energy-related improvements and upgrades to military medical facilities
- Military Construction – \$2.18 billion for new construction, including \$1.33 billion for hospitals

# DEPARTMENT OF DEFENSE AGENCY PLAN

- Energy Conservation Investment – \$120 million for improving the energy efficiency of existing facilities
- Near Term Energy-Efficient Technology Demonstrations and Research – \$300 million to investigate technologies that can satisfy capability gaps, present opportunities for military applications, or spur initiatives within industry
- Homeowners Assistance – \$555 million for a temporary expansion of assistance to qualified military and civilian personnel who suffer financial loss on the sale of their primary residence

Additionally, the DoD Inspector General was allocated \$15 million for oversight and audit of DoD Recovery Act execution. The total funding for the DoD in the Recovery Act is \$7.435 billion. Details on funding allocation by program are found in Attachment A.

## Selected ARRA Funding by State



Note: Only includes \$6.5 billion in funding for Military Construction; Facilities Sustainment, Restoration, and Modernization; and Energy Conservation Investment Programs projects that have specific geographic locations. Not included are \$127 million for repair and construction projects in multiple states

Source: DoD Expenditure Plans, as of March 31, 2010

## DEPARTMENT OF DEFENSE AGENCY PLAN

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### RECOVERY ACT GOALS

DoD is pursuing three broad goals with its Recovery Act funding:

1. Preserve and create American jobs
2. Care for U.S. Service members and their families
3. Improve the Department's energy efficiency

**Preserve and Create American Jobs:** Over 4,400 DoD repair projects, totaling \$4.26 billion for installations in all 50 states, two territories, and the District of Columbia, are funded by the Recovery Act. Another \$2.18 billion is available for new facility construction, including \$1.33 billion for three hospital projects. Infrastructure investments in existing buildings, such as defense medical facilities and family housing, can rapidly employ local contractors. Examples include:

- Roofs – Replacing or repairing roofs to eliminate maintenance backlog and potentially hazardous conditions
- Utilities – Restoring installation utility distribution systems (external to buildings) to fully serviceable condition. Includes repair and replacement of sewer lines, water lines, and trenches; repair of wastewater treatment plants; and rebuilding manholes
- Pavement/roads/grounds – Repairing and replacing pavements, bridges, traffic control and drainage structures. Includes airfields, roads, sidewalks, intersections, curbs, parking lots, traffic signals and signage, fencing, culverts, and other drainage structures
- Operations - Providing repairs and improvements to buildings that support operational requirements, such as arms vaults, combat skills training sites, aircraft hangars, underwater survival facilities, and obstacle courses. Includes restroom renovations, painting, flooring and carpeting, doors and hardware, carpentry and walls, repair and installation of communication lines and fire suppression systems

**Care for U.S. Service Members and their Families:** New and improved facilities will benefit the quality of life for our troops and their families. For instance, \$1.33 billion is available for building new hospitals at Camp Pendleton, CA, Fort Hood, TX, and major alterations to the Naval Air Station hospital in Jacksonville, Florida. Another \$115 million is for family housing construction. Other examples include \$240 million for 22 child development centers (including one added with savings from the award of the original 21), \$100 million for two Warrior in Transition complexes at Fort Campbell, KY and Fort Bliss, TX, and \$555 million for the expanded Homeowners Assistance Program that helps reduce the impact of the downturn of the housing market on the Department's military and civilian personnel.

Categories of construction and infrastructure improvements that benefit Service Members and their Families include:

- Barracks – Repairing and modernizing barracks to current standards. Includes repainting rooms, replacing windows, updating plumbing, mechanical, and electrical infrastructure
- Quality of Life – Making repairs and improvements to buildings such as athletic centers, playground areas, support centers, and bus shelters. Includes restroom renovation,

## DEPARTMENT OF DEFENSE AGENCY PLAN

painting, flooring and carpeting, doors and hardware, carpentry and walls, repair and installation of communication lines and fire suppression systems

- Medical - Modernizing outpatient clinic spaces, demolishing antiquated outpatient buildings, repairing building exterior and entrances, making medical facilities American with Disabilities Act (ADA)-compliant, and performing hazardous material abatement
- Family Housing - Providing repairs and improvements to Service member family housing. Includes restroom renovation, painting, flooring and carpeting, doors and hardware, carpentry and walls, repair and installation of communication lines, and fire suppression systems

**Improve the Department’s Energy Efficiency:** Environmental sustainability and energy conservation will be integrated into the design, development, and construction of projects in accordance with Executive Order 13423, the Energy Policy Act of 2005, the Energy Independence and Security Act of 2007, and local directives. This reduces energy demand at installations, encourages green jobs and construction, and sets the example of renewable energy production.

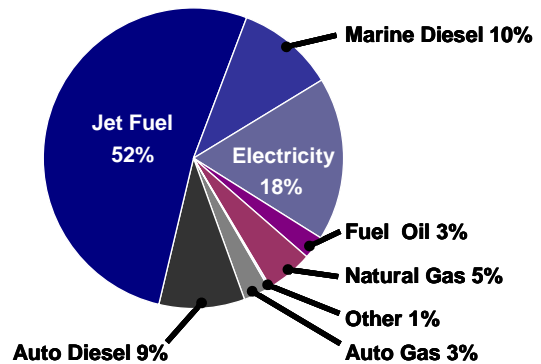
The Recovery Act funds \$120 million for 45 energy efficiency projects via the Energy Conservation Investment Program (ECIP). This program has a proven track record of beneficial savings from energy and water conservation. Examples include:

- Solar Energy – Photovoltaic systems at Marine Corps Recruit Depot San Diego, CA; Marine Corps Air Ground Combat Center Twenty-nine Palms; and Navy’s Space and Naval Warfare Systems Command San Diego, CA.
- Wind Energy – Wind turbine generation systems at Sea Girt, NJ; and Long Range Radar Sites in Alaska

In addition to facility improvements, the Recovery Act funds \$300 million for 55 Near Term Energy-Efficient Technology (NTEET) projects to reduce the Department’s energy demand via increasing fuel efficiency or advancing new technologies related to alternative energy sources. This research could directly benefit the Department and the nation by reducing the cost and security burden of fueling operational forces. Example projects include:

- Lightweight, flexible, cost effective solar energy photovoltaics for portable systems
- Hybrid electric drive systems for naval surface combatants
- Anaerobic bioreactors for alternative energy supply
- Fuel cells

**DoD’s Annual Expenditure on Energy, \$13B**



## DEPARTMENT OF DEFENSE AGENCY PLAN

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### PROGRAM MANAGEMENT

The President has established high standards of transparency and accountability for the use of Recovery Act funds. Each project is required to have policies and procedures in place to ensure that recipients and users of all funds are transparent to the public, and the public benefits of these funds are reported clearly, accurately, and in a timely manner.

**Performance Measures:** The Department has established performance measures consistent with the intent of the Recovery Act, such as:

- Percent net change in family housing units
- Change in facility condition
- Number of applicants aided by Homeowners Assistance funding
- Estimated annual energy savings

Program performance measures are supported by standardized definitions, quantifiable outputs, and designated measurement frequencies. The results of the performance measurements will be updated based on the established frequency and will be readily accessible to the public.

**Financial Tracking:** The Department will track financial performance and timeliness using the percent of the total dollar value of projects awarded.

These metrics that track program execution are secondary to the critical outputs of Recovery Act spending, such as job preservation and creation.

Additional details on program performance measures and financial tracking are found in Attachment B.

### DEPARTMENT OVERSIGHT

Since the signing of the Recovery Act, the DoD has worked very closely with the Office of Management and Budget (OMB) and other White House offices to effectively implement its funding. The Secretary of Defense designated the Principal Deputy Under Secretary of Defense (Comptroller) (PDUSD(C)) as the Department's senior accountable official to the White House. Within the Office of the Under Secretary of Defense (Comptroller) a senior steering committee oversees implementation, establishes policies and procedures, and reviews key metrics as the funds are obligated and executed.

Within the Department, a working group – which includes OMB, the DoD Inspector General, and members of the Military Services – meets weekly to coordinate the implementation of Recovery Act funds. Also, the Military Services have established their own working groups to coordinate execution down to the installation level.

In accordance with legal and executive directives, Department staff makes weekly reports to OMB, Recovery.gov, and the Office of the Vice President. Daily phone calls occur between OMB and Department staff. Reports with project-level plans, including projected costs and deadlines, are submitted on a scheduled basis.

## DEPARTMENT OF DEFENSE AGENCY PLAN

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Review of the progress and performance of major programs, including risk-mitigation and corrective actions, is guided by the Risk Management Plan developed by the Department in accordance with OMB Circular A-123, Management's Responsibility for Internal Control, Appendix A. The Department's current Appendix A process has a Senior Assessment Team that is lead by PDUSD(C), who is also the Responsible Officer for the Department's Recovery Act funding. As part of the Risk Management Plan, each program will be evaluated on a quarterly basis, with a Risk Profile being submitted to the Office of the Under Secretary of Defense, Comptroller and Chief Financial Officer. This process is further elaborated in the detailed program plans.

Due to the magnitude of normal budgeting for national defense, the Department, specifically, the Office of the Under Secretary of Defense (Comptroller) has established a centralized Business Enterprise Integration System (BEIS) for financial review and internal control. The Department will use BEIS to handle financial tracking, particularly obligation and execution data, at a project-level. This ensures compliance with general financial management policies pertaining to the Recovery Act.

On the department-level, the DoD Inspector General will use additional funding to augment its staff for oversight of Recovery Act funds. A separate unified plan, tailored specifically to Inspector General activities and functions, is being prepared by the DoD Inspector General for OMB.

### STATEMENT ON SMALL BUSINESS

The Department is committed to maximizing small business opportunities within DoD acquisitions and recognizes that small businesses play a critical role in stimulating economic growth and creating jobs, which is one of the primary goals of the Recovery Act. The Department adheres to the Federal Acquisition Regulations Part 19, Small Business Programs, which allows agencies to make awards both competitively and noncompetitively to various types of small businesses. The use of socio-economic programs enables contracting activities to maximize small business participation in federal contracting. The Department will make every effort to provide maximum practicable opportunities for small businesses to compete for agency contracts and to participate as subcontractors in contracts that are awarded using Recovery Act funds. DoD contracting activities will work with their small business offices and coordinate with the Department's Office of Small Business Programs to maximize small business opportunities that use Recovery Act funds.

## DEPARTMENT OF DEFENSE AGENCY PLAN

## Attachment A – Summary Table of Five Programs

<b>Appropriation Title</b>	<b>Allocation</b> <i>(Thousands of Dollars)</i>	<b>Program Name</b>	<b>Program Funding</b> <i>(Thousands of Dollars)</i>
Operation and Maintenance, Army	\$ 1,474,525	<b>Facilities Sustainment, Restoration, and Modernization</b>	\$ 4,260,393
Operation and Maintenance, Navy	\$ 657,051		
Operation and Maintenance, Marine Corps	\$ 113,865		
Operation and Maintenance, Air Force	\$ 1,095,959		
Operation and Maintenance, Army Reserve	\$ 98,269		
Operation and Maintenance, Navy Reserve	\$ 55,083		
Operation and Maintenance, Marine Corps Reserve	\$ 39,909		
Operation and Maintenance, Air Force Reserve	\$ 13,187		
Operation and Maintenance, Army National Guard	\$ 266,304		
Operation and Maintenance, Air National Guard	\$ 25,848		
Defense Health Program	\$ 400,000		
Family Housing Operation and Maintenance, Army	\$ 3,932		
Family Housing Operation and Maintenance, Air Force	\$ 16,461		
Family Housing Construction, Army	\$ 34,507	<b>Military Construction</b>	\$ 2,184,607
Family Housing Construction, Air Force	\$ 80,100		
Military Construction, Army	\$ 180,000		
Military Construction, Navy and Marine Corps	\$ 280,000		
Military Construction, Air Force	\$ 180,000		
Military Construction, Army National Guard	\$ 50,000		
Military Construction, Air National Guard	\$ 50,000		
Military Construction, Defense-Wide	\$ 1,450,000	<b>Energy Conservation Investment Program</b>	\$ 120,000
Research, Development, Test and Evaluation, Army	\$ 75,000	<b>Near Term Energy Efficiency Technology Demonstrations and Research</b>	\$ 300,000
Research, Development, Test and Evaluation, Navy	\$ 75,000		
Research, Development, Test and Evaluation, Air Force	\$ 75,000		
Research, Development, Test and Evaluation, Defense-Wide	\$ 75,000		
Homeowners Assistance Fund	\$ 555,000	<b>Homeowners Assistance Program</b>	\$ 555,000
<b>Total</b>	<b>\$ 7,420,000</b>		<b>\$ 7,420,000</b>

Note: Summary Table does not include \$15 million of funding for the Department of Defense Inspector General

**DEPARTMENT OF DEFENSE AGENCY PLAN**

**Attachment B – Summary Table of Performance Measures**

Department of Defense – Recovery Act Programs					
Goal	Military Construction	Facilities Sustainment, Restoration, and Modernization	Energy Conservation Investment	Near-Term Energy Efficiency Technologies	Homeowners Assistance
<b>Care for Service Members &amp; Families</b>	<ul style="list-style-type: none"> <li>% Net Change of CDC Slots</li> <li>% of Net Barracks Bed Spaces (Meeting Standards)</li> <li>% of Net Change in New Family Houses Created</li> <li>Hospitals: Throughput of Patients in Relative Value Units for Outpatient and Relative Weighted Product for Inpatient</li> <li>% of Warrior in Transition sites to Achieve Army Medical Action Plan Standard</li> </ul>	<i>not applicable</i>	<i>not applicable</i>	<i>not applicable</i>	<ul style="list-style-type: none"> <li># of Service Members and Civilians Aided</li> </ul>
<b>Improve Energy Efficiency</b>	<i>not applicable</i>	<i>not applicable</i>	<ul style="list-style-type: none"> <li>Estimated annual energy savings</li> <li>Savings to Investment Ratio</li> </ul>	<i>not applicable</i>	<i>not applicable</i>
<b>Transparency, Accountability, Timeliness &amp; Financial Tracking</b>	<ul style="list-style-type: none"> <li>% of Total Dollar Value of Projects Awarded</li> </ul>	<ul style="list-style-type: none"> <li>% of Total Dollar Value of Projects Awarded</li> </ul>	<ul style="list-style-type: none"> <li>% of Total Dollar Value of Projects Awarded</li> </ul>	<ul style="list-style-type: none"> <li>% of Total Dollar Value of Projects Awarded</li> </ul>	<i>not applicable</i>
<b>Other</b>	<ul style="list-style-type: none"> <li>Change in Facility Condition Index</li> </ul>	<ul style="list-style-type: none"> <li>% of Backlog Reduced</li> <li>Change in Facility Condition Index</li> </ul>	<i>not applicable</i>	<ul style="list-style-type: none"> <li># of New Products entering Commercial Market</li> </ul>	<i>not applicable</i>