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MILITARY CONSTRUCTION APPROPRIATIONS FOR 2000

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HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTH CONGRESS

FIRST SESSION

SUBCOMMITTEE ON MILITARY CONSTRUCTION APPROPRIATIONS

DAVID L. HOBSON, Ohio, *Chairman*

JOHN EDWARD PORTER, Illinois
ROGER F. WICKER, Mississippi
TODD TIAHRT, Kansas
JAMES T. WALSH, New York
DAN MILLER, Florida
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JOHN W. OLVER, Massachusetts
CHET EDWARDS, Texas
SAM FARR, California
ALLEN BOYD, Florida
NORMAN D. DICKS, Washington

NOTE: Under Committee Rules, Mr. Young, as Chairman of the Full Committee, and Mr. Obey, as Ranking Minority Member of the Full Committee, are authorized to sit as Members of all Subcommittees.

ELIZABETH C. DAWSON, BRIAN L. POTTS, and MARY C. ARNOLD, *Subcommittee Staff*

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MILITARY CONSTRUCTION APPROPRIATIONS FOR FY 2000

THURSDAY, FEBRUARY 25, 1999.

DEPARTMENT OF DEFENSE

WITNESS

HON. JOHN. J. HAMRE, DEPUTY SECRETARY OF DEFENSE

STATEMENT OF THE CHAIRMAN

Mr. HOBSON. Since my ranking member is here and we have members on both sides of the aisle here, we are going to start.

I would like to mention a couple of things before we start. This is our first official hearing of this Committee. We are going to start hopefully on time each time. We are starting about 3 minutes late. We will all try to be here on time.

We are going to recognize members for questioning, except the ranking member. No matter when he arrives, he will have the first order of questioning as we go, because I think as the ranking member, there is a certain privilege that goes with that.

Mr. DICKS. We agree with that.

Mr. HOBSON. I think this is beginning to work pretty well. Members will then be recognized for questions as they have arrived. We will try where we can, at least in the first round, to be flexible with time, but I would like in the beginning of questions to just do it like 5 minutes, and then that gives everybody hopefully a chance to ask something. Then we will come back, but we will try to be flexible.

We welcome questions for the record. Please provide two copies to the staff. We have name plates out for all the members.

I want to say that we have got, I think, a good Committee, Dr. Hamre. They are all very interested in learning. We went on a trip recently overseas to try to see what is over there. Most of us know what is in our districts, but seeing the world, there is no constituency for that, generally, other than ourselves. So we want to get everybody acquainted with that.

We want to thank you for coming. We have met a number of times. I have some concerns with the budget request and the gimmicks that went on. Overall, it is a 37 percent reduction from last year's enacted.

I know you. I know your personal commitment to all of this, to quality of life and our service members, but overall, DOD continues to put these issues, as they relate to this Subcommittee, I think, as kind of the bottom of the list. I don't think people and how they are housed and their quality of life should be at the bottom of the

list. I think, frankly, all those airplanes aren't going to function too well and all those other pieces of equipment in the Navy or wherever won't function as well if the troops aren't happy and have a quality of life that they should have.

All right. You are going to get us out of this this year. I am hoping you are going to say here is $3 billion more and let's go while you are here.

Dr. HAMRE. I wish I could do that.

Mr. HOBSON. But there is a problem because if some place along the way now this $3 billion magically arrives, or any part thereof, I think by doing this we have created a Pandora's box or something where that $3 billion—it is already $3 billion, and the next year over, and so we are going to do this $3 billion and let that sit. Then it becomes a game. We all know there is a certain amount of gamesmanship on this. It was unfortunate that this occurred, but I am going to let you comment about that.

Mr. Olver, do you have any comments that you would like to make?

STATEMENT OF THE HONORABLE JOHN OLVER

Mr. OLVER. Sure. Thank you, Mr. Chairman. I will comment very briefly.

I certainly want to welcome you, Mr. Secretary, and I certainly appreciate your coming to discuss with us the overall Department of Defense budget. As the ranking member of Military Construction, my first concern is what is happening in military construction in the broader context of the defense budget. And I would like to just mention a few of those along the way.

One of them is, of course, the concept of advanced funding, which to me seems like a semantic matter because it seems much more like deferred funding to me rather than advanced funding for items that are of great concern to the people and the quality of life out there in the field. It seems to be a gimmick to balance books, and I don't particularly like gimmicks. It has already been mentioned by the chairman.

Secondly, I am concerned about finding the appropriate role for privatization, in family housing, particularly. I have a lot of examples out there and a lot, it seems to me, to think about in that area. And I am concerned about the relationship between the budgets and projects that we have here and the future rounds of BRAC which have been proposed by the Department.

Now, I think that members on both sides—I know all the members have concerns in different ways about the same issue. So that is at least a little bit just to indicate the focus of my concerns.

Mr. HOBSON. Dr. Hamre.

STATEMENT OF THE HONORABLE JOHN J. HAMRE

Dr. HAMRE. Thank you very much, Mr. Chairman. I am genuinely grateful for being invited to come. I look forward to this hearing. Not too many other hearings do I look forward to, but I actually look forward to this hearing, in large measure because it is such a—the setting is intimate and conversational. You don't normally have an opportunity like that. It lets us, I think, frankly, to

be a little bit more candid about the program we give you and the problems we present.

Mr. HOBSON. This is an open hearing.

Dr. HAMRE. It is an open hearing, and I know that I have got people who are going to be reporting back to their respective offices about what I say.

If I may take just a moment first to frame the larger context, to explain why we didn't give you a program this year, that clearly is a problem for you, and I regret that.

We are really at the transitional year. We are ready to enter the new millennium. We are ready to enter a new century. And one of the things the Secretary did when we were building the budget this year is he said let's pause for a second and say, you know, what shape are we in at the end of this century? And are we up to the challenges that we are going to meet in the next century?

Let me, if I could, I think there are reasons to be very proud of how we are ending up at least this decade of this century. We had a number of military operations this last year. The one operation, Desert Fox, which was in December, where we attacked Iraq, was the most flawless military operation I have ever seen. It went exceptionally well. I know of only one mission that was aborted because of mechanical problems.

The accuracy of our troops and the missiles was phenomenal. Collateral damage was virtually non-existent. So the troops did extremely well.

I think in a different dimension I look and the United States still remains the glue that holds together NATO and, frankly, the glue that holds together the U.N. in terms of security forces. Some people resent it a bit because we are the big power. We are now, not affectionately, called "the hyperpower" by some of our allies, but nonetheless we remain the glue that holds the alliance together, and I think we should take pride in the fact that this country still is respected for that.

I am so amazed and impressed at how, after 10 years of drawdown—and our budget is 40 percent smaller than it was 20 years ago. We have been able to retain the professional core that really represents the quality of this military. It really was done only because of the tremendous support we have had in Congress, especially these last several years. I don't think we could have done that.

We certainly couldn't have gone through the transition without the transition benefits that Congress designed and engineered and gave to us to make sure we could do that.

Our professionalism is, really, I think undiminished. Those are all pluses in which we take a great deal of pride.

In looking to the future, I think we are postured in a way to jump off and deal with some of the big challenges of the future: weapons of mass destruction, cyberterrorism, national missile defense. We have a funded program here that we are finally presenting to you.

Mr. HOBSON. I don't know if Norm and I would agree with you after the meeting we sat in on. You weren't there?

Mr. DICKS. I was there part of the time.

Dr. HAMRE. Believe me, I am not saying the world is a nicer place. If you are referring to, I think, the intelligence briefing, it is in many ways a much more dangerous place. There are lots of bad guys out there. So the challenges are even harder, but at least I think that we are postured to try to address them. We are addressing them.

I think we have retained, despite the drawdown, a spectrum of capabilities so that we can handle everything from a Desert Storm again down to confronting an Osama bin Laden. And I think that we have created—in large measure, Congress has pushed us to this—an innovative, professional climate in our military that is really astounding. If you go to our war colleges, you will see people thinking about warfare of the future that just will set us apart and well above anything we will confront. So we take a great deal of pride in that.

But it is not without our problems, and we certainly do have challenges at the Department. Recruiting is harder than ever. We are having a hard time recruiting. The Army is falling short this quarter. With the economy as strong and as robust as it is, it is really tough to recruit. And retention is down, and you know that. Those of you who have military installations and you go talk to them, it is really hard.

Fortunately, I think the President has asked for changes in both retirement benefits and pay. Congress has responded very quickly on that. I think that will be of great help, but that is still a real problem. I will be honest. Our forces are strained with all the operations work, and it is very tough for us to think about another operation. We will do it, however, if the President says we are going to do it, if we decide we are going to have to, but we are stretched thin. It is showing.

Just this morning, I was talking with the vice chairman, and some forces that have been deployed forward are overbooked, and the question was: Did the Marine aviation unit get to go home first or did the Navy aviation unit get to go home first? And we decided on the Marine aviation because it has to get redeployed in May. I mean, it is that sort of a trade-off that we are now looking at. Our forces are really stretched.

Our bases are threadbare. You have seen that when you go out. You see our bases are threadbare. They have taken the brunt of the build-down, that and our investment accounts.

Mr. HOBSON. There is going to be a vote and a swearing-in of a new member. That shouldn't take too long.

It is at 10:00. I heard the bells, and I wanted to bring that up.

Dr. HAMRE. Our bases are threadbare because we have tended to economize by not reinvesting in that capital infrastructure. We have done the same with our hardware. We are not investing in replacement weapons systems like we should, either. And so we come to this turning point in the century with a threadbare infrastructure.

Unfortunately, that sits square on your lap. This committee has done more, frankly, to try to keep that up in the last 3 years than anyone else.

So when we approach this turning point, it is with a lot of pride, with a lot of good capabilities, but some genuine concern about

what we have to do for the future. So this fall, the Secretary, along with the Chiefs, went over and spent a fair amount of time with the President trying to get additional resources. And we were glad that he gave us additional resources both for 2000 and for the 5-year plan. And the President submitted a budget, and some people will argue whether it is enough. I know that that is still a big debate we still have to have, but the President's proposal would increase it by $112 billion.

The outyears were relatively easy. The budget year, which is always the case, was hard because the budget year was subject to the caps. The caps, of course, go through 2002, I think it is. But they really were hard in 2000. And so in order to provide the additional dollars—initially, the services wanted about $17 billion for 2000. We decided what could we defer. We got it down to about $14 billion. We then were able to make some other policy choices.

For example, we thought it was probably a good idea to defer the pay table reform by 6 months so as not to have two pay raises in the same fiscal year and things of that nature. So we got the bill down so it was at about $12.5 billion. But we needed $12.5 billion, and the caps just were there. They were like $4 billion. So we got $4 billion worth of cash. We were allowed to keep inflation savings, inflation and fuel savings. That was about $3 billion. We were short $4.5 to $5 billion.

We wanted to try to propose emergency funding, for example, for Bosnia, for Bosnia operations, and OMB, Jack Lew at OMB, said, look, I have had so many sessions with Congress, there is no way we are going to do an emergency designation. You know, we agreed on that when we built our budget last year.

So we confronted this terrible problem about how we get additional spending money, purchasing power, under the caps. And then this idea of advanced funding emerged, which I happen to agree with Mr. Olver sounds like deferred funding, not necessarily advanced funding. But this idea of advanced funding came up. We basically said we will keep exactly the same program, so we didn't cancel any projects. But we said we will only put the cash up front for the first year, and then we will pay for it the second year, next year.

So when you look at our profile, you know, it is $5 billion this year and goes up to $10 billion next year to make up for it.

Do we think this is a good idea? No. I would much prefer that we not be doing this. Was it an avoidable idea? And that was the problem. As long as we were limited to having to put a program together and do it under the caps, this was the way to do it.

Now, the difficulty it presents to you is this would work, which is what differentiates this from a gimmick. It is not a gimmick in the sense that it is just some kind of a p.r. device. This actually would work if you appropriated it the way we ask for it. But it has lots of problems, and it is very difficult. One of the things in my discussions with Staff Director Dawson is how do we help you work this very significant problem, because we know that it is a tough problem in the House. It is a tough problem in the Senate.

Mr. HOBSON. We need some creative financing, I guess.

Dr. HAMRE. We need creative financing without being gimmicks, you know? And this was as close as we could get, and it still is a difficult thing. So we do want to talk about that.

As I said to you before privately, we gave you a hot foot, you know, with the budget we sent up here this year. And while it is possible to produce a MilCon program—and the underlying program I think is fairly good—it means you have to buy into this financing strategy, which isn't really the way we want to go. It is certainly not the way we want to go in the long run. We didn't propose this to you as a permanent change. We proposed it as a one-time expedient. So we are anxious to work with you to find a way to do that.

Now, if I may, Mr. Chairman—and I know there is short time—I will just continue to say a few other things while there is time. Is that all right? Or would you prefer to break?

Mr. HOBSON. No, I don't want to break. The vote will be at 10:00.

Dr. HAMRE. Okay. May I just say something first about BRAC? We are, as you know, implementing the four rounds. The first two have totally closed. We have finished up those BRAC rounds. BRAC Round 3 will be done this summer. We will finish BRAC Round 3 in July. BRAC Round 4 is in implementation now, and it will continue. It won't end until 2001.

I know there have been questions raised: Have you really saved the money you said you were going to save? We have claimed and argued that we would be saving over the period $14 billion and on an annual basis about $5.6 billion.

The General Accounting Office did an independent review of our numbers, and they came back with a report that said we saved more than we claimed and the costs were less than we said they were going to be. So I think there is a very clear message.

Mr. HOBSON. You must have sent some of your guys.

Dr. HAMRE. I was surprised, I must confess. I was surprised. But I think it is true. We know that we save money when you can close infrastructure that you don't need. And we do know that we have excess infrastructure now.

Now, I also know it is painful for every Member of Congress to go through this. I know of the problems that you have at Springfield.

Mr. HOBSON. I will give you some success stories. I just read about Newark Air Force Station, which is a positive. I will give you another one. Mr. Olver has got one, too, I think, but also in Dayton, Tony Hall and I were all upset about carrying——

Dr. HAMRE. Yes.

Mr. HOBSON. That has, I think, been a success.

Dr. HAMRE. Yes. It turns out on the average in 3 years we are employing 75 percent of the employment that was there the day we closed it, and in 5 years we have more. That is our track record.

Mr. HOBSON. Those are little installations.

Dr. HAMRE. They are.

Mr. DICKS. Would you just yield for a second? I really strongly support what the administration is trying to do here, and I have got a State where we have a lot at risk. We think that our military value is very high. But one thing I have learned over 30 years up here, military bases don't pay taxes locally, and local communities,

I think—you know, where they have to go through this transition—sometimes are better off because the property goes on to the private tax rolls and the local communities wind up getting more money because the Government doesn't pay any local property taxes.

I think from a defense perspective, from our other committee, the Subcommittee on Defense and National Security, if we don't do another round of base closures, we are making a serious mistake. The administration deserves to be supported. We have got to get over the politics of what happened a couple years ago and move on. This to me makes a great deal of sense, and I hope we can support it.

Mr. HOBSON. And I think the point you made, we have to figure out how to get over the politics of it. There are very deep bruises among people on both sides of the aisle. This is not a Republican partisan thing. This is on both sides of the aisle.

Dr. HAMRE. The tempo thing really did create a lot of problems for people. I think we had a very important development this year. What we said was the President said we want you at least to privatize these things in place. We said we can't do that, but we will open them for competition. And if they can win work, we will keep it there. But if they can't win work, we will have to move it. And they said okay, fine. And we did. We conducted three competitions, and in each case, frankly, the debt was lost.

Now, we learned a lot. The first round, frankly, the first round was I think skewed because we didn't understand how to do it, and we made some mistakes. We certainly learned with the next two rounds, and we had some tremendous competitions in the work at McClellan that involved Hill and the engine work at San Antonio that went up to Oklahoma City. The taxpayer is going to save over $3 billion from those competitions.

So even though it was probably the wrong way to get going and it really undermined people's confidence in the base closure process, it turned out to be a real plus, I think, for the American taxpayers.

[Prepared statement of the Honorable Kay Granger follows:]

Remarks of
The Honorable Kay Granger
Before the
Military Construction Subcommittee
February 25, 1999

Mr. Chairman:

Since this is our first official meeting of the 106th Congress, I want to take a moment to say how pleased I am to be a member of the Military Construction Subcommittee. I am looking forward to working with you, and the other members of the subcommittee, to address the many critical needs throughout our military, and especially in military construction. The bipartisan spirit of determination and cooperation on this panel is very refreshing, indeed.

I echo the words of others when I say our military is not getting the level of financial support and commitment that the men and women in uniform deserve. To this end, I think the President's FY 2000 budget request is inadequate. The Joint Chiefs of Staff said so last Fall, when–at the persistent urging of Congress–they testified to an immediate need for an additional $20 billion in the FY 2000 budget.

On the positive side, I am very pleased the budget recognizes the urgent need for a pay raise and restores the traditional military retirement benefit. We must pay more attention to "quality of life" issues if we are going to meet recruiting goals and retain experienced, highly trained personnel.

I am especially pleased the Pentagon has finally acknowledged the need to purchase new F-16s. I certainly support the request for 10 planes in FY 2000, but I am concerned about the inconsistency of the overall request for 30 planes–and the Air Force knows that 30 planes will not be sufficient to compensate for the current attrition rate.

As the former mayor of Fort Worth, Texas, I must also say how pleased the entire community is to see the MV-22 at the top the U.S. Marine Corps' modernization list. Not only is the V-22 a remarkable technological advance, it will help redefine the Marines' approach to combat. In fact, if I may editorialize for a moment, "modernization" is really an understatement when you consider the MV-22 will be replacing helicopters that are over 40 years old. That is not modernization, that is an absolute necessity.

Turning to military construction, the Texas National Guard has been in town this week. Around this table, we all know how important the National Guard and Reserves are to the efficient operation of our active military, yet we are neglecting their construction needs in Texas and all around our nation. They are *really* doing more with less.

I am especially proud of the Navy and Air Force reservists, and the Texas Air National Guardsmen who train and deploy out of the Naval Air Station Fort Worth, Joint Reserve Base. As we contemplate two additional rounds of BRAC, I know firsthand the pain and loss a community faces when its base is closed. But in Fort Worth, we have not lost, we have gained. I, and the entire Fort Worth community, could not be more pleased by the exceptional activities that are taking place at the NAS Fort Worth. In fact, there are more air operations today than there were when it was an active Air Force base. This really shows what a growing and integral part the Guard and Reserves play in our modern military.

In conclusion, Mr. Chairman, it is ultimately Congress' responsibility to make sure the Army and Marines have enough ammunition, the Navy has enough ships, and the Air Force has enough planes and pilots. And, it is our responsibility to make sure all the services have quality housing, health care, and facilities. I am very committed to meeting these responsibilities, and I know you share these goals.

I am looking forward to working with you.

Ms. GRANGER. Let me say I was mayor when the base closure announcement to close Carswell was made. I had taken office a month before. And then I chaired the Carswell Re-Use Authority that worked on re-use. I thought that the process for re-use was horrible. It is now a joint reserve base. It is extremely successful and a model for jointness. But had we been left with that base as closure, it would have taken 20 years. There was no process to turn it over to the community. It was a very difficult, cumbersome, overly slow process that stopped redevelopment for years.

So if we are going to have another base closure round, for goodness sakes, we need to examine not just the process of making a decision but the process of allowing a community to use their——

Dr. HAMRE. May I comment on that? I saw a transition in the way the Department thought about base closures. The first round, even into the second round, the thinking that really dominated everybody was: These are wonderful properties, there is lots of value here, let's milk these things and really get their worth out of them. So that was really the mind-set. We really were thinking that there were literally, you know, $3 or $4 billion worth of value in these properties. And that, of course, contributed to the mind-set that said: Aren't you people lucky we are going to give you a base? Of course, we didn't do the job we needed to.

Then we shifted. We started to realize this was really putting an enormous burden on these communities. These had been our partners throughout the Cold War. We asked a lot of these communities. And when we went off for Desert Storm and when our troops came back home, they welcomed them with open arms. And it isn't fair just to walk away from those communities and say, well, you now owe us for the bases we are going to leave you.

So we made a very specific shift in our thinking that, first, the community owns our support when we walk away and, second, just as good stewards of public resources, we have got to get these things back on the tax rolls.

So you have seen a very specific and definite shift. We now consciously go out and try to work and build base re-use committees and to try to get them transferred as soon as possible. I won't say we are perfect, and we aren't. But we have definitely changed, and I think—and I know, Mr. Farr, you have worked very closely with the base re-use committee for Fort Ord to try to make this work.

Mr. FARR. If you would yield, I would like to comment on this. I deal with base closure every single day, and I have been in Congress for five and a half years. It is because you closed the biggest base in the country—Fort Ord, in Monterey, California.

You know, there are two systems here. There is the model that leads to what bases are we going to close, and that is a Department of Defense decision, and then it is reviewed. But where we need to rewrite the law is, after the decision has been made, this process has to be improved—you do not have a good law on that.

You have got to start thinking differently. There's two ways to do it. You either give the property away. It is all taxpayer property, anyway, and you are giving it to local entities. Or be in partnership with them. You say we will go with you on this. We won't sell you the land because the cleanup costs are so big, but we will just let you develop it, and whatever money you make off of it, we will take

a share. I mean, that is essentially the way the private sector does this stuff.

You could move these things a lot faster if you did that. I want to be involved, and I think there are others here who have been in this process. We need to rewrite the re-use law. It is based on a bunch of law that started in 1947 on how we dispose of excess Federal property, and they tried to apply it to base closure. And it is not disposing of excess property. It is essentially a new economic re-use. And I think there is, frankly, a great application between base re-use and infrastructure development in all the countries that we are in with peacekeeping forces. If we are going to get Bosnia and Herzegovina or Kosovo back on their feet so that the troops can get out in a reasonable period of time, we are going to have to have the economic development, and where are we learning to do some of that stuff? We are learning how to do it with the small businesses and base closure.

I think if we can develop some expertise, we can go into these countries on the civilian side and say here is what we have learned, here is what you have got to do.

Mr. Secretary, you have got to look——

Dr. HAMRE. Yes, I am going to get to your environmental.

Mr. FARR. Yes. You have got to look at something that is going on right behind your back right now. The Department of the Army with the agreement of Department of Justice, pursuant to a court case—I haven't read the opinion, and I think they are erring too much on the side of caution on this—that now all the base cleanup process will go through the Superfund process. And that means transfers that all that are now in process, properties that are now complete, where you find suitability to transfer, are now going to have to be stopped at this moment and started over again, which is about another year or two of delay and an incredible amount of cost to clean up. And that decision—I am having the Secretary of the Army in my office tomorrow with DOJ. They have given the total enforcement responsibility to the EPA. The EPA can call the shots on base cleanup. It leaves both the community and the military very vulnerable to what is essentially EPA's bureaucracy.

Dr. HAMRE. I didn't know anything about it.

Mr. FARR. I know. Nobody knows about it. It's got national ramifications. So I would hope that you would look at it.

Dr. HAMRE. I will.

Mr. FARR. Lastly, one of the things that I am really impressed with, you know, as we travel around—and I have IMET land extended IMET program at the Naval Postgraduate School. I am really impressed with the amount of education that we are giving to foreign military officers, who are very competent. You have to be impressed with the officers that we met in Truesdale, the camp. We have some allies that are really smart.

We need to stop this 9–1–1 idea that Americans say, you know, we have to respond to everything. We ought to try to do more burdensharing by doing more training. I think also—because you have developed this system under Secretary Perry of buying commercial off-the-shelf stuff. Why don't we apply that same principal to base operations? So you contract with municipal entities to do all your roads and sewers——

Dr. HAMRE. One of the things I want to talk to you about is this privatization of the utilities.

Mr. FARR. We have done it on the procurement side. We ought to do it on the operations side.

Dr. HAMRE. I would be anxious to talk to you about that.

Mr. FARR. I think there is significant saving to it and better quality-of-life issues for the bases.

Dr. HAMRE. I think that is right. I would be very anxious to talk about that.

Mr. HOBSON. I tried to do it not too long ago on utilities; OMB didn't like it. But it is going to force some of the utilities to come back.

We can go a little longer here. Allen, do you want to ask your questions?

Mr. BOYD. Yes. Thank you, Mr. Chairman.

Secretary Hamre, I appreciate the tone of the discussion on the BRAC issue. It makes all of us nervous about the process we use. Has the Department of Defense identified any bases for future BRAC action?

Dr. HAMRE. No, sir. We have not.

Mr. HOBSON. If they did, they aren't going to tell him. [Laughter.]

Dr. HAMRE. But, in all honesty, we have not done that, and the reason is because we honestly believe that the BRAC process, as painful as it is, is the fairest way to deal with it. I remember how BRAC got started. I worked at the time on the Senate Armed Services Committee, and I remember seeing the list that came over when the administration submitted it, Secretary Cheney submitted it. Immediately the Hill was flooded with arguments. This is a Republican administration going after Democrat bases. That was just plumb full of it at the time.

It turned out, by the way, if you looked, almost 90 percent, 95 percent of those bases were indeed closed under the BRAC process. But at the time, it was perceived as having been political. And so we have not done that.

Mr. BOYD. I thought that that would be the answer because that was the exact same answer we got yesterday from the Comptroller.

Are you aware of any proposals by the Air Force to transfer any air defense sectors from one base to another?

Dr. HAMRE. Well, sir, there is authority to take and move and realign forces inside existing statutory authorities, and, yes, we do that.

Mr. BOYD. As it relates to a BRAC closing?

Dr. HAMRE. No, sir, not as it relates to BRAC and it is not prejudging or pre-deciding in association with BRAC.

Mr. BOYD. Mr. Chairman, I know we have to go, but——

Mr. HOBSON. We have another minute.

Mr. BOYD. I have a document here from the Air Force that I would like to have entered into the record that outlines transferring several air defense sectors from one base to another and leaves several Air Force bases with little or no military presence. That certainly is applicable to its talks about the BRAC process.

I guess the point that I would make is we have heard all this talk about not to politicize the issue and making it a fair issue and

how you do it to avoid all the problems. And we have fallen right back into the same trap.

I want to submit this to the chairman for the record and also a list of questions that I would like to have answered regarding this matter, if you would.

Dr. HAMRE. Sure. I would be happy to.

[Prepared statement of the Honorable John J. Hamre follows:]

Clerk's Note:-The Honorable John J. Hamre does not submit his own prepared testimony. Dr. Hamre testifies before Congressional Committee's using Secretary Cohen's posture statement.

Statement of Secretary of Defense William S. Cohen
In Connection with the FY 2000 Defense Budget
Military Construction Subcommittee of the House Appropriations Committee
25 February 1999

Mr. Chairman, members of the Committee, it is a pleasure to be here to present President Clinton's fiscal year (FY) 2000 Department of Defense (DoD) budget request. Special greetings particularly to new members of this committee. My department and I look forward to developing a productive and cordial relationship with you as together we work to secure America's future.

We convene at the twilight of a century in which military power came to dominate much of human affairs. Through world wars, crises, and the Cold War, America learned the folly of appeasement and wishful thinking and the wisdom of preparedness and resolve. Now we meet to consider the defense budget of the nation that good fortune has cast as the one most able to lead the world toward a more peaceful century.

A prudent security strategy and defense posture remain essential to America's global leadership and its ability to foster a favorable international order. Our aim is an environment in which critical regions are stable, peaceful, and free from domination by hostile powers; the global economy and trade are free to grow; democratic norms and respect for human rights are widely accepted; and nations cooperate to prevent and, if necessary, respond to calamitous events.

The FY 2000 DoD budget advances these goals. It reflects my Department's May 1997 Quadrennial Defense Review (QDR) -- a comprehensive analysis of our nation's defense posture, strategy, policies, and programs. In view of the security threats and opportunities facing the U.S., both today and well into the future, the QDR developed many far-reaching recommendations on force structure, readiness, modernization, infrastructure, and more. It presented a new strategy that can ensure America's military superiority as well as implement the defense requirements of the President's National Security Strategy for a New Century, which stresses global engagement and leadership.

In support of our strategy, America's armed forces continue to excel in the multitude of missions given them. From Desert Storm to Desert Fox, our forces have performed with skill and precision in the vital Persian Gulf region. In Korea our troops maintain their relentless vigil against aggression from the north. In Bosnia our forces are adeptly accomplishing the military tasks needed to foster a permanent peace there. In humanitarian crises from Rwanda to Central America, our military has delivered relief whatever the obstacles. Around the globe our uniformed men and women are operating with high effectiveness, training hard, keeping our weapons and systems in good shape, and mastering all the other essentials of our defense strategy.

Over the past year our national security leadership has become more and more concerned that this military excellence could begin to wane without substantial new investments. Although our forces continue to accomplish their missions splendidly, there are warning signs of potential problems. Recruiting and retention are increasingly difficult, readiness harder to maintain, and modernization tougher to fund sufficiently. General Shelton, the Service Chiefs, and I conveyed

our concern to President Clinton, and he agreed that corrective action was needed. The President decided to propose substantial increases in military compensation and the first sustained long-term increase in defense resources in over a decade. His action meets the most pressing requirements identified by our uniformed leaders and will enable us to continue the military excellence that has become our nation's pride.

This statement highlights how the President's FY 2000 budget proposes to keep America's defense posture strong. It emphasizes how the FY 2000 budget:

1) Supports the QDR strategy of Shape, Respond, Prepare
2) Provides substantial new resources through a higher topline and reapplied savings
3) Puts people first with the largest military pay raise in a generation and increases in military retirement benefits
4) Protects readiness priorities with increased funding for operations, training, repair parts, and maintenance
5) Achieves QDR modernization aims including $60 billion per year Procurement by FY 2001
6) Reaffirms our commitment to streamlining and reform of DoD infrastructure and support
7) Continues the strengthening of our critically important Reserve components

Supporting the QDR Defense Strategy

The QDR defense strategy has three elements:

(1) The U.S. must **Shape** the international security environment in ways favorable to its interests. We work to do this by promoting regional stability, preventing conflicts, deterring aggression, and reducing threats. Especially crucial are the overseas deployment and superior capabilities of U.S. forces, our international alliances, and our peacetime engagement with selected nations with the aim of them being friends, not adversaries in the future.

(2) The U.S. must **Respond** to the full spectrum of crises. America's military must be capable of responding effectively to crises in order to protect our national interests, demonstrate U.S. resolve, and reaffirm our role as a global leader. U.S. forces must be able to execute the full spectrum of military operations -- from deterring aggression and coercion, to conducting concurrent smaller-scale contingency operations, to fighting and winning major theater wars.

(3) The U.S. must **Prepare** now for an uncertain future. Among our efforts to do this, we must pursue focused modernization to replace aging systems and incorporate cutting-edge technologies to ensure U.S. military dominance. We must streamline and improve our Defense infrastructure and support activities. And we must hedge against the possible emergence of a major unanticipated threat through such priorities as carefully targeted research and development.

The essence of this defense strategy is balance between current dangers and opportunities versus those we might face in the future. We need sufficient forces and capabilities to meet today's requirements, while at the same time investing wisely for the future. The FY 2000 budget

provides balanced support of the QDR strategy of Shape, Respond, Prepare. All three elements benefit from proposed funding of our top priorities -- people, readiness, and modernization.

The requirements of the QDR strategy determine the size, composition, and posture of U.S. forces. Our forces are configured not only to meet current threats, but also to succeed in a broad range of missions and environments. The Defense program seeks to ensure that the U.S. military has the capabilities to dominate future foes and give national leaders a range of attainable options for promoting and protecting America's interests in peace, crisis, and war.

Our defense strategy and program includes a major focus on countering the serious threat of weapons of mass destruction (WMD). Efforts to reduce this threat include the Cooperative Threat Reduction (CTR) program to support the destruction and nonproliferation of weapons of mass destruction in nations of the former Soviet Union, the Chemical Weapons Convention, and various other measures to discourage the proliferation of these weapons. The FY 2000-2005 budget to address WMD dangers includes: $2.9 billion for the CTR program; almost triple the previously planned spending for National Missile Defense (NMD); and additions to other programs to counter WMD threats, particularly those associated with the Special Operations Command.

Increasing Defense Resources

Proposed budget authority for FY 2000-2005 reflects President Clinton's plan to make available to DoD $112 billion in additional resources, which will enable DoD to fund the most critical priorities identified by our military leaders. This constitutes the first sustained long-term increase in defense funding since the end of the Cold War. The additions are being made to resource levels planned at the time of last year's FY 1999 budget request.

The added $112 billion consists of an $84 billion increase to last year's planned topline and $28 billion in savings from lower inflation, lower fuel prices, rescissions, and other adjustments – savings the President directed DoD to retain and allocate to pressing needs. President Clinton's $84 billion topline increase reflects his proposal in the State of the Union address to allocate to defense spending a portion of the projected federal budget surplus once a resolution on Social Security is achieved.

For FY 2000 the budget includes $12.6 billion in additional resources -- $4.1 billion from a topline increase and $8.5 billion from economic adjustments and other provisions. These added resources enabled DoD to increase military compensation, provide balanced support to readiness and modernization priorities, and fund the expected cost of Bosnia and other operations.

The allocation of the total $112 billion reflects our balancing of current and future needs:

- $35 billion to Military Personnel accounts, primarily for higher pay and retirement benefits
- $49 billion to Operation and Maintenance accounts for various readiness enhancements, Bosnia costs, higher civilian pay raises, and CTR increases
- $28 billion to modernization (primarily Procurement and RDT&E accounts) for funding increases for weapons, facilities, and support systems, plus added funding for NMD

Putting People First

Providing a good quality of life for our uniformed people and their families remains essential to sustaining U.S. military strength. Reflecting that reality and to address mounting warnings about retention and recruiting, this year's budget includes the largest increase in military compensation in a generation. The compensation package proposals:

1) The REDUX change in military retirement would be reversed by raising benefits from 40 percent to 50 percent of base pay for members retiring after 20 years. Also proposed are changes to ensure that retirees get cost-of-living (COLA) increases during periods of low inflation. Restoring military retirement benefits was the military leadership's top priority. For FY 2000-2005, these changes cost $6 billion.

2) Military base pay in FY 2000 would be raised 4.4 percent -- the largest military pay increase since FY 1982. This raise exceeds the forecasted rate of civilian wage growth (employment cost index or ECI) and is more than two percentage points above the general inflation rate as reflected in the Consumer Price Index, projected at 2.3 percent for FY 2000. Planned FY 2001-2005 raises are 3.9 percent per year, which matches the projected ECI. For FY 2000-2005, the incremental cost of these higher pay raises compared with the lower raises planned for these years in the President's FY 1999 budget request is about $14 billion.

3) Pay also would rise in connection with military pay table changes to increase the raises associated with promotions. This change will reward performance, compensate people for their skills and experience, and encourage them to continue their service. These targeted increases will range up to 5.5 percent, and will be in addition to the across-the-board raises. For FY 2000-2005, these pay table changes will cost $4.5 billion.

4) For FY 2000-2005, the budget also includes another $2 billion for initiatives to improve recruiting and retention. For example, DoD is proposing higher compensation for military members possessing critical military skills.

From the $112 billion in additional resources for FY 2000-2005, the Department allocated a total of $36.5 billion to "put people first." This includes these four military pay and retirement increases plus $10 billion for higher pay raises for DoD civilians.

Protecting Readiness

The readiness of our first-to-fight forces remains high, and overall our forces continue to be fully capable of executing the National Military Strategy. However, the intensity of operations, the less-ready posture of some later deploying forces, and other concerns require extra measures to ensure sufficient readiness in the years ahead.

Readiness continually needs monitoring and refreshing. Over the past 12 months, added funding has been needed to preclude our readiness being eroded from unbudgeted costs and other unforeseen requirements. To protect readiness in FY 1998, DoD proposed and Congress supported an emergency supplemental of $1.8 billion for Bosnia and other unbudgeted costs, plus a reprogramming of $1 billion -- primarily into key readiness accounts. For FY 1999, Congress approved the President's request for emergency funding of $1.9 billion for Bosnia and $1.1 billion

for readiness needs. This responsiveness by the Congress demonstrated its appreciation of the importance of quick and substantial action when readiness concerns arise.

Bolstered by added resources, the FY 2000 budget funds the training, exercises, maintenance, supplies, and other essentials needed to keep U.S. forces prepared to achieve their combat missions decisively. Most of this readiness-related spending comes in the Department's Operation and Maintenance (O&M) accounts. When adjusted for today's lower troop strengths, O&M funding in FY 2000 is well above levels during the 1980s.

The FY 2000 budget funds the military services' most pressing readiness requirements -- those that could put readiness seriously at risk. It supports traditionally high OPTEMPO, flying time, and other readiness enhancers; readiness-related maintenance and improvements at DoD facilities; and readiness-related modernization, in areas like electronics and maintainability.

For FY 2000 the budget includes $1.8 billion for ongoing Bosnia-related operations and $1.1 billion for operations in Southwest Asia (SWA) at the force level and operating tempo in place last September. The Department has also incurred unbudgeted FY 1999 costs from providing assistance to Central America in the aftermath of Hurricane Mitch and from Operation Desert Fox in SWA. The FY 2000 budget contains an allowance to deal with these kinds of unanticipated emergencies.

The Department will continue to work to ensure that unexpected funding requirements, such as unbudgeted military operations or recovery from natural disasters, do not force us to divert funds away from readiness, modernization, and other priorities. We appreciate Congress's strong support of our requirements during the past year.

Achieving Modernization Goals

As reconfigured by the QDR, the Department's weapons modernization plans include development of cutting-edge capabilities as well as cost-effective upgrades to existing systems. Helped substantially by the President's addition of resources, the FY 2000 budget meets the QDR recommendation to increase Procurement funding to $60 billion per year by FY 2001. The complete Procurement funding profile:

Department of Defense Procurement
($ in billions)

Budget Authority	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05
QDR Goal	49	54	60	*	*	*	*
FY 2000 budget	49.0	53.0	61.8	62.3	66.6	69.2	75.1

*QDR did not specify funding goals beyond 2001.

For FY 2000, our full funding of readiness and personnel needs left us $1 billion short of the QDR's Procurement goal. Still, in real terms Procurement at $53 billion is nearly 7 percent higher than the FY 1999 level, and it will grow another 15 percent in FY 2001.

America's military preeminence depends on investments in new technologies. A high priority for achieving this is DoD's science and technology program, which funds research that should help field superior weapons and support systems at affordable prices. Also critical are advanced concept technology demonstrations (ACTDs), which link relatively mature technology with new operational concepts and enable us to expeditiously evaluate important innovations.

The $112 billion addition of resources will enable DoD to make important augmentations to its previous modernization plans. It will enable the Department to:

- Include $6.6 billion more for NMD deployment (includes FY 1999 supplemental funding)
- Add 8 ships to the Navy's shipbuilding plan
- Procure additional aircraft such as the F-16, C-17, T-45, and V-22.
- Fix underfunding shortfalls for the LPD-17, NAVSTAR GPS Satellite, and evolved expendable launch vehicle (EELV).
- Increase funding for the Army's training ammunition requirements and invest $2 billion in critical combat service support equipment
- Add $1 billion to the Marine Corps budget for critical Procurement needs
- Address bow wave funding challenges in the years beyond 2003

Major Service Programs

The ambitious DoD modernization program is especially critical for achieving the needed transformation of U.S. forces to reflect new technologies and other military-related trends. Transforming U.S. forces requires implementation of Joint Vision 2010, our new concept for how U.S. forces will fight and achieve what we call "full spectrum dominance." At the heart of JV 2010 is the ability to collect, process, and disseminate information to U.S. forces, while denying the enemy the ability to gain and use battle-relevant information.

DoD's long-term campaign to exploit such advanced technology to ultimately bring about fundamental conceptual and organizational improvements to U.S. forces is called the Revolution in Military Affairs (RMA). This transformation promises to enable our forces to attack enemy weaknesses directly and with great precision -- and therefore with fewer munitions, less logistics strain, and less collateral damage. Our RMA campaign is a critical way in which we seek to prepare for an uncertain future, derive maximum military capability from constrained defense resources, and exploit America's human and technological advantages. To advance these aims DoD is exploring new war-fighting concepts and capabilities, and establishing a new joint RMA experimentation program. Also key is the planned acquisition of new command, control, communications, computers, intelligence, surveillance, and reconnaissance (C4ISR) capabilities.

Modernization of aviation forces includes DoD's largest acquisition program: the Joint Strike Fighter (JSF). The aim is a family of aircraft, with variants configured to meet several sets of requirements. The JSF will replace the F-16 in the Air Force, F/A-18C in the Navy, and F/A-18C/D and AV-8B for the Marines. The JSF will continue in its concept demonstration phase into FY 2001, in preparation for procurement to commence in FY 2005.

The F-22 will replace the F-15C/D in the air superiority role and have substantial air-to-ground capability as well. Aircraft testing is continuing, and F-22 production is expected to build to 36 aircraft per year by FY 2004. The Navy's F/A-18E/F will provide much greater survivability and payload over earlier F/A-18 models. Initial operational capability is planned for FY 2001. For the longer term the Navy plans to transition from F/A-18E/F to JSF procurement at a time based on the pace of JSF development.

Modernization of ground forces will stress upgrades of primary combat platforms like the Army's Abrams tank, Bradley Fighting Vehicle, and Apache Longbow helicopter. Major development efforts include the Comanche helicopter and Crusader artillery system. Marine Corps modernization features the V-22 tilt-rotor aircraft, the Advanced Amphibious Assault Vehicle, and upgrades of utility and attack helicopters and the AV-8B.

Modernization of naval forces includes procurement of the DDG-51 Destroyer, LPD-17 amphibious transport dock ship, T-ADC(X) logistics support ship, and New Attack Submarine (NSSN). The tenth Nimitz-class carrier (CVN-77) is fully funded in FY 2001. The budget also supports development of the next generation aircraft carrier and destroyer.

The FY 2000 budget advances the QDR-stressed capability of projecting military power to distant regions. Procurement of 120 C-17 aircraft will be completed by FY 2003, and further purchases are planned for FY 2004-2005. The C-5 transport and KC-135 tanker will receive major avionics upgrades and other enhancements.

The new budget continues the QDR's emphasis on precision munitions -- both with new systems and upgrades to existing missiles, bombs, etc. Also supported are the scores of lesser-known programs needed to ensure the decisive combat superiority of America's armed forces.

To get the most for our modernization dollars, it is important to institutionalize acquisition reform so we can improve our ability to provide effective weapon systems. It also is necessary to modernize logistics to cut costs, infrastructure, and cycle time, thereby providing better support to our 21st century forces.

Ballistic Missile Defense

The FY 2000 budget continues DoD's strong ballistic missile defense (BMD) programs, which remain critical to a broader strategy seeking to prevent, reduce, deter, and defend against WMD and missile threats. The Department remains committed to advancing its missile defense efforts as fast as technology risks allow.

We continue to emphasize theater air and missile defense programs -- aimed at meeting today's regional threats. The primary goal is to develop, procure, and deploy systems that can protect forward-deployed U.S. forces, as well as allies and friends. Our plan envisions the phased acquisition of a multi-tier, interoperable, defense-in-depth capability against ballistic and cruise missiles. To defeat shorter-range missiles, our key lower-tier programs include the Patriot PAC-3 and Navy Area systems. Key upper-tier programs are the THAAD and Navy Theater Wide

systems. To defeat theater-range missiles during their boost phase, we are developing an Airborne Laser system.

This budget includes substantial new resources for the National Missile Defense (NMD) program. It increases NMD funding by $6.6 billion, including $600 million in FY 1999 supplemental appropriations. Total NMD funding for FY 1999-2005 is $10.5 billion. This substantial investment includes funding for NMD deployment and underscores the Administration's commitment to NMD. However, no deployment decision has been made. A decision about deployment is planned for June 2000 and is expected to be based primarily on the maturity of NMD technology as demonstrated in development and testing.

The primary mission of the NMD system being developed is the defense of the U.S. -- all 50 states -- against a limited strategic ballistic missile attack such as could be posed by a rogue nation. Such a system also would provide some capability against a small accidental or unauthorized launch of strategic ballistic missiles from more nuclear-capable states.

In order to deploy a technologically capable system as quickly as possible, we will phase key decisions to occur after critical integrated flight tests. As a result, instead of projecting a deployment date of 2003 with exceedingly high risk, we are now projecting a date of 2005 with a more manageable, but still high risk. If the testing goes flawlessly, we could seek to deploy sooner.

Streamlining and Reforming DoD Infrastructure and Support

My Defense Reform Initiative (DRI) continues to spearhead a comprehensive DoD campaign to streamline and reform our support activities. Our goal is to substantially improve these activities and get them to consume a smaller portion of the defense budget. This effort is smart in and of itself; but it also is imperative in order to free up funds to help pay for high priorities like weapons modernization.

During its first year DRI made major progress. For example, we have nearly completed a one-third size reduction in the Office of the Secretary of Defense (OSD) and are advancing similarly ambitious streamlining in other DoD components. We are incorporating successful private sector processes and practices. We are shifting from paper to electronic transfer of information. We are using public-private competition to improve functions and cut costs. This competitive sourcing will save $11.2 billion from 1997 to 2005, and $3.4 billion per year thereafter. For FY 1997-2005 about 229,000 DoD positions are expected to be competed. Having developed momentum with DRI, new ideas have been added to improve processes affecting the quality of life and professional development of our military people and DoD civilians.

The resources added by the President for FY 2000-2005 in no way diminish DoD's resolve to shrink the portion of its budget consumed by infrastructure. They especially do not alleviate the critical need for congressional approval of two more rounds of base closure and realignment (BRAC). Without such approval, scarce defense dollars will continue to be spent on excess infrastructure, rather than on the vital needs of America's armed forces.

Between 1988 and 1995 four BRAC Commissions proposed the closure or realignment of 152 major installations and 235 smaller ones. Complete implementation of those decisions is projected to net $14.5 billion in savings by FY 2001. After FY 2001 recurring savings from them will be about $5.7 billion per year.

The estimated up-front costs for implementing decisions of BRAC rounds in FY 2001 and 2005 are included in the FY 2000-2005 budget. These BRAC actions could begin to generate savings by 2005 and ultimately save over $20 billion by 2015. I realize that some in Congress are dissatisfied with aspects of past BRAC implementation. But in writing legislation for new BRAC rounds, the Congress can tailor the law to address such concerns. Please join me in working to shift resources from redundant infrastructure to military muscle.

Strengthening Reserve Components

The FY 2000 budget reflects the essential role of the Reserve components in America's defense strategy, and it continues the critically important integration of the Active and Reserve components. The National Guard and Reserve were closely involved in resource decisions.

The FY 2000 budget provides $20 billion for Reserve component personnel, operations, and facilities accounts. For FY 2000, over $1 billion was added to previous plans for crucial training and other requirements including added funds for Active/Reserve integration, OPTEMPO, base operations, Reserve component support to combatant commanders, and programs to engender critical employer support required as a result of increased utilization of the National Guard and Reserve. This budget advances DoD's goals for equipment modernization and interoperability for the Reserve components by providing over $1.6 billion in FY 2000. It funds special youth development initiatives such as the National Guard Youth ChalleNGe Program and the Starbase program. And it continues funding of the Innovative Readiness Training Program, providing valuable military training while benefiting America's civilian communities.

Strong support was given to the larger role that Reserve components are to play in increasing DoD's capabilities to support federal, state, and local agencies in responding to domestic incidents involving weapons of mass destruction (WMD). The Department has begun to train and equip members of the Reserve components to better support civilian authorities in mitigating the consequences of a WMD attack.

The FY 2000 budget promotes the Department's objectives in supporting the Reserve components as fully integrated partners within the Total Force, and seeks to use specific talents of the Guard and Reserve in new and innovative ways.

Closing

I look forward to continued cooperation as together we work to reinforce America's military strength and global leadership.

Mr. HOBSON. Do you have any questions?

BASE REALIGNMENT AND CLOSURE

Mr. TIAHRT. Yes. I would argue that we have already politicized the BRAC process when we failed to close the base that was on the list for Southern California. I don't know when the current BRAC is going to be complete, but I think it is premature to continue with another BRAC until we complete the process of the current one.

Dr. HAMRE. In Southern California, sir, or is it McClellan? Because that is in Northern California.

Mr. TIAHRT. You are right.

Dr. HAMRE. As a matter of fact, I think it is scheduled to close this summer. We did, indeed, hold a competition to see whether or not they could win, legitimately win. They were teamed up with a junior defense contractor. They were competing against Hill Air Force Base, a depot which is up in Utah. They were teamed with another defense contractor, and California lost.

Mr. TIAHRT. When will the first BRAC be complete?

Dr. HAMRE. The first BRAC is done. Actually, the first two BRAC rounds are completely done. The third round is done this summer, in July of 1999, I believe, and the last BRAC round will be done I think in 2001.

Mr. HOBSON. July 2001?

Dr. HAMRE. Yes, sir. And we are asking for authority to do a BRAC, but only after—it is 2001.

Mr. HOBSON. We are going to have to suspend and go vote.

[Recess.]

Mr. HOBSON. The committee will come to order, and we will resume.

Dr. Hamre, do you have any more comments that you would like to make for the record?

FAMILY HOUSING PRIVATIZATION

Dr. HAMRE. We will probably get into the questions, but, somewhat, we need to talk about the privatization problems. Could we just do that?

Mr. HOBSON. Do you want me to ask you my question?

Dr. HAMRE. Yes, let's do it that way. I think that would be fine.

Mr. HOBSON. The Housing Privatization Initiative was originally intended to be a supplemental to the traditional housing program, and we are seeing more and more emphasis on this program, which is still in a pilot stage, but I think some people had a meeting—I do not know when it was, and I think Chet may have been in it—and encouraged them to get moving forward.

Of course, I know there has been one project under construction. It is an Air Force project. But for fiscal year 2000, the Army did not request a single traditional family housing project in CONUS, not one. How did this get through OSD? I want you to explain why the Department is placing such a high emphasis on this initiative when it has yet to complete a single project under this pilot program. You know what I am talking about.

Dr. HAMRE. I sure do.

Mr. HOBSON. The Army had four huge projects in line. The Navy wanted to do 85 percent of its housing. I mean, overnight, there

was going to be a transformation of housing into total privatization in those two services, when it was originally intended to be not a way of shifting costs, but a way of adding, so that we got to the numbers that we need to get to, to have the housing when it is done.

I will lay one other thing on you while you are here, and I am going to say this. In Steny Hoyer's district, there is probably one of the neatest, cleanest proposals I have seen for doing housing. I am looking at it from a private sector view, a group that wanted no money from us, no guarantees, is ready to go on the ground, had the money put together, and I think has a good record from what I can see and has good local community support. Yet, the Army stiffed them. So I have got some problems with how this is moving forward.

The other comment that I want to make is that I am worried. We need to look at these things with a long range view. Now, it is not true with the one in Maryland because they are not asking for any guarantees, but in many of these cases, when you do this, if the Government has put a bunch of money in it or has leased it for umpteen years back or guaranteed them certain things, then you have really created a problem.

What I am concerned about is that we do not do what we have done in the FHA stuff, create a program we cannot get out of, long term.

So those are my concerns.

John, do you want to add any questions in that?

Mr. OLVER. I will have some more once we get those answers, I am sure, but that is a good start.

Dr. HAMRE. Let me, if I may, step back, just to put context in, and then try to give more specific answers.

Bill Perry tried to get this going a couple of years ago, and it really was based on a systematic review that he had undertaken. We pay on the average 30 percent more for housing through the military housing process than we think the private sector pays to get comparable housing, or, conversely, for the same dollars, we could give 30 percent——

Mr. HOBSON. Well, overseas, you are paying—excuse me.

Dr. HAMRE. A different story overseas. A different story overseas, and we should talk about that. So we said we have got to find some way to break through and get the innovation.

There is one thing we do pretty well in this country, and that is build family housing, and why in the world can't we do that for our military?

We look at our housing stock. We have like 300,000 family housing units, and the average age is 35 years old. We are in good shape.

Mr. HOBSON. When you say we are in good shape, my question is what shape are we in at the end of this century. Not very good on housing.

Dr. HAMRE. Not very good, and you look at the replacement rate where we had been, it was just not cutting it. I mean, we were barely keeping even.

So Secretary Perry said, "Look, we really do need to try a different approach," and we started off not knowing anything about

this, to be honest. We are pretty good at doing business the way the Government does business, but we did not know how to do business in a radically different way.

So we started off, and to be honest, I think we stubbed our toe a number of times. We bumped up repeatedly against the bureaucracies that were threatened by a new process. We went through all the "Captain, may I?" sorts of checks that OSD tends to do on the services. There was just a lot of problems, and nothing much was happening.

So, last fall, I think it was in September, we came up and we met with Mr. Edwards and others, about 10 members.

Mr. HOBSON. Were there any appropriators there?

Dr. HAMRE. Bob Livingston was there for a time.

Mr. EDWARDS. Bob Livingston was there.

Dr. HAMRE. I realize that is a different class.

And we said, "Look, we agree we have not done a good enough job. We will give you a program and a schedule of things we are going to try to do," and we have had some personality changes on our side. We have had some changes.

What I think you saw, was the Army said, "Well, let's really take advantage of this. This is a window of opportunity. Congress is supporting us. Let's really go for it." They pushed forward very, very aggressively on a program, and all of a sudden, it shifted gears for all of you. We were kind of on the pilot project mode. Nothing much was happening, very little progress. All of a sudden, you are just seeing an enormous commitment; in some cases, probably a commitment that makes you nervous, whether we can pull it off. So I can understand the apprehension you have about it.

This is going to be a very difficult transition for us if we are going to make this work because it requires us to kind of develop a new pattern of working with each other. By that, I mean Congress and the Defense Department, OSD and the services, the old way of doing business where we kind of line up everything in great precision in advance and lots of documentation and all that sort of stuff, which is the way we know how to do most of our work because we have grown up with that. It is kind of part of what has been the problem from the past, part of the reason why we kind of do not have everybody in the private sector that wants to bid and compete on these things and does not want to participate with us.

They say, "Just do it the way we do it in the private sector." Well, we are not used to that.

Mr. HOBSON. That is why you need to look at the one, in my opinion, in Maryland.

Dr. HAMRE. Right. I will do that.

Mr. HOBSON. Except for the sponsoring agency, it is as close as you can get to what would appear to be an easy deal for you to handle with a minimum of paperwork and to attain your goal with better housing than you guys normally will ask for.

Dr. HAMRE. I am unaware of it entirely, until you mentioned it. I will find out more about it and study it.

You raised a couple of issues that I think we have to tackle if we are going to make this work. First of all, we have to, I think,

establish a pattern of trust with you; that right now, you do not have in us.

All of a sudden, we shifted gears, went roaring ahead, and you are saying, "Well, wait a minute." So, first of all, we have to sit down and establish a——

Mr. HOBSON. When we were asked to sign off, one of the things that frightened me, I became chairman of this Committee, and overnight, I am hit with signing off on a number of situations, and there was a little hiatus in there that concerned me because I am not just going to blindly sign off on something, on a program that I am not fully aware of.

Dr. HAMRE. You should not, right.

Mr. HOBSON. I think that caused some concern.

Dr. HAMRE. Absolutely, of course, it did.

In all candor, I think people were saying, "Look, they all want this. Let's just go roaring ahead." Well, wait a minute. Congress has never once abdicated its responsibility to oversee this process, but I think it does mean we have to develop some new patterns to oversee this process.

I personally think it means we have to find a way where we bring you into our planning and decision-making and evaluation much earlier, rather than just having it once a year we send you a set of documents and you look at it. I frankly think we need to find a partnership mode here where it is oversight much earlier, on much more of a collaborative basis. Otherwise, it just is not going to work.

As I have strongly believed, you are not going to support it unless you are confident that we know what we are doing, and it is pretty hard to convince you of that when you just get a radical change in direction and very little to back it up.

So we need to develop a new way of doing business with you, and I have talked a bit with Ms. Dawson about that. I do not have a clear answer. I would invite you to anything, as far as I am concerned, but I cannot commit that on behalf of the services until I sit down and find out where are we. But I think that is what it is going to take to convince you that we are thinking it through.

Mr. HOBSON. Frankly, sir, the only reason you got the letter we sent, the only reason the letter was sent is that is what we asked for.

Dr. HAMRE. Right.

Mr. HOBSON. We did not, in my opinion, get the courtesy of that.

Dr. HAMRE. I think that is right, and I take that personally. I am responsible for that. I am supposed to make sure that the Department runs in the way the Secretary wants and the way you tell us to, and I think we dropped the ball. I will get us back on course with that.

I think there are two other concerns which you raised, which I think are really very important things we are going to talk about. One is how well integrated is this privatization issue with the base closure process.

I will tell you, we are nervous that local projects will get started that really are kind of BRAC-proofing projects. They may sound good, but they are really designed to prevent you from closing an installation downstream, and we do not want that any more than

you want that. I mean, we know installations. We have not picked a hit list of installations to close. Let me say that right now, but I can tell you right now that no BRAC list is ever going to have Fort Hood on it. No BRAC list is going to have Norfolk on it. We have so much. That is our center of gravity in a lot of these places. We know where we can tolerate.

Practically speaking, we know where you want to be and where you can be more aggressive in trying to do these sorts of initiatives because we know in the long run we are going to be in these installations, but we need to prove to you, and frankly, we need to prove to ourselves, that we are integrating this matter. That is number one.

I think the second thing that we have got to tackle—and this is, I think, going to be a hard one. It is the law of the land that we are not in competition with local business.

Now, there are gray areas. We have got a Burger King franchise on our post. We have got a McDonald's franchise on the post.

Mr. HOBSON. You have got them in Bosnia.

Dr. HAMRE. We have got them in Bosnia. I mean, it is a little different in Bosnia because we do not have a Burger King outside of the post, but this has always been one of those friction spots. We are not supposed to be competing with local businesses, but we do have these gray areas. I think this is going to be a gray area we have got to do some exploring on because some of these projects are more attractive if they have some commercial features with them. Obviously, that is a real question mark.

You have got to go through and decide if that is something we can live with, and we have to decide if that is something we want to buy into. I think those are very important issues. Those are policy issues. Those are not individual project issues, per se, as much as it is what kind of direction are we going to take.

It is a gray area because we obviously have NWR-type activities on post that are really commercial in nature. So we will work this through, but that is one of those things we are going to have to do as well, and I think that has to be in a partnership with you.

Mr. HOBSON. I personally want to thank you for putting Dave Oliver on this and try to get it back on track.

Dr. HAMRE. He is terrific.

Mr. HOBSON. He is a good guy and understands what the problem is.

Dr. HAMRE. And he understands it exactly the way I do in the sense that we have got to be working with you so that you have confidence in us that we are going to manage it right and that you do not lose any oversight authorities or opportunities.

Mr. HOBSON. John.

Mr. OLVER. I would like to follow that up a little bit. Do I understand, Mr. Chairman, that your first comments were about the Army and that the Army had moved on none of these and then suddenly comes in with a very fast move and then a number?

Mr. HOBSON. Well, the Navy had moved on it, and they were pretty close to doing about—what was the percentage?

Ms. DAWSON. It went to 85 percent.

Mr. HOBSON. Yes, 85 percent of their housing overnight was going to be privatized. What is interesting to me, when we heard

people resisting to doing any of this at one point, all of a sudden, it is full steam ahead. If they want us into this, boy, we have figured out a way, and we will get out of the housing business totally, boom, overnight. Well, that really was not the intent initially of the legislation. It was to get us to this point, and then maybe you might arrive to that.

Mr. OLVER. Is it a pilot? Is it an experiment? What is the point of view of the Department of Defense, which must be different apparently from the point of view of each of the services? We are not functioning on anything that looks like a similar pattern.

The Air Force has at least a couple of them done, I guess, and has another couple of them approved, ready to go. They seem to be a little bit further along than certainly the Army, but is it an experiment? You said you had 300,000 units. Do we view this as something that is going to sit there as one of a series of tools to deal with the housing needs? We know we do not have much money particularly if we are going to have forward funding here, deferred funding. Problems are going to be worse and worse, or could get worse and worse. Are we heading to 30 percent? What is the goal?

Dr. HAMRE. I think it is our view that this ought to be the dominant way in the future to build new houses.

Mr. OLVER. The dominant way in the future.

Dr. HAMRE. Yes.

Now, what we have had, when we got started, remember, there was a lot of confusion. We did not know what we were doing, to be honest. We had not had any experience doing this before, number one.

Number two, we had a lot of resistance. We had a lot of people that said, "Well, I do not think we ought to be doing it this way,". internal to the Department. So we had a lot we had to overcome.

So the first couple of years, we said to you, we really want to test out the authorities on the project and how we could make them work because that really reflected, more than anything, where we were in the Department. We did not know exactly how to do it. We did not have the expertise in hand, and we had a lot of resistance.

I think what we have seen now is that the leadership, the senior leadership of the services, has said this really is the way to go.

So what you are seeing is we are really trying to leap forward to make this work.

Mr. OLVER. Do we have any proposals in this year's budget for new housing by the traditional method?

Dr. HAMRE. We do for overseas for the Army.

Mr. OLVER. But none State-side?

Dr. HAMRE. That is right.

Mr. OLVER. So that would correspond with——

Dr. HAMRE. I think maybe the Navy has a little.

Ms. DAWSON. There is family housing construction in Hawaii.

Dr. HAMRE. Yes, in Hawaii. They have Hawaii improvements.

Mr. OLVER. Well, construction improvements might be viewed, if it is really the policy to be the dominant, then new housing, you would expect, then, to be throughout a new provision.

Dr. HAMRE. Yes. That is what we would like to try to do. Yes, sir.

Mr. OLVER. You are saying there are none for new housing in this budget on State side.

Dr. HAMRE. Not for the Army. As I said, State-side, if you exclude Hawaii, I think there is some new construction in Hawaii for the Navy.

The Air Force, I do not remember.

Henry, do you remember? The Air Force has some.

Mr. OLVER. Has some new housing?

Dr. HAMRE. It has some.

Mr. OLVER. So it is not yet to be viewed as the dominant provision, right? If it were—so we would be moving toward privatized mechanisms for the new housing, for most, if not all, new housing.

Dr. HAMRE. People have got to want to do it. I mean, one thing I have learned working in OSD for 5 years is they can hold their breath longer than I can.

Mr. HOBSON. But, John, explain. I think there is something broad. The intent of the legislation in the beginning was not to shift all the housing to privatization. The intent in the beginning was to do some pilot programs to see what kind of——

Mr. OLVER. How it would work.

Mr. HOBSON. How it will work——

Dr. HAMRE. Yes.

Mr. HOBSON [continuing]. What kind of patterns would be there, and then——

Mr. OLVER. And you could regulate the patterns among the different services.

Mr. HOBSON. Then make a decision as to whether to go totally private or not.

Along the way, before we ever got any of these done and could breathe, people made a decision someplace, aha, we now can privatize all of our housing, get out of it, and shift away from MILCON for housing and shift this over to an account of personnel reimbursement money and get out of this. Maybe not a bad idea, long term, but one that they jumped to overnight.

Mr. OLVER. Hardly one that one should plow into when there has not been a single housing privatization project under the previous authorization that has been completed.

Dr. HAMRE. I wish we had more of a track record under our belt.

Mr. OLVER. Before going into massive groups.

Dr. HAMRE. Sir, as I said, I wish we had had more of a track record to prove out the concept, but we finally have a strong consensus to want to press ahead and try to make this work, and we really would like to work with you on it to try to find a way to do that.

Mr. OLVER. The questions that I have mostly raised about this one is that in cases of rehabilitation of housing, how much risk is the developer in this process taking? What is the value of the asset to the Government that is being shifted over in this process? Are we getting our just consideration in that process? Is the developer getting a lot in the process?

Dr. HAMRE. I do not know much about the details of that. Let me find the right people to come up and talk with you.

Mr. HOBSON. Well, that raises the question, John, if you do not mind, that we really need to get in the record, and I want to get into it. First of all, there is a buy-down in these things to get the rates down to where people can get into them.

When Congress ran the authorities for the housing and privatization initiative, we were concerned about the shift in cost for the family housing construction and O&M accounts to military personnel accounts.

This year, the Army and the Navy transferred roughly $79 million from family housing O&M into the personnel accounts to cover necessary increases in housing amounts due to privatization.

In addition, the Department is requesting transfer authority between the two accounts, which are in two different bills.

Last year, we asked the Department to integrate the personnel and installation departments on this issue, and we need to know whether that has been done.

Secondly, are the personnel accounts adequately budgeted for the increases in amounts due to the privatization initiative?

Lastly, what assurances can you offer us that any family housing O&M reductions due to privatizations will be reapplied to other family housing improvements and not transferred elsewhere?

Dr. HAMRE. I do not have the ability to answer them right now. So I will get back with you.

Mr. HOBSON. Well, I want to get those in the record. That is why I wanted to do that because it follows along with what we are both asking here.

Dr. HAMRE. Absolutely.

I need to get the guys who are the experts here to come up and talk with you and talk with Ms. Dawson so that you can get answers to the question. I do not have it under my belt. I am sorry. I do not have that detail, but I can tell you, I know there is concern about it shifting over to O&M. What we have to give you is an alternative process where you can oversee the building of housing through a different technique.

Unfortunately, oversight has tended to follow where dollars go, and I think we have to find a new process here because that will not work.

We do need to try to make this work. Otherwise, we are going to get stuck in the pattern where we are spending 30 percent more for housing than we should, but we have to develop a method by which you feel comfortable that we really are addressing these underlying policy concerns, that we really are not giving unfair value to a developer, that we are paying for it up front and absorbing the risk. Those are all very valid and fair questions.

Mr. HOBSON. John, on one, you will see, that we are going to give you, at least if I understand it right, in order to get the rents right, we are going to give about $10 million, and that basically is what I call a buy-down, to get the rents down to where the housing allowance will fit it. Well, if we are not there, this guy has just got 6 million bucks in his pocket on a deal.

Dr. HAMRE. Which is one of the reasons we need to do a better job of integrating on a long-term basis, the requirements with our privatization goal.

Mr. HOBSON. John, do you have anything else?

Mr. OLVER. No.

Mr. HOBSON. Chet.

Mr. EDWARDS. First of all, I am confident we will come to a solution on this. With your commitment at your level to getting things done, I think things will move ahead, and I think the chairman is asking the right questions. Frankly, those questions need to be answered before we go into a whole scale of massive programs and totally shifting our philosophy.

FORT HOOD HOUSING PRIVATIZATION

I guess the one concern I want to express and be very clear about it is what I do not want is that Fort Hood, which is, I believe, by all accounts, an enduring installation, be stuck in this no-man's land between shifting messages from Congress. Perhaps some people in the administration have made some mistakes. We in Congress have sent you very mixed signals over the last couple of years, and I think the chairman is now focusing on the right questions and we will get those answered.

I guess what I would want to throw in this mix is the possibility of somewhere between 100 percent for this pilot project versus taking another 3 years to study the system and make a perfect model. I would like to use Fort Hood since it was next on the list. There are tremendous housing needs for those soldiers. Let's use Fort Hood as a pilot project to try to answer these questions, and they should be answered before we turn to our theory, but I just hope we can move ahead.

Mr. HOBSON. I agree with you. All we asked for was not the RFQ, I think it is, not to go forward until this Committee had an opportunity to understand what the program was, and we were told forget it. That is not quite the way to start off.

I do not want to stop. If it is the right program, we want it to go forward, but I would at least like to have the courtesy of someone explaining it to me before they put out the RFQ. I was told you are not entitled to that or we are not going to do that.

Dr. HAMRE. You never heard that from me.

Mr. HOBSON. I know.

Dr. HAMRE. And you will never hear that from me.

Mr. EDWARDS. I have got to say, I think you had every right to ask that, Mr. Chairman, and I am going to support you until you get those questions answered.

In fairness to some of the people involved in this—and I think some mistakes were made, but not intentional—but we sent a clear message to the Army that this meeting, again, with Chairman Livingston being there when he asked whether—so we want you to move ahead. In fact, the message we sent to DOD was you have one year to start turning some dirt or we are going back to the traditional program, which obviously our funding levels is terribly unfair to military families.

So I hope we put the past behind us and focus, and I think we will. Dr. Hamre, you are focused on the chairman's questions, but

let's just not let Fort Hood which has 20 percent of all the active-duty Army divisions in the world get caught in this no-man's land for the next 2 or 3 years. I just do not want that to happen.

Frankly, I would be the happiest person on this committee if we did not have to talk about privatization. All we have to do is get Democrats and Republicans and the administration to support another $3 billion or $5 billion a year for family housing, and we can do it the old-fashioned way, but neither party is willing to belly up to the bar and do that.

If there is a chance we can do it, fine. I am happy with the traditional approach, but unless that is a solution——

Dr. HAMRE. We would still like to explore the privatizations. To be honest, I think we would get more housing out of it because we think there is just more efficiency.

Mr. EDWARDS. What I understand, based on the numbers we saw earlier this week is that we are going to renovate—we had the money to renovate last year 5,000 units. There are 200,000 units in need of repair. By my simple mathematics, that is a 40-year process, and having bought a house 5 years ago, I know that that has moved—we are moving backwards, not forward.

So I just want to be clear on the record that I appreciate the chairman's questions. I think they needed to be asked and should be asked, and I hope we can forget the past, move forward, and come up with a solution.

Dr. HAMRE. I agree totally with that. I have got 2 years and I am out of here.

Mr. HOBSON. Well, we all face that, too, John. [Laughter.]

Dr. HAMRE. If we do not get it going this year, it will just fall apart because we will be in one of these transitions, no matter who wins the election. There is going to be a transition and a change of people. So we really have to make it work, but every question you have asked is a fair question, and we ought to be able to answer that.

Mr. HOBSON. Well, I am a private-sector guy. If there is anybody who likes private sector business, it is me. I just want to be assured, and I think John shares this, that it is truly private sector. If we are going to do private sector, then it ought to be private sector. That is what I happen to like about Fort Meade proposal because it comes as close to it, even though the agency operating it is not a private sector, but it comes as close to taking all the risk off of us. There is no buy-down. There is none of that in there.

So you have my commitment, and I think my committee's commitment, that we are going to move forward on this, and before our tenure is up, we want to have this in place so that at the end of these 2 years, whatever happens, we know where we are going. I do not want to wait 2 years to do Fort Hood. I want to move forward.

We have got new people. We have got a lot of new people. We are trying to bring them up to a level, and before this Committee commits, it wants to have its knowledge level at a point that we know where we are going on a totally new deal.

I did not believe that the Committee as yet had committed to privatizing 85 percent of the housing in the Navy in that short of a period of time. I am not sure, as John said before, that you can

do that overnight if you do not have any history in it, and the same way with the Army. The Army had three or four major projects that are planned-unit-development type projects, which may be totally appropriate, but before we got too far down that road, this committee, which is basically a lot of new members needed to have comfort.

Dr. HAMRE. Yes.

Mr. HOBSON. All we were asking to do, I call it "due diligence." All we were asking for is to do our due diligence so that when this goes down the road it is a shared burden between your people and ours.

We are not going to say, "Well, they just went off and did that." We did not know. We are in it with you.

Dr. HAMRE. This has to be both good economics and good Government, and we have to commit to both of those.

Mr. OLVER. I would like to sort of add to that. Yes, indeed, if we are going to do this in the sense of experimentation or piloting or whatever, I do not think that we should be doing 85 percent, when there is no history and no experience with the program under the present authorization. We might want to look at this and do 10 percent or something like that.

Even that 10 percent perhaps ought not be in just one project that covers 10 percent of all the housing under the Army or whatever. I do not know the Fort Hood project. I really do not know anything about it. We need to talk about it, but I would think that we would not do total restructuring at one place. I think it ought to be done in two or three places with portions so that one has some examples that really make it a pilot and an experiment and then see how it goes and make final decisions as to whether we are going to go to all 300,000. This process should be made the dominant feature of the system only after one has had a chance to see how some of them have worked out, and work out some of the procedures.

You talk about the cost being 30 percent greater under the traditional method. Under the old ad hoc method that was used before the present authorization was put in place, there were some projects that went forward, and the different services—it had not been worked out what the legal provisions, whether Federal Acquisition Regulations were being used in all cases or some cases. Some of these things ought to be, it seems to me, regularized if what you are thinking is that you are going to get a lot more for the dollar, and we are kind of spending more than we need to by 30 percent in the process.

Dr. HAMRE. Sure. I would look forward to an opportunity to come up and have our people meet with you to go through these things to try to give you a sense at least how we think we could go ahead with this.

We know it is a departure from where we were before, but we really do not have time to just do a couple more years of little pilot projects if this is not going to be launched. Otherwise, we are just off for 5 years. I think that is what we would like to talk with you about.

Every one of your concerns if valid, and we really have to get together and talk it through and figure out how to answer those questions.

Mr. HOBSON. Did you have a question?

RESEARCH AND TECHNOLOGY

Mr. BOYD. Mr. Chairman, thank you.

Mr. Secretary, I know we are about to wind up here, but I cannot pass this opportunity. I want to shift gears.

I have been very supportive of the general direction that we have taken for the last 10 years, obviously, with the phase-down, and I think probably so. Now we begin an avid debate and discussion about how we stop that phase-down, if you will, or how we continue.

One of the very serious concerns that I have, as we have been phasing down, is that we maintain our level of technical expertise, our technology. That we put our weapon systems and our management schemes and our operational and engineering schemes, environmental solutions all from a worldwide perspective as the very best technology. That is the only way that we maintain ourselves as the absolute military power in the world.

You may know where I am going here. The service operates a series of labs that conduct research for very specific military needs, and there has been——

Mr. HOBSON. You cut the heck out of them.

Mr. BOYD. Sir?

Mr. HOBSON. You cut the heck out of them.

Mr. BOYD. There has been a trend over the last few years to take—I mean you are just bleeding them dry. As examples, there are environmental issues, civil engineering issues, which to me are critical as we enter this new phase of the kinds of conflicts. We do not have established bases. We have to go into remote areas.

Would you care to comment on what you see as the Department's plan to ensure that the military continues its research, in these areas, sir?

Dr. HAMRE. I am severely disadvantaged here because I had a hard time getting through high school physics. So all this stuff is pretty——

Mr. BOYD. Most of this is new money. I am as disadvantaged as you are. The issue is money.

Dr. HAMRE. Well, it does have something to do with money, and that is really—the tools that are available to the Department really are very crude, and because, ultimately, the quality of the science that is going on, in large measure, has to be determined by the people who are involved in it. Of course, there is always a dilemma there because people think whatever they are working on, of course, is the most important thing since a can of beer. So what is the best way to evaluate? Is this important science, or is this secondary science?

We really do have to rely on a procedure where there is kind of a peer review is coming out of that community, that they evaluate. Is this important or is it secondary?

From very senior management levels, we have taken an approach that is basically—as I said, we are going to manage it in

a very rough aggregate, and historically, the Department has basically said, well, we will put about 10 percent of our budget into research.

Over the last 6 or 7 years, we have gone above that. We have been at historically high levels on the percent terms of the total.

In part, that is because we have drawn down in the procurement part of the budget so sharply. We have actually had the procurement budget get close to the R&D budget, which is really kind of unprecedented. The problem is we are developing all kinds of things in the lab, and we never buy anything because we do not have a big enough procurement budget. So there is a tradeoff that has to occur inside the services as to what is the right balance of designing new things versus buying some.

To the point you raise, one of the hardest things for me to evaluate is where is the relevant payoff value of research and development dollars being spent inside Government labs, being spent in private-sector profit-seeking labs, being spent in private-sector nonprofit labs, universities. We have a very deliberative process that is run by our best scientists to try to decide what is the right way to allocate those dollars.

I do not believe the right answer is to automatically say the best work is being done in Government labs. I honestly do not believe that. I think frankly sometimes we should all get old science in labs. We tend to be buying inputs, not outcomes, and I worry about that.

At the same time, I do not think that the private sector necessarily honors what we need to have done in long-term research and development. They are going to look for short-term maximization of——

Mr. HOBSON. Payoff.

Dr. HAMRE [continuing]. Payoff. Short-term payoff.

Who is going to husband the long-term science that you need for breakthroughs way in the future? That really, I think, is going to have to be done through either Government labs or Government-sponsored research in the private sector.

Mr. BOYD. I am not sure how the whole system works, but I know that the system works sort of as a combination where you have private sector folks contracting in Government facilities to do the work, and I am not going to ask you a specific question except for this.

Just take a look at what is happening in terms of some of our dollars going into specific areas of research and how that is being just dried up, what that means to us in the long term, as we try to figure out what kind of military we have to have and what our mission is going to be in this age of uncertainty. I will give you an example. In the age of environmental technology changing every day, we have some very specific needs in the military as it relates to what our installations have done to the environment.

Some of those needs are being dealt with in some of our labs which are being dried up, which are being closed.

Dr. HAMRE. I will look at it. I surely will, but I also have to be honest and I many times have seen new advances where the labs are sitting there twiddling their thumbs and we have to go outside and get it. Frankly, all of the real advances in computing over the

last years have come out of the private sector. I mean, the revolution in the amount of control over the last 10 years has really come by adapting Internet-based technology. We may have invented it 25 years ago at DOD, but the private sectors have run with it. We are just trying to simply take advantage of what they have.

So it is this very careful balance. I will do that. I will go ahead and specifically look at this question, and I know that there are specific concerns that bring it to the fore, but it is a broader issue you are raising, and we ought to follow up on that.

Mr. HOBSON. I share a lot of his concerns because I can tell you, General Powell is having a hard time with a lot of the labs that we have had.

The history of this country is that one of the things I think we have been able to do is that our technology has always out-stripped the technology of our adversaries. If we do not have someplace that is looking at long-term stuff—I have the same trouble you do—that we do not have these people working on this stuff in places where they are not pressured by the dividend this quarter or the dividend for this year, some of these things would never come about.

I think we need to have a balance in that, but we cannot lose the infrastructure because you do not bring that infrastructure back up when you need it later on.

Dr. HAMRE. Sir, if I may use that as an opportunity to say I think one of the things I see when I look at our Government research science and technology infrastructure, it is that it is not being modernized at an adequate pace either, but that is because in all candor, we have too many labs.

Mr. HOBSON. I was going to say, if I were looking, I would look at the Department of Energy stuff. There is tons of money that have been flowing out into that area that is almost uncontrolled and——

Dr. HAMRE. Every day, I say, "And lead us not into temptation."

Mr. HOBSON. Yes.

Dr. HAMRE. So I am not going to answer that question.

Mr. HOBSON. Well, I understand, but I am just getting it on the record here, so that people who are watching, they understand where a lot of the money is going.

Mr. FARR. Mr. Chairman.

Mr. HOBSON. Go ahead.

NAVAL POSTGRADUATE SCHOOL

Mr. FARR. Following up on this, I am very concerned that this area, particularly where we have that kind of think-tank, the intellectual capacity that we already have within the military structure, is so low on the priority list of readiness, deployment, and you have some institutions, particularly in the Naval Postgraduate School that I am familiar with.

Mr. HOBSON. I knew you were going to do that.

Mr. FARR. The Naval postgraduate school has an engineering department, and that engineering department, as small as it is, has an incredible faculty, which we are now trying to link up with the University of California which is also in the region to create this kind of synergism between institutions of higher education.

It seems to me that we can get a much better bang for the buck if we can begin looking at the institutions where we have that academic synergy—this is not in your labs. This is in your school. You have a fully credited university in Monterey that is doing cutting-edge technology. They are doing all the monitoring of the Chernobyl fall-out of the waste material and the ice gaps. They are doing cyberspace technology. These are the officers and the leaders of tomorrow.

One of the complaints they have is we put very little funding into research in those institutions, and, yet, some of the research that is coming out of that is so cutting edge. Japan has funded a full-time professor to be at the Naval Postgraduate School just to watch this. The professor there invented the ability to have sound as an energy source for cooling. Can you imagine what this does in every truck that uses mufflers to run its refrigeration? Because that is essentially the kind of stuff to come out of there, and the Japanese are seeing how important it is to them. We, on the other hand, don't capitalize on that, to have somebody like that on our side. So I would appreciate that, as far as we are in this discussion about R&D, that we take a look at some of the institutions we have already and see how we might put a little bit more money into the research capacity of those schools.

Dr. HAMRE. Again, it is exactly that same dilemma. It is very hard for all of us who aren't scientific experts to say this is good science, this is mediocre science. To me it all sounds like great science. I don't know. We really do have to have a process where we have peer review and some sense that there have to be outcomes, not just inputs in this community. This is a community that is too much dominated by inputs only, not outcomes.

It isn't the same as saying I am going to get a fighter at the end of this process. What are you going to get at the end of research? There has to be, I think, more discipline in this community so we don't fund a lot of mediocre science, and I must confess I think we do fund some mediocre science in our system. We need to work on that. I agree totally with you.

Mr. HOBSON. Mr. Olver.

LABORATORIES

Mr. OLVER. Mr. Chairman, thank you.

I think your comment on mediocre science is one of those cases like advertising. You know you could have saved half of it, but you don't know which half because you are never quite sure, as is the nature of science, what is going to have great production down the road. You have to take that chance somewhere along the way.

I wanted to follow up on this science thing because you opened a couple of questions. You said that roughly 10 percent of the budget was in R&D. What is that number of dollars?

Dr. HAMRE. Well, I think it is like $34.4 billion.

Mr. OLVER. Really? So you are really talking about 10 percent of the overall——

Dr. HAMRE. Oh, yes, the overall budget.

Mr. OLVER [continuing]. Defense budget, or more. If it is $34 billion, it is more than 10 percent.

Dr. HAMRE. Historic high percents. These last 5 years, it is——

Mr. OLVER. How much of that is spent in the Government laboratories, in the Wright-Pattersons and the Hanscon Field and Lincoln Labs and things of that sort?

Mr. HOBSON. It is down. The money is somewhere else, as I alluded to before.

Dr. HAMRE. The $34.4 billion runs labs. It runs test ranges. It funds deep science in the laboratories and in universities. It funds the development of F–22's and the testing of F–22's. But in FY00 we expect approximately 40% of the $34.4 billion R&D budget to be dedicated to our Government in-house activities.

Mr. OLVER. It may be very difficult to break down. I was going to lay out about three of the categories that I know something about, and then there are probably several others that you would divide that up into that are pretty distinct in what they do. Before I came into this profession, I was a scientist, and my research programs depended upon—I give up my age by speaking of AEC and FOSR and ONR and things like that. NSF has survived.

Your comment about the Government labs—and I am certainly not supporting this. The Government labs may be supporting old science. Maybe you meant not supporting that primarily, but more than you might wish.

The academic labs in many cases, the people who are doing those didn't really know what it was that the services were looking—why they were supporting that particular research. I suspect that still may be the case because much of that is pretty pure science.

How much of it goes into things—and in between that we have set up the Small Business Innovative Research as opposed to putting money into big private companies where they have a very clear purpose and don't have enough money to do their own research. We are looking for innovation often in pretty risky places. Small Business Innovative Research, the SBIR program, which I guess gets a percent—half, probably—of most of what you are doing in that $34 billion. Would that be roughly correct? Do you have somebody who might know how much the SBIR gets out of this $34 billion?

Dr. HAMRE. For FY99, 1.4% or $538M of the total R&D budget has been set aside for SBIR. We expect the percentage of the FY00 R&D budget to be similar.

Mr. OLVER. I would like to see a breakdown of this.

Mr. BOYD. What is SBIR?

Mr. OLVER. Small Business Innovative Research, which is a program that——

Dr. HAMRE. It is a small percent that is applied against procurement——

Mr. OLVER. It is applied across all of the Government agencies that do R&D.

Mr. BOYD. Mr. Chairman, I keep getting these whispers in my ear that some of the science R&D money is going into space-based laser. Can you talk about that a little bit?

Mr. HOBSON. Well, isn't it two programs they put the space-based laser in?

Dr. HAMRE. We have lots of——

Mr. HOBSON. They just flip some money into it?

Dr. HAMRE. Well, it may have been an artifice of the final build of the budget. I don't know. But it wasn't any particular—there wasn't a decision that said we are going to put in space-based laser and we are going to take out the following things. It really wasn't anything like that. We did decide——

Mr. HOBSON. It looks that way.

Dr. HAMRE. Well, I know, but that is just because of the mechanics. I know it looks like that. But the space-based laser is—we are trying to look ahead 15 years to say what is going to be the best way to provide a missile defense system for the United States. This is tough science. This is really tough science, I mean, to have something of this engineering fidelity that you could put up in orbit and then have it engage targets under very, very tight time sequences and great precision.

So we have committed to a demonstration program that could lead to an on-orbit testing. I don't remember the time. I think it is like 2010 or something. It is quite a ways away. But there is an awful lot—we have been doing a fair amount of work on space-based laser, but all in ground installations. Unfortunately, when we started this project 8 years ago, it wasn't sized appropriately, so we need to replace it. But I will get people that are more expert on it than am I. I think we have committed ourselves to about $130 million a year for the next 5 years for space-based laser.

It is an important development, but it isn't by any means the largest. We will be putting more on things like airborne laser and things of that nature. By far the biggest part of our R&D budget really is to run the infrastructure, both laboratories and ranges, and then for test and evaluation of new weapons systems. That is probably the largest—our classic S&T, science and technology budget, that is like $3 billion, something like that. It is much smaller.

Mr. HOBSON. But the money was shifted out of S&T, I think is what happened.

Dr. HAMRE. So I will have to try—I am not aware of that.

Mr. HOBSON. John.

Mr. OLVER. We are going to be needing to go here. I want to go back to the rather more overall topic, if people have finished talking about the science aspect.

Mr. HOBSON. Yes, because we are going to try to not come back unless somebody has a burning question.

Mr. OLVER. When I started out, I made a short statement about the concerns that I had which you carefully wrote down. I thought that was wonderful. You were listening, you know? They had to do with housing and the deferred budgeting and BRAC, and I want to draw them together.

You made the comment that the year that we are in, the fiscal year, the current year, is the really tough one, and then it becomes easier. Well, it only becomes easier if the caps are changed. If the caps are not substantially changed—

Dr. HAMRE. That is true.

Mr. OLVER [continuing]. Then what we have done by the deferred fund is we have established that we are down to a $5 billion milcon program with implications to take it in a number of directions, because it says something about what we think are the priorities

of quality-of-life issues and housing that is the meat, the potatoes, of this subcommittee's purpose.

At the same time, if we are on a deferred funding program, then we are going to find it much more difficult to do the housing. And we are going to find overall a substantial reduction in the regular program for construction. And then it becomes even deeper, my concern, because I basically have exactly the same position as the number two Democrat on the National Security Committee. I support—even the Washington Times now supports and understands that we can't have all the bases around with an ever-reducing total force and making it more efficient. I support that. But I remain concerned that we not end up doing housing, and I now know that Hood is not anywhere likely to be under stress for that, that we not end up doing housing and not end up doing major programs that come through the committee and then find that those that we just did were on the 2001 BRAC.

I don't know that you can ever completely eliminate that since you don't want to put forward anything other than what we can ferret out is a sense of what is important and what isn't. But I think we need to have a good kind of a communication between this committee and your operations about what those—how those interrelate.

Dr. HAMRE. Yes. You have asked two very important things. I totally agree that we have to have a better process that integrates our base closure requirements and our long-term modernization requirements through privatization. I absolutely agree with that.

The other thing you said which I think is enormously important is that our full program here really does depend on an amendment—a new budget resolution that gives us a new base with no caps. I mean, if we stay under the caps that are in law next year, we have a big problem.

BASE REALIGNMENT AND CLOSURE

Mr. OLVER. In essence, we were asked to fall on our sword for this year and hope that somehow that will be made whole in the next year. Even in this year, do the proposals in relation to BRAC—just taking narrowly the proposals related to BRAC, which is $700 million or so, does that assure us that we are going—because part of that is deferred funding. Does that assure us that we are going to meet your 2001 period that you mentioned? You have mentioned several times the 2001 period for the completion of Number 4 BRAC?

Dr. HAMRE. Yes, sir.

Mr. OLVER. It will do that?

Dr. HAMRE. Yes. But your point, your larger point, is still true, which is that——

Mr. OLVER. I hoped it might be.

Dr. HAMRE. Yes, it clearly is. That if there isn't a change in the budget resolution that changes the caps, and we have to have a budget now that meets the caps that are in the law right now for the next year, we have a big problem.

Mr. HOBSON. We have 8 minutes left.

Mr. BOYD. The Senate passed S. 4 yesterday, which costs $7 billion. Your budget is probably about $7 billion.

Dr. HAMRE. Well, that is a problem. It is a problem. We are not saying we are not for a pay raise or even a bigger pay raise for the troops.

Mr. BOYD. That may be bringing all——

Dr. HAMRE. The problem is that it is ahead of where we are with the budget. So this is an IOU right now that can only be liquidated with our modernization program until you have a budget resolution.

Mr. HOBSON. Put that in the record. Typical.

Mr. BOYD. Note the chairman said that, not the witness.

Mr. HOBSON. We only have a few minutes here, guys. If you have a question, we are going to have to submit it for the record.

Dr. HAMRE. I would be glad to come up privately and talk.

Mr. FARR. Can I just say—it is a statement and a question. When we were in Bosnia, we all heard from the field commanders about the need for greater language training. The Department of Defense operates the largest language school in the world, the Defense Language Institute, in Monterey, California. We really need to beef that up.

Dr. HAMRE. It is in California.

Mr. HOBSON. We know where it is. We know exactly where it is. [Laughter.]

If anybody has questions, we will submit them for the record, and we would appreciate a timely response.

Dr. HAMRE. Yes, sir.

Mr. FARR. Well, one other thing I wanted to ask him is whether the MILCON budget request for DOD includes a video tele-training facility for DLI. Will you look into that?

Dr. HAMRE. I will look into it. I didn't know about that.

Mr. HOBSON. And——

Mr. FARR. Forgive me, but it is—70 percent of all military language training, I think in most of these exotic languages, is done at Monterey. Well, 70 percent of all the language instruction in America—comes from teachers who studied it.

Dr. HAMRE. It is pretty impressive.

Mr. HOBSON. We would appreciate a timely response back to the questions. We are going to actually use your responses. We are going to read them.

The next hearing will be on Air Force military construction, family housing, Guard and Reserve, base realignment and closure, Thursday, March 4th at 9:30 a.m.

Thank you, John.

Dr. HAMRE. Thank you.

[CLERK'S NOTE.—Questions for the record submitted by Chairman Hobson.]

NOT PREFERRED APPROACH

Question. The Comptroller told us yesterday that incrementally funded individual projects were not the preferred method of financing the program, and that DoD only intends to utilize this method for FY 2000.

If it is not the desirable approach, and with the general feeling an advance appropriation of $3.1 billion is not going to happen, why shouldn't we declare this budget dead on arrival and start from scratch?

Answer. The Department prefers to have a fully funded, robust construction program. However, given the overriding constraints of our FY 2000 topline, which is part of the negotiated budget agreement, the use of advance appropriations is the

only viable option to retaining a construction program that supports the our mission and quality-of-life requirements yet still meet our primary readiness goals.

If the funding caps remain in place for FY 2000, then the only alternative to advance appropriations is to institute a de facto construction pause. I do not believe that the detriment this will cause to the accomplishment of DoD missions is worthy of consideration in comparison to financing methodology proposed in the budget which provides for the continuation of the Department's infrastructure program with minimal impact.

EXECUTION

Question. How does the Department intend to execute incremental funding? What additional authorities will be necessary?

Answer. At this time we see no need for additional legislative relief. Full authorization of the requested projects should demonstrate sufficient intent to see these projects through to completion. However, the provision of advance appropriations will further ensure that funds have already been set aside in FY 2001 for the completion of the FY 2000 program.

It would be helpful, however, if one execution item were addressed. In the past, reprogramming limitations have been placed on the appropriated value of the project to ensure appropriate oversight and approval by Congress of substantive changes to the construction program. If the limitations for FY 2000 were recognized at the project authorized (vice appropriated) value, this would ensure that the historical level of congressional oversight remains in place while enabling the Department to prevent delays and work stoppages on projects that award early in the fiscal year.

PERCENTAGE OF APPROPRIATIONS

Question. How was it determined what percentage an individual project would be funded in FY 2000?

Answer. Basically, each appropriation's most recent historical outlay rate was used to form the foundation for funds minimally needed to execute their construction program. To this factor was added an additional 10% to allow for obligation flexibility and potential termination liability (although these latter costs are expected to be minimal). Based on an historical comparison of first year outlays on a project by project basis, these factors used should result in minimum disruption to the execution of the FY 2000 program.

Further, since each appropriation's average outlay rate reflects the impact of such costs as planning and design, minor construction, supervision and administration, and major construction, the amount of outlays attributable to major construction in the first year of availability is generally much lower than the average outlay rate. Thus, the appropriations requested in FY 2000 should meet all major construction related costs that are likely to occur in this year. It should also be noted that efforts such as planning and design, minor construction, supervision and administration, and phase-funded projects (e.g., hospitals, chem-demil facilities, etc.) were funded at 100% of their FY 2000 program requirements.

Question. Why the disconnect with the Army only receiving 15% of authorization for individual projects and the Navy and Air Force 25%?

Answer. As discussed previously, the historical outlay rate for each appropriation was the foundation on which the determination was made for the amount of appropriations required (plus the 10% allowance to provide program flexibility). This approach helped to ensure that the components were treated fairly in this process.

CONGRESSIONAL INTENT

Question. What assurance do we have that under incremental funding all individual projects will go forward in fiscal year 2000? We are hearing that the components will use reprogramming authorities and pick and choose which projects to go forward with this fiscal year. It appears to me, this circumvents Congressional intent.

Answer. If Congress authorizes and appropriates the FY 2000 program as requested, then there should be no justifiable cause for the Components to delay projects to the detriment of others. The various elements in the Department are working in concert to ensure that all projects in the FY 2000 program will be executed as planned under the current form of the budget request.

PLUS UPS DUE TO INCREMENTAL FUNDING

Question. Prior to the Department's use of incremental funding, was the MilCon program at $8.5 billion? If not, how many projects were moved forward, and at what cost, from Fiscal Year 2001?

Answer. Prior to the use of advance appropriations, the Department's MilCon program value was somewhat lower than the program value currently supported in the President's budget. With the presidential increase to the Department's topline, some projects were moved forward from FY 2001 to FY 2000. These projects are:

Location	Project	Project Value ($000)
Yuma MCAS, AZ	Child Development Center	$2,620
Davis Monthan AFB, AZ	Aircraft Processing Ramp	7,800
Barstow MCLB, CA	Test Track	4,670
Schofield Barracks, HI	Whole Barracks Complex Renewal	46,000
Great Lakes NTC, IL	BEQ "A" School	31,410
Fort Leavenworth, KS	Whole Barracks Complex Renewal	26,000
Bluegrass AD, KY	Ammunition Surveillance Facility	6,000
Fort Campbell, KY	Physical Fitness Training Center	6,000
Fort Knox, KY	Multipurpose Digital Training Range[1]	16,000
Fort Meade, MD	Whole Barracks Complex Renewal	18,000
New River MCAS, NC	Family Service Center	1,340
Camp Lejeune, NC	Road and Utilities	8,750
Sunnypoint Mil. Ocean Term.	Ammunition Surveillance Facility	3,800
McGuire AFB, NJ	Visiting Officers Quarters	11,800
Wright-Patterson AFB, OH	Control Tower	4,000
McAlester AAP, OK	Ammunition Road Infrastructure	6,800
Letterkenny AD, PA	Ammunition Containerization Complex	3,650
Fort Bliss, TX	Ammunition Hot Load Facility	11,400
Fort Bliss, TX	Aircraft Loading Apron	22,000
Fort Hood, TX	Whole Barracks Complex Renewal	29,000
Fort Eustis, VA	Whole Barracks Complex Renewal	39,000
Norfolk NS, VA	Pier Replacement	40,000
Fairchild AFB, WA	Survival Training Logistics Complex	4,500
Bahrain	BEQ	23,770
Bamberg, GY	Whole Barracks Complex Renewal	5,700
Mannheim, GY	Whole Barracks Complex Renewal	4,500
Aviano AB, IT	Radar Approach Control Facility	3,700
RAF Mildenhall, UK	Cons. Corrosion Ctrl./Maint. Complex	10,200
Total		398,410

[1] Authorized in a prior fiscal year.

BRAC EXECUTION

Question. Is the budget request for BRAC of $705.9 million in FY 2000 adequate to fully execute the program with no impact on meeting the July 13, 2001 completion date?

Answer. The budget request of $705.9 million for BRAC is adequate to fully execute the FY 2000 portion of the planned $1,283 million FY 2000 program. One of the keys to ensuring the success of the FY 2000 program as requested, without incurring cost increases or unmanageable delays, is the enactment of the FY 2001 advance appropriation resources to complete the FY 2000 program. The Department has already reserved $577.3 million in the FY 2001 topline and appropriations requests recognize the reservation of these funds in FY 2001. By enacting the appropriation of the advance appropriations for FY 2001 along with the 2000 program, contractors will be able to proceed with their projects fully aware that resources have been made available to complete the projects within the costs and timeframes anticipated. This will permit the Department to meet the July 13, 2001 completion date.

MISSION ESSENTIAL PROJECTS

Question. I am concerned about mission essential related projects, such as the beddown of the C–17 and testing of the F–22. How can you assure us that under a two year program operating schedules will still be met?

Answer. The three FY00 F–22 projects are required in order to meet the Mar 02 Nellis beddown for Follow-on Operational, Test and Evaluation. These projects must be funded in FY00 or beddown and testing will not be accomplished on time. We will continue to work contract award and funding strategies with our design and construction agents to ensure the beddown and testing of the aircraft at Nellis AFB is not impacted by delaying facility construction.

For the C–17 and other mission facilities we will continue to work with our design and construction agents to minimize the impact in construction schedules.

Potential Additional Contractor Costs

Question. How does the Department intend on dealing with increased contractor risk? (Advance appropriation reduces contractor's ability to make large-scale advance purchases, may preclude ordering long-lead equipment or supplies, and there is no guarantee of FY 2001 funding.)

Answer. We believe that we have taken the appropriate steps to minimize any increased risks that may be associated with incremental funding. Since we are asking for both full project authorization and advance appropriations, contractors will be assured that all funds necessary to complete the projects have been set aside and will become available when needed. This method of providing authorizing and funding should be sufficient to ensure that projects will be properly commenced and completed within the cost estimate anticipated in our budget.

Question. How do the components avoid additional costs due to contractor claims for delays caused by lack of funds, or contract termination for lack of funds if advance appropriations are not provided?

Answer. The Department has been careful to provide sufficient funds in FY 2000 to cover construction expenditures that will occur in the first year, including an additional 10% to meet unforeseen requirements and provide the components with the necessary financial flexibility that this question addresses. In addition, we are seeking execution reprogramming thresholds that are similar in effect to prior years which will enable the components to quickly meet emergent financing issues without undue delay or jeopardy to the contract. The advance appropriations requested are intended to cover the expenditures that will occur in the second year and beyond of the construction project. Therefore, advance appropriations (or lack thereof) should have no bearing on the first year execution of these contracts.

Damaged or Destroyed Facilities

Question. Under incremental findings are we still leaving enough leg-room to deal with unforeseeable requirements for damaged or destroyed facilities.

Answer. Since the core building block in the amount of funding being requested for FY 2000 reflects historical outlays, which would include the cost of unforeseeable requirements, there should be enough funds to meet known and unknown requirements. It should be noted that unforeseen requirements will be handled no differently than in prior years: that is, prior year assets will be used first to meet such needs and, if these are not available, then a review of lower priority, approved projects will be made to defer these to free up resources. However, since unforeseen projects will be equally incrementally funded should they occur in FY 2000, project deferments should not occur at any higher rate than in the past.

Family Housing Allowances

Question. When Congress granted the authorities for the Family Housing Privatization initiative, we were concerned about the shift in costs from the family housing construction and O&M accounts to the personnel accounts. This year, the Army and the Navy transferred roughly $79 million from family housing O&M into the personnel accounts to cover necessary increases in housing allowances due to privatization. In addition, the Department is requesting transfer authority between the two accounts—accounts which are in two different bills.

First, last year we asked the Department to integrate the personnel and installation departments on this issue. Has this been done?

Answer. No. As it was correctly noted in the conference report accompanying the FY 1999 Military Construction Appropriations Act, the responsibility for military housing program cuts across many offices and accounts. The view that these offices are not coordinating their responsibilities or budgeting adequately for the housing and personnel accounts is incorrect. No single activity could (or should) deal with the myriad of issues associated with the privatization initiative. The Department's planning, programming and budgeting system (PPBS) provides the integrating process for the relevant offices to coordinate policy and funding issues in several

phases—first during the planning and programming phase and then more thoroughly during the detailed budget review. As a result, the FY 2000 President's budget accurately funds both housing and allowance requirements. Further, housing allowance issues are also reviewed by the Quality of Life Executive Committee whose membership includes the Under Secretary of Defense (Personnel and Readiness), the Deputy Under Secretary of Defense (Installations) and the Principal Deputy Under Secretary of Defense (Comptroller).

Question. Are the personnel accounts adequately budgeted in the FYDP for the increases in allowances due to the privatization initiatives?

Answer. Yes. During the PPBS process the shift in funding requirements from housing to allowances was thoroughly reviewed. The Services have expressed confidence that the FY 2000 budget and Future Years Defense Program adequately funds the housing and personnel accounts in concert with the Department's commitment to the privatization initiatives.

Question. What assurances can you offer me that any family housing O&M reductions due to privatization will be reapplied to other family housing improvements and not transferred elsewhere?

Answer. Guidance from the Secretary of Defense requires that any savings resulting from privatization be reapplied to housing. As noted above, family housing O&M funds associated with privatized housing units are used to pay for the associated increased housing allowances. Also, in some instances the Services added funds to allowances for privatization without decrementing the housing accounts in order to reapply these housing "savings" to other housing-related shortfalls.

Base Realignment and Closure

Question. Is it correct that the Future Years Defense Program (FYDP) has "placeholders" for base realignment and closure funding in fiscal year 2002 and beyond. If so, how much is set aside in each year, and how would administrative expenses be financed prior to fiscal year 2002?

Answer. The Future Years Defense Program (FYDP) contains $830.0 million in Fiscal Year (FY) 2002, $1,447.0 million in FY 2003, and $581 million in FY 2004 to begin implementation of new rounds of base realignment and closure in FY 2001 and FY 2005. For FY 2005, the FYDP contains net savings of $184 million as the impact of the new rounds takes effect. As with previous rounds, administrative expenses for developing realignment and closure recommendations will be funded from mission funds available to the Military Services and Defense Agencies.

Request for General Provisions

Question. The budget proposes a general provision which would allow the transfer of up to $67 million between any accounts in the bill, and this could be accomplished at the determination of the Secretary and upon the approval of OMB. Congress would be given an "after the fact" notification. What is the need and rational behind this request?

Answer. Under the proposed transfer authority, the reprogramming guidelines established by 10 U.S.C. would still apply. Therefore, the Department would be required to provide congressional notification prior to accomplishing any transfer between accounts. As is the case with all reprogramming requests, the Department does not proceed with the projects until both the House and Senate Appropriations Committees have responded to our request. This authority would be useful to the Department in solving urgent, high priority funding problems within our available resources.

Question. The budget requests transfer authority between the military construction accounts and the Military Unaccompanied Housing Improvement Fund. Last year, we withdrew this transfer authority after being told that barracks privatization was not going anywhere. Is there new interest in making this program work?

Answer. The Office of Management and Budget (OMB) has provided more favorable scoring guidelines and expressed interest in having the Department more actively pursue barracks privatization. We will continue to explore barracks privatization. However, even with revised scoring, a number of significant issues exist relating to whether or not privatization is financially viable. With a wide variety of barracks, ranging from recruit dorms to transient quarters, we are not sure which, if any, will lend themselves to privatization using the various authorities provided by Congress.

OVERALL FUNDING

Question. In your opinion, what can be done about the lack of support and funding requested by the Department for facility investment and housing, and when can we expect to see a steady path of funding?

Answer. Our facility investment program value of $8,653,492,00 for FY 2000 represents an 11% increase over our FY 1999 request of $7,778,074,000 and a 2% increase over the FY 1999 appropriation of $8,443,742,000. The growth in the military construction and family housing programs continues over the future years defense plan (FYDP) for a five to ten percent increase overall. This affirms our continuing commitment to invest in our infrastructure. The only difference this fiscal year is the manner of financing our FY 2000 program requirements (over two fiscal years). We believe this one-time use of advance appropriations will not impede our ability to execute the FY 2000 MilCon program in a timely manner.

ADVANCED APPROPRIATIONS

Question. The Department has chosen to build and $8.5 billion Military Construction program and spread its funding over two fiscal years. Instead of requesting fully executable projects in FY 2000, the Department has only requested funding for approximately 10–25% of individual project costs. To support the completion of these projects, the Department is requesting advanced appropriations of $3.1 billion to become available in FY 2001. What benefit is expected to be realized from this budgeting approach, and what is the basis for this expectation.

Answer. The benefit from this budgeting approach is two-fold. The use of advance appropriations enable the Department to stay within the fiscal constraints of the budget agreement while at the same time retaining a robust contruction program that is vital to the Department's goal to sustain its infrastructure program. While this approach is being used on a broad scale for the construction accounts, it is similar in fashion to the way many projects have been financed in the past by Congress.

Question. The incremental funding rate for each Service Component and Defense Agency is different. How were the rates for each Service Component and Defense Agency determined?

Answer. The core building block for each appropriation to determine FY 2000 financing requirements was the historical outlay rate (after estimated, full funding requirements had been accommodated (e.g., planning and design, minor construciton, phase funded projects, etc.)). To this amount was added an additional financing factor of 10% to provide sufficient financial flexibility in FY 2000 to maintain the construction program until the balance of funding becomes available in FY 2001.

HOUSING PRIVATIZATION

Question. Family Housing operations/repair costs are moving to "allowances" subaccounts of Military Personnel accounts to fund housing privatization. For FY 2000, how much, by service, has been shifted from family housing to personnel accounts? Is this sufficient to meet the needs of the services in FY 2000?

Answer. The table below reflects, by Service, the requirements that have shifted in FY 2000 from family housing to military personnel accounts. The amounts transferred are based on the Services' current schedules for privatization projects and, barring significant schedule changes, should be sufficient to meet the FY 2000 requirements.

	(In millions)
Army	$37.8
Navy	39.0
Marine Corps	3.0
Air Force*	9.7
Total	89.5

*The Air Force did not shift funds from their family housing accounts to the military personnel account but did increase the personnel account by this amount for the military housing privatization initiative.

Question. Why does the budget propose a new section 119, providing transfer authority from the Family Housing operations accounts to the Military Personnel accounts, rather than requesting direct appropriations to the personnel accounts?

Answer. Predicting when privitization projects will be awarded is difficult and therefore budgeting for the shift in housing costs from the family housing accounts to the military personnel accounts is risky and could result in imbalances (shortfalls or overages) in the two accounts if the timing of privatization changes. Authority

to transfer funds during execution ensures that the proper funding amounts are transferred at the appropriate time.

SUPERVISION, INSPECTION AND OVERHEAD (SIOH)

Question. The Department's construction budget includes an initiative to annualize the cost of supervising and inspecting construction projects. What benefit is expected to be realized from this budgeting approach, and what is the basis for this expectation?

Answer. This approach allows the Department to defer SIOH costs to the year of execution and is an efficient use of limited resources. This should not hinder the supervision and inspection process since the funds are budgeted as needed as opposed to remaining unobligated. Additionally, this will align the budgeting of SIOH costs similar to other program management costs budgeted for other acquisition programs. Also deferring costs will compel the Army Corps of Engineers and Naval Facilities Command to more closely manage their overhead costs.

Question. How much savings did this initiative create, and how were those savings reapplied?

Answer. Annualization of SIOH costs yielded deferred savings of approximately $300 million over the FYDP with the majority of these savings occurring in FYs 2000/2001. The Services were permitted to apply these assets toward readiness, modernization, and recapitalization accounts.

SUPERVISION, INSPECTION AND OVERHEAD (SIOH)

Army's Response:

Question. For the record please provide a list of all projects included in the budget request with its specific SIOH cost broken out by fiscal year.

Answer. The Army's budget request includes many projects that were authorized but incrementally funded in a prior year's budget. These projects were exempt from further SIOH annualization. Funding rates vary in many cases based on planned construction schedules. A project list with SIOH cost by fiscal year for military construction and family housing construction follows:

State/Station	Project description	FY00 SIOH ($000)	FY01 SIOH ($000)	Comments
	MILITARY CONSTRUCTION, ARMY (MCA)			
ALASKA:				
Fort Richardson	Whole Barracks Complex Renewal	118	769	
Fort Wainwright	Emissions Reduction Facility	125	807	
ALABAMA:				
Anniston AD	Ammunition Demilitarization Facility, Ph VII	376	.....	Exempted
ARKANSAS:				
Pine Bluff Arsenal	Ammunition Demilitarization Facility, Ph IV	3,334	.....	Exempted
CALIFORNIA:				
Fort Irwin	Rotational Unit Facility Maintenance Area	180	544	
COLORADO:				
Peterson AFB	US Army Space Command Headquarters	202	1,165	
Pueblo Depot	Ammunition Demilitarization Facility, Ph I	634	.....	Exempted
DISTRICT OF COLUMBIA:				
Fort McNair	Chapel	20	48	
Walter Reed AMC	Physical Fitness Training Center	55	313	
GEORGIA:				
Fort Benning	Ammunition Holding Area	23	51	
Fort Benning	Whole Barracks Renewal Complex	383	2,171	
Fort Stewart	Multi-purpose Training Range	58	328	
Fort Stewart	Whole Barracks Renewal Complex w/Dining	375	2,125	
HAWAII:				
Schofield Barracks	Whole Barracks Complex Renewal	766	5,017	
INDIANA:				
Newport AAP	Ammunition Demilitarization Facility, Ph II	3,300	.....	Exempted
KANSAS:				
Fort Leavenworth	Whole Barracks Complex Renewal	210	1,166	
Fort Leavenworth	US Disciplinary Barracks, Ph III	1,015	.....	Exempted
Fort Leavenworth	Water Treatment Plant	65	370	
KENTUCKY:				
Bluegrass AD	Ammunition Surveillance Facility	48	274	

State/Station	Project description	FY00 SIOH ($000)	FY01 SIOH ($000)	Comments
Bluegrass AD	Ammunition Demilitarization Support	591	.....	
Bluegrass AD	Ammunition Demilitarization Facility, Ph I	636	.....	Exempted
Fort Campbell	MOUT Training Complex	117	660	
Fort Campbell	Physical Fitness Training Center	48	274	
Fort Campbell	Sabre Heliport Improvements	133	754	
Fort Campbell	Whole Barracks Complex Renewal	258	1,843	
Fort Knox	Multi-purpose Digital Training Range, Ph II	129	1,127	
MASSACHUSETTS:				
Westover AFB	Military Entrance Processing Station	65	150	
MARYLAND:				
Aberdeen PG	Ammunition Demilitarization Facility, Ph II	3,581	.....	Exempted
Fort Meade	Military Entrance Processing Station	72	169	
Fort Meade	Whole Barracks Complex Renewal	145	837	
MISSOURI:				
Fort Leonard Wood	Wolverine/Grizzly Simulator Facility	86	489	
NORTH CAROLINA:				
Fort Bragg	Heavy Drop Rigging Facility	242	1,118	
Fort Bragg	MOUT Training Complex, Ph II	032	76	
Fort Bragg	Whole Barracks Complex Renewal	933	3,067	
Sunnypoint (MOTSU)	Ammunition Surveillance Facility	29	169	
NEW YORK:				
USMA	Cadet Physical Development Center, Ph II	1,537	.....	Exempted
OKLAHOMA:				
Fort Sill	Rail and Containerization Facility	106	607	
McAlester AAP	Fire Station	48	113	
McAlester AAP	Railyard Infrastructure	91	276	
McAlester AAP	Ammunition Road Infrastructure	55	311	
OREGON:				
Umatilla AD	Ammunition Demilitarization Facility, Ph V	1,936	.....	Exempted
PENNSYLVANIA:				
Carlisle Barracks	Whole Barracks Complex Renewal	40	229	
Letterkenny AD	Ammunition Containerization Complex	31	173	
SOUTH CAROLINA:				
Fort Jackson	Emergency Service Center	60	340	
TEXAS:				
Fort Bliss	Air Deployment Facility Complex	137	786	
VIRGINIA:				
Fort Bliss	Aircraft Loading Apron	177	1,019	
Fort Bliss	Ammunition Hot Load Area	92	521	
Fort Hood	Deployment Ready Reactive Field & Trails	108	324	
Fort Hood	Fixed Wing Aircraft Parking Apron	250	1,443	
Fort Hood	Force XXI, Soldier Development Ctr, Ph II	760	.....	Exempted
Fort Hood	Railhead Facility, Ph II	795	.....	Exempted
Fort Hood	Whole Barracks Complex Renewal	234	1,304	
VIRGINIA:				
Fort Belvoir	Military Police Station	35	82	
Fort Belvoir	Fire Station	27	64	
Fort Eustis	Whole Barracks Complex Renewal	315	1,765	
Fort Myer	Public Safety Center	47	109	
WASHINGTON:				
Fort Lewis	Physical Fitness Training Center	100	236	
Fort Lewis	Tank Trail Erosion Mitigation, Ph V	108	0	Exempted
Fort Lewis (YTC)	Ammunition Supply Point	84	198	
	Overseas			
GERMANY:				
Ansbach	Barracks Modernization	169	1,124	
Bamberg	Barracks Modernization	75	492	
Bamberg	Barracks Modernization	66	437	
Bamberg	Barracks Modernization	46	305	
Mannheim	Barracks Modernization	36	240	
KOREA REPUBLIC:				
Camp Stanley	Electrical System Upgrade	59	165	
Camp Casey	Whole Barracks Complex Renewal	249	1,621	
Camp Howze	Water System Upgrade	49	136	

State/Station	Project description	FY00 SIOH ($000)	FY01 SIOH ($000)	Comments
KWAJALEIN:				
Kwajalein	Power Plant, Ph II—Roi Namur Island	2,158	.....	Exempted
WORLD WIDE:				
Various	Classified Project	1,957	.....	Project fully funded
Project Total		30,689	40,302	
	MILITARY CONSTRUCTION, ARMY NATIONAL GUARD (MCARNG)			
ALASKA:				
Anchorage	CSMS/MATES	271	.....	Exempted
ILLINOIS:				
Marseilles	Training Site, Batallion Complex	149	.....	Exempted
NORTH CAROLINA:				
Charlotte	OMS	58	.....	Exempted
NORTH CAROLINA:				
Charlotte	Readiness Center	134	.....	Exempted
WASHINGTON:				
Yakima	MATES, PH I	320	.....	Exempted
	MILITARY CONSTRUCTION, ARMY RESERVE (MCAR)			
FLORIDA:				
Orlando	Land Acquisition	39	0	
GEORGIA:				
Ft. Gillem	USARC/OMS/Warehouse	206	1,055	
NEW JERSEY:				
Ft. Dix	Tactical Vehicle Wash Fac	92	229	
NEW YORK:				
Ft. Wadsworth	Add/Alt USARC Phase I	118	212	
TEXAS:				
Ft. Hood	RTS/Maint-ECS/AMSA	153	385	
	OVERSEAS			
GUAM:				
Radio Barrigada	Add/Alt USARC Phase I	64	937	
Puerto Rico.				
Ft. Buchanan	USARC	82	494	
	ARMY FAMILY HOUSING (AFH)			
UNITED STATES				
None.				
	OVERSEAS			
GERMANY				
Baumholder	Family Housing Improvements	185	887	
Hanau	Family Housing Improvements	75	355	
Wiesbaden	Family Housing Improvements	85	405	
REPUBLIC OF KOREA				
Camp Humphreys	Family Housing New Construction	286	1,179	

Some projects were exempted from SIOH annualization, since they were authorized in prior budgets.
ARNG exempt from SIOH annualization. Amount reflects awarding complete SIOH contract in first year of appropriation.

Navy's Response:

Question. For the record, please provide a list of all projects included in the budget request with its specific SIOH cost broken out by fiscal year.

Answer. A list of the requested projects and the associated SIOH is provided in the attached spreadsheet.

AZ	Navy	MCON	MCAS Yuma	Child Development Center Addition	2,620	640	21	64	35	15	13
AZ	Navy	MCON	MCAS Yuma	Land Acquisition	14,400	3,650	114	353	196	82	74
AZ	Navy	MCON	NAVDET Camp Navajo	Magazines Modernization	7,560	1,910	60	185	102	43	39
ZSWA	Navy	MCON	ASU Bahrain	BEQ (Security Force)	24,550	6,230	211	648	359	151	137
ZSWA	Navy	MCON	ASU Bahrain	BEQ - Transient	23,770	5,840	204	628	347	146	132
ZSWA	Navy	MCON	ASU Bahrain	Operations Control Center	34,770	8,550	298	918	508	213	193
CA	Navy	MCON	MCAGCC Twentynine Palms	BEQ	19,130	4,840	152	467	258	108	97
CA	Navy	MCON	MCAGCC Twentynine Palms	Cast Trainer Addition	1,670	420	13	41	23	9	9
CA	Navy	MCON	MCAGCC Twentynine Palms	Tactical Vehicle Maintenance Facility	13,960	3,420	111	341	188	79	71
CA	Navy	MCON	MCB Camp Pendleton	Armory	2,620	660	21	64	35	15	13
CA	Navy	MCON	MCB Camp Pendleton	BEQ	9,740	2,390	77	238	131	55	50
CA	Navy	MCON	MCB Camp Pendleton	Integrated Communication Hub	3,810	960	30	93	51	22	19
CA	Navy	MCON	MCB Camp Pendleton	Staff Non-Com Off Academic	6,460	1,640	51	158	87	37	33
CA	Navy	MCON	MCB Camp Pendleton	Tactical Vehicle Maintenance Facility	9,010	2,210	71	220	122	51	46
CA	Navy	MCON	MCLB Barstow	Test Track/Test Pond Facility	4,670	1,150	37	114	63	26	24
CA	Navy	MCON	MCRD San Diego	Physical Fitness Center Addition	3,200	810	25	78	43	18	16
CA	Navy	MCON	NAS Lemoore	Aircraft Ordinance Loading Facility	11,900	3,010	94	291	161	67	61
CA	Navy	MCON	NAS Lemoore	Aviation Armament Facility	5,800	1,460	46	142	78	33	30
CA	Navy	MCON	NAS Lemoore	Engine Maintenance Shop Addition	2,360	600	19	58	32	13	12
CA	Navy	MCON	NAS Lemoore	Strike Fighter Weapons Training Facility	3,960	1,000	31	97	53	22	20
CA	Navy	MCON	NAS North Island	Berthing Wharf (Incr. I)	54,420	40,760	340	1,324	739	308	277
CA	Navy	MCON	NAVHOSP San Diego	BEQ Modernization	21,590	5,470	171	526	291	122	110
CA	Navy	MCON	NAVHOSP Twentynine Palms	BEQ	7,640	1,930	61	187	103	43	39
ZDGA	Navy	MCON	Diego Garcia NAVSUPPFAC	Aircraft Intermediate Maintenance Fac.	8,150	2,070	70	215	119	50	45
FL	Navy	MCON	Naval Air Station Whiting Field Milton	JPATS T-6A Trainer Facility	4,750	1,200	38	116	64	27	24
ZGRC	Navy	MCON	NSA Souda Bay	Operational Support Facilities	6,380	1,620	51	156	86	36	33
HI	Navy	MCON	Camp Smith	CINCPAC Headquarters (Incr. I)	66,050	15,870	26	2,262	1,260	525	477
HI	Navy	MCON	MCB Hawaii	RATCC Center	5,790	1,460	49	152	84	35	32
HI	Navy	MCON	NAVSTA Pearl Harbor	BEQ Modernization	18,600	4,720	160	491	272	114	104
HI	Navy	MCON	NSB Pearl Harbor	Berthing Wharf	29,460	7,470	253	778	431	181	164
HI	Navy	MCON	NSY Pearl Harbor	Abrasive Blast & Paint Facility	10,610	2,690	91	280	155	65	59
ID	Navy	MCON	NSWC Bayview	Underwater Equipment Laboratory	10,040	2,540	80	245	136	57	51
IL	Navy	MCON	NTC Great Lakes	All Weather Running Track	1,380	354	11	34	19	8	7
IL	Navy	MCON	NTC Great Lakes	BEQ - "A School"	31,410	7,700	249	768	424	178	160
IL	Navy	MCON	NTC Great Lakes	Drill Hall Replacement	11,190	2,830	89	274	151	63	57
IL	Navy	MCON	NTC Great Lakes	Recruit In-Process Barracks	13,310	3,370	106	326	180	75	68
ZITL	Navy	MCON	NSA Naples	Operational Support Facility	26,750	7,370	230	707	391	164	149
MD	Navy	MCON	NSWC Indian Head	Sewage Treatment Plant	10,070	2,550	80	246	136	57	51
ME	Navy	MCON	NAS Brunswick	BEQ Replacement	16,890	4,270	134	413	228	96	86
MS	Navy	MCON	NCBC Gulfport	BEQ Modernization	12,860	3,260	102	314	174	73	66
MS	Navy	MCON	NCBC Gulfport	BEQ Renovation	6,310	1,600	50	154	85	36	32
NC	Navy	MCON	MCAS New River	Aircraft Taxiway Addition	520	130	4	13	7	3	3
NC	Navy	MCON	MCAS New River	Family Services Center	1,340	330	11	33	18	8	7

NC	Navy	MCON	MCAS New River	Property Control Facility	3,510	910	29	88	49	20	18
GA	Navy	MCON	ALBANY GA MCLB	Field Maintenance Shop	6,260	1,540	50	153	85	35	32
NC	Navy	MCON	MCB Camp LeJeune	Maintenance & Operations Facility	8,400	2,120	67	205	113	48	43
NC	Navy	MCON	MCB Camp LeJeune	Physical Fitness Center	4,230	1,070	34	103	57	24	22
NC	Navy	MCON	MCB Camp LeJeune	Road and Utility Construction	8,750	2,140	69	214	118	50	45
NJ	Navy	MCON	NAWCAD Lakehurst	Aircraft/Platform Interface Laboratory	15,710	3,970	124	384	212	89	80
PA	Navy	MCON	NSPCC Mechanicsburg	Water Distribution System Improvements	2,990	760	24	73	40	17	15
SC	Navy	MCON	Charleston	Air Traffic Control Engineering Center	7,640	1,930	61	187	103	43	39
SC	Navy	MCON	MCAS Beaufort	Armory Facility	1,790	450	14	44	24	10	9
SC	Navy	MCON	MCAS Beaufort	Corrosion Control Facility	8,700	2,200	69	213	117	49	44
VA	Navy	MCON	MCCDC Quantico	BEQ	20,820	5,270	165	509	281	118	106
VA	Navy	MCON	NAS Oceana	Aircraft Acoustical Enclosure	11,490	2,910	91	281	155	65	59
VA	Navy	MCON	NAVSTA Norfolk	Berthing Wharf (Incr. II)	-	12,690	106	453	252	105	
VA	Navy	MCON	NAVSTA Norfolk	Pier Electrical Upgrades II	18,660	4,720	148	456	252	106	95
VA	Navy	MCON	NAVSTA Norfolk	Pier Replacement	40,000	8,600	278	958	528	222	200
VA	Navy	MCON	NAVSTA Norfolk	Waterfront Athletic Complex	10,890	2,760	86	266	147	62	55
VA	Navy	MCON	NSY Norfolk, Portsmouth	Bach Enlisted Quarters-Trans E1/E4	17,630	4,460	140	431	238	100	90
VA	Navy	MCON	NWS Yorktown	Trestle Replacement & Pier Upgrade	25,040	6,330	198	612	338	142	128
VA	Navy	MCON	TACTRAGRULANT Dam Neck	BEQ	10,310	2,610	82	252	139	58	53
WA	Navy	MCON	NAVORDCENPACDIVDET Port Hadlock	Tomahawk Magazine	3,440	870	27	84	46	19	18
WA	Navy	MCON	Puget Sound NSY Bremerton	Dredging	15,610	3,950	124	381	211	88	80
WA	Navy	MCON	Strategic Weapons Facility Pacific, Bremerton	D5 Missile Support Facility	6,300	1,600	50	154	85	36	32
ZU	Navy	MCON	Unspecified Worldwide	Planning & Design	65,630	65,630					
ZU	Navy	MCON	Unspecified Worldwide	Unspecified Minor Construction	7,342	7,342					
				MCON TOTALS	**922,732**	**319,788**	**8,178**	**21,713**	**12,015**	**5,035**	**4,453**
CA	Navy Reserve	MCNR	MCRC Camp Pendleton	Reserve Training Complex	9,940	1,649	79	241	135	57	51
PA	Navy Reserve	MCNR	NAS Willow Grove	Hazardous Material Storage Facilty	1,930	320	15	47	26	11	10
UT	Navy Reserve	MCNR	MCRC Camp Williams	MC Reserve Training Center Addition	890	150	7	21	12	5	5
ZU	Navy Reserve	MCNR	Unspecified Worldwide	MCNR Design Funds	1,778	1,778					
ZU	Navy Reserve	MCNR	Unspecified Worldwide	Unspecified Minor Construction	1,036	1,036					
				MCNR TOTALS	**15,574**	**4,933**	**101**	**309**	**173**	**73**	**66**
VA	Navy	BRAC	NAS Oceana	Hangar Renovation	22,400	10,764	188	580	320	134	121
VA	Navy	BRAC	NAVSTA Norfolk	Building Renovations and Alterations	1,600	769	13	41	23	10	9
CA	Navy	BRAC	MCAS Camp Pendleton	Warehouse and Special Storage Facilities	6,300	3,027	53	163	90	38	34
				BRAC TOTALS	**30,300**	**14,560**	**254**	**784**	**433**	**182**	**164**

HI	Navy	NB Pearl Harbor	Replacement (96 Homes)	19,167	3,831	229	440	278	117	106
HI	Navy	NB Pearl Harbor	Replacement (133 Homes)	30,168	6,031	360	693	438	183	167
		Subtotal - Navy		**49,335**	**9,862**	**589**	**1,133**	**716**	**300**	**273**
HI	MC	MCAS Kaneohe Bay	Replacement (100 Homes)	26,615	5,320	319	611	386	162	147
	Navy	**Subtotal - Navy/MC**		**75,950**	**15,182**	**908**	**1,744**	**1,102**	**462**	**420**
ZU	Navy	Unspecified Worldwide	Construction Improvements	129,699	27,178	1,611	2,887	1,881	787	714
ZU	MC	Unspecified Worldwide	Construction Improvements	23,551	4,530	286	484	320	133	121
ZU	**DoN**	**Unspecified Worldwide**	**Construction Improvements**	**153,250**	**31,708**	**1,897**	**3,371**	**2,201**	**920**	**835**
			TOTALS	**229,200**	**46,890**	**2,805**	**5,115**	**3,303**	**1,382**	**1,255**

Air Force Response:

For the record please provide a list of all projects included in the budget request with its specific SIOH cost broken out by fiscal year.

Answer. The attached list of projects reflect the authorization requested in the fiscal year 2000 President's Budget submission. SIOH cost, broken out by fiscal year, is reflected for each project.

FY00 Air Force MILCON Program
SIOH Requirements
Total Force

Location	Installation	Project Title	Authorization Request ($K)	SIOH Appropriation Request ($K) FY00	FY01	FY02	FY03	FY04	Total Approp (SIOH)
Inside the United States - Active Air Force									
Alaska	Eielson Air Force Base	Weapons Release Systems Facility	6,100						
		SIOH >>		37	161	108	45	23	374
Alaska	Eielson Air Force Base	Repair KC-135 Parking Ramp	4,000						
		SIOH >>		24	104	70	29	16	243
Alaska	Eielson Air Force Base	Repair Runway	14,000						
		SIOH >>		85	365	249	102	51	849
Alaska	Elmendorf Air Force Base	Dormitory	15,800						
		SIOH >>		96	412	278	115	58	959
Alaska	Elmendorf Air Force Base	Construct C-130 Parking Ramp	17,000						
		SIOH >>		102	440	297	123	61	1,023
Arizona	Davis-Monthan Air Force Base	Aircraft Processing Ramp	7,800						
		SIOH >>		42	180	121	50	25	418
California	Beale Air Force Base	Fightline Fire Station	8,900						
		SIOH >>		48	205	138	57	29	477
California	Travis Air Force Base	Add To Physical Fitness Center	7,500						
		SIOH >>		42	181	122	51	26	422
Colorado	Peterson Air Force Base	USSPACECOM/NORAD Headquarters	33,000						
		SIOH >>		177	758	512	212	108	1,767
Colorado	Schriever Air Force Base	Sanitary Sewer Line	5,500						
		SIOH >>		29	126	85	35	19	294
Colorado	Schriever Air Force Base	Physical Fitness Center	3,900						
		SIOH >>		21	90	61	25	12	209
Colorado	US Air Force Academy	Upgrade Academic Facility	17,500						
		SIOH >>		93	399	270	112	56	930
CONUS Classified	Classified Location	Special Tactical Unit Detachment Facility	977						
		SIOH >>		0	0	0	0	0	0
CONUS Classified	Classified Location	NFIP MILCON Project	1,093						
		SIOH >>		0	0	0	0	0	0
CONUS Classified	Classified Location	NFIP MILCON Project	9,700						
		SIOH >>		0	0	0	0	0	0
CONUS Classified	Classified Location	Air Control Squadron Operations Complex	5,100						
		SIOH >>		27	117	79	33	17	273
Florida	Eglin Air Force Base	Squadron Operations Facility	6,600						
		SIOH >>		35	152	102	42	22	353
Florida	Eglin Air Force Base	Dormitory	7,000						
		SIOH >>		38	161	109	45	22	375
Florida	Eglin Auxiliary Field 9	Runway Repair/Taxiway	9,700						
		SIOH >>		52	224	151	63	31	521
Florida	Eglin Auxiliary Field 9	Dormitory	9,100						
		SIOH >>		49	210	142	59	28	488
Florida	MacDill Air Force Base	Add to and Alter Physical Fitness Center	5,500						
		SIOH >>		30	127	86	36	17	296
Florida	Patrick Air Force Base	Base Supply/Traffic Management Complex	9,500						
		SIOH >>		51	220	148	61	32	512

FY00 Air Force MILCON Program
SIOH Requirements
Total Force

Location	Installation	Project Title	Authorization Request ($K)	SIOH Appropriation Request ($K) FY00	FY01	FY02	FY03	FY04	Total Approp (SIOH)
Florida	Patrick Air Force Base	Air Freight/Passenger Terminal Facility	8,300						
		SIOH >>		45	191	129	53	27	445
Georgia	Fort Benning	Air Support Operations Squadron Facility	3,900						
		SIOH >>		21	90	61	25	12	209
Georgia	Moody Air Force Base	Squadron Operation Facility	3,200						
		SIOH >>		17	74	50	21	9	171
Georgia	Robins Air Force Base	KC-135 Flight Simulator Facility	3,350						
		SIOH >>		18	77	52	21	11	179
Hawaii	Hickam Air Force Base	Fire Training Facility	3,300						
		SIOH >>		20	86	58	24	12	200
Idaho	Mountain Home Air Force Base	Defense Access Road	2,400						
		SIOH >>		13	55	37	15	8	128
Idaho	Mountain Home Air Force Base	Enhanced Training Range, Idaho, Ph II	14,600						
		SIOH >>		78	337	227	94	48	784
Kansas	McConnell Air Force Base	KC-135 Squadron Operations/AMU	9,600						
		SIOH >>		52	221	149	62	31	515
Kentucky	Fort Campbell	Air Support Operations Squadron Facility	6,300						
		SIOH >>		34	145	98	40	20	337
Mississippi	Keesler Air Force Base	Student Dining Facility	7,100						
		SIOH >>		40	172	116	48	23	399
Mississippi	Keesler Air Force Base	Student Dormitory	19,900						
		SIOH >>		113	484	327	135	67	1,126
Missouri	Whiteman Air Force Base	Physical Fitness Center	1,900						
		SIOH >>		10	44	30	12	6	102
Missouri	Whiteman Air Force Base	B-2 Low Observable Restoration Facility	23,000						
		SIOH >>		122	522	353	148	73	1,216
Nebraska	Offutt Air Force Base	Dormitory	8,300						
		SIOH >>		45	191	129	53	27	445
Nevada	Nellis Air Force Base	F-22 Parts Warehouse and Operations Addition	3,300						
		SIOH >>		18	78	51	21	9	177
Nevada	Nellis Air Force Base	F-22 Composite and Fabrication Shop	7,500						
		SIOH >>		40	173	117	48	24	402
Nevada	Nellis Air Force Base	F-22 Aircraft Maintenance Hangar	7,800						
		SIOH >>		42	183	122	51	24	422
New Jersey	McGuire Air Force Base	Visiting Officers Quarters	11,600						
		SIOH >>		63	271	183	76	38	631
New York	Rome Laboratory	Consolidated Intelligence and Reconnaissance Laboratory	12,800						
		SIOH >>		69	295	199	82	40	685
North Carolina	Fort Bragg	Air Support Operations Group Facility	4,600						
		SIOH >>		25	106	72	30	14	247
North Carolina	Pope Air Force Base	Dangerous Cargo Pad	7,700						
		SIOH >>		41	178	120	50	24	413
Ohio	Wright-Patterson Air Force Base	Control Tower	4,000						
		SIOH >>		21	92	62	26	13	214

FY00 Air Force MILCON Program
SIOH Requirements
Total Force

Location	Installation	Project Title	Authorization Request ($K)	SIOH Appropriation Request ($K) FY00	FY01	FY02	FY03	FY04	Total Approp (SIOH)
Ohio	Wright-Patterson Air Force Base	Consolidate Avionics Research Laboratory	13,600						
		SIOH >>		73	313	211	87	44	728
Oklahoma	Tinker Air Force Base	ADAL Air Driven Accessories Overhaul and Test Fac (CWF)	17,000						
		SIOH >>		91	391	264	109	55	910
Oklahoma	Tinker Air Force Base	Dormitories	6,800						
		SIOH >>		36	157	106	44	21	364
South Carolina	Charleston Air Force Base	C-17 Corrosion Control Facility	18,200						
		SIOH >>		103	443	299	124	62	1,031
Tennessee	Arnold Air Force Base	Upgrade Jet Engine Air Induction System, Phase III	7,800						
		SIOH >>		42	180	121	50	25	418
Texas	Lackland Air Force Base	Security Forces Center	8,100						
		SIOH >>		44	187	126	52	26	435
Texas	Lackland Air Force Base	Dormitory	5,300						
		SIOH >>		29	123	83	34	17	286
Texas	Laughlin Air Force Base	JPATS Beddown - ADAL Various Facilities	3,250						
		SIOH >>		17	75	50	21	11	174
Utah	Hill Air Force Base	CAD/PAD Spares Storage Facility	4,600						
		SIOH >>		25	106	72	30	14	247
Virginia	Langley Air Force Base	Dormitory	6,300						
		SIOH >>		34	146	98	41	20	339
Washington	Fairchild Air Force Base	Survival Training Logistics Complex	4,500						
		SIOH >>		24	104	70	29	15	242
Washington	McChord Air Force Base	C-17 Squadron Operations Aircraft Maintenance Unit	7,900						
		SIOH >>		43	183	124	51	25	426
		Inside the U.S. Total:	**483,270**	**2,586**	**11,105**	**7,491**	**3,100**	**1,548**	**25,830**
Outside the United States - Active Air Force									
Guam	Andersen Air Force Base	Landfill Closure	8,900						
		SIOH >>		54	233	157	65	34	543
Italy	Aviano Air Base	Radar Approach Control Facility	3,700						
		SIOH >>		23	96	65	27	14	225
Korea	Osan Air Base	Add to and Alter Physical Fitness Center	7,600						
		SIOH >>		47	200	134	55	28	464
Korea	Osan Air Base	Dormitory	12,000						
		SIOH >>		73	313	213	88	46	733
Portugal	Lajes Field, Azores	Apron Security Lighting	1,800						
		SIOH >>		11	47	32	13	7	110
South Atlantic Ocean	Ascension Island	Global Positioning System Satellite Control Station	2,150						
		SIOH >>		13	56	38	16	9	132
United Kingdom	Royal Air Force, Feltwell	Wastewater Treatment Plant	3,000						
		SIOH >>		7	31	21	9	5	73
United Kingdom	Royal Air Force, Lakenheath	Child Development Center	5,800						
		SIOH >>		14	61	41	17	9	142
United Kingdom	Royal Air Force, Lakenheath	Consolidated Support Complex	12,400						
		SIOH >>		29	129	87	36	19	300

FY00 Air Force MILCON Program
SIOH Requirements
Total Force

Location	Installation	Project Title	Authorization Request ($K)	SIOH Appropriation Request ($K) FY00	FY01	FY02	FY03	FY04	Total Approp (SIOH)
United Kingdom	Royal Air Force, Mildenhall	Hazardous Material Storage Facility	1,000						
		SIOH >>		3	10	7	3	2	25
United Kingdom	Royal Air Force, Mildenhall	KC-135 Flight Simulator Facility	2,300						
		SIOH >>		6	24	16	7	3	56
United Kingdom	Royal Air Force, Mildenhall	Consolidated Corrosion Control & Maintenance Complex	10,200						
		SIOH >>		25	108	73	30	15	251
United Kingdom	Royal Air Force, Mildenhall	Operations Facility	4,100						
		SIOH >>		10	43	29	12	6	100
United Kingdom	Royal Air Force, Molesworth	Wastewater Treatment Plant	1,700						
		SIOH >>		4	18	12	5	2	41
		Outside the U.S. Total:	**76,850**	**319**	**1,389**	**925**	**383**	**199**	**3,195**
Various	Various Locations	Unspecified Minor Construction	8,741						
		SIOH >>		471	0	0	0	0	471
Various	Various Locations	Planning And Design	28,004						0
		FY 00 Active Air Force Total:	**596,685**	**3,376**	**12,474**	**8,416**	**3,483**	**1,747**	**29,496**
Air Force Reserve									
Arkansas	Little Rock Air Force Base	Alter Aerial Port Training Facility	800						
		SIOH >>		5	19	10	7	2	43
Florida	Homestead Air Reserve Station	Fire Fighter Training Facility	2,000						
		SIOH >>		15	44	26	18	5	108
Georgia	Dobbins Air Reserve Base	Add/Alter Facilities For C-130H Aircrew Training	2,130						
		SIOH >>		16	47	27	19	6	115
Georgia	Robins Air Force Base	Add/Alter AFRC HQ & ATACC	14,000						
		SIOH >>		104	306	181	123	41	755
Washington	McChord Air Force Base	Add/Alter C-17 Squad Ops/Aircraft Maintenance Unit Fac	3,300						
		SIOH >>		24	72	43	29	10	178
Various	Various Locations	Unspecified Minor Construction	4,467						
		SIOH >>		243	0	0	0	0	243
Various	Various Locations	Planning And Design	1,867						0
		FY 00 AFRC Total:	**28,564**	**407**	**488**	**287**	**196**	**64**	**1,442**
Air National Guard									
Alaska	Kulis Air National Guard Base	Composite Support Complex	10,000						
		SIOH >>		571	0	0	0	0	571
Arkansas	Little Rock Air Force Base	Vehicle/Base Engineer Maintenance Complex	8,699						
		SIOH >>		495	0	0	0	0	495
California	Moffett Field	Replace Aircraft Maintenance Hangar	14,000						
		SIOH >>		798	0	0	0	0	798
Georgia	Savannah International Airport	Regional Fire Training Facility	1,700						
		SIOH >>		96	0	0	0	0	96
Georgia	Savannah International Airport	Composite Support Complex	9,800						
		SIOH >>		556	0	0	0	0	556
Idaho	Gowen Field (Boise Air Terminal)	A-10 Expand Arm and Disarm Apron	1,600						
		SIOH >>		92	0	0	0	0	92

FY00 Air Force MILCON Program
SIOH Requirements
Total Force

Location	Installation	Project Title	Authorization Request ($K)	SIOH Appropriation Request ($K) FY00	FY01	FY02	FY03	FY04	Total Approp (SIOH)
Puerto Rico	Luis Munoz-Marin IAP	C-130 Fuel Cell and Corrosion Control Facility	5,600						
		SIOH >>		319	0	0	0	0	319
Puerto Rico	Luis Munoz-Marin IAP	C-130 Upgrade Aircraft Maintenance Hangar	3,800						
		SIOH >>		217	0	0	0	0	217
Puerto Rico	Luis Munoz-Marin IAP	C-130 Add to Aircraft Parking Apron	2,250						
		SIOH >>		129	0	0	0	0	129
Wisconsin	Volk Field	Replace Troop Training Quarters	8,900						
		SIOH >>		506	0	0	0	0	506
Various	Various Locations	Unspecified Minor Construction	2,000						
		SIOH >>		113	0	0	0	0	113
Various	Various Locations	Planning And Design	4,951						0
		FY 00 ANG Total:	**73,300**	**3,892**	**0**	**0**	**0**	**0**	**3,892**

Summary:							
FY 00 Active Air Force Total:	**596,665**	**3,376**	**12,474**	**8,416**	**3,483**	**1,747**	**29,496**
FY 00 AFRC Total:	**26,564**	**407**	**488**	**287**	**196**	**64**	**1,442**
FY 00 ANG Total:	**73,300**	**3,892**	**0**	**0**	**0**	**0**	**3,892**
FY 00 Air Force Total Force:	**696,529**	**7,675**	**12,962**	**8,703**	**3,679**	**1,811**	**34,830**

FY00 Air Force Family Housing Construction Program
SIOH Requirement

Location	Installation	Project Title	Authorization Request ($K)	SIOH Appropriation Request ($K) FY00	FY01	FY02	FY03	FY04	Total Approp SIOH ($K)
NEW CONSTRUCTION									
Arizona	Davis Monthan AFB	Replace Family Housing PH 5 (64 Units)	10,000						
		SIOH>>		58	162	163	129	27	539
California	Beale AFB	Replace Family Housing PH 3 (60 Units)	8,500						
		SIOH>>		49	137	139	110	23	458
California	Edwards AFB	Replace Family Housing PH 5 (98 Units)	16,270						
		SIOH>>		86	254	262	204	42	848
California	Edwards AFB	Replace Family Housing PH 5 (90 Units)	16,520						
		SIOH>>		87	258	267	206	43	861
California	Vandenberg AFB	Replace Family Housing PH 7 (91 Units)	16,800						
		SIOH>>		89	263	271	210	43	876
District of Columbia	Bolling AFB	Replace Family Housing (72 Units)	9,375						
		SIOH>>		49	147	152	117	24	489
Florida	Eglin AFB	Replace Family Housing PH 1 (130 Units)	14,080						
		SIOH>>		75	220	227	176	36	734
Florida	MacDill AFB	Replace Family Housing PH 4 (54 Units)	9,034						
		SIOH>>		53	146	148	116	24	487
Mississippi	Columbus AFB	Replace Family Housing PH 2 (100 Units)	12,290						
		SIOH>>		65	192	199	153	32	641
Montana	Malmstrom AFB	Replace Family Housing (34 Units)	7,570						
		SIOH>>		41	119	122	94	19	395
Nebraska	Offutt AFB	Replace Family Housing PH 5 (72 Units)	12,352						
		SIOH>>		71	200	203	159	33	666
North Carolina	Seymour Johnson AFB	Replace Family Housing PH 5 (78 Units)	12,187						
		SIOH>>		65	191	196	152	31	635
North Dakota	Grand Forks AFB	Replace Family Housing PH A (42 Units)	10,050						
		SIOH>>		58	163	164	130	27	542
North Dakota	Minot AFB	Replace Family Housing PH 6 (72 Units)	10,756						
		SIOH>>		63	174	175	139	29	580
Texas	Lackland AFB	Replace Family Housing (48 Units)	7,500						
		SIOH>>		39	117	123	93	19	391
OVERSEAS									
Azores	Lajes Field	Replace Family Housing PH 1 (75 Units)	12,964						
		SIOH>>		85	220	217	176	36	734
		New Construction SIOH Total		1,033	2,963	3,028	2,364	488	9,876
IMPROVEMENT									
Alaska	Elmendorf AFB	Improve Family Housing PH 10 (76 Units)	10,536						
		SIOH>>		9	92	116	73	15	307
Arkansas	Little Rock AFB	Improve Family Housing PH 1 (83 Units)	4,196						
		SIOH>>		4	37	46	29	6	122
Colorado	USAF Academy	Improve Neighborhood	650						
		SIOH>>		1	6	8	4	0	19
District of Columbia	Bolling AFB	Improve Family Housing (6 Units)	465						
		SIOH>>		1	4	5	3	0	13

FY00 Air Force Family Housing Construction Program
SIOH Requirement

Location	Installation	Project Title	Authorization Request ($K)	SIOH Appropriation Request ($K) FY00	FY01	FY02	FY03	FY04	Total Approp SIOH ($K)
Florida	Eglin Aux Field 9	Improve Neighborhood	650						
		SIOH>>		1	6	8	4	0	19
Hawaii	Hickam AFB	Improve Family Housing PH 5 (87 Units)	16,900						
		SIOH>>		15	148	187	118	24	492
Hawaii	Hickam AFB	Improve Family Housing PH 6 (62 Units)	12,450						
		SIOH>>		11	109	138	87	18	363
Maryland	Andrews AFB	Improve Family Housing PH 1 (54 Units)	5,791						
		SIOH>>		15	98	121	78	16	328
Maryland	Andrews AFB	Improve Family Housing (80 Units)	8,635						
		SIOH>>		10	147	191	117	24	489
Montana	Malmstrom AFB	Improve Family Housing (46 Units)	5,810						
		SIOH>>		5	51	65	40	8	169
Nebraska	Offutt AFB	Improve Family Housing (352 Units)	1,541						
		SIOH>>		1	14	18	10	2	45
New Jersey	McGuire AFB	Improve Family Housing (34 Units)	4,100						
		SIOH>>		7	66	84	53	11	221
Virginia	Langley AFB	Improve Family Housing (23 Units)	4,000						
		SIOH>>		6	65	84	51	10	216
OVERSEAS									
Germany	Ramstein AB	Improve Family Housing (62 Units)	8,500						
		SIOH>>		7	74	96	59	12	248
Germany	Ramstein AB	Improve Family Housing (65 Units)	8,910						
		SIOH>>		8	78	99	62	13	260
Germany	Ramstein AB	Improve Family Housing (102 Units)	5,100						
		SIOH>>		4	45	58	35	7	149
Germany	Ramstein AB	Improve Family Housing (96 Units)	11,650						
		SIOH>>		10	102	130	81	16	339
Germany	Spangdahlem AB	Improve Family Housing (20 Units)	3,144						
		SIOH>>		3	28	35	22	4	92
Germany	Spangdahlem AB	Improve Family Housing (20 Units)	3,134						
		SIOH>>		3	27	36	21	4	91
United Kingdom	RAF Lakenheath	Improve Family Housing (42 Units)	4,600						
		SIOH>>		4	40	52	32	6	134
United Kingdom	RAF Mildenhall	Improve Family Housing (24 Units)	3,700						
		SIOH>>		3	32	43	25	5	108
		Improvement SIOH Total		128	1,269	1,622	1,004	201	4,224
		SIOH Total		1,161	4,232	4,650	3,368	689	14,100
		Planning & Design	17,093						
		Air Force Total	327,793						

INCREMENTAL FUNDING RATE

Army's Response:

Question. For the record, please provide a list of all incrementally funded projects included in the budget request along with the individual project's funding rate excluding Supervision, Inspection, and Overhead (SIOH) costs.

Answer. Some of the fiscal year 2000 projects were incrementally funded in prior budgets. These projects were funded to permit construction to continue and for project completion. A project list for military construction and family housing with each fiscal year's increment, excluding SIOH, follows:

State/Station	Project description	FY00 Funding rate (In percent)	Comments
	MILITARY CONSTRUCTION, ARMY (MCA)		
ALASKA:			
Fort Richardson	Whole Barracks Complex Renewal	15	
Fort Wainwright	Emissions Reduction Facility	15	
ALABAMA:			
Anniston AD	Ammunition Demilitarization Facility, Ph VII	4	
ARKANSAS:			
Pine Bluff Arsenal	Ammunition Demilitarization Facility, Ph IV	40	
CALIFORNIA:			
Fort Irwin	Rotational Unit Facility Maintenance area	25	
COLORADO:			
Peterson AFB	US Army Space Command Headquarters	15	
Pueblo Depot	Ammunition Demilitarization Facility, Ph I	6	Phase fully funded
DISTRICT OF COLUMBIA:			
Fort McNair	Chapel	30	
Walter Reed AMC	Physical Fitness Training Center	15	
GEORGIA:			
Fort Benning	Ammunition Holding Area	30	
Fort Benning	Whole Barracks Renewal Complex	15	
Fort Stewart	Multi-purpose Training Range	15	
Fort Stewart	Whole Barracks Renewal Complex w/Dining	15	
HAWAII:			
Schofield Barracks	Whole Barracks Complex Renewal	15	
INDIANA:			
Newport AAP	Ammunition Demilitarization Facility, Ph II	33	
KANSAS:			
Fort Leavenworth	Whole Barracks Complex Renewal	15	
Fort Leavenworth	US Disciplinary Barracks, Ph III	27	Completes project
Fort Leavenworth	Water Treatment Plant	15	
KENTUCKY:			
Bluegrass AD	Ammunition Surveillance Facility	15	
Bluegrass AD	Ammunition Demilitarization Facility, Ph I	6	
Fort Campbell	MOUT Training Complex	15	
Fort Campbell	Physical Fitness Training Center	15	
Fort Campbell	Sabre Heliport Improvements	15	
Fort Campbell	Whole Barracks Complex Renewal	15	
Fort Knox	Multi-purpose Digital Training Range, Ph II	15	
MASSACHUSETTS:			
Westover AFB	Military Entrance Processing Station	30	
MARYLAND:			
Aberdeen PG	Ammunition Demilitarization Facility, Ph II	36	
Fort Meade	Military Entrance Processing Station	30	
Fort Meade	Whole Barracks Complex Renewal	15	
MISSOURI:			
Fort Leonard Wood	Wolverine/Grizzly Simulator Facility	15	
NORTH CAROLINA:			
Fort Bragg	Heavy Drop Rigging Facility	15	
Fort Bragg	MOUT Training Complex, Ph II	80	
NORTH CAROLINA:			
Fort Bragg	Whole Barracks Complex Renewal	22	
Sunnypoint (MOTSU)	Ammunition Surveillance Facility	15	
NEW YORK:			
USMA	Cadet Physical Development Center, Ph II	34	

State/Station	Project description	FY00 Funding rate (in percent)	Comments
OKLAHOMA:			
Fort Sill	Rail and Containerization Facility	15	
McAlester AAP	Fire Station	30	
McAlester AAP	Railyard Infrastructure	25	
McAlester AAP	Ammunition Road Infrastructure	15	
OREGON:			
Umatilla AD	Ammunition Demilitarization Facility, Ph V	19	
PENNSYLVANIA:			
Carlisle Barracks	Whole Barracks Complex Renewal	15	
Letterkenny AD	Ammunition Containerization Complex	15	
SOUTH CAROLINA:			
Fort Jackson	Emergency Services Center	15	
TEXAS:			
Fort Bliss	Air Deployment Facility Complex	15	
Fort Bliss	Aircraft Loading Apron	15	
Fort Bliss	Ammunition Hot Load Area	15	
Fort Hood	Deployment Ready Reactive Field & Trails	30	
Fort Hood	Fixed Wing Aircraft Parking Apron	15	
Fort Hood	Force XXI, Soldier Development Ctr, Ph II	51	Completes project
Fort Hood	Railhead Facility, Ph II	46	Completes project
Fort Hood	Whole Barracks Complex Renewal	15	
VIRGINIA:			
Fort Belvoir	Military Police Station	30	
Fort Belvoir	Fire Station	30	
Fort Eustis	Whole Barracks Complex Renewal	15	
Fort Myer	Public Safety Center	30	
WASHINGTON:			
Fort Lewis	Physical Fitness Training Center	25	
Fort Lewis	Tank Trail Erosion Mitigation, Ph V	17	
Fort Lewis (YTC)	Ammunition Supply Point	30	
	OVERSEAS		
GERMANY:			
Ansbach	Barracks Modernization	15	
Bamberg	Barracks Modernization	15	
Bamberg	Barracks Modernization	15	
Bamberg	Barracks Modernization	15	
Mannheim	Barracks Modernization	15	
REPUBLIC OF KOREA:			
Camp Stanley	Electrical System Upgrade	30	
Camp Casey	Whole Barracks Complex Renewal	15	
Camp Howze	Water System Upgrade	30	
KWAJALEIN:			
Kwajalein	Power Plant, Ph II—Roi Namur Island	74	Completes project
	MILITARY CONSTRUCTION, ARMY NATIONAL GUARD (MCARNG)		
ALASKA:			
Anchorage	CSMS/MATES	21	
ILLINOIS:			
Marseilles	Training Site, Batallion Complex	21	
NORTH CAROLINA:			
Charlotte	OMS	21	
NORTH CAROLINA:			
Charlotte	Readiness Center	21	
WASHINGTON:			
Yakima	MATES, PH I	21	
	MILITARY CONSTRUCTION, ARMY RESERVE (MCAR)		
FLORIDA:			
Orlando	Land Acquisition	100	
GEORGIA:			
Ft. Gillem	USARC/OMS/Warehouse	17	
NEW JERSEY:			
FT. Dix	Tactical Vehical Wash Fac	29	
NEW YORK:			
Ft. Wadsworth	Add/Alt USARC Phase I	36	

State/Station	Project description	FY00 Funding rate (In percent)	Comments
TEXAS:			
Ft Hood	RTS-Maint/ECS/AMSA	238	
	OVERSEAS		
GUAM:			
Radio Barrigada	Add/Alt USARC Phase1	6	
PUERTO RICO:			
Ft Buchanan	USARC	14	
	ARMY FAMILY HOUSING (AFH) OVERSEAS		
GERMANY:			
Baumholder	Family Housing Improvements	16	
Hanau	Family Housing Improvements	16	
Wiesbaden	Family Housing Improvements	16	
KOREA:			
Camp Humphreys	Family Housing New Construction	18	

Projects previously incrementally funded in a prior budget were funded at the appropriate level to continue contruction and/or complete the project.
ARNG exempt from SIOH annualization. Amount reflects awarding complete SIOH contract in first year of appropriation.

Navy's Response:

Question. For the record, please provide a list of all incrementally funded projects included in the budget request along with the individual project's funding rate excluding Supervision, Inspection, and Overhead (SIOH) costs.

Answer. A list of the incrementally funded projects excluding SIOH is provided in the attached spreadsheet.

AZ	Navy	MCON	MCAS Yuma	Child Development Center Addition	2,620	640	622	1,850	
AZ	Navy	MCON	MCAS Yuma	Land Acquisition	14,400	3,650	3,538	10,080	
AZ	Navy	MCON	NAVDET Camp Navajo	Magazines Modernization	7,560	1,910	1,853	5,280	
ZSWA	Navy	MCON	ASU Bahrain	BEQ (Security Force)	24,550	6,230	6,016	17,140	
ZSWA	Navy	MCON	ASU Bahrain	BEQ - Transient	23,770	5,840	5,637	16,780	
ZSWA	Navy	MCON	ASU Bahrain	Operations Control Center	34,770	8,550	8,247	24,550	
CA	Navy	MCON	MCAGCC Twentynine Palms	BEQ	19,130	4,840	4,688	13,360	
CA	Navy	MCON	MCAGCC Twentynine Palms	Cast Trainer Addition	1,670	420	409	1,170	
CA	Navy	MCON	MCAGCC Twentynine Palms	Tactical Vehicle Maintenance Facility	13,960	3,420	3,313	9,860	
CA	Navy	MCON	MCB Camp Pendleton	Armory	2,620	660	643	1,830	
CA	Navy	MCON	MCB Camp Pendleton	BEQ	9,740	2,390	2,311	6,880	
CA	Navy	MCON	MCB Camp Pendleton	Integrated Communication Hub	3,810	960	933	2,660	
CA	Navy	MCON	MCB Camp Pendleton	Staff Non-Com Off Academic	6,480	1,640	1,586	4,520	
CA	Navy	MCON	MCB Camp Pendleton	Tactical Vehicle Maintenance Facility	9,010	2,210	2,138	6,360	
CA	Navy	MCON	MCLB Barstow	Test Track/Test Pond Facility	4,670	1,150	1,108	3,300	
CA	Navy	MCON	MCRD San Diego	Physical Fitness Center Addition	3,200	810	784	2,240	
CA	Navy	MCON	NAS Lemoore	Aircraft Ordinance Loading Facility	11,900	3,010	2,917	8,310	
CA	Navy	MCON	NAS Lemoore	Aviation Armament Facility	5,800	1,460	1,420	4,050	
CA	Navy	MCON	NAS Lemoore	Engine Maintenance Shop Addition	2,380	600	578	1,650	
CA	Navy	MCON	NAS Lemoore	Strike Fighter Weapons Training Facility	3,960	1,000	970	2,760	
CA	Navy	MCON	NAS North Island	Berthing Wharf (Incr. I)	54,420	40,760	40,437	10,910	
CA	Navy	MCON	NAVHOSP San Diego	BEQ Modernization	21,590	5,470	5,294	15,080	
CA	Navy	MCON	NAVHOSP Twentynine Palms	BEQ	7,640	1,930	1,873	5,340	
ZDGA	Navy	MCON	Diego Garcia NAVSUPPFAC	Aircraft Intermediate Maintenance Facility	8,150	2,070	1,997	5,690	
FL	Navy	MCON	Naval Air Station Whiting Field Milton	JPATS T-6A Trainer Facility	4,750	1,200	1,164	3,320	
ZGRC	Navy	MCON	NSA Souda Bay	Operational Support Facilities	6,380	1,620	1,564	4,460	
HI	Navy	MCON	Camp Smith	CINCPAC Headquarters (Incr. I)	86,050	15,870	15,839	36,970	28,100
HI	Navy	MCON	MCB Hawaii	RATCC Center	5,790	1,460	1,412	4,030	
HI	Navy	MCON	NAVSTA Pearl Harbor	BEQ Modernization	18,600	4,720	4,560	12,990	
HI	Navy	MCON	NSB Pearl Harbor	Berthing Wharf	29,460	7,470	7,219	20,570	
HI	Navy	MCON	NSY Pearl Harbor	Abrasive Blast & Paint Facility	10,610	2,690	2,599	7,400	
ID	Navy	MCON	NSWC Bayview	Underwater Equipment Laboratory	10,040	2,540	2,462	7,010	
IL	Navy	MCON	NTC Great Lakes	All Weather Running Track	1,380	354	337	960	
IL	Navy	MCON	NTC Great Lakes	BEQ - "A School"	31,410	7,700	7,454	22,180	
IL	Navy	MCON	NTC Great Lakes	Drill Hall Replacement	11,190	2,830	2,744	7,820	
IL	Navy	MCON	NTC Great Lakes	Recruit In-Process Barracks	13,310	3,370	3,265	9,300	
ZITL	Navy	MCON	NSA Naples	Operational Support Facility	26,750	7,370	7,143	18,100	
MD	Navy	MCON	NSWC Indian Head	Sewage Treatment Plant	10,070	2,550	2,466	7,030	
ME	Navy	MCON	NAS Brunswick	BEQ Replacement	16,890	4,270	4,139	11,790	
MS	Navy	MCON	NCBC Gulfport	BEQ Modernization	12,860	3,260	3,153	8,980	
MS	Navy	MCON	NCBC Gulfport	BEQ Renovation	6,310	1,600	1,546	4,400	
NC	Navy	MCON	MCAS New River	Aircraft Taxiway Addition	520	130	126	360	
NC	Navy	MCON	MCAS New River	Family Services Center	1,340	330	316	940	

NC	Navy	MCON	MCAS New River	Property Control Facility	3,610	910	885	2,520	
GA	Navy	MCON	ALBANY GA MCLB	Field Maintenance Shop	6,260	1,540	1,486	4,420	
NC	Navy	MCON	MCB Camp LeJeune	Maintenance & Operations Facility	8,400	2,120	2,057	5,860	
NC	Navy	MCON	MCB Camp LeJeune	Physical Fitness Center	4,230	1,070	1,037	2,960	
NC	Navy	MCON	MCB Camp LeJeune	Road and Utility Construction	8,750	2,140	2,074	6,180	
NJ	Navy	MCON	NAWCAD Lakehurst	Aircraft/Platform Interface Laboratory	15,710	3,970	3,850	10,970	
PA	Navy	MCON	NSPCC Mechanicsburg	Water Distribution System Improvements	2,990	760	734	2,090	
SC	Navy	MCON	Charleston	Air Traffic Control Engineering Center	7,640	1,930	1,872	5,330	
SC	Navy	MCON	MCAS Beaufort	Armory Facility	1,790	450	438	1,250	
SC	Navy	MCON	MCAS Beaufort	Corrosion Control Facility	8,700	2,200	2,132	6,070	
VA	Navy	MCON	MCCDC Quantico	BEQ	20,820	5,270	5,101	14,540	
VA	Navy	MCON	NAS Oceana	Aircraft Acoustical Enclosure	11,490	2,910	2,816	8,020	
VA	Navy	MCON	NAVSTA Norfolk	Berthing Wharf (Incr. II)	-	12,690	12,579	-	
VA	Navy	MCON	NAVSTA Norfolk	Pier Electrical Upgrades II	18,860	4,720	4,572	13,030	
VA	Navy	MCON	NAVSTA Norfolk	Pier Replacement	40,000	8,600	8,317	28,660	
VA	Navy	MCON	NAVSTA Norfolk	Waterfront Athletic Complex	10,890	2,760	2,669	7,600	
VA	Navy	MCON	NSY Norfolk, Portsmouth	Bach Enlisted Quarters-Trans E1/E4	17,630	4,460	4,322	12,310	
VA	Navy	MCON	NWS Yorktown	Trestle Replacement & Pier Upgrade	25,040	6,330	6,136	17,480	
VA	Navy	MCON	TACTRAGRULANT Dam Neck	BEQ	10,310	2,610	2,526	7,200	
WA	Navy	MCON	NAVORDCENPACDIVDET Port Hadlock	Tomahawk Magazine	3,440	870	842	2,400	
WA	Navy	MCON	Puget Sound NSY Bremerton	Dredging	15,610	3,950	3,826	10,900	
WA	Navy	MCON	Strategic Weapons Facility Pacific, Bremerton	D5 Missile Support Facility	6,300	1,600	1,545	4,400	
ZU	Navy	MCON	Unspecified Worldwide	Planning & Design	65,630	65,630	65630	-	
ZU	Navy	MCON	Unspecified Worldwide	Unspecified Minor Construction	7,342	7,342	7342	-	
				MCON TOTALS	**922,732**	**319,786**	**313,608**	**544,450**	**28,100**
CA	Navy Reserve	MCNR	MCRC Camp Pendleton	Reserve Training Complex	9,940	1,649	1,569	7,810	
PA	Navy Reserve	MCNR	NAS Willow Grove	Hazardous Material Storage Facility	1,930	320	304	1,520	
UT	Navy Reserve	MCNR	MCRC Camp Williams	MC Reserve Training Center Addition	890	150	145	700	
ZU	Navy Reserve	MCNR	Unspecified Worldwide	MCNR Design Funds	1,778	1,778	1778		
ZU	Navy Reserve	MCNR	Unspecified Worldwide	Unspecified Minor Construction	1,036	1,036	1036		
				MCNR TOTALS	**16,574**	**4,933**	**4,832**	**10,030**	-
VA	Navy	BRAC	NAS Oceana	Hangar Renovation	22,400	10,764	10,576	10,516	

VA	Navy	BRAC	NAVSTA Norfolk	Building Renovation and Alterations	1,600	769	756	752	
CA	Navy	BRAC	MCAS Camp Pendleton	Warehouse and Special Storage Facilities	6,300	3,027	2,974	2,958	
				BRAC TOTALS	**30,300**	**14,560**	**14,306**	**14,226**	-

Housing FY00 projects

HI	Navy	NB Pearl Harbor	Replacement (96 Homes)	19,167	3,831	3,602	14,333
HI	Navy	NB Pearl Harbor	Replacement (133 Homes)	30,168	6,031	5,671	22,559
		Subtotal - Navy		**49,335**	**9,862**	**9,273**	**36,892**
HI	MC	MCAS Kaneohe Bay	Replacement (100 Homes)	26,615	5,320	5,001	19,903
	Navy	***Subtotal - Navy/MC***		**75,950**	**15,182**	**14,274**	**56,795**
ZU	Navy	Unspecified Worldwide	Construction Improvements	129,699	27,176	25,567	95,719
ZU	MC	Unspecified Worldwide	Construction Improvements	23,551	4,530	4,244	17,868
ZU	**DoN**	**Unspecified Worldwide**	**Construction Improvements**	**153,250**	**31,706**	**29,811**	**113,587**
			TOTALS	**229,200**	**46,890**	**44,085**	**170,382**

Air Force's Response:

Question. For the record please provide a list of all incrementally funded projects included in the budget request along with the individual project's funding rate excluding Supervision, Inspection, and Overhead (SIOH) costs.

Answer. The attached list of projects reflect the authorization requested in the fiscaly year 2000 President's Budget submission. Advanced funding requested and the funding rate (excluding SIOH) is reflected for each project.

FY00 Air Force MILCON Program
Advance Appropriation
Contract Appropriation and Rate (Excluding SIOH)

Location	Installation	Project Title	Authorization Request ($K)	Contract Appropriation Request Excl SIOH (K) FY00	FY01	FY02	FY03	FY04	Total Contract Approp (Excl SIOH)
Inside the United States - Active Air Force									
Alaska	Eielson Air Force Base	Weapons Release Systems Facility	6,100	1,414	4,312				
		Funding Rate >>		25%	75%				5,726
Alaska	Eielson Air Force Base	Repair KC-135 Parking Ramp	4,000	917	2,840				
		Funding Rate >>		24%	76%				3,757
Alaska	Eielson Air Force Base	Repair Runway	14,000	3,249	9,902				
		Funding Rate >>		25%	75%				13,151
Alaska	Elmendorf Air Force Base	Dormitory	15,800	3,631	11,210				
		Funding Rate >>		24%	76%				14,841
Alaska	Elmendorf Air Force Base	Construct C-130 Parking Ramp	17,000	3,893	12,084				
		Funding Rate >>		24%	76%				15,977
Arizona	Davis-Monthan Air Force Base	Aircraft Processing Ramp	7,800	1,805	5,577				
		Funding Rate >>		24%	76%				7,382
California	Beale Air Force Base	Flightline Fire Station	8,900	2,038	6,385				
		Funding Rate >>		24%	76%				8,423
California	Travis Air Force Base	Add To Physical Fitness Center	7,500	1,712	5,366				
		Funding Rate >>		24%	76%				7,078
Colorado	Peterson Air Force Base	USSPACECOM/NORAD Headquarters	33,000	7,710	23,523				
		Funding Rate >>		25%	75%				31,233
Colorado	Schriever Air Force Base	Sanitary Sewer Line	5,500	1,267	3,939				
		Funding Rate >>		24%	76%				5,206
Colorado	Schriever Air Force Base	Physical Fitness Center	3,900	908	2,783				
		Funding Rate >>		25%	75%				3,691
Colorado	US Air Force Academy	Upgrade Academic Facility	17,500	3,963	12,607				
		Funding Rate >>		24%	76%				16,570
CONUS Classified	Classified Location	Special Tactical Unit Detachment Facility	977	244	733				
		Funding Rate >>		25%	75%				977

FY00 Air Force MILCON Program
Advance Appropriation
Contract Appropriation and Rate (Excluding SIOH)

Location	Installation	Project Title	Authorization Request ($K)	Contract Appropriation Request Excl SIOH (K)					Total Contract Approp (Excl SIOH)
				FY00	FY01	FY02	FY03	FY04	
CONUS Classified	Classified Location	NFIP MILCON Project	1,093	1,093					
		Funding Rate >>		100%	0%				1,093
CONUS Classified	Classified Location	NFIP MILCON Project	9,700	9,700					
		Funding Rate >>		100%	0%				9,700
CONUS Classified	Classified Location	Air Control Squadron Operations Complex	5,100	1,173	3,654				
		Funding Rate >>		24%	76%				4,827
Florida	Eglin Air Force Base	Squadron Operations Facility	6,600	1,531	4,716				
		Funding Rate >>		25%	75%				6,247
Florida	Eglin Air Force Base	Dormitory	7,000	1,597	5,028				
		Funding Rate >>		24%	76%				6,625
Florida	Eglin Auxiliary Field 9	Runway Repair/Taxiway	9,700	2,217	6,962				
		Funding Rate >>		24%	76%				9,179
Florida	Eglin Auxiliary Field 9	Dormitory	9,100	2,112	6,500				
		Funding Rate >>		25%	75%				6,612
Florida	MacDill Air Force Base	Add to and Alter Physical Fitness Center	5,500	1,272	3,932				
		Funding Rate >>		24%	76%				5,204
Florida	Patrick Air Force Base	Base Supply/Traffic Management Complex	9,500	2,187	6,801				
		Funding Rate >>		24%	76%				8,988
Florida	Patrick Air Force Base	Air Freight/Passenger Terminal Facility	8,300	1,922	5,933				
		Funding Rate >>		24%	76%				7,855
Georgia	Fort Benning	Air Support Operations Squadron Facility	3,900	890	2,801				
		Funding Rate >>		24%	76%				3,691
Georgia	Moody Air Force Base	Squadron Operation Facility	3,200	746	2,283				
		Funding Rate >>		25%	75%				3,029
Georgia	Robins Air Force Base	KC-135 Flight Simulator Facility	3,350	771	2,400				
		Funding Rate >>		24%	76%				3,171
Hawaii	Hickam Air Force Base	Fire Training Facility	3,300	765	2,335				
		Funding Rate >>		25%	75%				3,100

FY00 Air Force MILCON Program
Advance Appropriation
Contract Appropriation and Rate (Excluding SIOH)

Location	Installation	Project Title	Authorization Request ($K)	Contract Appropriation Request Excl SIOH (K) FY00	FY01	FY02	FY03	FY04	Total Contract Approp (Excl SIOH)
Idaho	Mountain Home Air Force Base	Defense Access Road	2,400	551	1,721				
		Funding Rate >>		24%	76%				2,272
Idaho	Mountain Home Air Force Base	Enhanced Training Range, Idaho, Ph II	14,600	3,409	10,407				
		Funding Rate >>		25%	75%				13,816
Kansas	McConnell Air Force Base	KC-135 Squadron Operations/AMU	9,600	2,228	6,857				
		Funding Rate >>		25%	75%				9,085
Kentucky	Fort Campbell	Air Support Operations Squadron Facility	6,300	1,438	4,525				
		Funding Rate >>		24%	76%				5,963
Mississippi	Keesler Air Force Base	Student Dining Facility	7,100	1,646	5,055				
		Funding Rate >>		25%	75%				6,701
Mississippi	Keesler Air Force Base	Student Dormitory	19,900	4,566	14,208				
		Funding Rate >>		24%	76%				18,774
Missouri	Whiteman Air Force Base	Physical Fitness Center	1,900	437	1,361				
		Funding Rate >>		24%	76%				1,798
Missouri	Whiteman Air Force Base	B-2 Low Observable Restoration Facility	23,000	5,306	16,478				
		Funding Rate >>		24%	76%				21,784
Nebraska	Offutt Air Force Base	Dormitory	8,300	1,896	5,959				
		Funding Rate >>		24%	76%				7,855
Nevada	Nellis Air Force Base	F-22 Parts Warehouse and Operations Addition	3,300	755	2,368				
		Funding Rate >>		24%	76%				3,123
Nevada	Nellis Air Force Base	F-22 Composite and Fabrication Shop	7,500	1,716	5,382				
		Funding Rate >>		24%	76%				7,098
Nevada	Nellis Air Force Base	F-22 Aircraft Maintenance Hangar	7,800	1,817	5,561				
		Funding Rate >>		25%	75%				7,378
New Jersey	McGuire Air Force Base	Visiting Officers Quarters	11,600	2,702	8,467				
		Funding Rate >>		24%	76%				11,169
New York	Rome Laboratory	Consolidated Intelligence and Reconnaissance Laboratory	12,800	2,933	9,182				
		Funding Rate >>		24%	76%				12,115

FY00 Air Force MILCON Program
Advance Appropriation
Contract Appropriation and Rate (Excluding SIOH)

Location	Installation	Project Title	Authorization Request ($K)	Contract Appropriation Request Excl SIOH (K)					Total Contract Approp (Excl SIOH)
				FY00	FY01	FY02	FY03	FY04	
North Carolina	Fort Bragg	Air Support Operations Group Facility	4,600	1,051	3,302				
		Funding Rate >>		24%	76%				4,353
North Carolina	Pope Air Force Base	Dangerous Cargo Pad	7,700	1,761	5,526				
		Funding Rate >>		24%	76%				7,287
Ohio	Wright-Patterson Air Force Base	Control Tower	4,000	913	2,873				
		Funding Rate >>		24%	76%				3,786
Ohio	Wright-Patterson Air Force Base	Consolidate Avionics Research Laboratory	13,600	3,157	9,715				
		Funding Rate >>		25%	75%				12,872
Oklahoma	Tinker Air Force Base	ADAL Air Driven Accessories Overhaul and Test Facility (CWF)	17,000	3,910	12,180				
		Funding Rate >>		24%	76%				16,090
Oklahoma	Tinker Air Force Base	Dormitories	6,800	1,566	4,870				
		Funding Rate >>		24%	76%				6,436
South Carolina	Charleston Air Force Base	C-17 Corrosion Control Facility	18,200	4,286	12,883				
		Funding Rate >>		25%	75%				17,169
Tennessee	Arnold Air Force Base	Upgrade Jet Engine Air Induction System, Phase III	7,800	1,809	5,573				
		Funding Rate >>		25%	75%				7,382
Texas	Lackland Air Force Base	Security Forces Center	8,100	1,849	5,816				
		Funding Rate >>		24%	76%				7,665
Texas	Lackland Air Force Base	Dormitory	5,300	1,228	3,786				
		Funding Rate >>		24%	76%				5,014
Texas	Laughlin Air Force Base	JPATS Beddown - ADAL Various Facilities	3,250	749	2,327				
		Funding Rate >>		24%	76%				3,076
Utah	Hill Air Force Base	CAD/PAD Spares Storage Facility	4,600	1,056	3,297				
		Funding Rate >>		24%	76%				4,353
Virginia	Langley Air Force Base	Dormitory	6,300	1,452	4,509				
		Funding Rate >>		24%	76%				5,961
Washington	Fairchild Air Force Base	Survival Training Logistics Complex	4,500	1,047	3,211				
		Funding Rate >>		25%	75%				4,258

FY00 Air Force MILCON Program
Advance Appropriation
Contract Appropriation and Rate (Excluding SIOH)

Location	Installation	Project Title	Authorization Request ($K)	Contract Appropriation Request Excl SIOH (K)					Total Contract Approp (Excl SIOH)
				FY00	FY01	FY02	FY03	FY04	
Washington	McChord Air Force Base	C-17 Squadron Operations Aircraft Maintenance Unit	7,900	1,815	5,659				
		Funding Rate >>		24%	76%				7,474
		Inside the U.S. Total:	**483,270**	**119,776**	**337,664**	**0**	**0**	**0**	**457,440**
Guam	Andersen Air Force Base	Landfill Closure	8,900	2,043	6,314				
		Funding Rate >>		24%	76%				8,357
Italy	Aviano Air Base	Radar Approach Control Facility	3,700	943	2,532				
		Funding Rate >>		27%	73%				3,475
Korea	Osan Air Base	Add to and Alter Physical Fitness Center	7,600	2,182	4,954				
		Funding Rate >>		31%	69%				7,136
Korea	Osan Air Base	Dormitory	12,000	3,409	7,858				
		Funding Rate >>		30%	70%				11,267
Portugal	Lajes Field, Azores	Apron Security Lighting	1,800	468	1,222				
		Funding Rate >>		28%	72%				1,690
South Atlantic Ocean	Ascension Island	Global Positioning System Satellite Control Station	2,150	499	1,519				
		Funding Rate >>		25%	75%				2,018
United Kingdom	Royal Air Force, Feltwell	Wastewater Treatment Plant	3,000	779	2,148				
		Funding Rate >>		27%	73%				2,927
United Kingdom	Royal Air Force, Lakenheath	Child Development Center	5,800	1,505	4,153				
		Funding Rate >>		27%	73%				5,658
United Kingdom	Royal Air Force, Lakenheath	Consolidated Support Complex	12,400	3,192	8,908				
		Funding Rate >>		26%	74%				12,100
United Kingdom	Royal Air Force, Mildenhall	Hazardous Material Storage Facility	1,000	264	711				
		Funding Rate >>		27%	73%				975
United Kingdom	Royal Air Force, Mildenhall	KC-135 Flight Simulator Facility	2,300	594	1,650				
		Funding Rate >>		26%	74%				2,244
United Kingdom	Royal Air Force, Mildenhall	Consolidated Corrosion Control & Maintenance Complex	10,200	2,668	7,281				
		Funding Rate >>		27%	73%				9,949

FY00 Air Force MILCON Program
Advance Appropriation
Contract Appropriation and Rate (Excluding SIOH)

Location	Installation	Project Title	Authorization Request ($K)	Contract Appropriation Request Excl SIOH (K) FY00	FY01	FY02	FY03	FY04	Total Contract Approp (Excl SIOH)
United Kingdom	Royal Air Force, Mildenhall	Operations Facility	4,100	1,066	2,934				
		Funding Rate >>		27%	73%				4,000
United Kingdom	Royal Air Force, Molesworth	Wastewater Treatment Plant	1,700	441	1,218				
		Funding Rate >>		27%	73%				1,659
		Outside the U.S. Total:	**76,650**	**20,053**	**53,402**	**0**	**0**	**0**	**71,796**
Various	Various Locations	Unspecified Minor Construction	8,741	8,270					
		Funding Rate >>		100%	0%				8,270
Various	Various Locations	Planning And Design	28,004	28,004					28,004
		FY 00 Active Air Force Total:	**599,685**	**176,103**	**391,066**	**0**	**0**	**0**	**567,169**
Air Force Reserve									
Arkansas	Little Rock Air Force Base	Alter Aerial Port Training Facility	800	204	553				
		Funding Rate >>		27%	73%				757
Florida	Homestead Air Reserve Station	Fire Fighter Training Facility	2,000	509	1,383				
		Funding Rate >>		27%	73%				1,892
Georgia	Dobbins Air Reserve Base	Add/Alter Facilities For C-130H Aircrew Training	2,130	542	1,473				
		Funding Rate >>		27%	73%				2,015
Georgia	Robins Air Force Base	Add/Alter AFRC HQ & ATACC	14,000	3,562	9,683				
		Funding Rate >>		27%	73%				13,245
Washington	McChord Air Force Base	Add/Alter C-17 Squad Ops/Aircraft Maintenance Unit Fac	3,300	840	2,282				
		Funding Rate >>		27%	73%				3,122
Various	Various Locations	Unspecified Minor Construction	4,467	4,224					
		Funding Rate >>		100%	0%				4,224
Various	Various Locations	Planning And Design	1,867	1,867					1,867
		FY 00 AFRC Total:	**28,564**	**11,748**	**15,374**	**0**	**0**	**0**	**27,122**
Air National Guard									
Alaska	Kulis Air National Guard Base	Composite Support Complex	10,000	1,599	7,830				
		Funding Rate >>		17%	83%				9,429

FY00 Air Force MILCON Program
Advance Appropriation
Contract Appropriation and Rate (Excluding SIOH)

Location	Installation	Project Title	Authorization Request ($K)	Contract Appropriation Request Excl SIOH (K) FY00	FY01	FY02	FY03	FY04	Total Contract Approp (Excl SIOH)
Arkansas	Little Rock Air Force Base	Vehicle/Base Engineer Maintenance Complex	8,699	1,386	6,818				
		Funding Rate >>		17%	83%				8,204
California	Moffett Field	Replace Aircraft Maintenance Hangar	14,000	2,235	10,967				
		Funding Rate >>		17%	83%				13,202
Georgia	Savannah International Airport	Regional Fire Training Facility	1,700	272	1,332				
		Funding Rate >>		17%	83%				1,604
Georgia	Savannah International Airport	Composite Support Complex	9,800	1,560	7,684				
		Funding Rate >>		17%	83%				9,244
Idaho	Gowen Field (Boise Air Terminal)	A-10 Expand Arm and Disarm Apron	1,800	258	1,250				
		Funding Rate >>		17%	83%				1,508
Puerto Rico	Luis Munoz-Marin IAP	C-130 Fuel Cell and Corrosion Control Facility	5,600	893	4,388				
		Funding Rate >>		17%	83%				5,281
Puerto Rico	Luis Munoz-Marin IAP	C-130 Upgrade Aircraft Maintenance Hangar	3,800	608	2,975				
		Funding Rate >>		17%	83%				3,583
Puerto Rico	Luis Munoz-Marin IAP	C-130 Add to Aircraft Parking Apron	2,250	361	1,760				
		Funding Rate >>		17%	83%				2,121
Wisconsin	Volk Field	Replace Troop Training Quarters	8,900	1,417	6,977				
		Funding Rate >>		17%	83%				8,394
Various	Various Locations	Unspecified Minor Construction	2,000	1,887					
		Funding Rate >>		100%	0%				1,887
Various	Various Locations	Planning And Design	4,951	4,951					4,951
		FY 00 ANG Total:	73,300	17,427	51,981	0	0	0	69,408
		Summary:							
		FY 00 Active Air Force Total:	696,865	176,103	391,066	0	0	0	567,169
		FY 00 AFRC Total:	28,564	11,748	15,374	0	0	0	27,122
		FY 00 ANG Total:	73,300	17,427	51,981	0	0	0	69,408
		FY 00 Air Force Total Force:	698,529	205,278	458,421	0	0	0	663,699

FY00 Air Force Family Housing Construction Program
Advance Appropriation
Contract Appropriation and Rate (Excluding)

Location	Installation	Project Title	Authorization Request ($K)	Contract Appropriation Request Excl SIOH ($K)					Total Contract Appr (Excl SIOH)
				FY00	FY01	FY02	FY03	FY04	
NEW CONSTRUCTION									
Arizona	Davis Monthan AFB	Replace Family Housing PH 5 (64 Units)	10,000	2,849	6,611				9,460
		SIOH>>		28%	72%				
California	Beale AFB	Replace Family Housing PH 3 (60 Units)	8,500	2,252	5,789				8,041
		SIOH>>		28%	72%				
California	Edwards AFB	Replace Family Housing PH 5 (98 Units)	16,270	4,318	11,107				15,425
		SIOH>>		28%	72%				
California	Edwards AFB	Replace Family Housing PH 5 (90 Units)	16,520	4,365	11,277				15,662
		SIOH>>		28%	72%				
California	Vandenberg AFB	Replace Family Housing PH 7 (91 Units)	16,800	4,459	11,468				15,927
		SIOH>>		28%	72%				
District of Columbia	Bolling AFB	Replace Family Housing (72 Units)	9,375	2,488	6,400				8,888
		SIOH>>		28%	72%				
Florida	Eglin AFB	Replace Family Housing PH 1 (130 Units)	14,080	3,737	9,611				13,348
		SIOH>>		28%	72%				
Florida	MacDill AFB	Replace Family Housing PH 4 (54 Units)	9,034	2,393	6,152				8,545
		SIOH>>		28%	72%				
Mississippi	Columbus AFB	Replace Family Housing PH 2 (100 Units)	12,260	3,262	8,389				11,651
		SIOH>>		28%	72%				
Montana	Malmstrom AFB	Replace Family Housing (34 Units)	7,570	2,009	5,166				7,175
		SIOH>>		28%	72%				
Nebraska	Offutt AFB	Replace Family Housing PH 5 (72 Units)	12,352	3,272	8,413				11,685
		SIOH>>		28%	72%				
North Carolina	Seymour Johnson AFB	Replace Family Housing PH 5 (78 Units)	12,187	3,235	8,319				11,554
		SIOH>>		28%	72%				
North Dakota	Grand Forks AFB	Replace Family Housing PH A (42 Units)	10,050	2,662	6,845				9,507
		SIOH>>		28%	72%				
North Dakota	Minot AFB	Replace Family Housing PH 6 (72 Units)	10,756	2,849	7,325				10,174
		SIOH>>		28%	72%				

FY00 Air Force Family Housing Construction Program
Advance Appropriation
Contract Appropriation and Rate (Excluding)

Location	Installation	Project Title	Authorization Request ($K)	Contract Appropriation Request Excl SIOH ($K)					Total Contract Appr (Excl SIOH)
				FY00	FY01	FY02	FY03	FY04	
Texas	Lackland AFB	Replace Family Housing (48 Units)	7,500	1,991	5,120				7,111
		SIOH>>		28%	72%				
OVERSEAS									
Azores	Lajes Field	Replace Family Housing PH 1 (75 Units)	12,964	3,424	8,794				12,218
		SIOH>>		28%	72%				
		New Construction Total	186,248	49,385	126,987				176,372
		SIOH Total							9,876
		Grand Total							186,248
IMPROVEMENT									
Alaska	Elmendorf AFB	Improve Family Housing PH 10 (76 Units)	10,536	2,893	7,336				10,229
		SIOH>>		28%	72%				
Arkansas	Little Rock AFB	Improve Family Housing PH 1 (83 Units)	4,196	1,152	2,922				4,074
		SIOH>>		28%	72%				
Colorado	USAF Academy	Improve Neighborhood	650	179	452				631
		SIOH>>		28%	72%				
District of Columbia	Bolling AFB	Improve Family Housing (6 Units)	455	124	317				441
		SIOH>>		28%	72%				
Florida	Eglin Aux Field 9	Improve Neighborhood	650	179	452				631
		SIOH>>		29%	71%				
Hawaii	Hickam AFB	Improve Family Housing PH 5 (87 Units)	16,900	4,640	11,769				16,409
		SIOH>>		28%	72%				
Hawaii	Hickam AFB	Improve Family Housing PH 6 (62 Units)	12,450	3,418	8,669				12,087
		SIOH>>		28%	72%				
Maryland	Andrews AFB	Improve Family Housing PH 1 (54 Units)	5,791	1,580	3,878				5,458
		SIOH>>		29%	71%				
Maryland	Andrews AFB	Improve Family Housing (80 Units)	8,635	2,369	5,782				8,151
		SIOH>>		29%	71%				
Montana	Malmstrom AFB	Improve Family Housing (46 Units)	5,810	1,595	4,046				5,641
		SIOH>>		28%	72%				

FY00 Air Force Family Housing Construction Program
Advance Appropriation
Contract Appropriation and Rate (Excluding)

Location	Installation	Project Title	Authorization Request ($K)	Contract Appropriation Request Excl SIOH ($K)					Total Contract Appr (Excl SIOH)
				FY00	FY01	FY02	FY03	FY04	
Nebraska	Offutt AFB	Improve Family Housing (352 Units)	1,541	423	1,073				1,496
		SIOH>>		28%	72%				
New Jersey	McGuire AFB	Improve Family Housing (34 Units)	4,100	1,122	2,757				3,879
		SIOH>>		29%	71%				
Virginia	Langley AFB	Improve Family Housing (23 Units)	4,000	1,096	2,688				3,784
		SIOH>>		29%	71%				
OVERSEAS									
Germany	Ramstein AB	Improve Family Housing (62 Units)	8,500	2,334	5,918				8,252
		SIOH>>		28%	72%				
Germany	Ramstein AB	Improve Family Housing (65 Units)	8,910	2,446	6,204				8,650
		SIOH>>		28%	72%				
Germany	Ramstein AB	Improve Family Housing (102 Units)	5,100	1,401	3,550				4,951
		SIOH>>		28%	72%				
Germany	Ramstein AB	Improve Family Housing (96 Units)	11,650	3,199	8,112				11,311
		SIOH>>		28%	72%				
Germany	Spangdahlem AB	Improve Family Housing (20 Units)	3,144	863	2,189				3,052
		SIOH>>		28%	72%				
Germany	Spangdahlem AB	Improve Family Housing (20 Units)	3,134	860	2,183				3,043
		SIOH>>		28%	72%				
United Kingdom	RAF Lakenheath	Improve Family Housing (42 Units)	4,600	1,263	3,203				4,466
		SIOH>>		28%	72%				
United Kingdom	RAF Mildenhall	Improve Family Housing (24 Units)	3,700	1,016	2,576				3,592
		SIOH>>		28%	72%				
		Improvement Total	124,452	34,152	86,076				120,228
		SIOH Total							4,224
		Grand Total							124,452

CHEMICAL DEMILITARIZATION

Question. Once again, the Department proposes to shift funding for the Chemical Demilitarization Program from Defense-wide to the Army account. What precautions have been taken to make sure the Army program is not reduced to fund chemical demilitarization?

Answer. A complete evaluation of the Chemical Demilitarization program was accomplished as part of the Quadrennial Defense Review. Consistent with this review, all known Chemical Demilitarization program requirements were fully funded at the time of the transfer to the Army. As a result of this transfer, the Army's topline was commensurately increased thereby holding all Army programs harmless. In addition, due to future uncertainties and past history of the program, additional funding was programmed in the out-years to cover unanticipated requirements before transferring it to the Army.

PROJECT EXECUTION

Question. What impact will incremental funding have on the execution of the FY00 military construction budget?

Answer. The expectation is that there will be some increase in the necessary management of the construction program. This will be in the form of establishing the appropriate contract clauses that will ensure the complete project is undertaken while appropriate financing considerations are included to ensure projects remain within available funding in FY 2000 and also provide for sufficient lead-time notice to address expenditure related issues. The Department is working to resolve these issues now so that if the FY 2000 program is appropriated as requested, this program can be instituted without delay.

Question. Will it be possible to execute major construction projects under the current reprogramming authorities?

Answer. In order for reprogramming thresholds to be maintained at the effective standard of prior years, the procedures will need to be modified to invoke the notification process at the project authorization value vice the appropriated value of the project. This modification will still retain the necessary project-level cost oversight that Congress desires but will also ensure that the Department can conduct its FY 2000 construction program in an efficient manner without unduly burdening Congress in matters of financing when the approved program has not changed. For purposes of project authorization, this may require some revision to 10 U.S.C. 2853. For the purposes of appropriated funds, this will only require a modification to report language.

DEFENSE FACILITIES STRATEGIC PLAN

Question. Please bring us up to date on the Department's effort to produce a Facilities Strategic Plan.

Answer. We have completed the framework for the plan and merged ten existing initiatives (such as barracks modernization or facility demolition) into the framework. We have also identified eight new initiatives (such as improving real property reporting and increasing joint use of facilities) and are beginning that work now. The initiatives are directed at four strategic goals for our facility assets: right size, right quality, right resources, and right tools.

Question. How will this plan be incorporated into Defense Planning Guidance?

Answer. Where appropriate, performance goals and funding targets will be included in the guidance.

FACILITY REDUCTIONS

Question. As part of the Defense Reform Initiative, each military Service surveyed its building inventory to identify the obsolete and excess buildings they could demolish or otherwise dispose of. The survey identified 80 million square feet and about 8,000 specific structures. What progress has the Department made in disposing of this excess real property, and when does the Department expect to meet the desired end-state?

Answer. In FY 1998, the Department eliminated about 16 million square feet, exceeding the FY 1998 goal of 11 million square feet. In FY 1999, the Department plans to eliminate an additional 14 million square feet. The Department is on track to dispose of at least 80 million square feet by FY 2003. At the same time, the military services and defense agencies will continue to identify additional excess facilities with an eye on further savings.

PRIVATIZATION OF UTILITIES SYSTEMS

Question. Please bring us up to date on the Department's effort to privatize utilities.

Answer. Section 2688 of Title 10, United States Code, provides authority to convey to the private sector all Defense utility systems, including electric, water, waste water, and natural gas, as well as steam, hot and chilled water, and telecommunications systems. The Defense Reform Initiative states that the DoD will privatize all electric, water, waste water, and natural gas utility systems except where privatization is uneconomical or where unique security reasons require ownership by the Department. The objective is to get DoD out of the business of owning, managing and operating utility systems through privatization.

Industry has shown a strong interest in the utility privatization efforts of the Department. Competition for both the conveyance of the utility infrastructure and the resulting acquisition of utility service is key to the effective management of the substantial resources the DoD directs at its energy facilities.

Since establishing the DRI goal, the number of utility systems under consideration has increased with the inclusion of minor and overseas installations. The expansion of scope and the realization of the challenges inherent in privatizing utilities drove a reevaluation of the original Jan 2000 goal.

On 23 Dec 1998, Defense Reform Initiative Directive (DRID) 49 was signed resetting the timeline for utilities privatization. The Services revised their plans to accommodate award of privatization contracts for all utility systems by Sep 2003. All studies will be completed by Sep 30, 2000 and all solicitations released no later than Sep 30, 2001.

DRID 49 also issued privatization guidance for utility systems, which sets the criteria for exempting systems from the privatization program. It also provides basic parameters for the economic analysis, and reiterates and expands upon the statutory requirements for the use of competitive producers. Service plans are currently being reviewed by OSD with a goal of reporting to Congress by the end of April 1999.

GENERAL PROVISIONS: DELETIONS

Question. Why does the budget propose to delete the following sections:
section 111—American preference for A & E contracts
section 113—notification of exercises
section 119—annual burdensharing report
section 121—compliance with "Buy American Act"
section 122—American-made equipment and products
section 124—Partnership for Peace Programs
section 126—notification of housing privatization solicitations

Answer. Sections 111 (American preference for A & E contracts), 121 (compliance with "Buy American Act"), and 122 (American-made equipment and products) are unnecessary restrictions which limit the bidding climate. Section 113 (notification of exercises) inhibits the President's ability to perform his function of Commander-in-Chief by requiring a 30-day notification before military exercises occur. The continuing requirement to provide an annual burdensharing report under Section 119 is burdensome and unnecessary since it duplicates information already provided the committee. Section 124 (Partnership for Peace Programs) adversely impacts the NATO Security Investment Program (NSIP). The provision appears to confuse NATO multilateral military projects with US bilateral military support, and jeopardizes longstanding NATO consensus regarding use of NSIP funds for common Defense purposes. Section 126, which requires a 60-day notification prior to any housing privatization solicitations containing a base closure guarantee, only serves to delay privatization initiatives an additional 30 days since 10 U.S.C. 2883 already requires a 30-day notification prior to any family housing privatization solicitations.

TROOP HOUSING—"1 PLUS 1"

Question. What progress is the Department making in upgrading barracks for our single members to meet the new 1+1 standard?

Answer. Since the adoption of the 1+1 design standard in November 1995, the Services will have built new or renovated older barracks to create approximately 29,000 spaces to the new standard through FY 1999. The Army expects to meet the 1+1 standard by FY 2008, the Navy by 2013, and the Air Force by 2009. The Marine Corps has been granted a permanent waiver to use the 2+0 design standard in lieu of the 1+1 standard. While the Marines Corps has been granted a waiver, it has placed top priority to eliminating the open bays and gangheads by 2005.

Question. What has the average cost per space been under the "1 plus 1" barracks standard?

Answer. The Army has reported $65.4 thousand as its average cost per space for 1+1 standard, the Navy $62.7 thousand, and the Air Force $58.0 thousand. The Marine Corps' 2+0 configuration costs approximately $41.0 thousand per space.

BARRACKS

Question. Submit for the record a chart that will show, by service, the timetable for completion of the barracks revitalization effort at the time OSD approved the "1 plus 1" barracks standard, as compared with the timetable for completion of this effort as a result of Congressional initiatives to accelerate this effort.

Answer. Following chart provides the requested timetable.

Service	Original target date	Current target date
Army	FY 2020	FY 2008
Navy	FY 2013	FY 2013
Marine Corps [1]	FY 2088	FY 2037
Air Force	FY 2019	FY 2009

[1] Secretary of the Navy has waived the Marine Corps from the 1+1 standard in favor of the Marine Corps' preference for 2+0 design. The original target date refers to the Service's initial plan to meet 1+1 standard (before the waiver). The current plan signifies the date the Marine Corps anticipates meeting the 2+0 standard.

TROOP HOUSING: DEFICIT

Question. By Service, what is the total current troop housing deficit?

Answer. The Services troop housing deficits are:

Army, 53,900
Navy, 19,000
Air Force, 17,000
Marine Corps, 35,074

Question. Will the other Services be developing a "Master Plan" similar to the Air Force's in the near future?

Answer. Yes, the other Services are developing master plans. The Army's plan is 80 percent complete with final completion scheduled for 30 September 1999. The Navy is developing a "1+1" transition plan for each installation that operates bachelor quarters. These plans will provide details at the building level, including the number and configuration of existing spaces, the space requirement, and a detailed plan to achieve the "1+1" standard. In addition, regional plans are being developed for each of the Navy concentration areas to upgrade spaces and achieve the "1+1" standard. Both of these plans are scheduled to be completed and ready for review in April 1999. In February 1999, the Marine Corps submitted an implementation plan for the achievement of the "2+0" configured barracks inventory to the Deputy Assistant Secretary of the Navy. The plan identifies, for each installation, the requirement and an implementation plan to achieve the standard. The plan is currently under review. The Air Force's Dormitory Master Plan published in Aug. 1997 is currently being updated. Its plan will identify the long-range requirement to replace or convert existing dormitories to the "1+1" construction standard as current facilities reach the end or their economic life.

TROOP HOUSING: INADEQUACIES

Question. Provide a breakout of how many barracks are considered substandard, inadequate and facilities with central latrines/showers.

Answer. The following table indicates the number of bed spaces in barracks and dormitories considered substandard or inadequate and the number with central latrines/showers:

Service	Substandard or inadequate	Central latrines
Army	21,700	31,000
Navy	46,500	6,900
Air Force	2,942	0
Marine Corps	6,278	10,400

TROOP HOUSING: BUDGET REQUEST

Question. How many spaces are included in the budget request for troop housing?

Answer. The Department's military construction program for FY 2000 includes more than $780 million to provide just over 11,000 new spaces to house our troops.

TROOP HOUSING: COST TO BUY-OUT TROOP HOUSING DEFICIT

Army's Response:

Question. By Service, what would it cost to buy out the current troop housing deficit?

Answer. Between fiscal year 2000 and the last year of funding in fiscal year 2008, the Army is projecting an investment of $6.1 billion in U.S. funds.

Navy's Response:

Question. By Service, what would it cost to buy-out the current troop housing deficit?

Answer. For the Navy, there is a deficit of 19,566 1+1 spaces. The estimated cost to construct a 1+1 space is $63,700 in fiscal year 2000 dollars. The construction cost to eliminate the deficit is $1.2 billion in constant budget fiscal year 2000 dollars.

The Marine Corps estimates a total requirement of $1.6 billion in constant budget fiscal year 2000 dollars to achieve the 2+0 construction standard for barracks. Of this amount, approximately $775 million is required to construct 19,158 additional barracks spaces in order to reach a two persons per room assignment standard. The cost per 2+0 space is $40,400 in fiscal year 2000 dollars.

Air Force's Response:

Question. By Service, what would it cost to buy-out the current troop hosing deficit?

Answer. Based on the Air Force Dormitory Master Plan, beginning with the FY00 MILCON program we require $1.2 billion (expressed in FY98 dollars) of which $0.8 billion is the cost to buyout the current troop housing deficit and $0.4 billion is the cost to replace our critical condition dormitories. This does not include the cost of host-nation funded projects.

Army's Response:

Question. By Service, what is the estimated cost per space to eliminate the current troop housing deficit?

Answer. Estimates are based on average construction cost data dating back to fiscal year 1996. Cost estimates to construct "1+1" barracks buildings in the United States, including soldier community buildings, is $57,917 per space; in Europe, $84,257; and in Korea, $54,088. All costs are expressed in fiscal year 2000 dollars.

Navy's Response:

Question. By Service, what is the estimated cost per space to eliminate the current troop housing deficit?

Answer. The Navy's average cost per 1+1 space is $63,700 in fiscal year 2000 dollars.

The Marine Corps average cost per 2+0 configured room is $40,400 in fiscal year 2000 dollars.

Air Force's Response:

Question. By Service, what is the estimated cost per space to eliminate the current troop housing deficit?

Answer. Air Force cost per space is estimated at $59,000 for each 1+1 standard dorm room (one person per room) expressed in FY00 dollars (normalized to size adjustment and area cost factors of 1.0).

TROOP HOUSING: AVERAGE AGE

Army's Response:

Question. What is the average age of barracks facilities?

Answer. In the United States, the median age is approximately 50 years; in Korea, approximately 30 years; and in Europe, approximately 45 years. Worldwide, the median age is approximately 45 years.

Navy's Response:

Question. What is the average age of barracks facilities?

Answer. The average age of Navy barracks is 38 years. The average age of Marine Corps barracks is 24 years.

Air Force's Response:

Question. What is the average age of barracks facilities?

Answer. Thirty-one years old.

Army's Response:

Question. Approximately, how many barracks were built over 30 years ago?

Answer. Approximately 70 percent of our barracks were built over 30 years ago.
Navy's Response:
Question. Approximately, how many barracks were built over 30 years ago?
Answer. There are 728 Navy barracks which were built over 30 years ago. Approximately 197 Marine Corps barracks were built over 30 years ago.
Air Force's Response:
Question. Approximately, how many barracks were built over 30 years ago?
Answer. We have 481 that were built over 30 years ago.

UNACCOMPANIED PERSONNEL

Question. What percentage of the enlisted force does the Department estimate is single or unaccompanied?
Answer. The Department estimates that 46.8 percent of the enlisted force is single and 86.26 percent of the single enlisted members do not have children. However, data are not available regarding the percentage of unaccompanied enlisted members.
Question. What percentage of the officers does the Department estimate is single or unaccompanied?
Answer. The Department estimates that 27.7 percent of officers are single and 89.97 percent of the single officers do not have children. However, data are not available regarding the percentage of unaccompanied officers.
Question. How many men and women currently live in permanent party unaccompanied personnel housing? Of this amount, how many are enlisted personnel and how many are officers?
Answer. According to the Department's Selected Military Compensation Tables for January 1999, about 397,900 single military personnel are living on-base receiving quarters in kind. This figure can be further broken down to 9,589 officers and warrant officers and 388,311 enlisted personnel residing on-base.
Question. What percentage of single or unaccompanied personnel does the Department estimate lives in private off-base housing?
Answer. According to the Department's Selected Military Compensation Tables for January 1999, 180,490 (31 percent) of the Department's 578,390 single or unaccompanied personnel receive cash allowances for living off-base.

CHILD DEVELOPMENT CENTERS

Question. The budget request seeks funding for only two child development centers. Will this enable all services to meet the goal of providing for 80 percent of the total childcare need? If not, how much further construction by component is necessary?
Answer. The Department has set an interim goal of meeting 65 percent of the need by the year 2003. All Military Services are budgeted to meet this goal by that date. They will do so through a combination of expanding Family Child Care (our in-home care), School-age care in youth facilities and schools, and referral to off base programs. We are also actively seeking Memoranda of Agreement with state and local child care licensing agencies to allow us to certify military spouses living in non-military housing as family child care providers. At this time, we do not view large-scale construction programs as a solution to the need.
Question. Are all of the components programming to meet the goal of 80 percent of the potential need?
Answer. All of the components have programmed funds to meet the interim 65 percent goal by the year 2003.
Question. What progress has been made in the pilot program to review ways for providing child care services by using third party contracting?
Answer. We initially were hopeful that third party contracting would provide a solution to our need for child care. However, this has not materialized. Because quality child care is difficult to find off the installation, especially for infants and toddlers (our biggest current need), third party contracting has produced fewer than 300 total spaces in the three years the Navy has pursued this method. While we have not given up on this avenue, we do not view it as a major source of child care in the future. Essentially, we believe that growth will come through a combination of options including all those described above.

AVERAGE AGE OF FACILITIES

Question. What is the average age of facilities and family housing?
Answer. The average age of DoD facilities and family housing is about 40 years old.

FAMILY HOUSING REPLACEMENT VALUE

Question. What is the current housing replacement value for the Department of Defense?

Answer. The current military family housing replacement value for the Department of Defense is $45.9 billion (Army, $17.3 billion; Navy, $9.0 billion, Marine Corps, $3.6 billion; and Air Force, $16.0 billion).

FAMILY HOUSING: DEFICIT

Question. What is the current total family housing deficit for the Department of Defense, both in units and in cost of replacement, repair, or improvements?

Answer. The following table represents the Department's estimate of family housing deficits for new construction, replacement and improvements:

[Dollars in thousands]

	New construction	Replacement	Improvement
Army:			
Units [1]	10,442	36,244	52,612
Costs [2]	$1,350,000	$3,440,000	$2,500,000
Navy:			
Units	15,900	4,450	21,200
Costs [3]	$731,400	$689,750	$1,144,750
Air Force:			
Units	16,000	29,000	30,000
Costs	$2,048,000	$3,712,000	$2,430,000
Marine Corps:			
Units	10,373	3,724	7,485
Costs	$1,490,450	$706,222	$572,912

[1] Army—Based on end of FY 98 inventory of 116,916 on-post houses.

[2] Army—Based on traditional MILCON estimates. Actual costs for units in the U.S. to be built revitalized under privatization are expected to be lower.

[3] Navy—The Navy's new construction deficit reflects the total family housing shortage. The Navy plans to rely on an overall strategy that includes public/private venture initiatives, leasing, Aggressive housing referral programs, and the improved Basic Allowance for Housing (BAH) to address the total deficit. The cost identified here reflects estimated cost to build out the military construction portion of the total Navy deficit.

FAMILY HOUSING: AVERAGE AGE OF UNITS

Question. What is the average age of on-base housing?

Answer. The average age of on-base housing is approximately 35 years.

FAMILY HOUSING: ANNUAL MAINTENANCE AND REPAIR

Question. What is the annual maintenance and repair bill on average for each unit?

Answer. The Fiscal Year 2000 President's budget request would provide approximately $4,308 per unit for maintenance and repair. This is higher than the Fiscal Year 1999 Figure of $4,077 per unit. The change is primarily due to an increase in Family Housing O&M funding and a 4.8 percent reduction in housing inventory.

Army's Response:

Question. Provide a chart which shows a five-year history by Service of the annual family housing inventory, the annual maintenance amount and the annual maintenance cost per unit.

Answer. The following table shows five-year history of Army Family Housing annual maintenance and repair cost, and cost per unit in constant fiscal year 1998 (FY98) dollars.

Fiscal year	Inventory	Annual maintenance & repair (Constant FY98 $)	Per unit cost (Constant FY98 $)
1994	132,445	282,363,000	2,132
1995	124,558	333,790,000	2,680
1996	123,656	623,870,000	5,045
1997	122,369	528,199,000	4,316
1998	118,416	475,480,000	4,015

Navy's Response:

Question. Provide for the record a chart which will show a five year history, by Service, of the annual inventory of family housing units, the annual maintenance amount and the annual maintenance cost per unit.

Answer. A chart illustrating the Department of the Navy's annual family housing inventory, annual maintenance amount and annual maintenance cost per unit over the last five years follows:

NAVY HOUSING

	FY95	FY96	FY97	FY98	FY99 [1]
Average inventory	72,562	70,651	69,337	62,684	61,158
Total maintenance (M)	$410.8	$467.2	$440.3	$417.3	$353.2
Average maintenance cost per unit	$5,662	$6,612	$6,350	$6,657	$5,775

[1] Estimated figures for FY 99.

The higher unit cost in Fiscal Year 1998 reflected Navy's commitment to eliminating our revitalization backlogs. The reduction in the FY 99 per unit costs reflects loss of inventory and savings resulting from the replacement/whole neighborhood revitalization/major repair efforts to a substantial portion of our old and severely deteriorated homes. The new and revitalized homes are less expensive to operate because of the installation of new energy efficient appliances and heating, ventilation and air conditioning systems (HVAC's), and the upgrading of electrical and utilities systems. Our FY99 program is adequately funded.

MARINE CORPS HOUSING

	FY95	FY96	FY97	FY98	FY99 [1]
Average inventory	25,573	25,365	25,477	25,569	24,196
Total maintenance (M)	$51.6	$88.1	$75.6	$63.1	$71.0
Average maintenance cost per unit	$2,017	$3,473	$2,968	$2,467	$2,935

[1] Estimated figures for FY 99.

The large increase in unit cost in Fiscal Year 1996 was due primarily to increased funding to reduce the backlog of minor maintenance and repair.

Air Force's Reponse:

Question. Provide for the record a chart which will show a five year history, by service, of the annual inventory of family housing units, the annual maintenance amount, and the annual maintnance cost per unit.

Answer.

AIR FORCE FAMILY HOUSING MAINTENANCE

	FY95	FY96	FY97	FY98	FY99
Average inventory (units)	119,469	114,045	111,299	109,609	108,856
Maintenance Funding	$426,197,000	$421,757,000	$405,443,000	$418,211,000	$387,354,000
Maintenance Funding Per Unit (Rounded to nearest dollar)	$3,567	$3,698	$3,643	$3,815	$3,526

FAMILY HOUSING IMPROVEMENT FUND

Question. The budget request includes $78,756,000 for the Family Housing Improvement Fund. For the record, please provide an object and sub-object classification listing of expected obligations of this sum.

Answer. Due to the nature of this request—for family housing initiatives pertaining to alternative means of acquiring and improving military family housing, and supporting facilities—it is not possible to subdivide these funds by object and sub-object class. Depending on the project and authorities used, funds may be spent as investments in non-governmental entities to pay the subsidy costs of loans or loan guarantees, to make rent differential payments and so forth. Until we know the specifics of a deal, we cannot determine how the money will be used. The Department plans to allocate the $78,756,000 to the Services for privatization projects when they reach sufficient maturity for funding, at which time the object classification categories can be determined.

HOUSING ALLOWANCES

Question. Submit for the record a chart that will show up, by appropriations account, the amount expended during fiscal year 1998 and the amounts budgeted for fiscal years 1999 and 2000 for housing allowances, separately identifying accompanied and unaccompanied allowances.

Answer. The following table shows the amounts obligated in FY 1998 for domestic and overseas housing allowances broken down by account and whether "accompanied" or "unaccompanied" for the active military personnel appropriations. For these appropriations, funds are also requested for partial allowances and for inadequate family housing allowances. These funds are shown separately below. For the reserve component appropriations, the Department does not specify whether the funding requested is for "accompanied" or "unaccompanied" allowances. Therefore, these numbers are provided in total.

	FY 1998 obligations	FY 1999 budgeted	FY 2000 budgeted
Military Personnel, Army	1,766,726	1,797,232	1,918,030
Accompanied	1,485,974	1,493,197	1,606,935
Unaccompanied	267,992	291,563	298,684
Other	12,760	12,472	12,411
Military Personnel, Navy	1,963,616	1,952,465	1,986,054
Accompanied	1,578,319	1,543,816	1,568,414
Unaccompanied	375,195	399,126	407,907
Other	10,102	9,523	9,733
Military Personnel, Marine Corps	502,510	532,156	555,126
Accompanied	418,259	437,854	458,564
Unaccompanied	76,682	86,779	89,028
Other	7,569	7,523	7,534
Military Personnel, Air Force	1,642,511	1,703,226	1,776,343
Accompanied	1,240,172	1,265,199	1,300,022
Unaccompanied	396,704	432,214	470,899
Other	5,635	5,813	5,422
Total Active Personnel	5,875,363	5,985,079	6,235,553
Accompanied	4,722,724	4,740,066	4,933,935
Unaccompanied	1,116,573	1,209,682	1,266,518
Other	36,066	35,331	35,100
Reserve Personnel, Army	117,715	122,633	133,383
Reserve Personnel, Navy	122,803	125,559	124,332
Reserve Personnel, Marine Corps	30,798	31,362	28,391
Reserve Personnel, Air Force	50,915	56,037	60,654
National Guard Personnel, Army	296,488	311,627	308,631
National Guard Personnel, Air Force	120,448	113,793	124,129
Total Reserve Personnel	739,167	761,011	779,520
Total Housing Allowances	6,614,530	6,746,090	7,015,073

INFLATION

Question. What inflation rate was used in formulating the budget request?

Answer. The FY 2000 budget request reflects an underlying inflation rate of 1.5 percent for FY 2000 Department of Defense outlays.

NON-APPROPRIATED FUNDS

Question. Provide for the record the estimated costs (by State, Service and project) of all nonappropriated funded construction over $500,000 in fiscal years 1999 and 2000. Also include the lump sum total of all projects between $200,000 and $500,000.

Answer. The Fiscal Year 1999 construction projects over $500,000 are provided in Enclosure (1). The Fiscal Year 1999 construction projects between $200,000 and $500,000 are provided in enclosure (2).

The Fiscal Year 2000 construction projects are still in staffing at the Service level. The Department will send the Fiscal Year 2000 Commissary Surcharge and Nonappropriated Fund Construction Program to Congress in August 1999.

Department of Defense
Commissary Surcharge and Nonappropriated Fund
FY 1999 Construction Projects

State or Country	Installation	Project Description	Project Cost ($000)
Alaska	Fort Wainwright	Golf Maintenance Facility	2,510
Arizona	Davis-Monthan AFB	Shopping Center	12,281
	Davis-Monthan AFB	Youth Center Ballfield Complex	820
California	MCB Camp Pendleton	Car Wash	702
	MCB Camp Pendleton	Gas Station/Convenience Mart	933
	MCB Camp Pendleton	Location Exchange (San Mateo)	1,675
	MCB Camp Pendleton	Location Exchange (Las Pulgas)	1,622
	NAVSTA San Diego	Golf Course Clubhouse	4,830
	NAWS Point Mugu	Youth Center	2,600
	NSA Monterey	Youth Center	2,642
Colorado	Fort Carson	Youth Center Addition	1,968
	Peterson AFB	Youth Center Addition	4,158
	US Air Force Academy	Riding Stables	886
Connecticut	SUBASE New London	Youth Center	3,100
Florida	Eglin AFB	Marina (Ben's Lake) Upgrade	2,998
	MacDill AFB	NCO Open Mess Annex	1,135
	NAS Jacksonville	Navy Lodge Addition	3,765
	Patrick AFB	Temporary Lodging Facility	3,490
Georgia	Fort Benning	Youth Sports Field Complex	1,895
	NSB Kings Bay	Add/Alter Commissary	7,270
	Robins AFB	Shopping Center	7,415
Hawaii	Bellows AFS	Recreation Site Lodging	1,278
	Hickam AFB	Golf Course Irrigation System	2,935
	Kilauea Military Camp	Armed Forces Recreation Center	5,385
	NAVSTA Pearl Harbor	Golf Clubhouse	4,619
	NAVSTA Pearl Harbor	Car Wash	839
Illinois	NTC Great Lakes	Fleet Location Exchange	7,127
	Scott AFB	Youth Center	5,693
Kansas	Fort Riley	Auto Skills Center	2,099
	McConnell AFB	Golf Clubhouse/Equipment Bldg	906
Kentucky	Fort Campbell	Burger King	1,855
Massachusetts	Hanscom AFB	FAMCAMP Addition	771
	Hanscom AFB	New Commissary (Joint Project)	12,165
	Hanscom AFB	Shopping Center (Joint Project)	7,377
Maryland	Aberdeen, PG	Golf Maintenance Facility	991

Department of Defense
Commissary Surcharge and Nonappropriated Fund
FY 1999 Construction Projects

State or Country	Installation	Project Description	Project Cost ($000)
Maine	NAS Brunswick	Recreation Mall	1,948
Mississippi	Keesler AFB	Shopping Center	16,323
North Carolina	Fort Bragg	Golf Course Irrigation System	845
	Fort Bragg	Shoppette/Gas/ClassSix	2,399
	MCAS New River	New Commissary	6,713
North Dakota	Minot AFB	Youth Center	6,015
New Jersey	McGuire AFB	Golf Clubhouse/Equipment Bldg	3,514
	Picatinney Arsenal	Aquatic Center	3,706
New Mexico	Holloman AFB	Mini-Mall	3,384
Nevada	Nellis AFB	Exchange Sales Store Addition	3,663
	Nellis AFB	Golf Course 9-Hole Addition	3,718
Ohio	Wright-Patterson AFB	FAMCAMP Relocation	1,365
Oklahoma	Tinker	Add/Alter Commissary	6,210
	Tinker AFB	Burger King	1,240
	Tinker AFB	Shoppette/ClassSix/Gas	3,403
	Tinker AFB	Shopping Center	12,989
South Carolina	Charleston AFB	New Commissary	11,814
	NWS Charleston	Recreation Mall	1,990
	Shaw AFB	Youth Center Addition	2,023
Tennessee	NSA Memphis	Youth Center	1,922
Texas	Fort Hood	Shoppette/ClassSix/Gas/Food	2,387
	Fort Hood	Sports Field Complex	4,500
	Fort Sam Houston	Youth Center	3,415
Utah	Hill AFB	Youth Center Addition	1,147
Virginia	Fort Belvoir	Community Club Addition	2,308
	Fort Eustis	Outdoor Recreation Complex	2,798
	Fort Lee	Shopping Center	3,567
	MCB Quantico	Food Court/Retail Addition	1,051
	MCB Quantico	Temporary Lodge Addition	3,100
	NAVSTA Norfolk	Marina & Sailing Center	965
	PHIBASE Little Creek	Navy Lodge	7,801
Washington	McChord AFB	Golf Clubhouse/Equip Bldg	3,043
	NAS Whidbey Island	Navy Lodge	4,720
	NAVSTA Everett	Recreational Lodging	2,983
Wyoming	F E Warren AFB	Youth Center Addition	1,725

Department of Defense
Commissary Surcharge and Nonappropriated Fund
FY 1999 Construction Projects

State or Country	Installation	Project Description	Project Cost ($000)
England	RAF Lakenheath	Exchange Store Upgrade	5,010
Germany	Anderson Bks, Dexheim	Auto Skills Center	1,789
	Army Depot Germersheim	Central Distribution Center	3,220
	Kelley Bks, Stuttgart	Guest House	12,726
Japan	Camp Zama	Youth Center	5,280
Korea	Camp Humphreys	Shopping Center	5,837
	Camp Humphreys	Guest House	4,671
	COMFLEACTS Chinhae	Dining Center	2,541
Puerto Rico	NAVSTA Roosevelt Roads	Expand / Renovate Main Exchange	3,593
	NAVSTA Roosevelt Roads	Marina Expansion	862
		Major Projects Total Cost ($M)	**308,958**

Department of Defense
Commissary Surcharge and Nonappropriated Fund
FY 1999 Minor Construction Projects

State or Country	Installation	Project Title	Construction Cost ($000)	Service
AL	Gunter AFB	Shoppette/Class Six/MCSS	490	Air Force
CA	Beale AFB	POV Car Wash	420	Air Force
CA	Vandenberg AFB	Add HVAC to Main Exchange	300	Air Force
CA	NAWS Point Magu	Construct Car Wash	325	Navy
CO	Ft Carson	Amuse Machine Prog Office Renov	345	Army
CO	USAF Academy	FAMCAMP Improvements	430	Air Force
CO	USAF Academy	Golf Equipment Facility	275	Air Force
FL	Hurlburt Field	Ball Fields	490	Air Force
FL	Hurlburt Field	Convert to Mini-Mall/Postal	540	Air Force
GA	Ft Gillem	New Gas Station	503	Army
GA	Moody AFB	Golf Club House	300	Air Force
HI	MCB Hawaii	Duplex Beach Cottage	425	Marine Corps
IA	Camp Dodge	New Shoppette	460	Army
ID	Mountain Home AFB	POV Car Wash	390	Air Force
LA	Barksdale AFB	Youth Ballfields	440	Air Force
LA	Barksdale AFB	Repair Golf Course	440	Air Force
MD	Walter Reed AMC	Commissary Rehab	324	DeCA
MI	Battle Creek ANG	Shoppette	460	Air Force
MO	Whiteman AFB	Athletic Field Lighting	330	Air Force
MS	NAS Meridian	Mom's Fast Food Restaurant	363	Navy
MT	Malmstrom AFB	Car Wash	420	Air Force
NC	Pope AFB	Add Gas Station to Shoppette	400	Air Force
NC	Seymour-Johnson AFB	Swimming Pool	247	Air Force
NC	Seymour-Johnson AFB	Repair NCO Club	460	Air Force
NC	MCAS New River	Marina Building	225	Marine Corps
NC	MCAS New River	Officer's Club Addition	225	Marine Corps
ND	Minot AFB	Renovate Officer's Club	360	Air Force
NE	Offutt AFB	FAMCAMP Parking Stalls	400	Air Force
NE	Offutt AFB	POV Car Wash	330	Air Force
NE	Offutt AFB	Repair Irrigation (Golf)	270	Air Force
NM	Cannon AFB	Golf Cart Paths	470	Air Force
NM	Cannon AFB	New Shoppette	460	Air Force
NM	Holloman AFB	FAMCAMP & Support Facility	410	Air Force
NM	Holloman AFB	POV Car Wash	380	Air Force
NV	Nellis AFB	Ball Fields	300	Air Force
OH	Wright-Patterson AFB	Fisher House	435	Air Force
SC	Charleston AFB	Const New Warehouse	310	Air Force
SC	Shaw AFB	POV Wash Rack	390	Air Force

State or Country	Installation	Project Title	Construction Cost ($000)	Service
SD	Ellsworth AFB	FAMCAMP Service Building	260	Air Force
TX	Laughlin AFB	New Shoppette	480	Air Force
TX	Sheppard AFB	Expand Service Bays	460	Air Force
TX	Camp Mabry	Relocate Main Exchange	497	Army
TX	HQ AAFES	Revovate Open Mess	270	Army/Air Force
TX	HQ AAFES	HVAC Upgrade	350	Army/Air Force
VA	Ft Eustis	Add Gas Station	480	Army
VA	Henderson Hall	Racquetball Courts/Rec Gear	483	Marine Corps
VA	MCB Quantico	Car Wash	425	Marine Corps
VA	NSY Norfolk	Construct Car Wash	445	Navy
WA	Fairchild AFB	Car Wash	280	Air Force
WA	Fairchild AFB	Sports Range	325	Air Force
WA	Ft Lewis	Expand Branch Exchange/CL Six	489	Army
WA	Ft Lewis	Add Gas to Shoppette	490	Army
WA	Fairchild AFB	Commissary Expansion	442	DeCA
WV	NSGA Sugar Grove	Recreation Cabins	299	Navy
Germany	Heidelberg	Add Canopy to Shopping Ctr	490	Army
Germany	Leighton Bks	Relocate Popeyes	470	Army
Germany	Mainz-Kastell	New Gas Station	460	Army
Germany	Ramstein AFB	Meat Processing Plant	467	DeCA
Italy	Aviano	Golf Course Irrigation System	447	Air Force
Japan	MCAS Iwakuni	Renovate Warehouse	206	DeCA
Japan	Misawa AFB	Deli/Bakery	296	DeCA
Korea	Camp Casey	New Shoppette	495	Army
		Minor Project Total Cost ($M)	**24,348**	

PLANNING AND DESIGN

Army's Response:

Question. Provide for the record a detailed project listing by Service of all projects included in the fiscal year 2000 planning and design request. The listing should include project scope, estimated cost and estimated design cost.

Answer. The planning and design funds budgeted for fiscal year (FY) 2000 will be used to complete final design of the FY 2001 program, and develop parametric cost estimate/concept design of the FY 2002 program.

ACTIVE ARMY

State and station	Project description	Scope	UM	Est cost ($000)	Est design cost ($000)
	FY 2001 (FINAL DESIGN EFFORT)				
Alaska: Ft Richardson	Central Vehicle Wash Facility	9,000	SF	2,700	185
Arizona: Ft Huachuca	CIDC Field Operations Building	1	LS	1,350	92
California: Ft Irwin	Whole Barracks Complex Renewal	300	PN	25,900	1,772
Georgia:					
Ft Benning	Fixed Wing Aircraft Parking Apron	74,133	SY	17,000	1,163
Ft Gillem	US Army Criminal Investigation Laboratory.	8,237	LS	25,400	1,737
Ft Benning	DS/GS Maintenance Shop	1	LS	24,900	1,703
Germany:					
Bamberg	Whole Barracks Complex Renewal	1	LS	4,100	280
Darmstadt	Whole Barracks Complex Renewal	92	PN	6,800	465
Darmstadt	Whole Barracks Complex Renewal	93	PN	7,000	479
Bamberg	Whole Barracks Complex Renewal	128	PN	9,300	636
Mannheim	Whole Barracks Complex Renewal	65	PN	5,400	369
Hawaii: Schofield Barracks	Whole Barracks Complex Renewal	1	LS	35,900	2,456
Kansas: Ft Riley	Whole Barracks Complex Renewal	1	LS	25,900	1,772
Kentucky: Ft Campbell	Whole Barracks Complex Renewal	1	LS	45,900	3,140
Korea:					
Camp Page	Whole Barracks Complex Renewal	1	LS	20,900	1,430
Camp Humphreys	Whole Barracks Complex Renewal	200	PN	14,400	985
Kwajalein Atoll:					
Kwajalein	Modernize Unaccompanied Personnel Hsg	100	PN	19,900	1,361
Kwajalein	Child Development Center	1	LS	3,400	233
Maryland: Ft Detrick	Whole Barracks Complex Renewal	1	LS	14,200	971
Nevada: Hawthorne AAP	MILVAN Repair Facilty	90,000	SF	1,700	116
New Jersey: Ft Monmouth	USMA Prep School Barracks	1	LS	11,800	807
North Carolina:					
Sunnypoint MOT	Rail Equipment Maintenance Facility	13,600	SF	2,000	137
Ft Bragg	Whole Barracks Complex Renewal	960	PN	59,800	4,090
Ft Bragg	Whole Barracks Complex Renewal	1	LS	22,000	1,505
Ft Bragg	Ammunition Holding Area	30,000	SF	13,200	903
Oklahoma: Ft Still	Tatical Equipment Shop	1	LS	13,000	889
Pennsylvania: Carlisle Barracks.	Academic Research Facility (Upton Hall)	66,770	SF	11,200	766
Texas:					
Red River AD	Container Pad F	1	LS	820	56
Ft Bliss	Rail Deployment Facility Complex	1	LS	27,900	1,908
Ft Hood	Digital Multi-purpose Training Range	1	LS	22,000	1,505
Virginia: Ft Lee	Airborne Training Facility	1	LS	15,000	1,026
Washington: Ft Lewis	Tank Trail Erosion Mitigation—Yakima Ph VI.	1	LS	2,000	137
Worldwide Various Locations Minor Cons.	Minor Construction FY 2001	1	LS	15,000	2,250
Total Final Design Effort—FY 01 Program.					37,323
	FY 2001 (PARAMETRIC/CONCEPT DESIGN EFFORT)				
Alaska: Fort Wainwright	MOUT Training Range	1	LS	14,200	486
Arkansas: Pine Bluff Arsenal.	Quality Evaluation Lab	1	LS	18,000	616

ACTIVE ARMY—Continued

State and station	Project description	Scope	UM	Est cost ($000)	Est design cost ($000)
Colorado:					
Fort Carson	Mobilization Material Warehouse	1	LS	4,450	152
Fort Carson	Multi-purpose Digital Range Complex	1	LS	28,000	958
Georgia:					
Fort Benning	ADACG (Pallet Processing)	1	LS	1,500	51
Fort Benning	DS/GS Consolidated Maint Shop	1	LS	25,000	855
Fort Benning	Passenger Processing Facility	1	LS	7,100	243
Fort Benning	Runway Extension	1	LS	3,600	123
Fort Stewart	General Purpose Warehouse	1	LS	16,500	564
Fort Gordon	Consolidated Communications Facility	1	LS	9,000	308
Hawaii: Schofield Brks	Whole Barracks Complex Renewal	1	LS	49,000	1,676
Iowa: Iowa AAP	MILVAN Repair Facility	1	LS	310	11
Kansas:					
Fort Riley	Modified Record Range	1	LS	3,400	116
Fort Riley	Whole Barracks Complex Renewal	1	LS	40,000	1,368
Kentucky:					
Fort Campbell	Deployment Staging	1	LS	2,100	72
Fort Campbell	Expand Keyhole Hardstand Area	1	LS	1,000	34
Fort Campbell	Passenger Processing Facility	1	LS	9,400	321
Fort Knox	Physical Fitness Training Center	1	LS	6,200	212
North Carolina:					
Fort Bragg	POL (Avn Fuel) Storage	1	LS	10,000	342
Fort Bragg	Whole Barracks Complex Renewal	1	LS	40,000	1,368
Fort Bragg	Whole Barracks Complex Renewal	1	LS	39,000	1,334
Sunny Point MOT	Canopies for Cargo	1	LS	1,800	62
Sunny Point MOT	Container Chassis Staging Area	1	LS	1,600	55
Sunny Point MOT	River Road Improvement	1	LS	4,650	159
New York: Fort Drum	Cons. Soldier and Family Support Center	1	LS	21,000	718
Ohio: Defense Logistics Ctr	Military Entrance Processing Center	1	LS	1,650	56
Oklahoma:					
Fort Sill	Contingency Warehouse	1	LS	7,600	260
Fort Sill	Unit Movement Facility	1	LS	3,450	118
Tennessee: Milan AAP	Magazine Apron Rehabilitation	1	LS	760	26
Texas:					
Fort Bliss	Contingency Stock Warehouse	1	LS	7,600	260
Fort Bliss	Tactical Equipment Shop, Org	1	LS	4,300	147
Fort Hood	Contingency Stock Warehouse	1	LS	10,200	349
Virginia:					
Fort Eustis	Upgrade Main Pier	1	LS	19,200	657
Fort Myer	Whole Barracks Complex Renewal	1	LS	4,500	154
Washington:					
Fort Lewis	Deployment Center Vehicle/Material	1	LS	13,600	465
Fort Lewis	Railhead Storage	1	LS	14,000	479
Fort Lewis	Whole Barracks Complex Renewal	1	LS	49,000	1,675
Fort Lewis	Whole Barracks Complex Renewal	1	LS	49,000	1,675
Fort Lewis (YTC)	Tank Trail Erosion Mitigation, Ph VII	1	LS	2,000	68
Germany:					
Bamberg	Physical Fitness Training Center	1	LS	6,000	205
Bamberg	Whole Barracks Complex Renewal	1	LS	9,500	325
Baumholder	Vehicle Maintenance Shop	1	LS	11,200	383
Darmstadt	Whole Barracks Complex Renewal	1	LS	6,800	233
Darmstadt	Whole Barracks Complex Renewal	1	LS	6,900	236
Hanau	Whole Barracks Complex Renewal	1	LS	7,300	250
Heidelberg	Whole Barracks Complex Renewal	1	LS	7,200	246
Korea:					
Camp Carroll	Whole Barracks Complex Renewal	1	LS	9,000	308
K–16 Airfield	Whole Barracks Complex Renewal	1	LS	25,000	855
Kwajalein:					
Kwajalein	Cold Storage Warehouse	1	LS	12,000	410
Kwajalein	Connector Road	1	LS	4,150	142
Kwajalein	Vehicle Paint & Prep Shop	1	LS	5,300	181
Puerto Rico:					
Fort Buchanan	Child Development Center	1	LS	2,500	86

ACTIVE ARMY—Continued

State and station	Project description	Scope	UM	Est cost ($000)	Est design cost ($000)
Fort Buchanan	US Army South HQ Building	1	LS	12,700	434
Puerto Rico	SOCSOUTH Restationing	1	LS	14,500	496
Total Parametric/ Concept. Effort—FY 02 Program					23,382
Grand Total FY 2000 MCA Planning and Design Requirement.					60,705

ARMY NATIONAL GUARD

State and station	Project description	Scope	UM	Est cost ($000)	Est design cost ($000)
	FY 2001				
Alabama: Huntsville	Unit Training Equipment Site (UTES)	4,517	SM	8,916	407
California: Fort Irwin	Maint & Trng Equipment Site (MATES)	152,552	SF	19,717	899
Colorado: Fort Carson	Maint & Trng Equipment Site (MATES)	72,039	SF	12,986	593
Florida: Pensacola	Readiness Center	42,401	SF	3,706	169
Georgia: Elberton	Readiness Center	54,086	SF	5,036	230
Oregon: Salem	Armed Forces Reserve Center	10,965	SM	10,893	497
South Carolina: Eastover	Infrastructure Upgrade	28,913	LM	5,431	248
FY 01 Program Planning & Design Effort.				3,043	
	FY 2002				
Delaware: Smyrna	Readiness Center	46,237	SF	4,284	195
Indiana: Camp Atterbury	Water System Improvements	21,339	LF	5,058	231
New Jersey: Fort Dix	Trng Technology Battle Lab Exp, Ph II	65,322	SF	7,653	349
Tennessee: Alcoa	Readiness Center	59,967	SF	6,815	311
FY 02 Program Planning & Design Effort.				1,086	
Grand Total FY 2000 AFHC Planning & Design Requirement.					4,129

U.S. ARMY RESERVE

State and station	Project description	Scope	UM	Est cost ($000)	Est design cost ($000)
	FY 2001				
Florida: Orlando	Joint Reserve Facility	13,470	M2	18,000	1,400
Kentucky: Ft. Knox	USARC/Storage Facility	8,410	M2	11,195	950
Louisiana:					
Ft. Polk	USARC/OMS/ECS	9,021	M2	9,438	710
New Orleans	USARC/OMS/AMSA	8,845	M2	12,481	920
Texas: Ft. Sam Houston	USARC/OMS/ECS	12,934	M2	15,202	1,175
Washington: Tacoma	USARC/OMS/AMSA (Marine)	6,150	M2	17,509	845
FY 01 Program Planning & Design Effort.				83,825	6,000
	FY 2002				
Colorado: Ft. Carson	Add AFRC/AMSA	6,921	M2	9,754	250
Connecticut: West Hartford	Add/Alt USARC	9,234	M2	16,375	820
Louisiana: Ft. Polk	Add/Alt ECS	6,125	M2	7,043	220

U.S. ARMY RESERVE—Continued

State and station	Project description	Scope	UM	Est cost ($000)	Est design cost ($000)
Washington: Ft. Lewis	USARC/OMS/ASF	3,027	M2	14,472	585
Tafuna: American Samoa	Add/Alt USARC/OMS	4,948	M2	14,456	625
FY 02 Program Planning & Design Effort.				62,100	2,500
Grand Total FY 2000 AFHC Planning & Design Requirement.					8,500

ARMY FAMILY HOUSING CONSTRUCTION

State and station	Project description	Scope	UM	Est cost ($000)	Est design cost ($000)
	FY 2001				
Germany:					
Ansbach	Family Housing Improvements	42	Unit	5,000	250
Heidelberg	Family Housing Improvements	246	Unit	10,500	500
Wiesbaden	Family Housing Improvements	144	Unit	16,000	800
Wuerzburg	Family Housing Improvements	64	Unit	7,300	350
Korea: Cp Humphreys	Family Housing Improvements	60	Unit	20,000	1,000
FY 01 Program Planning & Design Effort.				2,900	
	FY 2002				
Germany:					
Ansbach	Family Housing Improvements	128	Unit	12,600	280
Darmstadt	Family Housing Improvements	191	Unit	8,200	170
Stuttgart	Family Housing Improvements	30	Unit	4,100	90
Stuttgart (Patch Bks)	Family Housing Improvements	54	Unit	8,000	180
Italy: Vicenza	Family Housing Improvements	74	Unit	6,900	150
Korea: Cp Humphreys	Family Housing Improvements	60	Unit	24,700	530
FY 02 Program Planning & Design Effort.				1,400	
Grand Total FY 2000 AFHC Planning & Design Requirement.					4,300

Navy's Response:

Question. Provide for the record, a detailed project listing by Service of all projects included in the fiscal year 2000 planning and design request. The listing should include project scope, estimated cost and estimated design cost.

Answer. A list of projects included in the FY 2000 planning and design request is attached.

ACTIVE

PROJECTS INCLUDED IN THE FY 2000 PLANNING DESIGN REQUEST

The projects listed below are preliminary and subject to change

FY	Activity	PNO	Description	Scope	UM	EST PROJ COST ($000)	EST DESIGN COST ($000)
2001	ALBANY GA MCLB	920	VEHICLE STORAGE FAC	0	LS	1,700	80
2001	BEAUFORT SC MCAS	401	FLIGHTLINE FIRE SAFETY IMP	3800	m2	3,580	160
2001	BEAUFORT SC MCAS	418	ENGINE TEST CELL	0	LS	7,630	340
2001	BREMERTON PUGETSND WA NSY	341	PIER DELTA REPL (PH I)	7990	m3	39,550	1,780
2001	BREMERTON PUGETSND WA NSY	343	OILY WASTEWATER COLLECTION	0	LS	6,860	310
2001	BREMERTON PUGETSND WA NSY	416	CHEMICAL METTALLURICAL LAB	2733	m2	8,720	390
2001	BREMERTON WA SWF PAC	945	AMMUNITION WHARF	0	LS	1,360	60
2001	BRUNSWICK ME NAS	115	ACFT DE-ICE/RINSE FAC	0	LS	2,060	90
2001	CAMP LEJEUNE NC MCB	019	AMPHIB OPERS/MAINT COMPLEX	54720	SF	10,520	470
2001	CAMP LEJEUNE NC MCB	118	FORCE COMM/OPS MAINT COMP	2709	m2	2,600	120
2001	CAMP LEJEUNE NC MCB	124	CHILD DEVELOPMENT CENTER	2328	m2	3,790	170
2001	CAMP LEJEUNE NC MCB	150	ARMORIES	8228	m2	12,950	580
2001	CAMP LEJEUNE NC MCB	159A	BEQ	8500	m2	13,940	630
2001	CAMP LEJEUNE NC MCB	886	UPGRADE AMMO/STG MAG AREA	0	LS	3,890	180
2001	CAMP NAVAJO AZ NAVDET	114	MAGAZINE MODERNIZATION	0	LS	3,530	160
2001	CAMP PENDLETON CA MCB	066	MEF OPS COMMAND CTR	0	LS	6,190	280
2001	CAMP PENDLETON CA MCB	633	INFANTRY SQ BATTLE COURSE	0	LS	5,250	240
2001	CAMP PENDLETON CA MCB	634	ARMOR/ANTI-ARMOR TRACK	0	LS	4,110	180
2001	CHERRY POINT NC MCAS	568	AIRCRAFT HANGAR IMPRS	12549	m2	8,820	400
2001	CHERRY POINT NC NADEP	979	ACFT STRIPPING FAC ADDN	2098	m2	7,350	330
2001	CORPUS CHRISTI TX NAS	333	REPL CTRL TOWER (WALDRON)	232	m2	1,370	60
2001	EARLE NJ NWS	945	EXPLS TRUCK HOLDING YARDS	30912	m2	8,640	390
2001	FT LAUDERDALE FL NSWCDET	893	GENL PURP/BERTHING WHARF	0	LS	2,040	90
2001	GREAT LAKES IL NTC	640	REPL RTC DRILL HALL	6050	m2	9,310	420
2001	GREAT LAKES IL NTC	710	PHYSICAL TRNG FAC (INCR I)	16975	m2	22,540	1,010
2001	GREAT LAKES IL NTC	730	BEQ	0	LS	42,580	1,920
2001	GREAT LAKES IL NTC	731	BEQ	0	LS	46,740	2,100
2001	KANEOHE BAY HI MCAS	741	BACHELOR ENLISTED QUARTERS	6375	m2	19,150	860
2001	LITTLE CREEK VA NAVPHIBSE	371	WATERFRONT OPS FAC	1804	m2	3,570	160
2001	LUALUALEI NUSWE STA DET	313	RANGE OPERATION CENTER	260	m2	2,150	100
2001	MIRAMAR CA MCAS	050	SMALL ARMS RANGE	0	LS	7,610	340
2001	NAPLES ITALY NSA	201	BEQ	12891	m2	25,720	1,160
2001	NEW LONDON CT NSB	429	DRYDOCK SUPPORT FACILITY	0	LS	2,200	100
2001	NEW RIVER NC MCAS	528	AIRCRAFT RINSE FACILITY	661	m2	730	30
2001	NEW RIVER NC MCAS	629	CONTROL TOWER	0	LS	2,080	90
2001	NORFOLK VA NAS	226	PIER 3 & WATERFRONT UTIL	0	LS	51,930	2,340
2001	NORFOLK VA NS	049	PIER REPLACEMENT	0	LS	35,050	1,580
2001	OCEANA VA NAS	758	AIRFIELD IMPROVEMENTS	394858	m2	8,130	370
2001	PANAMA CITY FL DIVSALTRAC	315	UNDERWTR SHIP REP TRNG FAC	380	m2	3,310	150
2001	PARRIS ISLAND SC MCRD	327	APPLIED INSTR BLDG	1474	m2	3,650	160
2001	PEARL HARBOR HI FISC	147	WATERFRNT TRANS STAG FAC	4505	m2	8,650	390
2001	PEARL HARBOR HI NS	467	BEQ MODERNIZATION	0	LS	6,970	310
2001	PEARL HARBOR HI NS	533	SEAL DELIVERY VEH TEAM	2021	m2	14,700	660
2001	PEARL HARBOR HI NS	593	BEQ PHASE I	0	LS	23,510	1,060
2001	POINT MUGU CA NAWCWPN DIV	031	RANGE OPS CTR ADDN & ALTER	2763	m2	10,190	460
2001	PORT HUENEME CA NSWCDIV	016	WEAPN COMBAT SYS INTEG LAB	9290	m2	10,580	480
2001	QUANTICO VA MCCOMBDEV CMD	058	FIELD HOUSE	4621	m2	8,370	380
2001	QUANTICO VA MCCOMBDEV CMD	486	BACHELOR ENLISTED QUARTERS	0	LS	11,270	510
2001	ROOSEVELT RDS PR NS	754	BEQ REPLACEMENT	6355	m2	14,890	670
2001	SAN DIEGO CA NS	326	PIER REPL (PH I)	750000	SF	37,080	1,670
2001	STENNIS SPC CTR MS NM&OC	009	WAR FIGHTING SUPPORT CTR	1691	m2	4,690	210
2001	SW ASIA ADMINSUPU	904	OPERATIONS CENTER PHASE II	3194	m2	13,620	610
2001	TWENTYNINE PALMS CA MAGCC	542	MOUT TRAINING FACILITY	0	LS	1,980	90
2001	WALLOPS ISLAND VA AEGIS	002	SPY-1D T&E FAC ADDN	888	m2	3,420	150
2001	WHITING FLD FL NAS	232	MAINT HANGAR-O/H SPACE	6523	m2	1,470	70
2001	WHITING FLD FL NAS	240	GROUND SUPPORT EQUIP REWK	2108	m2	3,230	150
2001	XUNSPECIFIED MINOR CONST	201	UNSPECIFIED MINOR CONSTR	0	LS	7,835	350
2001	YUMA AZ MCAS	482	COMBAT A/C LOADING APRON	92710	m2	8,630	390
2001	ZVARLOCS MILCON	608	BEQ AND DINING FACILITY	6236	m2	12,256	550

ACTIVE

PROJECTS INCLUDED IN THE FY 2000 PLANNING DESIGN REQUEST

The projects listed below are preliminary and subject to change

FY	Activity	PNO	Description	Scope	UM	EST PROJ COST ($000)	EST DESIGN COST ($000)
2002	BARSTOW CA MCLB	935	FLEET SUPPORT CENTER	0	LS	2,580	120
2002	BEAUFORT SC MCAS	344	ACFT ACOUSTICAL ENCL	0	LS	10,000	450
2002	BREMERTON PUGTSND WA FISC	105	SERVMART	2323	m2	3,920	180
2002	BREMERTON WA SWF PAC	955	UTILS & SITE IMPVS (PH II)	0	LS	1,360	60
2002	CAMP LEJEUNE NC MCB	007	PYHSICAL FITNESS CENTER	1970	m2	4,190	190
2002	CAMP LEJEUNE NC MCB	266	ENGR EQUIP MAINT SHOP	42225	SF	7,060	320
2002	CAMP LEJEUNE NC MCB	920	MAINT SHOP/UTIL PLATOON	6140	SF	2,960	130
2002	CAMP NAVAJO AZ NAVDET	115	MAGAZINE MODIFICATIONS	0	LS	4,960	220
2002	CAMP PENDLETON CA MCAS	017	AIRCRAFT HANGAR IMPRS	0	LS	2,940	130
2002	CAMP PENDLETON CA MCAS	045A	UPGRADE STORM SEWERS	0	LS	890	40
2002	CAMP PENDLETON CA MCB	073	BACHELOR ENLISTED QUARTERS	868	m2	14,700	660
2002	CAMP PENDLETON CA MCB	093A	BEQ, PICO	0	LS	15,560	700
2002	CAMP PENDLETON CA MCB	098B	BEQ	0	LS	19,810	890
2002	CAMP PENDLETON CA MCB	608	PHYSICAL FITNESS CTR	10500	SF	5,000	230
2002	CHARLESTON SC LANTORDCOM	941	FITNESS CENTER	11640	SF	5,120	230
2002	CHERRY POINT NC MCAS	114	T-56 TEST CELL	0	LS	9,700	440
2002	CHERRY POINT NC NADEP	973	HAZ FLAMMABLE STOREHSE	32000	m2	3,720	170
2002	CHERRY POINT NC NADEP	974	ENG PRODUCT SUPPORT FACS	2555	m2	4,020	180
2002	DAHLGREN VA NSWCTR DIV	276	THEATER WARFARE INTEG FAC	37790	SF	9,510	430
2002	DIEGO GARCIA NAVSUPPFAC	200	FITNESS CENTER	0	LS	5,880	260
2002	EARLE NJ NWS	025	SECURITY IMPROVEMENTS	0	LS	1,220	50
2002	EL CENTRO CA NAF	201	BEQ W/ENLISTED GALLEY	5233	m2	15,490	700
2002	EL CENTRO CA NAF	234	TRANSIENT STUDENT QUARTERS	0	LS	20,870	940
2002	GREAT LAKES IL NTC	642	BEQ (RTC STAFF)	10684	m2	24,890	1,120
2002	GREAT LAKES IL NTC	710A	PHYSICAL TRNG FAC	16975	m2	14,600	660
2002	GREAT LAKES IL PWC	647	STEAM PLANT MODN PH I	0	LS	9,810	440
2002	INDIAN HD MD NAVEODTECHDV	110	JT SVC EOD EQUIP SUPT FAC	4420	m2	6,610	300
2002	INDIAN HD MD NAVEODTECHDV	759	JT SVC EOD EQUIP SUPT FAC	179	m2	1,070	50
2002	INDIAN HEAD MD NSWCTRDIV	145	ADV ENERGETIC PROC FAC	1744	m2	8,630	390
2002	JACKSONVILLE FL NAS	182	AVIA SPT EQ MAINT TRNG FAC	0	LS	5,010	230
2002	KEFLAVIK ICELAND NAS	436	GYMNASIUM ADDN BLDG 701	15750	m2	7,550	340
2002	KEY WEST FL NAS	631	POTABLE WATER STORAGE DIST	2649500	L	3,530	160
2002	KINGS BAY GA TRIREFITFAC	568	SAND BLASTING/PAINT FAC	13500	SF	7,740	350
2002	KINGSVILLE TX NAS	238	AIRCRAFT PARKING APRON	21100	m2	2,940	130
2002	LEMOORE CA NAS	201	BEQ	11682	m2	12,580	570
2002	MIRAMAR CA MCAS	036	HAZ/MAT STORAGE	0	LS	4,480	200
2002	MONTEREY CA NPGS	171	BEQ MODERNIZATION	1011	m2	1,180	50
2002	NEW RIVER NC MCAS	515	PROPERTY CONTROL FAC	60000	SF	4,480	200
2002	NEW RIVER NC MCAS	615	ACFT APRON EXPAN	0	LS	1,470	70
2002	NEW RIVER NC MCAS	630	BEQ	0	LS	16,370	740
2002	NEWPORT RI NETC	345	FIRE/POLICE/SEC CONSOL	2764	m2	6,070	270
2002	NEWPORT RI NUSWCTR DIV	077	SHORE BASED LAUNCH FAC	113	m2	3,570	160
2002	NORFOLK VA NAS	522	AIRCRFT MNT HANGAR	3608	km	11,950	540
2002	NORFOLK VA NS	302	DREDGING	130000	CY	1,570	70
2002	NORFOLK VA NS	668	2ND FLEET OPS CTR	32799	m2	34,070	1,530
2002	NORFOLK VA NS	701	FIRE STATION	1195	m2	4,460	200
2002	NORFOLK VA PWC	002	CONTROL PLANT ASBESTOS	49975	m2	5,490	250
2002	NORTH IS CA NADEP	728	COMPONENT CLEAN REP FAC	790	m2	4,110	180
2002	NORTH IS CA NADEP	729	SUPPORT EQUIP MAT STAGING	1960	m2	2,400	110
2002	NSY NORFOLK DET PHILA PA	602	FOUNDRY CASTING PIT	0	LS	12,930	580
2002	OCEANA VA NAS	577	AIR PASSENGER CARGO TERM	2792	m2	4,410	200
2002	PARRIS ISLAND SC MCRD	338	COMM CTR ADDN	0	LS	3,140	140
2002	PARRIS ISLAND SC MCRD	339	BEQ	0	LS	5,300	240
2002	PARRIS ISLAND SC MCRD	658	FITNESS CENTER	0	LS	3,510	160
2002	PATUXENT RIVER MD AWCACDV	389E	ADV SYS INTEG FAC(VI)	16541	m2	11,740	530
2002	PATUXENT RIVER MD AWCACDV	454	MARINE OPS FACILITY	816	m2	1,470	70
2002	PATUXENT RIVER MD AWCACDV	536	AIRCRAFT SYS LAB ADDN	948	m2	2,540	110
2002	PATUXENT RIVER MD AWCACDV	558	AIRCRAFT PROTOTYPE FAC	9755	m2	24,890	1,120
2002	PEARL HARBOR HI FISC	138	WHARF UPGRADE	500	FB	12,740	570

ACTIVE

PROJECTS INCLUDED IN THE FY 2000 PLANNING DESIGN REQUEST

The projects listed below are preliminary and subject to change

FY	Activity	PNO	Description	Scope	UM	EST PROJ COST ($000)	EST DESIGN COST ($000)
2002	PEARL HARBOR HI FISC	156	WAREHOUSE CONSOLIDATION	5110	m2	14,990	670
2002	PEARL HARBOR HI FISC	158	BULK STORAGE WAREHOUSE	4161	m2	8,820	400
2002	PEARL HARBOR HI NS	351	BEQ	0	LS	22,930	1,030
2002	PEARL HARBOR HI NS	400A	OILY WASTE COLLECTION SYS	0	LS	8,430	380
2002	PEARL HARBOR HI PWC	442	ELEC DISTRIB SYSTEM IMPRS	24600	m2	14,410	650
2002	PEARL HARBOR HI PWC	491	SEWER MAIN(FORD ISLAND)	488	m2	4,460	200
2002	PEARL HARBOR HI PWC	492	POTABLE WATER DISTR LINE	0	LS	1,720	80
2002	PEARL HARBOR HI PWC	493	WATER DISTRIBUTION LINE	11500	LF	9,410	420
2002	PORT HADLOCK WA ORDCTRPAC	325	AMMUNITION WHARF IMPRS	0	LS	67,522	3,040
2002	PORT HUENEME CA NCTC	520	CHASSIS/ENG MAINT TRNG SCH	799	m2	2,540	110
2002	PORT HUENEME CA NCTC	521	CONST TRNG SUPPORT FAC	1488	m2	3,720	170
2002	PORT HUENEME CA SLC	491	VEHICLE MAINT FAC (PH I)	43390	SF	10,090	450
2002	PORT HUENEME CA SLC	532	PORT IMPROVEMENTS	0	LS	6,170	280
2002	SAN DIEGO CA MCRD	188	RECRUIT CLOTHING ISS FAC	124000	SF	5,640	250
2002	SICILY IT NAVCOMTELSTA	131	BASE LEVEL COMM FAC	0	LS	2,840	130
2002	SIGONELLA ITALY NAS	620	QUALITY OF LIFE SUPT FACS	0	LS	33,920	1,530
2002	TWENTYNINE PALMS CA MAGCC	565	MULTI-PURPOSE TANK COURSE	0	LS	11,640	530
2002	TWENTYNINE PALMS CA MAGCC	622	BEQ	0	LS	17,150	770
2002	TWENTYNINE PALMS CA MAGCC	623	BACHELOR ENLISTED QUARTERS	0	LS	17,150	770
2002	WASHINGTON DC NRL	050	ATOMIC ENG MATLS FAC	3083	m2	12,250	550
2002	WHITING FLD FL NAS	223	APPROACH LIGHTING	914	ME	1,840	80
2002	WHITING FLD FL NAS	231	POWER CK PAD W/O SOUND SUP	1	EA	580	30
2002	X/UNSPECIFIED MINOR CONST	202	UNSPECIFIED MINOR CONSTR	0	LS	10,779	490
2002	YORKTOWN VA NWS	534	SUSPECT CARGO HOLDING AREA	0	LS	840	40
						1,407,142	63,340

RESERVE

PROJECTS INCLUDED IN THE FY 2000 PLANNING DESIGN REQUEST

The projects listed below are preliminary and subject to change

FY	Activity	PNO	Description	Scope	UM	EST PROJ COST ($000)	EST DESIGN COST ($000)
2001	ATLANTA GA NAS	339	FITNESS CTR EXPANSION	1325	m2	3,100	140
2001	ATLANTA GA NAS	355	TRAINING BLDG ADDN	744	m2	1,610	70
2001	ATLANTA GA NAS	358	BEQ	0	LS	6,200	280
2002	ATLANTA GA NAS	359	BEQ	0	LS	7,160	320
2002	COLUMBUS OH NMCRC	206	RESERVE CENTER ADDITION	1030	m2	3,751	170
2001	ELMENDORF AK II STF	543	RESERVE TRNG CTR	0	SF	5,265	240
2002	LAFAYETTE LA NMCRC	530	RESERVE TRNG CTR	0	SF	3,530	160
2002	NASHVILLE TN NRC	225	RESERVE CENTER W/LAND	2279	m2	3,600	160
2002	OMAHA NE NMCRC	085	RESERVE CENTER ADDITION	716	m2	1,490	70
2001	PORTLAND OR NMCRC	168	MUIW BUILDING	740	m2	1,337	60
2002	WILLIAMSBURG VA REGSTAFF	370	HEADQUARTERS BUILDING	753	m2	1,490	70
2001	WILLOW GROVE PA NAS	222	GRND SUPPRT EQUIP HOLDING	14580	SF	640	30
2002	WILLOW GROVE PA NAS	219	MAINT TRAINER BLDG	0	LS	500	20
2001	X/MCNR UNSPEC MINOR CONST	201	MCNR MINOR MAINT CONSTR	0	LS	667	30
2002	X/MCNR UNSPEC MINOR CONST	202	MCNR MINOR MAINT CONSTR	0	LS	847	40
						41,007	1,660

Air Force's Response:

Question. Provide for the record a detailed project listing by Service of all projects included in the fiscal year 2000 planning and design request. The listing should include project scope, estimated cost and estimated design cost.

Answer. The fiscal year 2000 planning and design request is used in complete fiscal year 2001 project design and initiate fiscal year 2002 project design. The fiscal year 2000 planning and design request is based primarily on the attached list of projects. Additionally, the request includes funds for value engineering, host-nation support programs, and the development of housing community plans. The project list will change during the review process in preparation for submission of the fiscal year 2001 President's Budget.

TOTAL AIR FORCE MILCON
FY00 PLANNING AND DESIGN REQUIREMENTS
11 MARCH 1999

FY01	Component	Loc	Base	Title	Cost ($000)	Scope	UM	FY00 Design Cost ($000)
Inside the United States								
01	Active AF	AK	Cape Romanzof	Generator Fuel Storage	4,100	1,160	KL	267
01	Active AF	AK	Eielson	Hazardous Material Storage	1,550	450	SM	101
01	Active AF	AK	Elmendorf	Dormitory (144 RM)	16,500	144	RM	578
01	Active AF	AK	Elmendorf	Upgrade Hangar Complex	12,000	8,500	SM	780
01	Active AF	AR	Little Rock	C-130 Squadron Operations/AMU	8,300	5,200	SM	540
01	Active AF	AZ	Davis-Monthan	Dormitory (120 RM)	7,500	120	RM	263
01	Active AF	AZ	Davis-Monthan	Physical Fitness Center	7,400	4,760	SM	481
01	Active AF	CA	Beale	Water Treatment Plant & Distribution Lines	4,000		LS	260
01	Active AF	CA	Edwards	Consolidated Support Facility	9,800	5,500	SM	637
01	Active AF	CA	Los Angeles	Physical Fitness Center	6,600	2,800	SM	429
01	Active AF	CA	Vandenberg	Upgrade Water Distribution System	4,900	41,500	LM	319
01	Active AF	CO	Buckley	SBIRS Backup Power Generation Plant	4,150		LS	270
01	Active AF	CO	Peterson	Fire/Crash Rescue Station	7,000	2,850	SM	455
01	Active AF	CO	Peterson	Operations Support Facility	2,400	950	SM	156
01	Active AF	CO	Schriever	Add to Operational Support Facility	8,500	4,450	SM	553
01	Active AF	CO	USAF Academy	Add/Alter Athletic Facilities	19,500	11,660	SM	1,268
01	Active AF	DC	Bolling	Child Development Center	4,800	2,550	SM	312
01	Active AF	FL	Eglin	Precision Guided Munitions Maintenance Facility	3,450	1,162	SM	224
01	Active AF	FL	Eglin	Upgrade Dormitory (72 RM)	5,800	72	RM	203
01	Active AF	FL	Eglin 9	Dormitory (144 RM)	8,400	144	RM	294
01	Active AF	FL	Eglin 9	Upgrade Access Roads	8,300		LS	540
01	Active AF	FL	Patrick	DEOMI Facility	13,400	8,510	SM	871
01	Active AF	FL	Tyndall	F-22 Maintenance Facilities	8,400	5,515	SM	546
01	Active AF	FL	Tyndall	F-22 Operations Facility	5,500	2,250	SM	358
01	Active AF	FL	Tyndall	Upgrade Airfield	10,600	94,500	SM	689
01	Active AF	GA	Fort Stewart	Air Support Operations Squadron Facility	4,650	2,715	SM	302
01	Active AF	GA	Moody	Water Treatment Plant	1,950		LS	127
01	Active AF	GA	Robins	Large Item Aircraft Support Equipment Paint Facility	2,700	800	SM	176
01	Active AF	HI	Hickam	Upgrade Hangar Complex	4,800	34,065	SM	312
01	Active AF	ID	Mt Home	Aircraft Parking Apron	12,000	72,500	SM	780
01	Active AF	ID	Mt Home	Enhanced Training Range, Idaho Ph 3	10,600		LS	689
01	Active AF	MO	Whiteman	B-2 Conventional Munitions Igloos	4,450	966	SM	289
01	Active AF	MO	Whiteman	B-2 Munitions Assembly Area	7,800		LS	507
01	Active AF	MS	Keesler	Technical Training Lab/Shop Facility	15,000	10,300	SM	975
01	Active AF	NC	Pope	Dangerous Cargo Pads	26,000		LS	1,825
01	Active AF	NJ	McGuire	Fitness Center	10,200	4,750	SM	663
01	Active AF	OH	Wright-Patterson	Consolidate Toxic Hazards Lab	14,200	5,600	SM	923
01	Active AF	OK	Tinker	Depot Corrosion Control Strip Facility	12,800	5,065	SM	832
01	Active AF	OK	Tinker	Dormitory (96 RM)	5,900	96	RM	207

TOTAL AIR FORCE MILCON
FY00 PLANNING AND DESIGN REQUIREMENTS
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FY01	Component	Loc	Base	Title	Cost ($000)	Scope	UM	FY00 Design Cost ($000)
01	Active AF	SC	Shaw	USCENTAF Operation Weather Squadron Facility	2,950	1,366	SM	192
01	Active AF	TX	Dyess	Realistic Bomber Training Initiative (RBTI)	12,800		LS	942
01	Active AF	TX	Lackland	Dormitory (96 RM)	5,400	96	RM	189
01	Active AF	TX	Sheppard	Student Dormitory, Ph I	16,500	160	RM	578
01	Active AF	UT	Hill	C-130 Corrosion Control Facility (WCF)	17,000	6,900	SM	1,105
01	Active AF	VA	Langley	Dormitory (96RM)	6,900	96	RM	242
01	Active AF	WA	McChord	C-17 Add/Alter Nose Docks	2,000		LS	130
01	Active AF	WA	McChord	C-17 Squadron Operations/AMU	6,900	3,300	SM	449
01	Active AF	WY	FE Warren	Command and Control Support Facility	9,800	5,110	SM	637
01	Active AF	WY	FE Warren	MMIII Missile Service Complex	15,200	9,000	SM	988
01	Active AF		Classified	Special Tactical Unit Detachment Facility	1,810		LS	143
				FY01 Active Air Force Inside the U.S.	**423,160**			**25,596**
Outside the United States								
01	Active AF	IO	Diego Garcia	Munitions Storage Igloos	3,400	775	SM	221
01	Active AF	IT	Aviano	Dormitory (102 RM)	8,200	102	RM	287
01	Active AF	KO	Kunsan	Upgrade Water Distribution System	6,500		LS	423
01	Active AF	KO	Osan	Dormitory (156 RM)	12,000	156	RM	420
01	Active AF	KO	Osan	Upgrade Water Distribution System	10,800		LS	702
01	Active AF	KO	Osan	Weapons & Release Systems Facility	4,800	2,509	SM	312
01	Active AF	TU	Incirlik	Fire Training Facility	1,050	1	EA	68
01	Active AF	UK	Lakenheath	Squadron Operations/AMU Facility	18,500	6,787	SM	925
				FY01 Active Air Force Outside the U.S.	**65,250**			**3,358**
01	Active AF		Various	Unspecified Minor Construction	9,491		LS	617
				FY01 Active Air Force	**497,901**			**29,571**
01	AFRC	GA	Dobbins	C-130 Assault Strip	6,350	30,519	SM	413
01	AFRC	MA	Westover	Control Tower	4,200		LS	273
01	AFRC	PA	Willow Grove	Alter Hangar & Aqueous Film Forming Foam	2,500		LS	163
01	AFRC		Various	Unspecified Minor Construction	4,704		LS	306
				FY01 AFRC Total	**17,754**			**1,155**
01	ANG	AR	Fort Smith	Fire Training Facility	1,700		LS	110
01	ANG	GA	Robins	B-1 Munitions Maintenance and Training Complex	9,800	4,515	SM	637
01	ANG	GA	Savannah IAP	Operations and Training Complex	9,000	5,548	SM	585
01	ANG	MS	Jackson IAP	C-17 Corrosion Control Hangar and Shops	12,300	4,422	SM	800
01	ANG	OH	Springfield	F-16 Add/Alter Squadron Ops/Flight Training Facility	1,770	2,702	SM	115
01	ANG	TX	Kelly	F-16 Add/Alter Squadron Ops/Flight Training Facility	3,400	2,703	SM	221
01	ANG	UT	Salt Lake City IAP	Aircraft Maintenance Complex	9,700	10,294	SM	630

TOTAL AIR FORCE MILCON
FY00 PLANNING AND DESIGN REQUIREMENTS
11 MARCH 1999

FY01	Component	Loc	Base	Title	Cost ($000)	Scope	UM	FY00 Design Cost ($000)
01	ANG		Various	Unspecified Minor Construction	4,600		LS	300
				FY01 ANG Total	**52,270**			**3,398**
				FY01 Total Force	**567,925**			**34,124**
Inside the United States								
02	Active AF	AK	Eareckson	Repair Runway/Taxiway	8,500		LS	213
02	Active AF	AK	Elmendorf	Aircraft Fuel Systems Maint Hangar	13,000	3,000	SM	325
02	Active AF	AK	Elmendorf	Dormitory (144 RM)	16,300	144	RM	408
02	Active AF	AL	Maxwell	OTS Cadet Dormitory (120 COT rooms)	10,600	180	RM	265
02	Active AF	AR	Little Rock	Add/Alter Fitness Center	7,500	2,400	SM	188
02	Active AF	AR	Little Rock	C-130 Squadron Operations/AMU	7,400	4,510	SM	185
02	Active AF	CA	Beale	Petroleum Operations Facility	1,900	400	SM	48
02	Active AF	CA	Edwards	Construct Spurs South Base	3,800	1,160	SM	95
02	Active AF	CA	Los Angeles	Logistics/Civil Engineering Complex	10,600	8,300	SM	270
02	Active AF	CA	Vandenberg	El Rancho Rd Bridge San Antonio Creek	9,800	750	LM	245
02	Active AF	CO	Peterson	Dormitory (144 RM)	10,100	144	RM	253
02	Active AF	CO	Peterson	Land Acquisition	1,750	7	HC	0 *
02	Active AF	CO	Schriever	Child Development Center	6,600	2,880	SM	165
02	Active AF	CO	Schriever	SBIRS Mission Control Station Backup	14,100	3,300	SM	353
02	Active AF	CO	Schriever	Secure Area Logistics Complex	4,600	6,000	SM	115
02	Active AF	CO	USAF Academy	Upgrade Academic Facility	11,217	23,700	SM	280
02	Active AF	DC	Bolling	Composite Force Protection Complex	2,891	1,540	SM	72
02	Active AF	DE	Dover	Wellness Center	5,000	1,500	SM	125
02	Active AF	FL	Cape Canaveral	Fire Crash/Rescue Station	6,300	2,700	SM	158
02	Active AF	FL	Cape Canaveral	Satellite Processing Support Facility	4,169	2,700	SM	104
02	Active AF	FL	Eglin	Education Center	8,300	3,530	SM	208
02	Active AF	FL	Eglin 9	Add to Security Police Operations	1,350	375	SM	34
02	Active AF	FL	Eglin 9	Rapid Rate Wastewater Disposal System	1,191		LS	30
02	Active AF	FL	Eglin 9	RED HORSE Vehicle Maintenance Facility (823 RH)	5,500	1,850	SM	138
02	Active AF	GA	Robins	Combat Comm Squad Ops (54 CCS)	5,450	2,700	SM	136
02	Active AF	GA	Robins	Add/Alter Storm Drainage System	2,900		LS	73
02	Active AF	GA	Robins	Fire Training Facility	3,357	1	EA	84
02	Active AF	GA	Robins	Ground Support Equipment Maintenance Facility	7,300	4,366	SM	183
02	Active AF	HI	Hickam	Repair Airfield Pavement	7,200	98,000	SM	180
02	Active AF	LA	Barksdale	B-52H Fuel Cell Maintenance Dock	11,003	3,995	SM	275
02	Active AF	LA	Barksdale	Comm Squad Ops & Vehicle Maint Facility	3,100	650	SM	78
02	Active AF	LA	Barksdale	Dormitory (96 RM)	7,800	96	RM	195
02	Active AF	MA	Hanscom	Renovate Acquisition Management Facility, Ph I	16,000	12,457	SM	400
02	Active AF	MS	Keesler	C-130J Simulator Facility	7,000		LS	175

TOTAL AIR FORCE MILCON
FY00 PLANNING AND DESIGN REQUIREMENTS
11 MARCH 1999

FY01	Component	Loc	Base	Title	Cost ($000)	Scope	UM	FY00 Design Cost ($000)
02	Active AF	MT	Malmstrom	Missile Service Facility	5,100	2,468	SM	128
02	Active AF	NC	Pope	C-130 Corrosion Control Facility	15,852	6,500	SM	396
02	Active AF	NC	Pope	Fighter Group Headquarters	2,600	1,400	SM	65
02	Active AF	NC	Pope	A-10 ECM Consolidated Maintenance Facility	4,700	2,500	SM	118
02	Active AF	ND	Grand Forks	KC-135 Apron Extension	9,000	48,000	SM	225
02	Active AF	ND	Minot	Add to Missile Maintenance Facility	2,800	1,550	SM	70
02	Active AF	NE	Offutt	Dormitory (120 RM)	7,800	120	RM	195
02	Active AF	NJ	Fort Dix	Mobility Warfare Center Lodging	8,500	80	RM	213
02	Active AF	NM	Cannon	F-16 Upgrade Munitions Storage Area	3,650	1,183	SM	91
02	Active AF	NM	Kirtland	Renovate Visiting Quarters	3,900	2,400	SM	98
02	Active AF	NV	Nellis	F-22 Munitions Maintenance Facility	1,900	600	SM	48
02	Active AF	NV	Nellis	HH-60 Squadron Ops & Maintenance Facility	4,500	1,100	SM	113
02	Active AF	NV	Nellis	Weapons School	7,350	2,765	SM	184
02	Active AF	OH	Wright-Patterson	Acquisition Management Complex, Ph 4B	19,500	8,500	SM	488
02	Active AF	OH	Wright-Patterson	Add to Air Force Museum	15,000		LS	375
02	Active AF	OH	Wright-Patterson	Base Entrance (Gate 1B)	2,700		LS	68
02	Active AF	OH	Wright-Patterson	Dormitory (144 RM)	8,800	144	RM	220
02	Active AF	OK	Tinker	Dormitory (144 RM)	8,500	144	RM	213
02	Active AF	TN	Arnold	Modernize Primary and Secondary Pumping Stations	4,100		LS	103
02	Active AF	TN	Arnold	Supersonic/Hypersonic Plant Upgrade	10,400		LS	260
02	Active AF	TX	Lackland	Add/Alter Physical Fitness Center	3,000	2,790	SM	75
02	Active AF	TX	Laughlin	Construct Wing Headquarters	3,000	1,700	SM	75
02	Active AF	TX	Sheppard	Consolidated Installation Support Facility	9,084	9,978	SM	227
02	Active AF	VA	Langley	Dormitory (96 RM)	6,500	96	RM	163
02	Active AF	VA	Langley	Primary Parking Apron	9,100	83,000	SM	228
02	Active AF	WA	Fairchild	Flight Line Support Facility	9,100	5,223	SM	228
02	Active AF	WA	McChord	Physical Fitness Center	5,400	3,154	SM	135
02	Active AF	WA	McChord	Vehicle Corrosion Control Facility	1,900	691	SM	48
02	Active AF	WY	FE Warren	Communication Facility	3,175	3,000	SM	79
02	Active AF	WY	FE Warren	Upgrade Dormitory	3,800	48	RM	95
02	Active AF		Classified	SBIRS Remote Ground Station	1,500	465	SM	38
02	Active AF		Classified	Special Tactical Unit Detachment Facility	4,458		LS	111
				FY02 Active Air Force Inside the U.S.	**450,447**			**11,229**
Outside the United States								
02	Active AF	GE	Spangdahlem	Dormitory (120 RM)	10,600	120	RM	265
02	Active AF	GL	Thule	Replace Dormitory (96 RM)	21,800	96	RM	545
02	Active AF	GU	Andersen	Security Forces Operations Facility	4,034	1,301	SM	101
02	Active AF	IT	Aviano	Air Control Squadron Warehouse	3,900	2,120	SM	98
02	Active AF	IT	Aviano	Indoor Firing Range	3,000	1,483	SM	75

TOTAL AIR FORCE MILCON
FY00 PLANNING AND DESIGN REQUIREMENTS
11 MARCH 1999

FY01	Component	Loc	Base	Title	Cost ($000)	Scope	UM	FY00 Design Cost ($000)
02	Active AF	JA	Misawa	Repair Taxiway Bravo	14,600	10,000	SM	365
02	Active AF	KO	Osan	Install Elevated Water Storage Tank	1,453	1	EA	36
02	Active AF	PO	Lajes	Transient Dormitory	9,000	3,550	SM	225
02	Active AF	TU	Incirlik	Base Supply Warehouse	2,700	7,440	SM	68
02	Active AF	TU	Incirlik	Squadron Ops/AMU Facility	4,900	2,200	SM	123
02	Active AF	TU	Incirlik	WRM Equipment Parking	1,103	8,800	SM	28
02	Active AF	UK	Feltwell	Add/Alter CATM Facility	3,100	2,000	SM	78
02	Active AF	UK	Lakenheath	Add/Alter AGE Shop	3,000	1,300	SM	75
02	Active AF	UK	Lakenheath	Dormitory (120 RM)	9,200	120	RM	230
02	Active AF	UK	Lakenheath	Material Control Center	5,600	3,050	SM	140
02	Active AF	UK	Mildenhall	Control Tower/Base Ops Complex	5,300	1,550	SM	133
02	Active AF	UK	Mildenhall	Special Operations Maintenance Squadron Facility	1,400	409	SM	35
02	Active AF	UK	Mildenhall	Avionics Shop	4,600	511	SM	115
				FY02 Active Air Force Outside the U.S.	**109,290**			**2,735**
02	Active AF		Various	Unspecified Minor Construction	9,845		LS	246
				FY02 Active Air Force	**569,582**			**14,210**
02	AFRC	CO	Peterson	Aerial Port Airlift Control Flight Facility	5,100	2,050	SM	128
02	AFRC	GA	Dobbins	Base Visiting Airmen Quarters	4,942	3,069	SM	124
02	AFRC	MS	Keesler	C-130J Hangar	6,300	2,790	SM	158
02	AFRC		Various	Unspecified Minor Construction	4,996		LS	125
				FY02 AFRC Total	**21,338**			**535**
02	ANG	AL	Danelly	Replace Medical Training and Dining Facility	6,922	2,785	SM	249
02	ANG	IA	Sioux City	Replace Vehicle Maintenance Complex	3,600	1,236	SM	130
02	ANG	ID	Boise	A-10 Fuel Cell/Corrosion Control Facility	2,300	2,824	SM	83
02	ANG	MO	Rosencrans	Upgrade Aircraft Parking Apron - Phase II	9,000	85,990	SM	324
02	ANG	MS	Jackson IAP	C-17 Flight Simulator Facility	3,600	910	SM	130
02	ANG	MT	Great Falls	Base Supply Warehouse	1,400	712	SM	50
02	ANG	NM	Kirtland	Composite Support Complex	9,500	7,349	SM	342
02	ANG	PA	Johnstown	Air Traffic Control Training Facility	4,600	2,076	SM	166
02	ANG		Various	Unspecified Minor Construction	4,350		LS	157
				FY02 ANG Total	**45,272**			**1,631**
				FY02 Total Force	**636,192**			**16,376**

* No P&D funds needed for design of land acquisition projects

TOTAL AIR FORCE MILCON
FY00 PLANNING AND DESIGN REQUIREMENTS
11 MARCH 1999

FY01	Component	Loc	Base	Title	Cost ($000)	Scope	UM	FY00 Design Cost ($000)
				Summary:				
				FY 01 Active Air Force Total:	497,901			29,571
				FY 01 AFRC Total:	17,754			1,155
				FY 01 ANG Total:	52,270			3,398
				FY 01 Total Force Planning & Design Projects:	567,925			34,124
				FY 02 Active Air Force Total:	569,682			14,210
				FY 02 AFRC Total:	21,338			535
				FY 02 ANG Total:	45,272			1,631
				FY 02 Total Force Planning & Design Projects:	636,192			16,376
				FY 00 Total Force Planning & Design Requirement:				50,500

Air Force Family Housing Construction
FY00 Planning and Design Requirement
11 Mar 99

FY	Component	Loc	Base	Title	Cost $(000)	Scope	UM	FY00 Design Cost $(000)
01	Active AF	AK	Elelson	Replace Family Housing PH 4 (66 Units)	16,520	66	Units	495
01	Active AF	AZ	Davis Monthan	Replace Family Housing PH 4 (90 Units)	13,265	90	Units	395
01	Active AF	CA	Edwards	Replace Family Housing PH 6 (70 Units)	11,460	70	Units	345
01	Active AF	CA	Vandenberg	Replace Family Housing PH 8 (103 Units)	19,405	103	Units	580
01	Active AF	DC	Bolling	Replace Family Housing (46 Units)	5,610	46	Units	165
01	Active AF	FL	Eglin	Replace Family Housing PH 2 (146 Units)	15,930	146	Units	480
01	Active AF	FL	MacDill	Replace Family Housing PH 5 (28 Units)	5,675	28	Units	170
01	Active AF	NC	Seymour Johnson	Replace Family Housing PH 6 (98 Units)	13,670	98	Units	410
01	Active AF	ND	Minot	Replace Family Housing PH 7 (88 Units)	12,750	88	Units	380
01	Active AF	WY	F E Warren	Replace Family Housing PH 1 (70 Units)	9,805	70	Units	290
			FY01	New Construction	124,090			3,710
				Improvement	93,510			2,340
				Total				6,050
02	Active AF	AZ	Davis Monthan	Replace Family Housing PH 6 (70 Units)	10,900	70	Units	325
02	Active AF	CA	Beale	Replace Family Housing PH 4 (70 Units)	10,000	70	Units	300
02	Active AF	CA	Edwards	Replace Family Housing (100 Units)	17,600	100	Units	530
02	Active AF	CA	Travis	Replace Family Housing PH 8 (64 Units)	9,394	64	Units	280
02	Active AF	CA	Vandenberg	Replace Family Housing PH 9 (102 Units)	19,400	102	Units	580
02	Active AF	DC	Bolling	Replace Family Housing (44 Units)	5,500	44	Units	165
02	Active AF	FL	Eglin	Replace Family Housing PH 3 (94 Units)	10,800	94	Units	320
02	Active AF	FL	MacDill	Replace Family Housing PH 6 (26 Units)	5,100	26	Units	150
02	Active AF	MS	Columbus	Replace Family Housing PH 3 (95 Units)	11,600	95	Units	350
02	Active AF	MS	Keesler	Replace Family Housing PH 3 (107 Units)	12,100	107	Units	360
02	Active AF	MT	Malmstrom	Replace Family Housing (35 Units)	8,000	35	Units	240
02	Active AF	NE	Offutt	Replace Family Housing PH 6 (56 Units)	9,600	56	Units	290
02	Active AF	ND	Minot	Replace Family Housing PH 8 (70 Units)	10,900	70	Units	325
			Total		140,894			4,215
			FY02	New Construction	140,894			4,215
				Improvement	208,393			5,210
				Total				9,425
			Summary	FY01 Construction Planning & Design				6,050
				FY02 Construction Planning & Design				9,425
				Housing Community Plans				1,618
				Total				17,093

FOREIGN CURRENCY EXCHANGE RATES

Question. Provide for the record the exchange rates assumed in the fiscal year 2000 budget request.

Answer. The following are the foreign currency exchange rates assumed in the President's budget request for FY 2000:

FOREIGN CURRENCY EXCHANGE RATES

[Units of Foreign Currency Per One U.S. Dollar]

Country	Monetary Unit	FY 2000 Budget Rates
Belgium	Franc	35.350
Denmark	Krone	6.5115
France	Franc	5.7430
Germany	Deutsche Mark	1.7125
Greece	Drachma	287.35
Italy	Lira	1,695.00
Japan	Yen	123.05
Netherlands	Guilder	1.9314
Norway	Krone	7.5653
Portugal	Escudo	175.610
Singapore	Dollar	1.6490
South Korea	Won	1,242.50
Spain	Peseta	145.65
Turkey	Lira	301,935.00
United Kingdom	Pound	0.6045

Question. What is the current balance in the Foreign Currency Fluctuation Account?

Answer. There are no funds currently in the Foreign Currency Fluctuation, Construction, Account. All funds have been transferred to the Components' Centrally Managed Allotments to meet FY 1999 foreign currency fluctuation requirements. However, the amounts currently held in the Service CMAs are as follows ($ in thousands):

MILCON, Army	14,933
Family Housing Construction, Army	3,091
Family Housing Operations, Army	103,820
MILCON, Family Housing Construction & Ops, Navy	30
MILCON, Air Force	4,300
Family Housing Construction, Air Force	1,000
Family Housing Operations, Air Force	9,000
MILCON, Defense-Wide	5,217
Total	141,391

Question. How much additional cost has been incurred as a result of foreign currency fluctuation over the last three years, in both construction and family housing operations and maintenance?

Answer. The following table reflects the gains (negative numbers) and losses (positive numbers) associated with foreign currency fluctuation during the last three years:

[Dollars in millions]

	MILCON	Family housing construction	Family housing operations	Total
FY 1996	4.6	1.5	38.6	44.7
FY 1997	−3.6	−.6	−38.3	−42.5
FY 1998	−8.5	−1.5	−38.4	−48.4

Question. How much has been transferred into the Foreign Currency Fluctuation Account at the end of the last five fiscal years?

Answer. The following amounts were transferred into the Foreign Currency Fluctuation Account at the end of the fiscal year ($ in thousands):

1994	95,004

1995	79,773
1996	79,045
1997	63,867
1998	141,391

LOST DESIGN

Army's Response:

Question. How much in lost design occurred in fiscal year 1998 for each service?

Answer. The Corps of Engineers is transitioning to a new project management information system and lost design is not available for fiscal year 1998.

Navy's Response:

Question. How much in lost design occurred in fiscal year 1998 for each Service?

Answer. Lost design as defined by DoD is that portion of design obligations that will not result directly in facilities acquisition. This includes the cost of scrapped design or redesign. Scope not awarded and changes in criteria, siting and requirements usually result in lost design. Lost design during fiscal year 1998 for the Department of the Navy was $1,634K.

Air Force's Response:

Question. How much in lost design occurred in fiscal year 1998 for each service?

Answer. Lost design refers to that portion of design fund obligation that will not result directly in facilities acquisition, and includes the cost of scrapped design or the cost of design that must be redone. We have requested our design/construction agents, the US Army Corps of Engineers and the Navy Facilities Engineering Command, to provide this data. We will provide an update by 31 Mar 99.

Army's Response:

BREAKAGE AND DESIGN

Question. How much breakage and deferred design occurred in fiscal year 1998 for each service?

Answer. For fiscal year 1998, the amount of breakage and deferred design for Military Construction for the Active Army, Army National Guard, Army Reserves, and Army Family Housing Construction was $1,046 million.

Navy's Response:

Question. How much breakage and deferred design occurred in fiscal year 1998 for each Service?

Answer. Breakage as defined by DoD is any design obligations against projects that will not be acquired. It includes any projects that during the reported fiscal year were canceled, dropped from or deferred beyond the Future Years Defense Plan (FYDP). Lost design is subordinate to breakage; therefore, if a project is classified as breakage, the lost design is not counted. Breakage and deferred design during fiscal year 1998 for the Department of the Navy was $890K.

Air Force's Response:

Question. How much breakage and deferred design occurred in fiscal year 1998 for each Service?

Answer. Design breakage refers to that portion of design fund obligation that will not result in facilities acquisition, and includes the cost of design for projects that have dropped from the future years defense plan. Of Air Force designs accomplished in fiscal year 1998, $840,000 was categorized as design breakage.

DAVIS-BACON: COSTS

Question. What is your estimate of the amount within the budget request for fiscal year 2000 that is attributable to the provisions of Davis-Bacon?

Answer. The Department conservatively estimates that 5 to 8 percent of project costs could be reduced were the Davis-Bacon provisions to be waived. Amounts attributable to Davis-Bacon for Military Construction are $125 million at 5 percent and $200 million at 8 percent. Amounts for Family Housing are $19 million and $31 million, respectively.

DOD ENVIRONMENTAL PROJECT LIST

Question. Provide for the record a list of environmental compliance projects requested in the budget, sorted by service, installation, and by level of compliance.

Answer. The list of projects is attached. All MilCon projects included in the FY 2000 President's Budget request are Class I projects.

COMPONENT	LOCATION	PROJECT DESCRIPTION	CLASS	BUDGET REQUEST $THOUSANDS	AUTHORIZATION REQUEST $THOUSANDS
ARMY					
	Fort Wainwright, AK	Emissions Reduction Facility	I	2,300	15,500
	Fort Lewis, WA	Tank Trail Erosion Mitigation, Yakima Range Phase V	I	2,000	12,000
Army Subtotal				4,300	27,500
NAVY					
	NSY Pearl Harbor, HI	Abrasive Blast & Paint Shop	I	2,690	10,610
	NSWC Div, Indian Head, MD	Sewage Treatment Plant	I	2,550	10,070
Navy Subtotal				5,240	20,680
AIR FORCE					
	Falcon AFS, CO	Sanitary Sewer Line	I	1,296	5,500
	Andersen AFB, GU	Landfill Closure	I	2,097	8,900
	Hickam AFB, HI	Fire Training Facility	I	785	3,300
	RAF Fettwell, UK	Wastewater Treatment Facility	I	786	3,000
	RAF Mildenhall, UK	HAZMAT Storage Facility	I	267	1,000
	RAF Molesworth, UK	Wastewater Treatment Facility	I	445	1,700
Air Force Subtotal				5,676	23,400
DEFENSE LOGISTICS AGENCY					
	Various Locations	Conforming Storage Facility	I	1,300	8,900
DLA Subtotal				1,300	8,900
NAVY RESERVE					
	NAS Willow Grove, PA	HAZMAT Storage Facility	I	320	-
Navy Reserve Subtotal				320	-
AIR NATIONAL GUARD					
	Savannah IAP, GA	Regional Fire Training Facility	I	368	-
Air Guard Subtotal				368	-
AIR FORCE RESERVE					
	Homestead AFB, FL	Fire Fighting Training Facility	I	524	-
Air Force Reserve Subtotal				524	-
DOD TOTAL				17,728	80,480

COMPONENT	LOCATION	PROJECT DESCRIPTION	CLASS	BUDGET REQUEST $THOUSANDS	AUTHORIZATION REQUEST $THOUSANDS
ARMY					
	Fort Wainwright, AK	Emissions Reduction Facility	I	2,300	15,500
	Fort Lewis, WA	Tank Trail Erosion Mitigation, Yakima Range Phase V	I	2,000	12,000
Army Subtotal				4,300	27,500
NAVY					
	NSY Pearl Harbor, HI	Abrasive Blast & Paint Shop	I	2,690	10,610
	NSWC Div, Indian Head, MD	Sewage Treatment Plant	I	2,550	10,070
Navy Subtotal				5,240	20,680
AIR FORCE					
	Falcon AFS, CO	Sanitary Sewer Line	I	1,296	5,500
	Andersen AFB, GU	Landfill Closure	I	2,097	8,900
	Hickam AFB, HI	Fire Training Facility	I	785	3,300
	RAF Feltwell, UK	Wastewater Treatment Facility	I	786	3,000
	RAF Mildenhall, UK	HAZMAT Storage Facility	I	267	1,000
	RAF Molesworth, UK	Wastewater Treatment Facility	I	445	1,700
Air Force Subtotal				5,676	23,400
DEFENSE LOGISTICS AGENCY					
	Various Locations	Conforming Storage Facility	I	1,300	8,900
DLA Subtotal				1,300	8,900
NAVY RESERVE					
	NAS Willow Grove, PA	HAZMAT Storage Facility	I	320	-
Navy Reserve Subtotal				320	-
AIR NATIONAL GUARD					
	Savannah IAP, GA	Regional Fire Training Facility	I	368	-
Air Guard Subtotal				368	-
AIR FORCE RESERVE					
	Homestead AFB, FL	Fire Fighting Training Facility	I	524	-
Air Force Reserve Subtotal				524	-
DOD TOTAL				17,728	80,480

ENVIRONMENTAL LEVELS

Question. For the record, what is the definition of "Level I", "Level II", and "Level III" projects?

Answer. The term "Level" should be changed to "Class". The definitions for Class I through Class III projects, as stated below, are found in the DoD Environmental Compliance Instruction, DoD I 4715.6, dated April 24, 1996. The definitions are as follows:

Class I—Projects and activities needed that are currently out of compliance (have received an enforcement action from a duly authorized Federal, State, or local authority, have a signed compliance agreement or received a consent order; and/or have not met requirements based on applicable Federal, State, and local laws, regulations, and Executive Orders, DoD policies, and Final Governing Standards overseas). This class also includes projects and activities needed that are not currently out of compliance (deadlines or requirements have been established by applicable authorities, but deadlines have not passed or requirements are not in force) but shall be if projects or activities are not implemented within the current program year. Those activities include the preparation of plans (e.g.: National Environmental Policy Act documentation, master plans, emergency response plans, integrated natural and cultural resource management plans, pollution prevention plans; etc.), opportunity assessments and inventories. The preferred approach is to use pollution prevention projects or activities, if cost effective, to bring a facility into compliance. Overseas, this class includes projects and activities necessary to alleviate the human health threats to ongoing operations or necessary to comply with applicable treaties and agreements.

Class II—Projects and activities needed that are not currently out of compliance (deadlines or requirements have been established by applicable Federal, State, and local laws, regulations, and Executive Orders, DoD policies and Final Governing Standards overseas, but deadlines have not passed or requirements are not in force) but will be if projects or activities are not implemented in time to meet an established deadline beyond the current program year. The preferred approach is to use pollution prevention projects or activities, if cost effective, as the means of maintaining or bringing a facility into compliance. Overseas, this class included projects and activities identified using risk based prioritization practices that meet the longterm objective of full implementation of the Final Governing Standards for each foreign country where DoD maintains substantial installations.

Class III—Includes projects and activities that are not explicitly required by law, but are needed to address overall environmental goals and objectives.

There is also a Class 0 that includes activities needed to cover the recurring administrative, personnel and other costs associated with managing environmental programs that are necessary to meet applicable compliance requirements (Federal, State, and local laws, regulations, Executive Orders, DoD policies, and Final Governing Standards overseas) or which are in direct support of the military mission. Also, includes environmental management activities associated with the operation of facilities, installations and deployed weapon systems. Recurring costs consist of manpower, training, supplies, hazardous waste disposal, operating recycling activities, permits, fees, testing and monitoring and/or sampling and analysis, reporting and record keeping (e.g. Toxic Release Inventory reporting), maintenance of environmental equipment, and compliance self assessments.

DOD LIFE SAFETY/HEALTH PROJECT LIST

Army's Response:

Question. Provide for the record a list of life safety/health compliance projects requested in the budget, sorted by Service, installation, and by level of compliance.

Answer. The Army has no projects that are justified solely on the basis of life safety/health compliance. Many projects have life safety/health improvements as ancillary benefits, but none have life safety/health as the primary justification.

Navy's Response:

Question. Provide for the record a list of life safety/health compliance projects requested in the budget, sorted by Service, installation and by level of compliance.

Answer. A list of Navy life safety/health compliance projects is provided in the attached spreadsheet.

The Marine Corps has two projects in the FY 2000 program that involve safety and compliance issues.

The first is MILCON project P–122, MCB Hawaii, CONTROL TOWER AND AIR TRAFFIC CONTROL FACILITY. The existing control tower is only half the recommended height and does not have line of sight to all parts of the airfield. Radar monitoring equipment and personnel are housed in relocatable facilities located next

to the existing control tower within the airfield clear zone and require a waiver for operation. The new tower and ATC facility would meet all FAA regulations and would no longer require a waiver to operate.

The second MILCON project is P–481, MCAS Yuma, LAND ACQUISITION. MCAS Yuma needs more land in order to safely store its annual ordnance requirement and to load aircraft with ordnance. Currently, MCAS Yuma operates under two CNO waivers that allow explosive safety quantity distance (ESQD) arcs to extend off-base onto private land and aircraft to be loaded on taxiways.

CA	Navy	MCON	NAS Lemoore	Aircraft Ordinance Loading Facility	CXR	Project corrects explosive safety criteria violations by relocating aircraft ordnance loading facilities well away from the aircraft maintenance facilities and other occupied buildings.	3,010
MD	Navy	MCON	NSWC Indian Head	Sewage Treatment Plant	CER	Project corrects undersized septic systems which occasionally run off into the Creek in violation of Clean Water Act regulations, by connecting the sewage collections systems at the Stump Neck Annex with the main sewage treatment plant at Indian Head.	2,550
PA	Navy	MCON	NSPCC Mechanicsburg	Water Distribution System Improvements	CSR	Project corrects insufficient fire-fighting and drinking water flow and provide a secondary source of water in accordance with fire safety standards by upgrading the water distribution system.	760
HI	Navy	MCON	NSY Pearl Harbor	Abrasive Blast & Paint Facility	CE	Project corrects run off of sand blast materials and other materials into the harbor violating Clean Water Act regulations, by replacing makeshift paint and sand blast facilities with a modern enclosed facility.	2,690
PA	Navy	MCNR	NAS Willow Grove	Hazardous Material Storage Facility	CE	Project corrects existing violations of environmental and safety regulations bywith regard to segregation of incompatible materials by hazard code, stacking heights, ventilation, fire protection, spill containment and capture, and explosive-proof wiring.	320

Air Force's Response:

Question. Provide for the record a list of life safety/health compliance projects requested in the budget, sorted by service, installation, and by level of compliance.

Answer. There are no projects in the Air Force FY00 MILCON program that are solely to rectify life safety/health problems. However, most of the upgrade projects in the program correct life safety/health code deficiencies as part of the total upgrade.

UNSPECIFIED MINOR CONSTRUCTION

Question. Provide for the record a chart, which will show the budget request for unspecified minor construction by component, compared to the enacted fiscal year 1999 level.

Answer. The following table identifies the FY 2000 request and the FY 1999 enacted level by component for unspecified minor construction.

[In thousands of dollars]

Component	FY 2000 request	FY 1999 enacted
Army	9,500	12,500
Navy	7,342	9,900
Air Force	8,741	8,135
Defense Wide	18,618	28,394
Army National Guard	771	5,046
Air National Guard	2,000	7,502
Army Reserve	1,416	0
Air Force Reserve	4,467	2,903
Navy Reserve	1,036	877
Total	53,891	75,257

EXECUTION RATES

Question. What is the execution rate of each component for the past three years for both for military construction and family housing?

Answer. The outlay execution rate for each DoD component for the past three years is identified in the table below:

OUTLAY EXECUTION RATES (PERCENT)

	Milcon			Family housing		
	FY 96	FY 97	FY 98	FY 96	FY 97	FY 98
Army	8.6	11.8	9.4	60.6	62.1	62.2
Navy	31.0	26.0	20.9	37.8	39.7	41.8
Air Force	12.1	13.7	16.2	54.2	55.9	54.1
Defense-Wide	24.4	16.3	9.2	18.0	35.4	40.6

BRAC FUNDING HISTORY

Question. Provide for the record an updated version of the chart, which appeared in last year's hearing (part 5, page 77), together with whatever comments you may care to add.

Answer. A revised chart of BRAC environmental restoration funding as of December 31, 1998, is provided below:

[in millions of dollars]

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	Total
BRAC I:										
Floor	100.0	220.0	134.6	0.0	66.8	N/A	N/A	N/A	N/A	521.4
Allocation	351.7	365.8	175.1	0.0	91.5	N/A	N/A	N/A	N/A	984.1
Obligations	348.2	359.9	168.3	0.0	90.6	N/A	N/A	N/A	N/A	967.0
Outlays	332.1	337.0	158.9	0.0	78.8	N/A	N/A	N/A	N/A	906.8
BRAC II:										
Floor/ceiling	N/A	231.7	308.9	262.3	138.7	469.5	223.8	105.2	N/A	1,740.1

[in millions of dollars]

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	Total
Allocation	N/A	264.7	311.7	277.1	210.9	433.2	177.1	50.9	N/A	1,725.6
Obligations	N/A	264.4	308.3	275.9	210.4	429.0	174.5	50.7	N/A	1,713.2
Outlays	N/A	252.1	293.0	262.0	178.4	350.3	116.8	16.7	N/A	1,469.3
BRAC III:										
Floor/ceiling	N/A	N/A	N/A	200.0	302.7	236.7	352.0	410.8	271.8	1,774.0
Allocation	N/A	N/A	N/A	249.2	333.4	191.0	261.9	360.4	271.8	1,667.7
Obligations	N/A	N/A	N/A	247.8	330.3	187.7	244.4	104.0	190.6	1,304.8
Outlays	N/A	N/A	N/A	215.6	272.9	140.3	115.7	11.9	21.5	777.9
BRAC IV:										
Floor/ceiling	N/A	N/A	N/A	N/A	N/A	N/A	226.1	416.2	426.0	1,068.3
Allocation	N/A	N/A	N/A	N/A	N/A	205.0	210.5	407.2	388.0	1,210.7
Obligations	N/A	N/A	N/A	N/A	N/A	200.7	206.8	398.1	48.8	854.4
Outlays	N/A	N/A	N/A	N/A	N/A	170.0	159.4	119.6	1.0	450.1
Summary:										
Floor/ceiling	100.0	451.7	443.5	462.3	508.2	706.2	801.9	932.2	697.8	5,103.8
Allocation	351.7	630.5	486.8	526.3	635.8	829.2	649.5	818.5	659.8	5,588.1
Obligations	348.2	624.3	476.6	523.7	631.3	817.4	625.7	552.8	239.4	4,839.4
Outlays	332.1	589.1	451.9	477.6	530.1	660.6	391.9	148.2	22.5	3,604.0

Numbers may not add due to rounding.

Note: The FY 1994 Military Construction Appropriations Act set the floor for BRAC III at $300.0 million. However, this floor was revised to $200.0 million in the FY 1994 Supplemental Appropriations Act and further revised to $249.7 million through DoD congressional notification actions. Also, the FY 1996 Military Construction Appropriations Act established ceilings on environmental amounts for BRAC II and BRAC III as indicated. The amounts for FYs 1991–1995 are floors and the amounts in FY 1996 and out are ceilings.

CONTINGENCY CONSTRUCTION

Question. What is the current unobligated balance of prior year's appropriations, which remain available for contingency construction?

Answer. Of the funds appropriated for contingency construction in FY 1995–1999, $9.4 million remains available.

Question. Provide for the record a list of amounts appropriated for contingency construction projects for fiscal year 1995, 1996, 1997, 1998, and 1999 together with a list of projects for which these funds have been obligated.

[In thousands of dollars]

	Appropriated	Rescission	General reduction	Projects funded	Balance
FY 19995	3,511	2,589	.....	.....	922
FY 19996	11,037	2,315	.....	[1]7,750	972
FY 19997	4,500	3,000	.....	.....	1,500
FY 19998	4,000	.....	1,900	.....	2,026
FY 19999	4,890	.....	900	.....	3,990

[1]$3,750 was provided to USCENTCOM for a Forward Headquarters facility at a Classified location. $4,000 was used to provide operational space for National Security Agency (NSA) personnel during the renovation of the current Operations Building at Menwith Hill Station, England.

Question. Provide for the record a list of unspecified minor construction projects executed during fiscal years 1997 and 1998, and obligations to date in fiscal year 1999, by component and location.

Answer.

Agency, (Fiscal year)	Location	Project	Cost ($000)
DODDEA. 1997	Korea	Seoul High School Addition	1,500
JCS, 1997	Bahamas	Construct Vehicle Maint. Facility	220
JCS, 1997	Jamaica	Construct Ops Building	187
JCS, 1997	Grenada	Construct Unit Barracks & Trng Facility	184
JCS, 1997	Dominica	Construct Unit Barracks & Trng Facility	125
JCS, 1997	Trinidad	Construct Vehicle Maint. Facility	220
JCS, 1997	Classified	Construct Latrines, Showers, and HAZMAT Storage	200
JCS, 1997	Classified	Construct classroom	75
JCS, 1997	Classified	Repair Runway/Taxiway	480
JCS, 1997	Classified	Construct K-span Latrine & Shower	336
JCS, 1997	Classified	Aircraft Ops Facility	416
JCS, 1997	Classified	Construct Multi-Purpose Trng Range	320
JCS, 1997	Classified	Construct C–130 and C–17 Landing Strip	350

Agency, (Fiscal year)	Location	Project	Cost ($000)
JCS, 1997	Classified	Construct Vehicle Wash Rack	212
JCS, 1997	Classified	Live Fire Battle Range	205
JCS, 1997	Classified	Live Fire Battle Range	231
JCS, 1997	Classified	Latrine, Shower, Laundry Facility	45
JCS, 1997	Classified	Construct Tent Pads	200
JCS, 1997	Classified	Upgrade Electric System	209
JCS, 1997	Classified	Dining and Billeting Facilities	102
JCS, 1997	Classified	Renov. Aircraft Maint Facility	150
JCS, 1997	Classified	Construct Tent Pads	269
JCS, 1997	Classified	Renov. Aircraft Ops & Maint Fac	386
JCS, 1997	Classified	Construct Various Facilities	342
JCS, 1997	Classified	Construct Various Facilities	20
JCS, 1997	Classified	Construct Tent Pads and Frames	99
JCS, 1997	Classified	Construct Various Facilities	97
JCS, 1997	Classified	Construct Various Facilities	78
JCS, 1997	Classified	Construct Various Facilities	10
JCS, 1997	Belize	Construct Contingency Base Camp	475
JCS, 1997	El Salvador	Construct Contingency Base Camp	50
JCS, 1997	Panama	Construct Two Exercise Base Camps	366
JCS, 1998	Honduras	Construct Base Camps	500
JCS, 1998	El Salvador	Construct Base Camps	250
JCS, 1998	Ecuador	Upgrade Support Facilities	224
JCS, 1998	Haiti	Unit Barracks and Trng Facility	228
JCS, 1998	Dominican Republic.	Construct Pier	230
JCS, 1998	St Lucia	Upgrade Support Facilities	240
JCS, 1998	Bahamas	Upgrade Support Facilities	117
JCS, 1998	Jamaica	Unit dining and Training Facility	158
JCS, 1998	Tobago	Barracks	170
JCS, 1998	Classified	Renovate Training Complex and Base Camp	150
JCS, 1998	Bahrain	Upgrade Support Facilities	382
JCS, 1998	Oman	Upgrade Support Facilities	105
JCS, 1998	Qatar	Electrical and Water system	210
JCS, 1998	Bahrain	Repair Parking Ramps	835
JCS, 1998	Morocco	Repair Aircraft Parking Apron	349
JCS, 1998	Uganda	Construct Storage & Ops Facility	259
JCS, 1998	Lithuania	Upgrade Support Facilities	450
JCS, 1998	Norway	Construct Billeting Facilities	208
JCS, 1998	UK	SOF Exercise Storage and Training Facility	170
JCS, 1998	Korea	Construct Billeting and C3 Facility	400
JCS, 1998	Korea	Construct Billeting Facility	351
JCS, 1998	Thailand	Construct Barracks	399
JCS, 1998	Thailand	Upgrade Support Facilities	142
JCS, 1998	Thailand	Upgrade Support Facilities	88
JCS, 1998	Philippines	Construct Storage Facility	150
JCS, 1998	Philippines	Barracks and Boat Facility	188
JCS, 1998	Philippines	Construct Water Supply System	40
JCS, 1998	Philippines	Upgrade Billeting Facility	40
JCS, 1998	Thailand	Construct Admin Space	158
JCS, 1999	Bolivia	Construct Base Camp	187
JCS, 1999	Guatemala	Construct Base Camp	40
JCS, 1999	Honduras	Construct Base Camp	87
JCS, 1999	Egypt	Construct Ops Support Facilities	700
JCS, 1999	Uganda	Construct Exercise Equip Storage Facility	243
JCS, 1999	Tunisia	Repair Bomb Range	105
JCS, 1999	Korea	Upgrade Mess Hall	253
JCS, 1999	Thailand	Upgrade Support Facilities	155
JCS, 1999	Korea	Construct Shower/Latrine Facility	207
JCS, 1999	Thailand	Construct Mess Hall	165
JCS, 1999	Thailand	Upgrade Execise Support Facilities	12
SOCOM, 1997	UK	Construct Munitions Inspection Fac	1,494
SOCOM, 1998	Florida	Construct Armament Systems Trainer	1,479
DMFO, 1997	Colorado	Composite Medical Facility Add/Alt	1,400
DMFO, 1997	Texas	Construction Claim	3,742
DMFO, 1998	Maryland	Medical/Dental Clinic Add/Alt	1,250
DMFO, 1998	New York	Ren Veterinary Treatment Facility	1,300

Agency, (Fiscal year)	Location	Project	Cost ($000)
DMFO, 1998	Taxas	Construction Claim	589
DMFO, 1998	Germany	Add/Alt Clinic	928
DMFO, 1998	Italy	Flight Medical Clinic Alt	1,400
DMFO, 1998	Korea	Renovate WRM Warehouse	747
DMFO, 1998	Korea	WRM Add/Alt	714
DMFO, 1999	Texas	Alt Troop Medical Clinic	1,350

UNSPECIFIED MINOR CONSTRUCTION

Army's Response:

Question. Provide for the record a list of unspecified minor construction projects executed during fiscal years 1997 and 1998, and obligated to date in fiscal years 1999, by component and location.

Answer. The Army's unspecified minor construction program for fiscal years 1997, 1998, and 1999 (as of January 31, 1999) is as follows:

Active Army

Fiscal year 1997

Fort Bragg, NC.—Combined Arms Battalion Headquarters.
Fort Sam Houston, TX.—Regional Training Facility.
Corpus Christi, TX.—Whirl Tower.
Fort McNair, DC.—Center of Military History.

Fiscal Year 1998

Fort Wainwright, AK.—Ice Rink.
Key West, FL.—Diver Training Facility.
Fort Buchanan, PR.—Headquarters.
Times Square, NY.—Recruitment Center.
Dugway PG, UT.—Hood Valve Replacement.

Fiscal Year 1999

Fort Sill, OK.—Fire Station.
Fort Irwin, CA.—Heavy Equipment Transport Platoon Maintenance Shop.
Fort Polk, LA.—Airfield Apron/Hot Refuel.

Army National Guard

Fiscal Year 1997

Various Locations, AK.—Scout Armories.
Camp Denali, AK.—Storage Building.
Waterloo, IA.—Aviation Fuel Storage and Dispensing System.
Decatur, IL.—Army Aviation Support Facility Ramp.
Fort Harrison, MT.—Bachelor Officers/Enlisted Quarters.
Fort Harrison, Mt.—Land Acquisition.
Camp Grafton, ND.—Water System Replacement.

Fiscal Year 1998

Akmautluak, AK.—Scout Armory.
Camp Roberts, CA.—Hand Grenade Range.
Camp Roberts, CA.—MK–19/M–203 Range.
Stone's Ranch, CT.—Ammo Storage Bunkers.
Quincy, IL.—Indoor Range.
Camp Beauregard, LA.—Sanitary Sewer.
Westover AFB, MA.—Flight Simulator Building.
Grand Ledge, MI.—Aircraft Hangar.
Fort Harrison, MT.—Combat Pistol Qualification Range.
Camp Grafton, ND.—Combat Pistol Range.
Camp Meade, NE.—Washrack Upgrade.
Syracuse, NY.—Organizational Maintenance Shop.
Roosevelt Roads, PR.—Marine Maintenance Facility.
St. Croix, VI.—Paving.

Fiscal Year 1999

Ashland City, TN.—Readiness Center.

U.S. Army Reserve

Fiscal Year 1997 (No funds)

Fiscal Year 1998

Denver, CO.—Add/Alt OMS.
Farmington, MO.—Add/Alt USARC.
El Dorado, AR.—Alt USARC.

Benton, MO.—Storage Building.
Joplin, MO.—Storage Building.
Sioux City, IA.—Expand AMSA/OMS.
Iowa City, IA.—Add/Alt OMS.
Creston, IA.—Add/Alt OMS.
Ames, IA.—Add/Alt OMS.
Salinas, KS.—Add/Alt OMS.

Fiscal Year 1999.—No funds.

Navy's Response:

Question. Provide for the record a list of unspecified minor construction projects executed during fiscal years 1997 and 1998, and obligations to date in fiscal year 1999, by component and location.

Answer. The Department of the Navy executed 6 projects in FY–1997 and 9 projects in FY–1998 using Unspecified Minor Construction funds as shown in the table below. While there have been no obligations to date in fiscal year 1999, we are well positioned to obligate all $11.4 million in available funds in FY 99. To date we have three projects approved totaling $4.6 million. We are currently processing approval requests for two NAS Corpus Christi project totaling $3.2 million with FY 99 UMC. Other projects currently on track for award in FY 99 total $8.4 million. Therefore, we have projects exceeding $16 million that are projected for award in FY 99.

PNO/Activity		Description	Program amount ($000)	Award date
365	COMNAVDIST Washington	Acquisition Center of Excellence	$1,140	96/10/04
571	Kings Bay GA NSB	Dredge (Site VI Layberth)	1,050	96/10/04
075	Concord CA NWS	Filling Station	1,330	97/02/13
915	SW Asia ADMINSUPU	Satellite Communications Facility	1,500	97/04/28
689	Pensacola FL NAS	Fuels Trainer Facility	950	97/06/13
023	Earle NJ NWS	Pier 2 Fender System	1,150	97/09/30
		Total FY–1997		7,120
001	Fort Washington ITC	Interagency Training Center	865	97/10/30
831	Souda Bay Crete NSA	Sewage Treatment Plant	2,700	97/12/17
203	Lemoore CA NAS	Headquarters Building Addition	1,100	98/03/10
102	Sigonella Italy NAS	Water Storage Tank	1,150	98/03/20
337	Bremerton WA NSY	Enlisted Dining Facility Expansion	1,390	98/03/31
916	SW Asia ADMINSUPU	Perimeter Security Improvements	3,000	98/05/26
843	Jacksonville FL PWC	Install Backflow Preventer	550	98/09/22
006	Orlando FL NAWCTSD	Structural Upgrades, building #1	670	98/09/30
024	Earle NJ NWS	Pier Electrical System	1,400	98/09/30
		FY–1998 Total		12,825

Air Force's Response:

Question: Provide for the record a list of unspecified minor construction projects executed during fiscal years 1997 and 1998, and obligations to date in fiscal years 1999, by component and location.

Answer:

For Component USAF:

LOCATION AND PROJECT

Fiscal Year 1997

Mildenhall AB, UK.—Munitions Storage Complex.
Tyndall AFB, FL.—Communications Maintenance Facility.
Columbus AFB, MS.—Ground Approach Transmitter/Receiver.
Kadena AB, OK.—Ammo Loading/Storage Facility.
Kadena AB, OK.—Ammo Storage Maint and Inspection Fac.
Mt Home AFB, ID.—B–1 Composite Material Repair Shop.
Laughlin AFB, TX.—Boundary Fence.
Eglin 9, FL.—Special Tactics Squadron Facility.
Malmstrom AFB, MI.—Explosive Ordinance Disposal Facility.

Fiscal Year 1998

Hanscom AFB, MA.—Add to Education Center.
Keesler AFB, MS.—Base Contracting Facility.

Vandenberg AFB, CA.—Combat Arms Training Facility.
Dyess AFB, TX.—B–1 Jet Engine Test Facility.
Hurlburt Field, FL.—RED HORSE Maintenance Shop.
Hill AFB, UT.—C–130 Flight Test Facility.
USAF Academy, CO.—Jack's Valley Road.
USAF Academy, CO.—Global Engagement Readiness Laboratory.
Ramstein AB, GE.—Air Freight Terminal/Weigh Scale Facility.

Fiscal Year 1999

Kelly AFB, TX.—Aerospace Engineering Facility.
Bolling AFB, DC.—Add to Vehicle Maintenance Facility.
Andrews AFB, MD.—Air Force-1 COMBS Facility.

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Moron AB, SP.—Communications Center.
Kadena AB, OK.—Add to Flight Simulator Facility.*
RAF Feltwell, UK.—Military Working Dog Facility.*
*Contract award of these two projects for $2.7M will fully obligate the FY99 program.

For component ANG:

LOCATION AND PROJECT

Fiscal Year 1997

Hot Springs, AR.—Base Supply Facility.
Jacksonville IAP, FL.—Add To And Alter Medical.
Jacksonville IAP, FL.—Joint ANG/FAA Fire Station.
Pease Airport ANG, NH.—Add to Vehicle Maintenance.
Burlington IAP, VT.—Realign Taxiway.

Fiscal Year 1998

Eielson AFB, AK.—Medical Training Facility.
Kulis ANGB, AK.—Add to and Alter ECM/ADS Shop.
Buckley ANGB.—Add to and Alter Communications.
Camp Beauregard, LA.—Vehicle Maint/Aircraft Support Eqp.
Great Falls IAP, MT.—Upgrade Infrastructure.
Stanley County Arprt, NC.—Upgrade Infrastructure.
Camp Murray ANGS, WA.—Add to Comm-Elect Facility.
Volk Field, WI.—Munitions Storage Igloos.
Shepherd Field, WV.—Add to and Alter Avionics.

Fiscal Year 1999

Little Rock, AR.—ADAL Comm Facility.
Robins, GA.—B–1 Medical Training.*
Savannah, GA.—Replace Acft Support Equipment and Non-Destructive Inspection Complex†.
Duluth, MN.—Base Engineer Pavements.
Malmstrom AFB, MT.—Red Horse O&T Storage†
Stanley County, NC.—Upgrade Airfield Facilities.*
Stanley County, NC.—Upgrade Control Tower.*
McEntire, SC.—Upgrade Munitions Storage.
†Contract award of these two projects for a total of $2.8M is scheduled in May 99.
*Contract award of these three projects for a total of $2.9M will result in full obligation of the FY99 appropriation.

For Component AFRC:

LOCATION AND PROJECT

Fiscal Year 1997

Barksdale AFB, LA.—Composite Medical Training Facility.
Dobbins ARB, GA.—Add/Alter Communications Facility.

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Gen Mitchell ARS, WI.—Combat Arms Trng Mnt (CATM) Facility.
Grissom ARB, IN.—Deicing Facility.
Patrick AFB, FL.—Medical Training Facility.
Pittsburgh ARS, PA.—Alter Aircraft Maintenance Hangar.

Fiscal Year 1998

Anderson AFB, Guam—Aerial Port Training Facility.
McGuire AFB, NJ.—Medical Training Facility.
Minn-St Paul ARS, MN.—Multipurpose Fitness Center.
Pittsburgh ARS, PA.—Alter CATM/Building 221.
Seymour-Johnson AFB, NC.—Add/Alter Squadron Operations.
Portland ANGB, OR.—CATM Training Facility.

Fiscal Year 1999

Portland ANGB, OR.—Structural Maintenance Shop.
Westover ARB, MA.—Disaster Preparedness Facility.*
Robbins AFB, GA.—Medical Training Facility.*

* Contract award of these two projects for a total of $1.6M will fully obligate the FY99 appropriation.

OSD Response:

Question. Has this appropriation met the needs of the components over the last two years? What shortfalls, if any, have been encountered?

Answer. Funding for minor construction has been adequate over the last two years. The President's Budget request of $18.6 million for FY 2000 is considered a reasonable estimate, and will provide the numerous Defense Agencies and Activities supported by the Military Construction, Defense-Wide account a capability to react to requirements for construction, alteration, or modification of facilities resulting from unforeseen situations or opportunities to attain greater efficiency of operation.

Army Response:

Question. Has this appropriation met the needs of the components over the last two years? What shortfalls, if any, have been encountered?

Answer: No. Each fiscal year, the Army receives requirements for the unspecified minor construction program in excess of funds appropriated. Types of projects which remain unfunded include a child development center, fire safety facilities (fire stations, sprinkler systems), logistic facilities (aircraft paint shop, warehouse), operational facilities (live fire course, crises response center, training classrooms), and infrastructure (sewage treatment plant upgrade, road alignments, perimeter fence).

Navy Response:

Question. Has this appropriation (unspecified minor construction) met the needs of the components over the last two years? What shortfalls, if any, have been encountered?

Answer: The Unspecified Minor Construction (UMC) appropriation has met the needs of the Department of the Navy for the past two years. No shortfalls have been encountered. The funds available through FY 99 will cover the Navy's most critical UMC requirements. Recent UMC funding has allowed us to keep pace with the urgent emerging requirements each year, although there are generally some urgent projects that are slipped to the next fiscal year.

Air Force Response:

Question. Has this appropriation met the needs of the components over the last two years? What shortfalls, if any, have been encountered?

Answer: For component USAF: No. The unspecified minor construction (UMC) appropriation has not met the needs of the USAF over the last several years. Reprogramming actions have been necessary to meet our most urgent needs:

Fiscal year	*Reprogramming ($000)*
1994	1,711
1995	1,750
1996	300
1997	800
1998	1,868

The UMC account was created to expeditiously fund those requirements which must be satisfied before the next budget submission. Because these projects are emergent, it is not possible to predict the total funding requirement in any given year; however, historically the amount has been over $12,000,000. All available unspecified minor construction appropriations (FY96–FY99) are committed to approved/awarded projects. For component ANG: Funding in previous years has been sufficient to meet our most urgent needs. The $2 million in the FY00 Program for unspecified minor construction is not sufficient for our needs. Based on prior year trends, this funding level will force deferral of several requirements that are anticipated.

For component AFR: Although the Air Force Reserve has not reprogrammed funds into the Unspecified Minor Construction account, their requirements also exceed

their funding. The Air Force Reserve estimates that they can easily execute an additional $3.5 million of Unspecified Minor Construction per year.

PLANNING AND DESIGN

Question. Does the budget request include sufficient planning and design funds to execute the entire fiscal year 2000 program?

Answer. The Department's estimate for planning and design (P&D) requirements for the budget year is based on the size of the two succeeding fiscal year military construction programs. These funds were not reduced for advance appropriations due to the need to ensure that these funds could be used as quickly as possible in the first year of availability. The amount requested in FY 2000 will be used to complete design of the FY 2001 projects and to initiate design on the FY 2002 projects and therefore, is a function of the size of these programs.

OSD Response:

Question. Are any projects in the budget request at less than 35 percent design? If so, list and justify such projects.

Answer. Yes. Most of the projects are not 35% designed. The Department now uses parametric cost estimates in compliance with congressional direction. While this method provides a high confidence estimate, there is actually very little, if any, design performed. This method has the advantage of allowing the architect/engineer (A/E) to complete the design without any work stoppages or design breakage.

Army Response:

Question. Are any projects in the budget request at less than 35 percent design?

Answer. Projects at less than 35 percent design are listed and justified below. All of these projects will be ready for advertisement and award in fiscal year 2000. Most of projects were accelerated to the fiscal year 2000 program as a result of the President's additional funding for critical readiness requirements.

Location	Project	Justification
DC/Walter Reed AMC	Physical Fitness Training Center	Critical Readiness
KS/Fort Leavenworth	Whole Barracks Complex Renewal	Critical Readiness
Fort Campbell	Mout Training Complex	Critical Readiness
Fort Campbell	Sabre Heliport Improvements	Critical Readiness
Fort Campbell	Physical Fitness Training Center	Critical Readiness
Fort Knox	Multi-purpose Digital Training Range/PHII.	Critical Readiness
MD/Fort Meade	Whole Barracks Complex Renewal	Critical Readiness
NC/SunnyPoint MOT	Ammunition Surveillence Facility	Critical Readiness
OK/Fort Sill	Rail and Containerization Facility	Strategic Mobility
McAlester AAP	Ammunition Road Infrastructure	Critical Readiness
PA/Carlisle Barracks	Whole Barracks Complex Renewal	QoL Initiative
Letterkenny AD	Ammunition Containerization Complex	Critical Readiness
TX/Fort Bliss	Aircraft Loading Apron	Critical Readiness
Fort Bliss	Ammunition Hot Load Facility	Critical Readiness
Fort Hood	Whole Barracks Complex Renewal	Critical Readiness
VA/Fort Eustis	Whole Barracks Complex Renewal	Critical Readiness
Fort Myer	Public Safety Center	Life, Health, Safety
GE/Bamberg	Whole Barracks Complex Renewal	Critical Readiness
Mannheim	Whole Barracks Complex Renewal	Critical Readiness
Korea/Camp Howze	Water System Upgrade	Failing System
Camp Stanley	Electrical System Upgrade	Failing System.

Navy Response:

Question. Are any projects in the budget request at less than 35 percent design? If so, list and justify such projects.

Answer. The following projects in the budget request are at less than 35 percent design:

State	Agency	Program	Installation	Project title	Reason <35%
AZ	Navy	MCON	MCAS Yuma	Child Development Center	Design-build
AZ	Navy	MCON	NAVDET Camp Navajo	Magazine Modernization	Revised design
BI	Navy	MCON	ASU Bahrain	BEQ—Transient	Revised design
BI	Navy	MCON	ASU Bahrain	Operations Control Center	Revised design
CA	Navy	MCON	MCAGCC Twentynine Palms.	BEQ	Revised design
CA	Navy	MCON	MCAGCC Twentynine Palms.	CAST Trainer Addition	Revised design

State	Agency	Program	Installation	Project title	Reason <35%
CA	Navy	MCON	MCAGCC Twentynine Palms.	Tactical Vehicle Maintenance Facility.	Design-build
CA	Navy	MCON	MCB Camp Pendleton	Armory	Revised design
CA	Navy	MCON	MCB Camp Pendleton	BEQ	Design-build
CA	Navy	MCON	MCB Camp Pendleton	Integrated Communications Hub	Revised design
CA	Navy	MCON	MCB Camp Pendleton	Staff Non-Com Officer Academy	Revised design
CA	Navy	MCON	MCB Camp Pendleton	Tactical Vehicle Maintenance Facility.	Design-build
CA	Navy	MCON	MCLB Barstow	Test Track/Test Pond Facility	Revised design
CA	Navy	MCON	MCRD San Diego	Physical Fitness Center Addition	Revised design
CA	Navy	MCON	NAS Lemoore	Aircraft Ordnance Loading Facilities.	Design-build
CA	Navy	MCON	NAS Lemoore	Strike Fighter Weapons Training Facility.	Design-build
CA	Navy	MCON	NAS Lemoore	Aviation Armament Facility	Design-build
CA	Navy	MCON	NAVHOSP Twentynine Palms.	BEQ	Revised design
DG	Navy	MCON	Diego Garcia NAVSUPPFAC.	Aircraft Intermediate Maintenance Fac..	Revised design
FL	Navy	MCON	NAS Whiting Field	JPATS T–6A Trainer Facility	Design-build
GA	Navy	MCON	MCLB Albany	Engineering Equipment Shop	Design-build
GR	Navy	MCON	NSA Souda Bay	Operational Support Facilities	Revised design
HI	Navy	MCON	NSB Pearl Harbor	Berthing Wharf	Revised design
ID	Navy	MCON	NSWC Bayview	Underwater Equipment Laboratory	Design-build
IL	Navy	MCON	NTC Great Lakes	All Weather Running Track	Design-build
IL	Navy	MCON	NTC Great Lakes	BEQ "A School"	Design-build
IL	Navy	MCON	NtC Great Lakes	Drill Hall	Design-build
IL	Navy	MCON	NTC Great Lakes	Recruit In-Processing Barracks	Design-build
MD	Navy	MCON	NSWC Indian Head	Sewage Treatment Plant	Revised design
ME	Navy	MCON	NAS Brunswick	BEQ Replacement	Revised design
MS	Navy	MCON	NCBC Gulfport	BEQ Modernization	Design-build
MS	Navy	MCON	NCBC Gulfport	BEQ Renovation	Design-build
NC	Navy	MCON	MCB Camp Leueune	Physical Fitness Center	Revised design
NC	Navy	MCON	MCB Camp Lejeune	Road and Utility Construction	Revised design
NC	Navy	MCON	MCAS New River	Family Services Center	Revised design
NJ	Navy	MCON	NAWCAD Lakehurst	Aircraft/Platform Interface Laboratory.	Revised design
SC	Navy	MCON	MCAS Beaufort	Armory Facility	Design-build
SC	Navy	MCON	MCAS Beaufort	Corrosion Control Facility	Design-build
SC	Navy	MCON	NWS Charleston	Air Traffic Control Engineering Center.	Design-build
VA	Navy	MCON	MCCDC Quantico	BEQ	Design-build
VA	Navy	MCON	TACTRAGRULANT Dam Neck.	BEQ	Design-build
VA	Navy	MCON	NAVSTA Norfolk	Pier Electrical Upgrades II	Revised design
VA	Navy	MCON	NAVSTA Norfolk	Pier Replacement	Revised design
VA	Navy	MCON	NAS Oceana	Aircraft Acoustical Enclosure	Revised design
VA	Navy	MCON	NWS Yorktown	Trestle Replacement and Pier Upgrade.	Revised design
WA	Navy	MCON	Strategic Weapons Fac. Bangor.	D5 Missile Support Facility	Revised design
WA	Navy	MCON	NWS Port Hadlock	Tomahawk Magazine	Design-build

Justification: All of the Navy's FY00 projects have a 35 percent design equivalent cost estimate based on the completion of a Parametric Cost Estimate (PCE) and Project Definition. While the cost estimate is considered equivalent to the traditional 35 percent design cost estimate, the PCE and Project Definition do not normally include preliminary working drawings and outline specifications associated with 35 percent design. The PCE and Project Definition do include a concept plan, DD Form 1391, budget estimate summary, economic analysis, siting certification, environmental certification, and NEPA documentation.

The current design approach is to start the final design as close to the start of the fiscal year of the project as possible so that the Architect/Engineer team can proceed quickly from start to finish. This process includes design reviews but does not include the traditional 35 percent milestone. While this approach has proven to be successful and has enhanced the Navy's execution, the Navy 1391s show less than

35 percent design complete by 1 January on many of the FY100 projects. Additionally, numerous projects will be designed using the design/build method. The budget estimates for these projects are based on completion of a PCE and Project Definition as well. However, the design of these projects will not be started until after the construction contract has been awarded.

Air Force Response:

Question: Are any projects in the budget request at less than 35 percent design? If so, list and justify such projects.

Answer: The Air Force has 8 projects at less than 35 percent design in the budget request. The following table lists each project and provides remarks. These projects are scheduled for construction contract award in FY00.

MAJCOM	Project	Base	Remarks
ACC	Air Control Squadron Operations Complex	Classified	Delayed awaiting force structure decision
AETC	Squadron Operations Facility	Moody	Delayed awaiting force structure decision
AFMC	Consolidate Intelligence and Reconnaissance Lab	Rome	Late and to FY00 program
AFMC	Aircraft Processing Ramp	Davis-Monthan	Late add to FY00 program
USAFA	Upgrade Academic Facility	USAF Academy	Difficulties awarding Architect-Engineer Contract
USAFE	Consolidated Corrosion Control/Maint Complex	Mildenhall	Late add to FY00 program
USAFE	Radar Approach Control Facility	Aviano	Late add to FY00 program
AFRC	Add/Alter Facilities for C–130H Aircrew Training	Dobbins	Late add to FY00 program

Real Property Maintenance

Question. What is the total fiscal year 2000 budget request for real property maintenance? How much is earmarked for barrack renovation?

Answer. The fiscal year 2000 RPM request is $5.3 billion, of which, approximately $488 million is for various barrack renovations.

Reprogramming

Question. Submit for the record a table which will show, by fiscal year, the total amount approved by Congress for reprogramming for "Military Construction, Defense-Wide" for the last five years.

Answer.

	Number of reprogramming actions	Amounts approved for reprogramming
FY 1995	7	$21,893,000
FY 1996	2	2,920,000
FY 1997	3	1,250,000
FY 1998	2	2,540,000
FY 1999[1]	1	15,000,000

[1] As of 2/28/99.

Advance Appropriations

Question. The President's budget states that requests for such advance appropriations are required by 31 U.S.C. 1105(a)(17)

Is it correct that these specific advance appropriations are not required under 31 U.S.C. 1105(a)(17) until such time as the related authorizations for advanced appropriations have been enacted into law?

Answer. The Department's requests for advance appropriations are not required by the provisions of 31 U.S.C. 1105(a)(17) which requires such requests only for programs for which there is an existing authorization of appropriations. Rather, the Department's requests for advance appropriations are based on two considerations. The requests for advance appropriations for military construction necessary to complete projects in connection with projects authorized for fiscal year 2000 are based on the length of the construction schedules involved and the Service's estimates of the amount of construction that could be executed in each fiscal year. The other requests for advance appropriations are based on the requirement contained in section 1405 of the Department of Defense Authorization Act for Fiscal Year 1986. This provision provides that "the President shall submit a proposed two-year budget for the

Department of Defense and related agencies every other year" after the initial two-year budget request that was required to be submitted by that section with respect to fiscal years 1988 and 1989. These specific appropriations have not yet been authorized in an enacted authorization Act. A request for authorization for these advance appropriations will be included in the Department's requests for authorizations for Fiscal Year 2000 and 2001.

Question. Please submit for the record a copy of 31 U.S.C. 1105(a)(17), together with the Department's interpretation of what this citation requires.

Answer. A copy of the provisions of 31 U.S.C. 1105(a)(17) is attached.

§ 1105. Budget contents and submission to Congress

(a) On or after the first Monday in January but not later than the first Monday in February of each year, the President shall submit a budget of the United States Government for the following fiscal year. Each budget shall include a budget message and summary and supporting information. The President shall include in each budget the following:

* * * * * * *

(17) information on estimates of appropriations for the fiscal year following the fiscal year for which the budget is submitted for grants, contracts, and other payments under each program for which there is an authorization of appropriations for that following fiscal year when the appropriations are authorized to be included in an appropriation law for the fiscal year before the fiscal year in which the appropriation is to be available for obligation.

ENVIRONMENTAL RESTORATION AT BRAC LOCATIONS

Question. How does the Department intend to budget for the continuing environmental restoration efforts at BRAC I through IV locations beyond fiscal year 01—will there be a continuing account in this appropriations bill for these costs?

Answer. As directed in the Conference Report (Report 105–647) accompanying the FY 1999 Military Construction Appropriations Act, the Department has submitted a legislative proposal for the establishment of Treasury account entitled "Base Realignment and Closure Environmental Restoration." Through this account, the Department will budget for future costs for environmental restoration related to the first four rounds of closure. The Department has programmed funds for these costs beyond FY 2001 in the Future Years Defense Program attendant to the FY 2000/2001 Budget submission.

Question. If not, why not?

Answer. The Department has complied with congressional direction to propose the establishment of a separate Treasury account for continuing BRAC I through IV environmental restoration costs.

Question. Do you have an estimate of the annual level of funding required for this effort for fiscal year 01 and beyond?

Answer. The current estimate for FY 2001 BRAC I through IV environmental cost is $613 million. The Department's current estimate of the annual level of funding required for continuing BRAC I through IV environmental efforts beyond FY 2001 is approximately $330 million. The projected funding decrease from the FY 2001 level to the annual level in the outyears reflects the Department's emphasis on expediting environmental cleanup within the six-year BRAC implementation period. The implementation period for the last of the current BRAC rounds ends in FY 2001.

SUMMARY AND RECONCILIATION

Question. Please submit for the record the two-page chart titled "Summary and Reconciliation of the Authorization, Authorization of Appropriations and Appropriations Requested from Congress for Fiscal Year 2000".

Answer. The reconciliation chart is attached.

SUMMARY AND RECONCILIATION OF AUTHORIZATION, AUTHORIZATION OF APPROPRIATIONS, AND APPROPRIATIONS REQUESTED FROM CONGRESS FOR FISCAL YEAR 2000

($000)

COMPONENT/AGENCY	AUTHORIZATION	AUTHORIZATION OF APPROPRIATIONS	APPROPRIATIONS
Army	**2,272,985**	**1,768,086**	**1,768,086**
Navy	**2,064,717**	**1,279,461**	**1,279,461**
Air Force	**1,746,350**	**1,103,162**	**1,103,162**
Defense Wide	**2,247,245**	**1,210,162**	**1,210,162**
Ballistic Missile Defense Organization	(1,372)	(1,372)	(1,372)
Defense Finance & Accounting Service	(1,500)	(1,500)	(1,500)
Defense Intelligence Agency	(25,666)	(25,666)	(25,666)
Defense Logistics Agency	(116,427)	(25,194)	(25,194)
Defense Manpower Data Center	(28,000)	(6,712)	(6,712)
National Security Agency	(18,143)	(18,143)	(18,143)
Special Operations Command	(58,600)	(28,189)	(28,189)
Secretary of Defense Activities			
Base Closure IV	(1,290,094)	(705,911)	(705,911)
Minor Construction, Planning & Design and Contingency	(25,893)	(21,838)	(21,838)
Tri-Care Management Agency	(289,837)	(73,467)	(73,467)
Defense Education Activity	(83,974)	(19,773)	(19,773)
Joint Chiefs of Staff	(6,083)	(6,083)	(6,083)
Family Housing Improvement Fund	(78,756)	(78,756)	(78,756)
Energy Conservation Improvement Program	(31,900)	(6,558)	(6,558)
NATO Security Investment Program	(191,000)	(191,000)	(191,000)
Guard and Reserve	**258,055**	**77,572**	**77,572**
Army National Guard	(57,402)	(16,045)	(16,045)
Army Reserve	(81,215)	(23,120)	(23,120)
Navy Reserve	(15,574)	(4,933)	(4,933)
Air National Guard	(73,300)	(21,319)	(21,319)
Air Force Reserve	(28,564)	(12,155)	(12,155)
Totals	**8,587,352**	**5,438,443**	**5,438,443**

Reconciliation
($000)

	AUTHORIZATION	AUTHORIZATION OF APPROPRIATIONS	APPROPRIATIONS
TOTAL AUTHORIZATION REQUESTED, FY2000	8,587,352[1]		
Program Financed By Advanced Appropriations		(3,060,830)	(3,060,830)
Using Prior Year Authorization			
Army			
Aberdeen Proving Ground Chemical Demilitarization Facility, Ph II		66,600	66,600
Anniston AD Chemical Demilitarization Facility, Ph VII		7,000	7,000
Fort Campbell Whole Barracks Complex Renewal		32,000	32,000
Fort Hood Railhead Facility, Ph II		14,800	14,800
Fort Hood Force XXI, Soldier Development Ctr, Ph II		14,000	14,000
Fort Knox Multi-purpose Digital Training Range, Ph II		16,000	16,000
Fort Leavenworth US Disciplinary Barracks, Ph III		18,800	18,800
Fort Stewart Barracks		42,500	42,500
Kwajalein Power Plant, Ph II - Roi Namur Island		35,400	35,400
Newport AD Chemical Demilitarization Facility, Ph II		61,200	61,200
Pine Bluff Arsenal Chemical Demilitarization Facility, Ph IV		61,800	61,800
Pueblo AD Chemical Demilitarization Facility, Ph I		11,800	11,800
Umatilla DA Chemical Demilitarization Facility, Ph V		35,900	35,900
USMA West Point Cadet Physical Development Center, Ph II		28,500	28,500
Navy			
NAVSTA Norfolk Berthing Wharf (Incr. II)		12,690	12,690
Total Previous Authorization		**458,990**	**458,990**
Request Authorization and Partial Authorization of Appropriations and Appropriations			
Army			
Blue Grass Chemical Demilitarization Facility		(184,000)	(184,000)
Yakima Training Center		(10,000)	(10,000)
Navy			
North Island Berthing Wharf		(13,670)	(13,670)
Pearl Harbor CINCPAC Headquarters Phase I		(70,180)	(70,180)
Tri-Care Management Agency			
Ft. Wainwright Hospital		(115,000)	(115,000)
Total Future Phased		**(392,850)**	**(392,850)**
Annualization of SIOH		**(154,281)**	**(154,281)**
Total	**8,587,352**	**5,438,443**	**5,438,443**

[1] Note: News Release dated February 1, 1999 assumes an incorrect Navy Reserve authorization. This reconciliation uses the correct number consistent with the Authorization Bill (difference of $62 thousand).

PUBLIC PRIVATE VENTURES—ADMINISTRATIVE OVERHEAD

Question. How do contracts for public/private ventures—particularly contracts involving family housing—address administrative overhead for federal expenses?

Answer. Contracts involving family housing do not address administrative overhead for federal expenses. Administrative overhead expenses are programmed and budgeted for separately by each of the military services. Life cycle cost analyses include these costs when privatization is considered.

Question. Do such contracts make any provision for reimbursement of federal expenses in any way?

Answer. These contracts do not include administrative expenses as noted in answer #90. However, any other services that the contract requires to be provided by the federal government directly to the contractor must be reimbursed.

[CLERK'S NOTE.—End of Questions for the Record submitted by Chairman Hobson.]

[CLERK'S NOTE.—Questions for the Record submitted by Congresswoman Granger.]

Question. Many members of Congress believe the Department's FY00 budget number equates to quite a bit less than $12.6 billion in additional defense funding. What assurances can you give us that DoD will really be able to offer $12.6 billion of new funding without cannibalizing other critical defense accounts?

Answer. I can give no assurances since approval of those additional resources largely resides with Congress. Of the $12.6 billion, $4.1 billion is a requested increase to last year's planned planned topline for FY 2000, and approval of any topline rests with Congress. The remaining $8.5 billion comes from savings from lower inflation, lower fuel prices, rescissions, and other adjustments—savings that the President directed DoD to retain and allocate to pressing needs. However, Congress has the authority to redirect these savings, rather than support the President's plan.

Question. Last congress, I had the pleasure of serving on the Armed Services Committee, and we held a number of hearings late last year where we pressed the Joint Chiefs to offer the Committee an accurate assessment of the Services' immediate funding needs. We were told there was an immediate need for $20 billion in FY00. Were they wrong? Has the need gone away? Or is this budget simply not enough?

Answer. No, the Chiefs were not wrong, nor has the need gone away. The FY 2000 budget funds what our military leaders believe are their most pressing requirements. However, the President's additional resources totaling $112 billion for FY 2000–2005 still leave unfunded about $36 billion in less critical requirements identified by our military chiefs. We need to continue to work toward meeting these requirements, for example through savings from two additional base closure rounds.

Question. What is the average age of housing units in each of the Services? What percentage of the housing in each of the Services would you consider to be substandard?

Answer. The average age of housing units for the Army is 34 years. There are only 91 units remaining in the inventory that are officially classified as substandard. However, 76 percent of the existing inventory does not meet current standards and is therefore considered inadequate.

The average age of housing units for the Navy is 35 years. At the end of FY 1998, 27,285 units, or 44 percent, of the Navy's housing inventory were considered unsuitable. These include homes that can no longer be economically repaired and maintained: requiring replacement, and homes requiring more than $15,000 per unit for repairs and improvements.

The average age of housing units for the Marine Corps is 33 years. At the end of FY 1998, 12,853 housing units were considered unsuitable. This equates to 50 percent of the Marine Corps family housing inventory.

The average age of housing for the Air Force is about 35 years. As of the end of FY 1998, about 61,000 units are deemed inadequate, requiring replacement or whole-house improvement. This equates to approximately 55% of the Air Force inventory.

Question. I am sure you agree that "quality of life" issues play a big part in our ability to retain high trained personnel in the military. Obviously, a pay increase and fixing the retirement system are helpful, but there are other huge quality of life issues that are not at the level they should be, like housing and family-support facilities. Help me understand how DoD's MilCon budget is adequate to meet these needs?

Answer. The FY 2000 Military Construction program of $4.9 billion includes $780.8 million to construct 11,030 barracks spaces which provides more room and

a private sleeping area for our servicemen. Also, the FY 2000 program includes $90 million to construct 12 physical fitness centers, 6 school facilities for dependents, 2 child development centers and other community-focused service facilities. In addition, the FY 2000 family housing program of $3.5 billion includes $180 million to construct, replace, or improve approximately 5,4000 units. The major emphasis is on replacement of units uneconomical to renovate, and upgrading existing units, rather than constructing additional units to increase the inventory. The programs above address the needs of the Department and identify to our military personnel that the Department is making major strides in improving our facilities for our personnel.

Question. You mention in your testimony that the six year, $112 billion increase will allow DoD to augment it's previous modernization plans. It is my understanding the Marine Corps' highest aviation modernization priority is the MV–22. Given the Marine Corps' plans to transition completely to the MV–22 over the course of an 18-year procurement effort (1997–2014), and that the average age of the CH–46E is already over 30 years old, can you comment on DoD's plans to accommodate the Commandant of the Marine Corps' request to ramp up the MV–22 procurement to 36 aircraft per year?

Answer. The $112 billion increase in the FY 2000–2005 President's Budget supported additional V–22's. The V–22 quantity was increased by three aircraft in FY 2003 (achieves 30 per year a year sooner) or approximately $150 million. In addition, approximately $222 million was included ($148 million RDT&E and $74 million for procurement) to fund the previously unfunded Operational Requirements Document threshold requirement for a defensive weapon system (gun). The Department's FY 2001–2005 budget process has begun and multiyear procurement will be addressed. The V–22 production rate will be considered in the context of these multiyear deliberations.

[CLERK'S NOTE.—End of questions for the record submitted by Congresswoman Granger.]

[CLERK'S NOTE.—Questions for the record submitted by Congressman Farr.]

Question. How much money has the Army expended on environmental remediation at Fort Ord?

Answer. The Army has obligated a total of $187.5 million for environmental restoration at Fort Ord. These obligations are for the period from July 1991 to December 1998.

Question. The transfer of Fort Ord properties to the local communities has been delayed by a lawsuit mandating additional environmental assessment to determine if unexploded ordnance (UXO) exists at parcels that were already determined to be clean. If additional environmental remediation is necessary for Fort Ord, is the Army going to request sufficient funds in the supplemental appropriation to clean up any new assessments that may be mandated as a result of the lawsuit?

Answer. The Army has funded the explosive ordnance (EO) Remedial Investigation/Feasibility Study (RI/FS) work in fiscal year 1999. If the RI/FS process identifies additional remediation requirements, the Army will fund the additional UXO remedial work required to support property transfers. Fiscal year 1999 funding for UXO remediation will support the UXO team mobilized at the installation for the entire fiscal year. UXO removal actions are continuing using the Army's removal authority while the RI/FS for EO is ongoing.

Question. How much does the Department of Defense spend on Restoration Advisory Boards?

Answer. During Fiscal Year 1998, the Department of Defense spent approximately $4.3 million on approximately 286 Restoration Advisory Boards to provide for their administrative expenses. This is a slight decrease from the $4.9 million spent in Fiscal Year 1997 and the $4.5 million spent in Fiscal Year in 1996.

Question. Why do Restoration Advisory Boards receive federal funding if they have no official advisory capacity?

Answer. The federal law that created the Defense Environmental Restoration Program requires the creation of a Restoration Advisory Board or Technical Review Committee "whenever possible and practical, and provides for funding." It is the Department's policy to involve the local community as early as possible and throughout the environmental restoration process at an installation. We believe that community acceptance of restoration decisions is crucial element in containing costs and meeting our legal obligations. In most cases, these advisory boards are effective tools for involving the communities in restoration decisions that may affect them.

According to the Department's Restoration Advisory Board guidelines, a Restoration Advisory Board will be established at operating and closing/realigning installations and Formerly Used Defense Sites, where there is sufficient and sustained community interest. Subject to the availability of funds, installations shall provide ad-

ministrative support to Restoration Advisory Boards. These activities must be directly related to the operation or establishment of the Restoration Advisory Board.

Finally, advisory boards must meet the requirements of the Defense Environmental Restoration Program (United States Code, Section 2705) which directs the Department to establish Technical Review Committees. Where Technical Review Committees or other similar advisory groups already exist, they should be converted to a Restoration Advisory Board if there is sufficient and sustained interest within the community. Restoration Advisory Boards are an outgrowth of the Technical Review Committee concept and provide a wider forum for community members to discuss restoration issues with Defense Department officials, the Environmental Protection Agency, and local/state/tribal government representatives.

Question. How much R&D investment is DOD making to fund new technologies to more efficiently find UXO?

Answer. The Departments' FY 2000 budget request includes $160 million for Research, Development, Testing and Evaluation (RDT&E) for Unexploded Ordnance (UXO). The scope of the DoD UXO program encompasses the five mission areas:

1. Countermine,
2. Explosive Ordnance Disposal,
3. Active and Inactive Range Clearance.
4. Environmental Remediation (at Closed, Transferred, and Transferring Ranges)
5. Humanitarian Demining.

These funds will be used to continue the development and demonstration of new technologies to detect, discriminate, and remove UXO and support the advanced Engineering, Manufacturing, and Development (EM&D) processes to field new operational capabilities.

The FY 2000 R&D investment in Active and Inactive Range Clearance and Environmental Remediation mission areas is $7 million. All of this investment is directed toward detection and discrimination to more efficiently find UXO.

Question. How does DoD intend to increase its investment in the language capabilities of its troops?

Answer. The Defense Language Institute Foreign Language Center (DLIFLC), trains DoD soldiers in foreign language skills. The student load, a factor that describes student output in terms of annual equivalents, is the standard for determining funding to train service members in foreign language skills. Student load is determined by a structured process, which all Services participate in, that optimizes Service requirements and DLIFLC training capacity. The Army, the DoD Executive Agent, has been able to program resources to meet current and future training loads and language requirements. Technological advances will allow for economically feasible expansion in the language training program.

Question. Does the Milcon budget request for the DoD Center in Monterey include funds for a Video Teletraining Facility for the Defense Language Institute (DLI)?

Answer. No, the Monterey project request does not include a Video Teletraining Facility for DLI.

Question. What kind of MilCon investment is the DoD planning for the Naval Postgraduate School in the FY00 budget?

Answer. There are no MilCon projects for the Naval Postgraduate School in the FY00 budget.

[CLERK'S NOTE.—End of questions for the record submitted by Congressman Farr.]

[CLERK'S NOTE.—Questions for the record submitted by Congressman Boyd.]

Question. I notice in the budget number that the administration is asking for a significant amount of money in the out years for future BRACs. Has DoD identified any bases for these future BRACs?

Answer. No, the Department has not identified any bases for closure or realignment in future BRAC rounds. Our analysis has shown that sufficient capacity exists to warrant two additional BRAC rounds, similar in size to the BRAC 93 and 95 rounds, respectfully. Our costs and savings estimates for these future BRAC rounds are based on the average costs and savings we have experienced for BRACs 1993 and 1995. The funds requested in the defense program represent the NET costs for a notional size BRAC round in 2001. We recognize that the actual costs and savings from future BRAC rounds will depend upon the specific recommendations adopted, and that future estimates, regardless of how reasonably developed today, cannot replace the component data produced during the analytical rigor of future BRAC rounds.

Question. Are you aware of any proposals by the Air Force to transfer air defense sectors from one base to another? Mr. Chairman, I have a document from the Air Force that I would like to have entered into the record that outlines transferring several air defense sectors from one base to another and leaves several Air Force bases with little or no military presence.

Answer. The staff level, draft-working document in question proposes the closure of the air defense sector (ADS) at Tyndall AFB and the realignment of its responsibilities to the air defense sector located on the now closed Griffis AFB. This staff document in question is based on a Mission Area Plan (MAP) developed by the Aerospace Command and Control, Intelligence, Surveillance and Reconnaissance Center (AC2ISRC). The AC2ISRC's MAP proposes the consolidation of four air defense sectors into a single "Atlantic Region Operations Center (ROC). The four air defense organizations envisioned by the AC2ISRC plan as consolidation candidates include the Northeast ADS at Griffis Industrial and Technology Park in Rome, NY; the Icelandic ROC in Iceland; the Southeast ADS at Tyndall AFB, Florida; and the Caribbean ROC in Key West, Florida. The AC2ISRC plan does not specify nor recommend a location for the consolidated Atlantic ROC. However, the staff level, draft-working document developed at the National Guard Bureau (NGB) is the document that recommends the closure of the ADS at Tyndall and the consolidation at Griffis Industrial and Technology Park. The proposed realignment directly affect 294 military, civilian, and contractor personnel and approximately 150 additional positions if First Air Force is re-located to Colorado Springs, Colorado as is also proposed by the NGB draft-work document.

Question. I would like a description of the document that has "Draft briefing given to C2 Center Manpower APOM Working Group on February 11, 1999" on it and the reason why this document was prepared.

Answer. The document in question is a staff officer level Microsoft Power Point briefing. The first 11 slides of the briefing establish the need for an Air National Guard proposal for modernizing and consolidating the sectors in line with the Aerospace Command and Control, Intelligence, Surveillance and Reconnaissance Center (AC2ISRC) Mission Area Plan (MAP) 12–25 lay out a counter proposal that would meet the AC2ISRC goals. This staff officer presentation recommends the closure of existing sectors, including the one at Tyndall AFB, based on criteria developed at the staff level and perceived by its developers to be relevant and accurate.

Question. What is the time line envisioned for implementation of the proposal that is outlined In this document?

Answer. The document in question is a staff level draft-working document. The document is not an implementation plan and therefore does not have a specific timeline associated.

Question. This document proposes to close the Southeast Air Defense Sector (SEADS) that is located at Tyndall Air Force Base and allow the Northeast Air Defense Sector (NEADS) at Rome, New York to become the Atlantic Regional Air Operations Center (RAOC). What criteria was used in reaching this conclusion?

Answer. The limitations and capabilities listed in the subject staff level working document for the Southeast Air Defense Sector and the Northeast Air Defense Sector are restated as follows:

Lead turn possible FY01 BRAC issue. Based on last round information, Tyndall is a high risk BRAC candidate

SEADS HURRIVACs several times a year, would be a very weak link with only two systems on line

SEADS facilities and COMM require extensive modernization to support the level of operations required for the modernized system; ESC estimates the cost at $254,796 for SEADS and $56,496 for NEADS

NEADS is the most modern facility

NEADS has the most capable system and communications suite

NEADS can cover Western Air Defense Sector during modernization

The above criteria was used in the staff officer level, draft-working document as the basis for recommending the closure of SEADS. However, after further review, questions have been raised as to the relevance of some of the criteria and accuracy of the information gathered in support of the criteria. Specifically: The subject of BRAC is not relevant. The NEADS is located on a base that has already been closed and the SEADSs could just as easily operate from a containment area similar to the one that NEADS now operates if a future BRAC were to close Tyndall. Upon further review, it has been determined that the SEADS has evacuated only once since its inception in 1983 in contrast to the "several times a year" used in the staff level decision process; that one evacuation was under very unusual circumstances and the SEADS could have continued to have operated had the national security circumstances warranted.

The ESC cost study was the only study known to the staff when their draft-working document was developed; it is now known that First Air Force had also conducted a study on the cost of consolidating the sectors and had found that consolidation at Tyndall resulted in $1.3 million of one-time, non-recurring cost savings and

1.55 million is annual cost savings. The scope of both studies will be evaluated and the conclusions verified.

The facilities used to house both the SEADS and the NEADS were constructed within two years of each other which is not significant for supporting an assertion that one is more modern than the other. Both are comparable in this attribute. Both the NEADS and the SEADS have comparable communications systems as measured by capacity. Each sector's capacity is merely programmed to perform different functions during expansions. Additionally, the First Air Force study concluded that the SEADS would require $1.2 million of costs to bring a nationwide expansion capability on line whereas the NEADS would require $2.5 million for comparable capability. Another study by First Air Force has determined that modernizing the SEADS first will eliminate significant, but avoidable operational risk during the installation and testing of the new system.

The criteria used in the draft-working document and the values and conditions assigned thereto were part of a "draft and develop" process. Since this initial draft was first briefed, additional information and data has become available and must be evaluated in integrated into the process before an implementation plan is approved and published by the ANG leadership.

Question. The document claims "that ESC estimates SEADS facilities and communications (COMM) would be more expensive to modernize" and uses the following numbers: SEADS: $254,796 to NEADS (56,469). How were these numbers derived? I have been informed by several sources that neither of these numbers are correct. fact, I have it on good authority that it would actually cost $1.2 million more per year to operate at Rome, New York vs. Tyndall AFB. Furthermore, an additional $1.6 million would be needed to modernize NEADS vs SEADS. I would like this confirmed or denied, and if denied, the actual numbers that the Air Force has and the background on how these numbers were reached.

Answer. The figures used in the draft-working document were taken from an Electronic Security Command (ESC) study dated 5 May 97. We have recently learned that a First Air Force study is the source of the figures provided to you. Before implementing any plan that will result in the closure of SEADS, the scope of both studies will be evaluated and the conclusions verified.

Question. In 1997, there was a discussion of modernizing and possibly consolidating SEADS and NEADS. At that time, I was informed that consolidation at Tyndall would result in an added savings of approximately $1.3 million in up-front costs as NEADS would require an expensive COMM package included if that sector was modernized. Why has that figure changed so much that the figures in the document are correct?

Answer. Although the source of the 1997 discussions is unknown, the figures cited correspond with those in the First Air Force study on consolidation published in March 1997. We have recently learned of that First Air Force study. Before implementing any plan that will result in the closure of SEADS, the scope of both studies will be evaluated and the conclusions verified.

Question. The document states that "Lead turn possible FY01 BRAC issue: Tyndall is high risk." I would like to know what is meant by that bullet. Is the Air Force proposing that Tyndall be closed? I would hope not since those decisions are supposed to be made by an independent BRAC commission. But then again, by closing SEADS and moving First Air Force and Continental NORAD Region Headquarters (1AF/CONR) as proposed in this document AND zero-funding the Environmental Technology Branch at the Air Force Research Laboratory at Tyndall as proposed in the President's FY00 budget submittal, it appears that the Air Force may have already made such a decision. I would appreciate comments in response.

Answer. This document was developed to provide options for sector modernization and responsibility realignment and does not propose the closure of Tyndall AFB. If there are future BRAC reviews, Air Force bases would be reviewed based on the criteria established by the BRAC commission.

Question. The next bullet states that "key lawmakers have expressed concern that critical operations at Tyndall are vulnerable to adverse weather (WX)." I would like a list of names of the specific lawmakers that have made such a comment or statement. I believe that this bullet was actually taken from a New York delegation letter in 1997 during the previously mentioned discussion of modernization and possible consolidation of SEADS and NEADS. Is this true or if not, where did this bullet come from? From my discussions and review of the facts, SEADS has only been down for a few hours on one day since 1981. I would appreciate you responding to this to either confirm or provide me with the actual down time that has occurred at SEADS.

Answer. Alfonse D'Amato and Daniel Patrick Moynihan of the U.S. Senate and Sherwood Boehlert of the House of Representatives first raised the question of

weather being a factor in December 1996. SEADS operations were down for three consecutive days during a Florida coast evacuation for Hurricane Opal in 1995. At the time the evacuation decision was made, Hurricane Opal was a very rare Category 5 storm. However, had national security conditions required SEADS to have remained operational, SEADS would have been capable of operating throughout Hurricane Opal, much the same as NEADS could continue to operate through severe, crippling blizzards. Numerous unscheduled events requiring NEADS to cover the SEADS and the SEADS to cover the NEADS in the expanded mode have occurred both before and after transition to the Guard. Specific data on these events are available if required, but would have to be obtained from classified logbooks of either facilities or North American Aerospace Defense Command (NORAD). Both the NEADS and the SEADS operate computer and communications systems that were developed in the late 1970s and fielded in the early 1980s. Nevertheless, both sectors have operational rates of 99.9+ percent.

Question. I have been told that almost the entire slide titled "Select NEADS as Atlantic RACO" is not correct or only states partial-truths. It states that NEADS has the most modern facilities and I have been told that this is definitely not correct. I have been informed that the next bullet on capability is very naive and the NEADS only accepts some of WADS sensors and COMM. And the final bullet stating the NEADS can cover WADS area of responsibility is also incorrect in that it can only cover part of it. I would appreciate your response to the comment made about each bullet.

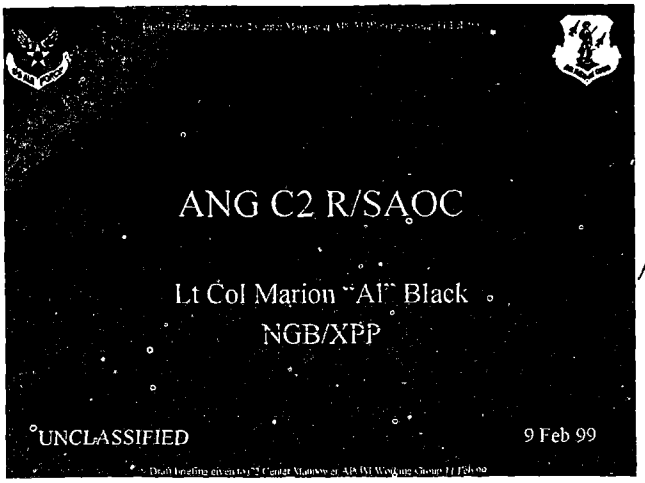
Answer. The building housing the Northwest Air Defense Sector (NEADS) was constructed 1 or 2 years following the completion of the building housing the SEADS. For this reason, and for this reason alone, it could be construed to be the more modern facility. However, both buildings were built to house what is known today as a Sector Air Operations Center (SAOC). Additionally, the SEADS building houses the Continental NORAD Region Air Operations Center. The SEADS buildings also has a second floor that houses the NORAD Software Support Facility. THe SEADS facility is likely the only facility of the two that can accommodate the consolidation of all four Atlantic SAOCs/RAOCs as envisioned in the AC21SRC roadmaps without military construction.

Both the SEADS and the NEADS are equipped with absolutely comparable communications system capability, only the NEADS system is programmed differently to meet the needs of an expansion plan. The capacity of the communications system at both facilities is limited because of the capacity of the system computer called the Q93 and not because of other factors. In a consolidation, however, this difference in programmed circuit switching is irrelevant. Both the SEADS and the NEADS will require capacity upgrades to accommodate full nationwide expansion and according to an available First Air Force study this capability will cost an estimated $2.5 million at the NEADS compared to $1.2 million at the SEADS.

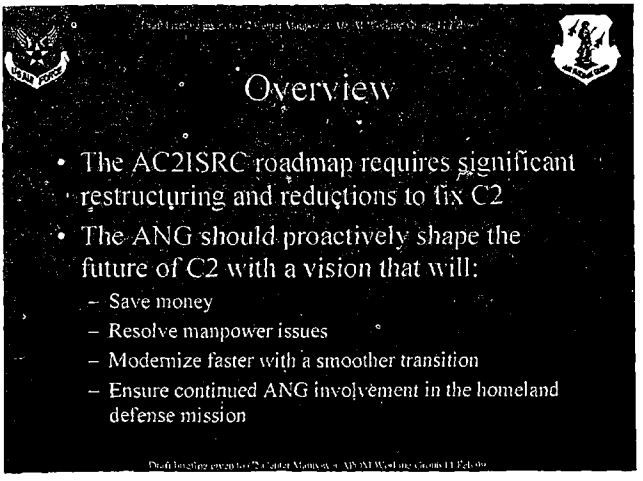
The issued of what sites NEADS does or does not pick up during an expansion is not necessarily meaningful. During an expansion, the SEADS can receive radar data and communication data from the most critical sites as can the NEADS received critical data during an expansion into the Western Air Defense Sector (WADS) Area of Responsibility. The most meaningful point is that both the NEADS and the SEADS will be capable of assuming full nationwide expansion once the modernized system is installed. The First Air Force study estimates the cost to provide the necessary increased capacity to be $2.5 million at the NEADS compared to $1.2 million at the SEADS.

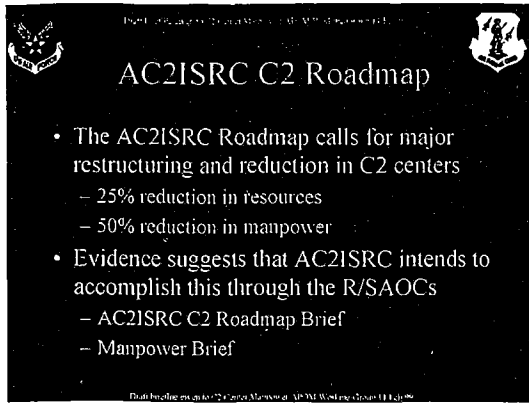
Question. I would also like to submit for the record a copy of a January 21, 1999 letter that I sent to the Air Force regarding zero-funding for the Environmental Technology Development Branch at the Air Force Research Laboratory at Tyndall Air Force Base in my district. As you can imagine, I am deeply disturbed that I have yet to receive a response to my letter. I would like for you to check and let my staff know in a reasonable time frame, would a week be reasonable, when I might expect to receive a response from General Paul or some other Air Force official.

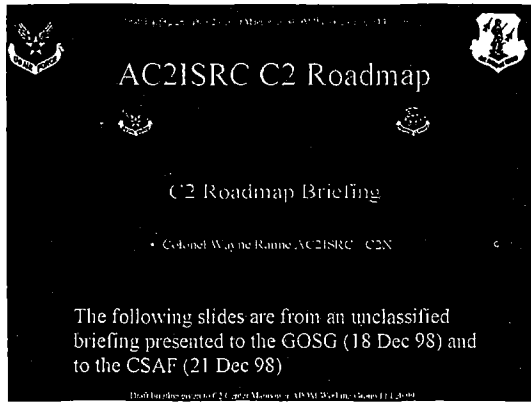
Answer. In response to your letter of January 21, 1999, General Paul signed out a letter on behalf of himself, Mr. Thomas McCall, Jr., Gen George Babbitt, Lt Gen John Handy, Maj Gen Eugene Lupia, and Maj Gen Michael Zettler on March 2, 1999. This letter was hand-carried to your office the afternoon of March 2, 1999.



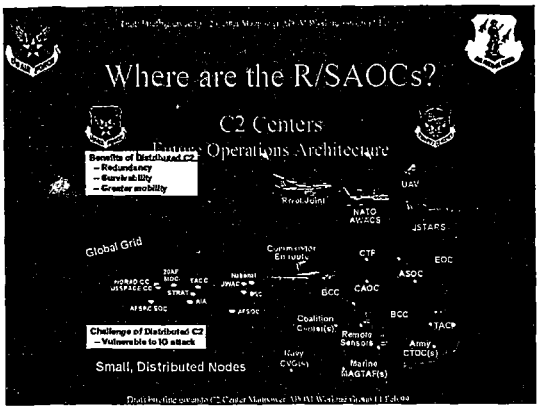
Active duty officer working AT NGB (works for COL Pete GAVARET)

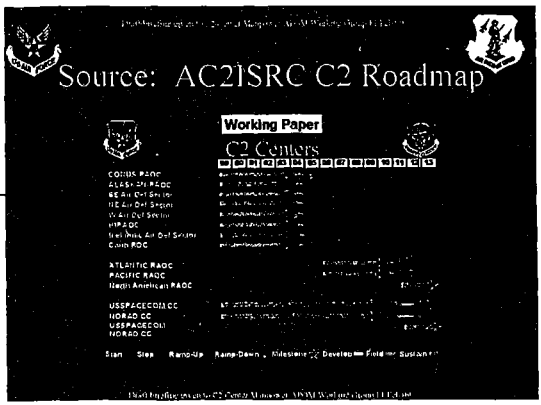




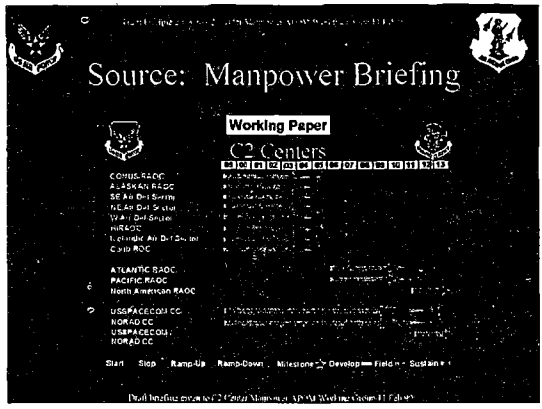


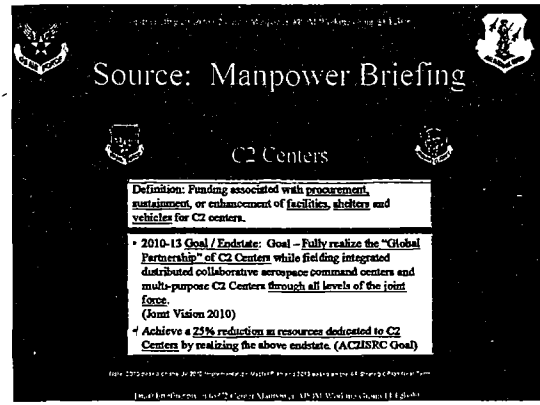
"GOSG" (General Officer Steering Group)

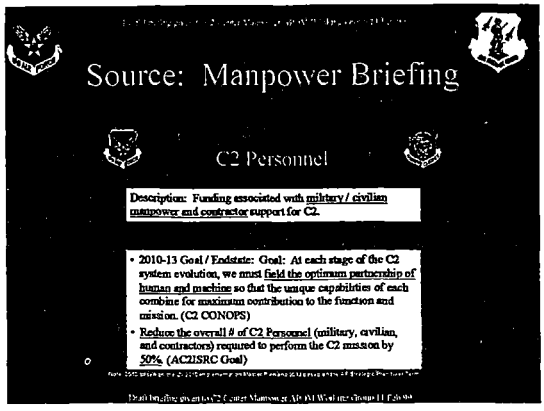


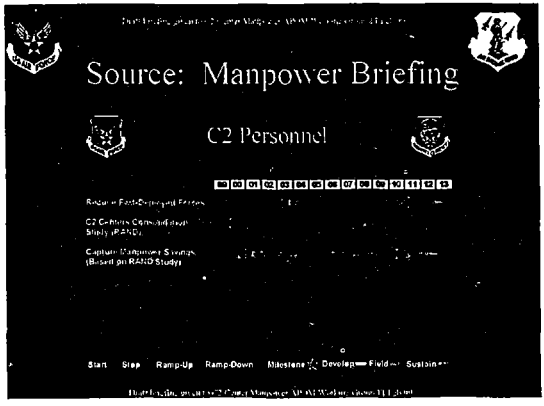


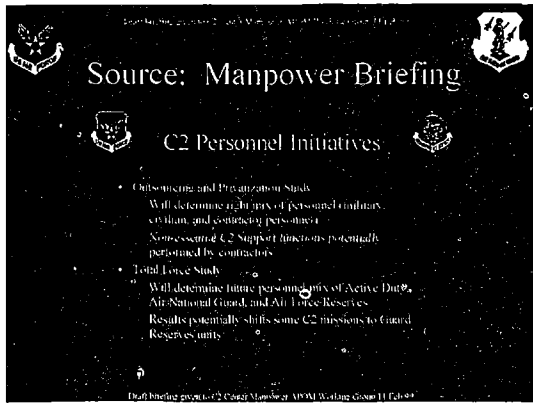
Lyndall's
Combat Air
Defense Section
(SEAD)
7th Air Grand

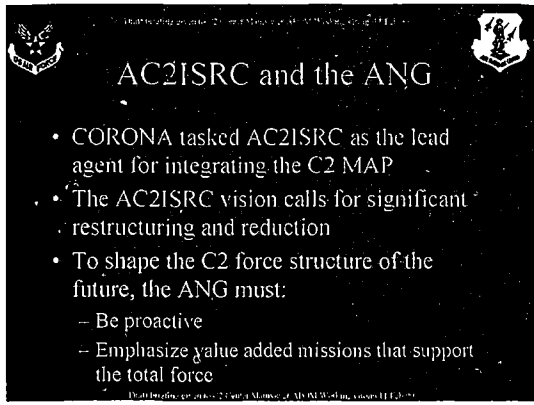

Source: Manpower Briefing
Working Paper
C2 Centers
COMUS RAOC
ALASKAN RAOC
SE Air Def Sector
NEAD Def Sector
Wash Def Sector
HIRAOC
Northern Air Def Sector
Cmb ROC
ATLANTIC RAOC
PACIFIC RAOC
North American RAOC
USSPACECOM CC
NORAD CC
USSPACECOM/
NORAD CC
Start
Stop
Ramp-Up
Ramp-Down
Milestone
Develop
Field
Sustain

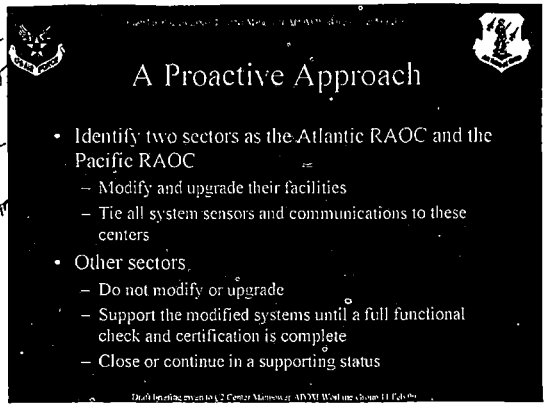

Source: Manpower Briefing
C2 Centers
Definition: Funding associated with procurement, sustainment, or enhancement of facilities, shelters and vehicles for C2 centers.
2010-13 Goal / Endstate: Goal – Fully realize the "Global Partnership" of C2 Centers while fielding integrated distributed collaborative aerospace command centers and multi-purpose C2 Centers through all levels of the joint force.
(Joint Vision 2010)
Achieve a 25% reduction in resources dedicated to C2 Centers by realizing the above endstate. (AC2ISRC Goal)

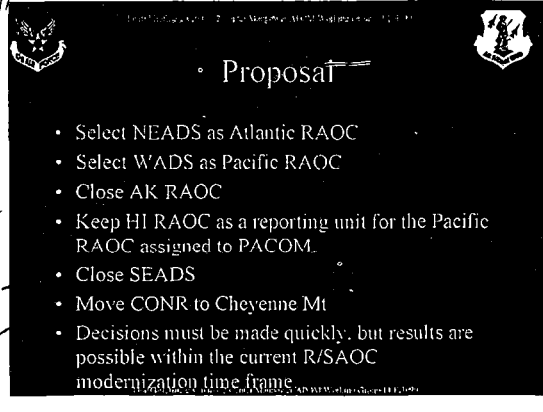

Source: Manpower Briefing
C2 Personnel
Description: Funding associated with military / civilian manpower and contractor support for C2.
• 2010-13 Goal / Endstate: Goal: At each stage of the C2 system evolution, we must field the optimum partnership of human and machine so that the unique capabilities of each combine for maximum contribution to the function and mission. (C2 CONOPS)
• Reduce the overall # of C2 Personnel (military, civilian, and contractors) required to perform the C2 mission by 50% (AC2ISRC Goal)

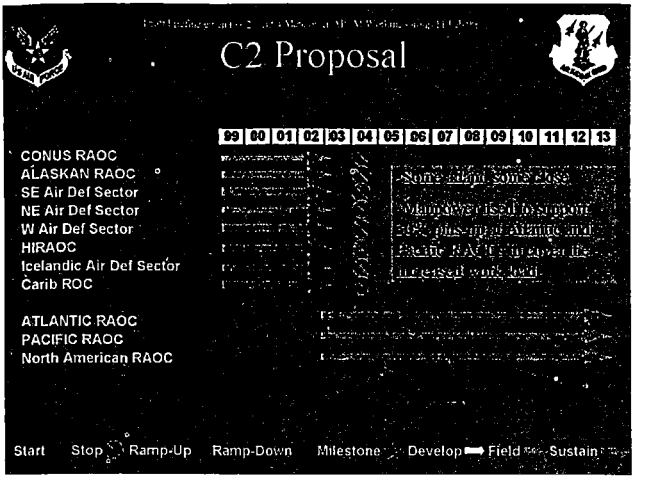

Source: Manpower Briefing
C2 Personnel
Start
Step
Ramp-Up
Ramp-Down
Milestone
Develop
Field
Sustain

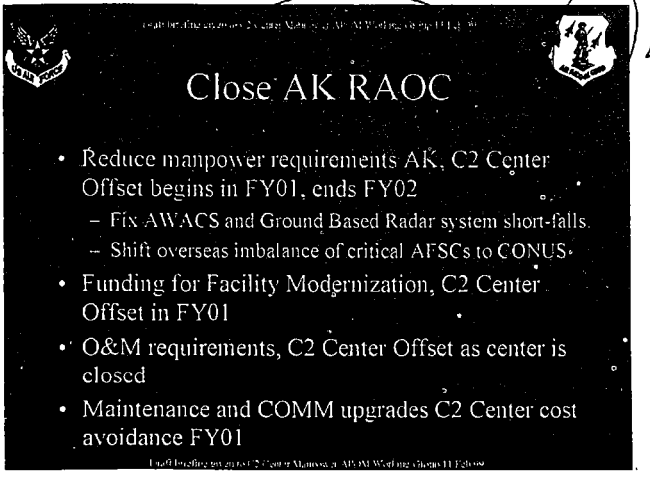

Source: Manpower Briefing
C2 Personnel Initiatives
• Outsourcing and Privatization Study
Will determine right mix of personnel (military, civilian, and contractor personnel)
Non-essential C2 Support functions potentially performed by contractors
• Total Force Study
Will determine future personnel mix of Active Duty, Air National Guard, and Air Force Reserves
Results potentially shifts some C2 missions to Guard/Reserve entity

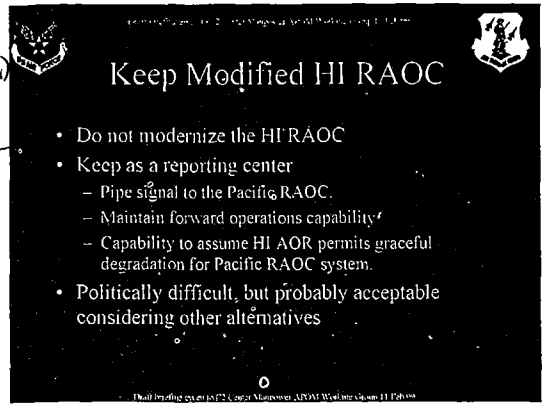

AC2ISRC and the ANG
• CORONA tasked AC2ISRC as the lead agent for integrating the C2 MAP
• The AC2ISRC vision calls for significant restructuring and reduction
• To shape the C2 force structure of the future, the ANG must:
– Be proactive
– Emphasize value added missions that support the total force

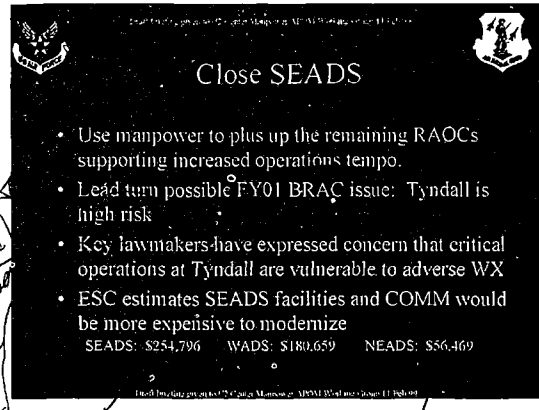

A Proactive Approach
• Identify two sectors as the Atlantic RAOC and the Pacific RAOC
– Modify and upgrade their facilities
– Tie all system sensors and communications to these centers
• Other sectors
– Do not modify or upgrade
– Support the modified systems until a full functional check and certification is complete
– Close or continue in a supporting status


Proposal
• Select NEADS as Atlantic RAOC
• Select WADS as Pacific RAOC
• Close AK RAOC
• Keep HI RAOC as a reporting unit for the Pacific RAOC assigned to PACOM
• Close SEADS
• Move CONR to Cheyenne Mt
• Decisions must be made quickly, but results are possible within the current R/SAOC modernization time frame


C2 Proposal
99 00 01 02 03 04 05 06 07 08 09 10 11 12 13
CONUS RAOC
ALASKAN RAOC
SE Air Def Sector
NE Air Def Sector
W Air Def Sector
HIRAOC
Icelandic Air Def Sector
Carib ROC
ATLANTIC RAOC
PACIFIC RAOC
North American RAOC
Start
Stop
Ramp-Up
Ramp-Down
Milestone
Develop
Field
Sustain


Close AK RAOC
• Reduce manpower requirements AK, C2 Center Offset begins in FY01, ends FY02
– Fix AWACS and Ground Based Radar system short-falls
– Shift overseas imbalance of critical AFSCs to CONUS
• Funding for Facility Modernization, C2 Center Offset in FY01
• O&M requirements, C2 Center Offset as center is closed
• Maintenance and COMM upgrades C2 Center cost avoidance FY01


Keep Modified HI RAOC
• Do not modernize the HI RAOC
• Keep as a reporting center
– Pipe signal to the Pacific RAOC.
– Maintain forward operations capability
– Capability to assume HI AOR permits graceful degradation for Pacific RAOC system.
• Politically difficult, but probably acceptable considering other alternatives

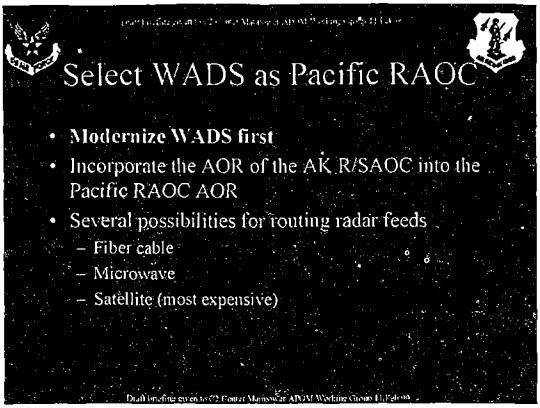

Close SEADS
• Use manpower to plus up the remaining RAOCs supporting increased operations tempo.
• Lead turn possible FY01 BRAC issue: Tyndall is high risk
• Key lawmakers have expressed concern that critical operations at Tyndall are vulnerable to adverse WX
• ESC estimates SEADS facilities and COMM would be more expensive to modernize
SEADS: $254,796 WADS: $180,659 NEADS: $56,469

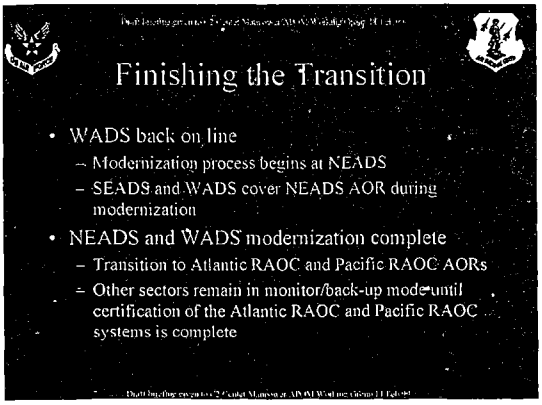
CONR

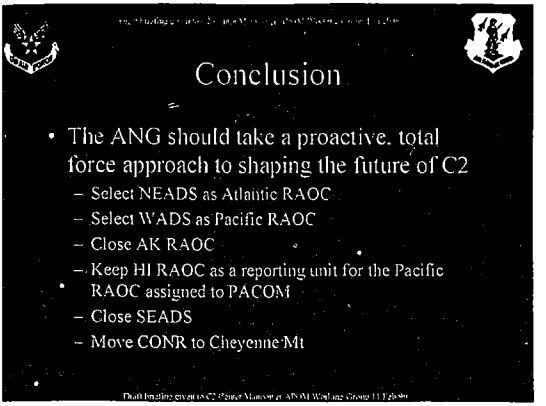
- Move to Cheyenne Mt. (NORAD)
- Take on homeland defense mission as North American Air Operations Center.
- ADVON for transition from active duty NORAD to ANG NORAD.
- Responds to Congressional interest in total ANG assumption of homeland defense mission.

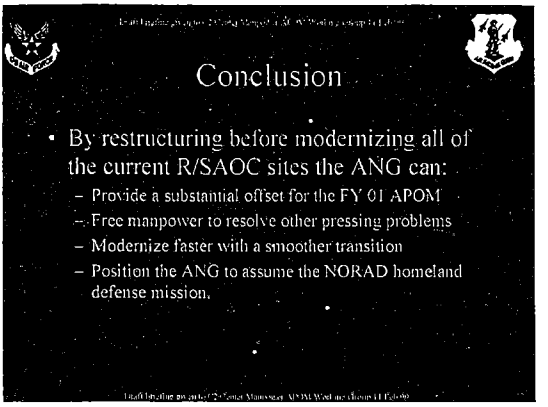
Select NEADS as Atlantic RAOC

- Most modern facilities
- Most capable system and communications suite
  - Accepts feeds from sensors in both the WADS and SEADS areas of responsibility and transmits through their remote radio sites
- NEADS can cover WADS area of responsibility during renovation and modernization
  - Faster and cheaper for contractors to work on a system when it is not operating
  - Requires only augmentee crews from WADS


Select WADS as Pacific RAOC
• Modernize WADS first
• Incorporate the AOR of the AK R/SAOC into the Pacific RAOC AOR
• Several possibilities for routing radar feeds
– Fiber cable
– Microwave
– Satellite (most expensive)


Finishing the Transition
• WADS back on line
– Modernization process begins at NEADS
– SEADS and WADS cover NEADS AOR during modernization
• NEADS and WADS modernization complete
– Transition to Atlantic RAOC and Pacific RAOC AORs
– Other sectors remain in monitor/back-up mode until certification of the Atlantic RAOC and Pacific RAOC systems is complete


Conclusion
• The ANG should take a proactive, total force approach to shaping the future of C2
– Select NEADS as Atlantic RAOC
– Select WADS as Pacific RAOC
– Close AK RAOC
– Keep HI RAOC as a reporting unit for the Pacific RAOC assigned to PACOM
– Close SEADS
– Move CONR to Cheyenne Mt


Conclusion
• By restructuring before modernizing all of the current R/SAOC sites the ANG can:
– Provide a substantial offset for the FY 01 APOM
– Free manpower to resolve other pressing problems
– Modernize faster with a smoother transition
– Position the ANG to assume the NORAD homeland defense mission.


Questions?

Question. After reviewing the Administration's budget, I have some concerns about the privatization of military housing and how it relates to BRAC. In the budget request you ask for funding for two additional rounds of BRAC in '01 and '05 and also indicate that we will construct over 80,000 new privatized housing units. If a base with privatized housing is BRACed, where does that leave the developer who builds and maintains the projects on the base when it closes? Will the military have any legal obligations to the development owners if the base thet are located on gets closed and what impact will that have on the cost of the proposed BRAC?

Answer. In the event of a base closure, in communities that have a viable housing market, the developer may rent the project's housing units to civilians, including military retirees, as the military population draws down. The likelihood of default is negligible. However, there is an additional potential protection for developers who have projects in communities that do not have a viable housing market.

One of the Military Housing Privatization Initiative authorities contained in the 1996 National Defense Authorization Act allows (but does not require) DOD to provide a loan guarantee to cover the risk of base closure as well as deployment, and downsizing. If included in the agreement, in the event of a default which is proved to be caused by base closure, the government will be obligated to pay off the balance of the loan.

Question. In reviewing the overall DoD budget I have serious concerns about the level of Science and Technology funding and its impact on the military's ability to remain technologically competitive in the future. The service operated labs conduct research that addresses a specific military need and I am concerned this expertise will be lost if the Administration continues to cannibalize funding from this function to fund other priorities. Can you outline DoD's efforts to ensure the military maintains a first class research capability to meet future needs?

Answer. Careful consideration was given to the Department's science and technology accounts during the preparation of the FY 2000/01 budget request to ensure that they sustain the appropriate level of funding to support our future investments. Overall, science and technology funding in FY 2000 is slightly above the FY 1999 requested level with the subsequent fiscal years being generally consistent with the FY 2000 request. Within the overall funding, the Department shares your opinion that the service-operated labs provide an invaluable expertise and we are committed to preserving that capability to address the emerging requirements of the Department, especially in support of the Revolution in Military Affairs. To support our research capability, the Department is proposing several initiatives addressing laboratory personnel, including a proposal to hire 60 scientists and engineers without regard to a civil service appointment under the authority of a five-year experimental program and a proposal to establish a transfer program for science and engineering personnel from private industry into the Department's laboratories on a temporary basis. In addition, to support our robust capability as efficiently as possible, the Department has undertaken an initiative to streamline RDT&E infrastructure and reduce the overhead costs at the laboratories. This initiative is part of the Section 912(C) study and is intended to eliminate unnecessary costs and allow the Department to maximize research capability within the available resources.

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Question. In reviewing the overall DoD budget I have serious concerns about the level of Science and Technology funding and its impact on the military's ability to remain technologically competitive in the future. The service operated labs conduct research that addresses a specific military need and I am concerned this expertise

will be lost if the Administration continues to cannibalize funding from this function to fund other priorities. Can you outline DoD's efforts to ensure the military maintains a first class research capability to meet future needs?

Answer. Careful consideration was given to the Department's science and technology accounts during the preparation of the FY 2000/01 budget request to ensure that they sustain the appropriate level of funding to support our future investments. Overall, science and technology funding in FY 2000 is slightly above the FY 1999 requested level with the subsequent fiscal years being generally consistent with the FY 2000 request. Within the overall funding, the Department shares your opinion that the service-operated labs provide an invaluable expertise and we are committed to preserving that capability to address the emerging requirements of the Department, especially in support of the Revolution in Military Affairs. To support our research capability, the Department is proposing several initiatives addressing laboratory personnel, including a proposal to hire 60 scientists and engineers without regard to a civil service appointment under the authority of a five-year experimental program and a proposal to establish a transfer program for science and engineering personnel from private industry into the Department's laboratories on a temporary basis. In addition, to support our robust capability as efficiently as possible, the Department has undertaken an initiative to streamline RDT&E infrastructure and reduce the overhead costs at the laboratories. This initiative is part of the Section 912(C) study and is intended to eliminate unnecessary costs and allow the Department to maximize research capability within the available resources.

Question. I am very concerned about the impact the forward funding request will have on the quality of life for military personnel. I realize the administration is trying to get as much bang for the buck under the budget caps as possible but like several of my other colleagues on the committee I am concerned the split funding will delay needed construction projects. Can you discuss what steps DoD will take to ensure construction projects that are appropriated this year will not be delayed by this funding approach? Has the administration looked at the possible increased costs associated with split funding and have you budgeted for this possibility?

Answer. We recognize there is an element of risk in the approach we are taking to finance our FY2000 military construction program. Nevertheless, we believe it is executable and we have requested the appropriate legislative precautions to minimize these risks. We would contract for the full completion of the projects but limit the spending in the first year to the amount appropriated by Congress. To minimize any risk, we requested full authorization of the projects, advance appropriation of the FY 2001 funds to lock in those funds and the flexibility to reprogram funds at a higher threshold, the authorization amount. With these tools and careful attention to project award and issuance of contractor's notices to proceed, disruption of projects and/or higher construction costs would be minimal.

[CLERK'S NOTE.—End of questions for the record submitted by Congressman Boyd.]

WEDNESDAY, MARCH 10, 1999.

QUALITY OF LIFE IN THE MILITARY

WITNESSES

SMA ROBERT E. HALL, SERGEANT MAJOR OF THE ARMY
MCPON JAMES L. HERDT, MASTER CHIEF PETTY OFFICER OF THE NAVY
SGTMAJ LEWIS G. LEE, SERGEANT MAJOR OF THE MARINE CORPS
CMSAF ERIC W. BENKEN, CHIEF MASTER SERGEANT OF THE AIR FORCE

STATEMENT OF THE CHAIRMAN

Mr. HOBSON. The meeting will come to order.

Today's hearing of the Military Construction Subcommittee will focus on quality of life in the military. The witnesses here today are the senior enlisted members from each Service. This hearing is intended to continue the tradition of the Subcommittee focusing on quality of life issues. We look forward to hearing their views, since they are the most in touch with our young Soldiers, Marines, Sailors, and Airmen and their families.

Before I turn this over to Mr. Olver, in case there is anything he would like to say, I would like to read a couple questions for you to think about so that I do not hit you with them at the end, as we usually do. Let me just read a couple of these.

How much opportunity is there for junior enlisted service members to have some say in the housing program for your service, in designing both the family housing program and the unaccompanied housing program?

Have the views of enlisted personnel—and I do not mean just senior ranking enlisted people—been sought out when it comes to privatizing family housing, and what views have you heard?

Is basic security a big concern for the average service member? If I could give you an example, at Izmir, places like that.

Do you hear many complaints about inequities between housing policies for married and single personnel? And is there enough balance between the two in rectifying the problems?

What are the most frequent complaints you hear about family housing?

And lastly, in the past we have listened carefully to your suggestions and tried to follow through on them. Is there any specific area that this committee should concentrate on in the coming year?

I guess one other one that I would ask later, if we have time, is how a person builds any equity in a home. All the money we've given to these people for housing over the years—I've seen one program for trying to get people equity in housing. Have you all thought of anything about that?

Mr. Olver, do you have any comment you want to make?

Mr. OLVER. Well, I would just say that we are very pleased to have the group of you here today. This is a hearing that is always very interesting because you, by your very positions in the services, are perhaps the best persons to represent the views of the enlisted personnel as to how we are doing in providing for quality of life issues, what sort of housing, what sort of health care and educational opportunities there are available for people. And this is the hearing whereby we get, more than any other way, perhaps, other than actually going out and visiting which we don't have enough time to do in a lot of different places, where we get the perspectives that you bring to it, and thereby are able to assess in some way the impact that we have on these issues for the men and women who are serving this country in the armed services.

And so this is a most interesting hearing and I look forward to what you may have to say.

Mr. HOBSON. I would like you all to summarize your testimony and submit additional testimony for the record.

I guess we're going to start off with the Army, the Navy, the Marines, and then the Air Force, since it is the youngest service.

So, Sergeant Major Hall.

STATEMENT OF SERGEANT MAJOR ROBERT E. HALL

Sergeant Major HALL. Thanks very much, Mr. Chairman and members of the subcommittee. Good morning. I have submitted a statement for the record.

I would like to report to you today that it is an honor to appear before you as we begin to prepare the Army for the next century and the next 100 years of taking care of soldiers and families in this great Nation.

It is my privilege to represent and talk to you about the needs and the health of our soldiers, the young men and women who are our Army. I will tell you that America's Army is answering the Nation's call in a way which should make soldiers, past and present, swell with pride. Operating and personnel tempos have increased dramatically. Soldiers are continually called upon to meet the Nation's commitments in operations other than war, as well as those commitments where our soldiers are only a short breath away from being in harm's way.

I would like to especially thank you and the Congress for your support. We have a song that says, "When we were needed, we were there." Now, that normally relates to one of our recruiting themes, but I can say that when we needed you, you were there. You provided about $1.4 billion for contingency operations, and another $375 million that addressed some of our most pressing near-term readiness issues. You were there in previous years when you supplemented our annual budget request, funding unfinanced requirements that significantly improved our ability to maintain a trained and ready force, and also created a better quality of life for our soldiers and their families.

Near-term readiness, as well as future readiness, remains a challenge. It is a very tight balancing act between people, modernization, and training. One unplanned event could upset that balance and commanders could find themselves in a position where they

are forced to use training funds to address underfunding of our installations and the quality of life programs.

Recruiting is as tough today as I have ever seen it. We find ourselves in competition with other services, colleges, and the commercial sector for quality young men and women.

From my foxhole, Mr. Chairman, the Army's challenge has not changed a lot over the past year. Deployments remain high, and our warriors are in great demand throughout the world. But I think that is okay, because we, as an Army, understand that we exist for one reason, to fight America's wars when called upon to do so. This takes a force that is trained and ready to fight, one that has the ability to sustain the fight and to win.

The single most important resource in all that, that allows that to happen, is our soldiers. Their selfless service, dedication, and professionalism sustain us today on 299 missions in 70 countries.

Our soldiers do not ask for much. They face an unprecedented operational pace. They are top quality people; they are diverse, highly trained, well skilled, and well led. They did not ask to be in those 70 countries; they are there because our country and our Army told them to be there, and they are doing everything that your Army demands of them. And in return, they ask for so little. They ask for decent pay and housing, medical care, and retirement benefits for the day that they have to take off their uniform for the last time.

I think those hopes and expectations are reasonable. These young men and women protect the freedom of our Nation without a single thought to comfort, pleasure, profit, or personal safety. They do so much and ask for so little.

I am just proud to be their representative and to be the spokesman for them today.

Mr. Chairman, thanks for giving me the opportunity to make this statement, and I welcome any questions from the distinguished Members.

[Prepared statement of Sergeant Major Robert E. Hall follows:]

RECORD VERSION

STATEMENT BY

ROBERT E. HALL
SERGEANT MAJOR OF THE ARMY

BEFORE THE

SUBCOMMITTEE ON MILITARY CONSTRUCTION
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES

FIRST SESSION, 106TH CONGRESS

ON THE
QUALITY OF LIFE
IN THE UNITED STATES ARMY

10 MARCH 1999

NOT FOR PUBLICATION
UNTIL RELEASED
BY THE HOUSE
APPROPRIATIONS
COMMITTEE

STATEMENT BY
ROBERT E. HALL
SERGEANT MAJOR OF THE ARMY
ON THE QUALITY OF LIFE
IN THE UNITED STATES ARMY

Good morning, Mr. Chairman and members of the subcommittee.

It is an honor to appear before you on this historic occasion as we prepare the Army for the next century and the beginning of the next 100 years of taking care of Soldiers, their Families, and this great Nation. It is a privilege to represent these Soldiers and to talk to you about the health of the finest Soldiers in the world, the enlisted men and women of the United States Army.

This month marks my 17th month as Sergeant Major of the Army; however, I bring more than 31 years of experience, job commitment, and service to the United States Army and the Nation. I have traveled more than 160,000 miles talking with more than 33,000 Soldiers throughout the United States and overseas.

Today's Army is answering the call in a way that makes Soldiers, past and present, swell with pride Operational Tempo (OPTEMPO) and Personnel Tempo (PERSTEMPO) for Soldiers has increased tremendously, and they are continually called upon to meet the Nation's commitments in Operations Other than War – such as the recent Hurricane Mitch Operation and the preparation for the Kosovo Diplomatic Observer Mission. The Army is in global demand and it is our Soldiers on the ground that truly make the difference.

I would like to thank the Committee and Congress for their support In particular, we are thankful for the supplemental funding to the fiscal year 1999 budget which included about $1.4 billion for contingency operations and $375 million that addressed some of our most pressing near-term readiness issues In previous years you have supplemented our annual budget request, funded key unfinanced requirements that have significantly improved our ability to maintain a trained and ready force, and created a better quality of life for our Soldiers and their Families

This funding was greatly needed and deeply appreciated General Reimer testified before Congress concerning our efforts in the fiscal year 1998 budget to

ensure readiness for both today and tomorrow Given the resources we had to work with, I believe we balanced our investments as carefully as possible. Current readiness means that our Soldiers remain trained and ready to fight and win the Nation's wars Future readiness demands that we prepare now to ensure we have the capabilities needed to meet the missions we foresee in the years ahead. It is vitally important to achieve both, but we have stretched our resources as far as they could go, balancing people, training, and modernization.

Events last year upset this delicate balancing act. The pace at which we used land forces and Soldiers reflected an increasing OPTEMPO for Active and Reserve units and proved higher than imagined The continuing mission in Bosnia, conducting domestic operations in response to floods and other natural disasters, preparing for the Kosovo Diplomatic Observer Mission, providing forces to reinforce our presence in Southwest Asia and responding to aid countries in Central America in the wake of Hurricane Mitch all added to the already high global demand for American ground forces

Meanwhile, at their home stations, commanders were forced to use funds allocated for training to address the chronic underfunding of our installations and quality of life programs that take care of our Soldiers and Families Recruiting became an increasingly greater challenge as the Army finds itself in fierce competition with the other Services, colleges, and the commercial sector for quality young men and women. Together these pressures significantly affected near-term preparedness Though we assumed some risk in current readiness to increase modernization funding, readiness trend lines cannot decline faster and more precipitously because this puts our Soldiers at risk.

The supplemental funding Congress provided to the fiscal year 1999 budget significantly contributes to addressing some of our most pressing and immediate concerns. As a result, we are still recruiting and retaining great Soldiers. They are well supported and superbly trained. In short, those additional funds provided a timely boost to near-term readiness. Again, on behalf of all the Soldiers and Families of America's Army, I thank you for your help and support in this particular area

While the fiscal year 1999 supplemental is helpful and greatly appreciated. It does not meet our total requirements. The Army's challenge is to remain trained and ready, while conducting the most fundamental transformation since the end of World War II and during an era of constrained resources.

I would like to share with you the perspective from my foxhole about the Army's challenges.

Quality of Life or how Soldiers live and the conditions in which they live and work is essential to Army readiness. Soldiers continuously cite quality of life as the primary factor for joining or remaining in the Army. My concern is that many quality of life programs are being threatened as competition for resources increase. Our Nation owes its Soldiers a quality of life commensurate with that in the civilian sector and the peace of mind that their Families will be taken care of when they deploy. We must never forget that quality Soldiers are our most precious resource. We must give them the quality of life and stability that they have earned by their selfless service, dedication, sacrifice, and commitment to duty.

Members of Congress have worked very hard to consider the needs of our Soldiers. Your support remains critical for the Army to maintain adequate programs to ensure the quality of life of its Soldiers and Families.

Our Army exists for one reason: to fight America's wars when called upon to do so. Our Army must not only be trained and ready to fight, but also possess the ability to sustain the fight and win. The single most important resource for making this happen is our Soldiers. They are the key weapons in the Army's arsenal to carry out the will of the Nation. They are the hallmark of our Army. The selfless service, dedication that I mentioned above and professionalism of our Soldiers make us the premier Army in the world, while our Noncommissioned Officer Corps is the envy of the world.

The Army is very busy as we maintain 122,000 Soldiers forward stationed around the world. Last year, on any given day, the Army averaged more than 28,000 Soldiers deployed away from their home stations in support of military operations in more than 70 countries. The average length of these deployments was 121 days.

Today, we have fewer Soldiers than we did 10 years ago; however, the Army is continuously engaged home and abroad. During the Cold War, the Army averaged one deployment every four years. Since 1989, in 32 of the 36 major military deployments, the Army has provided more than 60 percent of the participating personnel. We are proud of our central role in the execution of the National Military Strategy. However, we can only continue to execute this strategy with acceptable risk if provided with sufficient resources. Resources have been tight for over a decade and when you couple this with the high pace of operations the fabric of the Army is stretching very thin.

The Army has implemented personnel policies to ensure that individual Soldiers do not bear a disproportionate share of these deployments. We have also increased reliance on our Reserve Components for deployment missions. The Reserve Component Soldiers have been superb, and must be. We cannot leave any talent on the bench. Even with these initiatives, you do not have to look too far to find Soldiers in today's Army who have been away from home, answering the Nation's call, for 140, 160, 190 days or more during the past year.

Excessive time away from home, the amount of basic pay, and quality of life issues are cited more than any other factors in influencing a Soldier's decision to reenlist or separate from the Army. Our research, my personal experience, and my discussions with Soldiers tell us the spouse is one of the most important factors in a Soldier's decision to stay in the Army. Therefore, we must focus on the quality of life issues important to Family Members as well as the men and women in uniform who serve our Nation in order to gain stability in the ranks.

Quality of life for Soldiers is "peace of mind." When Soldiers know that we are caring for their Families adequately, they are able to concentrate on their jobs, accomplish their missions, and return home safely. That is precisely why your subcommittee's efforts are so critically important, not only for our Soldiers, but also for the defense of our Nation. No matter how you cut it, quality of home and family life link directly to readiness and retention. We truly do enlist a Soldier, but reenlist a family.

Soldiers today are concerned about four key quality of life issues. pay and entitlements, retirement, housing, and medical care. Challenges in this area have not changed much from last year, but the intensity of the concerns has increased. Let me share with you what some of our noncommissioned leaders are telling me as I visit with them during my travels.

Same as last year, our staff sergeants are concerned about their future in the Army Staff Sergeants have usually been in the Army for about 10 years and are at the decision point on whether to make it a career or not. These NCOs are telling me that they can handle the deployments. They understand the necessity of being away from home and family. They do not like it, but they do it because their country asked and demanded that they do so. They are prepared to accomplish any mission asked of them They are, however, concerned for their Families at their home stations. While they are deployed, Soldiers need reassurance that their Families will continue to enjoy the quality of life benefits they were promised.

Staff Sergeants are telling me it is the perceived erosion of these important benefits that have them asking, "Is the Army still a viable career choice?" Their concerns are real and pose a threat to the stability of the force. The perceived erosion of benefits is detrimental to the Army's ability to attract and maintain quality people. In other words, some are now making the decision to leave the Army. We need your support to ensure that our trained Noncommissioned Officer Corps does not vote with its feet This is particularly important now. Our NCOs have the job skills and leadership to make a difference in the civilian sector, and the commercial world is attempting to hire them away from the Army

As I travel throughout the world to visit our Soldiers, I continue to find that our young men and women will bear any burden for our country, even the risk of life. In return, they ask only that they have the resources to do their job and that we take care of them and their Families.

Caring for Soldiers and their Families includes providing adequate family and single-soldier housing, child care and compensation benefits. I want to keep Soldiers in our Army, and I am here today to ask for your help.

We own about 115,428 houses and lease additional 14,318 units worldwide This provides homes for 40 percent of our Families, with the other 60 percent residing in the local surrounding civilian communities.

Our Soldiers and their Families deserve decent living conditions. Soldiers do not expect to live in luxury, but they do deserve access to housing for their Families that will give them peace of mind while they are at work, home, or deployed. Our troops are just like everyone else, they want to raise their Families in comfortable, safe, and secure neighborhoods. As our Soldiers deploy around the world, it is most important that all members have safe and affordable family housing.

Housing allowances should keep up with the costs of living off-post; however; the allowances provide only about 80 percent of those costs. More than 76 percent of Army Family Housing (AFH) is more than 35 years old, in poor condition, and in need of renovation. Our goal is to renovate family quarters on a 35-year cycle, while reducing recurring maintenance, energy consumption, and inconvenience to occupants. We are not close to accomplishing that mission.

The existing AFH inventory is inadequate and using traditional methods the Army cannot afford to meet the Defense Planning Guidance to eliminate all inadequate AFH by 2010. Therefore, the Army must use the fiscal year 1996 Military Housing Privatization Initiative, known as the Residential Communities Initiative (RCI) in the Army, to privatize AFH in the United States to the maximum extent possible; program additional AFH revitalization resources for foreign areas where RCI does not apply; and divest/demolish/turn back excess inventory. AFH is underfunded by $6 billion in revitalization funds to meet 2010 defense guidance; therefore, the only solution is to privatize U.S. AFH and divest out of houses not needed. It is a prime case of, "We can't get there from here without it."

Our single Soldiers are living in barracks 30 to 40 years old. These barracks were designed for the austere standards of a conscript Army and now need to be modernized. The Barracks Modernization Program (BMP) represents a significant long-term investment on the part of the Army to improve the living conditions for the single Soldier and to bring barracks to the DOD "1 + 1" standard. The Army is

mounting an accelerated campaign to complete the permanent party BMP worldwide by 2008 instead of our original 2012 goal.

The Barracks Upgrade Program (BUP) provides funding to renovate existing barracks to a modified 1+1 standard. BUP can upgrade about one-third of the U.S. inventory at less cost than the Whole Barracks Renewal Program, which requires MCA funding. We appreciate the congressional support that added 40 percent to the fiscal year 1999 BUP ($61.8 million to military construction, $137.0 million to Defense quality of life enhancements, and $49.0 million in the Korea supplemental).

Today, more than 62 percent of our Soldiers are married and 7 percent are single parents. Your Army today has 480,000 Soldiers, 720,000 Family members and an average of two children. This brings me to my next concern, child care. Many of our married Soldiers and single parents rely on some type of child care. Army child care initiatives have focused on improving the quality of care, increasing the availability of care, and providing affordable care through a combination of funding authorized by Congress and fees for child care services.

In fiscal year 1998, we provided 65,273 child care spaces and met 59 percent of the potential need. The current DoD goal is to meet 65 percent of the child care need. We expect to meet the 65 percent goal in fiscal year 1999, while reconfiguring the mix of spaces to serve more infants and toddlers. In addition, the Army is reviewing phased-in funding to meet the DoD established 80 percent goal by 2005.

By consolidating our child and youth programs into a single management structure, the Army is creating a seamless delivery system for parents with children four weeks to 18 years of age. This reorganization provides cost and operating efficiencies by sharing personnel, facilities, and equipment across programs. Our partnerships with 4-H and the Boys and Girls Clubs of America allow us to better provide safe, affordable, and supervised after-school alternatives for youth during parental working hours. We also learn from our partners and share resources and programs to advantage all our youth. We are putting special emphasis on offering program options for the middle school age group, ages 11-15 years. We expect the increased participation to reduce the incidence of at-risk behaviors.

Another major area of concern is the total compensation package. The Army supports a military retirement compensation system based on service needs as well as fairness and equity. Military retirement is an important part of the lifetime compensation package. In particular, I believe that we must return to the system of 50 percent of base pay at 20 years, and this must be funded above the current Total Obligation Authority (TOA). The President's budget for fiscal year 2000 includes a new retirement proposal. That proposal includes a return to a 50 percent multiplier with the cost of living adjustment (COLA) determined by the consumer price index minus 1 percent with a 2 percent COLA floor.

Soldiers have read and heard about the pay proposals, and expectations are high. We must properly address pay and retirement and pay table reform I believe the promises that the retirement will get fixed. I believe that you will ensure adequate pay and compensation that will contribute to ensuring we maintain our quality force in the future. Our Soldiers need reassurance, a show of faith and action that the American people and Congress are committed to improving their quality of life and fixing the post-1986 retirement system. They need to know that America still values their service and dedication to their Nation.

Retirement is part of the package, but not all of it. Military pay raises must keep us competitive with pay in the private sector. We appreciate the 3.6 percent increase this year and a proposed 4.4 percent increase in fiscal year 2000, and we must continue to provide attractive pay and benefits. This is especially true as the economy continues to be healthy; unemployment is at the lowest level in 29 years and great jobs are readily available in the civilian sector. The technical jobs now available in the civilian economy require the same type of skills and understanding of technology the Army requires for our information-age force. Yet, the civilian economy often pays much more. Standards and personal values are highly sought after in the civilian community.

Last year, I shared with this committee what a typical Soldier's discretionary income was at the end of the month. I profiled a Private First Class, married with two children living off-post. We compared his salary to his living expenses. We placed his

salary in one column and expenses in another column and subtracted the expenses, which were not excessive in any way. That soldier had $17 of discretionary income at the end of the month. That does not provide for an adequate standard of living. Again, we are grateful for the 3.6 percent pay raise this year, but with it did not improve that Soldier's situation. I realize that this illustration may cause one to think a targeted raise at only the junior level could fix the problem. Nothing could be further from the truth. In fact it may only exacerbate the problems in other ranks. Even now when we promote a Specialist who is a follower, to Sergeant, who is a leader, we give that Sergeant 85 more dollars and increase his or her responsibilities exponentially. A NCO Corps, which is confident, competent and capable of providing fully trained Soldiers and small units and leading these Soldiers and units to success on the battlefield, is not without cost. We have got to make it important financially when a sergeant puts on the green tabs of leadership.

Indeed, we must take care of our Soldiers and their Families to recruit and retain quality Soldiers. We must provide them with challenging careers and an adequate quality of life. They fully understand that the freedom our Nation and its citizens enjoy is not without cost. It was gained, and is now maintained, by Soldiers who willingly forego personal comfort, pleasure, and profit. It is now our shared responsibility to ensure that the Nation recognizes that sacrifice. An adequate retirement system, accessible quality health care, predictable deployments, and improved work and living environments have been earned and are our priorities. We also must adequately fund community and family support programs and continue our progress in meeting Morale, Welfare and Recreation (MWR) funding standards. MWR programs are mission essential to the readiness of our Army. They provide physical fitness equipment, unit and individual recreation programs, sports, entertainment, books, newspaper, and videos to deployment locations and at home station. Lastly, fair and adequate compensation is a fundamental requirement for maintaining an all-volunteer force.

Our Soldiers do not ask for much. They face an unprecedented operational pace, and that is of great concern to us. Yet, I see their professionalism and hear

their commitment every time I speak with them. They are high-quality people. They are diverse, highly skilled, well-trained, and well-led Soldiers. My heart swells with pride whenever I am around them, and I am very proud to have the honor and privilege of representing them today and everyday.

Thank you, Mr. Chairman, for giving me this opportunity to submit this statement to you here today and I welcome questions from the distinguished members.

Mr. HOBSON. We will hold our questions. I will make one comment while these young people are here in the room, and I want to thank the young people for being here this morning that are in the room.

I think it is important for you to see your Government in action. This is probably as close-up as we do a hearing process, in this room, but Mr. Olver and a number of us have had an opportunity to travel to Bosnia and other places and we have seen the young people that you all represent, especially the Army.

This weekend I happened to be in Honduras and saw the really great work that they did in Honduras and are continuing to do, and those lives that they have saved.

I also was at Guantanamo Bay and saw three young Marines up in the tower. They were just out of basic, and they were just wonderful young people. You did not have to worry about them performing their jobs. One of those young people who had been at it a little bit longer, had a little more rank, is going to go to the Naval Academy. So we can be very proud of the young people that we have and their performance. Certainly, all the services should be proud of the young people they have.

Every time our committee goes out and visits one of these places, I am astounded by the ability, the quality, and the professionalism of the young troops. And frankly, that reflects well on the leadership that they have.

So, we will go to the Navy.

STATEMENT OF MACHINISTS MATE MASTER CHIEF PETTY OFFICE JAMES L. HERDT

Master Chief HERDT. Good morning, sir, Chairman Hobson and members of the committee. Please allow me to thank you for this opportunity to speak on behalf of sailors and families of our great Navy.

This is my first opportunity to testify before this Committee, as I only relieved Master Chief Hagan just a little less than a year ago, March 27th of last year. I look forward to answering questions that you may have for me.

During the course of this last year I have traveled extensively from the Antarctic to the Gulf of Arabia, meeting with thousands of sailors. And today's Navy continues to be the forward-deployed force. Approximately 50,000 of our sailors are on deployment on any given day, lasting anywhere from three months to six months.

In my travels to battle groups in the Gulf, I find that our sailors do not complain about deploying, nor living aboard their ships; neither do they complain about the 14 to 16 hour days that they work, seven days per week, while they are at sea. But when they do return to port, they feel that they should be provided with adequate living conditions ashore commensurate with their peers who are not in the military.

As we all know, we will never be able to afford to pay enough for their sacrifices, and sailors do understand this. Relative to the vital job that they do in ensuring the freedoms that we all enjoy, they really do not expect very much. They do ask for an adequate quality of life, and it is essential now, more than ever, that we continue to support the quality of life efforts for our troops.

I am convinced that the quality of the facilities in which we train, work, and live plays a vital role in recruiting and retaining our sailors. While I am confident that other crucial issues, such as compensation, have been recognized and are being addressed, I want to stress my belief that compensation alone will not guarantee that we will continue to recruit and retain a quality force.

As I stated in my written statement, I have two main concerns in regards to quality of life and military construction.

The first is the need to increase the quality of permanent party single sailor housing.

The second is our current inability to meet the growing need for family housing in the Navy.

Gentlemen, I look forward to addressing your specific questions on any of the other issues that you may have. And again, allow me to say thank you for allowing me to come forward and represent all of the great sailors in our terrific Navy.

[Prepared statement of Machinists Mate Master Chief Petty Office James L. Herdt follows:]

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RELEASED BY THE
HOUSE APPROPRIATIONS COMMITTEE

STATEMENT OF

MACHINIST'S MATE MASTER CHIEF PETTY OFFICER

(SUBMARINE SERVICE/SURFACE WARFARE/AVIATION WARFARE)

JAMES L. HERDT, U. S. NAVY

MASTER CHIEF PETTY OFFICER OF THE NAVY

BEFORE THE

SUBCOMMITTEE ON MILITARY CONSTRUCTION

OF THE HOUSE APPROPRIATIONS COMMITTEE

ON

QUALITY OF LIFE

MARCH 10, 1999

MMCM(SS/SW/AW) Jim Herdt, USN

Ninth Master Chief Petty Officer of the Navy



Master Chief Petty Officer of the Navy Jim Herdt, a native of Casper Wyo., joined the U.S. Navy in 1966. After attending Machinist's Mate "A" School in Great Lakes, Ill., he served sea tours aboard the USS INDEPENDENCE (CV 62) and USS WILL ROGERS (SSBN 659G) and shore tours at Nuclear Power Training Unit, Windsor, Conn., and Radiological Repair Facility in New London, Conn.

After leaving active duty in 1974, Master Chief Herdt enlisted in the Naval Reserve serving in various Selected Naval Reserve units while attending Kansas State University. Returning to active duty in 1976, he served as a Naval Reserve Recruiter in Milwaukee, Wis., and in 1978 rejoined the regular Navy.

Master Chief Herdt served aboard USS TEXAS (CGN 39), USS CINCINNATI (SSN 693), and on the staff of the Nuclear Power School in Orlando, Fla., prior to his tour as Chief of the Boat aboard USS SKIPJACK (SSN 585). He has served as Command Master Chief of Nuclear Field "A" School, Orlando, Fla., of USS THEODORE ROOSEVELT (CVN 71), and of Naval Training Center, Great Lakes, Ill. In 1996, he was selected to serve and as the Chief of Naval Education and Training Force Master Chief. He assumed his current position as the ninth Master Chief Petty Officer of the Navy on March 27, 1998.

Master Chief Herdt is a graduate of the U.S. Navy Senior Enlisted Academy and U.S. Army Sergeants Major Academy. He has earned a master of business administration degree with a concentration in human resources management from Florida Institute of Technology. He is qualified as an Enlisted Aviation and Surface Warfare Specialist, and is qualified to wear the Enlisted Submarine Breast insignia. Master Chief Herdt is certified as a Master Training Specialist. His personal awards include the Meritorious Service Medal with two Gold Stars, the Navy Commendation Medal, the Navy Achievement Medal with Gold Star and numerous campaign and unit awards.

Master Chief Herdt is married to the former Sharon E. Lawrence of Newark, Del., and has one son, James II who lives in Birmingham, Ala.

TAKING CARE OF SAILORS WITH MILCON PRIORITIES

Impacts on Readiness and Quality of Life
House Appropriations Military Construction Subcommittee

Chairman Hobson, thank you for this opportunity to speak on behalf of the Sailors and their families of our great Navy. This is my first opportunity to testify on their behalf being just two weeks short of completing my first year as Master Chief Petty Officer of the Navy (MCPON). In this first year, I have traveled extensively talking to Sailors and laying eyes on the environments in which they live. While I am optimistic that we have realized and are addressing many of the compensation issues that face the Sailors of our Navy today, I remain concerned over issues affecting those quality-of-life areas impacting retention and the lives of Sailors and their families. It is these areas of how Sailors are able to live and care for their families in addition to the operational side of their jobs that most directly impact retention.

I am confident that the very significant issues of pay and retirement have been recognized and will be addressed in this session of Congress. Sailors eagerly anticipate correction of these issues, but it would be shortsighted to think that this correction, in and of itself, will entirely cure retention woes. I believe that compensation is only the first bridge that we must fix and cross in our journey to properly address retention. Military construction (MILCON) plays a big role in our Quality of Life (QOL) and in the way in which we are able to live. It is the quality of our lives and our standard of living that ultimately determines whether our Sailors make the Navy a career or leave for employment that will deliver a better standard of living for them and their families. In my time with you today, I would like to detail these.

Today, our Navy consists of 324 ships. One hundred seventy-one of them at sea ... 97 forward deployed on extended deployment of three to six months. As I say, "deployments are us." It is what we do. Our Sailors don't complain about deployments, nor do they complain that they live in Navy unique living conditions aboard their ships, in berthing areas of 50-250 individuals/Sailors. Neither do they complain of average workdays of 14-16 hours while at sea seven days per week. But, it's when they return to port that I feel the biggest concern with being able to provide them living conditions ashore commensurate with the appropriate quality of life they expect for themselves and their families. It is reasonable for them to expect this, and they deserve it. Today, we have two major hurdles to overcome to be able to do this across our Navy. Both are so important that we simply cannot prioritize one over the other.

BACHELOR QUARTERS

We must increase the number and continue to increase the quality of permanent party single Sailor housing. The 1 + 1 bachelor quarters (BQ) standard for single Sailor housing was a big step forward in assuring the proper standards of quarters for our single Sailors. Another large step forward was authorization of BAH for single E5 and E6 shipboard Sailors. But, strangely, we find ourselves in a situation that seems to be working against the Sailor in many areas of the Navy. As we strive to achieve the 1 + 1 barracks standards through new BQ construction and whole BQ renovation, we have actually lost ground with BQ berthing space. Each BQ renovation to new standards results in a loss of approximately one-third of the number

of racks in berthing capacity. Not surprisingly, as the BQs are upgraded, more and more single Sailors desire to remain in the BQ. When the opportunity to draw single BAH for shipboard E5 and E6 was enacted, senior enlisted leadership thought it was great because we thought those Sailors would then have the option of living in the BQ or obtaining quarters on the economy. As a result of our move toward the new berthing standards, E5-E6 Sailors now find themselves in the position of being forced to accept single BAH and move off base to make room for the E4 and below. Our current MILCON plans provide for a number of additional BQs. We must ensure that we do not fall off the plan to build the BQs we have in our construction plan. Although building these BQs will not completely solve the problem, failing to complete any one of them will substantially add to the problem. The Navy is developing a plan to transition to the 1 + 1 standard by fiscal year 2013. That plan does not allow all Sailors to transition to the 1 + 1 immediately, but it does take into account BQ rooms that we must construct or renovate between now and then to meet this goal. If we fail to construct BQs at the rate we plan, there is danger we may not meet this goal. While Sailors in the past were willing to live in lower standards because the quality of life in our society was lower, the same is not true of today's Sailor nor of society. Sailors expect to live a life commensurate with their position of responsibility and comparable to that of their civilian counterparts who have chosen not to serve their country in the Armed Forces.

FAMILY HOUSING AND PUBLIC PRIVATE VENTURE

My second area of major concern is Family Housing. My predecessor, in his testimony last year, addressed his concerns regarding Public Private Venture (PPV) for Military Family Housing. These concerns were based on the experiences we gained from the two pilot projects we established in South Texas and the Pacific Northwest. In the time since that testimony, we have formulated a much more comprehensive and workable plan to use the concept of PPV while protecting the Sailor. That policy addresses the primary issue of the cost of living for the Sailor in a PPV house vice living in military housing. The plan is formulated in a way that the monthly cost difference will be transparent to the Sailor whether he lives in government quarters or privatized housing. The primary concept of the plan is to provide PPV housing with zero out-of-pocket costs to the Sailor, just as the Sailor living in military housing experiences zero out-of-pocket costs, forfeiting only their BAH. The work of this committee in supporting this concept of PPV in the past is applauded. We will need your continued support to proceed with projects we currently have listed and more as we move down the road.

The need for privatization is a necessity because we simply cannot build or fix enough military housing at the right rate to meet the growing need for family housing in the Navy. Unlike the Navy of yesterday, the majority of our Sailors today are married. As of 1997, approximately 60 percent of our Sailors were married, and the number continues to grow. The fact that most Navy facilities are located in typically high cost-of-living areas adds an even greater dimension to our need. The transformation plan to move from VHA to BAH over a 6-year period is alleviating the problem at a slow pace. In fact, in areas such as San Diego and many others, our Sailors are losing ground with regard to procuring civilian owned housing of an adequate standard, in reasonable commuting distance to their work, at a price commensurate

with their income and BAH. Some typical differences are provided below: (It is important to remember that BAH is intended to cover 85 percent of the military member's housing cost.)

RANK	1999 BAH Rate w/ dependents	1 & 2 Bedroom Apt. Avg Cost: $825* (Out of Pocket %)	3 Bedroom Townhouse Avg Cost: $1,375* (Out of Pocket %)	4 & 5 Bedroom House Avg Cost: $1,800* (Out of Pocket %)
E3	$625	-$200 (24%)	-$750 (55%)	-$1,175 (65%)
E5	$735	-$90 (11 %)	-$640 (47%)	-$1,065 (59%)
E7	$911	$86 (0%)	-$464 (38%)	-$889 (49%)
E9	$1093	$268 (0%)	-$282 (21%)	-$707 (39%)

- A minus sign indicates number of dollars that rental housing costs exceed BAH.
*Including average utility cost.

We have plans to privatize units in the San Diego area to alleviate the housing problems.

ADDITIONAL CONCERNS

Real Property Maintenance

As I mentioned, BQs and Family Housing are my two biggest concerns, but I also have additional concerns that impact the way the Sailor looks at the organization they serve. I continue to be concerned about the backlog of the Real Property Maintenance (RPM). The Navy budget sets forth funding that will slow the growth in the RPM backlog, but I am increasingly concerned that the infrastructure that Sailors work in day-in and day-out continues to degrade. One of the most notable examples of this degradation is our training facilities at Recruit Training Command (RTC), Great Lakes, Illinois. It was not until just recently that we were able to formulate a phased replacement plan for the outdated drill halls, BQs, and galleys at RTC Great Lakes. We have made great improvements in some of our training facilities at places like Naval Air Training Center (NATC) Pensacola, Florida, and Nuclear Power Training Command in Charleston, South Carolina. One only has to take a look at these two projects to see the right way to do things. Both were designed from the ground up with both mission and Sailors' quality of life in mind. Sailors serving in facilities like these feel like they belong to a first-rate outfit and are proud to come to work. Too many Sailors report to work each day in facilities that have not been able to be maintained because of inadequate RPM funds. Our plan to first slow the increase of backlog RPM growth and then slowly reduce it, is one that will work if given appropriate support in Congress.

Morale, Welfare and Recreation.

Child Care, Single Sailor, and Fitness projects are also concerns for Quality of Life MILCON consideration. Not only does Navy realize the importance of MILCON projects for personal readiness and enhancing quality of life for Sailors and their families, we recognize that our large Single Sailor population also is the prime beneficiary of modern fitness facilities which provide a center for highly popular leisure time activities.

Fitness. In FY-00, Navy has programmed the construction of a fitness center at Naval Air Station Oceana and an athletic complex at Naval Station Norfolk. From FY-01 though FY-05, Navy has planned in excess of 20 additional projects totaling over $100 million. With your continued support, we will continue to make progress in addressing Navy's needs in personal readiness and Single Sailor leisure activity facilities.

Single Sailor Program. For those who are not familiar with our Single Sailor Program, I would like to share with you our concept of Single Sailor facilities which we have established at over ten bases and are planning to export to other bases. In addition to traditional gyms and fitness centers, we have developed highly successful Single Sailor Centers to address leisure needs of single Sailors. These centers are usually created from existing underutilized base facilities such as clubs. They offer an attractive and inviting space with quiet rooms for reading, writing or listening to music, computer and internet access, video games and exercise equipment.

Child Care. As with military housing, we simply cannot build enough Child Development Centers (CDCs) at the right rate to meet the growing need for childcare in the Navy. We must look to other areas, such as Family Child Care, which is also more economical.

Approximately 41 percent of our Sailors today have children. Traditionally, our focus in providing childcare has been on CDCs. In-Home Family Child Care costs are considerably lower even with a subsidy. By changing our focus from CDCs to In-Home Family Child Care, we could better meet the childcare needs of our Sailors within the current funding.

CONCLUSION

As I stated earlier, our Sailors do not ask for much. What they do ask for is adequate housing, compensation, and quality of life. They proudly serve their country despite the numerous sacrifices they make on a daily basis. I see their honor, courage, commitment, and professionalism in every one of my visits to the fleet, and it waters my eyes. I am very proud to have the honor of representing them.

On behalf of our Sailors on station around the globe, I want to thank the committee for its unfailing and continued support. Mr. Chairman, this completes my statement, and I am pleased to answer any questions you may have.

Mr. HOBSON. Next, the Marine Corps.

STATEMENT OF SERGEANT MAJOR LEWIS G. LEE

Sergeant Major LEE. Good afternoon, Mr. Chairman and committee members. I want to thank you all for the privilege of appearing before you. I have a brief statement, also.

Sir, today we have about 28,000 Marines that are forward-deployed. That is pretty much routine. I want to assure you that they are ready for whatever may arise. We remain a young, predominantly single enlisted force, and despite the difficulties and challenges that you read and hear about, we are recruiting the quality and the quantity that we need. Furthermore, we are retaining the numbers required to sustain our required end-strength.

We do have problems with certain skills and certain experience levels, but many of those are self-inflicted wounds and they are not problems that we cannot handle.

In short, the Marine Corps is solid and continues to be capable of doing what it has pretty much always done, and that is, we make Marines out of America's youth, and prepare for and win battles wherever the need may arise.

Military construction greatly impacts the quality of life of Marines and their families; you all are well aware of that. The greatest impact comes from new construction of and/or the repair of bachelor and family housing and those types of support activities.

We have made significant inroads on our problem areas over the past few years, thanks to your support and the support of the Congress. If our fiscal year 2000 requests are approved, your Marines will again be very grateful. The detail of what we need for fiscal year 2000 is contained in my statement and recorded in our budget request.

As is always the case, we could use more, but I want to assure you that we will zealously apply each dollar appropriated for what it is intended for. Needless to say, to get better quicker would require more appropriations; any increased funding for new construction, or for the elimination of our backlogs of maintenance, would be greatly appreciated.

In closing, your Corps will continue to do what it has done with what we are provided.

With that, ladies and gentlemen, I am prepared to answer any questions you might have for me.

[Prepared statement of Sergeant Major Lewis G. Lee follows:]

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STATEMENT OF

SERGEANT MAJOR LEWIS G. LEE

UNITED STATES MARINE CORPS

SERGEANT MAJOR OF THE MARINE CORPS

BEFORE THE

MILITARY CONSTRUCTION SUBCOMMITTEE

OF THE

HOUSE APPROPRIATIONS COMMITTEE

CONCERNING

QUALITY OF LIFE

MARCH 10, 1999

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Mr. Chairman and Members of the Military Construction Subcommittee, it is a privilege to appear before you today to discuss Marine Corps quality of life military construction programs and progress. I am pleased to report to you your Marine Corps remains ready to answer the nation's call. A critical component of that readiness is quality of life, which supports and sustains your Marines and their families around the world.

Quality of life is important to readiness and retention today. The term "all-volunteer force" can more accurately be described as an "all-recruited force." These important factors drive our QOL planning at a time when our robust private sector economy makes retention more challenging and the demands of crisis responses -- a three-fold increase since 1990 -- places burdens on your Marines and their families. In spite of these factors and the austere funding climate of the past few years, the Marine Corps quality of life construction program, Mr. Chairman, is on target and making progress. We are on target because Marines and their families are seeing results -- new and renovated barracks and bachelor housing with new furnishings, new and well equipped fitness centers and gymnasiums, and state of the art child care facilities. These things mean something to Marines, because they are visible ways the nation expresses its support and appreciation for their service and sacrifices. This is also a visible sign that the Corps is keeping faith with them.

Our progress in this area could not be possible without the strong support of the Department of Defense and the Congress. Your Marines appreciate what has been provided.

Barracks and Bachelor Housing

Appropriate, comfortable living space is a high interest item for single Marines. The Marine Corps is approximately 59 percent single. Improvements in our barracks and bachelor housing remains a priority. For fiscal year 2000, we have requested an authorization of $50 million for new barracks construction, and we are committed to continue to propose adequate funding of this vital aspect of our Marines quality of life. In fiscal year 2000, new bachelor housing projects are programmed for Camp Pendleton and Twentynine Palms, California and Quantico, Virginia. All three Marine Corps projects are being built to the 2+0 standard and provide a total of 592 rooms.

The Marine Corps maintains over 97,000 enlisted Bachelor Housing spaces worldwide. Of this number, 10,477 do not meet DoD adequacy standards and must be replaced. This represents a decline in inadequate barracks spaces of 14,270 since 1996. The Marine Corps has been granted a permanent waiver to use an alternate 2+0 configuration, i.e., two persons per room. This allows the Marine Corps to foster team building and more quickly improve quality of life for a larger number of Marines. These standards do not apply to recruits and A-school students. Overseas locations also have unique considerations.

Living space is important, but the quality of that living space is equally important. The Marine Corps is making a significant investment in making barracks life meet the reasonable needs of Marines. Furniture buys under the "Whole Room Concept" program have totaled $65 million over the past three years, with approximately 33,000 spaces receiving this much appreciated face lift. Our fiscal year 2000 budget request contains $18.2 million for this initiative. Using the "Whole Room" program and reducing the current 13.6 year replacement cycle to the DoN cycle of seven years has been a major success for our program.

Current facilities must receive adequate maintenance during the useful life cycle. Constrained funding has made reduction of our backlog of maintenance and repair (BMAR) for BEQ's a challenge; a challenge we are meeting. Our fiscal year 2000 budget requests $76 million for BMAR reduction which will allow us to reach the Marsh Panel Goal of eliminating our barracks BMAR by fiscal year 2004. We have been greatly assisted in achieving this goal through the commitment of $18.3 million of the remaining DoD QOL enhancement for this purpose.

Housing Families

Family Housing is a critical quality of life and readiness issue. As I speak over 28,000 Marines are deployed, away from homes and loved ones. Caring for their families so these Marines can concentrate on their mission is a must. That means providing suitable, affordable family housing.

In the current climate of constrained funding, the Marine Corps relies heavily on private community assets to shelter our families, using military construction programs to offset existing and projected shortages. Determination of our family housing construction requirements is accomplished in a manner similar to that for bachelor housing, except projected family housing deficits in the private sector are considered.

Today, the Marine Corps maintains approximately 24,000 family housing units worldwide, with an additional 125 leased units in the San Diego California area and 600 units in the 801 program at MCAGCC Twentynine Palms, California.

For fiscal year 2000 we have requested an authorization of $26.6 million for new family housing construction, which will be used to replace 100 units at Marine Corps Air Station Kaneohe Bay, Hawaii. Additional work in fiscal year 2000 at six locations will improve living spaces for 407 Marine families.

Elimination of the backlog of maintenance and repair for family housing has been an ongoing challenge, and we have been aggressively taking this on wherever we had the resources to do so. Topline constraints preclude us from rehabilitating existing family housing units as we would like. Current defense guidance is to revitalize existing housing units by fiscal year 2010. Marine Corps will comply with this guidance in fiscal year 2012.

Communities are Home Towns

Quality family housing means much more than providing dwelling spaces. The Marine Corps believes that strong communities con.ribute to quality of life, and has developed comprehensive neighborhood plans (CNPs) for eight installations containing over half our family housing inventory and 80 percent of our units needing major repairs. Not only do these CNPs identify necessary repairs and improvements and develop corrective plans for family housing complexes, they also include quality of life amenities, to include community centers, ball fields, playground equipment, bicycle and jogging paths, privacy fencing, bus shelters, picnic tables, and improved parking. Creating communities for Marines and families sustains them and is a graphic reminder that the Marine Corps takes care of its own. The Marine Corps vision for housing ensures a consistent level of quality is provided in all our neighborhoods.

On-base housing is one component of the family housing picture. The larger family housing component is in the civilian community. Approximately 75 percent of our families live off base, many of them serving on independent duty, removed from the amenities aboard our installations. The Marine Corps helps these families in their search for adequate and affordable housing in a variety of ways, ranging from expanded referral services to set-aside agreements with local providers, to ensuring that Marines exercise their eligibility for the DoD basic Allowance for Housing (BAH).

Innovative Housing Approaches

Funding reality makes finding innovative ways to meet housing needs essential. Alternatives to traditional military construction are essential to helping us leverage our resources to reduce housing deficits and improve housing quality. Existing legislative authority provides us with a means of acquiring suitable, affordable housing for our Marines without incurring the high up-front construction and maintenance costs.

We are in the final stages of negotiations with a developer to exchange 419 uninhabitable homes and land located off-base for up to 160 new on-base homes at Marine Corps Base Albany, Georgia. This solution proposes a long term lease that leverages the government homes and land in lieu of any additional monetary commitment. We issued a solicitation in November 1998 to privatize and revitalize 512 on-base homes, and construct 200 new homes on base at Marine Corps Base Camp Pendleton. The first part of this project would be funded with $20 million in previously authorized and appropriated funds. We expect to provide congressional notification of the selection this summer.

We plan to provide congressional notification to issue solicitations for seven more Marine Corps locations during the course of this year. Our share of the investment cost for these projects would come from previously authorized and appropriated funds.

Community Support

Our communities sustain our families, and we are making steady progress in giving our Marines the community support facilities they want and need. Our fiscal year 2000 requests authorizations of $11.4 million for two fitness centers at Camp Lejeune and at San Diego, a child

care center at Marines Corps Air Station Yuma, and a Family Services Center at Marine Corps Air Station New River.

Conclusion

The Commandant emphasizes the fact that the Marine Corps has two missions: winning battles and making Marines. Over the past year, the Marine Corps continued its long tradition of maintaining forward presence across the globe and across the full spectrum of employment; from peacetime presence through humanitarian support to crisis response -- whenever the Nation calls on us. This difficult mission is accomplished by people, and is a key reason why the Marine Corps, as a people-oriented force, places strong emphasis on its QOL programs as a sustainer of Marines and a contributor to readiness and retention. The Marine Corps has historically had to make difficult choices between operational readiness and quality of life programs. The important factor in the decision equation is and must always be readiness. Thanks to the support of Secretary Cohen and you in the Congress, quality of life has been steadily improving for Marines and their families. I see the results as I visit Marines around the world. They are using these programs and facilities and taking advantage of the value of their benefits.

In conclusion let me emphasize that the Marine Corps is managing available resources to achieve the best possible balance between our operational readiness and quality of life to achieve and maintain overall readiness. We appreciate the strong support you have given us over the years, and, with your continued support we will make steady, measurable progress in supporting the quality of life of your Marines.

Subject to any questions you may have, Mr. Chairman, this concludes my remarks.

Mr. HOBSON. And now, the Air Force.

STATEMENT OF CHIEF MASTER SERGEANT ERIC W. BENKEN

Chief Master Sergeant BENKEN. Mr. Chairman, I have submitted a written statement for the record.

I would agree with you that this is an amazing process that we have, the young people that we have. We are an institution that can take an 18-year-old off the street who has a bad haircut, a rock-and-roll T-shirt on their back, and their only skill is in-line skating, and we make them a somebody. We make them somebody who garners the respect and admiration of the American public.

I once worked for a Commander who had a philosophy about facilities, who had a philosophy about working conditions. He would tell you that the crew chief who walks out to an airplane that is in disrepair or doesn't look good, pretty soon will start to look the same way as the airplane, pretty soon will have that shoddy appearance and pretty soon will have their head down when they go to work.

And I believe that that translates to facilities and military construction, as well. If our people have facilities that are second rate, if our people have facilities that are not maintained well, whether it is family housing or work facilities, eventually that begins to have an impact on how they work and how they look and how their state of readiness is.

So I think that the work that this committee does is extremely important, and I believe that all of the work that you have done in the past has had a profound and positive impact on our Air Force.

So I thank you for the opportunity to be here and look forward to answering your questions.

[Prepared statement of Chief Master Sergeant Eric W. Benken follows:]

DEPARTMENT OF THE AIR FORCE

PRESENTATION TO THE COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEE ON MILITARY CONSTRUCTION

INITED STATES HOUSE OF REPRESENTATIVES

SUBJECT: QUALITY OF LIFE IN THE MILITARY

STATEMENT OF: CMSAF ERIC W. BENKEN
CHIEF MASTER SERGEANT OF THE AIR FORCE
UNITED STATES AIR FORCE

MARCH 1999

NOT FOR PUBLICATION UNTIL RELEASED
BY THE COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES

BIOGRAPHY

UNITED STATES AIR FORCE

CHIEF MASTER SERGEANT OF THE AIR FORCE ERIC W. BENKEN



Chief Master Sergeant Eric W. Benken is adviser to the secretary and chief of staff of the U.S. Air Force on matters concerning welfare, effective utilization and progress of the enlisted members of the Air Force. He is the 12th chief master sergeant appointed to this ultimate noncommissioned officer position.

Chief Benken was born in Cincinnati, Ohio, and entered the Air Force in March 1970. His background is in information management and he has served in operational, maintenance and support units at every level of command from squadron through major air command. He has served in Taiwan, Korea and South Vietnam, and in a joint service/NATO assignment at Supreme Headquarters Allied Powers Europe. Before assuming his current position, he served as the senior enlisted adviser with the United States Air Forces in Europe at Ramstein Air Base, Germany. While at USAFE, the command was involved in operations such as Provide Promise, Provide Comfort, Deliberate Force and Joint Endeavor in Bosnia.

EDUCATION:

1977 Tactical Air Command Noncommissioned Officer Leadership School, Bergstrom Air Force Base, Texas
1986 Tactical Air Command Noncommissioned Officer Academy, Tyndall Air Force Base, Fla.
1989 USAF Senior Noncommissioned Officer Academy, Gunter Air Force Base, Ala.
1994 Associate degree in applied science, information management, Community College of the Air Force

ASSIGNMENTS:

1. March 1970 - April 1970, basic trainee, basic military training, Lackland Air Force Base, Texas
2. May 1970 - December 1970, administrative specialist, 2578th Supply Squadron, Ellington Air

Force Base, Texas
3. January 1971 - March 1972, administrative specialist, maintenance training section and maintenance quality control, 374th Tactical Airlift Wing, Ching Chuan Kang Air Base, Taiwan. Also assigned temporarily to Detachment 1, 834th Air Division, Tan Son Nhut Air Base, South Vietnam
4. April 1972 - September 1978, chief clerk, 67th Reconnaissance Technical Squadron and noncommissioned officer in charge, director of operations administration, 67th Tactical Reconnaissance Wing, Bergstrom Air Force Base, Texas
5. October 1978 - October 1979, executive noncommissioned officer to the commander, 314th Air Division, Osan Air Base, Korea
6. November 1979 - August 1983, noncommissioned officer in charge, deputy commander for resources administration and noncommissioned officer in charge, 12th Air Force Command Section, Bergstrom Air Force Base, Texas
7. September 1983 - December 1988, chief, administration communications division and noncommissioned officer in charge, deputy chief of staff, aircrew training devices administration, USAF Tactical Air Warfare Center, Eglin Air Force Base, Fla.
8. January 1989 - July 1993, superintendent, manpower and document control division, Office of the United States National Military Representative, and administrative officer, assistant chief of staff operations and logistics division, Supreme Headquarters Allied Powers Europe, Mons, Belgium
9. August 1993 - September 1994, senior enlisted adviser to the commander, 12th Air Force, Davis-Monthan Air Force Base, Ariz.
10. October 1994 - October 1996, senior enlisted adviser to the commander, United States Air Forces in Europe, Ramstein Air Base, Germany
11. November 1996 - present, chief master sergeant of the Air Force, the Pentagon, Washington, D.C.

MAJOR AWARDS AND DECORATIONS:

Legion of Merit
Defense Meritorious Service Medal
Meritorious Service Medal with oak leaf cluster
Air Force Commendation Medal with two oak leaf clusters
Joint Service Achievement Medal
Joint Meritorious Unit Award
Vietnam Service Medal with campaign star
Republic of Vietnam Gallantry Cross with Palm
Republic of Vietnam Campaign Medal

EFFECTIVE DATE OF APPOINTMENT:

Chief Master Sergeant of the Air Force Nov 5, 1996

(Current as of November 1996)



INTRODUCTION

GOOD MORNING MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE. I CONSIDER IT A HIGH HONOR AND A DISTINCT PRIVILEGE TO APPEAR BEFORE YOU TODAY TO TALK ABOUT ISSUES RELATING TO THE WELFARE AND HEALTH OF SOME OF THE FINEST MEN AND WOMEN IN THE WORLD...THE ROUGHLY 500,000 ENLISTED MEN AND WOMEN OF THE UNITED STATES AIR FORCE, AIR FORCE RESERVE AND AIR NATIONAL GUARD.

OVERVIEW

I AM PLEASED TO REPORT TO THIS COMMITTEE THAT OUR AIR FORCE REMAINS READY TO PROTECT OUR NATION'S INTERESTS AROUND THE GLOBE. WE CONTINUE TO BE THE DOMINANT AEROSPACE POWER COMPRISED OF SOME OF THE VERY BRIGHTEST MEN AND WOMEN AMERICA HAS TO OFFER. THEY ARE TRUE PROFESSIONALS DEDICATED TO THEIR MISSION AND WILLING TO GIVE THEIR LIVES IF NECESSARY. WHEN OUR NATION CALLS, THEY WILL BE THERE - WHETHER THE MISSION IS HUMANITARIAN ASSISTANCE, DISASTER RELIEF OR DIRECT COMBAT.

HOWEVER, IT IS NO SECRET THAT WE ARE HAVING DIFFICULTIES. MISSION CAPABLE RATES FOR OUR AGING AIRCRAFT ARE DOWN AND OUR READINESS HAS DECLINED. THE LACK OF SPARE PARTS HAVE OUR CREW CHIEFS CANNIBALIZING AIRCRAFT (AFFECTIONATELY KNOWN AS "RECREATIONAL MAINTENANCE") AT A RATE 75% HIGHER THAN IN 1995, CAUSING FRUSTRATION AND JOB DISSATISFACTION.

MORE IMPORTANTLY, WE ARE HAVING DIFFICULTIES IN RECRUITING YOUNG PEOPLE TO JOIN OUR SERVICE AND EVEN MORE TROUBLING, WE ARE HAVING DIFFICULTY RETAINING OUR SECOND TERMERS - THE BREAD AND BUTTER OF OUR AIR FORCE - OUR TRAINERS AND FUTURE LEADERS.

I BELIEVE THAT AS AMERICANS WE ARE AT A CROSSROADS WHEN IT COMES TO OUR NATIONAL DEFENSE. WE MUST REVERSE THE DECLINE WE HAVE SEEN IN READINESS AND RETENTION. A REALISTIC DEFENSE BUDGET IS CERTAINLY A GOOD START, BUT THERE ARE MANY OTHER OBSTACLES WE MUST OVERCOME.

THERE ARE MANY REASONS FOR OUR CHALLENGES. THE ROBUST ECONOMY OF OUR PRIVATE SECTOR LURES MANY OF OUR HIGHLY TRAINED MEN AND WOMEN WITH THE PROMISES OF HIGHER PAY, ENHANCED MEDICAL AND DENTAL BENEFITS, PROFIT SHARING AND FAMILY STABILITY.

UNFORTUNATELY, THIS IS AT A TIME WHEN OUR TROOPS PERCEIVE AN EROSION TO THEIR MILITARY BENEFITS, FUELED BY THE REDUX RETIREMENT SYSTEM IMPLEMENTED IN 1986, THE PAY COMPARABILITY ISSUE AND THE ONGOING EVOLUTION OF TRICARE.

OPERATIONS TEMPO (OPTEMPO) REMAINS A CONCERN. NEVER BEFORE IN OUR NEARLY 52-YEAR HISTORY HAVE WE ASKED AIR FORCE BLUE-SUITERS TO DO SO MUCH. THEY ARE ON DUTY AROUND THE GLOBE 24 HOURS A DAY, SEVEN DAYS A WEEK, 365 DAYS A YEAR.

THEY PATROL THE SKIES OVER NORTHERN AND SOUTHERN IRAQ, GUARD THE PERIMETER AT KUNSAN AIR BASE IN KOREA AND FEED THE TROOPS IN BOSNIA. OUR PEOPLE TRANSPORT MATERIEL IN AND OUT OF THE EUROPEAN THEATER AND SUPPORT OUR EFFORTS IN THE COUNTER-DRUG OPERATIONS IN CENTRAL AND SOUTH AMERICA.

BECAUSE OF INCREASED OPTEMPO, WE HAVE BECOME SPREAD TOO THIN ACROSS TOO MUCH REAL ESTATE. OUR TROOPS WHO REMAIN AT HOME MUST WORK LONGER HOURS TO MAKE UP FOR THOSE DEPLOYED. THIS IS WHY WE VIEW TWO FURTHER ROUNDS OF BASE CLOSINGS AS ESSENTIAL.

AS SO MANY VETERANS HAVE DONE IN THE PAST, THEY ARE SACRIFICING MANY OF THE COMFORTS AND STABILITY OF HOME LIFE WHILE KEEPING THE PEACE AND ENFORCING TREATIES, MAKING THE WORLD RIGHT FOR OUR COUNTRY AND OUR ALLIES.

THEIR DUTIES ARE PERFORMED IN PLACES NEITHER YOU NOR I WOULD EVER CONSIDER SAFE OR SECURE. THEY DO THIS WITH THE UNDERSTANDING THAT THE BOTTOM LINE OF OUR EFFORT IS FREEDOM, AND NOT PROFIT.

I HAVE VISITED MORE THAN 65 OF OUR BASES SINCE I BECAME THE CHIEF MASTER SERGEANT OF THE AIR FORCE ROUGHLY TWO YEARS AGO. I HAVE BEEN FACE TO FACE WITH A LARGE PERCENTAGE OF OUR FORCE.

I SPEND MANY DAYS EACH MONTH VISITING THEM - WHERE THEY LIVE AND WORK, WHERE THEY EAT, SHOP AND PLAY.

I TRY TO SPEND MOST OF THAT TIME LISTENING AND FINDING OUT HOW THEY FEEL ABOUT THEIR AIR FORCE. I DO THIS BECAUSE I WANT TO RETAIN THESE AIRMEN, AND I'M HERE TODAY ASKING FOR YOUR CONTINUED HELP IN DOING JUST THAT.

OUR TROOPS WANT TO KNOW THEY CAN COUNT ON SAFE, ADEQUATE AND AFFORDABLE HOUSING. WE HAVE FOUND THAT GIVING AN AIRMAN A SUITABLE PLACE TO LIVE HAS A DIRECT IMPACT ON READINESS. QUITE FRANKLY, THEY ARE CONCERNED ABOUT THEIR FAMILY MEMBERS WHEN THEY ARE DEPLOYED, WHICH IS AT A RATE FOUR TIMES THAT OF TWELVE YEARS AGO. MOST DO NOT HAVE THE LUXURY OF HAVING OTHER FAMILY MEMBERS IN THE IMMEDIATE PROXIMITY TO PROVIDE ASSISTANCE IF NECESSARY.

I FIRMLY BELIEVE THERE IS A DIRECT CORRELATION BETWEEN A SAFE LIVING ENVIRONMENT AND RECRUITING, MOTIVATING AND RETAINING A TOP-QUALITY PROFESSIONAL FORCE.

THE AIR FORCE OWNS APPROXIMATELY 110,000 HOMES AND LEASES AN ADDITIONAL 8,000 UNITS.

OUR AVERAGE HOUSING UNIT IS ABOUT 35 YEARS OLD, AND ALMOST 61,000 REQUIRE SIGNIFICANT RENOVATION OR TOTAL REPLACEMENT TO BRING THEM IN LINE WITH TODAY'S STANDARDS. THE AIR FORCE HAS DEVELOPED AN EFFECTIVE STRATEGY TO ATTACK OUR MILITARY FAMILY HOUSING SITUATION. OUR FY00 HOUSING PROGRAM MAKES JUDICIAL USE OF MILCON DOLLARS.

WE HAVE AN INVESTMENT STRATEGY THAT WILL ALLOW THE AIR FORCE TO REPLACE 1,180 HOMES AT 15 BASES AND TO MAKE IMPROVEMENTS ON 1,334 HOMES AT 15 BASES. IN ADDITION, A SIGNIFICANT PORTION OF OUR HOUSING MILCON WILL BE DEDICATED TO MAINTAINING OUR EXISTING HOMES...A SIGNIFICANT QUALITY OF LIFE FACTOR FOR THE RESIDENTS.

THE AIR FORCE IS PURSUING PRIVITIZATION AT SEVERAL LOCATIONS. A PROJECT INVOLVING 420 UNITS AT LACKLAND AIR FORCE BASE, TEXAS IS SCHEDULED TO BE COMPLETED BY DECEMBER 2000.

SEVERAL BASES HAVE PRIVATIZATION PROJECTS UNDER CONSIDERATION FOR FY99 INCLUDING, AMONG OTHERS; ROBBINS AFB, GEORGIA; ELMENDORF AFB, ALASKA; KIRTLAND AFB, NEW MEXICO; DYESS AFB, TEXAS; MOUNTAIN HOME AFB, IDAHO; DOVER AFB, DELAWARE; AND PATRICK AFB, FLORIDA. FINALLY, FY00 HOUSING PRIVITAZATION PROJECTS UNDER CONSIDERATION INCLUDE WRIGHT-PATTERSON AFB, OHIO; MCGUIRE AFB, NEW JERSEY; TINKER AFB, OKLAHOMA; AND HURLBURT FIELD, FLORIDA.

SUCCESSFUL PRIVITIZATION PROJECTS WILL ALLOW THE AIR FORCE TO LEVERAGE OUR HOUSING REVITALIZATION EFFORTS.

OF EQUAL IMPORTANCE ARE THE HOUSING NEEDS FOR OUR UNACCOMPANIED MEMBERS.

THE AIR FORCE HAS ADOPTED A DORMITORY PROGRAM WITH THE PRIMARY OBJECTIVE OF PROVIDING PRIVACY FOR OUR YOUNG, SINGLE AIRMEN. OUR INVESTMENT STRATEGY WILL ALLOW US TO BUYOUT ALL PERMANENT PARTY CENTRAL LATRINE DORMITORIES DURING FY99. THIS IS A SIGNIFICANT ACHIEVEMENT AND A TREMENDOUS QUALITY OF LIFE BOOST FOR OUR YOUNGEST MEMBERS. I KNOW THIS BECAUSE THEY HAVE TOLD ME TIME AND TIME AGAIN THAT PRIVACY IS THEIR NUMBER ONE DORM RELATED CONCERN.

ALSO, OUR FY00 DORMITORY MILCON PLAN WILL ALLOW US TO CONSTRUCT OR UPGRADE PERMANANT PARTY DORMITORIES AND ONE STUDENT DORMITORY AT NINE LOCATIONS.

BY INVESTING IN DORMITORIES, THE AIR FORCE IS SENDING A MESSAGE TO OUR YOUNG AIRMEN THAT THEY ARE AN IMPORTANT MEMBER OF THE TEAM. OUR FIRST TERM REENLISTMENT RATES ARE SHOWING A DOWNWARD TREND AND WE MUST CONTINUE TO DO EVERYTHING POSSIBLE TO IMPROVE RETENTION OF OUR FIRST TERM FORCE. WE INVEST HEAVILY IN THE TRAINING OF OUR YOUNG TROOPS AND WE ASK A GREAT DEAL OF THEM.

WE SHOULD RECOGNIZE THEIR VALUE AND THEIR CONTRIBUTIONS TO OUR NATION BY PROVIDING THEM A PLACE TO LIVE COMMENSURATE WITH THEIR SACRIFICE. AN EXCELLENT EXAMPLE IS THE DORMITORY PROJECT AT OSAN AIR BASE, KOREA. THIS IS A REMOTE LOCATION

WHERE OUR AIRMEN WORK EXCEPTIONALLY HARD AND ARE DIRECTLY IN HARM'S WAY.

I ASK FOR YOUR CONTINUED SUPPORT OF OUR DORMITORY PROGRAM, BOTH IN THE CONTINENTAL UNITED STATES AND IN THE OVERSEAS THEATER. CONGRESSIONAL SUPPORT IS EXTREMELY IMPORTANT FOR OVERSEAS INTERESTS BECAUSE WE DO NOT HAVE DISTRICT REPRESENTATION AS WE DO HERE IN THE STATES. REMEMBER, THE MEN AND WOMEN WHO LIVE IN THESE DORMS FORM THE FRONT LINE IN OUR STRATEGY OF GLOBAL ENGAGEMENT.

THERE IS AN ADAGE THAT SAYS, "WE RECRUIT THE MEMBER, BUT WE RETAIN THE FAMILY." IN THAT REGARD, ANOTHER IMPORTANT BENEFIT WE GIVE OUR PEOPLE, IN PARTICULAR OUR YOUNGER FAMILIES, IS ON-BASE CHILD CARE FACILITIES.

TO THE YOUNG ENLISTED FAMILY, THE SAVINGS REALIZED THROUGH USING A BASE CHILD DEVELOPMENT CENTER CAN BE VERY SIGNIFICANT.

JUST AS SIGNIFICANT IS THE PEACE OF MIND THOSE PARENTS HAVE WHEN THEY LEAVE THEIR CHILDREN IN A FACILITY STAFFED BY HIGHLY QUALIFIED AND CARING PROFESSIONALS WHO PROVIDE PROGRAMS AND SERVICES THAT WOULD OTHERWISE EXTEND BEYOND THE FINANCIAL GRASP OF SOME OF OUR PEOPLE.

IN THIS PERIOD OF HIGH PERSTEMPO, PERSONAL FITNESS HAS BECOME A CRITICAL FACTOR IN MISSION EFFECTIVENESS AND HAS A DIRECT IMPACT ON READINESS.

IN THE 1997 AIR FORCE CHIEF OF STAFF QUALITY OF LIFE SURVEY, AIR FORCE MEMBERS RANKED FITNESS AND SPORTS ACTIVITIES AS ONE OF THE TOP THREE SERVICES IMPORTANT IN ESTABLISHING A SENSE OF COMMUNITY AND BOOSTING PRODUCTIVITY.

THEY ALSO RANKED FITNESS CENTERS AS THE TOP MORALE WELFARE AND RECREATION PROGRAM WITH A POSITIVE EFFECT ON CAREER INTENT. ADDITIONAL AIR FORCE SURVEYS HAVE SHOWN THAT FITNESS CENTERS ARE THE MOST IMPORTANT BASE-LEVEL SERVICE OFFERED, WITH OUR JUNIOR ENLISTED MEMBERS RATING FITNESS MOST IMPORTANT 4-TO-1 OVER OTHER PROGRAMS. THE AIR FORCE HAS ALLOCATED $183 MILLION OVER THE NEXT SIX FISCAL YEARS (FY00-05) FROM SECRETARY OF DEFENSE QUALITY OF LIFE FUNDING FOR FITNESS CENTER CONSTRUCTION AND RENOVATION.

THE AIR FORCE IS DEVELOPING A FITNESS CENTER MASTER PLAN TO IDENTIFY AND PRIORITIZE THE TOTAL REQUIREMENT FOR AIR FORCE FITNESS FACILITY IMPROVEMENTS. PERSONAL FITNESS IS OF EVEN GREATER CONCERN AS THE AIR FORCE TRANISTIONS TO THE EXPEDITIONARY AEROSPACE FORCE.

I THINK IT IS ALSO IMPORTANT FOR ME TO POINT OUT THAT MILCON DOLLARS MUST ALSO BE TARGETED TO HELP UPGRADE OUR WORK FACILITIES AS WELL. RECENT BUDGET CONSTRAINTS HAVE CAUSED MANY OF OUR WORKPLACES TO FALL INTO DISREPAIR. WE HAVE RUNWAYS THAT NEED REPAIR, ROOFS THAT REQUIRE WORK AND OTHER UTILITY WORK THAT GOES UNDER FUNDED OR UNFUNDED. THIS CAUSES OUR AIRMEN TO SPEND TIME DEVISING WORK-AROUNDS IN ORDER TO KEEP THESE FACILITIES GOING. ASKING OUR AIRMEN TO WORK IN SOMETIMES SUBSTANDARD FACILITIES ALSO HAS A TREMENDOUS IMPACT ON QUALITY OF LIFE, WHICH TRANSLATES INTO RETENTION PROBLEMS IF LEFT UNCHECKED.

CONCLUSION

SERVING IN THE MILITARY TODAY IS AS DANGEROUS AS ANY PERIOD OF TIME IN OUR HISTORY. EACH DAY WE ASK OUR MEN AND WOMEN TO SERVE IN THE FACE OF THE UNPREDICTABLE REALITY OF INTERNATIONAL TERRORISM. INDEED, WE HAVE SEEN THE RESULTS OF TERRORISM IN OUR HIGHLY VOLATILE WORLD. OUR ROLES AND MISSIONS HAVE CHANGED AND NOW INCLUDE A MUCH WIDER VARIETY OF OPERATIONS.

TECHNOLOGY IS ADVANCING VERY RAPIDLY AND WE MUST KEEP PACE. TO THAT END WE MUST RECRUIT AND RETAIN THE FINEST AIRMEN WE CAN.

56-944 99 - 7

I AM ASKING FOR YOUR HELP IN MAINTAINING THE TANGIBLE THINGS THAT OUR PEOPLE FEEL ARE IMPORTANT TO THEIR WAY OF LIFE. EACH OF THEM HAS VOLUNTEERED TO DEFEND THEIR NATION. THEY ARE A COMPOSITE OF AMERICA - FROM DIVERSE BACKGROUNDS AND CULTURES. THEY ARE ROLE MODELS FOR AMERICA AND OUTSTANDING REPRESENTATIVES OF FREEDOM AND OUR WAY OF LIFE. YOUR SUPPORT FOR OUR MILITARY CONSTRUCTION PROGRAMS TRANSLATES TO MORE THAN BRICKS AND MORTAR TO OUR AIRMEN. IN EFFECT, IT IS A MESSAGE OF SUPPORT TO THE TROOPS FROM YOU AND THE AMERICAN PEOPLE.

MANY OF YOU HAVE TRAVELED THROUGHOUT THE WORLD AND MET OUR TROOPS AND THEIR FAMILIES. YOU KNOW AS WELL AS I THAT PEOPLE ARE THE FOUNDATION – THE BEDROCK, IF YOU WILL – OF THE AIR FORCE. THEY ARE, INDEED, OUR MOST IMPORTANT RESOURCE. AND HOW WE TAKE CARE OF THEM IS INEXTRICABLY LINKED TO READINESS.

YES, MR. CHAIRMAN, WE ARE AT THE CROSSROADS. IN ONE DIRECTION IS THE ROAD BACK TO THE ERA OF THE HOLLOW FORCE. IN THE OTHER, THE ROAD TO MAINTAINING THE STRONGEST MILITARY FORCE IN THE WORLD. WITH YOUR CONTINUED UNFAILING SUPPORT, WE CAN OVERCOME MANY OF THE CHALLENGES WE FACE TODAY, AND MOVE SWIFTLY DOWN THE RIGHT PATH.

ON BEHALF OF THE MEN AND WOMEN WHO SERVE IN OUR GREAT AIR FORCE, THANK YOU FOR GIVING ME THE OPPORTUNITY TO SPEAK TO YOU TODAY.

Mr. HOBSON. I just want to show you this picture. This is a picture we took in Bosnia, me swearing in a young soldier—he was from Jamaica. I thought it was kind of a nice experience. We sent him back a copy of the picture. I won't forget it, and I hope he doesn't forget, as we move forward.

Mr. Olver, do you have any questions that you would like to ask at this time?

Mr. OLVER. I would like to ask a couple just for pinning people into my understanding of your roles.

Is each of your positions unique in your services? As the Sergeant Major of the Army, you are the only Sergeant Major of the Army, and in the case of the Master Chief Petty Officer—there are lots of Chief Petty Officers, but you are the Master Chief Petty Officer?

Master Chief HERDT. Master Chief Petty Officer of the Navy, yes, sir. There is only one.

Sergeant Major HALL. Within the Army, sir, we have Sergeants Major at every command level, but there is only one who works for the Chief of Staff of the Army that has oversight responsibility for the entire Army, and that is me. I am the only one who wears this insignia of rank within the Army.

LENGTH OF SERVICE/HOUSING FACILITIES USED

Mr. OLVER. Okay.

Could I ask each of you how long you have been in the service, and which of the quality of life features you have personally used? That is, were you a user of single housing, bachelor housing, and then family housing, and then—I don't know what you would be living in at the present time—and then which of the other features which are normally part of our system you have personally used, which would be the day care facilities, if you have children, and the educational benefits. Could we do that?

Sergeant Major HALL. Sir, I came in 1968; last month marked 31 years of service.

Mr. OLVER. Exactly how long I have been in politics.

Sergeant Major HALL. I don't know if you intended to stay in that long——

I came in to do three years and get out. It has been a long three years for me.

But growing up, with 31 years, I have gone through everything from open bays—I started out as a single soldier with open bays of 40 men in an open bay—to six-man rooms, to three-man rooms, and then I got married. I have been married about 30 years, and have used family housing.

If you will let me go to the last question that the Chairman asked, how do you build up equity in housing?

I am now living in my 19th house between off-post housing and Government quarters. I have invested a tremendous amount of money in Government quarters, and have built up zero equity. If I have any regret over those 31 years of serving as a soldier, it is the fact that I have never owned a home. That is a little bit scary, because about June of 2000 I have to go buy my first one, and I will figure out how to do that. So I have gone through the whole thing.

I did not use child care as my children were growing up—although I still have one at home who is 13 years old. I have a daughter who is married to a Sergeant, and my two grandchildren are enrolled in child care. So I think between——

Mr. HOBSON. Did your kids go to DOD school?

Sergeant Major HALL. They just came back from Germany. They are en route to Fort Riley, so my oldest grandson, who is seven, went to kindergarten and first grade at a DOD school.

So I guess I have used all the quality of life support activities that the Army has had over 31 years. It is tremendously better now than it was when I was coming through the ranks as a young soldier.

Mr. OLVER. If I may comment on what you have just said, before we go on to the others, the one thing that came through there, I have never heard anyone else speak to the issue of equity in housing.

Mr. HOBSON. I've had a constituent come to me with a proposal that the DOD doesn't really like, but I think it is something that we want to try to hone. Maybe it will be our legacy from the Committee if we can figure out something.

Master Chief HERDT. Sir, I joined the Navy in 1966, actually came on active duty in 1967, sat out for a couple years because I didn't think that the life was for me. I decided differently and came back in. But in that period of time my wife and I—we have been married going on 31 years—I, too, have lived in open bay barracks; I have lived in single-room barracks; I have lived aboard submarines, cruisers, aircraft carriers. We have occupied Government quarters. We currently occupy a very nice home that was built especially for the Master Chief Petty Officer of the Navy; it is identical to the quarters of the Sergeant Major of the Marine Corps and the Master Chief Petty Officer of the Coast Guard.

In all, we have moved 18 times. We have lived on the economy and in housing. I have had the great fortune to be able to purchase—I own my fifth home. Let me clarify that, only own one, but we have been able to buy and move into five homes over the years. We have never been able to hang onto any of those homes; it was always necessary to sell. Over a three-year period you don't build up a lot of equity in buying and selling homes. It is eaten up relatively quickly in the process, whatever equity you compile.

We have not used day care because my wife stayed home with my son until school age. I think it was just a sign of the times, and I recognize that those times have changed.

With regard to what other benefits I have used, I would tell you that I have used the GI Bill, the educational benefits, to great advantage, having achieved a Masters, an MBA, over these years.

Sergeant Major LEE. Sir, I have 31 years of service this month. I go out of the Marine Corps in June.

Throughout my career, sir, I have lived in various types of housing. What you have heard, the open squad bays, I spent a lot of time at sea, a lot of time in field environments. Very little have I lived in base housing. I did live in base housing overseas once, and I am currently living in provided-for base housing now because of my position.

I have bought and sold three homes through my career. I was fortunate enough to be in a good market each time I bought and each time I sold. I did not get rich, but I made a little bit of money.

I was single for many years of my life. I used a lot of facilities on base, i.e., the gym, things of that nature. Child care, I did not use very much.

That's about it.

Mr. HOBSON. While we're doing this, would you just tell us your career field?

Sergeant Major HALL. I grew up in air defense, sir.

Master Chief HERDT. I am a nuclear-trained machinist's mate, operating nuclear propulsion systems.

Sergeant Major LEE. Infantry.

Chief Master Sergeant BENKEN. Information systems.

Well, I am just a kid; I have been in 29 years.

I am thinking about making it a career.

I have lived in family housing, stairwell housing over in Germany. The current house that I live in on base is provided. The one house that I bought in Arizona when we were stationed there, I anticipated my assignment would be a little bit longer than it was. We lived in it for eight months and had to sell it and leave. But that was okay, it worked out all right.

I have two boys who went to DOD school over in Belgium, when we were in Belgium. They did fine with the DOD school system. They came back and were successful, so I had no problem with that.

The unaccompanied side of the house, I lived in dormitories when I first came in that were of the gang latrine variety, where everybody showers together. We lived three or four people to a room. The square footage was probably about 250 square feet or something like that. We have made vast improvements over the years in the unaccompanied housing. I will tell you, in answer to your question, sir, do the troops have an input, yes, they did have an input on the one-plus-one and the privacy issue and things like that, which I think is very important.

Mr. HOBSON. We are going to try to adhere to the five-minute rule for members of the committee.

Robert, do you have anything that you would like to ask?

Mr. ADERHOLT. No, Mr. Chairman.

Mr. HOBSON. All right.

Chet, anything?

MILITARY PAY RAISE/RETIREMENT BENEFITS

Mr. EDWARDS. Thank you, Mr. Chairman.

Let me first just say thank you for what you all do for our families and our children and grandchildren and their families, for the future. I consistently hear from foreign military leaders when they come visit the United States, and I am privileged to represent Fort Hood, so we have a lot of visitors there. But the thing that uniquely impresses them is the incredible high quality of our noncommissioned officer corps. Even if the Joint Chiefs were sitting in this room, I would say that I consider it an honor to be at the same table with the noncommissioned leadership of our armed forces. Thank you for what you all do.

Let me ask a broad question that relates to what we are going to do, and then one specific question in regard to housing.

The broad question in terms of morale and the military is obviously housing, it is education, it is pay, it is retirement, it is OPTEMPO. But has there been a visible response from the proposal to provide a 4.4 or 4.8 percent pay raise, and combine that with better retirement benefits? Is that something that is of significant help? Or what would be your response?

Sergeant Major HALL. It will be a significant help. It is not there now. Soldiers are, quite frankly, taking a "wait and see" approach. Expectations are very high.

The danger is that if we don't do this right, we're going to be faced with a bigger problem than we had before, sir. But I think it will make a difference; soldiers and NCO's told me that retirement has increased more than any other as the reason soldiers and NCO's get out of the Army. And Staff Sergeants are still saying, "I don't think it is worth it to stay in 20 years for 40 percent." Those who are just a year or two before them are getting 50 percent.

Mr. EDWARDS. Not to downgrade the pay raise, because people are living month to month and need that help, but is it the retirement benefit increase that really caught a lot of our mid-career officers' and other personnel's attention?

Sergeant Major HALL. In my opinion, yes, sir. The pay raise, more than anything else, is a show of faith that the American people and the Congress and the military leadership value their service. But the retirement is the one issue.

Mr. HOBSON. If you will let me interject, some people say that they have seen retention rates go up since the talk about the pay raise, you can see a spike in the retentions.

Master Chief HERDT. I would echo pretty much what the Sergeant Major says here, sir. We have seen an increase in the number of extensions—not necessarily enlistments. What the Sergeant Major is saying, just to put a Navy twist to it, I would say that we have a lot of sailors that are standing with one foot on the deck and one foot on the brow, waiting to see which way to go.

With regard to what is more important, the retirement or the pay——

Mr. EDWARDS. It's an artificial choice, I know.

Master Chief HERDT [continuing]. It is not really a choice, because whatever you don't fix, the full attention that was being split between the two will just be focused on the other.

I am concerned, as I submitted in my written statement, that this is seen as somehow solving the retention problem. I think most of us who deal with sailors, soldiers, airmen, and Marines on a day-to-day basis know that it is going to take a lot more than just this, but this is the door that you must be able to get through in order to work on the retention—the other pieces of retention. If we don't fix the pay and retirement, in my estimation, we do not get a chance to work on the other issues with them.

So I am a little concerned about the "either/or" folks that I continue to read about, that somehow this is going to fix us, that it's the pay and not the retirement or it's the retirement and not the pay. It is part of a total package that we must work on.

Mr. EDWARDS. And if they are living in 50-year-old barracks that are falling apart, they still lose there.

Master Chief HERDT. The focus just shifts.

Mr. EDWARDS. Okay. In general, that combination is a significant step forward; would all four of you agree?

Sergeant Major HALL. As the Master Chief says, that gives us a chance to try some other initiatives that we may have not had otherwise.

Mr. EDWARDS. Okay.

Chief Master Sergeant BENKEN. If I can add something before we leave the subject, I have been to 65 bases in the last two years. Everywhere that I go, that is the input that I get. We have people standing next to each other who have two different systems. When you add everything else, whether it is spare parts and they are doing recreational maintenance to fix an airplane, or whether it is OPTEMPO away from home, and you start adding those things together, it all becomes part of it. But the retirement and the pay are certainly the issues.

I get a little concerned when I see GAO reports in the paper that say that this is based on a combination of anecdotal reports, survey data, and personal judgments. Well, I will tell you, what else would you base it on? It is personal judgments on our part; it is anecdotal information from the troops as we talk to them. So I am concerned about the input that you get beyond the scope of these committees, and certainly our experience and the service chiefs' experience.

Mr. EDWARDS. Okay.

Chief Master Sergeant BENKEN. I believe that what we have proposed is right on the mark. It certainly is a reflection of what we hear from the troops.

Mr. EDWARDS. Do you agree pretty much with those comments?

Sergeant Major LEE. Mr. Edwards, I do agree. But speaking for my service—and my service is obviously different from the other services—the morale that is going to be measured among my Marines—when I did it, when I spoke with them—frankly, it is their ability, more than anything else, to get the job done. And yes, the pay raise and the retirement fixes are important. But I don't have that many career people that were concerned about those issues. Their concerns are their ability to get the mission accomplished.

So as we move forward with the monetary benefits, I strongly—for the personal benefits—I strongly encourage you to look at the needs of the service as an institution, i.e., modernization, spares, repairs, and things like that, that I know this committee is not necessarily dealing with, but I know that you all do have to deal with that.

Mr. EDWARDS. Mr. Chairman, in respect to the time, I will defer my specific question on housing until the other members have had a chance.

Mr. HOBSON. There is going to be a vote about 10:30. I appreciate that.

Mr. EDWARDS. Thank you.

Mr. HOBSON. I know you want to ask the one on housing. I want to get into that extensively.

We are going to have a vote at about 10:30 to 10:45, a couple votes, and we will come back. I would like for everybody to get at least one question in.

Allen, I think it is your turn.

Mr. BOYD. Thank you, Mr. Chairman.

TRAINING

As a person who served two years in the military, I happened to serve in the Army, and I served as a 1st and 2nd Lieutenant during the Vietnam War, I just want to tell you that I am extremely pleased that you are all here today. I am somewhat awed to be in the presence of folks who have done so well in their careers, and I sincerely mean that, because what I did learn in those couple of years was who really ran the armed services, whether it be the Sergeant Major or the First Sergeant at the company level, or the Platoon Sergeant, or the Squad Leader. We all know who does that very effectively.

I might ask about this issue that we have coming up every year in terms of training, the female/male trainees. I know that the Marines have a different idea; I thought the way that you all did it, Sergeant Major, was the best way, but is that having any effect on our quality of life issues or housing? I guess that's just more a training-related issue than it is performance, isn't it?

Sergeant Major HALL. I think more than anything else, sir, it's a service decision on how you want to train your troops. And as long as you train them to standard, then you don't get into those other issues.

Within the Army we train both ways. When we train combat arms, we train gender-segregated: infantry, armor, field artillery, and combat engineers. The other part of the Army is open to females, and we train in a gender-integrated mode.

Now, as Chief Benken said, you have to be careful of some of the reports you see. If you told us to go all gender-segregated, then it would cost money, because one of the Kassebaum-Baker report recommendations was that you house them in completely separate barracks. So if you do that, it's a $306 million bill to build separate barracks. But when you get right down to it, it is just a decision of how you think it is best to train these great young men and women.

Mr. BOYD. Thank you, Mr. Chairman.

Mr. HOBSON. Actually, I think they are reconsidering some shifts now. I don't know if you want to comment on that.

Master Chief HERDT. Yes, sir. Thank you for the opportunity to comment on it.

Our philosophy is, quite frankly, that the last place we want to train people to live in the close proximity in which they will live on our ships is when they first get to the ship. We think the best way to do it is to start from the beginning, so that a sailor is a sailor, and it has served us very well.

BERTHING

Our ships are configured in a way that there is no gender-integrated berthing. The berthing is segregated within the ship, and that's pretty much the same way that our barracks are configured.

They live in the same barracks, as they would live on the same ship, but the berthing areas for men and women are separate within that barracks.

So it works very well for us. I really don't think it is a quality of life issue as much as all the hand-wringing that goes on. It is principally a distractor from what we're trying to get done. We have done very well with the way that we are doing it. It seems to work for us.

Mr. BOYD. What is the berthing area?

Master Chief HERDT. The berthing areas are the places where the beds are.

Mr. BOYD. Okay.

Master Chief HERDT. It is the compartment in the ship where all the racks are. We have berthing areas in our ships that sleep as few as three people, and others that hold up to 250 people in the same compartment, with racks stacked three high, with gang heads. That is principally how we live aboard our ships.

Mr. HOBSON. I think one of the things we might do is the Committee might go out and look at—we've looked at air bases, we've looked at some other things, but we need to look at ships.

Master Chief HERDT. We would love to have the opportunity to show you a couple of different classes of ships.

Mr. HOBSON. Yes.

Sam, you and I are going to have trouble sleeping in a submarine. [Laughter.]

Sam.

RECRUITING AND RETENTION

Mr. FARR. Mr. Chairman, I echo my colleagues' profound respect for the careers that you gentlemen have had in our military.

Let me take a little bit of a different attitude about this. I think that the retention of people in any job, a lot of it is attitudinal about what are the benefits derived versus the benefits of going somewhere else. All Federal employees have a dual scale retirement system. It is probably not as profoundly known or talked about as it is in the military. And I agree with you; I think that you have to do both salary and retirement, because people when they are young think about salary, but when they are middle-aged, they think about retirement. That goes on right here in Congress; we don't have to go off our own Floor to find that out.

What I am interested in is this attitude about—I am amazed that we don't talk more about the support system that we give military members and their families. I have represented military bases, and until I got on this committee I never understood—or never really saw—how much support there is out there, support with commissaries and PXs and DOD schools and child care and morale accounts for social activities and stuff like that. The military offers an incredible support lifestyle out there that the outside community doesn't, and I think if we publicized that more, we would, be able to recruit. And I am sure the people in the military see that and make that decision as they are about to leave.

What I want to ask is, I don't know how long we are going to ever be able to continue to do this kind of—when do we not provide the isolated support? Because if you are going to be asked to be

more of a peacekeeping force as opposed to the Cold War era, and we are going to be sharing our responsibility with our allies, and we give the support to our troops and they don't give that kind of support to their troops—getting back to attitudes, have you ever sensed that there is a jealousness among your career colleagues from other countries about what America does that their country doesn't do?

Master Chief HERDT. Sir, if I could comment on a couple of things that you said. One issue would be that you would be surprised in your assessment of who is interested in the retirement program—you would be surprised at the groups of sailors that I stand in front of, at what pay grades they start asking about the retirement system. E–3s, E–4s, E–5s are talking about the retirement system. So this is a bit of a wider issue.

With regard to the recruiting part of this, advertising benefits, I think our recruiters are pulling out every stop that they have. In our advertising, having been a recruiter, I found that always the biggest hurdle to overcome in recruiting was convincing someone to leave everything they have known and embark on an entirely different lifestyle that they are a little unsure of. Civilian recruiters have always told me that if you could sell the military, you could be a civilian recruiter for any company in the country.

Master Chief HERDT. At any rate, they are working very hard on that.

The jealousies with our counterparts, I would tell you from a Navy perspective, it is not an issue with regard to the Navy CONUS. But I will tell you that the reverse is true, that our sailors look at how other people live on board their navy ships, particularly in the NATO countries, and our standard of living on our ships does not approximate many of the standards that the other countries enjoy.

Mr. FARR. Meaning that the other countries have a higher standard?

Master Chief HERDT. Yes, sir. That is true.

Mr. FARR. What about from a base operations standpoint? We live off the economy in Britain, I presume, and we live off the economy——

Master Chief HERDT. In Japan, in some places, yes. The jealousy issue, I have never heard it addressed. I have not seen it as an issue and have not heard anybody complaining one way or the other, including my counterparts in the other services.

Mr. FARR. Let me follow up on that. I notice, just talking to soldiers, that there is a different attitude among those who are single—on deployment; the ones in Bosnia who were being deployed, you couldn't deploy them enough, but we hear they're getting burned out, and this is too much deployment. On the other hand, the single military personal seem to enjoy it; it is the married ones that have a difficult time. And now I understand we are about 70 percent married, so it is a major issue with the services.

Have you noticed that there is a different attitude between the single and married soldiers?

Sergeant Major HALL. What I found, sir, is that you're right. It seems to me that's what single soldiers want to do.

Married soldiers are like that up to a certain point. The first deployment, they want to go. The second deployment, they want to go. After that, the heat when they get back home gets pretty heavy. And that's when it becomes an issue with deployments. We've done a lot to spread that out. We're going to continually be deployed; that's just the way we're going to do that. What we have to do, and we realize this in the Army, is we have to put a degree of predictability back in soldiers' lives.

I can remember when we first started going into Bosnia, we would tell a Division three months before they had to be there that they had to go. This time we went out a year early and told the 10th Mountain Division, "You assume the mission for Bosnia in August of 1999." What that does is give the unit time to prepare and gives families time to prepare. We can do the train-up in a logical manner. We can also do block leave, so families can do some planning.

We told the 49th Division that "You have command and control responsibilities for Bosnia in August, 2000." That's a National Guard Division.

So that predictability will get us over the hump of the difference between married soldiers and single soldiers.

If I could address the other one you talked about, the jealousy issue, just a little bit.

I think it's out there, and I think there are pros and cons on both sides. Some other countries have a better standard of living, more money, and better allotments and entitlements when they move, but there are some places where we do much, much better. We have 22 international students at the Sergeants Major Academy at Fort Bliss. The one big issue that comes up from each of those student is, how do we, talking about their country, their NCO corps, get what we have when it comes to duty, responsibility, and authority of a noncommissioned officer corps?

So I think the jealousy is along those lines. It is along the lines of duty, but not necessarily financially.

Sergeant Major LEE. Let me jump in here a second, because I think I am a little bit puzzled or not understanding what I am hearing. And again, understanding the uniqueness of my service, in our recruiting efforts we sell an idea, a challenge, to that young man or woman. Frankly, that's about all we sell. Once they are in, we teach them the support systems, we teach them what they need to know, we make sure they are aware of all those things.

Mr. HOBSON. What percentage is married?

Sergeant Major LEE. Only 40 percent of my people are married. And because of our efforts over the past three years to teach responsibility and to make sure they understand, married versus single, we have in fact decreased our married rates significantly—frankly, through an educational program of responsibility and what to expect out of the Marine Corps. What they have to understand is that we are a forward-deployed force, and they are going to spend about 60 percent of their time separated from their families and their loved ones. That's our ethos.

Mr. FARR. That's going in?

Sergeant Major LEE. Well, that's period, sir. That's period. Maybe toward the end of your career you are a little more stable

because of the rank that you hold and the billet you hold, but I don't know of any MOS or any rank where we don't go, go often, and go alone. That's just it. But we make sure they understand that from the time that we start talking to them about joining our service, right on through those who make it a career.

Very few of mine make it a career, sir. We are a first term organization. About 18 percent of who I recruit will stay and become a career Marine for 25 or 30 years. So I do have a unique difference here from what the other services have. But I just wanted to make sure we understood that.

Mr. FARR. As far as jealousy goes?

Sergeant Major LEE. I have never observed jealousy between Marines and what they perceive is a better way of life among the military of foreign services. They may be jealous of some equipment that they see; they may be jealous of some type of weaponry they see; but as far as any Marine I have ever known feeling like he would be better off in the French Army or somewhere else, I haven't run across that person.

Mr. FARR. What I meant was the attitude of foreign nationals about the fact that we do such a good job of support. I think we undersell ourselves in many cases; the child care systems that I have seen are much better than what we have in the civilian community, even in my own home town.

Sergeant Major LEE. I think, speaking for the Marine Corps, sir, you are absolutely right. Those who utilize the services and observe what we have to offer, from the outside looking in, it is very desirable.

Mr. OLVER. I would like to follow up on this one, Bob and Allen.

Could I turn this envy/jealousy issue around and ask whether there is an issue of envy or jealousy between the other services and the Marines, which you have now spoken several times about, the unique nature of the Marines?

Sergeant Major LEE. I'll be honest with you, sir. When my Marines—especially the young ones, of which I have a great number of; 110,000 of my 156,000 are serving on one contract, less than four years of service, so they are not very experienced in life. They are experienced in the Corps, depending on how long they have been in the Corps.

Yes, frankly, they visit an Air Force installation; they see installations and they see facilities that they would be proud of. However, they fully understand what they are going to receive, how they live, and they deal with it.

Chief Master Sergeant BENKEN. But keep in mind, now, what he is talking about, the first term force and the turnover that they go through, versus where the Air Force tries to keep people long-term.

Mr. OLVER. What percentage——

Chief Master Sergeant BENKEN. We try to keep 55 percent of the first term, 75 percent of the second term, and 95 percent of the career. So there is a difference in how we approach that, as well. So it is important to take that into consideration when you look at quality of life.

Mr. HOBSON. Robert.

FAMILY HOUSING

Mr. ALDERHOLT. Yes. I had a question, just really concentrating on family housing. Several members of the committee had an opportunity a couple of weeks ago to visit some family housing, especially in Italy; we got to do a little bit of touring around that area, around Aviano. But if you had to narrow it down to one major complaint regarding family housing that you hear come up most often, what would that be?

Sergeant Major HALL. From the Army, the most frequent complaint that I get on family housing is too long a waiting list, to get onto base, and inadequate quarters.

Mr. ADERHOLT. I'm sorry, what?

Sergeant Major HALL. Inadequate quarters. In the past we have not funded the Base Ops dollars and the real property management dollars that allow us to keep those quarters up to date.

Mr. HOBSON. If you're going to say that, how many houses did you ask for in CONUS this year, sir?

Sergeant Major HALL. Sir, we asked for none in CONUS this year, because our primary effort in CONUS is privatization.

Mr. HOBSON. That is not what the law says, sir.

Master Chief HERDT. I would just tell you that our concern is, again, availability, long waiting lists, too long to get in.

Mr. ADERHOLT. It is much more desirable to live on base than to live on the economy.

Master Chief HERDT. I don't know that you can say that, sir. I would just tell you that the waiting lists for housing are long—there are those that don't want to live on base, and quite frankly, I don't have any figures at my fingertips——

Mr. ADERHOLT. But as a general rule?

Master Chief HERDT. As a general rule, I think we have a certain population that wants to live on the economy, and a certain population that would like to live in housing, for whatever reason. The waiting list for those who would like to live in housing seems to always exceed the availability of the housing.

Sergeant Major LEE. Sir, I think the major concern with the Marine Corps housing is the backlog of maintenance. That would be the major concern. And yes, we have requested significant funding to continue to decrease that backlog. In fact, we have had a lot of help out of the Congress the past four or five years, and we are on track to eliminate the housing revitalization and replacement backlog by the year 2012—which is a long ways out, but we are a lot better off than we were when we started.

Chief Master Sergeant BENKEN. Availability would be number one.

Mr. ADERHOLT. Thank you.

Mr. HOBSON. Ms. Granger?

HOUSING ALLOWANCES

Ms. GRANGER. First of all, thank you for your service. We all appreciate it very much. Let me follow up on what Robert asked you.

I have a joint reserve base in my district in Texas. It was an active Air Force base at one time, Carswell. And I have heard complaints about housing allowances. In Texas, housing is a bargain;

you can do a lot with your money, but still, the housing allowance at that time was inadequate.

What do you think is the problem? Is it the housing allowance?

Chief Master Sergeant BENKEN. Well, the housing allowance, by law, is 85 percent, and then 15 percent out of pocket, and it has been running about 19 to 20 percent out of pocket, is my understanding. So if we get the 85/15 right, then we are okay, but in some areas it exceeds the amount.

Master Chief HERDT. We are having trouble in the Navy, quite frankly, ma'am, because of the way the law is being implemented of the five- to six-year period since it was change that we made with the law incorporating BAQ and VHA. The Navy predominantly lives in relatively high cost of living areas, and as we are phasing this in we are gaining ground, but at the same time it is not happening very quickly. We have a number of areas—San Diego is probably the most notable—in which housing costs are increasing at a rate faster than we are able to increase the BAH. Now, we got a 16 percent increase in BAH difference last year; this next year, that will go up to 50 percent of the difference. So we will grow through it, but right now we have a number of areas where the housing allowance does not cover what it ought to.

Sergeant Major LEE. The same problem, location. In some places it is more than adequate; in some places, it is not adequate enough. Southern California is a good example.

Sergeant Major HALL. The Army is no different. The basic allowance for housing VHA only covers 85 percent of the housing, and if you don't have a lot of disposable income, that additional 15 percent is tough.

Mr. HOBSON. I am going to ask one question here and then I am going to go back to the members.

This year's military construction budget, just based on what you all have said, is down $3.2 billion, as requested by the Administration, or 37 percent from last year's enacted levels. This is mainly due to the Department's decision to use an incremental funding concept and defer $3.1 billion in funding to the year 2001.

As a result of this approach, gentlemen, new construction for family housing improvements to existing units decreases by $576 million, or 74 percent. Troop housing decreases by $529 million, or 74 percent. Medical constructions programs decrease by $155 million, or 75 percent. Child development centers are reduced by $31.8 million, with only two requested.

In your opinion, what can be done about the lack of support and funding requests by the Department for these quality of life program's? And when can we expect to see a request for the funding? You all signed off on this, I assume, or your superiors did with your input. What's your view of this proposal?

Sergeant Major HALL. We think, within the Army, we will be okay. Military construction funding is for a two-year period. The dollars are actually spent over a two-year period for the larger contracts.

This provides about 15 percent of the money in the first year, which is what historically has been spent, and we think that within the Army we will be okay with this as long as you get advance

appropriation and you get the full authorization, and you have reprogramming flexibility based on authorization.

Mr. HOBSON. What about the costs?

Sergeant Major HALL. Large contracts, we don't think the costs will be so prohibitive that you can't afford them. On small contracts, the costs will go up.

Mr. HOBSON. Well, the testimony we have had is that all contracts are going to go up.

Sergeant Major HALL. Yes, sir.

Mr. HOBSON. I mean, that's what the Engineers testified to, but——

Sergeant Major HALL. I think it will go up, primarily—as I listen to that—because the contractors can't go out and order all the materials that they need on a one-time buy. They will also have to do theirs incrementally, and that will drive the costs up.

Master Chief HERDT. Sir, I feel pretty much the same way that the Sergeant Major does, if we get the full appropriation over the two years. I don't have a great deal of concern——

Mr. HOBSON. You mean we're going to appropriate money that we don't have? Is that what you're telling us to do?

Master Chief HERDT. What I am asking, sir, is that——

Mr. HOBSON. If I appropriate it and we don't get the allocation in the next year, what do we do, sir? You have 15 percent of the contract done.

Master Chief HERDT. That would be a risk, I understand, but at the same time if we don't do that—as you stated it, I think it would be a risk, but I don't believe that that would be necessarily the way that it would work.

I would be concerned if we didn't do that, if we failed to do the full two-year business, what might fall off is going to affect our ability to continue to build the BEQs and the housing that we need, that we will fall a year behind if we don't do it that way.

Mr. HOBSON. I think you're going to fall a year behind, whatever you do.

Anybody else?

Sergeant Major LEE. Sir, I think you know more about the two-year thing than I do. I am satisfied with what we have requested in the budget; it is an improvement; it will make life better for a lot of our Marines.

If you are wondering why we don't ask for more, sir, you have to look at the top line of our budget. We don't have any money, and we have other things that compete that are just as high that equate to quality of life for Marines, such as family housing, child care facilities, and things of that nature. Now, that's hard to say, but it's a fact.

Chief Master Sergeant BENKEN. Sir, I think our strategy is sound, but I tend to agree with the top line analogy. I think it's kind of like your own personal checkbook where you don't have any rise in it for several years, and the car starts to go bad and the kids have to go to college and you have to write checks, within those things that you have to live with. I think that the Defense Department has been in that kind of scenario for a long time. Modernization, readiness, quality of life—you have to write the checks

where you can write them and live within those constraints and strategize as best you can.

Mr. HOBSON. Okay.

Mr. Olver.

Mr. OLVER. We need to go here, but I would like to go back and ask the several services to follow up on where we were a few minutes ago.

Sergeant Major Lee, I think I understood you to say that you are driving for 18 percent of the people that you recruit staying with you for 20 years. Now, when Chief Master Sergeant Benken talked about the Air Force, he gave me three numbers, and I wasn't sure which one I should compare with that.

Sergeant Major LEE. Fifty-five would be the——

Mr. OLVER. Fifty-five percent of the people you take in—

Sergeant Major LEE. The first-termers that come in, we try to keep 55 percent, those that get through their first term, and we want them for a second term.

Mr. OLVER. But he's saying 18 percent are going to stay for 20 years——

Sergeant Major LEE. That's the difference in the services, sir.

Mr. OLVER. I understand, but I can't compare the services unless I have numbers that are with the same units of analysis here.

How many people that you take in are you planning to hold for 20 years?

Chief Master Sergeant BENKEN. Well, we try to keep—first of all, when you come in for a first term, four years, we try to keep 55 percent of those people. The second term people, those that go beyond the second term, we try to keep 75 percent of those people——

Mr. OLVER. Of the people who do stay for the first term and move on to the second term, you try to keep 75——

Chief Master Sergeant BENKEN. After the second term, 75, and then to go for a full career, we try to keep 95 percent.

Mr. OLVER. Ninety-five percent of the 75——

Chief Master Sergeant BENKEN. Of those who go beyond the second term.

Mr. OLVER. All right. I'd better stop because I need to figure this out.

Mr. HOBSON. I think you need to figure it out and then give it to us in writing.

Chief Master Sergeant BENKEN. There are three categories of people that we try to keep: first-termers, second-termers, and then the career. Of the first-termers, we try to keep 55 percent——

Mr. OLVER. I understand exactly what you said.

Mr. HOBSON. Let's get it in writing. We have four votes coming up in a row, and I would like to get this done if we can, but I want to give Mr. Edwards an opportunity.

Mr. EDWARDS. In the name of time I will focus this on you, Sergeant Major Hall.

If we gave you a pot of money, where are the greatest needs in terms of Army housing? Is it four- and five-bedroom houses for young enlisted families? Is it barracks renovation? Is it needing to build new family housing? If so, what size? Is it the renovation of run-down housing? I know we need to work on all of the above, but

where are the priority problems? If we are taking a limited budget and putting it where it makes the most difference to contain those that you think we may be losing otherwise, where do we put that money?

Sergeant Major HALL. I think right now, sir, our barracks are funded. It will take a while to get those in. Our problem is in family quarters, and that is sort of dependent on where you are. For instance, Fort Hood has about 5,500 sets of Government quarters; they are still short about 1,150 sets from what they need that they can support on base and off base. They need about 1,150 sets, and all of those are in the four-bedroom and five-bedroom category, and some of those are junior enlisted quarters that need four bedrooms. That's where it is now. But if you ask me where I would spend a pot of money, it would be Base Operations right now. I know that was not your question, but——

Mr. EDWARDS. No, it's all part of one big picture.

Sergeant Major HALL. I think I would put it in Base Operations, because if you don't fund Base Operations, then everything else has to come out from training and readiness and modernization to go into Base Operations dollars.

Mr. EDWARDS. Thank you.

Thank you, Mr. Chairman.

Mr. HOBSON. We have four votes coming up and that's going to take about half an hour to 45 minutes to get through all that. So unless somebody has a burning question to come back for, I don't want to make you gentlemen sit around. I'd rather have you out looking at how young folks are living out there.

Allen, do you——

Mr. BOYD. The retirement health care issue and how it affects your retention——

Master Chief HERDT. I'd like to answer that if I might, sir. I think, as I mentioned before, you might be surprised at the rank of the people that are asking questions about health care. Again, it is not just senior folks, but also E–4 thru E–6—I mean, it affects the senior enlisted most immediately, but I would tell you, those folks that are trying to figure out whether they want to stay with us for the long haul are also asking the question about, "Look how you're treating the retirees."

Mr. BOYD. So they know?

Master Chief HERDT. They do know, and it is of concern. The system needs some work, quite frankly.

Mr. BOYD. Thank you.

Mr. FARR. Mr. Chairman, can I ask the gentleman from the Marine Corps one thing?

What is never asked is what are the unique problems of single service members. We always talk about families. These are issues that we deal with mostly. Do you have any unique feel that the single soldier has some——

Sergeant Major LEE. Relative to military construction, sir? Or in general?

Mr. FARR. Yes, in general.

Sergeant Major LEE. Sir, no. My single service people—again, they understand that they do what they are required to do. I mean, to stand here and tell you that one particular thing is an issue col-

lectively among all of them, I can't do that, sir. I cannot do that. Are they paid enough? They will never be paid enough. Do they have enough support services? They never have enough support, or that's what they think. Actually, they are in pretty good shape.

Gentlemen, you all do a pretty damn good job on behalf of our service people. Now, are there things that are bad that need to be fixed? Absolutely. But don't sell yourselves short. You have done a very good job of taking care of this country and the military people. At least you've done a damn good job of taking care of me for 31 years. Thank you.

Mr. HOBSON. And on that, I think we will stop.

[CLERK'S NOTE.—Questions for the record submitted by Congressman Olver:]

Question. It is my understanding that the Air Force's retention goals are for 55% of 1st term personnel to go onto a 2nd term, 75% of 2nd term personnel to go on to a 3rd term, and 95% of 3rd term personnel to serve for twenty or more years. In other words, the Air Force strives to keep 39% of its 1st term personnel for "life." Is this correct?

Answer. No, in order to maintain the appropriate mix of experience within the enlisted force, we must retain 55% of those first term members who are eligible to reenlist, 75% of reenlistment eligible second term members, and 95% of the reenlistment eligible career members. Not all first term members complete their initial term and of those that do, not all are eligible to reenlist. Quality and performance standards must be maintained in order to be reenlistment eligible. Since FY91, an average of 15.4% of our enlisted accessions complete 20 years of service.

Question. What were the Air Force's actual retention percentages over the last five years? (Please break answers down by 1st term personnel, 2nd term personnel, etc.) What was the actual retention percentage for 1st term personnel that stayed on for twenty or more years?

Answer. Air Force enlisted retention rates, for those eligible to reenlist, by category (1st term, 2nd term, Career) for the last 5 years are provided below:

Fiscal Years (In Percent)	Category					
	1994	1995	1996	1997	1998	1999*
1st Term	59	63	59	56	54	45
2nd Term	81	77	76	71	69	70
Career	96	96	95	95	93	90

(AF Goals- 1st Term = 55%, 2nd Term = 75%, Career = 95%).
*(Fiscal Year 1999 data is as of 28 Feb 99).
Note. AF reenlisting goals and rates are based on the percentage of the reenlistment eligible population in each category.

Since Fiscal Year 1991, an average of 15.4% of our enlisted accessions complete 20 years of service.

Question. What are the retention goals for the Army? (Please break answers down by 1st term personnel, 2nd term personnel, etc.) What are the overall retention goals of the Army for first term personnel to serve twenty or more years? Please compare the above figures with the actual retention rates for the Army over the last five years.

Answer. Army retention goals or objectives are issued to field commanders in three distinct categories: initial term (soldiers on their first enlistment, regardless of years service), mid career (soldiers who have reenlisted at least once and have less than ten years active service), and career (ten or more years active service). Annual numerical objectives are based on the actual number of soldiers by category needed to achieve congressionally-mandated end strength and historic retention rates. For fiscal year 1999 (FY99), Army reenlistment goals by category are as follows: initial term—20,200; mid career—23,000; and career—21,800.

Numerical goals are determined by the percent of retention-eligible soldiers needed to reenlist out of the entire number of soldiers in each category who have a separation date which falls within the reenlistment eligibility window (12 months prior to separation date) during the FY. The Army's goals pertaining to retention and soldiers continuing in the Army for a full twenty year career fluctuate based on the current retention behavior by category. Historically, an average of 10 of 100 soldiers entering the Army in a given year pass through the various gates of attrition and reenlistment and ultimately serve a full twenty years. The retention objective, the

retention accomplished, and the retention rate, by category, for FY94–98 are shown below:

Fiscal Year	Initial Term			Mid Career			Career		
	Object	Accmp.	Ret. Rate (percent)	Object	Accmp.	Ret. Rate (percent)	Object	Accmp.	Ret. Rate (percent)
1998	20542	21672	51.2	22912	23416	74.1	18671	17995	96
1997	23935	24312	54.4	29699	30209	75.4	26325	25043	97
1996	21433	21484	46.5	22671	23174	70.0	28966	28332	95
1995	20197	19996	45.6	24551	23699	72.8	27862	28432	97
1994	22600	24542	49.2	23000	24095	73.8	21400	21045	96

Question. What are the retention goals for the Navy and Marines? (Please break answers down by 1st term personnel, 2nd term personnel, etc.) What are the overall retention goals of the Navy and Marines for 1st term personnel to serve twenty or more years? Please compare the above figures with the actual retention rates for each service branch over the last five years.

Answer. As presently estimated, Navy would like to improve retention trends to steady state profiles of 38%, 54% and 62% for 1st, 2nd and 3rd term (career) by FY03 respectively. However, Navy retention goals for individual enlisted communities are not driven by these aggregated figures, but by each individual rating/skill area. There is much more to the Navy retention strategy.

Navy enlisted end strength is spread across 94 different communities (skill areas). Each community has a different billet base (requirements) structure, career path, accession and training base. Some communities are comprised solely of 4-year obligors (4YO), some are a mix of 4- and 5-year obligors (5YO) and others have initial 6-year obligors (6YO) in the 1st term population as well. Initial obligations are primarily a function of the intensity and length of in-rate schoolhouse training required after basic training (Boot Camp). As such, 1st term retention goals will fluctuate across a very wide range, from as low as 30% for low intensity skills to almost 100% for critical 6YO programs, such as our nuclear and advanced electronic trained Sailors. Therefore, a single aggregate retention goal provides only trending data, and does little in terms of explaining critical skill retention needs for Navy. Drawing any conclusions, or basing manpower and personnel decisions based on single aggregate percentages, could be misleading. Obviously it is preferable to retain nuclear engineers at a higher retention rate than our General Detail (GENDET) Seamen, Firemen or Airmen.

The issue as to percentage of 1st term Sailors to serve 20 years has not been determined. Certainly Navy would like to keep a much higher percentage of our critical skills for a career. As Navy continues to develop a new methodology for determining enlisted community retention requirements in the post-drawdown era, our ability to better address this type of question will improve. The complexities of various retirement systems (50%, high-3 and REDUX) and their impact on continued military affiliation in a post-drawdown era will continue to challenge all Services trying to access retention needs and pay and compensation strategies required to satisfy a mixed population of enlisted personnel.

FY94 through FY98 and FY99 year-to-date retention rates for Navy, USMC and other services are shown below. The slight drop in the Navy's career (or third term retention) in FY99 is attributable to the FY99 TERA program (which, for fiscal considerations, requires all retirements to execute within the 1st and 2nd quarters). Long term steady state goals, presently under review, for Navy future fleet readiness are also shown.

	Fiscal year						
	1994	1995	1996	1997	1998	1999	Desired (Steady State)
Navy:							
1st Term	34.8	35.7	36.4	32.9	30.8	30.5	38
2nd Term	51.9	47.4	49.2	48.9	48.4	46.3	54
Career	61.7	57.7	56.5	55.7	57.5	54.6	62
Marines:							
1st Term	17.2	19.4	20.5	22.0	21.4	21.8	
2nd term	46.6	42.5	43.8	46.5	45.8	47.1	
Career	74.0	73.7	73.1	77.5	80.2	80.4	

	Fiscal year						
	1994	1995	1996	1997	1998	1999	Desired (Steady State)
Air Force: [1]							
1st Term	61	59	63	59	56	45	
2nd Term	82	81	77	76	71	69	
Career	97	96	96	95	95	93	
Army:							
1st Term	46.1	49.2	45.6	46.5	54.4	51.6	
2nd Term	75.6	73.8	72.8	70.0	75.4	74.8	
Career	58.7	54.4	58.2	65.7	65.5	60.1	

[1] The Air Force refers to these percentages as "Retention" as they measure it. Navy equivalent measure would be our Reenlistment Rate that is much higher than Retention Rate.

[2] The army calculates retention differently than Navy. The following table explains the Army methodology.

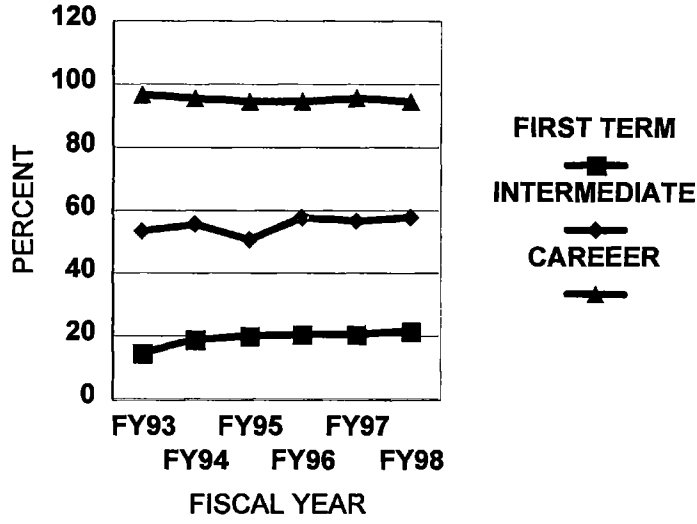
1st term = serving on first enlistment regardless of years of service.
2nd term = reenlisted at least once, but has less than 10 years of service.
Career = more than 10 years of service.

As indicated above, Navy is presently working on an improved retention methodology to better determine required retention rates, both in an aggregate sense, as well as across the 90+ skills in the Navy enlisted communities. In the interim, our desired retention profile across the remainder of FY99 and into FY00 would be one that begins to approach our current forecasts of steady state levels to be attained by FY03.

A significant factor not reflected in Navy retention figures is the growing percentage of short term extensions. As measured against our at-risk population for the past 3 years, about 70% of our first term population actually continue their Navy career beyond initial service obligations. Since these extensions are of shorter duration (on avg 10 mos) they *do not count* as a reenlistment decision in the retention equation. These short term extensions do add to the number of at-risk Sailors in the denominator of retention calculations. These "stayers" are a major focus of Navy pay and compensation initiatives, as well as prime targets for the various bonus/continuation and incentive pays. Navy would like to start converting this population of short term "stayers" into long term "careerists" as we drive towards the aforementioned steady state goals for 1st, 2nd and 3rd term retention of 38%, 54% and 62%.

Question. What are the retention goals for the Navy and Marines? (Please break answers down by 1st term personnel, 2nd term personnel, etc.) What are the overall retention goals of the Navy and Marines for 1st term personnel to serve twenty or more years? Please compare the above figures with actual retention rates for each service branch over the last five years.

Answer. Marine Corps reenlistment rates and goals are depicted in the following chart and tables. Each year, our First Term Alignment Plan (FTAP) establishes the number of first term reenlistments needed to sustain the career force. The fiscal year 94 through fiscal year 98 first term percentages depicted in the chart and tables reflect 100 percent achievement of our FTAP reenlistments. FY93 and FY94 figures reflect the post-Desert Storm drawdown.



REENLISTMENT RATES BY FISCAL YEAR

Fiscal Year	First term (percent)	Second term (percent)	Career (percent)
1993	15	54	97
1994	19	56	96
1995	20	51	95
1996	21	58	95
1997	21	57	96
1998	22	58	95

REENLISTMENT GOALS

Fiscal Year	First term goal	First term actual	Second term goal	Career goal
1993	3,264	3,218	[1] NA	[1] NA
1994	4,004	4,006	[1] NA	[1] NA
1995	4,057	4,061	[1] NA	[1] NA
1996	4,296	4,300	[1] NA	[1] NA
1997	4,600	4,611	[1] NA	[1] NA
1998	4,627	4,709	[1] NA	[1] NA

[1] No reenlistment goals established.

We have no retention goal for 1st term Marines to serve twenty years or more. Our only retention goal is for first term reenlistments. The goal of first term reenlistments is based on the continuation patterns of those Marines already in the career force. If the career force continuation rates decrease we will need to retain more first term Marines. Conversely, if our career force continuation rates increase we will retain fewer first term Marines.

[CLERK'S NOTE.—End of questions for the record submitted by Congressman Olver.]

WEDNESDAY, MARCH 17, 1999.

DEPARTMENT OF THE ARMY

WITNESSES

HON. BERNARD ROSTKER, UNDER SECRETARY OF THE ARMY

HON. MAHLON APGAR, IV, ASSISTANT SECRETARY OF THE ARMY (INSTALLATIONS AND ENVIRONMENT)

STATEMENT OF THE CHAIRMAN

Mr. HOBSON. The meeting will come to order.

Today's hearing will focus on the Army's military construction program including family housing, base realignment and closure and the Guard and Reserve.

Our witnesses today are Dr. Rostker, Under Secretary of the Army, and Mr. Apgar, Assistant Secretary of the Army for Installations and Environment.

Dr. Rostker, I met with you on the 3rd of March, two weeks ago today. We met to discuss housing privatization, specifically, the Army's Residential Communities Initiatives (RCI), and their Request for Qualifications (RFQ) process.

I had several concerns and questions about the RCI program, as a result of the meeting on March 3rd. I found it extremely disheartening to receive a letter last night at 5:00, stating that my concerns could not be addressed before today's hearing, and would not be addressed in today's formal testimony.

My initial reaction was to cancel the hearing and have you come back when you are ready to address these concerns. Obviously, we have not cancelled the hearing. But we may need to schedule another hearing when you are ready to address the issues that we raised.

Let me explain a few reasons why housing privatization is such a big concern to this subcommittee. The military housing privatization initiative is a pilot program. I would like everybody to understand those words. Unfortunately, some in the military have not gotten the message, and I feel bad.

The original intent of the legislation was to be a pilot program. It was to be a supplement to the traditional housing program, after we did a pilot.

Secondly, the Army has not completed a single project to date under the current statutory authorities. In fact, the Army has not even awarded a contract to begin construction on a specific project.

The authorities are more than three years old, and have less than two years until they expire. The only project that was close to being awarded was the Fort Carson project. However, the Army cancelled the proposal awarded at Fort Carson.

The decision was based on litigation instituted in the U.S. Court of Federal Claims, and resulted in a re-examination of the Army's acquisition process.

With these three points in mind, it is a pilot program, no projects awarded to date, and one failed attempt. I would remind you that the Army currently plans to privatize or divest itself of virtually all of its housing in the United States by the year 2005.

I hope you all just heard what I said. It was a pilot program, no projects awarded to date, one failed attempt, and yet the Army currently plans to privatize itself or divest itself of virtually all its housing in CONUS by 2005.

From testimony provided last year, the Army currently has a housing inventory of 88,000 units. In the prepared testimony submitted for this hearing, the Army plans to privatize 85,000 units or 96 percent of its current inventory at 43 installations by 2005.

In addition, this Army has not requested a single traditional family housing project or construction improvement project in the United States this year.

In fact, this year's Army family housing construction request is $188 million or 93 percent below last year's appropriated levels, and $215 million or 94 percent below what was enacted just five years ago.

Another concern, there is a delay in the execution of family housing projects. The Army is currently withholding several million dollars in previously authorized and appropriated funds to invest in proposed privatization projects.

The current statutory authorities were granted for a five-year test period. They will expire on February 10, 2001. I would be interested, at some point, to hear how the Army would proceed with its housing program if these authorities are not regranted. You are planning to privatize your entire inventory, but have no success stories, to date.

I was encouraged after our March 3rd meeting. I believed the Army would be willing to work closely with us in an effort to scale this program back and gain some expertise and see how well the program worked before we made such a large commitment to turn over so many assets for a 50-year term.

But after receiving your testimony last night and reviewing Mr. Apgar's prepared testimony for this hearing, the Army still wants to give it all away. The Army wants to have it its way, give away the taxpayers' money and property, before they have even completed a test program.

I would like to state that this program will not save the government any money. It merely shifts funds from this bill, to the allowances accounts, in the defense bill.

Let me go on record stating that I am not against housing privatization. I just want to make sure we are doing the right thing, before I sign off on giving away our entire inventory in family housing.

I do not want to belabor this point. I think you have got my sentiments, I hope, by now. So I am going to turn it over to Mr. Olver for his opening statement.

Before I do so, I would like to mention that the Secretary of the Army and General Reimer are going to appear before the Defense

Subcommittee this morning. I want to go over and attend that hearing. I look forward to hearing their views on some of these matters when I get in that hearing. I do not think they are going to be real happy when I get finished with them.

Mr. Olver, do you have any comments that you would like to make at this time?

Mr. OLVER. No thank you, Mr. Chairman.

I want to thank Mr. Apgar and Under Secretary Dr. Rostker for being here today.

I have heard the Chairman's comments and you have heard the Chairman's comments. And I will simply leave them to stand where they are.

I want to raise one additional set of questions on my own thoughts that we might consider, and then go on. Last week, we heard testimony from the senior enlisted men, the non-NCOs of each of the services here.

And one of the problems that got a lot of attention was that all of the current family housing programs prevent most of our troops from building up equity in their homes, since a large portion of them, in all of the branches, do not end up with a 20-year stay, which is where you get your retirement and the equity you have. Because of a series of movements, you are rarely able to build up equity.

So over a 20- to 30-year career, a civilian might build up a sizable nest egg through home ownership, or even own a home outright, but most of our servicemen and women have nothing but rent receipts after that process.

I think the issue of how to build equity might be important. I think there are other benefits. People that have a stake in their own housing take better care of it, I suspect. I think that that certainly ought to improve morale and retention.

And, certainly, the frequent reassignments of military life was the biggest problem with any plan to help our troops build equity in a home.

But I do not think we ought to write that issue off. So I hope that when we end up having the additional hearing, which I hope we might have, on the basis of what the Chairman has already said, I hope you would have some thoughts on this issue that we could discuss. I lay this out as something to discuss at that time.

And I will simply say that I would defer my questions toward that additional hearing that the Chairman has suggested. After the questions that he had previously posed have been answered, I would be very interested in what the answers to those questions are, myself.

He has stated that these have not been answered over the couple of weeks period, and they are not answered in the testimony today. I think they speak for themselves.

Mr. HOBSON. Thank you. Gentlemen, your statement will be made a part of the record.

[Prepared statement of the Hon. Mahlon Apgar IV follows:]

RECORD VERSION

STATEMENT BY

HONORABLE MAHLON APGAR, IV
ASSISTANT SECRETARY OF THE ARMY
(INSTALLATIONS AND ENVIRONMENT)

BEFORE THE

SUBCOMMITTEE ON MILITARY CONSTRUCTION
COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES

FIRST SESSION, 106TH CONGRESS

ON THE FISCAL YEAR 2000 BUDGET
MILITARY CONSTRUCTION, ARMY
FAMILY HOUSING, ARMY
HOMEOWNERS ASSISTANCE FUND, DEFENSE
MILITARY CONSTRUCTION, ARMY NATIONAL GUARD
MILITARY CONSTRUCTION, ARMY RESERVE
BASE REALIGNMENT AND CLOSURE (BRAC)

17 MARCH 1999

NOT FOR PUBLICATION
UNTIL RELEASED
BY THE COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES



THE HONORABLE MAHLON APGAR, IV
ASSISTANT SECRETARY OF THE ARMY
INSTALLATIONS AND ENVIRONMENT



Mahlon Apgar, IV was appointed by President Clinton as Assistant Secretary of the Army (Installations and Environment) in June 1998. In this Office, he has overall responsibility for the design, construction, operations, maintenance and management of Army installations; privatization of Army family housing, real estate and other infrastructure programs; and environmental conservation, compliance, clean-up and site disposal programs.

From 1981 to 1998, Mr. Apgar was Principal of Apgar and Company, Inc., counselors on corporate real estate, facilities and infrastructure. He advised senior executives of more than 80 major corporations, institutions and governments in the US and 15 other countries on re-engineering and re-structuring initiatives involving new management concepts, analytical models and performance measures. In 1997, he was awarded a US patent for a corporate real estate planning and evaluation system.

Mr. Apgar was born in New Jersey on January 14, 1941. A graduate of Blair Academy, he received an AB degree from Dartmouth College in 1962, where he was a Rufus Choate Scholar and a Distinguished Military Graduate of Dartmouth's ROTC program. He was commissioned as a Second Lieutenant in the Army Reserve, completed the Infantry Officers' course at Fort Benning and the Intelligence Officers' course at Fort Holabird, and commanded a military intelligence unit in Germany until 1965.

He resumed his education at Oxford University, where he researched British housing and urban development policy. He entered the Harvard Business School in 1966, was awarded the MBA degree in 1968, and then taught at the Harvard Program on Technology and Society and the Harvard Graduate School of Design.

Mr Apgar began his real estate career as an intern with James W. Rouse, the eminent community builder, and assisted in planning Columbia, Maryland. From 1968 to 1981, he was employed by McKinsey and Company, Inc., in its New York, London and Washington, DC offices. Elected a partner in 1974, he developed and led an international management consulting practice in strategy, organization, operations and processes. He also initiated McKinsey's practice in Saudi Arabia where he led a team to restructure that country's regional governance, urban development and resource management programs. He later served as a real estate executive with Alex. Brown and the Wellington Management Company.

Mr. Apgar has edited two books and authored more than 50 articles on real estate and management issues. He chaired the Secretary of the Navy's Housing Task Force and the Maryland Department of Transportation's Real Estate Advisory Group, served as a Trustee of the Urban Land Institute and the National Building Museum, and was a Director of the World Affairs Council in Washington, DC. He is a member of the Chancellor's Court of Oxford University, and is a Fellow of the Institute of Directors and the Royal Society of Arts He received the May Award of the American Institute of Real Estate Appraisers

Mr. Apgar has resided in Baltimore, Maryland since 1987 with his wife, Anne, and their three children, Clayton, Sarah and Jamie.

STATEMENT BY
THE HONORABLE MAHLON APGAR, IV
ASSISTANT SECRETARY OF THE ARMY
(INSTALLATIONS AND ENVIRONMENT)
ON THE FISCAL YEAR 2000 BUDGET FOR
MILITARY CONSTRUCTION, ARMY; FAMILY HOUSING, ARMY;
HOMEOWNERS ASSISTANCE FUND, DEFENSE;
MILITARY CONSTRUCTION, ARMY NATIONAL GUARD;
MILITARY CONSTRUCTION, ARMY RESERVE; AND
BASE REALIGNMENT AND CLOSURE (BRAC)

Mr. Chairman and members of the subcommittee, it is a pleasure to appear before you to discuss the Active Army and Reserve Components' military construction request for Fiscal Year 2000. This request includes initiatives of considerable importance to America's Army, as well as this committee, and we appreciate the opportunity to report on them to you.

Our statement is in four parts:

PART I - MILITARY CONSTRUCTION, ARMY
MISSION FACILITIES
QUALITY OF LIFE PROJECTS
SUPPORT PROGRAMS
AMMUNITION DEMILITARIZATION
PLANNING AND DESIGN
BUDGET REQUEST ANALYSIS
ARMY FAMILY HOUSING
FAMILY HOUSING CONSTRUCTION
POST ACQUISITION CONSTRUCTION
OPERATIONS AND MAINTENANCE
LEASING
REAL PROPERTY MAINTENANCE
HOMEOWNERS ASSISTANCE FUND, DEFENSE

PART II - MILITARY CONSTRUCTION, ARMY
NATIONAL GUARD
MISSION FACILITIES
BUDGET REQUEST ANALYSIS
REAL PROPERTY MAINTENANCE

PART III - MILITARY CONSTRUCTION, ARMY RESERVE
FACILITIES STRATEGY
PROGRAM HIGHLIGHTS
BUDGET REQUEST ANALYSIS

PART IV - BASE REALIGNMENT AND CLOSURE (BRAC)
BASE REALIGNMENT AND CLOSURE –
OVERSEAS
BASE REALIGNMENT AND CLOSURE
PROGRAM STATUS

PART I

MILITARY CONSTRUCTION, ARMY
FAMILY HOUSING, ARMY
HOMEOWNERS ASSISTANCE FUND, DEFENSE

I am pleased to present the Active Army's portion of the Military Construction budget request for Fiscal Year 2000. This budget provides construction and family housing resources essential to support your Army's role in our National Military Strategy.

The program presented herein requests Fiscal Year 2000 appropriations of $656,003,000 for Military Construction, Army (MCA) and $1,112,083,000 for Army Family Housing (AFH); also requested is an advance appropriation of $659,536,000 for MCA and $43,991,000 for AFH. The companion request for authorization in Fiscal Year 2000 includes $1,117,505,000 for MCA and $1,158,980 for AFH. The Fiscal Year 2000 request for authorization of appropriations is $656,003,000 for MCA and $1,112,083,000 for AFH. There is no request this year for the Homeowners Assistance Fund, Defense.

America's Army is the most capable Army in the world today. The soldiers of the active component, the National Guard, and the Army Reserve, are joined by the civilian employees and family members to form the "Total Army." The Army stands ready today, as our predecessors have for over 223 years, to fight and win our Nation's wars. We are currently conducting operations throughout the world to shape the international environment and to promote peace and prosperity. On any given day in Fiscal Year 1998, over 28,000 of our soldiers were deployed

away from their home stations to more than 70 countries around the world, conducting operations in support of the National Military Strategy.

We must be ready to respond wherever our interests are threatened around the world. To do this, we must maintain sufficient forces, sufficient strategic air and sealift to project power rapidly, sufficient prepositioned assets to cut down deployment times for initial response forces, and sufficient installations from which to project our forces.

The requirements of military service demand unique sacrifices from military members, their families and the civilians who work with them. One of the imperatives to maintaining a trained and ready Army is taking care of our soldiers and families. People are the defining characteristic of a quality force and are the nucleus of our Army. High caliber quality of life programs are essential to ensuring that the Army continues to attract and retain the soldiers necessary to maintain the Total Army. We must continue to focus on issues important to these men and women who so bravely serve the nation. Programs that provide our soldiers and their families better places to work and live are key to our focus. The commitment to taking care of soldiers benefits our Nation by fostering strong families and safer communities.

Now, I would like to discuss the Army's facilities strategy for Fiscal Year 2000 and beyond.

FACILITIES STRATEGY

A world-class Army deserves world-class facilities. The Army's vision is to provide comprehensive, adaptable power projection platforms with the quality facilities, infrastructure and services that are integral to the

readiness of the force and the quality of life of our soldiers and their families.

The Army's facilities strategy is threefold. First, we must focus our investment on the most important facilities because our resources are limited. To do this we must identify required facilities, infrastructure and support services, and then focus our resources on those to assure the desired level of readiness. Second, we must divest all unneeded real estate. Third, we must reduce the total cost required to support our facilities and related services, including maintenance of our real estate inventory.

As part of our effort to better focus our investment, we have developed a decision support tool, the Installation Status Report (ISR) to help formulate and monitor our facilities strategy. We use it to assess the status of our facilities' condition. This identifies critical areas to consider in resource allocation. Also, it assists in condition assessment of our facilities essential to the installation's mission and quality of life.

We are reducing our requirement by rigorously eliminating excess facilities. Our current facilities reduction program and base realignment and closure process will result in disposal of over 200 million square feet in the United States by 2003. We continue to demolish one square foot for every square foot constructed and began reducing our leasing costs in Fiscal Year 1998 by $13,900,000. By 2003, with our overseas reductions included, the Army will have disposed of over 400 million square feet from its Fiscal Year 1990 peak of 1,157,700,000 square feet.

We are looking for innovative ways to reduce the cost of our facilities, including privatization or outsourcing of certain functions. One example

is installation utilities systems. Our goal is to privatize all utility systems, where it is economically feasible, by 2003, including those supporting reserve components and overseas, except those needed for unique security reasons. Privatization is also being considered to provide better housing for soldiers and their families while reducing the Army's inventory. Partnering with civilian communities around an installation to provide some facilities is also a viable alternative to Army owned facilities.

Over the period 2000-2005, the Army plans to achieve over $3 billion in estimated savings from our Major Commands with United States installations to provide additional resources for force modernization and other high priorities. These reductions are based on estimated savings derived from performing A-76 cost competition studies of commercial activities comprising about 73,000 positions during Fiscal Years 1997-2002. The Army's primary challenge is to accomplish these cost-effective measures as soon as possible.

Next, I will discuss the highlights of the budget.

ADVANCE APPROPRIATIONS

In order to free up resources required to address serious requirements in readiness funding, the Fiscal Year 2000 construction program has been incrementally funded by authorizing each project and requesting advance appropriations to fund it.

We are requesting full authorization for all new Fiscal Year 2000 projects, but only the appropriations that can be spent in the first year. In most cases, this amounts to approximately 15 percent of the project. For the Army, the percentage is based on historical, first-year outlay rates and

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includes an additional percentage for risk and flexibility. We are also requesting Fiscal Year 2001 advance appropriations for the balance of the funding requirement.

MILITARY CONSTRUCTION, ARMY (MCA)

We are focusing on four major categories of projects: mission facilities; quality of life; support programs such as infrastructure and environment; and chemical demilitarization. I will explain each area in turn.

MISSION FACILITIES

In Fiscal Year 2000, there are thirteen mission facility projects, including the Army's Strategic Mobility Program (ASMP), and the Simulator Facility Program. We are requesting full authorization of $171,650,000, with appropriations and authorization of appropriations of $42,510,000. Advance appropriations for the balance of the projects are requested for Fiscal Year 2001.

ARMY STRATEGIC MOBILITY PROGRAM: Our budget request continues the program to upgrade our strategic mobility infrastructure enabling the Army to maintain the best possible power projection platforms. We are requesting full authorization of $161,050,000 with appropriations and authorization of appropriations of $40,910,000. Advance appropriations for the balance of the projects are requested for Fiscal Year 2001. The Fiscal Year 2000 projects will complete 68 percent (based on authorization) of the Strategic Mobility program that is scheduled for completion in Fiscal Year 2003.

Our Fiscal Year 2000 request includes the second phase of the railhead loading facility at Fort Hood that was fully authorized last year. We are requesting an appropriation and authorization of appropriations of $14,800,000 to complete the project.

In addition to the above project we are planning to construct two other projects at Fort Hood: a fixed wing aircraft parking apron and a deployment ready reactive field. At Fort Bliss, we are constructing an air deployment facility complex, an aircraft loading apron, and an ammunition hot load facility. We are continuing to upgrade the facilities at Fort Bragg by constructing a heavy drop rigging facility. Additional projects include a rail and containerization facility at Fort Sill, an ammunition holding area at Fort Benning and an ammunition surveillance facility at Sunny Point Military Ocean Terminal.

We are continuing to improve our depot capability with a rail yard infrastructure improvement project and ammunition road infrastructure project at McAlester Army Depot, an ammunition surveillance facility at Bluegrass Army Depot, and an ammunition containerization complex at Letterkenny Army Depot.

Simulator Facility Program: One project is included in this year's budget for the Wolverine / Grizzly Simulator Facility. This project will enhance engineer soldier training at Fort Leonard Wood by using a group of fully interactive, networked simulators and work stations to replicate actual vehicles, weapons systems, and command and control elements. This is the only simulator facility required for engineer training. Our budget requests full authorization of $10,600,000 with appropriations and authorization of appropriations of $1,600,000. Advance appropriations for the balance of the project are requested for Fiscal Year 2001.

QUALITY OF LIFE PROJECTS

The quality of life of our soldiers, their families and civilians has a significant impact on readiness. Therefore, our budget reflects substantial funding levels for quality of life programs to support our goal to get soldiers out of gang latrine type barracks and to provide new or upgraded barracks for our requirement of 137,000 single soldiers. Additionally, we are requesting other quality of life facilities that will improve not only the life style of our soldiers but also the readiness of the Army. We are requesting an authorization of $454,550,000, with appropriations and authorization of appropriations of $85,423,000 for quality of life projects this year. Advance appropriations for the balance of the projects are requested for Fiscal Year 2001.

This substantial effort, as well as increased out-year funding, accelerates our barracks program by building new or renovating all barracks worldwide by 2008, rather than 2012 as previously planned.

WHOLE BARRACKS RENEWAL INITIATIVE: Modernization of barracks continues to be the Army's number one facilities priority for military construction. It provides our single soldiers with a quality living environment that is comparable to living off the installation, or that enjoyed by our married soldiers. Our new or renovated barracks include increased personal privacy and larger rooms, closets, upgraded day rooms, all new furnishings, adequate parking, and landscaping, in addition to administrative offices, which are separated from the barracks.

In Fiscal Year 2000, we are planning seventeen projects. This includes five projects in Europe and one project in Korea. Our budget also expands and funds the Fort Campbell barracks complex that was

authorized in Fiscal Year 1999 and the Fort Stewart barracks complex that was authorized in Fiscal Year 1998. We are requesting an additional $7,000,000 authorization to complete the Fort Stewart project, due to an increased price estimate of the total cost to build the barracks complex. We are requesting full authorization of $434,300,000, with appropriations and authorization of appropriations of $81,273,000. Advance appropriations for the balance of the projects are requested for Fiscal Year 2001.

After completion of the Fiscal Year 2000 program, 60 percent of our soldiers requiring housing will be housed at the new standard. Our plan is to invest an additional $5.2 billion (including host nation support) to fix barracks worldwide to meet our goal of providing improved living conditions to our single soldiers by Fiscal Year 2008. Between Fiscal Year 1994 and Fiscal Year 1999, we have already invested $3.0 billion in improving barracks and thus the quality of life of our single soldiers.

PHYSICAL FITNESS TRAINING CENTERS: Physical fitness facilities have a positive impact on morale, physical welfare, soldier fitness and recreation. The overall condition of our existing fitness training facilities prompted us to include three projects in Fiscal Year 2000: one each at Fort Lewis, Fort Campbell and at Walter Reed Army Medical Center. The request for full authorization is $19,000,000, with appropriations and authorization of appropriations of $3,770,000 for these projects. In addition, advance appropriations for the balance of the projects are requested for Fiscal Year 2001. This is the first phase of an effort to improve the condition of our physical fitness training centers.

CHAPEL: Our Fiscal Year 2000 budget includes a small chapel at Fort McNair, to serve the spiritual needs of the residents, employees, staff and

students. This project also must be designed with the unique requirements of one of the Army's most important historic posts. Full authorization of $1,250,000 is requested with appropriations and authorization of appropriations for $380,000. Advance appropriations for the balance of the project are requested for Fiscal Year 2001.

SUPPORT PROGRAMS

This category of construction projects provides vital support to installations and helps improve their readiness capabilities. In our budget, we have requested twenty-five projects with full authorization request of $193,000,000, and appropriations and authorization of appropriations request of $169,465,000. Advance appropriations for the balance of the projects are requested for Fiscal Year 2001.

Our budget includes eight projects that will improve soldier training. Three projects were authorized by Congress in Fiscal Year 1999: Phase 2 of the Military Operations in Urban Terrain (MOUT) training complex at Fort Bragg, Phase 2 of the soldier development center at Fort Hood, and Phase 2 of the Fort Knox multi-purpose digital training range. In addition, we have included a MOUT range and Sabre heliport improvements at Fort Campbell, a multi-purpose training range at Fort Stewart, an ammunition supply point facility for Yakima Training Center and a rotational unit facility maintenance area at Fort Irwin.

We are also revitalizing our infrastructure by budgeting eleven projects that affect the efficient and safe operations of our installations. These projects include a tank trail upgrade for erosion mitigation at Fort Lewis, Yakima Training Center, a heat plant upgrade at Fort Wainwright, a water treatment plant at Fort Leavenworth, a water system upgrade and

an electrical system upgrade in Korea. We also included a military police station and a fire station at Fort Belvoir, a fire station at McAlester Army Ammunition Plant, and an emergency service center at both Fort Myer and Fort Jackson. In addition, we are completing the power plant for Roi Namur on Kwajalein Atoll that was fully authorized in Fiscal Year 1999.

Construction of the United States Army Disciplinary Barracks, begun in Fiscal Year 1998, will be completed with this final phase, with an appropriations and authorization of appropriations request of $18,800,000. Phase 2 of the United States Military Academy Cadet Physical Development Center, begun in Fiscal Year 1999, is also included. We are requesting appropriations and authorization of appropriations of $28,500,000 for this phase. The entire project was authorized in Fiscal Year 1999.

The budget also includes projects at Westover Air Force Base and Fort Meade for the construction of military entrance processing centers that will permit us to vacate costly leased facilities and move onto a military installation. The United States Army Space Command Headquarters will be constructed at Peterson Air Force Base, with the approval of this budget, which also permits us to vacate leased facilities and to co-locate with other similar commands, thus providing an additional economic advantage. Also included is a request for a classified project.

AMMUNITION DEMILITARIZATION

The Ammunition Demilitarization (Chemical Demilitarization) Program is designed to destroy the U.S. inventory of lethal chemical agents, munitions, and related (non-stock-piled) materiel. It also provides for emergency response capabilities, while avoiding future risks and costs

associated with the continued storage of chemical warfare materiel.

The Office of the Secretary of Defense devolved the Chemical Demilitarization program to the Department of the Army in Fiscal Year 1999. Although Congress authorized and appropriated funding for the Fiscal Year 1999 Chemical Demilitarization construction program to the Department of Defense, the overall responsibility for the program remained with the Army and we have included it in this year's Army budget.

An appropriations and authorization of appropriations request for $267,100,000 is included in the Army's Fiscal Year 2000 budget to continue the Chemical Demilitarization projects previously authorized. Full authorization of $206,000,000 is requested for two new projects at Blue Grass Army Depot. The first Blue Grass project is a support project which improves road access and security control. It also provides utility linkage to the construction site, vehicle parking, and a facility for contamination control. The second Blue Grass project is the Ammunition Demilitarization Facility, which provides the structures required to safely handle, process, and dispose of lethal chemical agents and munitions. Table 1 summarizes our request:

Table 1

Fiscal Year 2000

Installation	Type	Amount
Aberdeen Proving Ground, MD	Ammun Demil Facility	$66,600,000
Anniston Army Depot, AL	Ammun Demil Facility	$ 7,000,000
Blue Grass Army Depot, KY	Ammun Demil Facility	$11,800,000 **
Blue Grass Army Depot, KY	Ammun Demil Support Facility	$11,000,000
Newport Army Depot, IN	Ammun Demil Facility	$61,200,000
Pine Bluff Army Depot, AR	Ammun Demil Facility	$61,800,000
Pueblo Army Depot, CO	Ammun Demil Facility	$11,800,000
Umatilla Army Depot, OR	Ammun Demil Facility	$35,900,000

** Authorization request of $195,800,000.

PLANNING AND DESIGN

The Fiscal Year 2000 MCA budget includes $60,705,000 for planning and design. This request is based on the size of the two succeeding fiscal years' military construction programs. The requested amount will be used to complete design on Fiscal Years 2000 and 2001 and initiate design of Fiscal Year 2002 projects. The size of the Fiscal Year 2000 request is, therefore, a function of the construction programs for three Fiscal Years: 2000, 2001 and 2002.

Host Nation Support (HNS) Planning and Design (P&D): The Army, as Executive Agent, provides HNS P&D for oversight of Host Nation funded design and construction projects. The United States Army Corps of Engineers oversees the design and construction to ensure the facilities meet our requirements and standards. Lack of oversight may result in an increase in design errors and construction deficiencies that will require United States dollars to rectify. Maintaining the funding level for this mission results in a payback where one dollar of United States funding gains $60 worth of Host Nation Construction. The Fiscal Year 2000 budget request for $21,300,000 will provide oversight for approximately $1 billion of construction in Japan, $50 million in Korea and $50 million in Europe. The budget includes $2,800,000, which is dedicated to the oversight of facilities associated with the Government of Japan (GOJ) funded initiative to consolidate and relocate United States Forces on Okinawa.

Let me show you the analysis of our Fiscal Year 2000 MCA request.

BUDGET REQUEST ANALYSIS

SUMMARY: The Fiscal Year 2000 MCA budget includes a request for appropriations of $656,003,000 and companion authorization of appropriations request of $656,003,000 and advance appropriations of $659,536,000.

Authorization Request: The request for authorization is $1,117,505,000. The authorization request is adjusted for those projects previously authorized in Fiscal Years 1998 and 1999. These projects include the third phase of the U.S. Disciplinary Barracks, the second phase of the Railhead Facility and the Force XXI Soldier Support Center at Fort Hood, phase two of the West Point Cadet Physical Development Center, the Multi-purpose Digital Training Range at Fort Knox, the Power Plant at Roi Namur, and the remainder of the Whole Barracks Renewal Complex at Fort Campbell and Fort Stewart. Additionally, it is modified to provide full authorization of $195,800,000 for the Bluegrass Army Depot Ammunition Demilitarization project. Only $11,800,000 in appropriations is required for the first phase of this project.

The Fiscal Year 2000 request for authorization and appropriations for Fiscal Year 2000, by investment focus, is shown in Table 2:

Table 2

INVESTMENT FOCUS
Appropriations

Fiscal Year 2000

CATEGORY	AUTHORIZATION	APPROPRIATIONS	PERCENT APPROP'N
Quality of Life / Barracks	454,550,000	85,423,000	13.0%
Mission / Strategic Mobility	171,650,000	42,510,000	6.5%
Support	193,000,000	169,465,000	25.8%
Planning & Design / Minor Construction	91,505,000	91,505,000	14.0%
Subtotal Army MILCON	**910,705,000**	**388,903,000**	**59.3%**
Chemical Demilitarization	206,800,000	267,100,000	40.7%
TOTAL PROGRAM	**1,117,505,000**	**$656,003,000**	**100.0**

Table 3 shows the Fiscal Year 2000 distribution of the appropriations request among the Army's major commands:

Table 3

COMMAND SUMMARY
Military Construction Army

Fiscal Year 2000

COMMAND	APPROPRIATIONS ($000)	PERCENT OF TOTAL
INSIDE THE UNITED STATES		
Forces Command	103,463	15.8
Training & Doctrine Command	45,200	6.9
Army Materiel Command	272,490	41.5
Military District of Washington	6,110	0.9
Military Traffic Management Command	550	0.1
United States Military Academy	28,500	4.3
Space & Missile Defense Command	3,700	0.6
United States Army, Pacific	18,700	2.9
Classified Project	36,400	5.5
SUB-TOTAL	**515,113**	**78.5**

OUTSIDE THE UNITED STATES		
Space & Missile Defense Command	35,400	5.4
Eighth, United States Army	6,670	1.0
United States Army, Europe	7,315	1.1
SUB-TOTAL	**49,385**	**7.5**
TOTAL MAJOR CONSTRUCTION	**$564,498**	**86.1**
WORLDWIDE		
Planning and Design	82,005	12.5
Minor Construction	9,500	1.4
SUB-TOTAL	**$ 91,505**	**13.9**
TOTAL APPROPRIATIONS REQUESTED	**$656,003**	**100.0**

Advance appropriations: With full authorization, a single contract can be awarded. Advance appropriations allow the Army to construct all phases of a project as a continuous project and minimizes any impact to the contractor due to incremental funding. With advance appropriations, the scope of the contract is not limited, but the work to be performed by the contractor is limited by the amount available for obligation in a given year. Fiscal Year 2001 advance appropriations of $659,536,000 are requested for the balance of the Fiscal Year 2000 construction projects.

Now, I will explain our Army Family Housing request.

ARMY FAMILY HOUSING

No single quality of life measure is more important than adequate housing for soldiers and families. The family housing program provides a major incentive necessary for attracting and retaining dedicated individuals to serve in the Army. Yet, adequate housing continues to be the number one soldier concern when we ask them about their quality of life. Out-of-pocket expenses for soldiers living off post in the United States are approximately 20 percent of the total cost of their housing.

Maintaining or finding adequate, quality housing for our soldiers and families is one of the Army's continuing challenges

DoD has set a goal to eliminate inadequate family housing by 2010. Currently, 76 percent of Army's housing needs to be upgraded. Not taking action would leave our program underfunded by about $400 million per year, or $6 billion by 2010. Therefore, we intend to privatize Army Family Housing (AFH) in the United States, provide adequate revitalization resources to overseas locations and divest or demolish unneeded houses.

In the United States, the Army plans to use the 1996 Military Housing Privatization Initiative (MHPI) authorities in a program we are calling the Residential Communities Initiative (RCI) to privatize AFH. MHPI allows the Services to leverage housing dollars to obtain private sector interest, expertise and capital to improve military housing. We plan to privatize 85,000 units at 43 installations in the United States by Fiscal Year 2005. Fort Carson, solicited under the Request for Proposals (RFP) process, is the first to be privatized, with an award expected in July 1999. Future projects will be solicited under the Request for Qualifications (RFQ) process, wherein the government selects a private housing and community developer based on the firm's qualifications and experience; jointly develops a Community Development and Management Plan with that developer; and negotiates a development agreement with the developer to implement that plan. The RFQ process is faster, less costly to the developer, and provides more flexibility to develop projects that meet the needs of all parties concerned. The emphasis is on partnering with the private entity to develop residential communities. The first RCI project to be executed under the RFQ process will be Fort Hood, and is scheduled for award in February 2000. Forts Lewis, Stewart, Meade, and other installations will follow. Minimal maintenance and repair (M&R)

funds will be used to sustain housing in a safe and habitable condition in the United States until privatized. Thirty-eight million dollars has been transferred from the Army Family Housing program in Fiscal Year 2000 to the Military Pay Account to cover the cost of the first RCI projects. An additional $9 million of Fiscal Year 2000 AFH has been transferred to the OSD Family Housing Improvement Fund (FHIF) for OMB "scoring." The majority, but not all, of AFH construction requirements in the Continental United States (CONUS) will be accomplished through the privatization program. Only in unique instances where privatization is not feasible is it expected that traditional MILCON will be necessary for AFH in CONUS.

Because the Services do not own the houses or the land in foreign areas, they are unable to "leverage" Military Construction funds or attract new capital as they do in the United States. Moreover, the MHPI authorities do not apply in foreign areas, so we will increase the funds for the revitalization of our family housing in foreign areas to meet the DoD goal by Fiscal Year 2010.

Our Fiscal Year 2000 request for appropriations and authorization of appropriations is $1,112,083,000, while the authorization request is $1,158,980,000. Additionally, we are requesting $43,991,000 for advance appropriations. Our request includes a modest new construction program to alleviate housing shortages in Korea; a revitalization program for our aging foreign housing inventory, which is 92 percent inadequate; and planning and design programs for future construction projects. Like the Military Construction, Army program, we are requesting full authorization for all new Fiscal Year 2000 projects, but only the appropriations that can be spent in the first year. In most cases, this amounts to approximately 15 percent of the project. For the Army, this percentage is based on historical, first-year outlay rates and includes an additional percentage for

risk and flexibility. We are also requesting Fiscal Year 2001 advance appropriations for the balance of the funding requirement. Funding for the annual costs of operating, maintaining and leasing family housing for Fiscal Year 2000 is $1,098,080,000. Table 4 summarizes each of the categories of the Army Family Housing program.

Table 4

ARMY FAMILY HOUSING
FISCAL YEAR 2000

FACILITY CATEGORY	AUTHORIZATION ($000)	AUTHORIZATION PERCENT	APPROPRIATIONS ($000)	APPROPRIATIONS PERCENT
New Construction	24,000	2%	4,400	<1%
Post Acquisition Const	32,600	3%	5,303	1%
Planning and Design	4,300	<1%	4,300	<1%
Operations	185,620	16%	185,620	17%
Utilities	220,952	19%	220,952	20%
Maintenance	469,211	40%	469,211	42%
Leasing	222,294	19%	222,294	<1%
Debt	3	<1%	3	<1%
TOTAL	**1,158,980**		**1,112,083**	

Advance appropriations: With full authorization, a single contract can be awarded. Advance appropriations allow the Army to construct all phases of a project as a continuous project and minimize any impact to the contractor due to incremental funding. With advance appropriations, the contract is not limited, but the scope of the work to be performed by the contractor is limited by the amount available for obligation in a given year. Fiscal Year 2001 advance appropriations of $43,991,000 are requested for the balance of the Fiscal Year 2000 construction projects.

FAMILY HOUSING CONSTRUCTION

The Fiscal Year 2000 request continues the Whole Neighborhood Revitalization (WNR) initiative to revitalize the housing units, while concurrently improving neighborhood amenities. This successful

approach addresses the entire living environment of the military, and we appreciate the support that has been provided by the Congress in past years. The projects recommended for this program, all in foreign areas, are based on life-cycle economic analyses and will provide units that meet adequacy standards. Foreign area funding requests, where RCI does not apply, are being increased in order to bring all inadequate units up to current adequacy standards by Fiscal Year 2010. We are requesting full authorization of $60,900,000, with appropriations and authorization of appropriations of $14,003,000. Advance appropriations for the balance of the projects is requested for Fiscal Year 2001.

NEW CONSTRUCTION: The Fiscal Year 2000 new construction program provides a project to construct 60 units at Camp Humphreys, Korea, where there is a continuing requirement for new housing, including the supporting infrastructure. The new construction project is requested to provide family housing in Korea where adequate off-post family housing is not available and no on-post family housing exists. These units are for command sponsored personnel currently living in substandard, off-post quarters and for those personnel who are unaccompanied due solely to a lack of adequate family housing.

POST ACQUISITION CONSTRUCTION: The Post Acquisition Construction program is an integral part of our housing revitalization program, and is limited to foreign areas. In Fiscal Year 2000, we are requesting funds for improvements to 424 units at three locations in Europe. Also included within the scope of these projects are efforts to improve supporting infrastructure and energy conservation, and to eliminate environmental hazards.

OPERATIONS AND MAINTENANCE

The operations, utilities, maintenance and leasing programs comprise the majority of the Fiscal Year 2000 request. The requested amount of $1,098,080,000 for Fiscal Year 2000 is almost 95 percent of the family housing authorization request and nearly 99 percent of the authorization of appropriations request. This budget provides for the Army's annual expenditures for operations, municipal-type services, furnishings, maintenance and repair, and utilities. Because of the privatization program in the United States, maintenance and repair funds for units scheduled to be privatized will be reduced to a level that sustains the houses in a habitable condition, but defers major repair projects until the RCI program is implemented at our installations.

The family housing utilities' request reflects our success in reducing our energy consumption and supports the Army's energy conservation goal of a one and one-half percent reduction in overall facility energy requirements. This request is the minimum necessary to operate and maintain our family housing throughout the world.

LEASING

The leasing program provides another way of adequately housing our military families. We are requesting $222,294,000 in Fiscal Year 2000 to fund existing Section 2835 project requirements, temporary domestic leases in the United States, and over 10,000 units overseas.

REAL PROPERTY MAINTENANCE

In addition to MCA and AFH, the third area in the facilities arena is the Real Property Maintenance (RPM) program. RPM is the primary account in installation base support funding responsible to maintain the infrastructure to achieve a successful readiness posture for the Army's fighting force. Installations are the power projection platforms of America's Army and must be properly maintained to be ready to support current Army missions and any future deployments.

RPM consists of two major functional areas: (1) Maintenance and Repair of Real Property and (2) Minor Construction. The Maintenance and Repair of Real Property account pays to repair and maintain buildings, structures, roads and grounds, and utilities systems. The Minor Construction account pays for projects under $500,000 for the erection, installation or assembly of a new facility, and for the addition, expansion or alteration of an existing facility. It also funds projects under $1 million which are intended solely to correct a life, health or safety deficiency. This year we have requested funds for our RPM program in the Operation and Maintenance, Army (OMA) account, as well as a portion of the funds being requested in the Quality of Life Enhancement, Defense (QOLE,D) account. When the OMA RPM funding of $828 million is combined with the QOLE,D funding of $626 million, the resulting total funding will be $1,454,000 in Fiscal Year 2000.

Within the RPM program, there are two areas to highlight: (1) our Barracks Upgrade Program (BUP) and (2) the Long Range Utilities Strategy. At the completion of the Fiscal Year 1998 program, 48 percent of our requirement for permanent party barracks will meet or approximate

the new DoD 1+1 barracks standard. Our Whole Barracks Renewal Program, using Military Construction funding, will revitalize or replace 27 percent of the barracks. The remaining 25 percent of the barracks can be modified to an approximate 1+1 standard using RPM resources. In Fiscal Year 1999, Congress provided Army an additional $137 million in Quality of Life Enhancements, Defense (QOLE,D) funding for repair of facilities key to improving the quality of life of our soldiers in CONUS. We allocated these funds to bring more of our VOLAR-era barracks inventory to the 1+1 standard within the Barracks Upgrade Program. Starting in Fiscal Year 1999, and through the completion of the program, the Army committed approximately $150 million per year to continue the efforts to upgrade our single soldier's quality of life. The Barracks Upgrade Program, when combined with the Military Construction, Army Whole Barracks Renewal program, is reducing significantly the amount of time required to improve the living conditions of our single soldiers to the current DoD standard. We expect that all barracks for permanent party soldiers will have been revitalized or replaced by the year 2008.

The second area to highlight within the RPM program is our Long Range Utilities Strategy to provide reliable and efficient utility services at our installations. As discussed earlier, privatization or outsourcing of utilities is the first part of our strategy. We are maximizing our efforts to partner with the local communities' utility departments and private utility companies to provide utility services that are more efficient and reliable. The second part of the strategy is the utilities modernization program to help upgrade those utility systems that are not viable candidates to be privatized, such as central heating plants and distribution systems. We have programmed $60,000,000 per year for utility modernization projects in Fiscal Years 1998 through 2002. Utility systems at unique or remote installations are particularly reliant on these modernization projects.

While we are able to make progress in upgrading barracks and improving utility services, the basic maintenance and repair of Army facilities is funded at only 78 percent of the requirement, including those funds in the Quality of Life, Defense, appropriation. At the current funding levels, Army commanders will only be able to fix what breaks. The Installation Status Report (ISR) shows Army facilities are rated C-3 (not fully mission capable) due to years of under-funding. At the end of the last rating period, 24 percent of the Army's facilities were "red" - unsatisfactory, 47 percent were "amber" - marginal, and only 29 percent were "green" - good.

HOMEOWNERS ASSISTANCE FUND, DEFENSE

The Army is the executive agent for the Homeowners Assistance Program. This program provides assistance to homeowners by reducing their losses incident to the disposal of their homes when the military installations at or near where they are serving or employed are ordered to be closed or the scope of operations reduced. For Fiscal Year 2000, there is no request for authorization of appropriations and appropriations. Requirements for the program will be funded from prior year carryover, revenue from sale of homes, and anticipated authority to transfer monies from the Base Realignment and Closure Account. Assistance will be provided to personnel at approximately 25 installations that are impacted with either a base closure or a realignment of personnel, resulting in adverse economic effects on local communities.

SUMMARY

Mr. Chairman, our Fiscal Year 2000 budget marks a change from our normal budget. It is a balanced program that permits us to execute our

construction programs; provides for the military construction required to improve our readiness posture; and provides for family housing leasing, operation and maintenance of the non-privatized inventory, and privatization of approximately 14,100 owned units through FY 2000. This request is part of the total Army budget request that is strategically balanced to support both the readiness of the force and the quality of life of our personnel. Our long-term strategy can only be accomplished through balanced funding, divestiture of excess capacity and improvements in management. We will continue to streamline, consolidate and establish community partnerships that generate resources for infrastructure improvements and continuance of services.

The Fiscal Year 2000 request is for appropriations is $1,768,086,000 and authorization of $2,276,485,000 for Military Construction, Army and Army Family Housing. Further, the program allows us to rely on the RCI program for the U.S. and redistribute scarce resources to Europe and Korea to meet the departmental guidance to eliminate inadequate family housing Army-wide by Fiscal Year 2010. Thank you for your continued support for Army facilities funding.

PART II

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

Next, I will present the Army National Guard's Military Construction Program for Fiscal Year 2000.

The program presented requests Fiscal Year 2000 appropriation of $16,045,000 for military construction, Army National Guard. The companion request for authorization is $57,402,000. Also requested is an advance appropriation of $41,357,000 in Fiscal Year 2001.

The Army National Guard is America's community based, dual use reserve force. They are missioned across the spectrum of contingencies, and structured and resourced to accomplish State and Federal missions when called. Army National Guardsmen are trained citizen-soldiers committed to preserving the timeless traditions and values of service to our Nation and communities, and, by statute, an integral part of the first line defense of the United States. The National Guard is balanced and ready. It is manned with over 361,000 quality soldiers in over 2,700 communities nationwide.

Greater reliance has been placed on this community based component of America's Army. We are fully engaged in joint operational support, host nation support, military-to-military contact with emerging democracies, and preventive deterrence to hedge against aggression. The Army National Guard's equally vital role is providing assistance and support to our 54 States and Territories during domestic and community support missions. We have been an active participant in every major

American conflict around the world. Last year we provided close to 400,000 emergency response State missions and provided over one million Federal man-days in support of global missions.

FACILITIES STRATEGY

The goal of the Army National Guard is to provide state-of-the-art, community based facilities that facilitate communications, operations, training and equipment maintenance in which to station, sustain and prepare the force for deployment. Our objective is to have the maximum number of units that are manned, trained, equipped, resourced and missioned for Federal as well as State and/or domestic requirements.

In order for the Army National Guard to ensure that it will continue to be able to provide the forces needed to meet the needs of the community, the Army and the nation, it is a necessity that we have quality facilities. To do this, we intend to design, implement, operate and maintain our facilities using private sector business practices, 21st century technologies, and commercial off-the-shelf facilities software. Some examples that demonstrate this comprehensive program are:

EDUCATION: An extensive real property management and real estate training program for our facilities' managers continues to progress. Energy training at the manager and executive level has been a beneficial addition to the program.

MASTER PLANNING: A new State-wide development planning initiative was adopted by an additional twelve States in Fiscal Year 1999, bringing the total to thirty. Master Planning establishes the foundation for the management and development of installations; provides the

framework for analyzing and justifying maintenance and repair resource allocations; helps justify all peacetime and mobilization construction and development activities; forms an important management tool to ensure the efficient assignment, utilization, and disposal of real property assets; and provides a decision-making tool to identify requirements and alternatives for resolving real property deficiencies and excesses. This system will provide the user with a spatial decision support system which uses geographic information and computer automated design technology. An additional twelve States are planned to be on-line each year until 2001 when all fifty-four States and Territories will have completed their Development Plans.

ENERGY MANAGEMENT: State-of-the-art energy efficient facilities are being constructed. We are also upgrading existing facilities to current energy efficient standards by funding energy projects from current operating funds, using Energy Savings Performance contracts, developing military construction Energy Conservation Investment Program projects, and implementing energy improvement projects funded by utility companies. We manage an active energy audit program performing audits in seven to eight States per year. The State energy managers are empowered to execute an aggressive energy management program.

DATA ANALYSIS: In Fiscal Year 1999, we continued to refine the computerized systems that allowed cost analysis of budget projections. The Army National Guard installations program focuses on the future, investing to provide efficiencies and not just to repair past mistakes. An example is the Infrastructure Requirements Plan that has allowed the Army National Guard to better prioritize its future construction requirements.

BUILDING MANAGEMENT SYSTEM: We are currently in the implementation phase of the Smart Building Demonstration Project. This undertaking links several independent Direct Digital Controls for the operation of heating, ventilating, and air conditioning systems within a facility.

DEMAND LIGHTING TECHNOLOGIES: The Demand Lighting Technologies (DeLiTe) system consists of intrusion detection sensors, working in conjunction with exterior lighting, CCTV and existing alarm systems. The system was developed to enhance security, reduce security guards and decrease energy costs. At this time, we have facilities in Ohio and Maryland that are operational.

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD (MCNG)

Within our military construction request, we focus on five investment areas: training site modernization, maintenance support shops, readiness centers, minor construction, and planning and design. These projects are mission focused and are centered on the quality of life of our soldiers.

MISSION FACILITIES

In Fiscal Year 2000, there are five mission facility projects. The amount of $11,145,000 will be used to begin their construction. Essential mission facilities include several initiatives such as maintenance support shops, a readiness center and a training site complex.

TRAINING SITE MODERNIZATION: Fiscal Year 2000 continues the slow process of adapting existing State operated training sites to training strategies for the 21st century. We have included the Marseilles Training Complex, at Marseilles, Illinois, to our training site modernization program. Current training is being conducted in field tents that provide

limited temporary supply, administrative, housing and hygiene facilities. This training complex will greatly enhance readiness, as well as quality of life for the soldier.

MAINTENANCE SUPPORT SHOPS: In Fiscal Year 2000, we have included three replacement projects. We will replace a Maneuver Area Training Equipment Site at Yakima, Washington; a Maneuver Area Training Equipment Site/Combined Support Maintenance Shop at Anchorage, Alaska; and one Organizational Maintenance Shop at Charlotte, North Carolina. These facilities are over two decades old and cannot support the mission of maintaining the larger and more sophisticated vehicles and equipment. The construction of these facilities will greatly enhance the readiness posture of equipment in the State, increase crew proficiency, and will provide a safe working environment for our soldiers.

READINESS CENTERS: A critical focal point for quality of life is the soldiers' Readiness Center, of which there are about 3,200 nationwide. This is where America may have its first and only exposure to the military. The Readiness Center of yesterday, today, and tomorrow is a place where the public can meet for community events and find refuge in times of need. Therefore, in Fiscal Year 2000, we have included in our budget request a readiness center at Charlotte, North Carolina. This project will permit the community to demolish a facility built in 1956, and allow for an expansion to the local airport. The community, in return, has plans to provide the site for construction of this readiness center.

BUDGET REQUEST ANALYSIS

This MCNG budget request includes a request for appropriation of $16,045,000, an authorization of appropriation of $16,045,000, and authorization of $57,402,000 in Fiscal Year 2000.

Table 5 shows the Fiscal Year 2000 request, by investment focus.

Table 5

INVESTMENT FOCUS APPROPRIATIONS

CATEGORY	AUTHORIZATIONS	APPROPRIATIONS	PERCENT APPROP'N
Maintenance Support Shops	$34,463,000	$ 7,316,000	45.6%
Readiness Center	7,087,000	1,504,000	9.4%
Training Site Facilities	10,952,000	2,325,000	14.5%
Minor Construction	771,000	771,000	4.8%
Planning and Design	4,129,000	4,129,000	25.7%
TOTAL	**$57,402,000**	**$16,045,000**	**100%**

Table 6 shows the Fiscal Year 2000 distribution of the appropriations request among the fifty-four States and Territories:

Table 6

FISCAL YEAR 2000 FUNDED PROGRAM

LOCATION	PROJECT TITLE	APPROP REQUEST ($000)	PERCENT OF TOTAL
Charlotte, NC	Readiness Center	$ 1,504	9.4%
Marseilles, IL	Tng Site, Battalion Complex	$ 2,325	14.5%
Anchorage, AK	Combined Support Maintenance Shop/Manvr Area Tng Equip Site	$ 2,940	18.3%
Yakima, WA	Maneuver Area Trng Equip Site	$ 3,464	21.6%
Charlotte, NC	Operational Maintenance Shop	$ 912	5.7%
Various	Planning and Design	$ 4,129	25.7%
Various	Minor Construction	$ 771	4.8%
TOTAL APPROPRIATIONS REQUESTED		**$ 16,045**	**100.0%**

REAL PROPERTY MAINTENANCE

The States will continue to prudently manage their existing facilities, despite the challenges of age and shrinking real property support funding. They are committed to executing the programs you authorize as expeditiously and as efficiently as possible. Facilities built during the last decade have played major roles in meeting force structure changes, accomplishing quality training, maintaining readiness, and improving soldier quality of life.

The operation and maintenance of our physical plant is an issue of concern. The replacement value of all National Guard facilities is almost $19 billion. Their average age is over thirty-four years. States take care of these facilities, using the limited resources in Real Property Maintenance accounts, as authorized and appropriated by Congress.

They do so, however, in a way appropriate to their unique Federal/State status. The National Guard Bureau does not own, operate or maintain these facilities. The States and Territories perform these functions. The National Guard Bureau transfers to the States money that Congress authorizes and appropriates for this purpose. This money supports critical training, aviation and logistical facilities. For almost half of these facilities, the States and Territories must contribute at least 25 percent of operations and repair costs.

SUMMARY

The Fiscal Year 2000 request is for appropriation of $16,045,000 and an authorization of $57,402,000 for military construction.

The National Guard is a critical part of America's Army. Today's challenges are not insurmountable and the National Guard will continue to provide the best facilities with the resources made available. As we look forward to another successful year in Army National Guard Military Construction, we must thank you for your continual support of our program.

PART III

MILITARY CONSTRUCTION, ARMY RESERVE

It is now my privilege to present the Army Reserve's military construction budget request for Fiscal Year 2000. This budget provides essential military construction resources to address the Army Reserve's highest priority projects, and it will allow the Army Reserve to continue to successfully operate in a resource constrained environment. Like all of America's Army Reserve programs, the military construction will focus *Resources to Readiness.*

The program presented requests Fiscal Year 2000 appropriations of $23,120,000 and advance appropriations of $54,506,000. The companion request for authorizations in Fiscal Year 2000 is $81,215,000.

The Army Reserve, which is on duty in 76 countries around the world, is an integral part of, and an essential and relevant partner in, America's Army. This fact is clearly evidenced by the Army Reserve units and personnel who comprise 65 percent of the Reserve Component forces and 71 percent of the Army Reserve Component Forces serving in Operation Joint Forge. In addition to relying on Reserve forces to deploy and support major worldwide contingencies and warfighting, the Army is increasingly dependent on its Army Reserve for support of a wide variety of daily, ongoing missions at home and abroad during peacetime. This includes an expanding role in commanding and controlling Army installations and providing regional base operations support. Those missions include the provision of trained and ready combat support / combat

service support units to rapidly mobilize and deploy; providing trained and ready individual soldiers to augment the Army; and projecting the Army anytime, anyplace to achieve victory. Army Reserve units and soldiers will continue to respond to national security needs and domestic missions into the 21st century. To ensure readiness, we must have the minimum essential facilities resources in which to train, support, and sustain our forces.

FACILITIES STRATEGY

The organization, roles and missions of the Army Reserve dictate the need for a widely dispersed inventory of facilities. It provides a military linkage in 1,315 communities throughout America, its territories, and overseas locations. Those facilities have an average age of about 37 years. The six Army Reserve operated installations have an average age of facilities of about 48 years. The Army Reserve military construction strategy relies on its demonstrated capability to convert the precious resources authorized and appropriated by Congress into quality facilities that support the readiness of soldiers and units. Since 1981, the Army Reserve has executed more than 300 military construction projects that represent a $1.3 billion investment by the Nation.

To effectively carry out its stewardship responsibilities toward the facilities inventory, the Army Reserve has adopted priorities and strategies that guide the application of resources focused on readiness. The essence of our program is straightforward: provide essential facilities to improve readiness and quality of life, preserve and enhance the Army's image across America, and conserve and protect the facilities resources for which we are responsible. Our priorities are: (1) provide critical mission needs of Force Support Package units; (2) address the worst

cases of facilities deterioration and overcrowding; (3) pursue modernization of the total facilities inventory; and (4) carefully manage Reserve operated installations. Our strategy for managing the Army Reserve infrastructure in a resource constrained environment rests on six fundamentals: eliminate leases when economical; dispose of excess facilities; consolidate units into the best available facilities; use Base Realignment and Closure (BRAC) enclaves where practical; use the new Modular Design System (MDS) to achieve long term cost savings in construction and design costs; and, finally, to pursue economies and efficiencies in installation management, base operations support, and facilities engineering.

Significant benefits have been realized from BRAC. The Army Reserve acquired facilities from all Services, as well as the Active Army, which offset military construction requirements. The facilities acquired through BRAC provided a military construction cost avoidance of $123.3 million. Other facilities acquired through the BRAC process permitted the Army Reserve to relocate units from leased property to quality, Government-owned centers. That effort allowed the Army Reserve to reduce its lease costs by $6.07 million.

PROGRAM HIGHLIGHTS

READINESS: Army Reserve construction program requirements are quite different from those of the Active Army. Army Reserve forces are community based, not installation based, requiring that forces and facilities be dispersed in hundreds of cities and towns across the Nation. This dispersion of forces and facilities reduces the opportunities for regional consolidation and wholesale reductions in facilities inventory. Facilities must be located in the communities where soldiers live and where their

units are based. They must be sufficient to meet the readiness training requirements of the units stationed in them. Reserve facilities serve as locally based extensions of the Army's power projection platforms by providing essential and cost effective places to conduct training, maintenance, storage of contingency equipment and supplies, and preparation for mobilization and deployment that simply cannot be accomplished elsewhere. The Reserve operated installations support mission essential training for thousands of soldiers each year.

QUALITY OF LIFE: Quality, well maintained facilities provide Army Reserve units with the means to conduct necessary individual and collective training; to perform operator and unit maintenance on vehicles and equipment; and to secure, store, and care for organizational supplies and equipment. These facilities also provide other important benefits. Fully functional and well maintained training centers have a positive impact on recruiting and retention, unit morale and the readiness of the full time support personnel who work in the facilities on a daily basis. In addition to supporting the quality of life of units and support staffs, Reserve facilities project an important and lasting image of America's Army in the local community.

MODERNIZATION: The plant replacement value (PRV) of Army Reserve facilities and installations is approximately $10.6 billion. The budget request for Fiscal Year 2000 addresses the Army Reserve's highest priorities for modernizing and revitalizing the inventory and for providing new facilities in response to new and changing missions.

INSTALLATIONS AND BASE SUPPORT: The Army Reserve continues to undergo significant change as America's Army continues to shape itself for the 21st century. One of these changes is the growing

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mission to command and control former Active Army installations. These installations serve as high quality, regional training sites for forces of both the Reserve and Active Components of the Army, as well as the other Services; provide sites for specialized training; and offer a variety of supporting facilities. To fulfill this important mission, we must be able to fund projects that support critical training, mobilization and quality of life requirements at the installations. Our military construction program for both Fiscal Years 1999 and 2000 includes one project at Fort Dix, New Jersey, one of the Army's fifteen power projection platforms. That project directly supports training and readiness of the force and environmental stewardship. The Army Reserve is also assuming greater responsibilities nationwide in managing base support operations and facilities engineering activities, using the command, control, and management capabilities of its Regional Support Commands. This mission reinforces the Army Reserve's relevance and value to the total Army as a provider of combat service support and other essential infrastructure support in both peacetime and wartime.

BUDGET REQUEST ANALYSIS

The Fiscal Year 2000 Military Construction, Army Reserve (MCAR) budget includes a request for appropriations and authorization of appropriations of $23,120,000 and advance appropriations of $54,506,000. This budget request for Fiscal Year 2000 provides essential funds for our highest priority requirements, while it is in line with our commitment to operate successfully in an environment of constrained resources. It also reflects the realities of maintaining near term force readiness and still meeting critical requirements for military construction that directly supports that readiness. The MCAR appropriation includes three categories of funding: Major Construction, Minor Construction, and Planning and Design.

(1) Major Construction: Our Fiscal Year 2000 requests funding for the construction of three new Army Reserve centers in Georgia, Guam and Puerto Rico to accomplish essential facility replacements; a Regional Maintenance Training facility at Fort Hood, Texas; a Tactical Vehicle Wash Facility at Fort Dix, New Jersey, that supports training and environmental requirements; revitalization of existing facilities in New York; and land acquisition to support a future joint services project in Florida.

(2) Unspecified Minor Construction: These funds provide for construction of projects not otherwise authorized by law, and which have a funded cost of less than $1,500,000. Unspecified minor construction may include construction, alteration or conversion of permanent or temporary facilities. The program provides an important means to accomplish small projects that are not now identified, but which may arise during the fiscal year, and that must be accomplished to satisfy critical, unforeseen mission requirements. The Fiscal Year 2000 budget includes $1,416,000 for Unspecified Minor Construction.

(3) Planning and Design: These funds provide for a continuous, multi-year process of designing construction projects for execution in the budget years and beyond. Planning and design activities include the preparation of engineering designs, drawings, specifications, and solicitation documents necessary to execute major and unspecified minor construction projects. Planning and design funds are also required to support the Army Reserve's share of the costs of the continued development of the Modular Design System as an effective and cost and time saving facility design tool. Our budget request for planning and design is $8.5 million for Fiscal Year 2000.

Real Property Maintenance (RPM): Another important issue that is directly linked to the Army Reserve's overall ability to be good stewards of its facilities and installations, is that of funding for real property maintenance (RPM). Although provided separately by the Operation and Maintenance Army Reserve (OMAR) appropriation, these funds complement military construction (MILCON) funds to round out the Army Reserve's total resources to manage its facilities inventory. Long term resource constraints in both military construction and real property maintenance have a combined effect of increasing the rates of aging and deterioration of our valuable facilities and infrastructure. We are applying available resources to only the most critical maintenance and repair needs. We solicit your support of real property maintenance as an essential adjunct of construction.

SUMMARY

In summary, as the national military strategy has changed to meet the challenges of the next century, the Army Reserve will grow in its importance and relevance in the execution of that strategy. The men and women of the Army Reserve have consistently demonstrated that they can respond to the missions and challenges assigned to them. Our Reserve facilities and installations are valuable resources that support force readiness and power projection, while serving as highly visible links between America's Army and America itself.

The Fiscal Year 2000 request is for appropriations of $23,120,000 and authorization of $81,215,000 for Military Construction, Army Reserve. We are grateful to the Congress and the Nation for the support you have given and continue to give to the Army Reserve and our most valuable resource, our soldiers.

PART IV

BASE REALIGNMENT AND CLOSURE (BRAC)

Our facilities strategy strives to meet the needs of today's soldiers, while also focusing on the changes required to support the Army of the 21st century. This budget represents the Army's final two year budget required to implement the first four rounds of BRAC. In Fiscal Year 1999, the Army is saving $839 million and will save $953 million annually upon completing these first four rounds of BRAC. Although these savings are substantial, we need to achieve even more, and bring our infrastructure assets in line with projected needs. We must reduce the total cost required to support our facilities and manage and maintain our real property inventory. BRAC has significant investment costs, but the results bring to the Army modern and efficient facilities at the remaining installations. The resulting savings are critical to modernization, sustainment, infrastructure and quality of life improvements. Therefore, we support the Secretary of Defense's request for two additional rounds of BRAC in 2001 and 2005.

The BRAC process has proven to be the only viable method to identify and dispose of excess facilities. The Army is in the process of closing 112 installations and realigning an additional 27 as a result of the first four rounds of BRAC. We are now in the final three years of the 13-year process to implement these first four rounds. By implementing BRAC, the Army is complying with the law while saving money that would otherwise support unneeded overhead. These closed assets are now available for productive reuse by local communities and the private sector.

BRAC savings do not come immediately because of the up front costs for implementation and the time it takes to close and dispose of

property. The resulting savings are not as substantial as originally anticipated because potential land, facilities and equipment revenues are being made available to support local economic opportunities that create jobs and expand the tax base. Environmental costs are significant and are being funded up front to facilitate economic revitalization. The remaining challenges that lie ahead are implementing the final round, BRAC 95, ahead of schedule, disposing of property at closed bases, cleaning up contaminated property and assisting communities with reuse.

In Fiscal Year 2000, we remain focused almost exclusively on BRAC 1995, the last of the four rounds, along with the conveyance of properties to local communities for conversion to non-military reuse. The Fiscal Year 2000 budget is important because it contains the resources needed to fully fund the final six major construction actions. These projects are scheduled for award early in Fiscal Year 2000, and are required to complete the BRAC 95 actions. This budget also supports unit movements that will allow us to complete the closure and realignments as scheduled. Additionally, the Army remains committed to environmental cleanup of BRAC properties. This budget includes the resources required to support projected reuse in the near term and to continue with current projects to protect human health and the environment. The Army will employ full funding through advance appropriations for contracts begun during Fiscal Year 2000. This will provide the mechanism to stretch the Fiscal Year 2000 funds and execute the Fiscal Year 2001 program early in the fiscal year. Therefore, we request that Congress approve appropriations and authorization of appropriations of of $155,400,000 in Fiscal Year 2000 and approve advance appropriations of $196,091,000 for Fiscal Year 2001.

The Army is accelerating all BRAC actions to obtain savings and return assets to the private sector as quickly as available resources will

allow. In Fiscal Year 1998, we closed Fort Ritchie, Maryland and Fort Indiantown Gap, Pennsylvania. We completed the disestablishment and realignment of the Aviation and Troop Command from St. Louis, Missouri, to four other locations in December 1997. In Fiscal Year 1999, we are on schedule to complete the movement of the military police and chemical schools to Fort Leonard Wood, Missouri, and close Fort McClellan, Alabama. The Army also plans to close East Fort Baker, California, and move the Concepts Analysis Agency from leased space in Bethesda, Maryland, to a new facility at Fort Belvoir, Virginia. These actions will nearly complete all planned closure actions, except for the three that are scheduled for Fiscal Years 2000 and 2001.

The President's Five Part Community Reinvestment Program, announced on 2 July 1993, speeds economic recovery of communities where military bases are closing by investing in people, investing in industry and investing in communities. The Army is making its bases available more quickly for economic redevelopment because of the additional authorities we now have. During Fiscal Year 1998, the Army conveyed properties at Detroit Arsenal and the Materials Technology Lab in Watertown, Massachusetts, and leased property at Letterkenny Army Depot. These actions helped local communities create new private sector jobs that lessened the impact of the base closure actions.

BASE REALIGNMENT AND CLOSURE – OVERSEAS

Although the extensive overseas closures do not receive the same level of public attention as those in the United States, they represent the fundamental shift from a forward deployed force to one relying upon overseas presence and power projection. Without the need for a Commission, we are closing about seven of ten overseas sites in Europe.

Reductions in infrastructure roughly parallel troop reductions of 70 percent. In Korea, the number of installations is dropping from 104 to 83, or 20 percent.

On 18 September 1990, the Secretary of Defense announced the first round of overseas bases to be returned. Since that time, there have been a total of 22 announcements. On 14 January 1993, DoD announced it will withdraw all United States military forces from the Republic of Panama and transfer all facilities by 31 December, 1999. Of the 13 sites in Panama announced for closure, twelve have been returned. Table 7 shows the total number of overseas sites announced for closure or partial closure is 667:

Table 7

TOTAL OVERSEAS SITES ANNOUNCED FOR CLOSURE OR PARTIAL CLOSURE

Country	Installations
Germany	575
Korea	30
France	21
Panama	13
Netherlands	6
Turkey	6
United Kingdom	5
Greece	4
Italy	4
Belgium	3
Total	**667**

Additional announcements will occur until the base structure matches the force identified to meet United States commitments. At this time, we do not see the need for many more overseas closures.

Most of the 188 million square feet (MSF) of overseas reductions are in Europe, where we are returning over 600 sites. This is equivalent to closing 12 of our biggest installations in the United States - Forts Hood, Bragg, Benning, Stewart, Leonard Wood, Lewis, Bliss, Carson, Gordon, Meade, Campbell and Redstone Arsenal. Unquestionably, these reductions are substantial and have produced savings to sustain readiness.

The process for closing overseas bases is much different than in the United States. First, unified commanders nominate overseas sites for return or partial return to host nations. Next, the Joint Staff, various DoD components, National Security Council and State Department review these nominations. After the Secretary of Defense approves them, DoD notifies Congress, host governments and the public. The Army ends operations by vacating the entire installation and returning it to the host nation. If we only reduce operations, we retain a portion of the facilities.

BASE REALIGNMENT AND CLOSURE PROGRAM STATUS

The Army has completed all realignment and closure actions from the BRAC 88 and BRAC 91 rounds. The work of property disposal and environmental remediation at eighteen installations will continue for several years. The Army continues to work with local communities to make properties available for economic redevelopment. Introduction of economic development conveyances and interim leasing have resulted in accelerating property reuse and jobs creation at installations that were previously unavailable, pending completion of environmental restoration efforts.

The Army continues to accelerate the implementation of the BRAC 93 and BRAC 95 rounds. BRAC 93 is complete, with the exception of the

realignment of Fort Monmouth, which is scheduled for Fiscal Year 1999. The Army is in the fourth year of the implementation of BRAC 95, after which twenty-six of the twenty-nine closures and four of eighteen realignment actions will be complete. Interim leases and economic development conveyances are making properties at these installations available to the local communities earlier in the process. The Army completed interim leases with local communities at Letterkenny Army Depot and Detroit Arsenal to make industrial facilities available for reuse in 1998. The former Fitzsimons Army Medical Center is now being converted to a University Medical Center. Negotiations and required environmental restoration continue at other installations, and additional conveyances are likely in the near future.

For the period 1989 through 1998, the Army has spent $3,991,976,000 to implement the first four rounds of BRAC. The Army has realized a total of $3,337,200,000 in savings during the implementation period through the end of Fiscal Year 1998, and will realize an additional $838,900,000 in annual recurring savings in Fiscal Year 1999. Upon implementation of all actions from the first four BRAC rounds, the Army will achieve annual savings of $953,000,000 beginning in Fiscal Year 2002.

The Army has completed environmental actions at 1,032 of a total of 1,944 BRAC environmental cleanup sites through Fiscal Year 1998. Environmental restoration efforts were complete at 68 BRAC installations through Fiscal Year 1998, out of a total of 122 installations. The Army remains focused on supporting environmental cleanup actions required to support property reuse and will continue to fund environmental cleanup actions that are required in support of property transfer and reuse.

SUMMARY

Closing and realigning bases saves money which otherwise goes to unneeded overhead, and frees up valuable assets for productive reuse. These savings permit us to invest properly in the forces and bases we keep to ensure their continued effectiveness. Continuation of accelerated implementation requires the execution of the Fiscal Year 2000 program as planned and budgeted. We request your support by providing the necessary BRAC funding for Fiscal Year 2000.

We remain committed to promoting economic redevelopment at our BRAC installations. We are supporting early reuse of properties through economic development conveyances as well as the early transfer and interim leasing options made possible by Congress last year. Real property assets are being conveyed to local communities, permitting them to quickly enter into business arrangements with the private sector. Local communities, with the Army's support and encouragement, are working to develop business opportunities that result in jobs and tax revenues. The successful conversion of former Army installations to productive use in the private sector is something all of us can be proud of.

Mr. Chairman, this concludes my statement. Thank you.

[CLERKS NOTE.--- Answers to questions posed by Chairman David Hobson during a March 3, 1999 meeting. Dr. Bernard Rostker, Under Secretary of the Army submitted the information.]

UNDER SECRETARY OF THE ARMY
WASHINGTON

March 19, 1999

The Honorable David L. Hobson
Chairman, Subcommittee on Military Construction
Committee on Appropriations
House of Representatives
Washington, DC 20510

Dear Mr. Chairman:

Enclosed are the answers to the questions you posed at our March 3, 1999 meeting. I apologize for not providing these responses earlier. As explained in the letter sent Tuesday, my intent was to deliver this material to you personally and to discuss it with you in detail. Unfortunately, I did not appreciate your need to receive this information before the hearing Wednesday. I take responsibility for this lapse. It seems that my desire to ensure that your concerns were fully satisfied has only resulted in a regrettable delay.

As stated in our meeting, I am committed to working cooperatively with you and your Subcommittee to ensure that our methods and results are as intended by Congress and best meet the housing needs of America's soldiers. My hope is that through this letter and the dialogue that ensues, the Army will resolve any concerns your Subcommittee may have over our privatization efforts.

The Army understands your Subcommittee's concern over the scope and pace of the Army's privatization efforts, and lack of Military Construction funding. Although we believe that the privatization legislation will prove to be an effective tool for addressing the Army's housing needs, our intent is only to explore the potential for obtaining housing through privatization at five test sites. With the exception of Fort Carson, we have not made any final decision to privatize housing and would not proceed with any privatization projects without your Subcommittee's support. In addition, the Army will take a hard look at its housing program in Fiscal Years 01-05, in order to determine how much construction funding should be added to its Continental United States housing program.

Again, allow me to apologize for not getting these responses to you sooner. Let me assure you that there will not be a reoccurrence.

Sincerely,

Bernard D. Rostker

Enclosures:

Tab 1 – Responses to March 3rd Questions
Tab 2 – DoD Report to Congress
Tab 3 – Guiding Principles for Privatization

Question 1: Why is the Army so Interested in Housing Privatization?

Under existing budgetary constraints, the Army is unable to address the critical housing needs of America's soldiers. We simply cannot revitalize the existing stock of housing, eliminate the housing deficit ,and properly maintain and manage these units with available funds. Housing privatization provides an opportunity for addressing these needs. It allows the Army to increase or leverage the rate of return on dollars obligated to support its housing efforts. For example, we expect to leverage our construction dollars at an 8:1 ratio even at Fort Hood, which is the most conservative estimate at any of our five test sites. This means that for every one dollar we invest in housing, we get eight times the construction work we would have through traditional military construction.

We also realize, however, that the Military Housing Privatization Initiative (MHPI) legislation is a temporary authority that has not been fully tested. We also recognize that the authority was enacted into law on the understanding that it would be used on a trial basis. That is why we designed our Residential Communities Initiative (RCI) as a pilot program and have identified five sites for testing the RCI concept: Forts Carson, Hood, Lewis, Stewart, and Meade. These sites were carefully chosen because they reflect diverse market conditions. At these sites, we will explore how the Army's housing needs can be met through the various tools provided in the MHPI legislation. Even at these five sites, however, the Army intends to move cautiously. That is to say, we will be working in phases at each pilot site. In the first phase, the Army and its agent, LaSalle Partners (chosen through a competitive selection process), will work with its private sector development partner to create a comprehensive Community Management and Development Plan (CDMP) for the installation. The Army will, in essence, acquire information and expertise from its selected partner, although the factors upon which selection of the developer will cover implementation as well as project planning. Throughout this planning phase, the Army will ensure that the plan is well conceived, comprehensive and consistent with the authorities provided by Congress. We will accomplish this objective by working on the details of the plan with LaSalle and by sharing at regular intervals details of the plan with Congress to ensure that there is general agreement.

In summary, the Army's approach to privatization at each of its pilot sites is low-risk. During the project planning phase at each test site the Army incurs no obligation to go forward with implementation. This permits the Army more easily to conclude its privatization efforts at any of these sites either because we are unsatisfied with the CDMP or the Army determines on a programmatic basis that privatization will not produce the benefits we envision. In either case, the Army intends to work closely with Congress during the entire planning process, and will be able to redirect funds committed to privatization to traditional MILCON projects as necessary.

Question 2: How do you protect the Oversight Function of the Congress?

The Army understands that the Military Housing Privatization Initiative (MHPI) legislation was enacted with the expectation that it would be used on an experimental basis. We further recognize that Congress wants to ensure that Army privatization initiatives are conducted in a manner that is consistently with these authorities, and not in a manner more aggressive than originally intended.

To address these concerns, the Army will ensure that Congress is fully informed throughout the RCI process, that it supports each privatization project, and that Army privatization initiatives are implemented consistent with the MHPI legislation. We will also keep you apprised throughout all phases of CDMP development of the issues and agreements under consideration. This will permit the Congress to ensure that the Army is acting consistently with the MHPI authorities and that there is no premature commitment by the Army to any particular set of proposals, concepts, or agreements.

Furthermore, we would never implement a CDMP until we have disclosed the details of the proposed plan to you and confirmed your support. Toward this end, we will provide you a copy of the plan at each installation in addition to a report on the details of the transactional instruments that would be executed to implement the plan, as required under the MHPI legislation.

We have already made adjustments to the RCI program in response to points raised through recent hearings and discussions with Congressional Members and staff. First, we have heard your concerns relating to the aggressiveness of the Army's goals for privatization. In response, we intend to reevaluate RCI following the first five test projects and determine the appropriate scope and pace of proceeding with privatization. Second, we have heard your concerns about the lack of MILCON spending at CONUS installations. In response, we intend to take a hard look at our CONUS housing program and determine how much must be added to support traditional MILCON projects. Third, we have heard your concern about the funds that will be used for privatization activities and the potential for their loss. In response, we will monitor these funds carefully to ensure they are not lost. As explained, with few exceptions, we have not committed these funds irrevocably to privatization projects. Consequently, they can be redirected to support traditional MILCON projects. Finally, to avoid any confusion on this point, we should also acknowledge that we have reserved the funds necessary to support the privatization projects at Forts Campbell and Bragg. This was necessary because these projects were next in line for privatization and we needed to preserve a capability for going forward with them.

However, if a decision is made not to proceed with these privatization projects, the funds will be redirected to support MILCON construction.

Question 3: What Percent of Army Family Housing Will the First Five Proposals Represent?

Our privatization test program covers Forts Carson, Hood, Lewis, Stewart, and Meade. These pilot projects represent 19.1% of all housing units located in the fifty United States or 14.5% of all units worldwide. These percentages are based on end-year data for Fiscal Year 1998, and reflect a total inventory stock of 116,916 housing units worldwide. Of this total inventory, 75% (88,270) of the units were located within the 50 United States, with the remaining 25% (28,646) located overseas.

Question 4: Is the Information Contained in the DoD Report to Congress Accurate or Are There Discrepancies Between the Information in this Document and the Current Housing Numbers for the Test Sites?

In September 1998, DoD submitted its report to Congress on the Department's housing privatization programs. This report included figures on the total number of housing units at various Army installations and is enclosed for your reference (TAB 2). The information contained in this report remains accurate today. The figures presented in the report reflect the existing inventory of housing units for Forts Carson (1,823 units), Hood (5,482), Lewis (3,590), Stewart (3,159), and Meade (2,862). The figure of 2,663 units reported at Fort Carson also includes an accounting for the installation's housing deficit of 840 units.

There are, however, a number of housing units required over and above the existing inventory in order to meet the Army's housing needs. This number is commonly referred to as the "housing deficit." At the five test sites, the Army's goal is to effectively eliminate this deficit. The breakdown of units needed to eliminate the deficit at each of the five test sites is as follows: Fort Carson (840) , Fort Hood (1,149), Fort Lewis (758), Fort Stewart (346), and Fort Meade (308).

The Army hopes to reach its goal (inventory + deficits) at each of these installations through a combination of revitalization and construction. During the planning phase of each project, we will verify the deficit and determine the precise breakdown of housing required (e.g., two bedroom, three bedroom, etc.). Again, we emphasize that the first five sites are pilot projects. With the exception of Fort Carson, where we had already defined the scope of our project for solicitation, no decision to implement privatization at these sites has been made. Similarly, we also emphasize that at no installation, is it the Army's goal to build housing in excess of the deficit or to develop housing to meet private-sector housing needs.

Question 5: Can you Characterize Carson as a "Privatization?"

Yes, we would characterize Fort Carson as a privatization project because it places significant responsibilities on private entities to finance the project, revitalize existing units, construct new units, and provide for the long term operation and maintenance of these units. Additionally, ownership of these units will rest with the developer.

Question 6: What is the Extent of the Public-Private Partnership At Fort Carson?

The housing privatization initiative at Fort Carson is the Army's first test project and involves the issuance of a Request For Proposals (RFP) solicitation. Under this approach, the Army will award a FAR based contract to the selected developer. This developer will be responsible for the revitalization, construction, operation, and maintenance of Fort Carson's family housing stock. The Fort Carson project will involve the conveyance of 1,823 family units (all will be renovated), and the construction of 840 new family housing units. The construction of these new units will eliminate Fort Carson's existing housing deficit. Over the term of the project, the developer will be responsible for the maintenance, repair, and operation of the 2,663 total units (Fort Carson's entire family housing stock).

In consideration for the developer's performance, the Army will lease real property to the developer on a long term basis, specifically, 50 years. The 50 year figure was driven by budget scoring rules. Due to these requirements, it was necessary to choose a lease term that exceeded the projected useful life of any construction. This avoids the lease from being scored as a capital lease, which would require that the net present value of construction be budgeted upfront. The Army also will enter into a limited loan guarantee agreement with the selected developer's lender if required under the selected developer's proposal. The loan guarantee offered by the Army will be limited to situations where developer default is caused by either: base closure, major deployment, or a long-term downsizing of soldiers stationed at Fort Carson. Industry proposals for the Fort Carson project have been received and currently are under evaluation by the U.S. Army Corps of Engineers.

Question 7: How Similar is the Carson RFP Project to the Later Army RFQ Projects?

Fort Carson is the Army's first pilot site. The primary distinction between the approach employed there and the approach employed at our remaining test sites is in developer selection and project planning. At Fort Carson, the

developer is selected through a Request for Proposals (RFP) process. In the RFP process, the government develops explicit project requirements for execution of the project and then selects a developer based on this proposal and consideration of other factors such as experience and past performance. The RFP solicitation is a costly and time consuming document to prepare. At Fort Carson, it took about a year and approximately $1 million for completion.

Under the RFQ approach, the Army also communicates its requirements to interested developers and requests proposals. The RFQ differs from the RFP, however, in terms of the level of detail that is both communicated to and received from developers as part of the selection process. In the RFQ process, interested parties are required to submit an overall project concept rather than detailed technical proposals as is required under the RFP approach at Fort Carson. It is on the basis of the developer's overall project concept, along with information on the developer's qualifications and price for completing the project (treated generally as the developer's expected return) that developer selection is made.

Perhaps of greater significance are the differences between the RFP and RFQ approaches to project planning. As noted, under the RFP approach, the Army solicits technical proposals from each developer. These proposals respond in detail to the specific requirements set forth by the Army for completing the work at Fort Carson, to include long-term maintenance and management of housing units. By contrast, under the RFQ approach, the Army and its selected developer work closely to craft a Community Management and Development Plan (CDMP) for the subject installation. During this process, the Army will work closely with the Congress and our agent consultant, LaSalle Partners, to ensure that the CDMP meets the Army's needs and is consistent with Congressional intent in the MHPI legislation. No commitment to implement the project will be made at this stage. Rather, the intent of this stage is to provide the Army access to private sector information and expertise. The Army would only proceed to implement these projects if the Army and Congress were satisfied with the plan.

The Army believes that there are many advantages to the RFQ approach. Specifically, the approach streamlines developer selection and project implementation, maximizes opportunity for interchange between the developer and the Army, and adds flexibility, input and oversight into the project planning process, as well as fosters innovation. The RFQ approach also promotes competition by lowering the cost of submitting industry proposals. The cost of submitting these proposals is lower because development of detailed technical plans is deferred until the project planning phase of the privatization process. A further attribute of the RFQ process is that it is low-risk and low-cost. We can forgo implementation without incurring significant costs, as the Army's exposure in the planning phase is limited to the payment to the developer for rights to the plan. Additionally, the Army retains the discretion to use the plan with other privatization developers or to untrack and proceed with a traditional MILCON project. In the end, we believe use of the RFQ approach will result in superior

project planning, project implementation, and ultimately a better housing product and living environment for America's soldiers and their families.

QUESTION 8: How Do the Privatization Approaches Differ Among the Services?

The primary difference between the Army, Air Force and Navy approaches to family housing privatization is the nature of the business transaction itself. The Navy's approach is to form a Limited Liability Partnership with a private sector partner. Under this approach, the Navy will bring investment funds up to 33 1/3 percent cash or 45 percent contribution with land and cash to a Limited Liability Company. This enables the Navy to become a legal minority participating partner. The Navy will solicit this partnership using a non-FAR 2 step Request for Qualifications/Request for Proposals approach. The Partnership contract will be the controlling instrument in these projects.

Due to the high cost of revitalizing Army family housing and eliminating the existing deficit at individual installations, the Army's approach to housing privatization is more highly leveraged than that of the other Services. The Army's approach involves selecting a developer through a Request for Qualifications solicitation. The private partner is selected on the basis of qualifications such as past performance and experience, in addition to expected financial return, and an overall project concept. Initially, a FAR based contract is awarded to the selected developer and imposes two performance obligations on the Army's development partner: first, to work with the Army to develop the Community Development and Management Plan (CDMP), and second, to implement the plan in accordance with its terms if directed by the Army. The CDMP will set forth the terms of the developer's relationship with the government over the life of each project, and will consist of three main components: a development plan, a financing plan, and a plan of operation. Important to this process, is the understanding that the decision to proceed with CDMP implementation is left to the Army's discretion. During the process of CDMP development, the Army will provide information to Congress concerning the issues and agreements under consideration in the planning process. Following final consultation and Congressional notification, the Army may authorize its developer partner to proceed with CDMP implementation. Appropriate transactional instruments (e.g., FAR based contract or lease) will be executed to facilitate this process. Attached for your reference is an Army paper, which provides further information on our housing initiative and its fundamental tenets (TAB 3).

The Air Force has pursued a 2-step non-FAR Real Estate transaction approach on their project solicitations. Initially, the Air Force will select a group of developers based upon their qualifications. The selected developers will then provide detailed proposals on the type and amount of housing the Air Force wants for a particular base. The Air Force will then select the developer that

provides the best proposal. The developer and the Air Force will then sign a lease agreement that serves as the legal document for the life of the agreement.

Question 9: Compare Success Or Rate of Return On MILCON Dollars With Proposed Rates of Return For CONUS Privatization RCI

The return on the use of MILCON dollars in traditional construction projects is 1:1; that is, for every dollar spent in MILCON $1 worth of work is performed. Using the MHPI authorities, by contrast, increases the rate of return on dollars obligated to support the program. At Fort Hood, for example, we expect that for every dollar obligated to support the program that $8 in construction costs will be funded. Consequently, whereas under traditional MILCON the Army would have to fund 100% of construction costs for Fort Hood, under RCI we expect to fund only 1/8th or 12.5% of the construction costs expected at Fort Hood. This projected 8:1 leverage ratio for Fort Hood is consistent with that realized by the Air Force at their Lackland initiative. We would expect the project at Fort Hood to at least match this success.

The following chart presents estimates for leveraging at Army privatization test cites:

	$M	$M	
Installation	Construction Cost	Scoring	Leverage
Fort Carson	165	10	17:1
Fort Hood	313	40	8:1
Fort Lewis	246	11	22:1
Fort Stewart	170	5	34:1
Fort Meade	338	8	42:1

Leverage = Construction Cost/Scoring
Scoring = Amounts required for obligation under budget Scoring Rules

Question 10: Can We Do Off Ramps Before 50 Years And What Are the Rules For Earlier Off Ramps? How Do We Keep the Developer Involved? How Do We Cover Utilities And Maintenance Costs?

The CDMP planning process is designed to minimize conflicts and misunderstandings between the Army and its developer partner. We intend to take full advantage of this process to minimize the potential that the Army will be required to sever its relationship with its developer partner prior to fulfillment of the project's goals and objectives. To do this, the Army plans to layout its expectations and work with the developer to identify performance measures that will ensure the developer performance over the life of the projects meets or exceeds these expectations. We also intend to make use of a variety of mechanisms to ensure that our soldiers are protected in the event that performance problems arise or unforeseen contingencies develop during the course of the project. Examples of these mechanisms include performance bonds, working capital or net current asset requirements, and escrow accounts.

However, to ensure the protection of our soldiers' interests should these prophylactic devices fail, the transactional instruments used to implement the CDMP will provide appropriate termination provisions. These will include provisions providing for the payment of damages and, as appropriate, termination of the developer's interest in the underlying real property.

Question 11: What is Our Policy For Limiting Commercialization and How Does it Impact AAFES, MWR, and DeCA Programs?

The focus of the Army's test program is on providing housing. It is not our intent to use the MHPI legislation to encourage commercial operations for the purpose of generating revenues for the Army. During the planning process, developers may propose that certain facilities that produce income and can be said to support housing be incorporated into the CDMP for implementation. The Army would work with the Congress to determine whether these facilities could be incorporated into the CDMP as ancillary support facilities within the meaning of the MHPI legislation.

Turning specifically to your question regarding AAFES, MWR, and DeCA programs, the Army recognizes the unique and important contribution that these programs make in enhancing the quality of life for military families. The Army's intent is merely to explore, on a consultative basis with AAFES, DECA and MWR, opportunities within RCI to further strengthen the role and mission of these programs within the Army community. If any commercial opportunities are identified during the development of the CDMP that would enhance the community and could be fulfilled by AAFES, DECA or MWR operations, the Army will ensure the participation of the affected organization and the protection of that organization's broader interests. As explained by Army witnesses in testimony before the HASC Special Oversight Panel on MWR, the Army will not approve any initiative that would compete with AAFES, DeCA or MWR operations without express approval of the Boards of Directors of those organizations.

Question 12: Why Don't You Pursue the Unsolicited Proposal on Fort Meade Submitted From the Anne Arundel County Housing Authority?

Assistant Secretary Apgar and Under Secretary Rostker have an appointment with Representative Hoyer to discuss the Anne Arundel proposal. The Army will follow up with the County after this meeting.

Question 13: Why Shouldn't the Army Release MILCON (AFH-C) Now For Immediate Use, What Would be the Impact on the Privatization Program if this Funding is Immediately Released?

Housing privatization, if successful, will permit the Army to leverage its funds and resources. This provides the Army with its best chance to address critical housing needs. At present, funds are being reserved at privatization test

sites to cover budget scoring costs associated with use of the MHPI authorities. If we release these funds to pursue traditional MIILCON projects at privatization test sites, we will be unable to pursue the privatization initiatives at these sites unless funds are pulled from projects at other installations not in the pilot program. In addition, if we were to pursue traditional MILCON projects in lieu of privatization at the test sites, the Army would acquire substantially fewer housing units for the same funds employed because no private sector resources would be leveraged against these funds.

Question 14: Should Some Amount of MILCON (AFH-C) Be Allocated To CONUS Installations Where RCI Is Not Feasible or Unavailable To Work?

Yes, we believe AFH-C funds should be used at CONUS installations where privatization is either not appropriate or feasible. We intend to focus on this during our review of the FY01-05 Army housing program.

Question 15: Why Did the Army Not Budget MILCON (AFH-C) For CONUS Installations in FY99 or FY00?

We did budget MILCON dollars for 6 CONUS installations in FY99. Congress later provided $124.8M in appropriations for these 10 CONUS projects. Of this total, the Army has released $75.6M for 7 projects scheduled for award this year. We have reserved the $49.2M in appropriations for the other 3 projects to support the Army's privatization initiatives at Forts Hood, Bragg, and Campbell. These funds have not been committed irrevocably and can be redirected to traditional MILCON projects if a decision is made not to proceed with privatization for any reason.

The FY00 budget did not include any AFH-C for CONUS installations. In retrospect, the Army should have provided for some traditional MILCON construction to ensure a balanced program. As explained, the Army took this approach because the privatization authorities provide a potentially effective mechanism to help the Army address its critical housing needs.

On this issue, the Army's bottom line for future years is that we must deliver budgets that provide for a more balanced program that includes MILCON for CONUS installations. In the future, even if privatization proceeds, we will budget AFH-C funds to support traditional MILCON projects at installations within CONUS where it is not appropriate or feasible to privatize.

Question 16: Can you Track and Describe the Transfer of O&M Funds and Potential Impacts on Personnel & Readiness Programs?

As discussed, the Army's FY00 budget request realigns funding from the AFH account to the MPA Account. The purpose of this realignment is to cover the projected added costs for housing allowances that will be paid to soldiers

living in privatized housing units at the privatization test sites. The realignment is necessary because in accordance with statutory restrictions, soldiers living in government owned housing are not paid a housing allowance. Instead, the cost of housing these soldiers is paid by the government out of AFH funds; principally AFH-O. Consequently, at installations where housing privatization is planned during FY00, an increase in MPA will be required to cover the cost of housing allowances paid to soldiers living in privatized units formerly owned by the government. The increase in MPA is offset by a corresponding decrease in AFH previously required to cover the costs associated with government owned family housing. If we do not proceed with privatization at the test sites, the Army would expect to seek transfer authority to redirect these funds toward traditional MILCON projects.

The Army does not foresee any negative impacts on personnel and readiness programs as a result of these budgeting decisions. In fact, we expect the impact to be beneficial, as housing privatization will result in better housing for a greater number of soldiers. This should also enhance readiness as improvements in quality of life and readiness go hand in hand.

Question 17: What Are the Expiration Dates on AFH-C Funding (FY99, FY00-01), And Are Any of These Funds in Jeopardy of Expiring?

Installation	FY95	FY96	FY97	FY98	FY99
Pilot Test Sites					
Ft. Carson	$15.8M				
Ft. Hood				$18.6M	$21.6M
Ft. Meade				$7.9M	
Lead Projects with Options					
Ft. Bragg				$16.6M	$18.8M
Ft. Campbell					$8.8M

Figures reflect AFH-C Funds

The chart depicts the breakdown of AFH-C funds reserved for privatization test sites and lead projects. The Army intends to obligate these funds before they expire, transfer them to the Family Housing Improvement Fund (FHIF) or

submit a request for an extension of authorization, to keep funds from expiring and avoid placing housing projects at risk.

The Army intends to use $15.8M in FY95 AFH-C for its privatization project at Fort Carson. We understand these funds expire on September 30, 1999, and plan to transfer them to the FHIF where they will become "no year money" and remain available for obligation indefinitely.

The Army has reserved a total of $43.1M in FY98 AFH-C for privatization at the pilot sites Forts Hood and Meade, and the lead project at Fort Bragg. This total consists of $18.6M for Fort Hood, $7.9M for Meade, and $16.6M for Fort Bragg. We would only proceed with the project at Fort Bragg, if privatization proves successful at the test sites and we decide to expand the test program. These funds expire at the end of FY01. We would expect to submit a request for an extension of authorization with the FY01 budget submission to preserve their use if required due to delays in project implementation.

The Army intends to use a total of $49.2M in FY99 AFH-C funds for privatization at the Fort Hood pilot, and possible privatization at Forts Bragg, and Campbell. This total consists of $21.6M for Fort Hood, $18.8M for Fort Bragg, and $8.8M for Fort Campbell. These funds expire at the end of FY02. We would expect to submit a request for an extension of authorization with the FY02 budget submission to preserve their use if required due to delays in project implementation.

Question 18: Can You Describe Changes Among Past Several Budget Submissions And the Current Budget Submission?

The changes between past budget submissions and the current budget submission are best understood if broken down into three categories: pilot test sites, lead projects with options, and the Family Housing Improvement Fund (FHIF).

Pilot Test Sites: These sites consist of Forts Carson, Hood, Stewart, Lewis, and Meade. For these test sites, the Army has transferred $65.9M ($15M AFH-O in FY 98, $13.1M AFH-O in FY 99, and $37.8M consisting of $13.4 AFH-O and $24.4 AFH-C in FY 00) from the Army Family Housing account to the Military Personnel, Army (MPA) account. This transfer is necessary to cover the increased requirement for housing allowances resulting from projected housing privatization test sites. The increase relates to the conversion of housing stock from government to private ownership. Where the government owns the housing, no allowance is paid to soldiers. By contrast, where housing is owned by a private entity, a housing allowance drawn from the MPA account is paid to the soldier to meet housing expenses. The transfer of funds from AFH to the MPA account reflects this required increase in MPA funds to accommodate the change to private ownership. In addition, to the $24.4M in AFH-C referred to

above, the Army intends to use an additional $64.9M in AFH-C funds to cover the costs associated with the use of various MHPI authorities at privatization test sites (e.g., loan guarantees and differential lease payments). Funding for this requirement comes from appropriations made available for projects at Fort Carson ($15.8M - FY95), Forts Hood and Meade ($26.5M - FY98) and Fort Hood ($21.6M - FY99). The original intended use of these funds was to support traditional (i.e., non-privatization) military construction projects. These funds are being redirected toward the privatization initiative.

Lead Projects With Options: The lead projects with options sites are Forts Bragg and Campbell. To provide the option to go forward with the lead projects at these sites, the Army intends to use $43.2M in AFH-C funds to cover the costs associated with use of the MHPI authorities. Funding for this requirement comes from appropriations made available at Fort Bragg ($16.6M – FY 98, $18.8M – FY 99) and Fort Campbell ($8.8M – FY 99). These funds would be directed toward the privatization initiative only if the pilot test proves successful. Otherwise, they will be returned for use as traditional military construction projects.

Family Housing Improvement Fund: Finally, in FY00, an additional $9M is budgeted as a line item for privatization support in the AFH-C account and will be transferred to the FHIF to cover the projected scoring costs associated with privatization.

Question 19: Can You Track Dollars Spent Associated With the Housing Units to Be Improved OCONUS?

Privatizing CONUS family housing enables the Army to shift much of the cost of constructing and revitalizing housing units at installations within the U.S to the private sector. In turn, this allows a greater proportion of appropriated AFH funds to be allocated to housing projects at locations overseas. This will ensure that the overseas housing needs of our soldiers are met on an expedited basis.

The breakdown of foreign area family housing construction funding is as follows. For Europe: $18.8M/164 units FY98, $12.9M/150 units FY99, and $32.6/424 units FY00. For Korea: $0/0 units FY98, $0/0 units FY99, $24.0M/60 units in FY00.

Question 20: Why Are We Spending $247/FT2 To Rehabilitate Buildings In Germany When the Cost In DC Is $50/FT2 and HUD (Notoriously High and Inefficient) Are $100/FT2?

The cost of revitalization projects in Germany is approximately $100 to $110 per net square foot. We are not aware of the origins of the $247 per net square foot figure. The cost of this work if performed in Washington, DC would be between $67 to $74 per net square foot. As a matter of comparison, this is in line with DoD cost factor estimates that place the cost of comparable

construction work performed in Germany at approximately 1.5 times as much as work in Washington, D.C. area.

Question 21: Why Are We Not Doing More For OCONUS?

The Army is doing everything it can for its soldiers overseas as evidenced by the increased budget request this year for housing overseas. We plan to continue to budget MILCON overseas to ensure that the housing needs of America's soldiers are satisfied.

THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

ACQUISITION AND TECHNOLOGY

Honorable Ted Stevens
Chairman, Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In accordance with HR 105-647, Conference Report Language for the FY 1999 Military Construction Appropriations Act, I am providing you with an update on the family housing privatization projects for the first quarter of FY 1999. The Department of Defense (DoD) is at various phases of executing these projects under the Military Housing Privatization Initiative (MHPI). This is the Department's first quarterly report on the status of housing privatization efforts as implemented by the Military Services. The enclosed list includes information on project scope, projected timelines, and actual completion dates.

Although DoD has only awarded three privatization projects to date totaling more than 1,000 housing units, as you will see from the enclosed list, the program has made significant progress since the timelines were provided last fall. The Department currently has six projects in solicitation or about to be awarded totaling almost 4,000 privatized housing units. We have notified Congress of plans to issue solicitations for more than 21,000 military housing units at seven sites: a Navy regional project in South Texas; a Navy regional project in San Diego, California, NAS Lemoore, California; NAVSTA New Orleans, Louisiana; NAS Brunswick, Maine; Fort Hood, Texas; and Elmendorf AFB, Alaska. The House Appropriations Subcommittee on Military Construction has asked that release of the solicitations be held pending further review. Commencing the solicitation process is critical to our efforts to demonstrate the advantages of this important housing initiative and I will ensure that the Military Departments respond promptly to your questions.

The Military Departments have been working hard to speed up the privatization process and to expand the housing privatization program. For example, the Navy has developed templates to ensure consistency across their program and to shorten lead time in preparing documents. The Army is using the Request for Qualifications process which promises innovative projects and reduced solicitation times. Additionally, the Office of Management and Budget recently provided scoring rules which permit the Department to revisit projects to privatize unaccompanied housing as well as family housing.

To illustrate a cost comparison between the Military Housing Privatization Initiative and military construction (MILCON), since October 1, 1998, DoD has notified Congress of our intent to issue solicitations to privatize over 16,000 houses. The upfront cost in budget scoring to privatize those units will be approximately $236 million. Under military construction, we estimate these projects would have required $1.3 billion in family housing MILCON. This comparison demonstrates the incredible potential that privatization has to offer the Department and the American taxpayer.

My staff stands ready to provide additional information as needed.

Sincerely,

Dave Oliver
Principal Deputy

Enclosure

cc:
Honorable Daniel Inouye
Ranking Democrat

Military Housing Priv ...tion Initiative
First Quarterly Report to Congress

ARMY FAMILY HOUSING PRIVATIZATION									
			Notify Congress (Solicitation)*		Notify Congress (Selection)		Deal Closing/ Contract Award*		
Year of Notification	Installation	# of Units	Reported	Actual / (Revised)	Reported	Actual / (Revised)	Reported	Actual / (Revised)	Notes
FY98	Ft Carson	2,663	Sep-96	Sep-96	Jul 99	x	Jul-99	x	
FY99	Ft Hood	5,482	Dec-98	Dec-98	Dec-99	x	Feb-00	x	1
	Ft Lewis	3,500	Feb-99	x	Feb-00	x	Apr-00	x	
	Ft Stewart / Hunter AAF	3,159	Apr-99	x	Apr-00	x	Jun-00	x	
	Ft Meade	2,862	Jun-99	x	Jun-00	x	Aug-00	x	
	Ft Bragg	4,744	Aug 99	x	Aug-00	x	Oct-00	x	
FY00	Ft Campbell	4,240	Feb-00	x	Feb-01	x	Apr-01	x	
	Hampton Roads	1,302	Oct-99	x	Oct-00	x	Dec-00	x	2
	Presidio of Monterey	1,676	Dec-99	x	Dec-00	x	Feb-01	x	
	Ft Sam Houston	992	Apr-00	x	Apr-01	x	Jun-01	x	
	Ft Polk	3,895	Jun-00	x	Jun-01	x	Aug-01	x	
	Ft Gordon	876	Aug-00	x	Aug-01	x	Oct-01	x	

AIR FORCE FAMILY HOUSING PRIVATIZATION								
			Notify Congress (Solicitation)*		Notify Congress (Selection)		Deal Closing/ Contract Award*	
Year of Notification	Installation	# of Units	Reported	Actual / (Revised)	Reported	Actual / (Revised)	Reported	Actual / (Revised)
FY98	Robins AFB	670	Sep-98	Oct-98	Aug-99	x	Sep-99	x
FY99	Elmendorf AFB	828	Oct-98	Dec-98	Oct-99	x	Nov-99	x
	Kirtland AFB	1,890	Jun-99	x	Nov-99	x	Jan-00	x
	Dyess AFB	402	May-99	x	May-00	x	Jul-00	x
	Mt Home AFB	1,525	Jun-99	x	Jun-00	x	Aug-00	x
	Patrick AFB	899	Jun-99	x	May-00	x	Jul-00	x
	Dover AFB	525	Jul-99	x	Jun 00	x	Jul-00	x
	Hurlburt Field	573	Aug-99	x	Jun-00	x	Aug-00	x
FY00	Wright Patterson AFB	1,200	Dec-99	x	Sep-00	x	Nov-00	x
	McGuire AFB (Ft Dix)	999	Nov-99	x	Aug-00	x	Oct 00	x
	Tinker AFB	730	Jun-00	x	Jan-01	x	Sep-01	x

NOTES:
x Indicates future actions
() Indicates revised numbers
1 Projects currently placed on hold by the HAC MILCON Subcommittee, pending further briefings with HAC
2 Hampton Roads includes Forts Eustis, Monroe and Story

NAVY FAMILY HOUSING PRIVATIZATION

Year of Notification	Installation	# of Units	Notify Congress (Solicitation)* Reported	Notify Congress (Solicitation)* Actual / (Revised)	Notify Congress (Selection) Reported	Notify Congress (Selection) Actual / (Revised)	Deal Closing/ Contract Award* Reported	Deal Closing/ Contract Award* Actual / (Revised)	Notes
FY98	Everett II	300	Sep-98	Oct-98	Dec-99	(Feb-00)	Jan-00	(Mar-00)	1
	Everett I DLP MOD	0	Sep-98	Oct-98	Dec-98	(Feb-99)	Jan-99	(Mar-99)	1
	Kingsville II	150	Sep-98	Oct-98	Sep-99	(Nov-99)	Oct-99	(Dec-99)	1
	Kingsville I DLP MOD	0	Sep-98	Oct-98	Jan-99	(Mar-99)	Feb-99	(Apr-99)	1
FY99	South Texas	(812)	Oct-98	Nov-98	Jan-00	x	Feb 00	x	2
	San Diego	11,020	Nov-98	Nov-98	Mar-00	x	Apr-00	x	2
	Hampton Roads	(4,357)	Jan-99	(Feb-99)	May-00	x	Jun-00	x	
	Lemoore	1,590	Nov-98	Nov-98	Oct 99	x	Nov-99	x	2
	Brunswick	(967)	Nov-98	Jan-99	Nov-99	x	Dec-99	x	2
	New Orleans	(613)	Nov-98	Dec-98	Nov-99	x	Dec-99	x	2
	Jacksonville/Mayport	1,752	Jan-99	(Feb-99)	May-00	x	Jun-00	x	
	Annapolis	420	May-99	x	May-00	x	Jun 00	x	
	Great Lakes	2,680	Jun-99	x	Jun-00	x	Jul-00	x	
	Newport	1,437	Sep-99	x	Dec-00	x	Jan-01	x	
	Pacific Northwest	4,191	Apr-99	x	Sep-00	x	Oct-00	x	
	Meridian	518	Feb-99	x	Feb-00	x	Mar-00	x	
FY00	New London	2,525	Apr-00	x	Apr-01	x	May-01	x	
	Earle	156	Oct-00	x	Oct 01	x	Nov-01	x	

MARINE CORPS FAMILY HOUSING PRIVATIZATION

Year of Notification	Installation	# of Units	Notify Congress (Solicitation)* Reported	Notify Congress (Solicitation)* Actual / (Revised)	Notify Congress (Selection) Reported	Notify Congress (Selection) Actual / (Revised)	Deal Closing/ Contract Award* Reported	Deal Closing/ Contract Award* Actual / (Revised)	Notes
FY98	Albany	114	Jan-98	Jan-98	Nov-98	(Feb-99)	Jan-99	(Apr-99)	
	Camp Pendleton	712	Sep-98	Oct 98	Jun-99	x	Jul-99	x	
FY99	Chicopee	194	Dec-98	(Feb-99)	Jun-99	x	Jul-99	x	3
	Stewart	150	Jan-99	(Feb-99)	Aug-99	x	Sep-99	x	3
	Twenty-nine Palms	1,704	Dec-98	(Feb-99)	Oct-99	x	Dec-99	x	
	Beaufort (Parris Island)	(684)	Feb-99	x	Sep-99	x	Oct-99	x	
	Camp Lejeune	3,079	Feb-99	x	Jun-00	x	Jul 99	(Jul-00)	
	Cherry Point	1,371	Jun-99	x	Aug-00	x	Sep-00	x	
	Quantico	543	Sep-99	x	Dec-00	x	Oct-00	(Feb-01)	

NOTES:

x Indicates future actions

() Indicates revised numbers

1 Notifications delivered on October 1. Section notification for DLP modifications were delayed due to HAC hold on all Navy projects in October. That hold has been lifted and acquisition has resumed

2 Projects currently placed on hold by the HAC MILCON Subcommittee, pending further briefings with HAC

3 Chicopee and Stewart projects delayed due to decision to solicit concurrently

RESIDENTIAL COMMUNITIES INITIATIVE (RCI)

GUIDING PRINCIPLES

IMPROVE THE QUALITY OF LIFE FOR ARMY FAMILIES THROUGH BETTER HOUSING COMMUNITIES.

The Army's goal is to use the authorities contained in the Military Housing Privatization Initiative (MHPI) legislation to enhance the quality of life for soldiers and their families by offering affordable, attractive and quality residential communities. This legislation contains invaluable tools to address the Army's critical housing needs by providing for the revitalization of existing housing, construction of new housing and ancillary supporting facilities, and long term operation and maintenance of such housing and facilities. The Army's vehicle for achieving these objectives is the Residential Communities Initiative (RCI).

Under this Initiative, the Army plans to conduct a pilot test at four installations (Forts Hood, Lewis, Stewart and Meade) in which it will competitively select private sector partners to develop Community Development and Management Plans (CDMPs) for each installation. These CDMPs will address Army housing needs from a "whole community" perspective. During the CDMP planning process, the Army may consider facilities other than housing that would enhance the quality of life for military families, including schools, community centers, childcare facilities, indoor and outdoor recreational facilities, and storage facilities. Additionally, during the planning process, the Army's private sector development partner may propose other facilities that will enhance the quality of life for military families and also improve the economic feasibility of housing development. The Army will consider such proposals if they are authorized under existing legal authorities and are compatible with the off-post community development and the operational and security needs of the installation.

The Army's RCI process will involve several distinct steps. First, the Army will select an experienced private sector development partner to work closely with the Army and affected stakeholders to develop a CDMP. After development of the CDMP and prior to its implementation, the Army will make a full report of the plan to Congress as provided for in the MHPI legislation. Upon approval of the CDMP, the Army will implement the plan by means of a contract and / or lease with the development partner.

UTILIZE THE MILITARY HOUSING PRIVATIZATION AUTHORITY EFFECTIVELY AND AS CONGRESS INTENDED.

Throughout the RCI process, the Army will ensure that Congress is fully informed, that Congress supports each project, and the RCI is implemented as Congress intended under the MHPI legislation.

Before the CDMP is approved, the Army will send a copy of the plan to Congress and submit a report on the details of the proposed contract, lease or conveyances that will be used to implement the plan, as provided for in the MHPI. OMB scoring review will also occur during this period. If a loan guarantee is needed to implement the plan, the Army will provide the appropriate notice to Congress in accordance with the MHPI legislation.

RELY ON OFF-POST, PRIVATE-SECTOR HOUSING TO MEET NEEDS TO THE EXTENT FEASIBLE.

The Army's goal is to eliminate the family housing deficit. The Army intends to build only the number of housing units that the local market cannot supply at rents within the financial means of our soldiers, and that are necessary for a financially feasible on-post development program.

TARGET LOWER-ENLISTED FAMILIES WITH RENT AT BAH RATE.

The focus of the RCI program is to provide quality housing for junior enlisted soldiers and their families. The Army's experience is that suitable housing is often not available in the local real estate market at rates that are within the financial means of enlisted families.

The intention is to continue to focus on this segment of the military population, where the need is most critical.

PRESERVE THE SECURITY AND INTEGRITY OF THE INSTALLATION IN ORDER TO EFFECTIVELY MEET MILITARY MISSION REQUIREMENTS.

Installation commanders will be key participants in the development of the CDMP. Command input is essential to ensuring that RCI will not adversely affect the military mission or jeopardize the security of the installation.

RCI projects will be carefully structured to harmonize with the installation's military operations through such means as access limitations, security fencing and proper siting of housing and ancillary facilities.

PRESERVE AND SUPPORT AAFES, DeCA AND MWR OPERATIONS.

The Army recognizes the unique and important contribution that the Army Air Force Exchange Service (AAFES), Defense Commissary Agency (DeCA) and the Non-Appropriated Fund Morale, Welfare and Recreation (MWR) programs make in enhancing the quality of life of military families. The Army's intent is to explore, on a consultative basis with AAFES, DeCA and MWR, opportunities within RCI to further strengthen the role and mission of AAFES, DeCA and MWR within the Army community

If any commercial opportunities are identified during the development of the CDMP that would enhance the community and could be fulfilled by AAFES, DeCA or MWR operations, the Army will ensure the participation of the affected organization and the protection of that organization's broader interests. The Army will not approve any initiative that would compete with AAFES, DeCA or MWR operations without express approval of the Boards of Directors of those organizations.

PROTECT OFF-BASE BUSINESSES FROM UNFAIR COMPETITION.

The Army is sensitive to the needs and economic interests of its neighboring communities. Community stakeholders will play a vital role in the development of the CDMP for the installation.

The Army will not undertake RCI activities that are inconsistent with the continued vitality of the installation's residential community or that will unfairly compete with off-post enterprises.

ENGAGE IN AN OPEN, COLLABORATIVE PLANNING PROCESS WITH ALL STAKEHOLDERS.

Army installations have established direct lines of communication with all stakeholders (e.g., chambers of commerce, boards of realtors, elected and appointed officials, city and county planners and school boards) and will use these lines of communication throughout the RCI planning process.

The Army expects that the selected development partner will work closely with all stakeholders, including those within the Federal government, the local government and business community and will be expenenced in managing the approval and planning process for the RCI development within the broader community.

National Environmental Policy Act (NEPA) analysis and review will be part of the RCI process. The NEPA process includes substantial opportunity for public input with regard to environmental and community impacts. The NEPA process will be completed before the Army issues a Notice to Proceed to the development partner.

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Mr. HOBSON. I have no questions for you today. I intend to yield to other members of the subcommittee who will address their concerns. And I think we will go directly to questions. Your statement can be in the record, and then we will ask questions.

Dr. ROSTKER. Mr. Chairman, may I add something to the record, an explanation of what occurred?

Mr. HOBSON. No, not now. I do not think it will be mitigating right now. And I think it is better off not said right now, if I may.

Dr. ROSTKER. Yes, sir.

Mr. HOBSON. Do you want to ask another question?

Mr. EDWARDS. Mr. Chairman, I respect your interest in meeting with Chief Reimer and wanting to have another hearing. And so I am going to withhold a number of questions that I would have had.

But I think it is clear that you want to hear from the Army in response to your questions, and I will respect that.

Mr. HOBSON. If you would like to ask questions, you may ask them.

Mr. EDWARDS. Well, it is hard for me to get in questions, when I might be asking some of the questions you did not want answers to today. I just want to respect your interests.

But let me just make a comment. I share the Chairman's concerns. This was supposed to be a start-up program, not a 100 percent remake of the Army.

I also think, in honesty, we would all admit on the subcommittee that the reason the Army is having to look at privatization is because of the Administration and the Congress' underfunding of traditional military construction projects.

Nothing would please me more than to have enough money in this budget so that we would not even have to have this discussion. It is always easier to do things the way they have always been done, whether that is the best way or not.

My interest is in working with the Chairman, expressing along with him, I think, the very legitimate questions he has raised. I hope you will answer those questions. I think it is obvious that until you do, this program is not going to go forward for the Army, or for any other service, for that matter.

Ultimately, our members' interest is the same, as well as yours, and that is to provide better housing for military families. So I think the sooner we can get the Chairman's questions answered and move forward on a program that makes sense for our military families so they can have decent housing, then the better off we will all be.

At the end of the day, I hope that since Ft. Hood was next on the list, we can break this problem with having had legal problems at Ft. Carson, we could get some dirt turned, and get our projects on the ground, and then learn from that.

And I think Ft. Hood is the largest populated Army installation in the country, because the project was slated for the next RFQ. And the Chairman raised some very legitimate questions. And I am glad he raised those questions. It will be a better program, because of his concerns.

But I hope perhaps we can use Ft. Hood as a model example, and from that model, learn whether this program is going to work or not.

And until we come up with that sort of program, I would suggest the Army recognize that Congress is not going to buy into 100 percent any privatization program until we have some model projects that have proven themselves. And I would concur with the Chairman's very clear points on that.

Thank you, Mr. Chairman.

Mr. DICKS. Is it my understanding that we are not going to go forward because the Army did not answer some questions? Is that why we are not going to have the hearing?

Mr. HOBSON. Well, we are having the hearing. If you want to ask the questions, you can ask the questions. But I am going to go over and ask some questions of the Secretary in the Armed Forces meeting.

Mr. DICKS. Can anybody explain why the questions were not answered?

Mr. HOBSON. Well, I do not want to get into that today. I want to give them a chance to answer the questions. I mean, we are just going to go through some back and forth. And I think the most important thing is to answer the questions. Let us get on with the privatization program. Let us understand what it is. Let us work within the bounds that Congress intended it to be when it was set up.

And, you know, I thought we had an understanding on that, frankly. I thought, you know, that Dave Oliver and you and all of us and I understood that. I thought you had been briefed, on this, sir.

And I was, you know, shocked to get the letter at 5:00 in the afternoon. I do not work that way. And I do not expect to be treated that way. I did not do that in private business, and I do not do it here.

So we are just going to wait, step back, take a breath, look at this, and try to get it in order. And if that is not enough message, then we are going to have a real problem.

We are adjourned.

[CLERK'S NOTE.—Questions for the record submitted by Chairman Hobson.]

TOTAL ARMY FORCE STRUCTURE

Qutestion. Bring us up to date on the Army's efforts to integrate the active, guard and reserve forces in the total Army force structure.

Answer. The Army Reserve and National Guard currently comprise 54 percent of the United States Army. Integration of the Army components is, at its heart, about achieving and sustaining the bedrock of the Total Army idea—a quality force. Active Component (AC) and Reserve Component (RC) integration is not about how RC units can supplement or replace AC units—it is a process that combines the unique characteristics and capabilities of all three components to create the force our Nation needs and deserves. It is about quality—ensuring we have the best mix of forces available to get the job done. Our approach to Total Army integration is consistent with our National Military Strategy and the strategic requirements for land power.

Our integration begins at the top with the Secretary of the Army; the Chief of Staff, Army; Chief, Army Reserve and the Director, Army National Guard. Together, they address tough policy and resource questions that affect our soldiers from mainstream America to Bosnia.

The following actions and initiatives are consistent with the Total Army concept of integrating all three Army components into a seamless force for the 21st century.

a. Division Teaming Concept. The goal of Division Teaming is to strengthen the Army's ability to respond across the full spectrum of military operations. Support covers potentially all operations, from military support to civilian authorities (MSCA) to high intensity combat. An active division provides resources to support the Army National Guard (ARNG) division in MSCA activities while the ARNG division provides resources to assist the AC division in preparation for deployment. In the initial phase, the 1st Cavalry (CAV) Division will be teamed with the 49th Armored Division and the 4th Infantry Division (ID) will be teamed with the 40th ID.

b. In our new Army Division XXI, you will see 513 RC soldiers assigned in AC divisional units, to include those filling a critical role as the third battery of an AC Multiple Launch Rocket System Battalion and one helicopter lift company.

c. We are also establishing other multicomponent units with authorized personnel from more than one component. Twelve units will be activated this year, to include the 304th Corps Material Management Center commanded by an officer from the United States Army Reserve (USAR).

d. The AC/ARNG Integrated Divisions are organized with a dedicated AC division headquarters, commanded by an AC Major General, which provides command, control, and training readiness oversight to three warfighting ARNG enhanced Separate Brigades. One heavy division headquarters is located at Fort Riley, Kansas (with a forward element at Fort Jackson, South Carolina) and the second, a light division, has its headquarters located at Fort Carson, Colorado.

e. An initiative called the Light Infantry Battalion Integration Test is underway at Ft. Lewis, Washington where an ARNG company from the Oregon ARNG is added to an AC battalion and at the 10th Mountain Division in New York where a company from the New York ARNG is replacing an AC company.

f. The Army deploys as one team. During the week ending March 10, 1999, the Army had about 27,000 active soldiers and almost 5,000 reservists and guardsmen deployed around the world in more than 75 countries.

g. The Army National Guard Division Redesign Study converts 48,000 spaces of ARNG combat forces into modern, required combat support/combat service support (CS/CSS) structure beginning in Fiscal Year 2000 (FY00) and running through FY09. This provides the Total Army much needed CS/CSS support.

h. The Headquarters of the 49th Armored Division, Texas Army National Guard, has been selected to take command of Task Force Eagle in Bosnia next March. In this role, the division will not only command the U.S. 3d Armored Cavalry Regiment, but also a Turkish Brigade and a Brigade of Polish and Scandinavian units. This follows an earlier decision to man checkpoints throughout the U.S. sector in Bosnia with Army Reserve Military Police units for a six month rotation.

The Army's current and planned programs will serve as our bridge to the future. A future that moves Total Army integration from integrating three components to building a seamless 21st Century Army with a common culture based on standardized training, doctrine, equipment, experience, and shared knowledge.

Question. To what extent is there integration in the planning and budgeting process for infrastructure requirements? If there is integration of the active, guard, and reserve forces' infrastructure requirements, how is it reflected in the fiscal year 2000 military construction budget request?

Answer. The Army program/budget process is fully integrated and provides open forum, detailed assessment, adequate checks and balances, and opportunities for multi-level decisions on allocating available funding to validated requirements in support of the Total Army.

Active, Guard, and Reserve installation requirements are reviewed and validated across all three components by program and budget review committees. Resource recommendations are made by the Army Resources Board. Requirement priorities across all Army missions and functions are integrated by the Deputy Chief of Staff for Operations and Plans. The Secretary of the Army and the Chief of Staff, Army make final resourcing decisions.

The FY00 military construction Budget Request reflects integrated planning and programming through projects which support the Army's top priorities: readiness, training, quality of life, and modernization.

Question. Is the Army still opposed to developing a single integrated projects list, coordinating the facilities requirements of the active duty Army, the Army National Guard, and the Army Reserve? If so, why?

Answer. The Army requires all of the projects in the FY00 Budget Request. It would be impractical and cumbersome to integrate the projects in the remaining years of the Army's Future Year Development Program (FYDP) due to the fact that each component is funded through a separate appropriation. An integrated mix of component MILCON Projects funded with the three distinct appropriations would add little if any value to the Army programming and budgeting process.

INCREMENTAL FUNDING

Question. The Department has chosen to build an $8.5 billion Military Construction program and spread its funding over two fiscal years. Instead of request fully executable projects in FY 2000, the Department has only requested funding for 10–25% of individual project costs. To support the completion of these projects, the Department is requesting advanced appropriations of $3.1 billion to become available in FY 2001. How does the Army view this funding approach?

Answer. This is a one-time strategy to provide essential readiness funding in fiscal year 2000. We prefer traditional funding as it increases the likelihood of receiving competitive bids and a complete and usable facility. We are optimistic all projects will be executed within the fiscal year. To ensure we have the flexibility to execute our construction program, we are requesting that the reprogramming baseline be raised to the authorized amount of the project, and that you approve advance appropriations.

INCREMENTAL FUNDING—EXECUTION

Question. What are some of the challenges facing the Army in executing this budget? What additional authorities will be necessary?

Answer. The program is fully executable (awardable) within the initial fiscal year of funding as long as the budget is approved as requested. Although incremental funding of the program will increase our administrative effort, no significant increase in management costs is anticipated. The budget includes the request for advance appropriation legislation; also needed to revised report language to allow greater flexibility to reprogram funds between projects based on authorized, rather than appropriated, amounts. If these additional authorities are not approved, the limited funding in fiscal year 2000 may cause some contract awards to shift towards the end of fiscal year or may require some notices to proceed to be delayed. The Army National Guard is unique in that the States control military construction contracting procedures. Incremental funding may impact on first year execution of some projects. However, if informal reprogramming is based on the full authorization or if Congress approved formal reprogramming, the Army National Guard will be able to award some projects. Another option may be subdivide each major construction project into increments and award separate contracts on each increment. This, however, will increase project costs and require additional engineering oversight and management.

INCREMENTAL FUNDING—PRIORITIES

Question. There has been little Congressional support for this funding approach, and I, personally, do not support it. With this in mind and given the apparent fact limited funds will be available, is the Army prepared to prioritize its projects or needs for fiscal year 2000? If so, what are the Army's most pressing needs?

Answer. The Active Army's most pressing Military Construction needs are to continue prior authorized projects such as the US Disciplinary Barracks, Kwajalein power plant, US Military Academy Cadet Physical Development Center, and environmental must-funds; to execute Executive Agent programs such as the classified project and Chemical Demilitarization; and to execute critical programs such as barracks, strategic mobility, life-safety repair/upgrades, training facilities, environmental compliance and lease buyout. The most pressing Army Family Housing improvement need is overseas construction.

For the Army National Guard, the Charlotte North Carolina Readiness Center will lose its required matching State funds if it is not awarded in fiscal year 2000.

For the Army Reserve, the most pressing needs are the land acquisition in Orlando for a future US Army Reserve Center and revitalization projects for Reserve Centers and maintenance facilities.

BRAC Execution

Question. Is the Army BRAC request of $160.8 million in fiscal year 2000 adequate to fully execute the program with no impact on meeting the July 13, 2001 completion date?

Answer. Yes. The FY00 President's budget includes adequate funds to fully implement all remaining closure and realignment actions.

Plus Ups Due to Incremental Funding

Question. After the Department's implementation of the incremental funding approach, were any Army projects moved forward to the fiscal year 2000 program?

Answer. The DOD initiative which provided additional funds in the President's fiscal year 2000 (FY00) budget for readiness was used to fund critical total Army readiness requirements. These requirements included the acceleration of the barracks buyout from FY12 to FY08 worldwide. All Components of the Army—Active, National Guard, and Reserve—benefited from the readiness plus-up, but the only military construction projects identified for additional funding were in the Active Army. No MILCON projects were added to the National Guard, the Army Reserve or Army Family Housing budgets in FY00 for readiness.

Question. If so, please provide a list of these projects with their associated dollar amount for the record.

Answer. The list follows.

Installation	Project description	Authorization request	Appropriation request
Schofield Barracks	Whole Barracks Complex Renewal.	$46,000,000	$6,900,000
Fort Campbell	Sabre Heliport Improvements	16,500,000	2,475,000
Fort Eustis	Whole Barracks Complex Renewal.	39,000,000	5,800,000
Fort Hood	Whole Barracks Complex Renewal.	29,000,000	4,350,000
Fort Leavenworth	Whole Barracks Complex Renewal.	26,000,000	3,900,000
Fort Meade	Whole Barracks Complex Renewal.	18,000,000	2,700,000
Bamberg	Whole Barracks Complex Renewal.	5,700,000	860,000
Mannheim	Whole Barracks Complex Renewal.	4,500,000	675,000
McAlester Army Ammunition Plant	Ammunition Road Infrastructure	6,800,000	1,020,000
Bluegrass Army Depot	Ammunition Surveillance Facility	6,000,000	900,000
Fort Bliss	Ammunition Hot Load Facility	11,400,000	1,700,000
Fort Bliss	Aircraft Loading Apron	22,000,000	3,300,000
Letterkenny Army Depot	Ammunition Containerization Complex.	3,800,000	570,000
Sunnypoint Military Ocean Terminal.	Ammunition Surveillance Facility	3,650,000	550,000
Fort Knox	Multi-purpose Digital Training Range, Ph II[a].	0	2,400,000
Fort Campbell	Physical Fitness Training Center	6,000,000	900,000
Walter Reed AMC	Physical Fitness Training Center	6,800,000	1,020,000m,s
Total		251,150,000	40,020,000

[a] Authorized in FY99; remaining balance in FY01 is $13.5M to complete the project.

Additional Contractor Costs

Qutestion. Will this year's incremental funding approach place increased risk on contractors? If so, could you explain to us how this increased risk could potentially drive up contract costs?Incremental funding should not place any increased risk on contractors if the budget is approved as requested. Incremental funding may limit what a contractor can reasonably accomplish in the first year of funding; smaller contractors may perceive added risk as a result of incremental funding and their bids might be increased to offset that perceived risk.

Qutestion. How does the Army intend on dealing with increased contractor risk? (Incremental funding reduces contractor's ability to make large-scale advance purchases may preclude ordering long-lead equipment or supplies, and there is no guarantee of FY 2001 funding.)

Answer. The budget tries to minimize any risk to potential contractors by requesting full project authorization in fiscal year 2000 and advance appropriations for the fiscal year 2001 increments. Higher bids may be received because contractors would not be able to place material orders for the entire requirement; although the need for partial ordering may cause some higher costs, the bid environment is expected to remain competitive and projects should be awardable within the requested amounts. The Army National Guard may have to subdivide each project into increments and award separate contracts on each increment. This, however, may increase projects costs and will require additional engineering oversight and management.

Qutestion. How will the Army avoid additional costs due to contractor claims for delays caused by lack of funds, or contract termination for lack of funds if advance appropriations are not provided?

Answer. The bid documents will identify the limit of funds that the government can commit to each contract in fiscal year 2000. If advance appropriations are not provided, fiscal year 2000 awards will be carefully timed and managed in order to assure sufficient funds are available to bridge the gap between the two fiscal years; most projects would likely be awarded in the fourth quarter of fiscal year 2000. If advance appropriations are not provided, the Army National Guard may delay the FY2000 major construction project until FY2001 when funding is available. The other option would be to subdivide each project into increments. This, however, may increase project costs and will require additional engineering oversight and management.

FAMILY HOUSING PRIVATIZATION—EMPHASIS ON THE PROGRAM

Qutestion. The family housing privatization initiative was originally intended to be a supplement to the traditional housing program. We are seeing more and more emphasis on this program, which is still in a pilot stage. For fiscal year 2000, the Army did not request a single traditional family housing project in the United States. Additionally, the Army plans on privatizing 85,000 units, or 96 percent of current housing inventory, in the United States by 2005. Once again, this is a pilot program and the original intent of the legislation was that it be a supplement to the traditional housing program. Explain why the Army is placing such a high emphasis on this initiative when is has yet to complete a singly project under the current statutory authorities?

Answer. We have already made adjustments to the RCI program in response to points raised through recent hearings and discussions with Congressional Members and staff. First, we intend to reevaluate RCI following the first test projects and determine the appropriate scope and pace of proceeding with privatization. Second, we intend to take a hard look at our CONUS housing program and determine how much must be added to support traditional MILCON projects. Third, we will monitor the MILCON funds that will be used for privatization activities carefully to ensure they are not lost. As explained, with few exceptions, we have not committed these funds irrevocably to privatization projects. Consequently, they can be redirected to support traditional MILCON projects. Finally, to avoid any confusion on this point, we should also acknowledge that we are only holding the funds necessary to support the privatization projects at the pilot sites. We have released the three projects at Forts Campbell and Bragg that were previously reserved to support the privatization projects at those locations.

FAMILY HOUSING PRIVATIZATION—FAMILY HOUSING INVESTMENT

Question. Under current authorities, family housing privatization involves government contribution of land, facilities, infrastructure, mortgage guarantees, and differential lease payments to developers and financers. Wouldn't it be prudent to gain some experience with how well this program works, before making such a large commitment to turn over so many assets for a fifty-year term?

Answer. The pilot program is a prudent way of gaining experience using possibly four installations (after Fort Carson), that are relatively diverse but representative. We are moving forward in a very deliberate fashion, taking advantage of lessons learned at every step.

Question. It took us many, many years to build up these family housing assets. Tell us about some of the steps that the Army is taking to protect its investments under this program.

Answer. The best protection is the choice of the development partner in each location. It is for this reason that Army has made strenuous efforts and taken deliberate precautions in developing an RFQ as the best method of attracting and selecting the most qualified developers. Private sector real estate experts will assist the Army in

designing and executing the process and help us institutionalize the lessons learned afterwards. We have retained some of the best real estate experts in the industry to assist the Army in negotiating the contract with the developer to ensure that the project is financially feasible and that the developer has sufficient incentives to ensure long term quality. These incentives will align the developer's interests with the Army's performance goals, resulting in better housing services than are received today. In addition, escrow accounts will be established as appropriate to ensure funds are available for required maintenance. Finally, the underlying ground lease will give the Army the ability to recover the premises if the developer does not meet certain performance specifications.

FAMILY HOUSING PRIVATIZATION—DELAY IN EXECUTION

Question. I'm concerned over the delay in execution of family housing construction projects for which funds have been appropriated. The Army is currently withholding approximately $110 million in previously authorized and appropriated funds to invest in proposed privatization projects. The Army has not executed a privatization project to date under the current authorities. First, why is the Army withholding such a large amount of funds for this program?

Answer. We have already made adjustments to the RCI program in response to points raised through recent hearings and discussions with Congressional Members and staff. We are only holding the funds necessary to support the privatization projects at the pilot sites. We have released the $8.8M and $35.4M that were previously reserved to support the privatization projects at Forts Campbell and Bragg respectively.

Question. Secondly, shouldn't the Army be using all available tools to address its family housing needs in an optimum manner?

Answer. Yes. We intend to take a hard look at our CONUS housing program and determine how much must be added to support traditional MILCON projects.

FAMILY HOUSING PRIVATIZATION—WHERE DO WE GO FROM HERE

Question. The statutory authorities established for the Military Housing Privatization Initiative (MHPI) expire on February 10, 2001. How will the Army proceed with it housing program if these authorities are not re-granted?

Answer. The Army is proceeding with a pilot privatization program. If the MHPI legislation is not extended, the Army will program MILCON funds to meet the total housing needs to the extend that is possible with budget limitations. The backlog of revitalization work ($6B) is so severe that we would have to program an additional $600M a year for 10 years to meet Defense planning to eliminate all inadequate AFH by 2010.

FAMILY HOUSING PRIVATIZATION—SAVINGS

Question. Does the Army anticipate that there will be any significant financial savings from privatization as compared with the traditional program?

Answer. We do not anticipate significant savings in the pilot projects; but we expect significant cost avoidance since we will be able to leverage appropriated funds and assets. Further, we expect better quality communities and better operations and maintenance services for those communities from the developer.

FAMILY HOUSING PRIVATIZATION—COORDIANTION

Question. Is the Army coordinating with personnel at the field activity level when developing housing privatization project?

Answer. Yes. The installation and their respective Major Command have played and will continue to play key roles in the planning and procurement processes. The selected developer will work closely with key stakeholders as part of the preparation of the Community Development and Management Plan.

FAMILY HOUSING PRIVATIZATION—FUTURE PLANS

Question. For the record provide a list of the 43 installations the Army plans to privatize under the Residential Communities Initiative by 2005, including the number of units in the current inventory and the number of units to be privatized at each installation, as well as some indication of the value of the total government contribution at each installation.

Answer. At this time, the Army expects to privatize all of the family housing located at each of the pilot installations. After Fort Carson, we are exploring the possibility of selecting Forts Hood, Lewis, Stewart and Meade as pilot projects. There-

fore, "current inventory" and "units privatized" are the same. The total government contribution for these sites equals the amount needed for scoring.

Installation	Current inventory/units/privatized	Government contribution($M)
Fort Carson	1,823	10
Fort Hood	5,482	40
Fort Lewis	3,590	11
Fort Stewart	3,159	5
Fort Meade	2,862	8

FAMILY HOUSING PRIVATIZATION—FAMILY HOUSING ALLOWANCES

Question. When Congress granted the authorities for the Family Housing Privatization initiative, we were concerned about the shift in costs from the family housing construction and O&M accounts to the personnel accounts. This year, the Army transferred $38 million from family housing O&M into the personnel accounts to cover necessary increases in housing allowances due to privatization, and additional transfers will be phased in. The Department is also requesting transfer authority between the two accounts—accounts that are in two different bills. First, last year we asked the Department to integrate the personnel and installation departments on this issue. Has the Army done this?

Answer. Yes. The details of every transfer were coordinated between both organizations.

Question. What assurances can you offer me that any family housing O&M reductions due to privatization will be reapplied to other family housing improvements and not transferred elsewhere?

Answer. For every soldier that lives in privatized housing, we have to satisfy the increased MPA requirements. Funds have been transferred from the AFH account to MPA so adequate funding is available to pay soldiers' housing allowances. Soldiers will use housing allowances to pay rent to the private developer. The developer will use revenue toward family housing improvements.

Question. Are the personnel accounts adequately budgeted in the Future Years Defense Plan (FYDP) for the increases in allowances due to the privatization initiatives?

Answer. Yes, the personnel account has been resourced for the pilot sites.

Question. Does this initiative become a "zero-sum" game, that is, will there be any savings or is it just a shift of costs?

Answer. While we don't anticipate significant financial savings, we expect significant cost avoidance from privatization since we will be able to leverage appropriated dollars and assets. Also, we expect better quality communities, better maintenance and efficient operating services to sustain the communities.

Question. Is there any assumption about the future funding levels for housing allowances?

Answer. For Fiscal Year 1999 (FY99), BAH was assumed to grow at an annual rate of 2.8 percent and 3 percent for FY00 and beyond. However, the allowance funding levels depend on the amount of allowances authorized by Congress.

PRIVATIZATION OF UTILITY SYSTEMS

Question. Describe in detail the Army's ongoing efforts to get out of the business of owning, operating, and maintaining utility systems where it makes good sense?

Answer. Army installations have been privatizing utility systems since 1990 and the Army has been building a formal program to privatize utility systems since 1995. There are two reasons for privatizing these systems: (1) They have been chronically underfunded for years, and as a result they are obsolete and inefficient; and (2) They are not core to our mission; we want to be a customer rather than a provider.

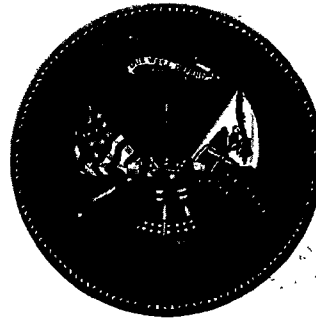
Since the 1998 Secretary of Defense's Reform Initiatives and the establishment of the Defense Energy Support Center (DESC), the Army has an agreement with DESC to help manage the program. DESC is also acting as a focal point for our Major Commands and the other Services and to provide on the ground support to execute the program. We are partnering with the Navy and Air Force and are looking for regional opportunities, as well as participating in a demonstration project in Texas to evaluate a Tri-Service approach. We hope to streamline the acquisition process and apply economies of scale.

Question. How aggressively is the Army pursuing the utilities privatization effort? What is the estimated timeline for implementation?

Answer. The Army fully intends to meet the Defense Reform Initiative goal to complete all utility privatization actions by 2003 where economical. The Army plans to meet the DoD goals of determining by 2000 which systems will be privatized and issuing by 2001 the solicitations to contractors.

Question. Has the Army developed a utilities privatization plan? If so, please provide it for the record.

Answer. Yes, the Army provided its plan to the Office of the Secretary of Defense for privatizing all utility systems by fiscal year 2003. The plan follows.



DEPARTMENT OF THE ARMY

MANAGEMENT PLAN FOR PRIVATIZATION OF ARMY OWNED UTILITY SYSTEMS DEFENSE REFORM INITIATIVE DIRECTIVE #49

30 DECEMBER 1998

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THE ARMY PLAN

I. EXECUTIVE SUMMARY

1. This plan implements within the Department of the Army, Department of Defense Reform Initiative (DRI) Directives #9 and #49, Privatizing Utility Systems, issued 10 December 1997 and 23 December 1998, respectively . The Army will privatize all utility (electric, natural gas, potable water and domestic wastewater) systems at active, federally owned installations serving the Active, Reserve and National Guard Components world-wide, except where privatization is uneconomical or where unique security reasons requires ownership by the Department. The total Army inventory consists of 1101 utility systems - 384 in CONUS and 717 in OCONUS - of which 83 are either privatized or exempt for economic reasons. This document briefly describes the Army's utility privatization policies and program already in-place when DRID #9 was issued on 10 December 1997, DRID #49, and the Army strategy, execution plan, and program requirements to meet the reset DRID goals.

2. Since 1991, the Army has had a program underway to privatize installation utility systems. The program focused on the 265 systems serving 67 major installations in CONUS. The program goal was to privatize 75% of the systems by 2003. DRID #9 mandated that all DoD utility systems (electrical, gas, water and wastewater) are to be privatized by 1 January 2000, except where it would be uneconomical or where unique security reasons require ownership by the Army. At that time, 21 systems were already privatized, 31 systems were exempt from privatization, and the remaining 213 systems were potential candidates. Sixteen of these 213 utility systems were under procurement to be privatized and 143 systems were being studied, leaving 54 utility systems requiring study. The Army program relied on the installation, with assistance from the Major Command (MACOM), the Army Corps of Engineers, and contractors to meet the privatization goals. A centrally managed, contractor-developed privatization process has been applied to nearly 150 utility systems in CONUS, and has evolved such that a study was conducted, a request for proposals (RFP's) is issued to the municipal utility / utility industry community, proposals are received and evaluated, and a contract awarded if economical. Associated environmental and real estate documents are completed throughout the utility

privatization and transition process. Both an audit by the Army Audit Agency and a mid-program analysis by the Center for Army Analysis (formerly, Army Concepts Analysis Agency) found that the utility privatization program would benefit the Army's utility infrastructure by providing modern utility services at a lower overall cost.

3. The DRID #21 established Defense Energy Support Center (DESC) within the Defense Logistics Agency to support the overall DoD Utility Privatization Program. The Army is committed to making full use of DESC's capabilities in the acquisition of energy / utilities on a broad regional and / or Inter-Service basis. A number of Army MACOMs have started making use of the Army-DESC partnership and have requested assistance in moving out on the procurement process to complete the remaining system privatizations, within DRID timelines.

4. Because privatizing utilities is a complex and difficult process, and especially because of the total number of systems being considered, a strategy has been developed to take advantage of DESC's unique capabilities and the diverse rules and regulations governing the CONUS utility industry first. CONUS Army systems can be divided into 5 categories based on the potential to privatize: (a) smaller systems – annual O&M less than $100K, (b) water and wastewater systems without central treatment plants, (c) electric and natural gas systems where state regulations restrict negotiations to current providers, (d) electric and natural gas systems with no franchised utility territory and where Federal Acquisition Regulation requirements for competitive procurement procedures would apply, and (e) water and wastewater systems that can be competitively procured. The Army-DESC partnership will look at economies of scale, bundling across MACOMs and/or Military Services, and / or utility company to streamline the procurement process.

5. In anticipation of DoD guidance for implementing DRID #9 and #49, the Army has issued detailed instructions for carrying out the privatization process, protecting Army water rights when privatizing installation water systems, and for granting exemptions from privatization for economic and security reasons. These instructions were coordinated with OSD to ensure consistency with the impending DRID guidance.

6. Separate milestones have been set for the initial 265 CONUS utility systems which had been tracked as part of the Army's original utility privatization program and reported in the 25 March 1998 implementation plan. Allowing for 61 systems already privatized or to be exempt in accordance with DoD criteria, the Army goal is to complete the privatization process for 70 systems in FY 99 and 134 systems in FY 00. 113 additional CONUS systems (minor Active Component, National Guard and Reserves) and 701 OCONUS systems are now included in the Army utility privatization program. With 16 of these systems already privatized or to be exempt in accordance with DoD criteria, the goal is complete the privatization process for these 814 systems within the reset timelines of DRID #49.

TABLE I-1. PRIVATIZATION MILESTONES

MACOM	NUMBER OF SYSTEMS				
	TOTAL	PRIVATIZED + EXEMPT	ELIGIBLE	GOALS	
				FY99-00	FY01-03
CONUS	384	61	317	204	113
OCONUS	717	22	701	0	701
TOTAL	1101	83	1018	204	814

7. The estimated cost of completing the privatization process is $60M. In FY 99, $20M for utility privatization is available from the $40M already distributed to the MACOMs as Army Energy Conservation funds. For FY 00, the Army will fund the $15M needed for utility privatization from within available MACOM funds and take necessary action to direct the MACOMs to implement the goals of DRID #49. For the out-years, 01-04 adjustments will be made during the POM process.

TABLE I-2. ESTIMATED FUNDING REQUIREMENTS ($M)

			Current and Future						
Fiscal Year			FY99	FY00	FY01	FY02	FY03	FY04	Totals (99-04)
Annual Funding			$20	$15	$10	$5	$5	$5	$60

The Army is strongly committed to meeting the DRID goals well in advance of the revised timelines when possible.

8. Tracking and monitoring over one thousand utility systems world-wide throughout the privatization process is a daunting task. The Army has been managing its program through a database which tracks each system by installation, Major Command, and current status in the privatization process. Significant milestones are recorded, including issuing Request for Interest, Completion of Study and Determination Whether to Privatize or Not, Request for Proposals or Solicitation, and Award of Contract to Privatize. Due to the increase in the number of systems being considered and the need for real-time accurate reporting which relies on the input of numerous discrete facts by each of the active members of the utility privatization team, this database is being migrated to a World Wide Web-based, interactive system. The Army-developed web-based utility privatization tracking system (UPTS), which captures up to 30 data elements / milestones, including the 4 required for reporting to OSD, can also prepare pre-set reports or custom queries. Strict User ID and password control will limit access and data entry to Army personnel at the appropriate levels. Installations can access the system to update the status of their privatization efforts for use by senior leaders at the MACOM and Department of the Army level to monitor progress and evaluate overall program execution.

9. In summary, the Army has privatized 49 systems to date, with another 122 being studied, and 87 in the RFP stage. We are well on our way to meeting the DRID goals. A user-friendly, web-based tracking system has been developed to manage this program and provide senior Army leaders timely information for decision-making.

II. PURPOSE

1. This plan implements within the Department of Army, Defense Reform Initiative Directives (DRID) #9 and #49– Privatizing Utility Systems, as required by DEPSECDEF memoranda dated 10 December 1997 and xx December 1998. The Army will privatize the electric, natural gas, potable water and domestic wastewater utility services at installations world-wide serving the three components: Active, Reserve and National Guard. Utility systems will be privatized only when it is economical and there are no unique security requirements preventing it. This plan describes the following:

- Previous Army Policies and Program
- DRID #9
- DRID #49
- Updated Army Inventory for Privatization
- Privatization strategy
- Program execution
  - Competitive Procedures
  - Defense Energy Support Center
  - Exemptions from Privatizations
  - Protecting installation water rights
  - Environmental issues
  - Conveyance of utility systems
  - Congressional notification
- Budget
- Privatization Management System

III. GENERAL DISCUSSION

A. Background

1. Previous Army Policy and Programs:

a. Since 1991, the Army has had a policy (Appendix A, Reference 1) that favored obtaining utility services from municipal and regional utility systems or private utility companies, rather than to continue to own and operate separate Army-owned systems. This may be accomplished through a transfer of the installation utility infrastructure to a private/public sector organization that takes over the responsibility to own, maintain, repair and eventually dispose and replace the utility systems to meet current and future Army requirements. The organization acquiring ownership of the distribution system may, or may not be, a separate entity from the supplier of the commodity, such as electricity, natural gas, treated potable water or domestic wastewater treatment and disposal services. The status of the Army's utility privatization program prior to DRIDs #9 and #49 is shown in Table III-1.

TABLE III-1. ARMY PRIVATIZATION STATUS – PRE DRIDS #9 & #49

Description	Number of Systems (Initial Plan)	
Total Systems (Active CONUS Installations)	**265**	
Systems privatized		21
Systems Remaining	**244**	
Not economical / possible to privatize		31
Systems Remaining To Be Privatized	**213**	
Under study		87
Study complete – awaiting action		56
Request for Proposals		6
Contract negotiations		10
Systems Remaining	**54**	
Study required		54

b. The Army has had a policy that privatization of utility systems is the preferred way of obtaining these services for installations, if cost effective. Each utility privatization action must

be based on a life-cycle cost economic analysis of proposals from prospective utility providers compared to the cost of continued retention by the Army and operated at a comparable level of service, renewal and upgrade. The policy was emphasized and reinforced a number of times from 1994 through 1998, (Appendix A, References 2 thru 8).

c. The Army policy to privatize utility systems grew out of the necessity that installation utilities are able to: (1) be able to support vital installation missions, (2) be reliable, (3) be environmentally compliant, (4) be resource efficient, and (5) leverage technology. The condition of the Army's utility infrastructure and the resource requirements to bring them into compliance with current and projected environmental criteria and utility industry standards was such that the bill was unaffordable. A strategy was adopted to provide reliable, cost effective and efficient utility services to installation customers through three components: (1) Privatization of Army-owned electric, natural gas, water and wastewater systems; (2) Utilities Modernization – a focused, $300 million centrally-funded program (1998-2002) to upgrade and renovate central heating systems that have no prospect of being privatized; and (3) Improved Preventive Maintenance and other efficiencies.

2. DRID #9: The objective of DRID #9 (Appendix A, Reference 10), issued on 10 December 1997, was to privatize all DoD utility systems by 1 Jan 2000. Since the Army had been privatizing for a number of years, the implementation plan submitted to OSD in March 1998 focused on the 265 utility systems at the 67 major active installations in CONUS already under consideration. The signing of utility contracts and real property conveyance documents would be considered the "completion of a utilities privatization action." A privatization action would also be considered complete when a determination is made that privatization would be uneconomical or that a system would not be privatized for unique security reasons. The Army committed to meet the goals of DRID #9, using the permanent authority of Section 2688 of Title 10, United States Code provided in legislation to the Secretary of the Army (Appendix A, Reference 9) to convey all or part of an Army utility system, to a public or private utility provider. The Army intended to fund the installation privatization efforts from Army Energy Conservation Funds programmed to the MACOMs to implement energy projects. Since the issuance of the initial

DRID, the scope of the privatization program has broadened and the number of systems privatized has increased to 33 systems CONUS and 16 OCONUS, as shown in Table III-2.

TABLE III-2. PRIVATIZED ARMY UTILITY SYSTEMS

	Electric	Gas	Water	Waste Water
CONUS	Detroit Arsenal	Aberdeen PG	Camp Parks	Camp Parks
	Ft. Dix	Blue Grass AD	Ft. Devens	Ft. Devens
	Ft. Devens	Ft. Belvoir	Letterkenny AD	Ft. Douglas
	Ft. Douglas	Ft. Devens	Ft. Douglas	Kelly Support Ctr
		Ft. Dix	Ft. Pickett	Letterkenny AD
		Ft. Eustis		
		Ft. Leonard Wood		
		Ft. Lewis		
		Ft. McCoy		
		Ft. Monmouth		
		Ft. Myer		
		Ft. Sam Houston		
		Ft. Story		
		Monterey Annex		
		Sierra Army Depot		
		Adelphi Labs		
		Ft. Douglas		
		Picatinny Arsenal		
		Yakima Trng Ctr		
OCONUS	Robinson Barracks	Robinson Brks & FH		
	Kefurt/Craig FH	Robinson-Grenadier FH		
	Moehringen FH	Vicenza FH Village		
	Steuben FH			
	Campo Pond Trng Area			
	Cardwell FH			
	Grossheim Kaserne			
	Hutier Kaserne			
	New Argonner			
	Patriot Site (Underwood Kas)			
	Pioneer FH			
	Pioneer Kaserne			
	Yorkhof Kaserne			

3. DRID #49:

a. The Army, building on previous efforts, submitted its implementation plan in March 1998 to meet the DRID #9 milestone of 1 January 2000. The Army's plan and the other Services varied widely in scope, costs, and execution time. OSD, recognizing that the number of systems to be considered and the complexity of the privatization process had increased, has issued DRID #49 and reset the DRI goals as follows:

- Complete all studies / make privatization decisions by 30 September 2000
- Issue all solicitations by 30 September 2001
- Award all privatization contracts by 30 September 2003

b. The DRI's objective is to get DoD out of the business of owning, managing, and operating utility systems through privatization, in accordance with state and local laws, or appropriate agreements and host nation laws for overseas utility systems. All Active Component, Reserve, and National Guard installations, both major and minor, are to be considered candidates for utility system privatization. The DRID directs that the Department of Defense (DoD) will develop plans to privatize all electric, water, wastewater, and natural gas utility systems except where privatization is uneconomical or where unique security reasons require ownership by the Department. 10 U.S.C. 2688 authorizes the Secretary of the Military Departments to convey all Defense utility systems, including those already mentioned, as well as steam, hot and chilled water, and telecommunications systems.

c. DRID #9 also required that the Under Secretary of Defense (Acquisition and Technology) establish guidance for the privatization of utility systems under the authority of Section 2688 of title 10, United States Code. IAW DRID guidance, a utility system is exempt from the privatization requirement when the Service Secretary certifies to the Under Secretary of Defense (Acquisition & Technology) that unique security reasons (e.g., substantial impairment of the mission or compromise of classified operations or property) require that the United States own the system. A system may also be exempt when the Secretary certifies that the system is uneconomical to privatize (e.g., there is a demonstrated lack of market interest; the long-term cost as a result of privatization would be greater than the long-term benefits; or the long-term cost for utility services will not be reduced). The Secretary may not delegate this certification requirement.

d. 10 U.S.C. 2688 and the DRID require that competitive procedures be used in conducting the privatization of utility systems. This usually starts with a determination of interest by synopsizing in the Commerce Business Daily (CBD) and other public media. The CBD results will help establish the competition strategy. Every effort will be made to maximize competition under the Competition in Contracting Act. Therefore, franchised and regulated utilities serving installations shall not be presumed to be the conveyee. However, state law and regulatory policy must be considered when determining the competition strategy for franchised and regulated utilities. Special consideration must be given when contracting with a utility or other entity that is not regulated, or is price self-regulated.

e. All utility privatization actions must be consistent with all other applicable legal and regulatory requirements, including any environmental analysis and documentation requirements. After determining that privatization under DRID #9 is uneconomical or is precluded by security considerations, efforts shall be made to: (1) Enter into a long term lease for the utility system concerned, (2) Award an Energy Savings Performance Contract (ESPC), or (3) Competitively source the operation of those systems through a public-private competition under the A-76, or Commercial Activities, process.

f. The basic parameters involved in the economic analysis, such as economic life and period of analysis, are specified in DOD Instruction 7041.3. OMB Circular A-94 governs the life-cycle cost analysis, the inflation rate (section 7) and the discount factor (section 8). The economic analysis must take into account the costs for operation, maintenance, and system improvements that *would* be incurred by the Army if the systems were operated and maintained in accordance with accepted industry practice and all applicable legal and regulatory requirements. For the purposes of the economic analysis, "long-term" refers to the economic life of the utility system under consideration for privatization. (Note: Economic life of the utility system under consideration for conveyance need not be the same as the contract life.)

g. 10 U.S.C. 2688 requires the Army to receive fair market value, as determined by the Secretary, for the utility system. Consideration may be accepted as a lump sum payment,

handled in accordance with DoD Financial Management Regulations, or as a reduction in charges for utility services over a time period, which may not be longer than the contract life.

B. Updated Army Inventory for Privatization

1. The initial March 1998 Army plan, submitted in response to DRID #9, discussed 67 major installations in CONUS on which the Army's privatization program had focused during the previous 4 years. Of the 265 utility systems serving these CONUS installations, 21 were privatized at that time and 31 were exempt from privatization (uneconomical or infeasible to be privatized.) The remaining 213 systems were considered candidates for privatization in the initial implementation plan: 16 systems were under procurement (RFP or negotiations), 143 systems were being studied, and 54 remained to be studied.

2. As required by DRID #49, the Army inventory for privatization has been expanded to include all active installations serving the Active, Reserve and National Guard Components, OCONUS as well as CONUS. A summary of the total Army inventory is shown by current privatization status in Table III-3 and by MACOM in Table III-4

TABLE III-3. PRIVATIZATION STATUS – REVISED PLAN

Status	Electric	Gas	Water	Wastewater	Total
Privatized	17	23	5	4	49
Not Possible to Privatize	6	2	7	7	22
Not Economical	5	2	3	2	12
Study Complete	5	3	3	3	14
Under Study	32	19	36	35	122
Study Required	246	70	241	238	795
RFP	18	16	17	17	68
Negotiating	7	4	4	4	19
Grand Total	**336**	**139**	**316**	**310**	**1101**

The expanded inventory has 1101 systems -- 49 have been privatized, 34 have been determined to be uneconomical / infeasible to be privatized, and 87 systems are under procurement action.

The remaining 931 systems are privatization candidates, unless eliminated for economical or security reasons during the privatization process.

TABLE III-4. UTILITY INVENTORY – REVISED PLAN

MACOM	Electric	Gas	Water	Waste Water	Total
AMC	30	26	30	30	116
FORSCOM	15	15	15	15	60
TRADOC	17	17	17	17	68
MDW	6	5	6	6	23
MEDCOM	3	3	3	3	12
USARPAC (HI)	6	1	6	4	17
USARC	9	9	9	9	36
USMA	1	1	1	1	4
MTMC	1	1	1	1	4
USARSO	1	0	1	1	3
NGB	11	4	11	11	37
SMDC	1	1	1	1	4
CONUS	**101**	**83**	**101**	**99**	**384**
USARPAC (JPN)	3	0	3	3	9
SMDC	2	0	2	2	6
USAREUR	194	55	174	170	593
KOREA	36	1	36	36	109
OCONUS	**235**	**56**	**215**	**211**	717
ALL ARMY	**336**	**139**	**316**	**310**	**1101**

IV. PRIVATIZATION STRATEGY

A. Introduction

1. Definitions:

a. *Utility privatization* is the transfer of ownership, operation, and maintenance responsibilities from the Army to a private or public sector utility provider.

b. A *utility system* means any system for the generation and supply of electric power, for the treatment or supply of water, for the collection or treatment of wastewater, and for the supply of natural gas. For the purpose of this definition, supply shall include distribution. A utility system includes all plants, equipment, fixtures, structures, and other improvements used in connection with the systems described above.

c. OSD considers a system *privatized* when the contract is awarded. The Army will report this key date to OSD to show compliance with the DRID. However, there may be additional real estate related actions; i.e. easements and leases, which the Army will continue to track to ensure the infrastructure is conveyed.

d. After privatizing their utility systems, installations may over time, have new facilities constructed to meet mission demands. Extending utility service to these new facilities will not constitute a new privatization action if 50% of the total system (new plus existing) is privatized. Installations should obtain utility service to new facilities by modifying the existing contract.

2. Defense Reform Initiative (DRI) #9 of Nov 1997 set a goal to privatize all utility systems except those needed for unique security reasons or when privatization is uneconomical, by 1 Jan 2000. DRID #49 modifies this goal with the following milestones:

- **30 September 2000:** Complete all studies and determine whether or not to pursue privatization.

- **30 September 2001:** Release all solicitations for privatization.

- **30 September 2003:** Award all contracts to privatize utility systems.

3. Utility systems may be exempt from privatization only if privatization is uneconomical, there is no interest on the part of potential providers, or there is a unique security reason to retain the system under Army control. The Secretary of the Army is the only official authorized to grant exemptions.

4. The Army anticipated the value of privatization with an active utility privatization program in 1992 and has privatized a total of 49 systems (33 CONUS and 16 OCONUS), Table III-2.

5. The initial focus of the privatization program was on active CONUS installations. A total of 265 systems were identified as candidates for privatization. The program has been expanded to include OCONUS locations, USARC installations, and NGB installations. FORSCOM, AMC, SMDC, and MTMC identified 62 additional CONUS systems.

6. Army will aggressively pursue its internal goal to privatize all eligible utility systems as follows:

- **CONUS MACOMs:** Privatize the original 265 systems by 30 September 2000.
  - Initiate studies of the 62 additional systems in FY99.
  - Complete evaluations and make a privatization decision in FY00.

- **OCONUS MACOMs:** Initiate the study of utility systems in FY99.
  - Complete evaluations and make a privatization decision in FY00.

- **USARC AND NGB:** Initiate the study of utility systems in FY99.
  - Complete evaluations and make a privatization decision in FY00.

7. The utility privatization process is often a challenging task. MACOMs and installations can obtain assistance in the following areas:

a. Procurement: Expert assistance is available from the new Defense Energy Support Center (DESC) which has the mission to help the Services privatize utility systems. DESC's charter is to develop innovative procurement approaches, streamline the procurement process and assist installations by providing contracting support. The Army (SARDA) strongly supports DESC's assistance efforts. The Army (OACSIM) established a partnership with DESC to help installations obtain support for contracting and negotiating.

b. Environmental: Installations must consider environmental factors when privatizing their utility systems and complete all required environmental documentation and disclosures; i.e. NEPA, EBS, FOST, FOSLs. A current Environmental Baseline Survey (EBS) tailored to utility privatization will document current environmental conditions. Reduction of the number of permits and the associated cost is an incentive to privatize utility systems. Installations can obtain assistance from ACSIM.

B. Responsibilities

1. Secretary of the Army:
   a. Grant exemptions from privatization based on security or economic reasons
   b. Authorize conveyance of utility infrastructure with easements

2. Office of the Assistant Secretary of the Army (Installations, Logistics and Environment) (ASAILE):
   a. Provide policy and oversight
   b. Coordinate requests for legislation to transfer utility systems with underlying land

c. Approve requests to transfer utility systems without underlying land.

d. Coordinate requests for exemptions with the Secretary of the Army

3. Office of the Assistant Chief of Staff for Installation Management (OACSIM):

a. Army Staff proponent for the program

b. Coordinate with other ARSTAF elements and agencies to resolve issues

c. Adjust overall base operations utility accounts for operations, maintenance, and repair due to privatization

d. Coordinate the review of privatization justifications and requests for exemption

f. Prepare legislative proposals to convey land

g. Prepare Congressional notification of intent to convey systems

h. Lead the Army Utility Privatization Support Team to resolve issues

i. Develop environmental guidance for privatizing utility systems

j. Prepare CSA/VCSA for Defense Management Council meetings concerning utility privatization progress

4. Major Commands (MACOMs):

a. Develop plans and schedules to achieve the program goals

b. Review all privatization decisions made by installations.

c. Provide justification to OACSIM for any determination not to privatize.

d. Program resources for utility privatization

e. Ensure the accuracy of installation data in the Utility Privatization Tracking System

5. Installations:

a. Inventory and study utility systems and privatize them when it is cost effective and in the best interest of the Army.

b. Notify MACOMs of any determination not to privatize and submit request for exemption thru the MACOM to HQDA.

c. Request contracting and negotiation support from the Defense Energy Support Center

d. Request real estate easements from the supporting USACE district.

e. Enter current information on all utility systems and privatization efforts into the Utility Privatization Tracking System.

f. Make the final decision to privatize utility systems based on the contracting technical report and the final economic analysis

g. Award utility privatization contracts by the target date

h. Perform contract administration functions for utility privatization contracts

i. Complete all required environmental documentation and disclosures

6. U.S. Army Corps of Engineers (USACE):

a. Develop policies and procedures to convey real property and land from Army control to a municipal, private, regional, district or cooperative utility company.

b. Grant easements and leases when utility systems are privatized.

c. Evaluate and validates economic analyses resulting from privatization studies.

d. When requested, assist MACOMs and installations resolve technical issues during privatization.

e. Request procurement assistance from DESC.

7. Defense Energy Support Center (DESC):

a. Develop innovative procurement strategies for utility privatization

b. When requested provides contracting support to MACOMs and installations

c. Combine requirements into bundles based on type and size of utility systems, and across MACOMs and Services.

C. The Strategy

1. The Concept.

a. The Army has 384 systems in CONUS (Active, USAR, and National Guard) of which 323 are potential candidates for privatization; the rest are either privatized or there is no opportunity for privatization and will remain government owned. These systems can be divided into 5

prioritized categories for privatization. This strategy will allow Army/DESC to focus resources on systems with the greatest potential for success, as prioritized in this way:

(1) Smaller systems with annual operations and maintenance (O&M) costs of less than $100,000

(2) Water distribution and waste water collections systems without central plants

(3) Natural gas and electric systems where current state regulatory restrictions require negotiations with the incumbent utility or service provider

(4) Natural gas and electric systems with no franchised utility territory that may require competitive procurement procedures

(5) Water and wastewater systems which may require competitive procurement procedures

b. The Army will use innovative techniques to take advantage of economies of scale. Utility systems will be bundled across the Armed Services, MACOMs, individual utility companies, and by the size of the system. DESC, in partnership with Army installations, will help facilitate the process of bundling systems, contracting, negotiating and contract award.

c. The Army will use the Utility Privatization Tracking System as the source of current information on all utility systems and will use this system to prepare reports for Army and OSD leadership.

2. Implementation

a. The Army analyzed 265 CONUS utility systems and developed the following preliminary procurement strategy:

- Smaller systems with annual O&M costs of less than $100,000 (Appendix B, Table B-1 have a low potential of private sector interest and can be bundled together by DESC and go direct to competitive announcement in the Commerce Business Daily to solicit interest from industry. Extensive studies and investment of scarce resources are not necessary for the privatization of these systems.

- Water distribution and wastewater collection systems, without plants listed in (Appendix B, Table B-2) may not be financially attractive to the private sector and could be bundled together and announced in the Commerce Business Daily to solicit interest from industry. Extensive studies and investment of scarce resources are not necessary for the privatization of these systems.

- Natural gas and electrical systems listed in Appendix B, Tables B-3 and B-5 respectively, are in States where the current regulatory restrictions for the Transmission and Distribution industry require negotiations with the incumbent utility or service provider. When requested, DESC will provide the legal and contracting support to conduct sole source negotiations on behalf of, and in consultation with the Army installations.

- Natural gas and electrical gas systems listed in Appendix B, Tables B-4 and B-6 respectively are in States with no franchised utility territories and may be competed.

- State regulation of water and waste water systems varies widely. Given the vast differences in the regulation for this industry and mostly small municipally owned systems, the dominant privatization model for water and wastewater systems will likely be competitive. Systems listed in Appendix B, Table B-7 are potential candidates for a competitive privatization process.

b. Completed studies indicate that 83 utility systems can not be privatized because it is uneconomical or there are no interested private providers. A partial list is included in Appendix

B, Table B-8. These systems will be studied again after a period of five years to determine if they can be privatized.

c. The utility privatization program was recently expanded to include OCONUS installations. OCONUS MACOMs and installations have to study 695 utility systems and make a decision on privatization. In many instances, municipal, regional, or public utility entities already serve the OCONUS installations. These systems may require negotiation with the incumbent provider as a sole source procurement action.

3. Summary

The Army strategy to privatize utility systems requires active participation from MACOMs and installations with support from DESC, USACE, the Army Staff and the Secretariat. The systems identified in the following tables will be updated as additional privatization opportunities are identified.

V. PROGRAM EXECUTION

A. Introduction

1. Installations have the primary responsibility for carrying out the utility privatization program, through an installation team comprised of functional experts from resource management, contracting, legal, engineering, public affairs, personnel and others as appropriate. Support and assistance to installations, including from policy, programming resources, contracting and legal support, is available from the MACOMs, Army Corps of Engineers, and Headquarters DA. Roles and responsibility for carrying out the privatization program within the Army were described in Chapter IV, Privatization Strategy.

2. When earlier privatization studies were based on conceptual proposals, previous Army policy required installations to develop a plan to complete the privatization process within 60 days of the completion of such studies when they concluded that privatization would be cost effective. Privatization studies initiated after FY 97 include the development and issuance of a solicitation or RFP and an economic cost analysis comparing in-house "should" costs with RFP results. For various reasons installations may decide that privatization of certain utility systems should not be pursued. Procedures for requesting an exemption from privatization as provided for by DRID #49 are explained in Section D.

B. Competitive Procedures

1. As required by 10 U.S.C. 2688 and DRID #49, competitive procedures will be used to privatize installation utility systems, wherever allowed by state utility regulatory authorities. Prior to issuing requests for proposals or solicitation, installations shall determine market interest in acquiring their utility systems. A synopsis or a notice of intent to privatize a system or systems shall be published in the Commerce Business Daily (CBD) or equivalent publication in foreign areas, and other available public media. The results from this synopsis will form the basis of the competition analysis necessary for the Department to determine the proper

competition strategy. Every effort will be made to maximize competition under the Competition In Contracting Act.

a. All installation utility systems (electrical, natural gas, domestic water, and sanitary wastewater) are considered potential privatization candidates, unless it has been conclusively determined that privatization would be uneconomical or that unique security requirements prevent it. Unfavorable utility system studies that were based on non-binding conceptual proposals shall not be considered conclusive proof that privatization would be uneconomical, unless confirmed by a competitive solicitation.

b. Determination of interest or a market survey shall be made by synopsizing or publishing a notice of intent in the Commerce Business Daily (CBD), or its foreign equivalent in overseas areas. Installations may also contact local utilities to solicit interest in the privatization of their utility systems. Unless restricted by state utility franchise law, or host nation agreements in foreign areas, solicitations to privatize must be based on full and open competition.

c. Under some circumstances, sole source procurement or a solicitation restricted to specific types of utility provider (i.e., regulated utilities or municipal utilities), may be necessary in order to protect the interest of the government or provide the best value to the Army. The Federal Acquisition Regulations must be adhered to when procuring under less than full and open competition.

2. The economic analysis will compare the life cycle cost of continued ownership by the Army (should be cost) with various alternatives obtained from solicitations or Requests for Proposals (RFPs). The analysis should include the infrastructure inventory and assessment, evaluation of costs, overhead, "fair market value" of the utility system, and a determination of the required repairs, improvements, and upgrades to meet utility standards.

C. Defense Energy Support Center

1. The Army is committed to streamlining and improving the efficiency and effectiveness of its utility privatization efforts. HQDA realizes that the privatization process itself is an often-daunting and difficult task. Fortunately, expert-contracting assistance has been made available to the Services from the Defense Energy Support Center (DESC) of the Defense Logistics Agency.

2. In accordance with the Defense Reform Initiatives, DLA established DESC to support and assist the Military Services and Defense Agencies in obtaining energy services and privatizing utilities. DESC has established a privatization contracting team that is dedicated full time to supporting the military services in completing utility systems privatization efforts. DESC will conduct regulatory analysis, market research, and a full range of pre-award contracting functions to ensure the sale of the utility facility infrastructure and the acquisition of utility services from these privatized systems at fair and reasonable prices and in accordance with applicable state law. DESC utilizes a regional approach in which utility systems of multiple DOD installations in a given geographical area are combined under a single solicitation (though as separate line items) to streamline the process and take advantage of economies of scale.

3. The Deputy Assistant Secretary of the Army for Research, Development and Acquisition (Appendix A, Reference 12) strongly supports DESC's assistance efforts to the utility privatization of the Army and encouraged installation directors of contracting to explore how this capability might be employed to improve the quality of life of their installation customers.

D. Exemptions from Privatization

1. General: OSD has issued criteria for exempting DoD utility systems serving non-BRAC installations from privatization where it would be uneconomic or where security reasons require DoD owenership. This section provides implementing instructions for qualifying for these exemptions. Utility systems at installations that have been designated for closure under the Base

Realignment and Closure (BRAC) Act will be transferred/privatized in accordance with appropriate BRAC closure laws and agreements.

2. Criteria For Exemptions: DRIDs #9 and # 49 requires that all Army utility systems be privatized except where it would be uneconomical or needed for unique security reasons. Only the Secretary of the Army is authorized to certify when an Army-owned utility is exempt from the DRID requirement for either economic or security reasons. Utility systems exempt from privatization are subject to further cost savings measures, such as competitive sourcing or Energy Savings Performance Contracts. Installations shall follow these procedures when requesting an exemption from privatization:

a. Economic Reasons – utility systems are considered to be uneconomical to privatize under this initiative when:

(1) *There is a demonstrated lack of market interest.* Market interest in privatizing the installation utility systems shall be determined by synopsizing a public notice in the Commerce Business Daily (CBD), or the equivalent in overseas areas, and other widely available public media. Interest may be created or enhanced by consolidating small or isolated sites together or with larger sites on a regional basis. When there is a lack of response from utility companies or other entities to a public notice of the intent to privatize, the system is considered uneconomical to privatize.

ACTION REQUIRED: No additional privatization study or economic analysis is required. Submit a copy of the public notice and a statement that there were no responses with the request for exemption. Also submit expressions of interest that were rejected or disqualified, if any.

(2) *The long-term cost to the Army as a result of privatization of a utility system would be greater than the long-term benefits, or the long-term cost to the Army for utility services provided will not be reduced.* Based on an Economic Analysis (EA) of the life-cycle costs that considered the following economic circumstances, the installation shall take applicable actions:

ACTION REQUIRED:

(a) When the EA based on conceptual utility proposals has been completed: If the EA results in an estimated privatization cost of at least 25 percent higher than the "should-be

costs" for the in-house option, the system shall be considered uneconomical to privatize. "Should-be costs" are the projected costs for the installation to continue to own the utility system, but operated and maintained at the level required of a potential utility provider. The request for exemption from privatization will include a summary of the EA showing that the system is uneconomical to privatize. This summary shall include the total costs for operation, maintenance, repairs, and major facility upgrades to meet applicable industry and environmental standards throughout the project life. Life-cycle cost analysis shall be conducted as specified in OMB Circular A-94. The U.S. Army Corps of Engineers (USACE) software program, ECONPAK, used for EA's conforms to OMB Circular A-94.

(b) When an EA based on a Request for Proposals (RFP) is completed: If the EA results in an estimated privatization cost of up to10 percent greater than the "should-be costs" for the in-house option, the installation or garrison commander shall determine whether privatization warrants further pursuit through negotiations. The request for exemption from privatization will include a summary of the EA as in subsection (a) above, and the commander's decision not to make any further efforts to privatize. It should include a discussion of the factors considered in arriving at this decision.

(c) When a complete EA may not be required: A detailed privatization study and EA by a consultant is not required for systems serving remote location or those with minimal annual operation, maintenance & repair costs. For example, installations that expend less than a total of $100,000 for utility services, excluding the cost of purchased electricity, natural gas, or water, should publish a notice of intent to privatize in the CBD, or the equivalent in overseas areas, and other widely available public media. Interest may also be created or enhanced by consolidating small or isolated sites together or with larger sites. If there is interest in privatizing, initiate procurement action, making every effort to maximize competition under the Competition in Contracting Act. If there is no demonstrated market interest, see paragraph a (1), above.

(d) When the installation relies on federal power allocations: Installations that rely entirely or substantially on federal power allocations must include in their EA analysis consideration of whether privatization of the distribution system would result in the installation losing their allocations, causing higher electric rates. Ensure that the percentage of power

supplied to the installation by such allocations, if less than 100 percent, is taken into account in the economic analysis. The request for exemption shall also include a written confirmation from the appropriate Federal Power Administration (FPA) of the impacts of the various privatization options considered on the federal power allocation. While the FPAs (Bonneville Power Administration, the Southwestern Power Administration, the Western Power Administration, and the Tennessee Valley Authority) are all part of the Department of Energy, the application of the policies on power allocations varies and future policy changes may support utility privatization.

(e) When the federal tax on "contribution in aid of construction" (CIAC) or other transfer taxes will have an adverse impact on the economic feasibility: At this time, the Army is unable to obtain a programmatic waiver of the CIAC tax or across-the-board legislative relief from the tax. Until such legislative relief is granted, installations shall assume responsibility for the tax and include it in the economic analysis of privatization as a cost to the government, even though the utility company is the responsible taxpayer. However, the utility company may be willing to submit a request to the Internal Revenue Service (IRS) for a letter ruling that the asset transfers made as part of privatizing the installation utility system be treated as contributions of capital pursuant to Internal Revenue Code section 118(a) and be excluded from the utility company's taxable income. To date, no such favorable rulings have been obtained. In addition, such a request to the IRS entails a user fee (filing fee), for which the taxpayer, i.e., the utility company, is responsible. Contact the DA Tax Advisor in the Contract Law Division of the Office of the Judge Advocate General for further advice concerning the tax aspects of utility transfers.

(f) When the installation is located in a State that has regulatory commission metering requirements: Several State commissions require that when a utility company assumes ownership of an existing distribution system that individual meters must be installed on all facilities and that the metering charges reflect the different type of individual rate classes assigned to each facility. This requirement may jeopardize the ability to competitively procure the utility commodity separately and thereby share in the cost savings of procuring deregulated natural gas and electricity, resulting in higher monthly utility charges. Also, the Army must pay for the metering installation costs. The exemption request will include documentation of the

regulatory commission requirements and an EA that includes installation utility bill impacts resulting from compliance with these requirements.

(g) When the installation utility demands are expected to increase significantly to accommodate a surge in base population or activity due to a national defense emergency or during mobilization. Some installations, depots and maintenance facilities may have contingency surge and war mobilization requirements that require additional or reserve capacity from a privatized utility system. Reserving capacity to meet the increased utility load expected during a surge or mobilization could incur an additional cost to the installation through increased utility rates. The EA will include all additional costs for reserving any additional surge capacity or mobilization requirements.

b. Unique Security Requirements – The Army has determined that there are no known security requirements that would completely preclude the privatization of an entire installation utility system. However, there may be valid reasons for not pursuing privatization of portions of a utility system, as it create an unacceptable security risk to classified information or the defense mission of the installation. These circumstances do not require an economic study, but do require other documentation.

(1) *Unique Security Requirements – General guidance.*

ACTION REQUIRED: Submit an installation or garrison commander's statement describing the defense and national security missions that would be at risk or compromised under privatization of the installation utility system(s).

(2) *Reliability of Local Utility.* It may not be prudent to privatize a system to a single utility that is in serious financial difficulty, has a history of unreliability, or presents an unreasonable risk to the installation because of anticipated low priority, poor maintenance, or adversarial situation.

ACTION REQUIRED: The exemption request shall include documentation detailing why privatization should not proceed in spite of a favorable EA.

(3) *Unique Health and/or Safety Requirement.* An actual or potential threat to the health or safety of persons or property on or off the installation, that would jeopardize the defense and national security mission of the installation should some or all utility systems be privatized.

ACTION REQUIRED: The request for exemption shall include complete documentation describing and assessing the risks if privatization were to occur.

3. Processing: All requests for exemption to retain a utility system by the government shall be submitted through the MACOM to the Office of the Assistant Chief of Staff for Installation Management, HQDA, for staffing to the Secretariat for approval. Requests must include the documentation described above and the following information:

a. Current status of the privatization study or process;

b. Information on size of system and cost of ownership, including operations, maintenance, repair and investment funding required or programmed to bring the system up to standards;

c. Contracting process used by installation to solicit interested parties; and

d. Installation or Garrison Commander recommendation and MACOM endorsement.

E. Protection of Water Rights

1. Installations can privatize their water systems without relinquishing or transferring water rights as a condition of privatization. A water right, which is a property right similar to real estate, is a right to use water rather than ownership of the water itself. The authority to divert or pump water on behalf of a water right owner (the Army) may be assigned to a water distribution provider without relinquishing any ownership in that water right.

2. Water is a vital resource everywhere in the United States. Each state has a system of water laws that defines the legal status of water rights and regulates the use of surface and groundwater. Water rights laws vary significantly from state to state, but generally fall into one of three doctrines of water law: riparian, prior appropriation, and hybrid. Installations must become familiar with state water laws and the referenced guidance on water rights to ensure that the Army's rights to water are protected, whether or not the water system is privatized.

3. Water rights must be considered in the privatization study and economic analysis for privatizing installation water systems, from both the economic and the national security

perspectives. Water rights may be lost by abandonment or forfeiture and it is incumbent on the installation to ensure that privatization of the water supply system is accomplished without adversely affecting these rights. The installation should already have documentation of its water rights, however, if the documentation is lacking or incomplete, then a determination must be made as to the water rights held under state law and past real estate acquisition.

4. Installation staffs (Contracting, Real Property, and Judge Advocates) shall consult with their MACOM counterparts and the Corps of Engineers Real Estate Offices and receive preliminary concurrence prior to entering into any agreements that involve an assignment of authority to exercise water rights to a private or municipal entity. The Judge Advocate General's Litigation Center, Environmental Law Division can provide legal assistance regarding water rights.

5. In summary, installation water systems that use Army-owned surface or ground water supplies can be privatized. But it is essential that installations understand water rights law and take no action to privatize water systems that could jeopardize Army interests in those water rights. Department of the Army memorandum, Policy Guidance on Water Rights at Army Installations in the United States, Nov 24, 1995 provided detailed instructions for protecting Army installation water rights. The Army will assert all claims and take all actions necessary to preserve water rights to surface and groundwater used on installations. This includes Federal reserved rights for present and foreseeable future needs for water on land reserved from the Public Domain, where the use is necessary for the primary purpose(s) of the reservation. Finally, water rights may have an impact on the economic feasibility of privatizing the water system as well as the ability of the installation to carry out defense and national security missions.

F. Environmental Issues

1. The National Environmental Policy Act of 1969 (42 U.S.C. §4321 et seq.) (NEPA) established a national policy requiring that federal agencies, including the Army, consider the environmental impacts of their actions. General types of actions requiring consideration include policies and programs, such the privatization of installation utility systems. NEPA is used to

inform the decision-maker, the installation or garrison commander, and the public of the environmental consequences of a proposed action and its alternatives. The President's Council on Environmental Quality has issued regulations implementing NEPA (see 40 CFR 1500 et seq.). The Department of the Army has also issued Army Regulation 200-2, Environmental Effects of Army Actions, 23 Dec 88, that implements NEPA within the Army community.

2. To comply with NEPA and AR 200-2, installations must document consideration of potential environmental impacts before privatizing a utility system. EBS's were done at most of the Army installations, however they may need to be updated. Furthermore, a simplified EBS may be sufficient for utility system transfers. Typical questions raised by installations about compliance with NEPA are listed below. The answers are provided in Appendix C.

- *What is NEPA?*
- *What are the types of NEPA documentation?*
- *When is an EIS required?*
- *When is an EA appropriate?*
- *What is a Categorical Exclusion (CX) and when is its use appropriate?*
- *What are screening criteria and how do they work?*
- *What level of NEPA documentation is appropriate for utilities privatization?*
- *What CX's may be available for utilities privatization?*
- *When is CX A-20 not appropriate?*
- *When must the public be notified of a NEPA action?*
- *What is segmentation under NEPA?*
- *At what point in the process should NEPA documentation be prepared and completed?*
- *What is an example statement of proposed action, scope and alternatives to include in an EA or EIS for utility privatization actions?*
- *What are "plant" or "significant facilities," as mentioned in A9, that would preclude consideration of use of CX A-20?*
- *Is NEPA documentation required for a utility services contract?*
- *In addition to NEPA documentation, what other paperwork is required for utilities privatization?*
- *How should Lead-Based Paint (LBP) be addressed during disposal of utilities?*

G. Conveyance of Utility Systems

As provided by 10 U.S.C. 2688, the Secretary of the Army has authority for approving the conveyance of Army owned utility systems. The Assistant Secretary for Installations, Logistics and Environment performs this function as part of his responsibilities for Army installations. DRID #49, however, restricts the granting of exemptions from privatizing a specific installation utility system to the Secretary alone. Procedures for granting of utility easements and for conveying any underlying land (fee) are provided in Appendix A, Reference 7.

H. Congressional Notification

Before approving the privatization of a utility system, Section 2688 of Title 10 of the United States Code requires that the Secretary of the Army submit to the Congressional Defense Committees the results of the analysis that demonstrates that the long-term economic benefit of a utility conveyance exceeds the long-term economic cost. The analysis may also show that the conveyance will reduce the long-term costs to the Army for utility services provided by the subject utility system. The Army shall not proceed with conveyance of the utility system until 21 days have elapsed after the committees receive the economic analysis.

VI - BUDGET

A. The Army has been privatizing utilities since the early 1990's. By the end of FY 98, 25 of the 265 systems given priority consideration in CONUS were privatized, 30 were determined to be not economical or feasible to privatize, and the remainder were in various stages of study or contracting. In Mar 98, the Army submitted a plan to complete privatization of all 265 systems by 1 Jan 00. In accordance with OSD comments, the Army is now broadening the scope of its privatization program to include CONUS and OCONUS utility systems. The inventory of utility systems worldwide is now 1,101.

B. In FY 97, the Army provided $4M for more than 60 utility systems studies, RFP development and other program support. The Army authorized the use of $45M in FY 98 from Army Energy Conservation funds for utility privatization, of which an estimated $5M was used. The estimated cost for completing the privatization process is $0.33M for a single Army-owned utility system. This cost may be reduced by $0.1M per system, since Environmental Baseline Studies had already been performed at most installations, however, as discussed earlier, they may have to be updated. Table IV-1 develops the total cost for the Army Utility Privatization Program, using

TABLE VI-1 COST ESTIMATING

	CONUS			OCONUS			TOTAL	
	Unit Cost to Privatize ($M)	Number of Systems	Cost to Privatize ($M)	Unit Cost to Privatize ($M)	Number of Systems	Cost to Privatize ($M)	Number of Systems	Cost to Privatize ($M)
Original	$ 0.33	384	$ 127.	$ 0.01	717	$ 7.	1101	$ 134.
Less sunk costs[1]	$ 0.10							
Sub-total	**$ 0.23**	**384**	**$ 88.**	**$ 0.01**	**717**	**$ 7.**	**1101**	**$ 95.**
Alternative (75% privatized)	$ 0.33	288	$ 95.	$ 0.01	538	$ 5.	691	$ 100.
Less sunk costs[1]	$ 0.10							
Sub-total	**$ 0.23**	**288**	**$ 66.**	**$ 0.01**	**538**	**$ 5.**	**691**	**$ 71.**

1 Environmental Baseline Studies)

the unit cost and deducting environmental baseline study costs as a sunk cost. Because of host nation agreements and the sole source utility regulations in effect, OCONUS units costs will be much lower, approximately $0.01M per system. We also forecast that approximately 75% of the total number of candidate systems will actually be privatized. The Army utility privatization program will cost a total of $71M to implement.

C. To date, the Army has expended $10-11M on the program. The remaining cost of completing the privatization process (completing studies by September 2000, releasing solicitations by September 2001 and awarding contracts by September 2003) is approximately $60M (TABLE IV-2). In FY 99, $20M for utility privatization is available from of the $40M distributed to the MACOMs as Army Energy Conservation funds. For FY 00, the Army will fund the $15M needed for utility privatization from within available funds and take necessary action to direct the MACOMs to implement the goals of DRID #49. For the out-years, adjustments will be made during the POM process.

TABLE VI –2. ESTIMATED FUNDING REQUIREMENTS ($M)

	Prior		Current and Future						
Fiscal Year	FY 97	FY 98	**FY99**	**FY00**	**FY01**	**FY02**	**FY03**	**FY04**	**Totals (99-04)**
Annual Funding	$5	$5	**$20**	**$15**	**$10**	**$5**	**$5**	**$5**	**$60**

VII - PRIVATIZATION MANAGEMENT SYSTEM

A. Management Plan The privatization of Army utility systems worldwide has been managed through a database which tracks each system by installation, Major Command, and current status in the privatization process. Significant milestones are recorded, including issuing Request for Interest, Completion of Study and Determination Whether to Privatize or Not, Request for Proposals or Solicitation, and Award of Contract to Privatize. The complete inventory of utility systems, sorted by MACOM, is provided at Appendix D. Due to the increase in the number of systems being considered for privatization, this database is being migrated to a World Wide Web-based, interactive system which installations can access to update the status of their privatization efforts for senior leader review at the MACOM and Department of the Army level to monitor progress and evaluate overall program execution.

B. Utility Privatization Tracking System

a. The Army has developed a Utility Privatization Tracking System (UPTS), a web based, interactive system to track the execution of privatization initiatives. The UPTS tracks the execution of utility privatization actions from the time a privatization study is initiated until a contract is signed and an easement is granted. The web address (URL) for the UPTS is http://www.sbcweb.calibresys.com/ptsweb/logg.asp Access to PTS is restricted to users with registered user ID's and passwords.

b. The MACOM, installation, and utility type identify each utility system that is a candidate for privatization. The system tracks more than 30 events in the privatization process. As events are completed, the status of each system changes.

c. To maintain data integrity only the ACSIM can create or delete entire records. Once a record is created, the MACOM and installation is responsible for entering information as it becomes known or as changes occur. The main data entry screen is divided into sections that

logically group data elements and displays them in the chronological order that the data would normally become known. Key environmental data such as Environmental Baseline Survey and NEPA documentation is tracked. Pick lists are provided to make data entry fast and accurate.

d. Managers at the installation, MACOM, and headquarters can view the data for each utility system to determine if key milestones are met. Users can obtain standard reports or query the database for select information. The initial reports that are available include:

(1) Privatization Status Report (Appendix C, Report 1) – Gives a numerical count by MACOM of the number of studies that have reached critical milestones. This report is being revised to conform to the new DRID milestones and will show individual systems. This will be the quarterly report to OSD.

(2) Privatization (PRV) Initiative (Appendix C, Report 2) – Shows each utility system and current status.

(3) Utility Status Report (Appendix C, Report 3) – Shows each systems, status, and current event.

(4) Environmental Status Report (Appendix C, Report 4) and Environmental Problem Report (Appendix C, Report 5) - Detailed reports that track the status of the EBS, NEPA documentation, and resolution of problems.

(5) A new report will be developed to show missed milestones.

APPENDIX A – REFERENCES

1. Memorandum, Department of the Army (Office of the Chief of Engineers), Army Policy for Obtaining Water Supply, Wastewater, Solid Waste, Heating, Electricity, and other Utility Services, 5 September 1991.

2. Memorandum, Department of The Army (Office of Assistant Chief of Staff for Installation Management), Privatization of Army Owned Utility Systems – Without the Transfer of the Underlying Land, 13 December 1994.

3. Memorandum, Department of The Army (Office of Assistant Chief of Staff for Installation Management), Privatization of Army Owned Utility Systems, 17 March 1995.

4. Army Regulation 420-49, Facilities Engineering, Utility Services, 28 April 1997.

5. Memorandum, Department of The Army (Office of Assistant Chief of Staff for Installation Management), Subject: Privatization of Natural Gas Service and Abandonment of Existing Systems, 29 April 1997.

6. Memorandum, Chief of Staff of the Army, Privatization of Army-Owned Utility Systems, 1 May 1997.

7. Memorandum, Headquarters U.S. Army Corps of Engineers, (Office of the Director of Real Estate), Revised Guidance - Privatization/Disposal of Utility Systems at Active Military Installations, 10 October 1997.

8. Memorandum, Department of The Army (Office of the Assistant Chief of Staff for Installation Management), Subject: Policy and Procedures for the Privatization of Army Owned Utility Systems at Active Installations – UPDATE, 3 Dec 1997.

9. National Defense Authorization Act for Fiscal Year 1998, Public Law 105-85, Sec. 2812, 18 November 1997.

10. Memorandum, Deputy Secretary of Defense, Department of Defense Reform Initiative Directive #9 – Privatizing Utility Systems, 10 December 1997.

11. Memorandum, Secretary of the Army, Subject: Army Implementation Plan to Privatize Utilities, 25 March 1998.

12. Memorandum, Office of the Assistant Secretary of the Army, Research Development and Acquisition, Subject: Defense Energy Support Center, 23 October 1998.

13. DoD memorandum, DRID # 49, 23 December 1998)

APPENDIX B – STRATEGY TABLES

TABLE B-1. CONUS SYSTEMS WITH ANNUAL O&M COSTS <$100,000

Water Systems	Wastewater Systems
Ft. Irwin	Walter Reed AMC
Ft. Monroe	Yuma PG
Tobyhanna AD	
Walter Reed AMC	
Yuma PG	

TABLE B-2. CONUS WATER AND WASTE WATER SYSTEMS – NO PLANTS

Water Systems	Wastewater Systems
Anniston AD	Detroit ARS
Detroit ARS	Ft. Bliss
Ft. Bliss	Ft. Leavenworth
Ft. Eustis	Ft. McCoy
Ft. McCoy	Ft. McNair
Ft. McNair	Ft. Monroe
Ft. Sill	Watervliet ARS
Watervliet ARS	

TABLE B-3. CONUS NATURAL GAS DISTRIBUTION SYSTEMS WITH FRANCHISED UTILITY PROVIDER

Utility	Installation	Utility	Installation
Atlanta Gas Light	Ft. Stewart Ft. Gillem Ft. Gordon Ft. McPherson Hunter AAF	Frederick Gas Co.	Ft Detrick
		Gas Co. of NM	White Sands MR
		Kansas Power & Light*	Ft. Riley
		Natural Gas Utility District	Holston AAP
		NJ Natural Gas Co.	Picatinny ARS
Central Hudson G&E	Stewart Army Sub-post, West Point	Niagara Mohawk*	Ft. Drum
		No. Carolina Gas Corp.	Ft. Bragg
Consumers Power Co.	Detroit ARS & Tank Selfridge SC	Pacific Gas & Electric	Tooele AD
		So. Carolina Gas & Electric*	Ft. Jackson
Washington Gas Light	Adelphi Labs Ft. McNair Walter Reed AMC	UGI Corp.	Carlisle Barracks
		United Cities Gas	Ft. Benning
		United Gas Pipe Line	Ft. Polk
		?	Ft. Monroe
Baltimore Gas & Electric*	Ft. Meade	?	Dugway Army PG
Brooklyn Union Gas	Ft. Hamilton	?	Hawthorne AAP
Cities Service Gas	Ft. Leavenworth	?	Milan AD
Colonial Natural Gas	Radford AAP	?	Sierra AD
Commonwealth Gas (MA)	Natick R&D Center	?	Tobyhanna AD
Commonwealth Gas Service (VA)	Ft. Lee	?	Yuma PG

* Utility companies providing both electric and natural gas services.

TABLE B-4. CONUS NATURAL GAS SYSTEMS WITH NO FRANCHISED UTILITY PROVIDER

Anniston AD, AL	Lake City AAP, MO
Ft. Bliss, TX	Lima ATP, OH
Ft. Campbell, KY	Lone Star AAP. TX
Ft. Carson, CO	McAlester, OK
Ft. Hood, TX	Presidio of Monterey, CA
Ft. Irwin, CA	Oakland AB, CA
Ft. Knox, TN	Pine Bluff ARS, AR
Ft Richardson, AK	Red River AD, TX
Ft. Sill, OK	Redstone ARS, AL
Hunter-Liggett, CA	Rock Island ARS, IL
Iowa AAP, IA	

TABLE B-5. CONUS ELECTRICAL DISTRIBUTION SYSTEMS WITH FRANCHISED UTILITY PROVIDER

Provider	Installation	Provider	Installation
Consolidated Edison	Ft. Hamilton West Point	Virginia Power	Ft Belvoir Ft Eustis Ft Lee Ft Monroe Ft Myer Ft. Story
Jersey Central P&L	Picatinny ARS Ft. Monmouth		
Kansas Power & Light*	Ft. Leavenworth Ft. Riley		
Louisville Gas & Electric*	Ft. Knox Blue Grass AD	Appalachian Power VA	Radford AAP
Niagara Mohawk Power*	Watervliet ARS Ft. Drum	Arkansas P&L	Pine Bluff ARS
		Baltimore Gas & Elec*	Ft. Meade
Pacific G&E*	Hunter-Liggett Presidio of Monterey	Boston Edison	Natick R&D Center
		Carolina P&L NC	Ft. Bragg
Pennsylvania P&L	Tobyhanna AD Carlisle Barracks	City of Milan DPU	Milan AAP
		Colorado Sprgs Utility	Ft. Carson
Potomac Electric Power Co.	Ft. McNair Adelphi Labs Walter Reed AMC	Dept of Int./Bur of Rec	Yuma PG
		El Paso Electric	Ft. Bliss
		Kingsport Power Co.	Holston AAP
Southern Company	Anniston AD Ft. Gordon Ft. Stewart Ft. Gillem Ft. Benning Ft. McPherson Hunter AAF	Louisana P & L	Ft. Polk
		Potomac Edison	Ft. Detrick
		Pub. Service of N M	White Sands MR
		Rappahannock Coop.	Ft. A.P. Hill
		So. Carolina G & E*	Ft. Jackson
		Tucson Electric Power	Ft. Huachuca
		Union Electric	Iowa AAP
Southwestern EP	Lone Star AAP Red River AD	West Penn Power	Letterkenny AD
		?	Camp Parks
Tennessee Valley Authority	Ft. Campbell Redstone ARS	?	Lima ATP
		?	Oakland AB
Utah P&L	Dugway PG Tooele AD		

* Utility companies providing both electric and natural gas services.

TABLE B-6. CONUS ELECTRICAL DISTRIBUTION SYSTEMS WITH NO FRANCHISED UTILITY PROVIDER

Ft. Leonard Wood, MO	McAlester AAP, OK
Ft Lewis	Oahu, HI
Ft Richardson, AK	Rock Island ARS, IL
Hawaii, HI	Schofield Barracks, HI
Hawthorne AAP, NV	Selfridge SC, MI
Lake City AAP	Sierra AD, CA

TABLE B-7. CONUS WATER AND WASTE WATER SYSTEMS IN COMPETITIVE LOCATIONS

Water Systems		Wastewater Systems	
Aberdeen Army PG	Ft. Stewart	Aberdeen Army PG	Ft. Sill
Adelphi Labs	Ft. Story	Adelphi Labs	Ft. Stewart
Blue Grass AD	Hawaii	Anniston AD	Ft. Story
Carlisle Barracks	Hawthorne AAP	Blue Grass AD	Hawaii
Dugway Army PG	Holston AD	Camp Parks	Hawthorne AAP
Ft. Belvoir	Hunter AAF	Carlisle Barracks	Holston AD
Ft. Benning	Hunter-Liggett	Dugway Army PG	Hunter AAF
Ft. Bragg	Iowa AAP	Ft. Belvoir	Hunter-Liggett
Ft. Campbell	Lake City AAP	Ft. Benning	Iowa AAP
Ft. Carson	Lima ATP	Ft. Bragg	Lake City AAP
Ft. Detrick	Lone Star AAP	Ft. Campbell	Lima ATP
Ft. Dix	McAlester AAP	Ft. Detrick	Lone Star AAP
Ft. Drum	Milan AD	Ft. Dix	McAlester AAP
Ft. Gillem	Monterey Annex	Ft. Drum	Milan AD
Ft. Gordon	Natick R&D Center	Ft. Gillem	Monterey Annex
Ft. Hamilton	Oahu	Ft. Gordon	Natick R&D Center
Ft. Hood	Oakland AB	Ft. Hamilton	Oahu
Ft. Huachuca	Picatinny ARS	Ft. Hood	Oakland AB
Ft. Jackson	Pine Bluff ARS	Ft. Huachuca	Picatinny ARS
Ft. Knox	Presidio of Monterey	Ft. Irwin	Pine Bluff ARS
Ft. Leavenworth	Radford AAP	Ft. Jackson	Presidio of Monterey
Ft. Lee	Red River AD	Ft. Knox	Radford AAP
Ft. Leonard Wood	Redstone ARS	Ft. Lee	Red River AD
Ft. Lewis	Rock Island ARS	Ft. Leonard Wood	Redstone ARS
Ft. McPherson	Schofield Barracks	Ft. Lewis	Rock Island ARS
Ft. Meade	Selfridge SC	Ft. McPherson	Schofield Barracks
Ft. Monmouth	Sierra AD	Ft. Meade	Selfridge SC
Ft. Myer	Tooele AD	Ft. Monmouth	Sierra AD
Ft. Polk	West Point	Ft. Myer	Tobyhanna AD
Ft Richardson, AK	White Sands MR	Ft. Polk	Tooele AD
Ft. Riley		Ft Richardson, AK	West Point
Ft. Sam Houston		Ft. Riley	White Sands MR
		Ft. Sam Houston	

TABLE B-8. CONUS SYSTEMS THAT ARE UNECONOMICAL OR WHERE THERE IS NO INTEREST

Electric	Gas	Water	Waste Water
Aberdeen PG	Ft. Huachuca	Ft. A. P. Hill	Ft. A.P. Hill
Ft. Hood	Ft. Rucker	Ft. Huachuca	Ft. Carson
Ft. McCoy	Kelly Support Center	Ft. Rucker	Ft. Huachuca
Ft. Rucker	Letterkenny AD	Ft. Wainwright	Ft. Rucker
Ft. Sam Houston		Kelly Support Center	Ft. Wainwright
Ft. Sill		Yakima Training Ctr	Yakima Training Ctr
Ft. Wainwright			
Kelly Support Center			
Yakima Training Ctr			

APPENDIX C - Frequently Asked Questions (FAQs): NEPA and Other Environmental Concerns Related to Privatization of Utilities

Q1. What is NEPA?

A1. The National Environmental Policy Act of 1969 (42 U.S.C. § 4321 et seq.) (NEPA) establishes a national policy requiring that federal agencies consider the environmental impacts of their actions. General types of actions requiring consideration include policies, programs, projects, and activities. NEPA is used to inform the decision-maker and the public of the environmental consequences of a proposed action and its alternatives. The Council on Environmental Quality has issued regulations implementing NEPA (see 40 CFR 1500 et seq.). The Department of the Army has also issued Army Regulation (AR) 200-2 (Environmental Effects of Army Actions, 23 Dec 88) that implements NEPA within the Army community.

Q2. What are the types of NEPA documentation?

A2. There are three forms of NEPA documentation: (1) an Environmental Impact Statement (EIS) which is formalized by a Record of Decision (ROD); (2) an Environmental Assessment (EA) which results in either a Finding of No Significant Impact (FNSI) or a Notice of Intent (NOI) to prepare an EIS; or (3) a Categorical Exclusion (CX) which is often documented through the use of a Record of Environmental Consideration (REC).

Q3. When is an EIS required?

A3. An EIS is required when a proposed action is a major federal action that will significantly affect the quality of the human environment. If the proposed action will have a significant effect on a particular environmental resource category (i.e. water, air or

endangered species), an EIS is required. However, an EIS is not required if only socioeconomic resources are significantly impacted without coincident significant environmental impacts.

Q4. When is an EA appropriate?

A4. An EA is prepared when a CX is inapplicable and when an EIS is not clearly warranted. EA's should be generally not exceed 20 pages, and should look at the proposed action in enough depth to have taken a "hard look" at the environmental consequences of an action in order to determine whether the proposed action is significant.

Q5. What is a CX and when is its use appropriate?

A5. A CX is a category of actions that an agency has determined has little or no effect on the environment. The Army list of CX's is found in Appendix A, AR 200-2. In order to qualify for a CX, the proposed action must be able to satisfy various screening criteria.

Q6. What are screening criteria and how do they work?

A6. AR 200-2 (Section II to Appendix A) lists the screening criteria that must be met before using a CX. The screening criteria are used to identify extraordinary circumstances that make the use of a CX unacceptable. For example, controversial conditions or projects of a greater scope or size are screening criteria that will preclude the use of a CX. Other criteria include actions that will affect historic properties or endangered species. In the latter case, concurrence with the appropriate regulatory agency (i.e. the State Historic Preservation Officer or the Fish and Wildlife Service) that the action will have no effect will satisfy the screening criteria. The REC should explicitly state how each of the screening criteria has been met. Chapter 4 of AR 200-2 further discusses use of CX's.

Q7. What level of NEPA documentation is appropriate for utilities privatization?

A7. Any of the three levels of NEPA documentation is possible, depending upon the facts at a given installation. The proponent of the project should determine the scope of the proposed action. Most situations will likely involve an EA, but a CX may be appropriate in limited circumstances.

Q8. What CX's may be available for utilities privatization?

A8. CX A-20 may be used in limited cases. CX A-20 covers "Grants of easements for the use of existing rights-of-way for use by vehicles; electrical, telephone, and other transmission and communication lines; transmitter and relay facilities; water, wastewater, storm water, and irrigation pipelines, pumping stations, and facilities; and for similar public utility and transportation uses." In the typical situation, the Army will convey lines, pipes, poles, and related distribution infrastructure as part of a bill of sale accompanying the easement. CX A-20 can be used to satisfy NEPA in this limited circumstance. Use of this CX is conditioned upon proper application of the screening criteria as explained in Q.6, above.

Q9. When is CX A-20 not appropriate?

A9. CX A-20 is not appropriate at a Base Realignment and Closure installation, as the disposal and reuse NEPA document will examine that transfer. The CX is not appropriate when the Army conveys underlying fee title for a utility system. Nor is the CX available when an entire plant or other significant facilities are being transferred, as this CX will cover only the transfer of the utility distribution infrastructure (i.e. pipes, lines and similar equipment) being conveyed via an easement. The CX is similarly not available even upon conveyance of a distribution system where the new owner plans significant new additions to the system or will abandon the old system and build new

infrastructure in the easement area. An EA or EIS will be required in these situations. Once again, use of this CX is conditioned upon proper application of the screening criteria as explained in Q.6, above.

Q10. When must the public be notified of a NEPA action?

A10. AR 200-2 requires public notification in the case of EA's or EIS's. Publication would be done locally. Publication of REC's is optional.

Q11. What is segmentation under NEPA?

A11. Segmentation is impermissible under NEPA. It occurs when an action is examined in pieces when it should be examined in a larger picture. Segmentation usually occurs when several NEPA documents, such as REC's or EA's, are used in order to avoid completing an EIS. For example, if an installation plans to dispose of a water sewage treatment plant and all the pipes for that system, it should examine the entire action in an EA or EIS. CX A-20 is inappropriate. In another example, if an installation plans to dispose of more than one utility distribution system (i.e. wastewater, electrical), separate NEPA documentation may be used at the installation's discretion. To justify separate NEPA documentation, the utility systems should have "independent utility" and not be dependent upon the other systems being disposed. If separate REC's or EA's are used, the documents should discuss the other proposed actions in the "cumulative effects" portion of the document.

Q12. At what point in the process should NEPA documentation be prepared and completed?

A12. The installation should begin to collect information and prepare NEPA documentation as soon as it has identified systems that are candidates for privatization.

Generally, NEPA documentation must be completed prior to the commander making a decision that will constitute an irretrievable commitment of resources. In utilities privatization, the commander first initiates a privatization study. When the inventory is completed, this information is presented to the commander to make a decision to proceed to competitive or sole source procurement. NEPA documentation does not have to be completed at this point unless there is a binding decision to proceed to privatization. NEPA analysis should, however, be progressing. Once the procurement process is completed, the economic analysis can be finalized and the commander is then faced with the decision to proceed to privatization and how that is to be accomplished. It is this decision that normally requires a finalized NEPA document. This timing can vary with the particular situation.

Q13. What is an example statement of proposed action, scope and alternatives to include in an EA or EIS for utility privatization actions?

A13. In most cases, only the utility distribution infrastructure will be transferred by an easement. Where a more inclusive transfer is contemplated, the following recommended verbiage should be tailored to fit a particular situation:

Proposed Action:

[Installation name] proposes to divest the Army of the following utility distribution systems: *{electric, gas, water, waste water}* providing *{services provided}* to the installation. This action would transfer ownership of *{description of utility structures}* to a non-federal entity *{appropriate utility provider}* that will assume ownership, responsibility, operation, maintenance, repair, and improvement of the *{appropriate utility}*.

Scope:

1. The divestiture would include all of the *{utilities'}* equipment, operations and maintenance, major maintenance and repair responsibilities, and investment or upgrade responsibilities. The divestiture will transfer all ownership and operator responsibility for environmental compliance and protection.

Divestiture {*does/does not*} include transfer of ownership to the underlying land. Utilities distribution systems will be transferred by an easement document that will contain appropriate restrictions and conditions, including obligations for the protection of the environment and compliance with environmental laws and regulations.

The divestiture of the *{utility}* {*will/will not*} alter the condition or size of the utility infrastructure, facilities, or distribution networks. The divestiture {*does/does not*} essentially alter the scope of services to be supplied through the system. The divestiture {*does/does not*} contemplate situations where the new owner will abandon existing distribution infrastructure or build new facilities.

2. Individual Descriptions of Utilities (*choose applicable system, and expand description where more than infrastructure is to be conveyed*).

a. Electrical Utility Distribution Infrastructure. Electrical utility systems infrastructure at installations include overhead and underground distribution lines, lighting fixtures, transformers, and sub-stations.

b. Water Distribution Infrastructure. Water distribution infrastructure includes existing distribution mains throughout the installation.

c. Waste Water Collection and Distribution Infrastructure. Waste water collection and distribution infrastructure includes existing sewage lines and storm water collection drains throughout the installation, pumping stations, sewage lift stations and/or holding tanks, and pollutant catch basins.

d. Natural Gas Distribution Infrastructure. Natural gas distribution infrastructure includes existing distribution lines and associated equipment throughout the installation that function to store and transmit natural gas.

Alternatives:

a. No Action. The installation would continue all ownership and operational responsibilities. The utilities would not be sold or transferred to non-Army entities. The installation would maintain responsibility for all plant upgrades, replacement, and modifications to come into compliance with existing and expected local, state and federal environmental rules and regulations. {*Note - Even if the installation considers this alternative to be infeasible, it must be addressed and analyzed to provide a baseline – see CEQ regulations at 40 CFR 1502.14*}.

b. Transfer of underlying land with the utility. This would involve a fee simple transfer of land rather than an easement.

c. Different Use Alternative. The provider plans to abandon existing infrastructure and build new facilities or infrastructure, or plans to increase users to the system, as follows: {*explain concept here*}.

Q14. What are "plant" or "significant facilities," as mentioned in A9, that would preclude consideration of use of CX A-20?

A14.

- **Significant Natural Gas Power Utility Plant, Structures and Facilities** - In the general, the Army does not have natural gas generation plants or facilities.

- **Significant Electric Power Utility Plant, Structures and Facilities** – includes power generating equipment and prime movers, including steam and gas turbines, diesel, natural gas, and gasoline engines. Types of power generating facilities include: coal-fired, oil-fired, gas-fired, nuclear, photovoltaic, hydroelectric power, and standby and uninterruptable power supplies.

- **Significant Sewage and Wastewater Treatment System Plants, Structures and Facilities** – includes primary treatment plants, septic tanks and drain fields, raw sewage lagoons and oxidation ponds, drying beds, and secondary and advanced levels of treatment. Wastewater treatment systems may treat industrial wastes, laundry wastes, sanitary sewage, or domestic sewage.

- **Significant Water Supply, Treatment and Storage System Plants, Structures and Facilities** – includes a treatment plant that, in its entirety, consists of a combination of some or all of the following equipment to treat potable water before supply to users: screens, flow meters, filters, settling basins, chemical feeders, flocculators, aerators, pumps, chemical storage, and controls. Typically a treatment plant will include a clearwell for treated water storage. Reservoirs, wells, and intake structures are also significant facilities.

Q15. Is NEPA documentation required for a utility services contract?

A15. CX A-6 is normally appropriate for this type of action. A REC is not required, but can be used at the discretion of the installation.

Q16. In addition to NEPA documentation, what other paperwork is required for utilities privatization?

A16. For conveyance of an easement and associated utility distribution infrastructure, a DA Form 337 is prepared (see CERE-MM, SUBJ: Revised Guidance – Privatization/Disposal of Utility System at Active Military Installations, 10 Oct 1997). Where the conveyance involves a transfer of title to the land or more of an interest than an easement, several documents are required. This package requires a Finding of Suitability to Transfer (FOST). If the transfer is being made to another federal entity, an Environmental Condition of Property (ECOP) is used in lieu of a FOST (See AR 200-1). An Environmental Baseline Survey (EBS) is also required (See AR 200-1). Finally, a Report of Excess (ROE) is required if the proposal involves a transfer of title to the land (See AR 405-90). Regulator concurrence under the Community Environmental Response Facilitation Act (CERFA) is not required.

Q17. How should Lead-Based Paint (LBP) be addressed during disposal of utilities?

A17. The Department of the Army and environmental regulators disagree on this issue. During the interim while this issue is discussed between the Army and EPA, the Army has adopted interim guidance relating to LBP. (See DAIM-FDF-E, SUBJ: Guidance for Lead-Based Paint Hazard Management During Transfer of Army Property, 14 Aug 98.) The Army does not consider LBP that flakes or chips off structures due to weathering or normal maintenance to be a release of a hazardous substance to which the Army must respond under CERCLA. The Army addresses LBP on transferring property only in

residential areas under the authority of the Residential Lead Based Paint Hazard Reduction Act (Title X). Accordingly, installations should disagree if a regulator insists that LBP be cleaned-up prior to transfer, unless such clean-up is pursuant to Title X. Contact your local Staff Judge Advocate or the Department of the Army Environmental Law Division should this issue arise. The transfer documents should provide a notice of LBP. If abatement activities are required, installations should negotiate with the transferee to conduct those activities.

Q18. What happens to installation environmental compliance permits upon privatization?

A18. Permits under the Clean Water Act, the Clean Air Act, and other statutes may or may not be transferable, depending upon the particular state's laws and regulations. In addition, installations may be required to obtain permits as a user of a particular utility. Your Staff Judge Advocate should be consulted on these issues.

APPENDIX D-1

Army Utility Systems Privatized – Total Inventory

Army Utility Systems Privatized – Total Inventory

MACOM	Sub	Installation	State	System	Utility Status	RFI Date	Study Start	Study End	RFP Start	Priv Contr Awd Date	Count
AMC	DBOF	BLUE GRASS AD	KY	Gas	PRIVATIZED						1
AMC	DBOF	LETTERKENNY AD	PA	Water	PRIVATIZED		01-Jan-98	05-May-98	11-Nov-98	14-Sep-98	1
AMC	DBOF	LETTERKENNY AD	PA	Wst Water	PRIVATIZED		01-Jan-98	05-May-98	11-Nov-98	14-Sep-98	1
AMC	DBOF	SIERRA AD	NV	Gas	PRIVATIZED						1
AMC	OMA	MONMOUTH	NJ	Gas	PRIVATIZED					FY93	1
AMC	RDTE	ABERDEEN PG	MD	Gas	PRIVATIZED					FY95	1
AMC	RDTE	ADELPHI LABS	MD	Gas	PRIVATIZED						1
AMC	RDTE	PICATINNY ARS	NJ	Gas	PRIVATIZED						1
FORSCOM		LEWIS	WA	Gas	PRIVATIZED					mid-1980's	1
FORSCOM		YAKIMA TRG CTR	WA	Gas	PRIVATIZED					mid-1980's	1
MDW		BELVOIR	VA	Gas	PRIVATIZED					FY94	1
MDW		MYER	VA	Gas	PRIVATIZED						1
MEDCOM	OMA	SAM HOUSTON	TX	Gas	PRIVATIZED					30-Dec-98	1
NATIONAL GUARD		PICKETT	VA	Water	PRIVATIZED					01-Apr-98	1
TRADOC		EUSTIS	VA	Gas	PRIVATIZED						1
TRADOC		LEONARD WOOD	MO	Gas	PRIVATIZED					FY93	1
TRADOC		MONTRY ANNX	CA	Elect	PRIVATIZED					FY97	1
TRADOC		MONTRY ANNX	CA	Gas	PRIVATIZED					FY97	1
TRADOC		STORY	VA	Gas	PRIVATIZED						1
USARC		DEVENS	MA	Elect	PRIVATIZED					FY 96	1
USARC		DEVENS	MA	Gas	PRIVATIZED					FY 96	1
USARC		DEVENS	MA	Water	PRIVATIZED					FY 96	1
USARC		DEVENS	MA	Wst Water	PRIVATIZED					FY 96	1
USARC		DIX	NJ	Elect	PRIVATIZED					FY96	1
USARC		DIX	NJ	Gas	PRIVATIZED					FY95	1

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USARC		KELLY SPT CTR	PA	Wst Water	PRIVATIZED					FY94	1
USARC		McCOY	WI	Gas	PRIVATIZED					FY97	1
USARC		PARKS	CA	Gas	PRIVATIZED					30-Dec-98	1
USARC		PARKS	CA	Water	PRIVATIZED					30-Dec-98	1
USARC		DOUGLAS	UT	Elect	PRIVATIZED						1
USARC		DOUGLAS	UT	Gas	PRIVATIZED						1
USARC		DOUGLAS	UT	Water	PRIVATIZED						1
USARC		DOUGLAS	UT	Wst Water	PRIVATIZED						1
USAREUR		STUTTGART	GE	Elect	PRIVATIZED					30-Sep-97	1
USAREUR		STUTTGART	GE	Elect	PRIVATIZED					30-Sep-97	1
USAREUR		STUTTGART	GE	Elect	PRIVATIZED					30-Sep-97	1
USAREUR		STUTTGART	GE	Elect	PRIVATIZED					30-Sep-97	1
USAREUR		STUTTGART	GE	Gas	PRIVATIZED					30-Sep-97	1
USAREUR		STUTTGART	GE	Gas	PRIVATIZED					30-Sep-97	1
USAREUR		VICENZA	IT	Gas	PRIVATIZED						1
USAREUR		HANAU	GE	Elect	PRIVATIZED					30-Sep-98	1
USAREUR		HANAU	GE	Elect	PRIVATIZED					30-Sep-98	1
USAREUR		HANAU	GE	Elect	PRIVATIZED					30-Sep-98	1
USAREUR		HANAU	GE	Elect	PRIVATIZED					30-Sep-98	1
USAREUR		HANAU	GE	Elect	PRIVATIZED					30-Sep-98	1
USAREUR		HANAU	GE	Elect	PRIVATIZED					30-Sep-98	1
USAREUR		HANAU	GE	Elect	PRIVATIZED					30-Sep-98	1
USAREUR		HANAU	GE	Elect	PRIVATIZED					30-Sep-98	1
USAREUR		HANAU	GE	Elect	PRIVATIZED					30-Sep-98	1
Grand Total											49

APPENDIX D-2

Army Utility Systems Not Economical or Possible to Privatize – Total Inventory

Army Utility Systems Not Economical or Possible to Privatize – Total Inventory

MACOM	Sub	Installation	State	System	Utility Status	RFI Date	Study Start	Study End	RFP Start	Priv Contr Awd Date	Count
FORSCOM		CARSON	CO	Wst Water	PRIV NOT POSSIBLE						1
FORSCOM		HOOD	TX	Elect	NOT ECON		15-May-95	14-Feb-96			1
FORSCOM		YAKIMA TRG CTR	WA	Elect	PRIV NOT POSSIBLE						1
FORSCOM		YAKIMA TRG CTR	WA	Water	PRIV NOT POSSIBLE						1
FORSCOM		YAKIMA TRG CTR	WA	Wst Water	PRIV NOT POSSIBLE						1
MDW		A.P. HILL	VA	Water	NOT ECON	N/A	01-May-96	01-Oct-97			1
MDW		A.P. HILL	VA	Wst Water	NOT ECON	N/A	01-May-96	01-Oct-97			1
SMDC		KWAJALEIN	So Pac	Elect	PRIV NOT POSSIBLE						1
SMDC		KWAJALEIN	So Pac	Water	PRIV NOT POSSIBLE						1
SMDC		KWAJALEIN	So Pac	Wst Water	PRIV NOT POSSIBLE						1
SMDC		WAKE ISL	So Pac	Elect	PRIV NOT POSSIBLE						1
SMDC		WAKE ISL	So Pac	Water	PRIV NOT POSSIBLE						1
SMDC		WAKE ISL	So Pac	Wst Water	PRIV NOT POSSIBLE						1
TRADOC		HUACHUCA	AZ	Gas	NOT ECON						1
TRADOC		HUACHUCA	AZ	Water	PRIV NOT POSSIBLE						1
TRADOC		HUACHUCA	AZ	Wst Water	PRIV NOT POSSIBLE						1

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TRADOC		LEAVENWORTH	KS	Water	NOT ECON	N/A	01-Oct-95	01-Oct-97		31-Jan-99	1
TRADOC		RUCKER	AL	Elect	NOT ECON	N/A	01-Feb-97	01-Dec-98		30-Sep-99	1
TRADOC		RUCKER	AL	Gas	NOT ECON	N/A	01-Feb-97	01-Dec-98		30-Sep-99	1
TRADOC		RUCKER	AL	Water	NOT ECON	N/A	01-Feb-97	01-Dec-98		30-Sep-99	1
TRADOC		RUCKER	AL	Wst Water	NOT ECON	N/A	01-Feb-97	01-Dec-98		30-Sep-99	1
TRADOC		SILL	OK	Elect	NOT ECON	N/A	01-Nov-95	01-Jan-97			1
USARC		KELLY SPT CTR	PA	Elect	PRIV NOT POSSIBLE						1
USARC		KELLY SPT CTR	PA	Gas	PRIV NOT POSSIBLE						1
USARC		KELLY SPT CTR	PA	Water	PRIV NOT POSSIBLE						1
USARC		McCOY	WI	Elect	NOT ECON		25-Jun-95	25-Jun-96			1
USARC		LAWTON	WA	Elect	PRIV NOT POSSIBLE						1
USARC		LAWTON	WA	Gas	PRIV NOT POSSIBLE						1
USARC		LAWTON	WA	Water	PRIV NOT POSSIBLE						1
USARC		LAWTON	WA	Wst Water	PRIV NOT POSSIBLE						1
USARPAC		WAINWRIGHT	AK	Elect	PRIV NOT POSSIBLE						1
USARPAC		WAINWRIGHT	AK	Water	PRIV NOT POSSIBLE						1
USARPAC		WAINWRIGHT	AK	Wst Water	PRIV NOT POSSIBLE						1
Grand Total											33

APPENDIX D-3

Army Utility Systems under RFP or Negotiations to Privatize – Total Inventory

Army Utility Systems under RFP or Negotiations to Privatize – Total Inventory

MACOM	Sub	Installation	State	System	Utility Status	RFI Date	Study Start	Study End	RFP Start	Priv Contr Awd Date	Count
AMC	DBOF	LETTERKENNY AD	PA	Elect	NEGOTIATING	N/A	01-Jan-98	05-May-98	11-Nov-98	30-Jun-99	1
AMC	RDTE	ABERDEEN PG	MD	Water	RFP	N/A	07-Oct-97	05-Apr-98	04-Jul-98	08-Apr-99	1
AMC	RDTE	ABERDEEN PG	MD	Wst Water	RFP	N/A	07-Oct-97	01-Feb-98	08-Aug-98	08-Apr-99	1
FORSCOM		BRAGG	NC	Elect	RFP	N/A	01-Aug-94	01-May-95	01-Jun-98	19-Sep-00	1
FORSCOM		BRAGG	NC	Gas	RFP	N/A	01-Aug-94	01-May-95	01-Jun-98	17-Aug-99	1
FORSCOM		BRAGG	NC	Water	RFP	N/A	01-Aug-94	01-May-95	01-Jun-98	19-Sep-00	1
FORSCOM		BRAGG	NC	Wst Water	RFP	N/A	01-Aug-94	01-May-95	01-Jun-98	19-Sep-00	1
FORSCOM		CAMPBELL	KY	Elect	NEGOTIATING	N/A	15-May-95	16-Feb-96		01-Aug-99	1
FORSCOM		CAMPBELL	KY	Gas	RFP					01-Nov-99	1
FORSCOM		CAMPBELL	KY	Water	RFP	N/A	01-Nov-96	01-Jan-98	01-Oct-99	14-Dec-99	1
FORSCOM		CAMPBELL	KY	Wst Water	RFP	N/A	01-Nov-96	01-Jan-98	01-Oct-99	14-Dec-99	1
FORSCOM		CARSON	CO	Elect	RFP	N/A	26-Aug-96	02-Apr-97	09-Sep-98	18-Nov-99	1
FORSCOM		CARSON	CO	Gas	RFP	N/A	26-Aug-96	02-Apr-97	09-Sep-98	18-Nov-99	1
FORSCOM		CARSON	CO	Water	RFP	N/A	26-Aug-96	02-Apr-97	09-Sep-98	18-Nov-99	1
FORSCOM		DRUM	NY	Gas	RFP	N/A	01-Jan-98	01-Jun-98		23-Aug-99	1
FORSCOM		GILLEM	GA	Elect	RFP	N/A	01-Oct-96	01-Oct-97	01-Jun-98	01-Aug-99	1
FORSCOM		GILLEM	GA	Gas	RFP	N/A	01-Dec-96	01-Jan-98	01-Oct-98	17-Sep-99	1
FORSCOM		HOOD	TX	Gas	RFP	N/A	02-Feb-98	01-Jul-98	01-Apr-99	30-Dec-99	1
FORSCOM		HOOD	TX	Water	RFP	N/A	02-Feb-98	01-Jul-98	01-Apr-99	30-Dec-99	1
FORSCOM		HOOD	TX	Wst Water	RFP	N/A	02-Feb-98		01-Apr-99	30-Dec-99	1
FORSCOM		HUNTER AAF	GA	Elect	RFP	N/A	01-Apr-96	01-Jan-98		24-Dec-99	1
FORSCOM		HUNTER AAF	GA	Gas	RFP	N/A	01-Apr-96	01-Jan-98		24-Dec-99	1
FORSCOM		HUNTER AAF	GA	Water	RFP	N/A	01-Apr-96	01-Jan-98		24-Dec-99	1
FORSCOM		HUNTER AAF	GA	Wst Water	RFP	N/A	01-Apr-96	01-Jan-98		24-Dec-99	1
FORSCOM		IRWIN	CA	Elect	NEGOTIATING	N/A	01-Oct-93	01-Jul-94	01-Feb-98	30-Jul-98	1

FORSCOM		IRWIN	CA	Gas	RFP	N/A	01-May-98	01-Nov-98	01-Aug-99	31-Jul-99	1
FORSCOM		IRWIN	CA	Water	RFP	N/A	01-May-98	01-Nov-98	01-Aug-99	31-Jul-99	1
FORSCOM		IRWIN	CA	Wst Water	RFP	N/A	01-May-98	01-Nov-98	01-Aug-99	31-Jul-99	1
FORSCOM		LEWIS	WA	Elect	RFP	N/A	01-Feb-97	01-Aug-97	01-Jun-98	31-Dec-99	1
FORSCOM		LEWIS	WA	Water	RFP	N/A	01-Mar-96	01-Jun-97	01-Oct-98	31-Dec-99	1
FORSCOM		LEWIS	WA	Wst Water	RFP	N/A	01-Mar-96	01-Jun-97	01-Oct-98	31-Dec-99	1
FORSCOM		McPHERSON	GA	Elect	RFP	N/A	15-May-95	23-Jan-96	01-May-98	01-Aug-99	1
FORSCOM		McPHERSON	GA	Gas	RFP	N/A	01-Dec-96	01-Jan-98	01-Oct-98	17-Sep-99	1
FORSCOM		POLK	LA	Elect	RFP	N/A	01-Nov-95	01-Feb-97	01-Aug-98	26-Aug-99	1
FORSCOM		POLK	LA	Gas	RFP	N/A	01-Nov-95	01-Feb-97	01-Aug-98	26-Aug-99	1
FORSCOM		POLK	LA	Water	RFP	N/A	01-Nov-95	01-Feb-97	01-Aug-98	26-Aug-99	1
FORSCOM		POLK	LA	Wst Water	RFP	N/A	01-Nov-95	01-Feb-97	01-Aug-98	26-Aug-99	1
FORSCOM		RILEY	KS	Elect	RFP	N/A	03-Mar-98	08-Aug-98	05-May-99	30-Aug-99	1
FORSCOM		RILEY	KS	Gas	RFP	N/A	08-Apr-96	31-Dec-97	01-Jul-98	30-Aug-99	1
FORSCOM		RILEY	KS	Water	RFP	N/A	03-Mar-98	08-Aug-98	05-May-99	30-Aug-99	1
FORSCOM		RILEY	KS	Wst Water	RFP	N/A	03-Mar-98	08-Aug-98	05-May-99	30-Aug-99	1
FORSCOM		STEWART	GA	Elect	RFP	N/A	01-Apr-96	01-Jan-98		24-Dec-99	1
FORSCOM		STEWART	GA	Gas	RFP	N/A	01-Apr-96	01-Jan-98		24-Dec-99	1
FORSCOM		STEWART	GA	Water	RFP	N/A	01-Apr-96	01-Jan-98		24-Dec-99	1
FORSCOM		STEWART	GA	Wst Water	RFP	N/A	01-Apr-96	01-Jan-98		24-Dec-99	1
MDW		A.P. HILL	VA	Elect	RFP		01-May-96	01-Oct-97	01-Jun-99	28-Feb-00	1
MDW		BELVOIR	VA	Elect	RFP				01-Jun-99	28-Feb-00	1
MDW		BELVOIR	VA	Water	RFP				01-Jun-99	28-Feb-00	1
MDW		BELVOIR	VA	Wst Water	RFP		01-May-96	01-Jan-97	01-Jun-99	28-Feb-00	1
MDW		HAMILTON	NY	Elect	RFP		01-Aug-97	01-Feb-99	01-Mar-99	30-Sep-99	1
MDW		HAMILTON	NY	Gas	RFP		01-Aug-97	01-Feb-99	01-Mar-99	30-Sep-99	1
MDW		HAMILTON	NY	Water	RFP		01-Aug-97	01-Feb-99	01-Mar-99	30-Sep-99	1
MDW		HAMILTON	NY	Wst Water	RFP		01-Aug-97	01-Feb-99	01-Mar-99	30-Sep-99	1

MDW		McNAIR	DC	Elect	RFP		01-Jul-96	01-Mar-98	01-Jun-99	28-Feb-00	1
MDW		McNAIR	DC	Gas	RFP		01-Jul-96	01-Mar-98	01-Jun-99	28-Feb-00	1
MDW		McNAIR	DC	Water	RFP				01-Jun-99	28-Feb-00	1
MDW		McNAIR	DC	Wst Water	RFP				01-Jun-99	28-Feb-00	1
MDW		MEADE	MD	Elect	RFP		01-Aug-94	01-May-95	01-Jun-99	28-Feb-00	1
MDW		MEADE	MD	Gas	RFP		01-Aug-94	01-May-95	01-Jun-99	28-Feb-00	1
MDW		MEADE	MD	Water	NEGOTIATING		01-Aug-94	01-May-95	01-Jun-98	28-Jan-99	1
MDW		MEADE	MD	Wst Water	NEGOTIATING		01-Oct-97	01-Oct-97	01-May-98	28-Jan-99	1
MDW		MYER	VA	Elect	RFP		01-Jul-96	01-Mar-98	01-Jun-99	28-Feb-00	1
MDW		MYER	VA	Water	RFP		01-Jul-96	01-Mar-98	01-Jun-99	28-Feb-00	1
MDW		MYER	VA	Wst Water	RFP		01-Jul-96	01-Mar-98	01-Jun-99	28-Feb-00	1
MEDCOM	RDTE	DETRICK	MD	Water	RFP					31-Dec-99	1
MEDCOM	RDTE	DETRICK	MD	Wst Water	RFP					31-Dec-99	1
MEDCOM	OMA	SAM HOUSTON	TX	Elect	NEGOTIATING	N/A	01-Dec-96	01-Jul-97		22-Oct-98	1
NATIONAL GUARD		CHAFFEE	AR	Elect	NEGOTIATING						1
NATIONAL GUARD		CHAFFEE	AR	Gas	NEGOTIATING						1
NATIONAL GUARD		CHAFFEE	AR	Water	NEGOTIATING						1
NATIONAL GUARD		CHAFFEE	AR	Wst Water	NEGOTIATING						1
NATIONAL GUARD		PICKETT	VA	Elect	NEGOTIATING						1
NATIONAL GUARD		PICKETT	VA	Wst Water	NEGOTIATING						1
TRADOC		GORDON	GA	Water	NEGOTIATING					30-Sep-99	1
TRADOC		GORDON	GA	Wst Water	NEGOTIATING					30-Sep-99	1
TRADOC		KNOX	KY	Elect	RFP	N/A	01-Jun-97	01-Jan-98	30-Sep-98	31-Jan-99	1
TRADOC		LEAVENWORTH	KS	Elect	NEGOTIATING	N/A	01-Oct-95	01-Oct-97		30-Apr-99	1
TRADOC		LEAVENWORTH	KS	Gas	NEGOTIATING	N/A	01-Oct-95	01-Oct-97		30-Apr-99	1

TRADOC		LEE	VA	Gas	NEGOTIATING	N/A	07-Jun-98	03-Aug-98		30-Jun-99	1
TRADOC		LEE	VA	Water	NEGOTIATING	N/A	01-May-97	01-Jan-97	01-Oct-98	30-Nov-98	1
TRADOC		LEONARD WOOD	MO	Elect	RFP	N/A	02-Jun-97		13-Jul-98	01-Jan-00	1
TRADOC		LEONARD WOOD	MO	Water	RFP	N/A	01-Jun-97			02-Mar-99	1
TRADOC		LEONARD WOOD	MO	Wst Water	RFP	N/A	01-Jun-97			02-Mar-99	1
TRADOC		MONTEREY	CA	Gas	NEGOTIATING	N/A	01-Feb-97	01-Feb-98	01-Dec-98	31-Mar-99	1
TRADOC		SILL	OK	Gas	RFP	N/A	01-Nov-95	01-Jan-97		30-Apr-99	1
TRADOC		STORY	VA	Elect	NEGOTIATING					30-Apr-99	1
USARC		PARKS	CA	Elect	RFP						1
USARC		PARKS	CA	Wst Water	RFP						1
Grand Total											88

APPENDIX D-4

Army Utility Systems under Study to Privatize – Total Inventory

Army Utility Systems under Study to Privatize – Total Inventory

MACOM	Sub	Installation	State	System	Utility Status	RFI Date	Study Start	Study End	RFP Start	Priv Contr Awd Date	Count
AMC	DBOF	ANNISTON AD	AL	Elect	UNDER STUDY	N/A	24-Mar-98	20-Sep-98	19-Dec-98	12-Apr-00	1
AMC	DBOF	ANNISTON AD	AL	Gas	UNDER STUDY	N/A	24-Mar-98	20-Sep-98	19-Dec-98	12-Apr-00	1
AMC	DBOF	ANNISTON AD	AL	Water	UNDER STUDY	N/A	24-Mar-98	20-Sep-98	19-Dec-98	12-Apr-00	1
AMC	DBOF	ANNISTON AD	AL	Wst Water	UNDER STUDY	N/A	24-Mar-98	20-Sep-98	19-Dec-98	12-Apr-00	1
AMC	DBOF	BLUE GRASS AD	KY	Elect	UNDER STUDY	N/A	07-Apr-98	04-Oct-98	02-Jan-99	26-Apr-00	1
AMC	DBOF	BLUE GRASS AD	KY	Water	UNDER STUDY	N/A	07-Apr-98	08-Aug-98	02-Feb-99	01-Oct-99	1
AMC	DBOF	BLUE GRASS AD	KY	Wst Water	UNDER STUDY	N/A	07-Apr-98	08-Aug-98	02-Feb-99	01-Oct-99	1
AMC	DBOF	McALESTER	OK	Elect	UNDER STUDY		swapa				1
AMC	DBOF	McALESTER	OK	Gas	UNDER STUDY	N/A	14-Jul-98	10-Jan-99	10-Apr-99	04-Feb-00	1
AMC	DBOF	McALESTER	OK	Water	UNDER STUDY	N/A	14-Jul-98	10-Jan-99	10-Apr-99	04-Feb-00	1
AMC	DBOF	McALESTER	OK	Wst Water	UNDER STUDY	N/A	14-Jul-98	10-Jan-99	10-Apr-99	04-Feb-00	1
AMC	DBOF	PINE BLUFF ARS	AR	Elect	UNDER STUDY	N/A	22-Sep-98	21-Mar-99	19-Jun-99	14-Apr-00	1
AMC	DBOF	PINE BLUFF ARS	AR	Gas	UNDER STUDY	N/A	22-Sep-98	21-Mar-99	19-Jun-99	14-Apr-00	1
AMC	DBOF	PINE BLUFF ARS	AR	Water	UNDER STUDY	N/A	22-Sep-98	21-Mar-99	19-Jun-99	14-Apr-00	1
AMC	DBOF	PINE BLUFF ARS	AR	Wst Water	UNDER STUDY	N/A	22-Sep-98	21-Mar-99	19-Jun-99	14-Apr-00	1
AMC	DBOF	ROCK IS ARS	IL	Elect	UNDER STUDY	N/A	12-Nov-97	16-Apr-98	15-Jul-98	07-Nov-99	1
AMC	DBOF	ROCK IS ARS	IL	Gas	UNDER STUDY		30-Nov-98	29-May-99	27-Aug-99	19-Dec-00	1
AMC	DBOF	ROCK IS ARS	IL	Water	UNDER STUDY	N/A	12-Nov-97	16-Apr-98	15-Jul-98	07-Nov-99	1
AMC	DBOF	ROCK IS ARS	IL	Wst Water	UNDER STUDY	N/A	12-Nov-97	16-Apr-98	15-Jul-98	07-Nov-99	1
AMC	DBOF	SIERRA AD	NV	Elect	UNDER STUDY		04-Mar-98	01-Jul-98	01-Jan-99	30-Aug-99	1
AMC	DBOF	SIERRA AD	NV	Water	UNDER STUDY	N/A	04-Mar-98	01-Jul-98	01-Jan-99	30-Aug-99	1
AMC	DBOF	SIERRA AD	NV	Wst Water	UNDER STUDY	N/A	04-Mar-98	01-Jul-98	01-Jan-99	30-Aug-99	1
AMC	DBOF	TOBYHANNA AD	PA	Elect	UNDER STUDY	N/A	15-Sep-98	14-Mar-99	12-Jun-99	04-Oct-00	1
AMC	DBOF	TOBYHANNA AD	PA	Water	UNDER STUDY	N/A	15-Sep-98	14-Mar-99	12-Jun-99	04-Oct-00	1
AMC	DBOF	TOBYHANNA AD	PA	Wst Water	UNDER STUDY	N/A	15-Sep-98	14-Mar-99	12-Jun-99	04-Oct-00	1
AMC	DBOF	TOOELE AD	UT	Elect	UNDER STUDY		wapa				1
AMC	DBOF	TOOELE AD	UT	Gas	UNDER STUDY		delayed				1
AMC	DBOF	TOOELE AD	UT	Water	UNDER STUDY		delayed				1
AMC	DBOF	TOOELE AD	UT	Wst Water	UNDER STUDY		delayed				1
AMC	DBOF	WATERVLIET ARS	NY	Elect	UNDER STUDY	N/A	12-May-98	08-Nov-98	06-Feb-99	31-May-00	1

30-Dec-1998

AMC	DBOF	WATERVLIET ARS	NY	Gas	UNDER STUDY	N/A	12-May-98	08-Nov-98	06-Feb-99	31-May-00	1
AMC	DBOF	WATERVLIET ARS	NY	Water	UNDER STUDY	N/A	12-May-98	08-Nov-98	06-Feb-99	31-May-00	1
AMC	DBOF	WATERVLIET ARS	NY	Wst Water	UNDER STUDY	N/A	12-May-98	08-Nov-98	06-Feb-99	31-May-00	1
AMC	OMA	MONMOUTH	NJ	Elect	UNDER STUDY	N/A	09-Mar-98	01-Jul-98	01-Jan-99	29-Oct-99	1
AMC	OMA	MONMOUTH	NJ	Water	UNDER STUDY	N/A	09-Mar-97	01-Jan-98			1
AMC	OMA	MONMOUTH	NJ	Wst Water	UNDER STUDY	N/A	09-Mar-97	01-Jan-98			1
AMC	OMA	REDSTONE ARS	AL	Elect	UNDER STUDY	N/A	15-Dec-97	03-Mar-98	10-Oct-98	10-Jun-99	1
AMC	OMA	REDSTONE ARS	AL	Gas	UNDER STUDY	N/A	15-Dec-97	13-Jun-98	11-Sep-98	04-Jan-00	1
AMC	OMA	REDSTONE ARS	AL	Water	UNDER STUDY	N/A	15-Dec-97	03-Mar-98	10-Oct-98	10-Jun-99	1
AMC	OMA	REDSTONE ARS	AL	Wst Water	UNDER STUDY	N/A	15-Dec-97	03-Mar-98	10-Oct-98	10-Jun-99	1
AMC	OMA	SELFRIDGE	MI	Elect	UNDER STUDY	N/A	09-Jun-98	01-Jul-98	01-Jan-99	30-Aug-99	1
AMC	OMA	SELFRIDGE	MI	Water	UNDER STUDY	N/A	09-Jun-98	01-Jul-98	01-Jan-99	30-Aug-99	1
AMC	OMA	SELFRIDGE	MI	Wst Water	UNDER STUDY	N/A	09-Jun-98	01-Jul-98	01-Jan-99	30-Aug-99	1
AMC	RDTE	ADELPHI LABS	MD	Elect	UNDER STUDY		26-Oct-98				1
AMC	RDTE	ADELPHI LABS	MD	Water	UNDER STUDY	N/A	26-Oct-98				1
AMC	RDTE	ADELPHI LABS	MD	Wst Water	UNDER STUDY	N/A	26-Oct-98				1
AMC	RDTE	DUGWAY PG	UT	Elect	UNDER STUDY	N/A	04-Nov-97	30-Jun-98	09-Sep-98	10-May-99	1
AMC	RDTE	DUGWAY PG	UT	Gas	UNDER STUDY	N/A	04-Nov-97	30-Jun-98	09-Sep-98	10-May-99	1
AMC	RDTE	DUGWAY PG	UT	Water	UNDER STUDY	N/A	04-Nov-97	30-Jun-98	09-Sep-98	10-May-99	1
AMC	RDTE	DUGWAY PG	UT	Wst Water	UNDER STUDY	N/A	04-Nov-97	30-Jun-98	09-Sep-98	10-May-99	1
AMC	RDTE	NATICK RDEC	MA	Elect	UNDER STUDY	N/A	25-Aug-98	21-Feb-99	22-May-99	13-Sep-00	1
AMC	RDTE	PICATINNY ARS	NJ	Elect	UNDER STUDY	N/A	10-Mar-98	06-Jun-98	31-Dec-98	01-Aug-99	1
AMC	RDTE	PICATINNY ARS	NJ	Water	UNDER STUDY	N/A	10-Mar-98	06-Jun-98	31-Dec-98	01-Aug-99	1
AMC	RDTE	PICATINNY ARS	NJ	Wst Water	UNDER STUDY	N/A	10-Mar-98	06-Jun-98	31-Dec-98	01-Aug-99	1
AMC	RDTE	WHITE SANDS MR	NM	Elect	UNDER STUDY	N/A	18-Nov-97	03-Mar-98	09-Sep-98	10-May-99	1
AMC	RDTE	WHITE SANDS MR	NM	Gas	UNDER STUDY	N/A	18-Nov-97	17-May-98	15-Aug-98	08-Dec-99	1
AMC	RDTE	WHITE SANDS MR	NM	Water	UNDER STUDY	N/A	18-Nov-97	03-Mar-98	09-Sep-98	10-May-99	1
AMC	RDTE	WHITE SANDS MR	NM	Wst Water	UNDER STUDY	N/A	18-Nov-97	03-Mar-98	09-Sep-98	10-May-99	1
AMC	RDTE	YUMA PG	AZ	Elect	UNDER STUDY		wapa				1
AMC	RDTE	YUMA PG	AZ	Water	UNDER STUDY	N/A	01-Sep-98	28-Feb-99	29-May-99	20-Sep-00	1
AMC	RDTE	YUMA PG	AZ	Wst Water	UNDER STUDY	N/A	01-Sep-98	28-Feb-99	29-May-99	20-Sep-00	1
AMC	PA	IOWA AAP	IA	Elect	UNDER STUDY	N/A	19-Sep-96				1
AMC	PA	IOWA AAP	IA	Gas	UNDER STUDY	N/A	19-Sep-96				1
FORSCOM		DRUM	NY	Elect	UNDER STUDY	N/A	01-Jan-98	01-Jun-98	01-Mar-99	31-Dec-99	1

FORSCOM		DRUM	NY	Water	UNDER STUDY	N/A	01-Jan-98	01-Jun-98	01-Mar-99	31-Dec-99	1
FORSCOM		DRUM	NY	Wst Water	UNDER STUDY	N/A	01-Jan-98	01-Jun-98	01-Mar-99	31-Dec-99	1
FORSCOM		GILLEM	GA	Water	UNDER STUDY	N/A	01-May-98	01-Nov-98	01-Aug-99	08-Dec-99	1
FORSCOM		GILLEM	GA	Wst Water	UNDER STUDY	N/A	01-May-98	01-Nov-98	01-Aug-99	08-Dec-99	1
FORSCOM		McPHERSON	GA	Water	UNDER STUDY	N/A	01-May-98	01-Nov-98	01-Aug-99	08-Dec-99	1
FORSCOM		McPHERSON	GA	Wst Water	UNDER STUDY	N/A	01-May-98	01-Nov-98	01-Aug-99	08-Dec-99	1
MEDCOM	RDTE	DETRICK	MD	Elect	UNDER STUDY	N/A	01-Jun-98	27-Jan-99	27-Apr-99	19-Aug-00	1
MEDCOM	RDTE	DETRICK	MD	Gas	UNDER STUDY	N/A	01-Jun-98	27-Jan-99	27-Apr-99	19-Aug-00	1
MEDCOM	OMA	SAM HOUSTON	TX	Water	UNDER STUDY	N/A	01-Mar-98	27-Oct-98	25-Jan-99	19-May-00	1
MEDCOM	OMA	SAM HOUSTON	TX	Wst Water	UNDER STUDY	N/A	01-Mar-98	27-Oct-98	25-Jan-99	19-May-00	1
MEDCOM	OMD	WALTER REED	DC	Elect	UNDER STUDY	N/A	01-Jun-98	27-Jan-99	27-Apr-99	19-Aug-00	1
MEDCOM	OMD	WALTER REED	DC	Gas	UNDER STUDY	N/A	01-Jun-98	27-Jan-99	27-Apr-99	19-Aug-00	1
MEDCOM	OMD	WALTER REED	DC	Water	UNDER STUDY	N/A	01-Jun-98	27-Jan-99	27-Apr-99	19-Aug-00	1
MEDCOM	OMD	WALTER REED	DC	Wst Water	UNDER STUDY	N/A	01-Jun-98	27-Jan-99	27-Apr-99	19-Aug-00	1
TRADOC		BENNING	GA	Elect	STUDY COMP					30-Sep-99	1
TRADOC		BENNING	GA	Gas	STUDY COMP					30-Sep-99	1
TRADOC		BENNING	GA	Water	STUDY COMP					30-Sep-99	1
TRADOC		BLISS	TX	Gas	STUDY COMP		01-Jul-97	01-Jan-98	01-Sep-98	30-Jun-99	1
TRADOC		CARLISLE BCKS	PA	Elect	UNDER STUDY	N/A	15-Jun-98	15-Oct-98	02-Feb-99	30-Jun-99	1
TRADOC		CARLISLE BCKS	PA	Gas	UNDER STUDY	N/A	15-Jun-98	15-Oct-98	02-Feb-99	30-Jun-99	1
TRADOC		CARLISLE BCKS	PA	Water	UNDER STUDY	N/A	15-Jun-98	15-Oct-98	02-Feb-99	30-Jun-99	1
TRADOC		CARLISLE BCKS	PA	Wst Water	UNDER STUDY	N/A	15-Jun-98	15-Oct-98	02-Feb-99	30-Jun-99	1
TRADOC		EUSTIS	VA	Elect	STUDY COMP		01-Oct-95	01-Mar-98		30-Sep-99	1
TRADOC		EUSTIS	VA	Water	UNDER STUDY	N/A	07-Nov-98	07-Dec-99		30-Sep-99	1
TRADOC		EUSTIS	VA	Wst Water	UNDER STUDY	N/A	07-Nov-98	07-Dec-99		30-Sep-99	1
TRADOC		GORDON	GA	Elect	UNDER STUDY	N/A	06-Mar-98	01-Sep-98	01-Feb-99	30-Dec-99	1
TRADOC		GORDON	GA	Gas	UNDER STUDY					15-Jan-99	1
TRADOC		HUACHUCA	AZ	Elect	UNDER STUDY	1-Oct-98	20-Jan-98	01-Jun-98	01-Feb-99	31-Mar-00	1
TRADOC		JACKSON	SC	Elect	UNDER STUDY	N/A	03-Nov-98	03-Mar-99	01-Jun-99	31-Dec-99	1
TRADOC		JACKSON	SC	Gas	STUDY COMP					31-Dec-99	1
TRADOC		JACKSON	SC	Water	UNDER STUDY	N/A	03-Nov-98	03-Mar-99	01-Jun-99	31-Dec-99	1
TRADOC		JACKSON	SC	Wst Water	UNDER STUDY	N/A	03-Nov-98	03-Mar-99	01-Jun-99	31-Dec-99	1
TRADOC		KNOX	KY	Gas	UNDER STUDY	N/A	01-Jun-98	01-Oct-98	01-Nov-98	31-Jan-99	1
TRADOC		KNOX	KY	Water	UNDER STUDY	N/A	01-Jun-98	01-Oct-98	30-Dec-98	30-Jun-99	1

TRADOC		LEE	VA	Elect	STUDY COMP	N/A	01-Mar-98	01-Jul-98		31-May-99	1
TRADOC		LEE	VA	Wst Water	STUDY COMP					31-May-99	1
TRADOC		MONROE	VA	Elect	STUDY COMP	N/A	01-Oct-95	01-Mar-97	30-May-97	31-Jan-99	1
TRADOC		MONROE	VA	Gas	UNDER STUDY	N/A	07-Nov-98	07-Dec-99		31-Jan-99	1
TRADOC		MONROE	VA	Water	UNDER STUDY	N/A	07-Nov-98	07-Dec-99		31-Dec-99	1
TRADOC		MONROE	VA	Wst Water	UNDER STUDY	N/A	07-Nov-98	07-Dec-99		31-Dec-99	1
TRADOC		MONTEREY	CA	Elect	STUDY COMP	N/A	01-Feb-97	01-Feb-98	01-Dec-98	31-Mar-99	1
TRADOC		MONTEREY	CA	Water	STUDY COMP	N/A	01-Feb-97	01-Feb-98	01-Dec-98	31-Dec-98	1
TRADOC		MONTEREY	CA	Wst Water	STUDY COMP	N/A	01-Feb-97	01-Feb-98	01-Dec-98	31-Dec-98	1
TRADOC		MONTRY ANNX	CA	Water	STUDY COMP	N/A	01-Jan-98	01-May-98	01-Nov-98	31-Mar-99	1
TRADOC		MONTRY ANNX	CA	Wst Water	STUDY COMP	N/A	01-Jan-98	01-May-98	01-Nov-98	31-Mar-99	1
TRADOC		STORY	VA	Water	UNDER STUDY	N/A	07-Nov-98	07-Dec-99		01-Jan-00	1
TRADOC		STORY	VA	Wst Water	UNDER STUDY	N/A	07-Nov-98	07-Dec-99		01-Jan-00	1
USARC		DIX	NJ	Water	UNDER STUDY	N/A	01-Sep-96	01-Dec-97		31-Oct-00	1
USARC		DIX	NJ	Wst Water	UNDER STUDY					31-Oct-00	1
USARC		McCOY	WI	Water	UNDER STUDY	N/A	01-Apr-99			31-Oct-00	1
USARC		McCOY	WI	Wst Water	UNDER STUDY	N/A	01-Apr-99			31-Oct-00	1
USARC		OAKLAND AB	CA	Elect	UNDER STUDY	N/A	01-Apr-99			31-Oct-00	1
USARC		OAKLAND AB	CA	Gas	UNDER STUDY	N/A	01-Apr-99			31-Oct-00	1
USARC		OAKLAND AB	CA	Water	UNDER STUDY	N/A	01-Apr-99			31-Oct-00	1
USARC		OAKLAND AB	CA	Wst Water	UNDER STUDY	N/A	01-Apr-99			31-Oct-00	1
USARPAC		RICHARDSON	AK	Elect	UNDER STUDY	N/A	04-May-98			01-Jul-01	1
USARPAC		RICHARDSON	AK	Gas	UNDER STUDY					01-Jul-01	1
USARPAC		RICHARDSON	AK	Water	UNDER STUDY					30-Sep-01	1
USARPAC		RICHARDSON	AK	Wst Water	UNDER STUDY					30-Sep-01	1
USARPAC		SCHOFIELD	HI	Elect	UNDER STUDY					01-Jul-01	1
USARPAC		SCHOFIELD	HI	Water	UNDER STUDY					01-Apr-01	1
USARPAC		SCHOFIELD	HI	Wst Water	UNDER STUDY	N/A	01-Jun-97		01-Mar-99	30-Sep-00	1
USARPAC		OAHU	HI	Elect	UNDER STUDY	N/A	01-Mar-98			01-Jul-01	1
USARPAC		OAHU	HI	Water	UNDER STUDY					01-Apr-01	1
USARPAC		OAHU	HI	Wst Water	UNDER STUDY					01-Jan-01	1
USARSO		BUCHANAN	PR	Elect	UNDER STUDY						1
USARSO		BUCHANAN	PR	Water	UNDER STUDY						1
USARSO		BUCHANAN	PR	Wst Water	UNDER STUDY						1

USMA		WEST POINT	NY	Elect	UNDER STUDY					30-Oct-99	1
USMA		WEST POINT	NY	Gas	UNDER STUDY					30-Mar-00	1
USMA		WEST POINT	NY	Water	UNDER STUDY					30-Jun-00	1
USMA		WEST POINT	NY	Wst Water	UNDER STUDY					30-Sep-00	1
Grand Total											136

APPENDIX D-5

Army Utility Systems Requiring Study to Privatize – Total Inventory

Army Utility Systems Requiring Study to Privatize – Total Inventory

MACOM	Sub	Installation	State	System	Utility Status	RFI Date	Study Start	Study End	RFP Start	Priv Contr Awd Date	Count
AMC	DBOF	HAWTHORNE AD	NV	Elect	STUDY REQD		11-Jan-99				1
AMC	DBOF	HAWTHORNE AD	NV	Gas	STUDY REQD		11-Jan-99				1
AMC	DBOF	HAWTHORNE AD	NV	Water	STUDY REQD		11-Jan-99				1
AMC	DBOF	HAWTHORNE AD	NV	Wst Water	STUDY REQD		11-Jan-99				1
AMC	DBOF	RED RIVER AD	TX	Elect	STUDY REQD		02-Jan-99	01-Jul-99	31-Jul-99	26-May-00	1
AMC	DBOF	RED RIVER AD	TX	Gas	STUDY REQD		02-Jan-99	01-Jul-99	31-Jul-99	26-May-00	1
AMC	DBOF	RED RIVER AD	TX	Water	STUDY REQD		02-Jan-99	01-Jul-99	31-Jul-99	26-May-00	1
AMC	DBOF	RED RIVER AD	TX	Wst Water	STUDY REQD		02-Jan-99	01-Jul-99	31-Jul-99	26-May-00	1
AMC	OMA	DETROIT ARS	MI	Elect	STUDY REQD		19-Jul-99	15-Jan-00	14-Apr-00	07-Aug-01	1
AMC	OMA	DETROIT ARS	MI	Gas	STUDY REQD		19-Jul-99	15-Jan-00	14-Apr-00	07-Aug-01	1
AMC	OMA	DETROIT ARS	MI	Water	STUDY REQD		19-Jul-99	15-Jan-00	14-Apr-00	07-Aug-01	1
AMC	OMA	DETROIT ARS	MI	Wst Water	STUDY REQD	N/A	19-Jul-99	15-Jan-00	14-Apr-00	07-Aug-01	1
AMC	OMA	SELFRIDGE	MI	Gas	STUDY REQD		19-Jun-99	16-Dec-99	15-Mar-00	08-Jul-01	1
AMC	RDTE	ABERDEEN PG	MD	Elect	STUDY REQD		11-Sep-99	09-Mar-00	07-Jun-00	30-Sep-01	1
AMC	RDTE	NATICK RDEC	MA	Gas	STUDY REQD		16-Aug-99	12-Feb-00	12-May-00	04-Sep-01	1
AMC	RDTE	NATICK RDEC	MA	Water	STUDY REQD		16-Aug-99	12-Feb-00	12-May-00	04-Sep-01	1
AMC	RDTE	NATICK RDEC	MA	Wst Water	STUDY REQD		16-Aug-99	12-Feb-00	12-May-00	04-Sep-01	1
AMC	PA	HOLSTON AAP	TN	Elect	STUDY REQD		08-Feb-99				1
AMC	PA	HOLSTON AAP	TN	Gas	STUDY REQD		08-Feb-99				1
AMC	PA	HOLSTON AAP	TN	Water	STUDY REQD		08-Feb-99				1
AMC	PA	HOLSTON AAP	TN	Wst Water	STUDY REQD		08-Feb-99				1
AMC	PA	IOWA AAP	IA	Water	STUDY REQD		08-Mar-99				1
AMC	PA	IOWA AAP	IA	Wst Water	STUDY REQD		08-Mar-99				1
AMC	PA	LAKE CITY AAP	MO	Elect	STUDY REQD		17-Mar-99				1
AMC	PA	LAKE CITY AAP	MO	Gas	STUDY REQD		17-Mar-99				1
AMC	PA	LAKE CITY AAP	MO	Water	STUDY REQD		17-Mar-99				1

30-Dec-1998

AMC	PA	LAKE CITY AAP	MO	Wst Water	STUDY REQD		17-Mar-99				1
AMC	PA	LIMA ATP	OH	Elect	STUDY REQD		14-Jun-99				1
AMC	PA	LIMA ATP	OH	Gas	STUDY REQD		14-Jun-99				1
AMC	PA	LIMA ATP	OH	Water	STUDY REQD		14-Jun-99				1
AMC	PA	LIMA ATP	OH	Wst Water	STUDY REQD		14-Jun-99				1
AMC	PA	LONE STAR AAP	TX	Elect	STUDY REQD		02-Jan-99				1
AMC	PA	LONE STAR AAP	TX	Gas	STUDY REQD		02-Jan-99				1
AMC	PA	LONE STAR AAP	TX	Water	STUDY REQD		02-Jan-99				1
AMC	PA	LONE STAR AAP	TX	Wst Water	STUDY REQD		02-Jan-99				1
AMC	PA	MILAN AAP	TN	Elect	STUDY REQD		19-Apr-99				1
AMC	PA	MILAN AAP	TN	Water	STUDY REQD		19-Apr-99				1
AMC	PA	MILAN AAP	TN	Wst Water	STUDY REQD		19-Apr-99				1
AMC	PA	RADFORD AAP	VA	Elect	STUDY REQD		29-Mar-99				1
AMC	PA	RADFORD AAP	VA	Gas	STUDY REQD		29-Mar-99				1
AMC	PA	RADFORD AAP	VA	Water	STUDY REQD		29-Mar-99				1
AMC	PA	RADFORD AAP	VA	Wst Water	STUDY REQD		29-Mar-99				1
EUSA		UIJONGBU AREA DPW	KOR	Elect	STUDY REQD						1
EUSA		UIJONGBU AREA DPW	KOR	Elect	STUDY REQD						1
EUSA		UIJONGBU AREA DPW	KOR	Elect	STUDY REQD						1
EUSA		UIJONGBU AREA DPW	KOR	Elect	STUDY REQD						1
EUSA		UIJONGBU AREA DPW	KOR	Elect	STUDY REQD						1
EUSA		UIJONGBU AREA DPW	KOR	Elect	STUDY REQD						1
EUSA		UIJONGBU AREA DPW	KOR	Elect	STUDY REQD						1
EUSA		UIJONGBU AREA DPW	KOR	Water	STUDY REQD						1

EUSA		UIJONGBU AREA DPW	KOR	Water	STUDY REQD						1
EUSA		UIJONGBU AREA DPW	KOR	Water	STUDY REQD						1
EUSA		UIJONGBU AREA DPW	KOR	Water	STUDY REQD						1
EUSA		UIJONGBU AREA DPW	KOR	Water	STUDY REQD						1
EUSA		UIJONGBU AREA DPW	KOR	Water	STUDY REQD						1
EUSA		UIJONGBU AREA DPW	KOR	Water	STUDY REQD						1
EUSA		UIJONGBU AREA DPW	KOR	Wst Water	STUDY REQD						1
EUSA		UIJONGBU AREA DPW	KOR	Wst Water	STUDY REQD						1
EUSA		UIJONGBU AREA DPW	KOR	Wst Water	STUDY REQD						1
EUSA		UIJONGBU AREA DPW	KOR	Wst Water	STUDY REQD						1
EUSA		UIJONGBU AREA DPW	KOR	Wst Water	STUDY REQD						1
EUSA		UIJONGBU AREA DPW	KOR	Wst Water	STUDY REQD						1
EUSA		UIJONGBU AREA DPW	KOR	Wst Water	STUDY REQD						1
EUSA		CAMP CASEY DPW	KOR	Elect	STUDY REQD						1
EUSA		CAMP CASEY DPW	KOR	Elect	STUDY REQD						1
EUSA		CAMP CASEY DPW	KOR	Elect	STUDY REQD						1
EUSA		CAMP CASEY DPW	KOR	Water	STUDY REQD						1
EUSA		CAMP CASEY DPW	KOR	Water	STUDY REQD						1
EUSA		CAMP CASEY	KOR	Water	STUDY REQD						1

		DPW									
EUSA		CAMP CASEY DPW	KOR	Wst Water	STUDY REQD						1
EUSA		CAMP CASEY DPW	KOR	Wst Water	STUDY REQD						1
EUSA		CAMP CASEY DPW	KOR	Wst Water	STUDY REQD						1
EUSA		CAMP GIANT DPW	KOR	Elect	STUDY REQD						1
EUSA		CAMP GIANT DPW	KOR	Elect	STUDY REQD						1
EUSA		CAMP GIANT DPW	KOR	Elect	STUDY REQD						1
EUSA		CAMP GIANT DPW	KOR	Elect	STUDY REQD						1
EUSA		CAMP GIANT DPW	KOR	Elect	STUDY REQD						1
EUSA		CAMP GIANT DPW	KOR	Elect	STUDY REQD						1
EUSA		CAMP GIANT DPW	KOR	Elect	STUDY REQD						1
EUSA		CAMP GIANT DPW	KOR	Elect	STUDY REQD						1
EUSA		CAMP GIANT DPW	KOR	Water	STUDY REQD						1
EUSA		CAMP GIANT DPW	KOR	Water	STUDY REQD						1
EUSA		CAMP GIANT DPW	KOR	Water	STUDY REQD						1
EUSA		CAMP GIANT DPW	KOR	Water	STUDY REQD						1
EUSA		CAMP GIANT DPW	KOR	Water	STUDY REQD						1
EUSA		CAMP GIANT DPW	KOR	Water	STUDY REQD						1
EUSA		CAMP GIANT DPW	KOR	Water	STUDY REQD						1

EUSA		CAMP GIANT DPW	KOR	Water	STUDY REQD						1
EUSA		CAMP GIANT DPW	KOR	Wst Water	STUDY REQD						1
EUSA		CAMP GIANT DPW	KOR	Wst Water	STUDY REQD						1
EUSA		CAMP GIANT DPW	KOR	Wst Water	STUDY REQD						1
EUSA		CAMP GIANT DPW	KOR	Wst Water	STUDY REQD						1
EUSA		CAMP GIANT DPW	KOR	Wst Water	STUDY REQD						1
EUSA		CAMP GIANT DPW	KOR	Wst Water	STUDY REQD						1
EUSA		CAMP GIANT DPW	KOR	Wst Water	STUDY REQD						1
EUSA		CAMP GIANT DPW	KOR	Wst Water	STUDY REQD						1
EUSA		YONGSAN DPW	KOR	Elect	STUDY REQD						1
EUSA		YONGSAN DPW	KOR	Elect	STUDY REQD						1
EUSA		YONGSAN DPW	KOR	Elect	STUDY REQD						1
EUSA		YONGSAN DPW	KOR	Elect	STUDY REQD						1
EUSA		YONGSAN DPW	KOR	Elect	STUDY REQD						1
EUSA		YONGSAN DPW	KOR	Elect	STUDY REQD						1
EUSA		YONGSAN DPW	KOR	Gas	STUDY REQD						1
EUSA		YONGSAN DPW	KOR	Water	STUDY REQD						1
EUSA		YONGSAN DPW	KOR	Water	STUDY REQD						1
EUSA		YONGSAN DPW	KOR	Water	STUDY REQD						1
EUSA		YONGSAN DPW	KOR	Water	STUDY REQD						1
EUSA		YONGSAN DPW	KOR	Water	STUDY REQD						1
EUSA		YONGSAN DPW	KOR	Water	STUDY REQD						1
EUSA		YONGSAN DPW	KOR	Wst Water	STUDY REQD						1
EUSA		YONGSAN DPW	KOR	Wst Water	STUDY REQD						1
EUSA		YONGSAN DPW	KOR	Wst Water	STUDY REQD						1
EUSA		YONGSAN DPW	KOR	Wst Water	STUDY REQD						1
EUSA		YONGSAN DPW	KOR	Wst Water	STUDY REQD						1

EUSA		YONGSAN DPW	KOR	Wst Water	STUDY REQD						1
EUSA		CP HUMPHREY DPW	KOR	Elect	STUDY REQD						1
EUSA		CP HUMPHREY DPW	KOR	Elect	STUDY REQD						1
EUSA		CP HUMPHREY DPW	KOR	Elect	STUDY REQD						1
EUSA		CP HUMPHREY DPW	KOR	Water	STUDY REQD						1
EUSA		CP HUMPHREY DPW	KOR	Water	STUDY REQD						1
EUSA		CP HUMPHREY DPW	KOR	Water	STUDY REQD						1
EUSA		CP HUMPHREY DPW	KOR	Wst Water	STUDY REQD						1
EUSA		CP HUMPHREY DPW	KOR	Wst Water	STUDY REQD						1
EUSA		CP HUMPHREY DPW	KOR	Wst Water	STUDY REQD						1
EUSA		TAEGU AREA DPW	KOR	Elect	STUDY REQD						1
EUSA		TAEGU AREA DPW	KOR	Elect	STUDY REQD						1
EUSA		TAEGU AREA DPW	KOR	Elect	STUDY REQD						1
EUSA		TAEGU AREA DPW	KOR	Elect	STUDY REQD						1
EUSA		TAEGU AREA DPW	KOR	Water	STUDY REQD						1
EUSA		TAEGU AREA DPW	KOR	Water	STUDY REQD						1
EUSA		TAEGU AREA DPW	KOR	Water	STUDY REQD						1
EUSA		TAEGU AREA DPW	KOR	Water	STUDY REQD						1
EUSA		TAEGU AREA DPW	KOR	Wst Water	STUDY REQD						1

EUSA		TAEGU AREA DPW	KOR	Wst Water	STUDY REQD						1
EUSA		TAEGU AREA DPW	KOR	Wst Water	STUDY REQD						1
EUSA		TAEGU AREA DPW	KOR	Wst Water	STUDY REQD						1
EUSA		CP HIALEAH DPW	KOR	Elect	STUDY REQD						1
EUSA		CP HIALEAH DPW	KOR	Elect	STUDY REQD						1
EUSA		CP HIALEAH DPW	KOR	Elect	STUDY REQD						1
EUSA		CP HIALEAH DPW	KOR	Elect	STUDY REQD						1
EUSA		CP HIALEAH DPW	KOR	Elect	STUDY REQD						1
EUSA		CP HIALEAH DPW	KOR	Water	STUDY REQD						1
EUSA		CP HIALEAH DPW	KOR	Water	STUDY REQD						1
EUSA		CP HIALEAH DPW	KOR	Water	STUDY REQD						1
EUSA		CP HIALEAH DPW	KOR	Water	STUDY REQD						1
EUSA		CP HIALEAH DPW	KOR	Water	STUDY REQD						1
EUSA		CP HIALEAH DPW	KOR	Wst Water	STUDY REQD						1
EUSA		CP HIALEAH DPW	KOR	Wst Water	STUDY REQD						1
EUSA		CP HIALEAH DPW	KOR	Wst Water	STUDY REQD						1
EUSA		CP HIALEAH DPW	KOR	Wst Water	STUDY REQD						1
EUSA		CP HIALEAH DPW	KOR	Wst Water	STUDY REQD						1
FORSCOM		VANCOUVER	WA	Elect	STUDY REQD						1

		BKS									
FORSCOM		VANCOUVER BKS	WA	Gas	STUDY REQD						1
FORSCOM		VANCOUVER BKS	WA	Water	STUDY REQD						1
FORSCOM		VANCOUVER BKS	WA	Wst Water	STUDY REQD						1
MTMC		SUNNY POINT	NC	Elect	STUDY REQD						1
MTMC		SUNNY POINT	NC	Gas	STUDY REQD						1
MTMC		SUNNY POINT	NC	Water	STUDY REQD						1
MTMC		SUNNY POINT	NC	Wst Water	STUDY REQD						1
NATIONAL GUARD		CAMP ROBERTS	CA	Elect	STUDY REQD						1
NATIONAL GUARD		CAMP ROBERTS	CA	Water	STUDY REQD						1
NATIONAL GUARD		CAMP ROBERTS	CA	Wst Water	STUDY REQD						1
NATIONAL GUARD		FT ALLEN	PR	Elect	STUDY REQD						1
NATIONAL GUARD		FT ALLEN	PR	Water	STUDY REQD						1
NATIONAL GUARD		FT ALLEN	PR	Wst Water	STUDY REQD						1
NATIONAL GUARD		LOS ALMITOS	CA	Elect	STUDY REQD						1
NATIONAL GUARD		LOS ALMITOS	CA	Gas	STUDY REQD						1
NATIONAL GUARD		LOS ALMITOS	CA	Water	STUDY REQD						1
NATIONAL GUARD		LOS ALMITOS	CA	Wst Water	STUDY REQD						1
NATIONAL GUARD		CAMP DAWSON	WV	Elect	STUDY REQD						1
NATIONAL GUARD		CAMP DAWSON	WV	Water	STUDY REQD						1
NATIONAL GUARD		CAMP DAWSON	WV	Wst Water	STUDY REQD						1

NATIONAL GUARD		CAMP McCAIN	MS	Elect	STUDY REQD						1
NATIONAL GUARD		CAMP McCAIN	MS	Water	STUDY REQD						1
NATIONAL GUARD		CAMP McCAIN	MS	Wst Water	STUDY REQD						1
NATIONAL GUARD		CAMP GRUBER	OK	Elect	STUDY REQD						1
NATIONAL GUARD		CAMP GRUBER	OK	Water	STUDY REQD						1
NATIONAL GUARD		CAMP GRUBER	OK	Wst Water	STUDY REQD						1
NATIONAL GUARD		CAMP SANTIAGO	PR	Elect	STUDY REQD						1
NATIONAL GUARD		CAMP SANTIAGO	PR	Water	STUDY REQD						1
NATIONAL GUARD		CAMP SANTIAGO	PR	Wst Water	STUDY REQD						1
NATIONAL GUARD		FT MCCLELLAN	AL	Elect	STUDY REQD						1
NATIONAL GUARD		FT MCCLELLAN	AL	Gas	STUDY REQD						1
NATIONAL GUARD		FT MCCLELLAN	AL	Water	STUDY REQD						1
NATIONAL GUARD		FT MCCLELLAN	AL	Wst Water	STUDY REQD						1
NATIONAL GUARD		FT INDIANTOWN GAP		Elect	STUDY REQD						1
NATIONAL GUARD		FT INDIANTOWN GAP		Gas	STUDY REQD						1
NATIONAL GUARD		FT INDIANTOWN GAP		Water	STUDY REQD						1
NATIONAL GUARD		FT INDIANTOWN GAP		Wst Water	STUDY REQD						1
SMDC		MICKELSON	ND	Elect	STUDY REQD						1
SMDC		MICKELSON	ND	Gas	STUDY REQD						1
SMDC		MICKELSON	ND	Water	STUDY REQD						1

SMDC		MICKELSON	ND	Wst Water	STUDY REQD						1
TRADOC		BENNING	GA	Wst Water	STUDY REQD					30-Sep-99	1
TRADOC		BLISS	TX	Elect	STUDY REQD		01-Jan-99	30-Jun-99	30-Jul-99	26-Mar-00	1
TRADOC		BLISS	TX	Water	STUDY REQD		01-Jan-99	30-Jun-99	30-Jul-99	26-Mar-00	1
TRADOC		BLISS	TX	Wst Water	STUDY REQD		01-Jan-99	30-Jun-99	30-Jul-99	26-Mar-00	1
TRADOC		KNOX	KY	Wst Water	STUDY REQD					30-Jun-99	1
TRADOC		LEAVENWORTH	KS	Wst Water	STUDY REQD	N/A	01-Oct-95	01-Oct-97		31-Jan-00	1
TRADOC		SILL	OK	Water	STUDY REQD		01-Dec-98	30-May-99	28-Aug-99	25-Mar-00	1
TRADOC		SILL	OK	Wst Water	STUDY REQD		01-Dec-98	30-May-99	28-Aug-99	25-Mar-00	1
USARC		HUNTER-LIGGETT	CA	Elect	STUDY REQD						1
USARC		HUNTER-LIGGETT	CA	Gas	STUDY REQD						1
USARC		HUNTER-LIGGETT	CA	Water	STUDY REQD						1
USARC		HUNTER-LIGGETT	CA	Wst Water	STUDY REQD						1
USAREUR		STUTTGART	GE	Elect	STUDY REQD						1
USAREUR		STUTTGART	GE	Elect	STUDY REQD						1
USAREUR		STUTTGART	GE	Elect	STUDY REQD						1
USAREUR		STUTTGART	GE	Elect	STUDY REQD						1
USAREUR		STUTTGART	GE	Elect	STUDY REQD						1
USAREUR		STUTTGART	GE	Elect	STUDY REQD						1
USAREUR		STUTTGART	GE	Elect	STUDY REQD						1
USAREUR		STUTTGART	GE	Elect	STUDY REQD						1
USAREUR		STUTTGART	GE	Elect	STUDY REQD						1
USAREUR		STUTTGART	GE	Elect	STUDY REQD						1
USAREUR		STUTTGART	GE	Elect	STUDY REQD						1
USAREUR		STUTTGART	GE	Elect	STUDY REQD						1
USAREUR		STUTTGART	GE	Elect	STUDY REQD						1
USAREUR		STUTTGART	GE	Elect	STUDY REQD						1
USAREUR		STUTTGART	GE	Elect	STUDY REQD						1
USAREUR		STUTTGART	GE	Elect	STUDY REQD						1
USAREUR		STUTTGART	GE	Gas	STUDY REQD						1
USAREUR		STUTTGART	GE	Gas	STUDY REQD						1
USAREUR		STUTTGART	GE	Gas	STUDY REQD						1

USAREUR		STUTTGART	GE	Gas	STUDY REQD						1
USAREUR		STUTTGART	GE	Gas	STUDY REQD						1
USAREUR		STUTTGART	GE	Gas	STUDY REQD						1
USAREUR		STUTTGART	GE	Water	STUDY REQD						1
USAREUR		STUTTGART	GE	Water	STUDY REQD						1
USAREUR		STUTTGART	GE	Water	STUDY REQD						1
USAREUR		STUTTGART	GE	Water	STUDY REQD						1
USAREUR		STUTTGART	GE	Water	STUDY REQD						1
USAREUR		STUTTGART	GE	Water	STUDY REQD						1
USAREUR		STUTTGART	GE	Water	STUDY REQD						1
USAREUR		STUTTGART	GE	Water	STUDY REQD						1
USAREUR		STUTTGART	GE	Water	STUDY REQD						1
USAREUR		STUTTGART	GE	Water	STUDY REQD						1
USAREUR		STUTTGART	GE	Water	STUDY REQD						1
USAREUR		STUTTGART	GE	Wst Water	STUDY REQD						1
USAREUR		STUTTGART	GE	Wst Water	STUDY REQD						1
USAREUR		STUTTGART	GE	Wst Water	STUDY REQD						1
USAREUR		STUTTGART	GE	Wst Water	STUDY REQD						1
USAREUR		STUTTGART	GE	Wst Water	STUDY REQD						1
USAREUR		STUTTGART	GE	Wst Water	STUDY REQD						1
USAREUR		STUTTGART	GE	Wst Water	STUDY REQD						1
USAREUR		STUTTGART	GE	Wst Water	STUDY REQD						1
USAREUR		STUTTGART	GE	Wst Water	STUDY REQD						1
USAREUR		VICENZA	IT	Elect	STUDY REQD						1
USAREUR		VICENZA	IT	Elect	STUDY REQD						1
USAREUR		VICENZA	IT	Elect	STUDY REQD						1
USAREUR		VICENZA	IT	Elect	STUDY REQD						1
USAREUR		VICENZA	IT	Elect	STUDY REQD						1
USAREUR		VICENZA	IT	Elect	STUDY REQD						1
USAREUR		VICENZA	IT	Elect	STUDY REQD						1
USAREUR		VICENZA	IT	Elect	STUDY REQD						1
USAREUR		VICENZA	IT	Elect	STUDY REQD						1

USAREUR		VICENZA	IT	Elect	STUDY REQD						1
USAREUR		VICENZA	IT	Water	STUDY REQD						1
USAREUR		VICENZA	IT	Water	STUDY REQD						1
USAREUR		VICENZA	IT	Water	STUDY REQD						1
USAREUR		VICENZA	IT	Water	STUDY REQD						1
USAREUR		VICENZA	IT	Water	STUDY REQD						1
USAREUR		VICENZA	IT	Water	STUDY REQD						1
USAREUR		VICENZA	IT	Water	STUDY REQD						1
USAREUR		VICENZA	IT	Water	STUDY REQD						1
USAREUR		VICENZA	IT	Water	STUDY REQD						1
USAREUR		VICENZA	IT	Water	STUDY REQD						1
USAREUR		VICENZA	IT	Wst Water	STUDY REQD						1
USAREUR		VICENZA	IT	Wst Water	STUDY REQD						1
USAREUR		VICENZA	IT	Wst Water	STUDY REQD						1
USAREUR		VICENZA	IT	Wst Water	STUDY REQD						1
USAREUR		VICENZA	IT	Wst Water	STUDY REQD						1
USAREUR		VICENZA	IT	Wst Water	STUDY REQD						1
USAREUR		VICENZA	IT	Wst Water	STUDY REQD						1
USAREUR		VICENZA	IT	Wst Water	STUDY REQD						1
USAREUR		VICENZA	IT	Wst Water	STUDY REQD						1
USAREUR		HEIDELBERG	GE	Elect	STUDY REQD						1
USAREUR		HEIDELBERG	GE	Elect	STUDY REQD						1
USAREUR		HEIDELBERG	GE	Elect	STUDY REQD						1
USAREUR		HEIDELBERG	GE	Elect	STUDY REQD						1
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USAREUR		HANAU	GE	Water	STUDY REQD						1
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USAREUR		HANAU	GE	Wst Water	STUDY REQD						1
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USAREUR		HANAU	GE	Wst Water	STUDY REQD							1
USAREUR		HANAU	GE	Wst Water	STUDY REQD							1
USAREUR		CHIEVRES	BEL	Elect	STUDY REQD							1
USAREUR		CHIEVRES	BEL	Elect	STUDY REQD							1
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USAREUR		CHIEVRES	BEL	Gas	STUDY REQD						1
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USAREUR		CHIEVRES	BEL	Gas	STUDY REQD						1
USAREUR		CHIEVRES	BEL	Gas	STUDY REQD						1
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USAREUR		CHIEVRES	BEL	Wst Water	STUDY REQD						1
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USAREUR		CHIEVRES	BEL	Wst Water	STUDY REQD						1
USAREUR		CHIEVRES	BEL	Wst Water	STUDY REQD						1
USAREUR		CHIEVRES	BEL	Wst Water	STUDY REQD						1
USAREUR		CHIEVRES	BEL	Wst Water	STUDY REQD						1
USAREUR		CHIEVRES	BEL	Wst Water	STUDY REQD						1
USAREUR		CHIEVRES	BEL	Wst Water	STUDY REQD						1
USAREUR		CHIEVRES	BEL	Wst Water	STUDY REQD						1
USAREUR		CHIEVRES	BEL	Wst Water	STUDY REQD						1
USAREUR		CHIEVRES	BEL	Wst Water	STUDY REQD						1
USARPAC		HAWAII	HI	Elect	STUDY REQD					30-Sep-00	1
USARPAC		HAWAII	HI	Water	STUDY REQD					30-Sep-00	1
USARPAC		GREELY	AK	Elect	STUDY REQD						1
USARPAC		GREELY	AK	Water	STUDY REQD						1
USARPAC		OKINAWA	JP	Elect	STUDY REQD						1
USARPAC		OKINAWA	JP	Water	STUDY REQD						1
USARPAC		OKINAWA	JP	Wst Water	STUDY REQD						1
USARPAC		TOKYO	JP	Elect	STUDY REQD						1
USARPAC		TOKYO	JP	Water	STUDY REQD						1
USARPAC		TOKYO	JP	Wst Water	STUDY REQD						1
USARPAC		KURE	JP	Elect	STUDY REQD						1
USARPAC		KURE	JP	Water	STUDY REQD						1
USARPAC		KURE	JP	Wst Water	STUDY REQD						1
Grand Total											795

APPENDIX E – SAMPLE MANAGEMENT REPORTS

Privatization Status Report

MACOM	Utility Type	Privatized	Under Study	Completed Study	RFP Issued	Contract Awarded	Property Conveyed	Easement Granted
AMC	EL		16					
AMC	NG	6	8					
AMC	PW	1	12	1		1		
AMC	WW	1	12	1		1		
	AMC Total	8	47	2		2		
EUSA	EL							
EUSA	NG							
EUSA	PW							
EUSA	WW							
	EUSA Total							
FORSCOM	EL		1		12			
FORSCOM	NG	3			12			
FORSCOM	PW		1		13			
FORSCOM	WW		1		12			
	FORSCOM Total	3	3		49			
MDW	EL				6			
MDW	NG	2			3			
MDW	PW				4			
MDW	WW				4			
	MDW Total	2			17			
MEDCOM	EL		2					
MEDCOM	NG		2					
MEDCOM	PW		2		1			
MEDCOM	WW		2		1			
	MEDCOM Total		6		2			
MTMC	EL		1					
MTMC	PW		1					
MTMC	WW							
	MTMC Total		2					
NAT GUARD	EL							
NAT GUARD	NG							
NAT GUARD	PW	1						
NAT GUARD	WW							
	NAT GUARD Total	1						
SMDC	EL		1					
SMDC	NG		1					
SMDC	PW		1					
SMDC	WW		1					
	SMDC Total		4					
TRADOC	EL	1	6	6	2	1	1	1
TRADOC	NG	4	4	3	1	1	1	1
TRADOC	PW		7	3	1			
TRADOC	WW		7	3	1			
	TRADOC Total	5	23	14	5	2	2	2
USARC	EL	3			1			
USARC	NG	6						
USARC	PW	3	2					
USARC	WW	3	2					

USARC Total		14	4		1			
USAREUR	EL	18	116			18		
USAREUR	NG	9	33			9		
USAREUR	PW	5	122			5		
USAREUR	WW	3	124			3		
USAREUR Total		35	395			35		
USARPAC	EL		3				1	
USARPAC	NG		1					
USARPAC	PW		3					
USARPAC	WW		3					
USARPAC Total			10				1	
USARSO	EL		1					
USARSO	PW		1					
USARSO	WW		1					
USARSO Total			3					
USMA	EL		1					
USMA	NG		1					
USMA	PW		1					
USMA	WW		1					
USMA Total			4					
Army	EL	22	148	5	21	19	2	1
Army	NG	29	50	3	16	10	1	1
Army	PW	10	153	4	19	6		
Army	WW	7	154	4	18	4		
Army Total		68	503	16	74	39	3	2

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PRV Initiative

MACOM	Sub Command	Management Organization	Installation Name	Utility Type	Competitive Initiative?	Utility Status	Target FY
MDW			A.P. HILL	EL	Yes	RFP	2000
MDW			A.P. HILL	PW	Yes	Not Economical	1999
MDW			A.P. HILL	WW	Yes	Not Economical	1999
MDW			BELVOIR	EL	Yes	RFP	2000
MDW			BELVOIR	NG	No	Privatized	
MDW			BELVOIR	PW	Yes	RFP	2000
MDW			BELVOIR	WW	Yes	RFP	2000
MDW			HAMILTON	EL	Yes	RFP	1999
MDW			HAMILTON	NG	Yes	RFP	1999
MDW			HAMILTON	PW	Yes	RFP	1999
MDW			HAMILTON	WW	Yes	RFP	1999
MDW			McNAIR	EL	Yes	RFP	2000
MDW			McNAIR	NG		RFP	2000
MDW			McNAIR	PW	Yes	RFP	2000
MDW			McNAIR	WW	Yes	RFP	2000
MDW			MEADE	EL	Yes	RFP	2000
MDW			MEADE	NG	No	Negotiating	1998
MDW			MEADE	PW	No	Negotiating	1998
MDW			MEADE	WW	No	Negotiating	1998
MDW			MYER	EL	Yes	RFP	2000
MDW			MYER	NG	No	Privatized	
MDW			MYER	PW	Yes	RFP	2000
MDW			MYER	WW	Yes	RFP	2000

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Utility Environmental Status Report

Report Menu

MACOM	Sub Command	Management Organization	Installation	Utility	Latest Event	Status	EBS Needed	EBS Date	NEPA Document	NEPA Initiated Date	NEPA Completed Date	Documented Problems
FORSCOM			BRAGG	EL	NEPA Completed	RFP	Yes		UNK	4/4/98	10/16/98	None
FORSCOM			BRAGG	NG	NEPA Completed	RFP	No		CX	4/4/98	10/16/98	None
FORSCOM			BRAGG	PW	NEPA Completed	RFP	Yes		UNK	4/4/98	10/16/98	None
FORSCOM			BRAGG	WW	NEPA Completed	RFP	Yes		UNK	4/4/98	10/16/98	None
FORSCOM			CAMPBELL	EL	Decision Package Sent to DA by MACOM	Not Economical	Yes		EA			None
FORSCOM			CAMPBELL	NG	Compete/Sole Source Decision Made by Installation	RFP	Yes		EA			None
FORSCOM			CAMPBELL	PW	Compete/Sole Source Decision Made by Installation	RFP	Yes		EA			None
FORSCOM			CAMPBELL	WW	Compete/Sole Source Decision Made by Installation	RFP	Yes		EA			None
FORSCOM			CARSON	EL	Environmental Baseline Study Completed	RFP	Yes		UNK	1/25/99	10/16/98	None
FORSCOM			CARSON	NG	Environmental Baseline Study Completed	RFP	Yes		UNK	1/25/99	10/16/98	None
FORSCOM			CARSON	PW	Environmental Baseline Study Completed	RFP	Yes		UNK	1/25/99	10/16/98	None
FORSCOM			CARSON	WW		Not Economical	No		UNK			None
FORSCOM			DRUM	EL	Privitization Announced	RFP	Yes		EA			None
FORSCOM			DRUM	NG	Solicitation Issued	RFP	No		EIS			None
FORSCOM			DRUM	PW	Privitization Announced	RFP	Yes		EA			None
FORSCOM			DRUM	WW	Privitization Announced	RFP	Yes		EA			None
FORSCOM			GILLEM	EL	Request to Convey to District Engineer	RFP	Yes		EA	5/4/98		None
FORSCOM			GILLEM	NG	Environmental Baseline Study Completed	RFP	Yes		UNK			None
FORSCOM			GILLEM	PW	Privitization Announced	RFP	Yes		EA			None
FORSCOM			GILLEM	WW	Privitization Announced	RFP	Yes		EA			None
FORSCOM			HOOD	EL	Privitization Decision	RFP	Yes		UNK			None

			Made					
FORSCOM	HOOD	NG	Privitization Decision Made	RFP	Yes	UNK		None
FORSCOM	HOOD	PW	Privitization Decision Made	RFP	Yes	UNK		None
FORSCOM	HOOD	WW	Privitization Decision Made	RFP	Yes	UNK		None
FORSCOM	HUNTER AAF	EL	Compete/Sole Source Decision Made by Installation	RFP	No	UNK		None
FORSCOM	HUNTER AAF	NG	Compete/Sole Source Decision Made by Installation	RFP	No	UNK		None
FORSCOM	HUNTER AAF	PW	Compete/Sole Source Decision Made by Installation	RFP	No	UNK		None
FORSCOM	HUNTER AAF	WW	Compete/Sole Source Decision Made by Installation	RFP	Yes	UNK		None
FORSCOM	IRWIN	EL	NEPA Completed	RFP	No	CX	8/1/96 2/12/97	None
FORSCOM	IRWIN	NG	Privitization Decision Made	RFP	Yes	UNK		None
FORSCOM	IRWIN	PW	Privitization Decision Made	RFP	Yes	UNK		None
FORSCOM	IRWIN	WW	Pnvitization Decision Made	RFP	No	UNK		None
FORSCOM	LEWIS	EL	Environmental Baseline Study Completed	RFP	Yes	EA	9/30/98	None
FORSCOM	LEWIS	NG		Privatized	No	UNK		None
FORSCOM	LEWIS	PW	Environmental Baseline Study Completed	RFP	Yes	EA	9/4/98	None
FORSCOM	LEWIS	WW	Environmental Baseline Study Completed	RFP	Yes	EA	9/30/98	None
FORSCOM	McPHERSON	EL	Request to Convey to District Engineer	RFP	Yes	EA	5/4/98	None
FORSCOM	McPHERSON	NG	Environmental Baseline Study Completed	RFP	Yes	UNK		None
FORSCOM	McPHERSON	PW	Privitization Announced	RFP	No	EA		None
FORSCOM	McPHERSON	WW	Privitization Announced	RFP	Yes	EA		None
FORSCOM	POLK	EL	Privitization Decision Made	RFP	Yes	UNK		None
FORSCOM	POLK	NG	Privitization Decision	RFP	Yes	EA		None

			Made					
FORSCOM	POLK	PW	Privitization Decision Made	RFP	Yes	UNK		None
FORSCOM	POLK	WW	Privitization Decision Made	RFP	Yes	UNK		None
FORSCOM	RILEY	EL	Compete/Sole Source Decision Made by Installation	RFP	Yes	UNK	10/5/98	None
FORSCOM	RILEY	NG	Compete/Sole Source Decision Made by Installation	RFP	Yes	UNK	10/5/98	None
FORSCOM	RILEY	PW	Inventory Completed	RFP	Yes	UNK	10/5/98	None
FORSCOM	RILEY	WW	Inventory Completed	RFP	Yes	UNK	10/5/98	None
FORSCOM	STEWART	EL	Compete/Sole Source Decision Made by Installation	RFP	No	UNK		None
FORSCOM	STEWART	NG	Compete/Sole Source Decision Made by Installation	RFP	No	UNK		None
FORSCOM	STEWART	PW	Compete/Sole Source Decision Made by Installation	RFP	No	UNK		None
FORSCOM	STEWART	WW	Compete/Sole Source Decision Made by Installation	RFP	No	UNK		None
FORSCOM	VANCOUVER BKS	EL	Environmental Baseline Study Completed	Under Study	Yes	EA	7/27/98	None
FORSCOM	VANCOUVER BKS	NG		Privatized	No	UNK		None
FORSCOM	VANCOUVER BKS	PW	Environmental Baseline Study Completed	Under Study	Yes	EA	7/27/98	None
FORSCOM	VANCOUVER BKS	WW	Environmental Baseline Study Completed	Under Study	Yes	EA	7/27/98	None
FORSCOM	YAKIMA TRG CTR	EL		No Interest	No			None
FORSCOM	YAKIMA TRG CTR	NG		Privatized	No	UNK		None
FORSCOM	YAKIMA TRG CTR	PW		No Interest	No	UNK		None
FORSCOM	YAKIMA TRG CTR	WW		No Interest	No	UNK		None

PRIVATIZATION OF UTILITY SYSTEMS

Question. Why would a utility system be exempt from privatization?

Answer. The Defense Reform Initiative guidance provides for two reasons for exemptions: (1) unique security reasons that would require retaining the system and (2) when the system would be uneconomical to privatize. The Army does not anticipate many exemptions of systems for security reasons. A system would be uneconomical to privatize when there is a demonstrated lack of market interest, or an analysis of responses to a solicitation determines that the long-term cost would be greater than the long-term benefits.

Question. What efforts are being made by the Army to partner with the other Services in privatizing utility systems? Specifically, is there coordination between the Services in co-located areas?

Answer. The Army is partnering with the Navy and Air Force and looking for regional opportunities. For example, the Army has three installations involved in the Defense Energy Support Center demonstration project in Texas to evaluate a Tri-Service approach.

Question. Can the Army document any savings or avoided costs, in net present value, which will result from the utility privatization effort?

Answer. Army anticipates potential, but as yet unverified, net cost savings or cost avoidance of approximately $80 million annually, once privatization goals are met at the end of fiscal year 2003. So far, the level of utility services for the systems privatized has improved, but no dollar savings have been realized.

Question. What efforts has the Army made in examining alternative sources of purchasing energy?

Answer. The Defense Energy Support Center (DESC) successfully conducted a demonstration of consolidated power procurement in California for all of the Services. The Army has partnered with DESC to provide single agency support in purchase of electrical power in the deregulating market.

ALABAMA: ANNISTON ARMY DEPOT AMMUNITION DEMILITARIZATION FACILITY PHASE VII ($7,000,000)

Question. What is involved in this phase of the project? The Form 1391 states the construction is scheduled to be completed Feb 2000, is this date accurate? If not, what is the new estimated construction completion date?

Answer. This project is the final increment of funding and is required to complete the on-going construction of the Anniston Chemical Disposal Facility. The contract will complete construction of the munitions demilitarization building, the pollution abatement system, the roads within the compound, and the intrusion detection system and perimeter fencing. Construction and plant systemization activities have been integrated to accommodate changes in the scope of work in both of these two phases. Construction of some plant subsystems will be completed beyond February 2000; some as much as four months. However, the start of plant operations (toxic agent disposal) remains as scheduled (2nd Quarter, Fiscal Year 2002).

ALASKA: FORT RICHARDSON WHOLE BARRACKS COMPLEX RENEWAL ($2,200,000)

Question. The Form 1391 mentions a barracks that will be built in the next phase of the program. When is the Army planning the next phase?

Answer. The next phase of the Fort Richardson Whole Barracks Complex Renewal is scheduled for fiscal year 2003 (FY03).

Question. Upon completion of the second phase, will all unaccompanied enlisted personnel at Fort Richardson be provided with adequate living quarters? If not, what is the Army's plan (by fiscal year and dollar amount) to provide adequate living quarters at For Richardson?

Answer. Upon completion of the second phase, all unaccompanied enlisted personnel at Fort Richardson will not be provided with adequate living quarters. A project is planned in FY05 for $18,000,000 to complete the barracks modernization at Fort Richardson.

ALASKA: FORT WAINWRIGHT EMISSION REDUCTION FACILITY ($2,300,000)

Question. How long has the Central Heating and Power Plant (CHPP) violated state and federal emission requirements, and what makes fiscal year (FY) 2000 the right year for the upgrade?

Answer. The Fort Wainwright Central Heating and Power Plant has occasionally been out of compliance since 1992. The subject Military Construction, Army project was initially submitted to the Department of Army in 1996 for inclusion in a mili-

tary construction program. Fiscal Year 2000 was the earliest budget year available that allowed sufficient time for all alternatives and technical concerns to be adequately evaluated, for the scope of the projects to be finalized, and for the necessary preliminary design to be accomplished.

Question. The Army's goal is to privatize all utility systems, where it is economically feasible, by 2003. What efforts were made to privatize utility service at this installation, in part to avoid the need for this heat plant upgrade?

Answer. An extensive study was made of the alternatives to modernizing the Fort Wainwright Central Heating and Power Plant (CHPP), ranging from refurbishing the CHPP to privatization. On a life cycle cost basis, the cost of refurbishing the existing plant and privatization would be about the same. Factoring in the potential loss of security and degradation in reliability of power and heat if privatized, especially with the extremes of weather in Alaska, the decision to retain the plant is the best option. A $15.5 million emission control project, of which this $2.3 million is the first phase, is required to reduce particulate emissions. Additionally, a $20 million refurbishment project that is currently in the fiscal year 2000 Operation and Maintenance, Army budget is also essential for the continued operation of this facility.

COLORADO: PETERSON AFB US ARMY SPACE COMMAND HEADQUARTERS ($3,700,000)

Question. The fiscal year 2000 Air Force military construction program includes a project at Peterson AFB for USSPACECOM/NORAD Headquarters. Will that project and this project construct a single facility? If not, why not? Will the two projects be executed by a single contract to achieve construction cost savings?

Answer. Yes, this a single facility consisting of two buildings; one Air Force and one Army will be constructed in the fiscal year 2000 construction program. The U.S. Army Space Command mission support requirements, communications, shipping, receiving, and staging of tactical operations, do not lend themselves to consolidation with a building designed to support the headquarters planning mission of USSPACECOM/NORDAD. Yes, the two projects are being designed under a single Architectural Engineering contract to achieve construction cost savings. It will also be constructed under a single contract.

GEORGIA: FORT BENNING WHOLE BARRACKS COMPLEX RENEWAL ($7,100,000)

Question. According to the Form 1391, the remaining unaccompanied enlisted permanent party deficit will be 307 personnel upon completion of this project. What is the Army's plan (by fiscal year and dollar amount) to provide adequate living quarters at Fort Benning?

Answer. A project is planned for fiscal year 2004 for $14,000,000 to complete the permanent party barracks modernization at Fort Benning.

GEORGIA: FORT STEWART WHOLE BARRACKS COMPLEX RENEWAL ($7,000,000)

Question. According to the Form 1391, this is phase two of a three-phase project. When does the Army have the next phase programmed?

Answer. The next phase of the Fort Stewart Whole Barracks Complex Renewal is scheduled for fiscal year 2003.

Question. After completion of phase three, will adequate living quarters be provided for all unaccompanied enlisted personnel at Fort Stewart? If not, what is the Army's plan (by fiscal year and dollar amount) to provide adequate living quarters at Fort Stewart?

Answer. After completion of phase three, an additional requirement will remain at Fort Stewart. This requirement will be built by fiscal year 2008, however project level of planning for years from 2006 to 2008 are not yet available.

HAWAII: SCHOFIELD BARRACKS—WHOLE BARRACKS COMPLEX RENEWAL

Question. What is the estimate of savings in design costs by accomplishing this project using a standard or definitive design?

Answer. Budget estimates of design costs are based on the projected effort required to prepare the designs. Since a standard design was available for this facility, design cost savings (approximately 5%) were reflected in the budgeted design cost.

Standard designs also yield many benefits besides reduced design costs. For example, standard designs provide a starting point for predesign discussions with customers, greatly reducing the time spent to develop the preliminary layout. Other

benefits include a reduced risk of design deficiencies, and assurance that designs will be consistent with Army wide missions and policy.

KANSAS: FORT LEAVENWORTH WATER TREATMENT PLANT ($1,200,000)

Question. The Army's goal is to privatize all utility systems, where it is economically feasible, by 2003. What efforts were made to privatize utility service at this installation, in part to avoid the need for military construction project?

Answer. Fort Leavenworth has pursued privatization of its utilities. However, contractors were not responsive to a solicitation to privatize the water system. This project includes critical improvements that will make the plant compliant with state environmental requirements. It will enhance the potential to privatize the Fort Leavenworth water system in the future.

KENTUCKY: BLUEGRASS ARMY DEPOT AMMUNITION SURVEILLANCE FACILITY ($900,000)

Question. Would this work be required if there were no chemical demilitarization program?

Answer. Yes, because this project is not associated with the chemical demilitarization program.

Question. Is there any relationship between this project and the "Phase I" chemical demilitarization project that is programmed this year?

Answer. No, there is no relationship. The ammunition surveillance facility is required for the inspection and surveillance of ammunition not mandated for destruction under the Chemical Weapons Convention. The "Phase I" chemical demilitarization project is required to demilitarize ammunition and chemicals mandated for destruction under the Chemical Weapons Convention.

KENTUCKY, FORT CAMPBELL—SABRE HELIPORT IMPROVEMENTS

Question. Item 12 on the Form 1391 was not included in the justification book. Please provide a copy for the record?

Answer.

12. Supplemental data:

A. Estimated Design Data:	
(1) Status:	
(a) Date Design Started	Mar 1999
(b) Percent Complete as of January 1999	0%
(c) Date 35% Designed	July 1999
(d) Date Design Complete	May 2000
(e) Parametric Cost Estimating Used to Develop Costs	YES
(2) Basis:	
(a) Standard or Definitive Design	NO
(3) Total Design Cost (c)=(a)+(b) OR (d)+(e):	
(a) Production of Plans and Specification	$750,000
(b) All Other Design Costs	570,000
(c) Total Design Cost	1,320,000
(d) Contract	950,000
(e) In-house	370,000
(4) Construction Start	[1] Aug 2000
(5) Construction Completion	Aug 2002

B. Equipment associated with this project which will be provided from other appropriations: None.

[1] Land acquisition may occur earlier.

KENTUCKY: FORT CAMPBELL PHYSICAL FITNESS TRAINING CENTER ($900,000)

Question. What is the estimate of savings in design costs by accomplishing this project using a standard or definitive design?

Answer. Budget estimates of design costs are based on the projected effort required to prepare the designs. Since a standard design was available for this facility, design cost savings (approximately 5%) were reflected in the budgeted design cost.

Standard designs also yield many benefits besides reduced design costs. For example, standard designs provide a starting point for predesign discussions with customers, reducing the time spent to develop the preliminary layout. Other benefits

include a reduced risk of design deficiencies, and assurance that designs will be consistent with Army wide missions and policy.

MARYLAND: FORT MEADE WHOLE BARRACKS COMPLEX RENEWAL ($2,700,000)

Question. According to the Form 1391, the remaining unaccompanied enlisted permanent party deficit will be 180 personnmel upon completion of this project. What is the Army's plan (by fiscal year and dollar amount) to provide adequate living quarters at Fort Meade?

Answer. In fiscal year 2004, there is a follow-on $18,500,000 Whole Barracks Complex Renewal project programmed for Fort Meade.

NEW YORK: UNITED STATES MILITARY ACADEMY CADET PHYSICAL DEVELOPMENT CENTER PHASE II ($28,500,000)

Question. According to the Form 1391, this project submitted for fiscal year 1999 states phase three is programmed for fiscal year 2002 for $44,000,000. Is this still accurate? If not, when does the Army have the next phase planned?

Answer. Yes. The Cadet Physical Development Center Phase III is programmed in fiscal year 2002 for $44,000,000.

NORTH CAROLINA: FORT BRAGG WHOLE BARRACKS COMPLEX RENEWAL ($16,508,000)

Question. According to the Form 1391, this is phase II of a standard-design barracks complex. When was phase I requested? Are any additional phases programmed? If so, list by fiscal year and dollar amount.

Answer. Phase I was requested in fiscal year 1999. Phase II completes this complex. However, there are additional barracks requirements at Fort Bragg which are being programmed during the period fiscal years 2001–2008.

SOUTH CAROLINA: FORT JACKSON EMERGENCY SERVICES CENTER ($1,100,000)

Question. Describe in some detail the six buildings to be demolished as part of this project?

Answer. The facilities to be demolished as part of this project are six temporary World War II era wood buildings that have had no extensive remodeling since their initial construction in 1941. These facilities are described as follows:

1. Building no. 7300 at 9,408 SF, Fire Station
2. Building no. 1444 at 4,230 SF, Temporary Satellite Fire Station
3. Building no. 9514 at 5,038 SF, Provost Marshall
4. Building no. 9515 at 5,038 SF, Provost Marshall
5. Building no. 9529 at 4,682 SF, Provost Marshall
6. Building no. 9630 at 990 SF, Provost Marshall

Question. Are these six buildings in the footprint of the new construction?

Answer. These buildings are not within the footprint of the new construction but will be replaced by the new facility when it is completed.

Question. In what year was the current inadequate fire station constructed?

Answer. The current inadequate fire station was constructed in 1941.

TEXAS: FORT BLISS AIR DEPLOYMENT FACILITY COMPLEX ($2,550,000); AMMUNITION HOT LOAD FACILITY ($1,700,000); AIRCRAFT LOADING APRON ($3,300,000)

Question. Is it correct that all three of these projects are needed to support the Army's Strategic Mobility Program?

Answer. Yes, these three projects support our strategic mobility program at Fort Bliss.

Question. What is the future construction program for facilities to support the Army's Strategic Mobility Program at Fort Bliss?

Answer. Two additional projects are planned: a Rail Deployment Facility complex in fiscal year 2001 and a Contingency Stock Warehouse in fiscal year 2002.

Question. How can you assure us that operating schedules for these projects will be met under a two year construction program?

Answer. If the budget is approved as requested with advance appropriation, full authorization, and reprogramming authority based on the authorization, the program can be executed and no significant impact is expected.

WASHINGTON: FORT LEWIS PHYSICAL FITNESS TRAINING CENTER ($1,850,000)

Question. Does this project include the cost of demolishing all of the current physical fitness facilities at North Fort Lewis? If demolition of all the current facilities is not planned, what is the intended future use of these facilities?

Answer. One of two existing physical fitness facilities will be demolished. The new facility will be an addition to the remaining building.

Question. Will this project satisfy the total space requirement for fitness centers at North Fort Lewis? If not, are additional fitness center projects programmed? If so, in what fiscal year and at what cost?

Answer. Yes, this project will satisfy the requirement for fitness centers at North Fort Lewis.

Question. Will the use of this facility be limited to active duty military personnel assigned to North Fort Lewis? How many such personnel will be stationed at North Fort Lewis at the time this center becomes operational?

Answer. The new facility will be available for use by all authorized personnel—active duty military personnel, dependent family members and Department of the Army civilian employees. At the time the new center becomes operational, approximately 5,000 active duty military personnel will be stationed at North Fort Lewis.

WASHINGTON: NORTH FORT LEWIS TANK TRAIL EROSION MITIGATION—YAKIMA, PHASE V ($2,000,000)

Question. This project is the fourth of ten phases. Please provide for the record a table that will show the amounts appropriated to date for tank trail erosion mitigation, and the annual amounts programmed for the future, by fiscal year, including a brief description of the scope of work for each increment.

Answer. This is the fifth of ten phases. Each increment is part of a total program to upgrade existing dirt roads to crushed rock, with improved drainage.

Fiscal year	Cost ($ million)	Scope (kilometers)
1996—Ph 1	2	56
1997—Ph 2	2	56
1998—Ph 3	2	45
1999—Ph 4	2	53
2000—Ph 5	2	50
2001—Ph 6	2	48
2002—Ph 7	2	53
2003—Ph 8	2	55
2004—Ph 9	2	31
2005—Ph 10	2	35

Question. Is this about the maximum rate of tank trail erosion mitigation that can be accomplished at Fort Lewis without disrupting operations, $2,000,000 of work per year? If not, why is this project phased over a ten-year period?

Answer. Weather limits the amount of time available for road construction in the Yakima area. Accordingly, the Record of Decision requiring mitigation phased that roadwork over ten years.

GERMANY: ANSBACH; WHOLE BARRACKS COMPLEX RENEWAL ($3,150,000), BAMBERG; WHOLE BARRACKS COMPLEX RENEWAL ($1,400,000), WHOLE BARRACKS COMPLEX RENEWAL ($1,230,000), MANNHEIM, WHOLE BARRACKS COMPLEX RENEWAL ($675,000)

Question. Outline the remaining Whole Barracks Complex Renewal program (by fiscal year, location, and dollar amount) in Germany, beyond these four U.S. funded projects.

Answer. The following chart shows details of the barracks construction program for fiscal years (FY) 2001–2004. Project level of planning for FY 05–08, the last years of the program, is not yet available. In addition to the construction program, we plan to upgrade 63 barracks buildings at various locations in Germany with real property maintenance funds between FY 00–05.

Year and location	Project	Amount $000
FY01:		
Ansbach	Whole Barracks Complex Renewal	17,850
Bamberg	Whole Barracks Complex Renewal	33,110
Darmstadt	Whole Barracks Complex Renewal	13,800
Mannheim	Whole Barracks Complex Renewal	9,225
FY02:		
Bamberg	Whole Barracks Complex Renewal	9,500
Darmstadt	Whole Barracks Complex Renewal	13,700
Hanau	Whole Barracks Complex Renewal	7,300
Heidelberg	Whole Barracks Complex Renewal	7,200
FY03:		
Darmstadt	Whole Barracks Complex Renewal	7,200
Hanau	Whole Barracks Complex Renewal	14,900
Heidelberg	Whole Barracks Complex Renewal	6,800
Mannheim	Whole Barracks Complex Renewal	16,830
FY04:		
Bamberg	Whole Barracks Complex Renewal	6,000
Heidelberg	Whole Barracks Complex Renewal	11,700
Kaiserslautem	Whole Barracks Complex Renewal	8,900
Mannheim	Whole Barracks Complex Renewal	5,500
Wuerzburg	Whole Barracks Complex Renewal	3,350
FY05:		
Various, Germany	Whole Barracks Complex Renewal	52,200

Question. For the record, explain why the Army will modernize these four World-War II era barracks rather than replace them with newly constructed barracks.

Answer. The cost of renovation versus new construction averages about 60 percent in Germany. The barracks construction standard prior to World War II was solid masonry, sandstone and/or poured concrete. Therefore, these facilities are structurally sound and provide a good basis for renovation to the 1 + 1 standard. However, prior to programming a modernization project, each building is assessed to determine if new construction or renovation is more cost effective. In most cases, complete demolition of the facilities and subsequent replacement would not provide a better product, in addition to 40 percent higher cost. Further, the necessity for hand sorting of demolished material for recycling mandates that buildings be gutted during demolition. There are savings if we can begin restoration when we reach the bare walls versus continuing to demolish and then building new. Other mitigating factors are the necessity to match existing architecture of the surrounding buildings whenever we construct and the lack of new real estate on which to construct. All these factors are considered before any decisions are made regarding the preferred course of action.

KWAJALEIN: KWAJALEIN ATOLL POWER PLANT, PHASE II—ROI NAMUR ISLAND ($35,400,000)

Question. What is the current status of the first phase of this project?

Answer. The Army has solicited bids for the first phase of this project. The Source Evaluation Board will complete its actions by April 2, 1999 with contract award on schedule for April 17, 1999.

KOREA: CAMP CASEY PHYSICAL FITNESS CENTER

Question. What is the current status of a new Physical Fitness Center at Camp Casey, and why are no funds requested for fiscal year 2000 as the Committee directed in our report last year?

Answer. The Physical Fitness Center at Camp Casey was added in fiscal year 1999 for $8,000,000. It is currently scheduled to be advertised in July 1999 and awarded in September 1999.

WORLDWIDE VARIOUS: UNSPECIFIED MINOR CONSTRUCTION ($9,500,000)

Question. Provide for the record a ten-year history of amounts that have been requested and appropriated for unspecified minor construction.

Answer. The following provides a ten-year history of the Army's unspecified minor construction program:

Unspecified Minor Military Construction, Army

Fiscal year	Requested ($millions)	Appropriated ($millions)
1990	$11.000	$11.000
1991	7.603	8.603
1992	11.000	11.000
1993	3.800	5.500
1994	12.000	12.000
1995	12.000	12.000
1996	9.000	9.000
1997	5.000	5.000
1998	6.000	7.400
1999	10.000	12.500

WORLDWIDE VARIOUS: PLANNING AND DESIGN ($76,705,000)

Question. Will this funding level meet the known requirements for the fiscal year 2000 program, including the necessary work on projects programmed for fiscal years 2001 and 2002?

Answer. Yes, the fiscal year 2000 funding for planning and design will meet the known requirements for the fiscal year 2000 program.

Question. This year's planning and design request is $18,886,000 or 45 percent above the fiscal year 1999 request. What are the needs for this significant increase?

Answer. Because of incremental funding, there will be a larger value of projects under design in fiscal year 2000.

WORLDWIDE VARIOUS: HOST NATION SUPPORT ($21,300,000)

Question. Provide for the record a table that will show the expected distribution of this amount among the three efforts—criteria package preparation, design surveillance, and construction surveillance—and that will also show the expected distribution by country.

Answer. Distribution of the budget request for host nation support funds is—

[Dollars in thousands]

	Japan	Korea	Okinawa	Germany	NATO	Total
Criteria Package Preparation	$7,000	$400	$680	$0	[2] $200	$7,880
Design Surveillance	3,800	[1] 0	490	675	0	5,365
Construction Surveillance	4,900	1,400	630	815	0	7,745
NATO Minor Works Program	0	0	0	0	[3] 150	150
Recoupment Activities	0	0	0	0	[4] 160	160
Total	15,700	1,800	1,800	1,490	510	21,300

[1] Korean Combined Defense Improvement Projects design is done by U.S. Army Corps of Engineers and is funded by the Republic of Korea, thus, no design surveillance is required

[2] Funds are for the development of Capability Packages; an estimated $50K would be earmarked for work in Italy and $150K for work in Germany.

[3] For conceptual design efforts; an estimated $40K would be earmarked for work in Italy and $110K would be earmarked for work in Germany

[4] Country-specific amounts can not be identified at this time although the majority of the effort involves projects in Germany and Italy.

BARRACKS

Question. Provide for the record a chart that will show the Army's barracks construction program at the time the "one plus one" standard was approved, and the current program through completion, broken out by locations in the U.S., in Germany, and in Korea.

Answer. The "one plus one" standard was approved in fiscal year (FY) 1996. The comparison of the Army's original barracks construction program with the current plan is shown in the first chart below. Location specific program data for the program at the time of the approval of the standard and current program follows in the second and third charts. Project level planning detail for FY06–08, the last years of the program, is not yet available.

Location	FY96 1+1 standard approved	FY00 current budget
United States	FY20	FY08
Europe	FY20	FY08
Korea	FY20	FY08

Program at the time of the approval of "one plus one"

FY	State	Location	Project Description	Amount ($000)
1996	AZ	Ft Huachuca	Barracks Replacement	16,000
	CO	Ft Carson,	Barracks Replacement	20,000
	DC	Ft McNair	Barracks Replacement	5,500
	GA	Ft Benning	Barracks Replacement	33,000
	HI	Schofield Bks	Barracks Replacement	30,000
	KS	Ft Riley	Barracks Replacement	7,000
	KY	Ft Campbell	Barracks Replacement	10,000
	NC	Ft Bragg	Barracks Replacement	18,500
	OK	Ft Sill	48-Person Barracks Complex	8,000
	SC	Ft Jackson	Barracks Replacement	32,000
	TX	Ft Hood	Barracks Replacement	17,500
	TX	Ft Bliss	Barracks Replacement	48,000
	TX	Ft Hood	Barracks Replacement	15,000
	VA	Ft Eustis	Barracks Replacement	11,000
	KR	Cp Hovey	Barracks Replacement	7,300
	KR	Cp Stanley	Barracks Replacement	6,800
	KR	Cp Pelham	Barracks Replacement	5,600
	KR	Cp Hovey	Barracks Replacement	6,200
1997	CO	Ft Carson	Barracks Replacement	13,000
	GA	Ft Benning	Barracks Replacement	44,000
	KS	Ft Riley	Barracks Replacement	26,000
	KY	Ft Campbell	Barracks Replacement	35,000
	KY	Ft Knox	Barracks Replacement	10,000
	TX	Ft Hood	Barracks Replacement	35,000
	WA	Ft Lewis	Barracks Replacement	49,000
	KR	Cp Red Cloud	Barracks Replacement	14,000
	KR	Cp Casey	Barracks Replacement	16,000
1998	AZ	Ft Huachuca	Barracks Replacement	20,000
	GA	Ft Gordon	Barracks Replacement	18,000
	HI	Schofield Bks	Barracks Replacement	38,000
	KS	Ft Riley	Barracks Replacement	18,500
	KY	Ft Campbell	Barracks Replacement	35,000
	KY	Ft Knox	Barracks Replacement	22,000
	WA	Ft Lewis	Barracks Replacement	29,000
	KR	Cp Red Cloud	Barracks Renewal	14,600
	KR	Cp Stanley	Barracks Renewal	7,000
	KR	Cp Castle	Barracks Renewal	8,400
1999	GA	Ft Benning	Barracks Renewal	30,000
	HI	Schofield Bks	Barracks Renewal	49,000
	KY	Ft Campbell	Barracks Renewal	38,000
	NC	Ft Bragg	Barracks Renewal	54,000
	TX	Ft Sam Houston	Barracks Renewal	40,000
	VA	Ft Myer	Barracks Renovation	8,400
	VA	Ft Eustis	Barracks Renewal	29,000

GY	Mannheim	Modernize Barracks Building	6,200
KR	Cp Castle	Whole Barracks Renewal	18,600
KR	Cp Humphreys	Whole Barracks Renewal	9,300

Current Project Data FY96-05

FY	State	Location	Project Description	Amount ($000)
1996	AZ	Ft Huachuca	Whole Barracks Complex Renewal	16,000
	CO	Ft Carson,	Whole Barracks Renewal Complex (Ph I)	20,000
	DC	Ft McNair	Whole Barracks Complex Renewal	5,500
	GA	Ft Benning	Whole Barracks Complex Renewal	33,000
	HI	Schofield Bks	Whole Barracks Complex Renewal (Ph I)	30,000
	KS	Ft Riley	Whole Barracks Renewal (Ph I)	7,000
	KY	Ft Campbell	Whole Barracks Complex Renewal (Ph I)	10,000
	MD	Ft Dietrick	Unaccompanied Enl Pers Hsg	17,500
	NC	Ft Bragg	Whole Barracks Complex Renewal	18,500
	OK	Ft Sill	48-Person Barracks Complex	8,000
	SC	Ft Jackson	Whole Barracks Complex Renewal	32,000
	TX	Ft Hood	Whole Barracks Complex Renewal	17,500
	TX	Ft Bliss	Whole Barracks Complex Renewal	48,000
	TX	Ft Hood	Whole Barracks Complex Renewal (Ph I)	15,000
	TX	Ft Bliss	Dining Facility	4,900
	VA	Ft Eustis	Whole Barracks Complex Renewal	11,000
	KR	Cp Hovey	Whole Barracks Complex Renewal	7,300
	KR	Cp Stanley	Whole Barracks Complex Renewal	6,800
	KR	Cp Pelham	Whole Barracks Complex Renewal	5,600
	KR	Cp Hovey	Whole Barracks Complex Renewal	6,200
	KR	Korea	Dining Facility	4,150
1997	CO	Ft Carson	Whole Barracks Complex Renewal(Ph II)	13,000
	GA	Ft Benning	Whole Barracks Complex Renewal	44,000
	HI	Schofield Bks	Whole Barracks Complex Renewal	10,600
	KS	Ft Riley	Whole Barracks Complex Renewal	26,000
	KY	Ft Campbell	Whole Barracks Complex Renewal(Ph II)	35,000
	KY	Ft Knox	Whole Barracks Complex Renewal-Ph I	10,000
	MO	Ft Leonard Wood	Ft. McClellan relocation	58,000
	TX	Ft Hood	Whole Barracks Complex Renewal (Ph II)	35,000
	WA	Ft Lewis	Whole Barracks Complex Renewal	49,000
	GY	Taylor Bks	Barracks Restoration	9,300
	GY	Spinelli, Bks	Barracks	8,100
	KR	Cp Red Cloud	Whole Barracks Complex Renewal	14,000
	KR	Cp Casey	Whole Barracks Complex Renewal	16,000
1998	AZ	Ft Huachuca	Whole Barracks Complex Renewal	20,000
	GA	Ft Stewart (HAAF)	Whole Barracks Complex Renewal, Ph I	13,400
	GA	Ft Gordon	Whole Barracks Complex Renewal	22,000
	HI	Schofield Bks	Whole Barracks Complex Renewal	44,000
	KS	Ft Riley	Whole Barracks Complex Renewal	18,500
	KY	Ft Campbell	Whole Barracks Complex Renewal	37,000
	KY	Ft Knox	Whole Barracks Complex Renewal - Ph II	22,000
	NC	Ft Bragg	Whole Barracks Complex Renewal	9,800

	OK	Ft Sill	Whole Barracks Complex Renewal	8,000
	TX	Ft Sam Houston	Whole Barracks Complex Renewal	16,000
	VA	Ft Myer	Whole Barracks Renewal	8,200
	WA	Ft Lewis	Whole Barracks Complex Renewal	31,000
	GY	Tompkins Bks	Barracks Renovation	7,600
	GY	Taylor Bks	Barracks Renovation	5,400
	GY	Katterbach	Barracks Renovation	19,000
	GY	Kaiserslautern	Whole Barracks Renewal	5,200
	KR	Cp Red Cloud	Whole Barracks Renewal	22,000
	KR	Cp Stanley	Whole Barracks Renewal	6,400
	KR	Cp Castle	Whole Barracks Renewal	7,700
	KR	Cp Humphreys	Whole Barracks Renewal	29,000
	KR	Cp Casey	Dining Facility	5,100
1999	AK	Ft Wainwright	Whole Barracks Renewal	16,000
	GA	Ft Benning	Whole Barracks Complex Renewal	28,600
	HI	Schofield Bks	Whole Barracks Complex Renewal	47,500
	KY	Ft Campbell	Whole Barracks Complex Renewal	41,000
	NC	Ft Bragg	Whole Barracks Complex Renewal	47,000
	NC	Ft Bragg	Whole Barracks Complex Renewal	10,600
	OK	Ft Sill	Whole Barracks Complex Renewal	20,500
	TX	Ft Sam Houston	Whole Barracks Complex Renewal	21,800
	VA	Ft Myer	Barracks Renovation	6,200
	VA	Ft Eustis	Whole Barracks Complex Renewal	36,531
	GY	Schweinfurt	Modernize Barracks Building	18,000
	KR	Cp Stanley	Whole Barracks Renewal	5,800
	KR	Cp Casey	Whole Barracks Complex Renewal	13,400
	KR	Cp Castle	Whole Barracks Renewal	18,226
	KR	Cp Humphreys	Whole Barracks Renewal	8,500
	KR	Cp Casey	Whole Barracks Renewal	29,000
	KR	Cp Hovey	Whole Barracks Renewal	20,000
2000	AK	Fort Richardson	Whole Barracks Complex Renewal	14,600
	GA	Fort Benning	Whole Barracks Renewal Complex	47,000
	GA	Fort Stewart	Whole Barracks Complex Renewal w/Dining	3,500
	HI	Schofield Barracks	Whole Barracks Complex Renewal	95,000
	KS	Fort Leavenworth	Whole Barracks Complex Renewal	26,000
	KY	Fort Campbell	Whole Barracks Complex Renewal, Ph II	4,800
	MD	Fort Meade	Whole Barracks Complex Renewal	18,000
	NC	Fort Bragg	Whole Barracks Complex Renewal	74,000
	PA	Carlisle Barracks	Whole Barracks Complex Renewal	5,000
	TX	Fort Hood	Whole Barracks Complex Renewal	29,000
	VA	Fort Eustis	Whole Barracks Complex Renewal	39,000
	GY	Ansbach	Whole Barracks Complex Renewal	21,000
	GY	Bamberg	Whole Barracks Complex Renewal	5,700
	GY	Bamberg	Whole Barracks Complex Renewal	9,300
	GY	Bamberg	Whole Barracks Complex Renewal	8,200
	GY	Mannheim	Whole Barracks Complex Renewal	4,500
	KR	Camp Casey	Whole Barracks Complex Renewal	31,000
2001	AK	Fort Richardson	Whole Barracks Complex Renewal	12,400

	CA	Fort Irwin	Whole Barracks Complex Renewal	25,900
	GA	Fort Benning	Whole Barracks Renewal Complex	39,900
	GA	Fort Stewart	Whole Barracks Renewal Complex w/Dining	39,000
	HI	Schofield Barracks	Whole Barracks Complex Renewal	80,800
	HI	Schofield Barracks	Whole Barracks Complex Modernization	35,900
	KS	Fort Riley	Whole Barracks Complex Renewal	25,900
	KY	Fort Campbell	Whole Barracks Complex Renewal	27,200
	KY	Fort Campbell	Whole Barracks Complex Renewal, Ph III	45,900
	MD	Fort Detrick	Whole Barracks Complex Renewal	14,200
	MD	Fort Meade	Whole Barracks Complex Renewal	15,300
	NC	Fort Bragg	Whole Barracks Complex Renewal	57,392
	NC	Fort Bragg	Whole Barracks Complex Renewal	22,000
	NC	Fort Bragg	Whole Barracks Complex Renewal	59,800
	NJ	Fort Monmouth	USMA Prep School Barracks	11,800
	PA	Carlisle Barracks	Whole Barracks Complex Renewal	4,250
	VA	Fort Eustis	Whole Barracks Complex Renewal	33,200
	GY	Ansbach	Whole Barracks Complex Renewal	17,850
	GY	Bamberg	Whole Barracks Complex Renewal	7,900
	GY	Bamberg	Whole Barracks Complex Renewal	6,970
	GY	Bamberg	Whole Barracks Complex Renewal	4,840
	GY	Bamberg	Whole Barracks Complex Renewal	4,100
	GY	Bamberg	Whole Barracks Complex Renewal	9,300
	GY	Darmstadt	Whole Barracks Complex Renewal	6,800
	GY	Darmstadt	Whole Barracks Complex Renewal	7,000
	GY	Mannheim	Whole Barracks Complex Renewal	3,825
	GY	Mannheim	Whole Barracks Complex Renewal	5,400
	KR	Camp Casey	Whole Barracks Complex Renewal	26,350
	KR	Camp Humphreys	Whole Barracks Complex Renewal	14,400
	KR	Camp Page	Whole Barracks Complex Renewal	20,900
	KW	Kwajalein	Unaccompanied Personnel Housing	19,900
2002	HI	Schofield Barracks	Whole Barracks Complex Renewal	49,000
	KS	Fort Riley	Whole Barracks Complex Renewal	40,000
	NC	Fort Bragg	Whole Barracks Complex Renewal	39,000
	NC	Fort Bragg	Whole Barracks Complex Renewal	40,000
	VA	Fort Myer	Whole Barracks Complex Renewal	4,500
	WA	Fort Lewis	Whole Barracks Complex Renewal	49,000
	WA	Fort Lewis	Whole Barracks Complex Renewal	49,000
	GY	Bamberg	Whole Barracks Complex Renewal	9,500
	GY	Darmstadt	Whole Barracks Complex Renewal	6,800
	GY	Darmstadt	Whole Barracks Complex Renewal	6,900
	GY	Hanau	Whole Barracks Complex Renewal	7,300
	GY	Heidelberg	Whole Barracks Complex Renewal	7,200
	KR	Camp Carroll	Whole Barracks Complex Renewal	9,000
	KR	K-16 Airfield	Whole Barracks Complex Renewal	25,000
2003	AK	Fort Richardson	Whole Barracks Complex Renewal	18,500
	CO	Fort Carson	Whole Barracks Complex Renewal	47,000
	GA	Fort Stewart (HAAF)	Whole Barracks Complex Renewal	20,000
	HI	Schofield Barracks	Whole Barracks Complex Renewal	49,000
	HI	Schofield Barracks	Whole Barracks Complex Renewal	29,000

	KS	Fort Riley	Whole Barracks Complex Renewal	35,000
	KY	Fort Campbell	Whole Barracks Complex Renewal	24,000
	NC	Fort Bragg	Whole Barracks Complex Renewal	41,000
	NC	Fort Bragg	Whole Barracks Complex Renewal	32,000
	NC	Fort Bragg	Whole Barracks Complex Renewal	12,000
	TX	Fort Hood	Whole Barracks Complex Renewal	41,000
	GY	Baumholder	Vehicle Maintenance Facility	11,600
	GY	Darmstadt	Whole Barracks Complex Renewal	7,200
	GY	Hanau	Whole Barracks Complex Renewal	7,400
	GY	Hanau	Whole Barracks Complex Renewal	7,500
	GY	Heidelberg	Whole Barracks Complex Renewal	6,800
	GY	Mannheim	Whole Barracks Complex Renewal	4,250
	GY	Mannheim	Whole Barracks Complex Renewal	5,300
	GY	Mannheim	Whole Barracks Complex Renewal	7,280
	KR	Camp Bonifas	Whole Barracks Complex Renewal	9,000
	KR	Camp Coiner	Whole Barracks Complex Renewal	20,000
2004	AK	Fort Wainwright	Whole Barracks Complex Renewal	13,000
	GA	Fort Benning	Whole Barracks Complex Renewal	14,000
	HI	Schofield Barracks	Whole Barracks Complex Renewal	49,500
	HI	Schofield Barracks	Whole Barracks Complex Renewal	34,000
	HI	Schofield Barracks	Whole Barracks Complex Renewal	16,600
	KS	Fort Riley	Whole Barracks Complex renewal	34,500
	KY	Fort Campbell	Whole Barracks Complex Renewal	10,600
	MD	Fort Meade	Whole Barracks Complex Renewal	18,500
	NC	Fort Bragg	Whole Barracks Complex Renewal	57,000
	NC	Fort Bragg	Whole Barracks Complex Renewal, USASOC	12,000
	NC	Fort Bragg	Whole Barracks Complex Renewal	16,000
	VA	Fort Story	Whole Barracks Complex Renewal	15,000
	WA	Fort Lewis	Whole Barracks Complex Renewal	49,000
	GY	Bamberg	Whole Barracks Complex Renewal	6,000
	GY	Heidelberg	Whole Barracks Complex Renewal	4,600
	GY	Heidelberg	Whole Barracks Complex Renewal	7,100
	GY	Kaiserslautern	Whole Barracks Complex Renewal	8,900
	GY	Mannheim	Whole Barracks Complex Renewal	4,200
	GY	Mannheim	Whole Barracks Complex Renewal	1,300
	GY	Wuerzburg	Whole Barracks Complex Renewal	3,350
	KR	Camp Carroll	Whole Barracks Complex Renewal	9,000
	KR	Camp Walker	Whole Barracks Complex Renewal	20,000
2005	AK	Fort Richardson	Whole Barracks Complex Renewal	18,000
	HI	Schofield Barracks	Whole Barracks Complex Renewal	34,000
	HI	Schofield Barracks	Whole Barracks Complex Renewal	46,600
	KS	Fort Riley	Whole Barracks Complex Renewal	40,000
	KY	Fort Campbell	Whole Barracks Complex Renewal	35,000
	NC	Fort Bragg	Whole Barracks Complex Renewal	12,000
	NC	Fort Bragg	Whole Barracks Complex Renewal	54,000
	VA	Fort Myer	Whole Barracks Complex Renewal	6,000
	VA	Fort Myer	Whole Barracks Complex Renewal	6,200
	WA	Fort Lewis	Whole Barracks Complex Renewal	49,000
	GY	Various, Germany	Whole Barracks Complex Renewal	21,500

GY	Various, Germany	Whole Barracks Complex Renewal	30,700
KR	Camp Stanley	Whole Barracks Complex Renewal	10,000
KR	Various Korea	Whole Barracks Complex Renewal	9,500
KR	Yongsan	Whole Barracks Complex Renewal	20,000

FAMILY HOUSING INVENTORY

Question. Provide for the record a chart that will show the average number of family housing units supported for fiscal years 1997, 1998, and 1999, and those expected to be supported in fiscal year 2000, broken out into government owned (U.S. and foreign), leased (U.S. and foreign), and privatized under Public—Private Ventures.

Answer. The following chart shows the average number of Army family housing units for the last three years and anticipated for fiscal year 2000:

	Fiscal years			
	1997	1998	1999	2000
Owned—US	93,066	89,699	87,309	82,128
Owned—Foreign	29,303	28,717	28,119	26,656
Owned—Total	122,369	118,416	115,428	108,784
Privatized[1]—US	0	0	0	5,268
Leased—US	4,200	4,199	4,285	4,285
Leased—Foreign	10,793	9,734	10,033	10,080
Leased—Total	14,993	13,933	14,318	14,365

[1] During Fiscal Year 2000, 14,054 units are scheduled to be transferred under privatization, but the effective average is 5,268 units over the year.

COLD WEATHER BUILDING

Question. Will this year's incremental funding approach present any problems with construction projects in cold weather areas?

Answer. No. The use of incremental funding should not impact construction in cold weather areas as long as the budget is approved as requested.

NATO PRECAUTIONARY PREFINANCING STATEMENTS

Question. Submit for the record a copy of the precautionary prefinancing statements that has been submitted to the NATO infrastructure committees for each European project for which funds were appropriated for fiscal year 1998, and for each project requested for fiscal year 1999.

Answer. The fiscal year 1998 and fiscal year 1999 military construction program in Europe consisted of barracks projects and two child development centers. These types of projects are not eligible for NATO funding. Therefore, no precautionary prefinancing statements were submitted to the NATO infrastructure committees for these years.

Question. Provide an explanation for any project for which statements have not bee submitted.

Answer. The fiscal year 1998 and fiscal year 1999 military construction program in Europe consisted of barracks projects and two child development centers. These types of projects are not eligible for NATO funding. Therefore, not precautionary prefinancing statements were submitted to the NATO infrastructure committees for these years.

PREVIOUSLY AUTHORIZED AND APPROPRIATED FUNDS

Question. For the record provide a list of all previously authorized and appropriated housing projects (both new construction and construction improvements) that the Army has not executed due to the pending approval of housing privatization projects. This list should include the location, fiscal year appropriated, account, dollar amount, and number of units.

Answer. Army family housing projects not executed pending approval of housing privatization:

Location	Fiscal year appropriated	Account	Appropriation ($M)	Number of units
Fort Carson, CO	1995	New construction	15.8	142
Fort Campbell, KY*	1999	Improvements	8.8	104
Fort Meade, MD	1998	New construction	7.9	56
Fort Bragg, NC*	1998	New construction	16.6	142
Fort Bragg	1999	New construction	18.8	170
Fort Hood, TX	1998	New construction	18.6	130

Location	Fiscal year appropriated	Account	Appropriation ($M)	Number of units
Fort Hood, TX	1999	New construction	21.6	154

*Released on March 25, 1999 for execution.

Family Housing Construction Improvements

Question. Provide for the record a ten-year history of amounts that have been requested and appropriated for post-acquisition construction of family housing.

Answer. Family housing post-acquisition funding history for the past ten years is as follows:

[Dollars in millions]

Fiscal year	Requested	Appropriated
1999	$28.629	*52.479
1998	44.800	86.100
1997	33.750	105.350
1996	14.200	48.856
1995	49.760	49.760
1994	67.530	77.630
1993	143.660	92.600
1992	74.980	74.980
1991	44.100	40.100
1990	36.329	40.000

*Includes $4M approved in the Fiscal Year 1999 Emergency Supplemental Appropriation for Army Family Housing at Ft. Buchanan.

Question. The Army's fiscal year 2000 family housing construction improvement request totals $5,303,000. For the record provide the list of projects including the number of units to be improved and the appropriation request for each individual project.

Answer. Fiscal year 2000 family housing improvement projects are:

Location	Number of units	Appropriation request ($M)
Baumholder, GE	162	$2.850
Hanau, GE	64	1.150
Wiesbaden, GE	198	1.303

BRAC Environmental Restoration

Question. What is the Army's current estimate of the annual funding requirement for BRAC environmental restoration beginning in fiscal year 2002?

Answer. The following funds are programmed to support environmental restoration at BRAC installations ($ millions).

FY2002—$147.0; FY2003—$155.0; FY2004—$67.0; FY2005—$56.0.

Question. What is the Army's current estimate of annual funding requirement for BRAC other than environmental restoration beginning in fiscal year 2002?

Answer. The Army will have completed all BRAC actions other than environmental restoration and property disposal by fiscal year 2001. The Army will manage these programs within resources programmed in the Operations & Maintenance, Army (O&MA) accounts.

Supervision Inspection and Overhead

Question. What program budgeting and execution challenges does the annualization of SIOH present, if any?

Answer. The Army's method of annualization SIOH should not create any challenges in program budgeting or execution. The Army elected to spread the SIOH over two years because the contract dollars are spread over two years. Since SIOH pays for contract oversight, this two-year annualization keeps the SIOH funding directly tied to its respective contract funding.

Housing Deficits

Question. What is your current worldwide family housing deficit?

Answer. The Army's family housing deficit is 10,442.

Question. What are your three largest deficits, and how large are they?

Answer. The three largest deficit locations are: Fort Bragg, NC, 1,650 units; Fort Food, TX, 1,149 units; and Fort Campbell, KY, 982 units.

WAITING LISTS

Question. How many families are on waiting lists for government-provided family housing and what is the average waiting time?

Answer. Historically, the Army has approximately 2,000 officer families and 18,000 enlisted families on waiting lists for government family housing. The average waiting time varies by location, depending on bedroom requirements. On the average, officer families wait no more than 10 months and enlisted families wait no more than 15 months for on-post family housing.

CHEMICAL DEMILITARIZATION

Question. Why does the Department, once again, propose transferring the Chemical Demilitarization program from the Military Construction, Defense-wide account to the Military Construction, Army account? What difference does it make whether this program is funded under the Army or under Defense-wide?

Answer. As part of the Quadriennial Defense Review, the Office of the Secretary of Defense directed efficiencies be identified, staff downsized, and OSD focus on corporate-level tasks. Oversight of the chemical demilitarization program devolved in fiscal year 1999 to the Army thus streamlining management of the program. While fiscal year 1999 chemical demilitarization construction funding was appropriated to the Defense-wide account, the overall responsibility for the program remained with the Army.

There will be no change in the execution of the chemical demilitarization program whether funded under the Army or Defense-wide account. However, a change in current law is required. The Chemical Demilitarization Legislation must be amended to permit the Army to fund military construction for chemical demilitarization projects rather than OSD.

Question. Has the Army's program been reduced to make room for the chemical demilitarization program, either this year or in the future?

Answer. No, the Army's program has not been reduced as a result of the chemical demilitarization program. All funding for chemical demilitarization construction projects was transferred to the Army when the program funding responsibility devolved from the Office of the Secretary of Defense to the Army. It is not anticipated that the chemical demilitarization program will have an impact on the future Army military construction program as the chemical demilitarization program is expected to be completed in fiscal year 2004.

Question. Submit for the record a chart, which will show unobligated balances available, by fiscal year and by location, and the maximum amount of construction that could be put in place at these locations through the end of fiscal year 2000. We would appreciate any comments you may wish to add.

Answer. The following is a chart showing unobligated balances of MILCON funds as of the end of February 1999.

UNOBLIGATED BALANCE, MILLIONS OF DOLLARS

	FY 95	FY 96	FY 97	FY 98	FY 99	Total
Anniston	1.9	0.0	0.0	9.0	0.0	10.9
Umatilla	0.0	0.0	0.0	9.6	8.8	18.4
Pine Bluff	0.0	0.0	10.1	0.0	0.6	10.7
Aberdeen	0.0	0.0	0.0	0.0	26.5	26.5
Newport	0.0	0.0	0.0	0.0	11.5	11.5

Note: the above amounts do not include the depot support projects.

The maximum amount of construction that could be put in place and cover long lead construction material, equipment, supplies, subcontracts and the Army Corps of Engineers contract oversight costs at these locations through the end of fiscal year 2000 is as follows:

Site	(Dollars in Millions)
Anniston, Alabama	166.9
Umatilla, Oregon	193.3
Pine Bluff, Arkansas	115.1

Site	(Dollars in Millions)
Aberdeen, Maryland	93.1
Newport, Indiana	72.7
Pueblo, Colorado*	
Blue Grass, Kentucky*	

*On hold pending decision on Assembled Chemical Weapons Assessment technology.

Question. For the record describe the "P.L. 104–208 baseline restrictions" and how they are being addressed.

Answer. PL 104–208 prohibits the obligation of funds for the construction of baseline incineration facilities at the Pueblo, CO, and Blue Grass, KY, storage sites until 180 days after the Secretary of Defense submits a report on the effectiveness of each demonstrated alternative technology to incineration for destruction of assembled chemical munitions. The final report is scheduled to be provided to Congress in September 1999. Consistent with PL 104–208, the Program Manager for Assembled Chemical Weapons Assessment reports directly to the Under Secretary of Defense (Acquisition and Technology).

Environmental permitting activities and documentation for incineration-based disposal facilities at Blue Grass and Pueblo are in abeyance pending results of the alternate technology demonstrations. The Congress is aware that the Army must proceed with the baseline incineration process by June 30, 1999, in order to meet Chemical Weapons Convention (CWC) disposal deadline of April 29, 2007, if no alternative emerges. Because of this conflict, the Army is working to define alternative options to ensure disposal completion by the mandated CWC date.

Question. Please provide for the record a chart which will show the amounts (by location) and the timeline for the entire Military Construction cost of the Chemical Stockpile Disposal Program.

Answer. The requested information is shown in the table below.

Project	Fiscal year 1998 & prior	Fiscal year 1999	Fiscal year 2000	Fiscal year 2001	Fiscal year 2002	Fiscal year 2003	Fiscal year 2003	Total
PM-Chem Demil; Training Facility ..	16.1	.....	.....	.....	.....	.....	.....	16.1
Tooele, UT Facility; Depot Support	186.2	.....	.....	.....	.....	.....	.....	186.2
.....	11.8	.....	.....	.....	.....	.....	.....	11.8
Anniston, AL Facility; Depot Support	159.9	.....	7.0	.....	.....	.....	.....	166.9
.....	14.3	.....	.....	.....	.....	.....	.....	14.3
Umatilla, OR Facility; Depot Support	133.43	23.95	35.9	.....	.....	.....	.....	193.28
.....	11.2	.....	.....	.....	.....	.....	.....	11.2
Pine Bluff, AR Facility; Depot Support	49.0	9.0	61.8	34.4	.....	.....	.....	154.2
.....	10.0	.....	.....	.....	.....	.....	.....	10.0
Pueblo, CO* Facility; Depot Support	.....	.....	11.8	51.0	96.2	33.9	9.0	201.9
.....	6.3	.....	.....	.....	.....	.....	.....	6.3
Blue Grass, KY* Facility; Depot Support	.....	.....	11.8	51.0	01.1	30.7	9.0	193.6
.....	.....	.....	11.0	.....	.....	.....	.....	11.0
Aberdeen, MD Facility; Depot Support	.....	26.5	66.6	78.3	11.4	.....	.....	182.8
.....	.....	1.85	.....	.....	.....	.....	.....	1.85
Newport, IN Facility; Depot Support	.....	11.5	61.2	75.3	39.9	.....	.....	187.9
.....	.....	2.0	.....	.....	.....	.....	.....	2.0
Planning & Design	.....	.....	.....	.....	.....	.....	.....	114.5
Total	712.73	74.8	267.1	290.0	238.6	64.6	18.0	1,665.83

*Funding requirement may change pending assessment of Assembled Chemical Weapon Assessment Program in consonance with Public Law 104–208.

Question. What is the timetable and what are the milestones for completion of the chemical demilitarization program?

Answer. Following is the Chemical Stockpile Disposal Program schedule and major milestones.

[Fiscal years]

Location	Start of construction	Start of systemization ****	Operations
Johnston Atoll*			3QFY90–4QFY00
Tooele, UT			4QFY96–4QFY03
Anniston, AL	3QFY97	2QFY00	2QFY02–1QFY06
Umatilla, OR	3QFY97	3QFY00	2QFY02–3QFY05
Pine Bluff, AR	2QFY99	4QFY01	4QFY03–1QFY07
Pueblo, CO**	On Hold		
Blue Grass, KY**	On Hold		
Aberdeen, MD***	1QFY00	3QFY02	2QFY04–1QFY05
Newport, IN***	1QFY00	4QFY02	3QFY04–1QFY05

*Full-scale operations began 2QFY94.
**Schedule on-hold as directed by Public Law 104–208 pending technology evaluation by Program Manager for Assembled Chemical Weapon Assessment.
***Schedule represents employment of neutralization-based technology.
****Some systemization activities are started in the construction phase.

Question. Provide for the record a chart showing by location, the facilities and operational costs for the chemical demilitarization program.

Answer. The requested information is shown in the table below.

[Current year, in millions of dollars]

Location	Facilities[1]	Operations[2]	Total
Johnston Atoll	.....	1,472	1,472
Tooele, UT	196	1,319	1,515
Anniston, AL	181	1,035	1,216
Umatilla, OR	204	988	1,192
Pine Bluff, AR	164	868	1,032
Pueblo, CO	208	846	1,054
Blue Grass, KY[3]	205	704	909
Aberdeen, MD[3]	185	457	642
Newport, IN	190	446	636
CAMDS, UT	.....	448	448
PMCD Training Facility, MD	16	120	136
Programmatics	.....	1,605	1,605
CSEP (On-Post)	.....	496	496
(Off-Post)	.....	741	741
MILCON P&D	114.5	.....	114.5
Total	1,663.5	11,545	12,209.5

[1] Facilities costs include the cost of designing, and constructing, equipping each of the chemical demilitarization and support facilities.
[2] Operational costs include all costs to test and operate each facility, training and all other support costs related to the operations of each facility to include environmental requirements and Chemical Stockpile Emergency Preparedness Program costs.
[3] Costs for these facilities may change as a result of evaluations/assessmets from the PM for Assembled Chemical Weapon Assessment (ACWA) as directed by PL 104–208. ACWA $374M is not included
NOTE.—The above figures reflect FY99 Congressional reductions and the January inflation indices.

Question. What is the timetable for the funding of all construction phases, for the obligation of funds, and for the construction and operation of the chemical demilitarization facilities at the locations for which military construction funds are requested—Anniston, Alabama; Pine Bluff, Arkansas; Pueblo, Colorado; Newport, Indiana; Blue Grass, Kentucky; Aberdeen, Maryland; and Umatilla, Oregon?

Answer. The spreadsheet provided in response to Question 88 identifies the scheduled funding for all sites. The obligation of funds is expected to be accomplished as follows:

Anniston: Fiscal year 2000 funds are earmarked for funding construction changes, engineering during construction, supervision and administration, and accomplishment of as-built drawings and will be obligated as required prior to construction completion.

Umatilla: Fiscal year 2000 funds will be applied to the on-going contract and are earmarked for funding construction changes, engineering during construction, supervision and administration, and accomplishment of as-built drawings and will be obligated as required prior to construction completion.

Pine Bluff: Fiscal year 2000 funds will be applied to the on-going contract and obligated at that time. Obligation is expected in the first quarter of the fiscal year. A limited amount of funds will be retained for contingencies and will be obligated throughout the fiscal year to fund construction changes and engineering during construction.

Aberdeen: Fiscal year 2000 funds will be applied to the on-going contract and obligated at that time. Obligation is expected in the first quarter of the fiscal year. A limited amount of funds will be retained for contingencies and will be obligated throughout the fiscal year to fund construction changes and engineering during construction.

Newport: Fiscal year 2000 funds will be applied to the on-going contract and obligated at that time. Obligation is expected in the first quarter of the fiscal year. A limited amount of funds will be retained for contingencies and will be obligated throughout the fiscal year to fund construction changes and engineering during construction.

Pueblo: Fiscal year 2000 funds will be obligated when the contract is awarded.

Blue Grass: Fiscal year 2000 funds will be obligated when the contract is awarded.

The construction and operation timetable of the demilitarization facilities follows:

	Construction status	Operation status	
		Start	End
Anniston	Under construction, 40% complete	2nd Quarter fiscal year 2002.	1st Quarter fiscal year 2006
Umatilla	Under construction 44% complete	2nd Quarter fiscal year 2002.	3rd Quarter fiscal year 2005
Pine Bluff	Under construction, 3% complete	4th Quarter fiscal year 2003.	1st Quarter fiscal year 2007
Aberdeen	Contract awarded 10/98, construction begins 1st quarter fiscal year 00.	2nd Quarter fiscal year 2004.	1st Quarter fiscal year 2005
Newport	Contract awarded 2/99, construction begins 1st quarter fiscal year 00.	2nd Quarter fiscal year 2004.	1st Quarter fiscal year 2005
Pueblo	Treatment method under study	Schedule on hold [1]	Schedule on hold [1]
Blue Grass	Treatment method under study	Schedule on hold [1]	Schedule on hold [1]

[1] Pending demonstration of alternative technology for assembled chemical munitions; report to Congress on alternative technology scheduled for 4th quarter fiscal year 1999

Question. What is the total design life of each of these demilitarization facilities?

Answer. Plant design is not driven by "life" criteria but rather by environmental and safety requirements to achieve maximum protection as required by law. This equates to a design life of five years of *continuous operation.* With prudent maintenance and equipment replacement, the facility's life can be extended significantly. However, the cost of extending the life of a facility is dependent upon local ambient weather conditions; for example, the warm salt air environment at the Johnston Atoll Chemical Agent Disposal System greatly accelerates corrosion of exposed equipment and structures.

Question. Are the sums requested equal to the amount of construction that can be put into place during fiscal year 2000?

Answer. Yes, for Anniston, Umatilla, Aberdeen, and Newport, the sums requested in fiscal year 2000 when added to the funds already appropriated total the cumulative amount of construction that can be put into place through fiscal year 2000. For Pine Bluff, the cumulative amount of construction through fiscal year 2000 is expected to be slightly less than funds available. For Pueblo and Blue Grass, the amounts that can be placed during fiscal year 2000 will be dependent on the selection of the technology to be used at the respective site.

Question. What are the current costs of maintaining the stockpile?

Answer. The current estimate for maintaining (storing) the chemical stockpile at all storage sites, including ancillary costs of treaty compliance and emergency preparedness is approximately $120 million.

Question. What is the total "sunk cost" for the chemical demilitarization program through the end of fiscal year 1999?

Answer. The Army projects that approximately $6.2 billion will be obligated for the Chemical Demilitarization Program by the end of fiscal year 1999. This figure includes $5.8 billion for the Chemical Stockpile Disposal Program and $0.4 billion for the Non-Stockpile Chemical Materiel Program.

Question. No funds are requested for chemical demilitarization planning and design costs, which were funded in the past under the "Defense-wide" account. What is the current unobligated balance of previously appropriated funds, by fiscal year, and what is the plan for obligating these funds?

Answer. A total of $15.024 million in planning and design funds remains unobligated. This amount includes $1.7 million in fiscal year 1996 funds, $4.124 million

in fiscal year 1997 funds, and $9.2 million in fiscal year 1998 funds. These funds will be used to accomplish designs required for the Pueblo and Blue Grass construction solicitations. The amounts of funds required are indeterminate since they are dependent on the technology selected and on the method of contracting to be used. Once these facilities are awarded for construction, all remaining planning and design funds will be returned to the Office of the Secretary of Defense for reprogramming as required.

RESIDENTIAL COMMUNITIES INITIATIVE (RCI)

Question. Describe in some detail the differences between the Army's new Request for Qualifications (RFQ) process versus the Request for Proposal (RFP) process.

Answer. Fort Carson is the Army's first pilot site and was solicited as a Request for Proposals (RFP). We propose to solicit Request for Qualifications (RFQ) for the remaining installations. The primary distinction between the approach employed for Carson and the approach employed at our remaining test sites is in developer selection and project planning. At Fort Carson, in the RFP process, the government develops explicit project requirements for execution of the project and then selects a developer based on this proposal and consideration of other factors such as experience and past performance. The RFP solicitation is a costly and time consuming document to prepare. At Fort Carson, it took about a year and approximately $1 million for completion. Under the RFQ approach, the Army also communicates its requirements to interested developers and requests proposals. The RFQ differs from the RFP, however, in terms of the level of detail that is both communicated to and received from developers as part of the selection process. In the RFQ process, interested parties are required to submit an overall project concept rather than detailed technical proposals as is required under the RFP approach at Fort Carson. It is on the basis of the developer's overall project concept, along with information on the developer's qualifications and price for completing the project (treated generally as the developer's expected return) that developer selection is made. Perhaps of greater significance are the differences between the RFP and RFQ approaches to project planning. As noted, under the RFP approach, the Army solicits technical proposals from each developer. These proposals respond in detail to the specific requirements set forth by the Army for completing the work at Fort Carson, to include long-term maintenance and management of housing units. By contrast, under the RFQ approach, the Army and its selected developer work closely to craft a Community Management and Development Plan (CDMP) for the subject installation. During this process, the Army will work closely with the Congress and our agent consultant, LaSalle Partners, to ensure that the CDMP meets the Army's needs and is consistent with congressional intent in the MHPI legislation. No commitment to implement the project will be made at this stage. Rather, the intent of this stage is to provide the Army access to private sector information and expertise. The Army would only proceed to implement these projects if the Army and Congress were satisfied with the plan.

Program at the time of the approval of "one plus one"

FY	State	Location	Project Description	Amount ($000)
1996	AZ	Ft Huachuca	Barracks Replacement	16,000
	CO	Ft Carson,	Barracks Replacement	20,000
	DC	Ft McNair	Barracks Replacement	5,500
	GA	Ft Benning	Barracks Replacement	33,000
	HI	Schofield Bks	Barracks Replacement	30,000
	KS	Ft Riley	Barracks Replacement	7,000
	KY	Ft Campbell	Barracks Replacement	10,000
	NC	Ft Bragg	Barracks Replacement	18,500
	OK	Ft Sill	48-Person Barracks Complex	8,000
	SC	Ft Jackson	Barracks Replacement	32,000
	TX	Ft Hood	Barracks Replacement	17,500
	TX	Ft Bliss	Barracks Replacement	48,000
	TX	Ft Hood	Barracks Replacement	15,000
	VA	Ft Eustis	Barracks Replacement	11,000
	KR	Cp Hovey	Barracks Replacement	7,300
	KR	Cp Stanley	Barracks Replacement	6,800
	KR	Cp Pelham	Barracks Replacement	5,600
	KR	Cp Hovey	Barracks Replacement	6,200
1997	CO	Ft Carson	Barracks Replacement	13,000
	GA	Ft Benning	Barracks Replacement	44,000
	KS	Ft Riley	Barracks Replacement	26,000
	KY	Ft Campbell	Barracks Replacement	35,000
	KY	Ft Knox	Barracks Replacement	10,000
	TX	Ft Hood	Barracks Replacement	35,000
	WA	Ft Lewis	Barracks Replacement	49,000
	KR	Cp Red Cloud	Barracks Replacement	14,000
	KR	Cp Casey	Barracks Replacement	16,000
1998	AZ	Ft Huachuca	Barracks Replacement	20,000
	GA	Ft Gordon	Barracks Replacement	18,000
	HI	Schofield Bks	Barracks Replacement	38,000
	KS	Ft Riley	Barracks Replacement	18,500
	KY	Ft Campbell	Barracks Replacement	35,000
	KY	Ft Knox	Barracks Replacement	22,000
	WA	Ft Lewis	Barracks Replacement	29,000
	KR	Cp Red Cloud	Barracks Renewal	14,600
	KR	Cp Stanley	Barracks Renewal	7,000
	KR	Cp Castle	Barracks Renewal	8,400
1999	GA	Ft Benning	Barracks Renewal	30,000
	HI	Schofield Bks	Barracks Renewal	49,000
	KY	Ft Campbell	Barracks Renewal	38,000
	NC	Ft Bragg	Barracks Renewal	54,000
	TX	Ft Sam Houston	Barracks Renewal	40,000
	VA	Ft Myer	Barracks Renovation	8,400
	VA	Ft Eustis	Barracks Renewal	29,000

Question. Why will future projects be solicited under the (RFQ) process?

Answer. The Army believes that there are many advantages to the RFQ approach. Specifically, this approach streamlines developer selection and project implementation. It maximizes an opportunity for an exchange of ideas between the developer and the Army. This approach provides the Army flexibility, input and oversight into the project planning process, as well as fosters innovation. The RFQ approach also promotes competition by lowering the cost of submitting industry proposals. The cost of submitting these proposals is lower because development of detailed technical plans is deferred until the project planning phase of the privatization process. A further attribute of the RFQ process is that it is low-risk and low-cost. We can forgo implementation without incurring significant costs, as the Army's exposure in the planning phase is limited to the payment to the developer for rights to the plan. Additionally, the Army retains the discretion to use the plan with other privatization developers or to untrack and proceed with a traditional MICON project. In the end, we believe use of the RFQ approach will result in superior project planning, project implementation, and ultimately a better housing product and living environment for America's soldiers and their families.

Question. Does the Army expect to experience fewer developer protests under the new RFQ process? If so, why?

Answer. Yes, we expect to have the same results as the Army's Community Family Support Center (CFSC), four privatization RFQ projects with no protests, and other agencies like the General Services Administration (GSA) and the Navy; few to none.

Question. What are the minimum qualifications and experience requirements for a firm to be considered eligible as a developer for an Army housing privatization project under the Army's new RFQ process?

Answer. In order to be found qualified to undertake the RCI program, the Army has established a requirement that the developer in the case of a single firm or primary developer or in the case of a team submission possess the following minimum experience:

1. Served as a principal (with ownership responsibility) and developer of at least three completed major development projects, each of which included a residential component with at least 350 units and total development costs in excess of $35 million.
2. Taken a major development project, which included a residential component of at least 350 units, through a public approval, zoning, environmental, and/or other entitlement process.

Question. In the prepared testimony, page 16, it states the "RFQ process is faster, less costly to the developer, and provides more flexibility to develop projects that meet the needs of all parties concerned." What makes this process faster than the RFP process, and how much time will be saved as a result?

Answer. In the RFQ process, the schedule is 16 months to develop the solicitation documents, select the developer, and structure and implement the Community Development and Management Plan (CDMP). Whereas, in the RFP process, the schedule is 24 months to develop the solicitation documents, receive proposals, evaluate proposals, select the developer, and implement the project. The time savings of RFP over RFP are anticipated to be eight months; achieved in the RFQ process through joint developer/Government dialogue in developing the CDMP. Whereas, in the RFP process the Government develops detailed specifications, and then solicits proposals in response to those specifications.

Question. How will it provide more flexibility to develop projects that meet the needs of all parties concerned? Why didn't the RFP process provide this flexibility?

Answer. In the RFQ process, the government expresses the goals, objectives, and expectations of privatizing and developing residential communities for Army soldiers and the families. In response, the selected developer takes the lead in developing a proposed Community Development and Management Plan (CDMP). This allows the Army a chance to work with the developer and to pursue refinements and innovations in the CDMP. In the RFP process, the selected proposal is based on fixed technical and non-technical requirements, which developer must base the proposal without additional dialogue with the government. This minimizes innovation opportunities in the proposal by the developer.

ILLINOIS: MARSEILLES TRAINING AREA

Question. Is the fiscal year 2000 appropriation request of $2,325,000 for this project adequate to begin meaningful construction? Describe in some detail the work to be accomplished in fiscal year 2000 with this appropriation request.

Answer. An appropriation of $2.3 million would allow the construction of the highest priority building. This project includes six (6) buildings and assorted infrastructure. The State of Illinois will not allow bidding the total project and awarding only a portion of it. Phasing may increase costs. In addition, bid documents are complete and will require additional A/E fees to phase. Illinois requires separate contractors for mechanical bids, thus phasing would double contracts to ten (10).

Question. The form 1391 states "Units that do not utilize the Marseilles Training Area (MTA) for NCOES and MOS training will lost valuable time and degradation of readiness due to the travel time to alternate training facilities." Where are the alternative training facilities located, and how far are they from the MTA?

Answer. Fort Campbell, KY—400 miles, Fort McCoy, WI—250 miles, Camp Atterbury, IN—200 miles, Camp Grayling, MI—400 miles, Camp Riley, MN—450 miles.

Question. How many units or Guard personnel of the Illinois Army National Guard currently utilize the alternate training facilities?

Answer. All units of the Illinois Army National Guard currently utilize the alternate training facilities which equates to over 10,000 soldiers.

NORTH CAROLINA: CHARLOTTE

Question. Do the State of North Carolina statutes prohibit the award of Army National Guard Contracts if full funding of the project cost is not available? If so, how does the Army National Guard plan to execute these projects in fiscal year 2000?

Answer. Yes, State statutes so prohibit, and North Carolina will not be able to award their contracts if full funding is not available. However, if informal reprogramming is based on the full authorization or if Congress approved formal reprogramming for the readiness center and the organizational maintenance shop, then these projects could be awarded in fiscal year 2000.

Question. Will the Army National Guard use reprogramming authorities to shift funds between these two projects? What benefits may be derived by shifting funds between these two projects?

Answer. Formal reprogramming is an option that the Army National Guard is reviewing. If approved we would have the funds to support the readiness center and the organizational maintenance shop.

ORLANDO, FL, LAND ACQUISITION—ARMY RESERVE

Question. By what date must this land acquisition be accomplished in order to execute the Joint construction project programmed in fiscal year 2001?

Answer. The Army Reserve has secured a $60,000 option to purchase the land necessary to execute the Joint project. This action was necessitated by the need to expedite the basis for design—the necessary geotectnical, environmental, and siting actions—for the project. As the option to purchase the land expires 31 December 1999, acquisition should be completed as soon as possible in fiscal 2000.

Question. Describe in some detail the three U.S. Government owned facilities to be disposed of upon completion of this land acquisition.

Answer. The Army Reserve and Navy Reserve have plans to dispose of the following facilities once the Joint project is completed:

(a) An $85,000/year leased facility in Kissimmee, Florida. The units occupying the facility will be moved to the Joint facility upon completion of the project and lease will not be renewed.

(b) A former Strategic Air Command alert facility at the Orlando International Airport. This building is currently used for administration space.

(c) A US Naval Reserve structure on land leased from the city of Orlando in the Herndon Annex Area, northeast of the City.

(d) An Aviation Support Facility, avionics shop, and parking near the Orlando International Airport. This facility is a former US Air Force defueling hanger and World War II wood administration facility converted for USAR use.

Question. Why isn't this project incrementally funded like all other fiscal year 2000 Army Reserve projects?

Answer. Land acquisition is different from construction. There are no phases or portions that are acquired. Negotiations to purchase land are generally contingent upon full payment of the purchase price at the closing of the land acquisition. The low dollar amount of this purchase would yield insignificant savings that could be applied to other projects if this purchase were incrementally funded. Additionally, the Army Reserve has purchased a $60,000 option to purchase this land; the option expires 31 December 1999. Failure to fully fund the land acquisition would cost the Army Reserve additional dollars for no benefit gained.

FORT DIX, NEW JERSEY, CENTRALIZED TACTICAL VEHICLE WASH FACILITY—ARMY RESERVE

Question. Describe the economies that should result from the consolidation of tactical vehicle wash operations in a central facility.

Answer. Currently Ft Dix employs six civilians that operate the four wash racks scattered across post at various locations. The proposed centralized wash facility will require three civilian personnel, resulting in a more efficient use of personnel. Contrary to the current wash facilities, the proposed centralized wash facility will be a closed system, meaning that all water, contaminants, etc., will be cleaned and recycled within the system. Any discharge to the on-post sewer system will be environmentally clean. A similar system at Ft McCoy, WI, has resulted in savings of approximately 500,000 gallons of water daily during peak season, lowering operating costs and providing an environmentally clean solution.

FORT HOOD, TEXAS, AMSA/ECS—ARMY RESERVE

Question. What is the payback period for this project, in avoided lease payments, shipping costs, and related transportation costs?

Answer. The lease in Waco, Texas, for the Equipment Concentration Site is currently $309,000 annually. That lease expires in April 2002; if renewed the estimated lease cost will be approximately $360,000 annually. Current operating costs for transportation and man-hours to/from Ft Hood-Waco is approximately $77,000 annually. Total savings from this project would be approximately $400,000 annually, meaning a payback period of seven (7) years.

FORT HOOD, TEXAS, AMSA/ECS—ARMY RESERVE

Question. What is the estimate of savings in design costs by accomplishing this project using a standard or definitive design?

Answer. To date the USAR has seen some savings in total design costs using standard designs due to a variety of factors that vary from project to project. Due to the low design costs for this project, projected savings associated with the design are insignificant. The site improvement costs for the project are higher than on other projects. An Equipment Concentration Site (ECS) is land intensive, thus requiring significant site improvement costs. The USAR has seen a slight reduction in design fees within the 5 foot envelope of the building.

[CLERK'S NOTE.—End of questions for the Record submitted by Chairman Hobson.]

[CLERK'S NOTE.—Questions for the Record submitted by Congressman Tiahrt.]

PROJECT LABOR AGREEMENTS

Question. Are you aware of the use of any labor agreements on Army Corps of Engineers contracts by the COE or any of its prime contractors contracted by the COE?

Answer. The Corps of Engineers has not employed Project Labor Agreements of the type contemplated by President Clinton's 5 June 1997 Memorandum, Use of Project Labor Agreements for Federal Construction Projects.

Question. Additionally, please provide details on the cost and competitive effects of any such PLAs arising or potentially arising on those projects.

The effect on the number of bidders, including the basis for that conclusion;

The effect on the bid amount, including the basis for that conclusion;

The impact/effect on small and emerging businesses in the locality of the worksite, particularly their ability to perform the work using their own workforce, including the basis for that conclusion.

Answer. While, implementing guidance with respect to the 5 June 1997 Memorandum has not yet been issued by the Office of Federal Procurement Policy, the Corps of Engineers is aware that many of the concerns raised by this question were also raised by the General Accounting Office in their 29 May 1998 Report on Project Labor Agreements. (B–277866).

THURSDAY, MARCH 11, 1999.

DEPARTMENT OF THE NAVY

WITNESSES

HON. ROBERT B. PIRIE, ASSISTANT SECRETARY OF THE NAVY (INSTALLATIONS AND ENVIRONMENT)
REAR ADMIRAL LOUIS M. SMITH, COMMANDER, NAVAL FACILITIES ENGINEERING COMMAND

STATEMENT OF THE CHAIRMAN

Mr. HOBSON. This hearing will focus on the Navy military construction program, including family housing, base realignment and closure, and the Reserves. Our witness today is Mr. Robert Pirie, Assistant Secretary for the Navy for Installations and Environment.

Mr. Secretary, it is a pleasure to have you appear before the Subcommittee again this year. We look forward to your testimony and a good hearing on the construction program for the Navy and the Marine Corps.

We are concerned with the overall reduction in funding, as you might have heard before. The budget request is down $3.2 billion, or 37 percent, from last year's enacted level. The Navy's request is down $924 million, or 38 percent. These reductions are mainly due to the Department's use of an incremental-funding concept. Some people would call it other things. I will not get into that. I have done so before. You have already heard what I characterized it as before. Some people call it creative financing. Some people call it other things. It presents us with a very difficult challenge this year, and we have got to work closer than ever as a result of this.

Another concern is the direction we are heading with the military housing privatization issue, and I am going to ask one question here, and then I am going to turn it over to Mr. Olver. I do not want you to answer this question now, and I do not want you to be thinking about it while he talks because I want you to listen to him, too, but maybe some of your staff out there might want to think about this.

The Family Housing Privatization Initiative was originally intended to be a supplement to the traditional housing program. We are seeing more and more emphasis on this program, which is still supposed to be in a pilot-stage. For Fiscal Year 2000, the Navy did not request a single, traditional, family-housing project and only two construction-improvement projects in the continental United States.

Additionally, the Navy currently plans on privatizing 78 percent of its housing by 2003 and 2004. Once again, this is a "pilot" program, and the original intent of the legislation was just that, to be a supplement to the traditional housing program.

Explain at some point in this hearing why the Navy is placing such a high emphasis on this initiative when it has yet to complete a single project under the current statutory authority—a single project anywhere under this pilot program, and you want to do 10,000 houses in one location, sir. So, with that, Mr. Olver.

STATEMENT OF THE HONORABLE JOHN W. OLVER

Mr. OLVER. Thank you, Mr. Chairman. I think you are beginning to know me too well or something like that from the previous comments.

Anyway, Mr. Secretary, we are very privileged to have you here to have someone of your distinguished military and civilian record here to testify before us today. I think all the members of this subcommittee are interested, I particularly perhaps, in the continuing efforts at housing and privatization, but I am also interested in improving the shore-side facilities. I am particularly interested in hearing how that kind of fits in with the administration's request, which I assume you support, for additional base closures and the need for those in the evolving military context.

So we want to work together with you in approving the facilities where the men and women of the Navy and Marine Corps work and train and live, and I am very interested in hearing your testimony.

Mr. PIRIE. Thank you, sir. Mr. Chairman, do I have the ball?

Mr. HOBSON. It is all yours, sir.

Mr. PIRIE. Thank you.

Mr. HOBSON. We may whack it back at you, but you have got it right now. Did you bring your pads?

Mr. PIRIE. I have a longer statement, which with your permission, I will submit for the record——

Mr. HOBSON. Sure.

Mr. PIRIE [continuing]. And just make a few remarks in summary.

[Prepared statement of Hon. Robert B. Pirie, Jr.]

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RELEASED BY THE HOUSE
APPROPRIATIONS COMMITTEE

STATEMENT OF

HONORABLE ROBERT B. PIRIE, JR.

ASSISTANT SECRETARY OF THE NAVY

(INSTALLATIONS AND ENVIRONMENT)

BEFORE THE

SUBCOMMITTEE ON MILITARY CONSTRUCTION

OF THE

HOUSE APPROPRIATIONS COMMITTEE

ON

SHORE INFRASTRUCTURE AND MILITARY CONSTRUCTION

11 MARCH 1999

NOT FOR PUBLICATION UNTIL
RELEASED BY THE HOUSE
APPROPRIATIONS COMMITTEE

opportunity to speak to you today on the Department of the Navy's (DON) installations and facilities program.

My statement today will cover a number of areas:

- Shore infrastructure challenges;
- The infrastructure budget in perspective;
- Program highlights for family housing, military construction, and Base Realignment and Closure (BRAC);
- Infrastructure efficiency efforts.

SHORE INFRASTRUCTURE CHALLENGES

Naval forces provide presence and project power around the world to preserve American security through peacetime engagement and deterrence. At any given time, more than 50,000 Sailors and Marines are deployed around the world aboard 100 ships. The Navy-Marine Corps team responded to a national tasking, on average, at least once every three weeks during 1998. This is a five-fold increase from the days of the Cold War.

I am certain that members of this Committee will agree that in many respects, our shore infrastructure is the launch pad for the readiness of our military forces. Piers provide berthing, electrical power, and support facilities for ships in homeports. Runways support rapid deployment and transit of people, material and supplies. Hangars shelter valuable aircraft for maintenance and repair work. Training facilities and ranges allow Sailors and Marines to learn and hone their war fighting skills. Shipyards provide the industrial capability for ship repairs. Maintenance and operations facilities make our ground forces and their equipment combat capable. Laboratories transform science into new fleet technologies. Military housing and community facilities are the place our Sailors, Marines and their families call home. All provide a critical ingredient in our ability to deploy Naval forces when needed.

U. S. taxpayers have made a considerable investment in our shore infrastructure. After BRAC is completed, the Navy will have over 88,000 facilities[1], 400 piers and wharves, and 180 runways with a plant replacement value of $100 billion on 2.1 million acres of land. The Marine Corps will have over 38,000 facilities, 10 piers and wharves, and 50 runways with a plant replacement value of $25 billion on 1.6 million acres. As we fund current shore operations, we must consider our stewardship responsibilities and invest in the maintenance and repair of these facilities to preserve their use for the future.

Yet, we face the twin challenges of needing to invest more in our facilities, while at the same time needing to rid ourselves of excess capacity. Most of our piers and wharves were built in the early '40s and '50s. Fifty-seven percent of the pier space and 40

[1] A facility is a separate and individual building, structure, or other real property improvement.

percent of the wharf space is substandard[2] or inadequate. Additionally, the Navy and Marine Corps has over 32 million square yards of runway paving, 48 percent of which is substandard or inadequate. Our backlog of maintenance and repair (BMAR) continues to grow. The Navy's critical[3] BMAR is currently $2.4 billion and increases to $2.9 billion in FY-2003 before stabilizing. The Marine Corps BMAR is currently $689 million and stabilizes at $722 million in FY-2003. The family housing BMAR is currently $2.2 billion for the Navy and $1.3 billion for the Marine Corps. We are investing 1.8 percent of the Plant Replacement Value (PRV) of our facilities, compared to a rate of two to four percent recommended by a 1990 report of the National Research Council.

Despite four rounds of base realignment and closure (BRAC), we continue to have excess capacity. While the number of ships and Sailors were reduced by 40 percent and 30 percent respectively since 1988 as a result of BRAC, Navy shore infrastructure decreased by only 17 percent of PRV.

I know this Committee understands how high quality shore facilities bring out the best in our people. Our mutual goal is to provide quality shore facilities to support the current and future readiness of U. S. Naval forces. Let me describe the investment and efficiency solutions we are pursuing. Where appropriate, I will use metrics to display where we were at the end of FY-1998, where we expect to be at the end of FY-2000 based on this budget submission, and what our future goals are.

THE INFRASTRUCTURE BUDGET IN PERSPECTIVE

Financing the FY-2000 Construction Program

Before I explain our FY-2000 budget request, I must first describe two new financing techniques that the DoD has instituted for the military construction accounts in FY-2000. This change affects virtually all construction projects[4] in the Military Construction, Navy: all projects in the Military Construction, Naval and Marine Corps Reserve; all Family Housing, Navy construction and improvements[5]; and all BRAC.

First, the FY-2000 program requests authorization for the full program amount, which is shown throughout this statement. However, the FY-2000 appropriation request is only for that portion expected to be actually spent in FY-2000, plus an additional factor for unforeseen actions. The remainder of the construction portion of the project is included in a request for Advance Appropriations in FY-2001.

Second, the FY-2000 DON budget also annualizes the cost of Supervision, Inspection and Overhead (SIOH) in military construction projects to align budgeted costs

[2] Substandard means it is capable of supporting current use, but requires repair or modification; inadequate cannot be economically made adequate.
[3] Environmental, safety, mission, and quality of life projects that should not be deferred.
[4] The only exception is MILCON projects above $50 million that are phased over several years.
[5] Family Housing PPV projects in the DoD Family Housing Improvement Fund (FHIF) are not affected.

with expenditure trends over five years. The budget requests full authorization of SIOH, but appropriation for only that portion to support work to be done in FY-2000.

The following table displays the effect of both the Advance Appropriations and annualization of SIOH on our FY-2000 program.

($ M)	FY-2000 Auth Request	Less FY-2001 Advance Appn	Less 2001–2005 Annualized SIOH	Less Other Changes	Equals FY-2000 Appn Request
MCON	$922.7	$496.6	$43.0	$63.3[6]	$319.8
MCNR	$15.6	$10.0	$0.7	-	$4.9
FHCON	$246.9	$170.4	$11.9	-	$64.6
BRAC	$452.6	$254.7	-	-$13.5[7]	$211.4
Total	$1,637.8	$931.7	$55.6	$49.8	$600.7

The use of Advance Appropriations and annualization of SIOH allows financing of critical DON readiness programs in FY-2000. For example, Advance Appropriations was a one-time action that allowed the DoD to realign $3.1 billion to readiness and personnel needs in FY-2000, while still initiating all planned construction projects envisioned under normal funding conventions. However, this is not the preferred method of financing the program, and DoD only intends to utilize this method for the FY-2000 program. If the FY-2000 Military Construction Appropriations Act provides the FY-2000 appropriations requested in the President's Budget including the advance appropriations of funds for the FY-2000 projects, it would provide all the funds (except the outyear SIOH tail) needed to complete the FY-2000 projects. The Biennial Budget request for FY-2001 fully funds all FY-2001 projects (except the outyear SIOH tail).

The military construction accounts also benefit from the use of Advance Appropriations. Four Navy and eight Marine Corps projects totaling $200 million (FY-2000 appropriation of $50 million) were added to the FY-2000 program as a result of funds made available by Advance Appropriations. These projects included a pier replacement, quality of life facilities including new bachelor enlisted quarters, maintenance facilities, and projects needed to improve readiness and training.

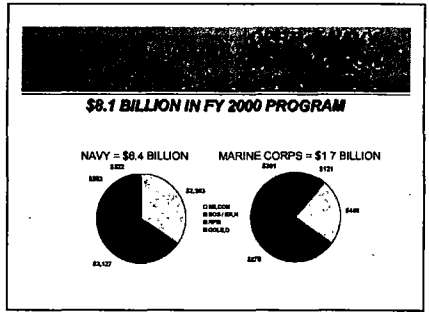
I recognize that this new financing technique may be controversial. We will have to take some additional steps to make it work -- we will have to place a "limitation of funds" clause on many construction projects to insure that obligations and outlays stay within the FY-2000 appropriated amounts. It will also require much closer fiscal and acquisition management attention. Since the first year appropriation is more than sufficient to cover expected outlays, I expect no adverse impact on program execution.

[6] Includes $76.0 million for phase-funded projects, for which advance appropriations are not sought, less $12.7M for completion of a project previously authorized.

[7] This adjustment primarily reflects the transfer of $18.6 million for Homeowner's Assistance Program less $5 million in anticipated land sales revenue.

Full authorization and approval of the FY-2000 and the FY-2001 Advance Appropriations are the critical ingredients to the success of this approach. I ask that we work together on the merits of this approach.

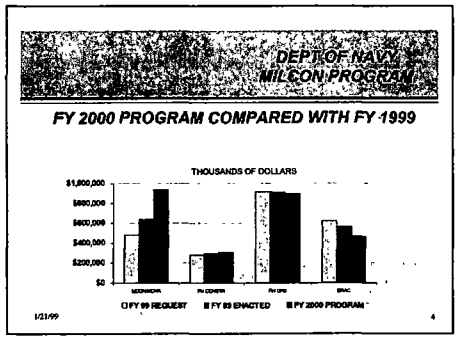
Compared with Overall DON FY-1999 Budget



The Department of the Navy installation budget includes many appropriations: Military Construction, Navy (MCON); Military Construction, Naval and Marine Corps Reserve (MCNR); Family Housing, Navy (FHN); Base Realignment and Closure (BRAC); and Environmental Restoration, Navy. Base operations support and real property maintenance functions are included in the Operations and Maintenance accounts, Navy and Marine Corps, active and reserve. In aggregate, our FY-2000 installation program totals about $8.1 billion, or about 9.7 percent of the DON FY-2000 budget of $83.5 billion.

Compared with FY-1999

Our FY-2000 installation program (MCON, MCNR, FHN, BRAC) of $2.6 billion is eight percent more than the FY-1999 enacted level of $2.4 billion, and 13 percent more than our FY-1999 budget request of $2.3 billion.



I am pleased to report that our FY-2000 Military Construction, Navy Authorization request of $922.7[8] million is considerably larger than our FY-1999 budget request of $468 million, or the enacted level of $610 million. It is financed with a FY-2000 appropriation request of $319.8 million and a FY-2001 Advance Appropriations request of $496.6 million. Our FY-2000 program, including Planning and Design and Unspecified Minor Construction, consists of 42[9] Navy projects totaling $688 million (FY-2000 appropriation of $267.5 million) and 23 Marine Corps projects totaling $162 million (FY-2000 appropriation of $52.3 million). The FY-2000 Military Construction, Navy and Marine Corps Reserve program of $15 million (FY-2000 appropriation of $4.9 million) is similar to the FY-1999 request, but below the FY-1999 enacted level of $32 million. There are two Marine Corps reserve projects and one Navy reserve project.

Our FY-2000 Family Housing program is summarized in the following table. Beginning in FY-2000, all Public/Private Venture construction and improvement projects are included in the DoD Family Housing Improvement Fund. Thus, our overall FY-2000 Family Housing program of $1,204 million ($1,142.0 million + $61.7 million) is just slightly below the FY-1999 enacted level of $1,224 million. Our Family Housing Operations and Maintenance request declines primarily due to inventory reductions of about 4,000 Navy and 1,500 Marine Corps homes and reduced utility costs due to energy conservation measures. The increase in leasing is due to new leased units coming on-line at four locations in Italy.

[8] Includes full authorization of SIOH and multi-phase construction of a berthing wharf at San Diego, CA and CINCPAC headquarters building at Camp H.M. Smith, Hawaii.
[9] Includes $12.7 million Phase II of Norfolk pier upgrade authorized in FY-1999.

$ Millions	FY-1999 Enacted Program	FY-2000 Authorization Request	FY-2000 DoD FHIF	FY-2000 Appropriation Request
Construction	**$301.6**	**$246.9**	**$61.7**	**$64.6**
Replacement Construction	[53.0]	[75.9]	[42.2]	[15.2]
Improvements	[233.0]	[153.3]	[19.5]	[31.7]
Planning & Design	[15.6]	[17.7]	[-0-]	[17.7]
Operations & Maintenance	**$788.3**	**$749.1**		**$749.1**
Leasing	**$134.6**	**$146.0**		**$146.0**
Total Family Housing, Navy & Marine Corps	**$1,224.5**	**$1,142.0**	**$61.7**	**$959.7**

Our FY-2000 BRAC program of $453 million (FY-2000 appropriation of $198 million) is $122 million below the FY-1999 enacted level of $575 million. This reduction is due to the virtual completion of BRAC construction and realignment requirements. Our FY-2000 BRAC program is now nearly all environmental cleanup. The FY-2000 BRAC environmental program of $382 million (FY-2000 appropriation of $148.7 million) is 44 percent above the FY-1999 enacted level of $265 million.

Our FY-2000 Real Property Maintenance (RPM) request of $1.5 billion is essentially the same as the FY-1999 enacted level. RPM funds in the Operations and Maintenance accounts fund repairs, preventative and recurring maintenance, minor construction and centrally managed demolition. To give special emphasis and provide more management flexibility, $643 million of DON RPM funds are included in the Quality of Life Enhancements, Defense account.

FAMILY HOUSING

Basic Allowance for Housing

We rely first on the private sector to provide housing for our Sailors, Marines and their families. Our bases have housing referral offices to help newly arriving families find suitable homes in the community. In FY-1998, about 74 percent of Navy families and 66 percent of Marine Corps families worldwide lived in a home they owned or rented in the community.

Service members receive a monthly housing allowance when government quarters are not provided. Effective 1 January 1998, Basic Allowance for Housing (BAH) replaced both Basic Allowance for Quarters (BAQ) and Variable Housing Allowance (VHA). BAH rates are linked to the actual housing costs where a member is assigned. Members assigned to high-cost areas will have a higher BAH and will not be required to absorb a disproportionately higher share of their housing costs "out of pocket." Once fully implemented in the next four years, members at the same pay grade and dependent status will pay the same monthly out-of-pocket amount regardless of location.

While BAH will equalize out of pocket expense across different locations, the national average out-of-pocket expense remains at 19.8 percent, still considerably higher than the DoD goal of 15 percent. The FY-2000 budget retains the current 19.8 percent out of pocket rate. Nonetheless, we believe that the new BAH will be particularly helpful to Navy and Marine Corps families, as many of our bases are located in urban and coastal areas where living costs are higher.

Fix What We Own

Even with full implementation of BAH, there will remain many locations where there are not enough suitable[10] homes in the community for our members. In such locations, we have used family housing funds to build or acquire additional homes. At the end of FY-1998, the Navy had an inventory of 62,700 homes worldwide and the Marine Corps had 25,600 homes. We also lease homes both here in the U. S. and abroad. At the end of FY-1998, we had about 5,500 leased homes.

Our core family housing philosophy remains to first fix what we own. The Navy's Neighborhoods of Excellence, and the Marine Corps Family Housing Campaign Plan, embody the Department's efforts to revitalize major home components for an entire neighborhood, rather than piecemeal improvements on individual homes. We update electrical and plumbing systems, replace windows and doors, add insulation, modernize kitchens and baths, install new landscaping, and install better street lighting. Using traditional family housing funds, our FY-2000 improvement program renovates 1,315 Navy homes at 9 locations at a cost of $130 million (FY-2000 appropriation of $27.2 million), and 407 Marine Corps homes at 6 locations at a cost of $24 million (FY-2000 appropriation of $4.5 million).

Our FY-2000 family housing construction program has three replacement construction projects totaling 329 homes, all in Hawaii. Two projects are at Naval Base Pearl Harbor: 96 homes at Hale Moku for $19.2 million (FY-2000 appropriation of $3.8 million); and 133 homes at Pearl City for $30.2 million (FY-2000 appropriation of $6.0 million). The remaining project is to replace 100 homes at Marine Corps Base Kaneohe for $26.6 million (FY-2000 appropriation of $5.3 million).

Family Housing Shortfalls
(As of the end of FY-1998)

	Navy	Marine Corps
Repair Backlog	$2.2B	$1.3B
Deficit (homes)	13,600	10,400

Public/Private Ventures

A number of years ago, we realized that the pace of new and replacement construction and improvements would never let us solve our seemingly intractable backlog of repairs and shortage of homes. We worked closely with the Congress to

[10] Suitability is based on the following DoD criteria: **location** (within one hour commute); **cost** (rent meets DoD criteria); **size** (minimum square footage and number of bedrooms); **condition** (unit is well maintained and structurally sound). All owner occupied housing is deemed suitable.

establish ground breaking new authorities in FY-1995 and FY-1996 to use public/private ventures (PPV) as a housing tool. Under a five-year test program which expires on 1 February 2001, we can provide cash, direct loans and loan guarantees, and differential lease payments (DLP). We can also convey land or lease existing land, housing and facilities to a developer in exchange for renovation or construction of homes for our military members and their families.
As the Secretary of Defense announced, our objective was to use these tools to solve a 30-year housing problem in 10 years.

Completed PPVs

The Navy successfully completed two PPV projects in late 1996 and early 1997. These projects were started under the 1995 authorities and completed under the 1996 authorities. In the south Texas area, the Navy invested $9.5 million, and the developer, Landmark Development Company, provided the remainder of the $32.5 million total project cost. Landmark constructed and manages 300 homes in a development called Bridge Pointe in Portland, TX to support personnel assigned to Naval Air Station Corpus Christi and Naval Station Ingleside. Landmark also constructed and manages 100 homes at a development called Hawks Landing in Kingsville, TX to support personnel assigned to Naval Air Station Kingsville. Both projects are located off base and are fully leased, with about 75 percent occupied by military members.

At Everett, WA, the Navy invested $5.9 million in a limited partnership with Dujardin Development Company to construct and manage 185 homes on private land. The total project cost was $18 million. Dujardin completed and manages a development called Country Manor at Smokey Point for personnel assigned to Naval Station Everett, WA. All units are leased to enlisted families.

PPVs – the next step

We have traveled a long road since those early successes. We wrestled with a number of key concerns, including the future role of traditional military construction, construction standards, and occupant out-of-pocket expenses. We had extensive discussions with fleet commanders, base commanders, and those we aimed to serve – our Sailors, Marines and their families. We listened to what they had to say. Last year, I established a new DON policy on PPV to resolve these and other issues:

- Consider PPV first. Where communities cannot meet our housing needs, we will rely first on PPVs, including replacement construction and whole-house revitalization.
- Regional scope. We will evaluate our housing needs on a regional basis.
- Quality standards. We will establish PPV housing quality standards comparable to what the private sector provides for civilians in similar income scales.
- Out-of-pocket expenses. Our goal is no out-of-pocket expenses for members.
- Rent scale. Rent scales are based on unit size and quality.
- Conveying land or units. We will not convey land unless it is excess to our long-term needs.
- Allowing non-military occupants. Service members will have preference. To ensure full occupancy, PPVs can accommodate civilian leases of limited duration.

We established two new PPV groups at the Naval Facilities Engineering Command – one for management and another for acquisition. These groups will manage PPVs in close coordination with the fleet and base commanders. Our acquisition strategy has matured to applying two business models for PPV projects. A Limited Partnership will be used for terms up to 15 years for housing on private land where our equity contribution is limited to cash. A Limited Liability Company (LLC) will be used for a minimum 50-year term for housing on government or private land where our equity contribution includes privatizing existing government owned housing. Both include escrow accounts, performance bonds, insurance, and personal and corporate guarantees to ensure that our interests are protected during the construction phase and succeeding years. Both models minimize government liability while still giving us flexibility to address changing requirements over the long-term as our needs, and local market conditions change. The longer term of the LLC led us to expand the use of cash reserves, participation in property management decisions, incentive clauses, and termination options for non-performance.

PPVs Now in Process

We have undertaken an ambitious, but I believe attainable goal over the next three years of over 33,000 PPV units at 16 locations for the Navy and over 8,000 PPV homes at 9 locations for the Marine Corps. These figures include both existing units and construction of new housing. Each of these projects has the full support of the fleet and local commanders. These projects will provide our Sailors and Marines with better housing sooner...much sooner. Communities will also benefit from the additional housing construction and increased tax base.

Many PPV efforts have already met critical milestones. The Marine Corps is in the final stages of negotiations with a developer to exchange 419 existing homes and land located off-base for up to 160 new on base homes at Marine Corps Base Albany, GA. We expect to provide Congressional notification of the selection of a developer very soon.

The Marine Corps issued a solicitation in November 1998 to privatize and

revitalize 512 on base homes, and construct 200 new homes on base at Marine Corps Base Camp Pendleton. The first part of this project would be funded with $20 million in previously authorized and appropriated funds.

The Navy negotiated modifications to the existing agreements with Dujardin Development and Landmark Development to provide DLP on behalf of service members. Payments would be paid directly to the developer to buy-down the service member's out-of-pocket expenses (rent plus utilities) to the BAH rate. We expect to provide congressional notification of the contract award and intent to transfer funds to implement the DLP selection this summer.

In January 1999, the Navy issued solicitations to competitively enter into two new limited partnerships for 300 townhouses near Naval Station Everett, WA, and 150 apartments and townhouses near Naval Air Station Kingsville, TX. The Navy envisions a mix of 2-, 3-, and 4-bedroom homes on privately owned land for active duty enlisted personnel. Funding for the Navy share (including DLP) would come from $29 million in previously authorized and appropriated funds. We expect to notify the Congress of the selections later this year.

In the last five months, we have provided Congressional notification to issue solicitations for PPV projects in South Texas; San Diego, CA; Lemoore, CA; Brunswick, ME; and New Orleans, LA. Each PPV project would privatize all or substantial portions of government owned housing, renovate or demolish inadequate homes, and construct new units on or off-base. We would fund our share of the investment using the equity of those housing assets and $114 million in previously authorized and appropriated family housing funds. These projects are currently on hold by the House Appropriations MILCON Subcommittee. We continue our discussions with the Subcommittee to resolve their concerns.

We plan to provide Congressional notification to issue solicitations for seven more Navy and seven more Marine Corps locations during the course of this year. Our share of the investment cost for these projects would come from $257 million in previously authorized and appropriated funds, plus additional funds in the FHIF. Our FY-2000 program includes nearly $61.6 million in the FHIF for PPV projects at five locations. These funds will also be combined with additional prior year and future year funds for additional PPV projects at some locations.

Department of the Navy
FY-2000 PPV Projects
in
Family Housing Improvement Fund

Location	Funds	# Homes
NAS Lemoore, CA	$20.1M	406
MCAS Cherry Pt, NC	$22.0M	728
NTC Great Lakes, IL	$14.4M	855
NICP Philadelphia, PA	$0.2M	6
Parris Island	4.9M	201
Total	$61.6M	2,196

MILITARY CONSTRUCTION

Our military construction program continues our approach of budgeting for only those projects that meet the highest priority readiness and quality of life needs of the Fleet and Fleet Marine Force, and their Reserve Components. The Navy convenes a Shore Facilities Programming Board and the Marine Corps convenes a MILCON Program Evaluation Group each year to consider, evaluate, and prioritize military construction projects. Projects are selected based on a number of different criteria, including fleet priorities and the most critical readiness, quality of life, and compliance needs.

Military Construction policy, like Family Housing, focuses on first fixing what we own. To this end, 62 percent of the active and reserve military construction program for the Navy and 45 percent for the Marine Corps is dedicated to replacement and modernization projects.

This budget expands our efforts begun last year to modernize our piers and wharves. Our construction program includes $168 million for five pier/wharf projects. Examples include:

- Berthing Wharf at Naval Submarine Base Pearl Harbor, HI. This $29.5 million project (FY-2000 appropriation of $7.5 million) replaces two wharves built in the 1940s that are now deteriorated beyond repair and that do not have the structural capacity to support heavier mobile cranes now used to service new submarines.
- Berthing Pier at Naval Station Norfolk,VA. This is the second phase of a $45.5 million project to replace Pier 2, which is over 50 years old. Pier 2 now has limited deck space, inadequate power supply, and lacks the structural strength to safely support current ship classes. Full authorization and a $32.0 million appropriation were provided in FY-1999. This budget requests the remaining $12.7 million to complete the replacement of Pier 2, with a $0.8 million SIOH tail through FY-2004.

Our construction program also funds 14 operational facilities totaling $35 million. Examples include:

- Control Tower and Air Traffic Control Facility at Marine Corps Base, HI. This $5.8 million project (FY-2000 appropriation of $1.5 million) replaces an existing control tower built that is deteriorated and lacks sufficient height to meet safety and FAA regulations. The project also replaces trailers installed in the early 80's that are too small to install new equipment scheduled for installation in 2001.
- Operational Support Facilities, Naval Support Activity, Souda Bay, Crete. This $6.4 million project (FY-2000 appropriation of $1.6 million) provides several new buildings and an aircraft-parking apron to replace temporary trailers.

There are 8 projects totaling $40 million to support military training functions. Examples include:

- Strike Fighter Weapons Training Facility, Lemoore, CA. This $4.0 million project (FY-2000 appropriation of $1.0 million) upgrades and expands an existing facility to support the introduction of the F/A-18E/F aircraft to NAS Lemoore.
- Staff Non-Commissioned Officer Academy, Marine Corps Base Camp Pendleton, CA. This $6.5 million project (FY-2000 appropriation of $1.6 million) provides an academic instruction building, armory and warehouse complex to replace temporary facilities that are located far from where the students do much of their training.

There are 17 maintenance and storage projects totaling $120 million. Examples include:

- Aircraft Acoustical Enclosure at Naval Air Station Oceana, VA. This $11.5 million project (FY-2000 appropriation of $2.9 million) provides a means to control noise generated during in-frame high power jet engine testing on F-14 and F/A-18 aircraft engines.
- Tactical Vehicle Maintenance Facility, Marine Corps Base Twentynine Palms, CA. This $14.0 million project (FY-2000 appropriation of $3.4 million) provides a maintenance facility with an overhead crane, sunshades, and parking for tactical vehicles used during Combined Arms Exercises.

There are six environmental compliance and safety of life projects totaling $52 million. Examples include:

- Sewage Treatment Plant, Naval Surface Warfare Center Division, Indian Head, MD. This $10.1 million project (FY-2000 appropriation of $2.6 million) would demolish 17 failing septic systems and connect them to an upgraded treatment plant. The current plant is in violation of the Clean Water Act and Maryland Department of Environment standards.
- Hazardous Materials Storage Facility at Naval Air Station Joint Reserve Base Willow Grove, PA. This $1.9 million project (FY-2000 appropriation of $0.3 million) in the Military Construction Naval and Marine Corps Reserve Appropriation provides a facility to store hazardous and flammable material in compliance with environmental and safety standards. Existing facilities have been cited for non-compliance.

The single most expensive project in our budget is an $86.0 million project (FY-2000 appropriation of $15.9 million) to construct a new U. S. CINCPAC headquarters building at Camp H. M. Smith, HI. This project, to be constructed in three phases, would consolidate personnel that currently occupy portions of 25 different buildings, nearly all of which are deemed substandard or inadequate.

Navy BQ Goals

- Eliminate the 6,900 BQ spaces with gang heads by FY-2008;
- Eliminate the $638 million BQ repair backlog by FY-2004;
- Achieve the 1 + 1 standard by FY-2013.

Marine Corps BQ Goals

- Eliminate 10,400 BQ spaces with gang heads by FY-2005;
- Eliminate the $114 million BQ repair backlog by FY-2004;
- Assign no more than two Marines per room by FY-2036.

Quality of Life

There are a number of important quality of life projects included in our FY-2000 budget. The single largest effort is for the construction and modernization of Bachelor Enlisted Quarters (BEQs).

The DoD adopted a 1 + 1 construction standard in 1995 for permanent party personnel. This configuration consists of two individual living and sleeping rooms with closets, and a shared bath and service area. The Marine Corps has been granted a permanent waiver to use an alternate 2 + 0 configuration for junior enlisted, i.e., two persons per room. This allows the Marine Corps to foster team building and build unit cohesion. These standards do not apply to recruits and A-school students. Overseas locations also have unique considerations.

The Navy has 12 BQ projects totaling $205 million (FY-2000 appropriation of $51.4 million) in the FY-2000 program.

- Four projects are being built to the 1 + 1 standard for permanent party E1 – E4 personnel. They provide a total of 582 two-room modules.
- Three projects are being built to the 2 + 0 standard for E1 – E4 personnel. They provide a total of 405 single-room modules. One of these projects is at a Marine Corps base where the 2 + 0 standard applies; another is in Southwest Asia; the third is at Pearl Harbor as an interim step to the 1 + 1 standard due to the large shortage of adequate spaces.
- Four projects are being built to the 2 + 2 configuration for A-school students and transients. They provide a total of 484 two-room modules.
- One open bay project, which provides space for 480 recruits at Naval Recruit Training Center Great Lakes, IL.

The Marine Corps has three projects totaling $50 million (FY-2000 appropriation of $12.5 million) in the FY-2000 program. All three Marine Corps projects are being built to the 2 + 0 standard. They provide a total of 592 single-room modules for junior enlisted personnel.

Both the Navy and Marine Corps are on track to achieve their long-range BQ goals. Navy BQ 1 + 1 and Marine Corps 2 + 0 transition plans are nearing completion. Since moving to the new BQ construction standards, the Navy has completed thirteen 1 + 1 BQ projects providing 1,800 rooms and three 2 + 0 BQ projects providing 600 rooms. The Marine Corps has completed three 1 + 1 BQ projects[11] with 961 rooms and four 2 + 0 BQ projects providing 804 rooms.

There are other quality of life projects in the FY-2000 program: the Navy has two multi-purpose fitness facilities, and the Marine Corps has a child development center, a family services center, and two fitness facilities.

BASE REALIGNMENT AND CLOSURE

Realignment and Closure Status

We are implementing four rounds of base realignment and closure (BRAC), 1988 under Public Law 100-526 and 1991, 1993, and 1995 under Public Law 101-510. As a result of these decisions, we are implementing 178 actions consisting of 46 major closures, 89 minor closures, and 43 realignments. These closures and realignments include major Navy and Marine Corps installations in Philadelphia, PA; Charleston, SC; Orlando and Jacksonville, FL; Seattle, WA; San Francisco, Long Beach, San Diego, and Orange County, CA; Honolulu, HI; as well as other bases in Rhode Island, Alaska, and Guam.

While this has been a complex challenge for the Department as well as for the communities that hosted our ships, aircraft, Sailors, Marines and their families for so many years, we have made substantial progress.

As of the end of January 1999, we had completed the operational closure or realignment of 93 percent (165 of 178) of all BRAC actions. Operational closure means that all mission equipment and military personnel (with the exception of a small caretaker cadre) have been disestablished or relocated to a "receiving" site. We will complete eight more actions in 1999, four in 2000, and one in 2001. We will meet the statutory requirement to complete all BRAC closure and realignment actions by July 2001. As of the end of FY-1998, we had obligated 98 percent of the $8.5 billion appropriated for DON BRAC actions.

BRAC Costs and Savings

We have closed or realigned bases to make the Navy's shore infrastructure more proportional to its force structure and to provide resources to recapitalize our weapons systems and platforms. As of the end of FY-1998, we had spent $8.5 billion on all four BRAC rounds to construct new or adapt existing facilities, move personnel, equipment, ships and aircraft to their new homeports, and clean up contamination. We will have saved $8.0 billion from no longer having to operate, maintain, and staff these bases. The

[11] These Marine Corps 1 + 1 BQ projects were initiated prior to the blanket waiver to the 2 + 0 standard.

result is a net cost of $471 million to date. However, at the end of this fiscal year, our net savings will exceed our net cost by $1.4 billion. And by the end of FY-2001, when all four rounds will be completed, we project that the DON will have spent $9.9 billion and saved $15.7 billion, for a net savings of $5.8 billion. Beginning in FY-2002, we will save an additional $2.6 billion each year. These net savings estimates have been validated by several independent sources.

Environmental Cleanup

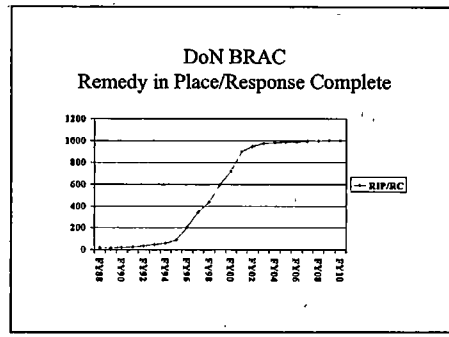
As we near the completion of BRAC-related construction, we are fully focused on finishing environmental cleanup and completing property disposal. We have already spent more than $1.0 billion through FY-1998 on environmental work at our BRAC bases for environmental baseline studies to identify potential contaminated sites and assess the nature and extent of contamination to doing the cleanup, removing underground storage tanks, and closing hazardous material storage facilities.

Each base has established BRAC cleanup teams composed of remedial managers from the Navy, States, and the Environmental Protection Agency to review, prioritize, and expedite the necessary cleanups consistent with reuse plans. We recognize the dynamics of reuse and stand prepared to phase our cleanup plans as needed to support changing community needs.

One measure of our progress in cleanup of contaminated property is the number of acres that have become suitable for transfer under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and the Community Environmental Response Facilitation Act (CERFA). Properties in categories 1 – 4 are environmentally suitable for transfer. Cleanup was either completed or unnecessary in these areas. Property in category 5 indicates remedial investigations or cleanup is underway. Properties in category 6 require cleanup, but actions have not been started. Category 7 property has not yet been completely evaluated. The table shows the progress we have made moving property towards categories 1 – 4. Most of the environmental studies are nearing completion. Fully 70 percent of our FY-2000 BRAC environmental effort is targeted towards actual cleanup.

Acres (all BRAC)			
	Sept 96	Sept 97	Sept 98
CERFA Cat 1-4	107,833	143,100	147,119
CERFA Cat 5	11,260	1,596	3,193
CERFA Cat 6	7,572	6,395	5,831
CERFA Cat 7	39,194	14,768	9,716
Total	165,859	165,859	165,859

There are 1,000 contaminated sites at 53 BRAC installations. A contaminated site crosses the "cleanup finish line" when it achieves Remedy-in-Place/Response Complete (RIP/RC) and the regulator subsequently concurs. As of the end of FY-1998, we had achieved RIP/RC status at 44 percent of all BRAC sites. By the end of FY-2001, when BRAC ends, we expect to have completed cleanup at 90 percent of all BRAC sites. Cleanup at the remaining sites will extend through FY-2010.



We are finding and continually searching for more ways to reduce cleanup costs. We are using promising cleanup technologies and adopting natural attenuation for low relative risk parcels at a number of our BRAC sites. We continue to work with regulators and communities to tie cleanup standards to realistic reuse needs. We use a BRAC Cost-to-Complete (CTC) index as a measure of our efforts to reduce cleanup costs. At the beginning of FY-1996, our BRAC CTC estimate was $2.8 billion. At the end of FY-1998, it was $1.5 billion. The CTC reduction of $1.3 billion is the result of execution of $868 million in appropriated funds and $441 million in cost avoidance, such as changes in risk based approaches to cleanup, new information on the nature and extent of contamination, and use of new technologies for study or cleanup.

Section 334 Early Transfer Opportunities

Section 334 of the FY-1997 Defense Authorization Act established a framework for the DoD to initiate an early transfer of contaminated property to the community. This authority allows DoD to defer the CERCLA requirement that all remediation actions have been taken before the date of property transfer.

Section 334 requires that we first meet a number of conditions. We must obtain concurrence from the governor of the State where the property is located. If the property is listed on the National Priorities List, the Administrator of the U. S. Environmental Protection Agency must also concur with the early transfer. Furthermore, we must determine that the property is suitable for transfer for the use intended by the transferee. We may place restrictions in the deed limiting the use of the property if determined necessary to protection of human health and the environment. Also, we must submit a budget that adequately addresses cleanup of the property. This authority does not relieve us from full compliance with the provisions of CERCLA.

We are pursuing several early transfer opportunities. All of them would conceivably expedite the conveyance of the property and may also reduce cleanup costs. Three early transfer opportunities are particularly promising.

- At the former Naval Training Center San Diego, CA, the San Diego Unified Port Authority has requested early transfer of a 51-acre site, which contains a former landfill. The parcel is adjacent to San Diego's Lindbergh Field Airport and will be redeveloped as a vehicle parking area. The cleanup remedy would be integrated into construction of the parking area.
- At the former Fleet Industrial and Supply Center Oakland, CA, the Port of Oakland has requested early transfer of the entire main site comprising 528 acres. The primary remaining cleanup action involves a four-acre site where a dry cleaner shop was located. The Port of Oakland is moving rapidly to transform this former Navy base to expand the Port's container terminal and has already demolished numerous structures to make way for their new development.
- At the former Naval Air Station Memphis, TN, the Millington Municipal Airport Authority has requested early transfer of 537 acres for airfield operations at the municipal airport. The site contains residual trichloroethylene groundwater contamination from solvents used in past Navy aircraft operations.

Property Reuse

Under the mandate of the National Environmental Policy Act (NEPA) of 1969, we consider the potential environmental impacts of disposal and reuse of base closure property before we convey property. We evaluate issues involving historic preservation, air quality, noise, traffic, natural habitat, and endangered species. The NEPA process concludes with the issuance of a Record of Decision (ROD). In FY-1998, we completed seven RODs. Eight more are planned for this fiscal year and 10 for next year.

As the Local Redevelopment Authorities develop and refine their reuse plans, we want to support immediate reuse opportunities through Interim Leases and Leases in

Furtherance of Conveyance. We must first prepare a Finding of Suitability to Lease (FOSL) document. At the end of FY-1998, we had over 1,000 FOSLs in place covering nearly 18,000 acres. This year, we plan to issue more than 40 more FOSLs covering 19,000 acres.

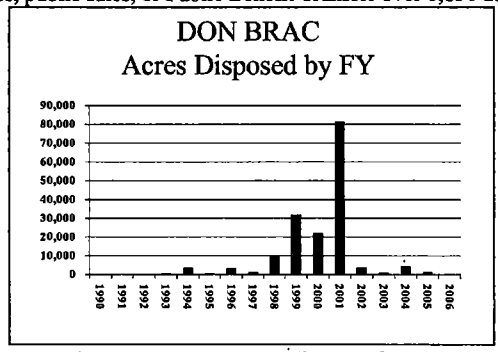
At the end of FY-1998, we had about 115 leases in place between the Navy and LRAs. Leased property is being used for a variety of purposes: port usage, movie production, steel fabrication, general manufacturing and repair, education, housing, childcare, shipbreaking, and police facilities. These leases have created several thousand jobs to help communities recover from the loss of the Navy and Marine Corps presence. The leases provide protection and property maintenance clauses and generate significant revenue for the LRA.

Property Disposal

While leases are desirable, they are only an interim step to the ultimate BRAC goal of property disposal. The DON must dispose of 434 parcels of land on 91 BRAC bases. Each BRAC base has a disposal strategy tailored for that base. It incorporates LRA reuse plans with environmental cleanup timetables, NEPA documentation, conveyance plans and schedules and transition requirements into a comprehensive business strategy for conveying the Navy property to another entity.

Like the FOSL, a Finding of Suitability to Transfer (FOST) is needed before we actually convey property. Here again, we are making good progress. As of the end of FY-1998, we had completed 64 FOSTs covering nearly 29,000 acres. In FY-1999, we plan to add more than 200 FOSTs covering 23,000 acres.

Through the end of FY-1998, we had conveyed through economic development conveyances, negotiated sales, public sales, or Public Benefit Transfer over 1,850 acres, and earned $10.2 million in revenue that is being reapplied toward BRAC cleanup. Our budget assumes we will receive about $5 million in land sale revenue during FY-2000; these funds will be applied towards environmental cleanup of other BRAC property.



In addition to expediting the communities' economic recovery, we want to dispose of BRAC property as soon as practicable so that we can avoid caretaker costs and focus on our core mission. The Navy recognized early on that the sooner a base closed and property was disposed, the sooner savings would be achieved. We have established cooperative agreements at many bases where the Navy has provided funding and the LRA has accepted responsibility for providing services such as fire, police, water, sewer, electricity, gas, and ground care as part of the property transition process.

After a base closes, however, disposal of the base closure property presents the most complex challenge. In the disposal process, the Navy is guided by the President's Five-Part Plan for Revitalizing Base Closure Communities, which emphasizes local economic redevelopment of the closing installation and the creation of new jobs. The Navy is bound by a legal framework of property disposal and environmental statutes that govern each phase of the disposal process.

The LRA's are central to the property disposal process. Their timely submission of a comprehensive, feasible reuse plan that will meet the standards of the National Environmental Policy Act of 1969 (NEPA) and the broad range of Federal statutes that govern treatment of protected resources is fundamental to the Navy's ability to proceed with the disposal of the property. The LRA must present a request to acquire the property that is consistent with one of the four statutory methods available to the Navy to dispose of BRAC property. Often, the LRA's do not meet these statutory requirements and property disposal is significantly delayed. In certain instances, the LRA is not adequately equipped or financially capable of assuming the responsibilities of owning the property and conveyance of base closure property to the LRA lags far behind Navy schedules for disposal of the property. The quickest and most efficient way to dispose of BRAC property may be by direct public sale.

INFRASTRUCTURE EFFICIENCY EFFORTS

Need for Two More Rounds of BRAC

I have so far discussed our investment plans to improve our infrastructure. However, as I indicated previously, we still have significantly more infrastructure remaining after four BRAC rounds than needed to support the conceivable force structure of the future. The Quadrennial Defense Review, Defense Reform Initiative, and the National Defense Panel all concluded that more rounds of BRAC are required to further shrink the military infrastructure. An April 1998 DoD report to Congress, submitted in accordance with Section 2824 of the FY 1998 National Defense Authorization Act, analyzed capacity by types of bases for each military department and Defense Logistics Agency. The report concluded that the DoD has about 23 percent excess base capacity. The report also validated BRAC savings estimates, and noted that actual one-time implementation costs are close to or less than initial estimates.

I again ask your support for DoD's request for two more BRAC rounds, beginning in FY-2001.

Re-inventing Shore Infrastructure

As we ask for two more rounds of BRAC, we have not been sitting idle. Under the leadership of the Secretary of Defense, the Secretary of the Navy, the Chief of Naval Operations and the Commandant of the Marine Corps, we have a multitude of initiatives well underway to make our infrastructure more effective and less costly.

We have charted an ambitious course. The Navy has programmed $8 billion in savings over the FY-1998 to FY-2005 period; the Marine Corps has programmed $370 million over the same period. We also realize that these efforts require us to invest money, sometimes, significant sums of money up- front to do the necessary analyses. We are carefully evaluating proposals, and where the potential payback appears convincing, we are stepping up to the plate and putting money in the budget to pursue the most promising initiatives. Given the wide variety of initiatives, the Deputy Chief of Naval Operations (Logistics) has developed a strategic business plan that melds these myriad opportunities into a cohesive vision while still providing execution flexibility to Fleet and Base commanders.

Here are but a few examples:

- Competitive Sourcing. We are reviewing all "commercial activities," i.e., those functions that are now performed by military or DON civilians but that are also performed by the private sector. Using the Office of Management and Budget Circular A-76 process, we are competing to find who can best perform such functions as food services, housing management, grounds maintenance, facility maintenance, data processing, and aircraft refueling – a "most efficient organization" of in-house personnel, or by contract to a private sector provider. This single initiative holds promise to generate over $5 billion in savings by FY-2005. We are still on the front end of this effort. We have to date announced competitions for about 21,000 Navy military and civilian billets. The Marine Corps plans to announce their first competitions later this year. A total of about 80,000 Navy and 5,000 Marine Corps

billets are planned. Early results are promising. The Navy has completed competition of 896 billets so far, which have generated $9.4 million in annual savings.

- Building Demolition. The goal of the building demolition program is to eliminate aging, unneeded and often unsightly facilities and their associated operating and maintenance costs. The Navy plans to demolish over 9.9 million square feet and the Marine Corps 2.2 million square feet by FY-2002. Both the Navy and Marine Corps have centrally managed demolition programs with funds included in Real Property Maintenance Operations and Maintenance accounts. Through the end of FY-1998, we had invested $63 million to demolish 5.9 million square feet and removed nearly $600 million in PRV from our rolls. We are now investing about $40 million per year. Our FY-1999 program consists of 59 projects to demolish 534 structures.
- Privatization of Utilities. Defense Reform Initiative Directive 49 directed the Services to privatize all their natural gas, water, wastewater and electrical systems except where uneconomical or where the systems are needed for unique security reasons. This is expected to reduce costs while providing quality utility services. The Navy has 751 systems and the Marine Corps has 135 systems worldwide to be examined for privatization. We have budgeted $11.2 million in FY-1999 and $33.7 million in FY-2000 to perform the necessary studies to meet the first DoD milestone: a determination by 30 September 2000 of which utility systems to try to privatize. Subsequent milestones are to issue all Requests for Proposals by 30 September 2001, and to award all contracts by 30 September 2003.
- Claimant Consolidation/Regionalization of Base Operating Support (BOS). Effective 1 October 1998, the Navy consolidated the number of major commands with BOS responsibilities from 18 to 8. Regional BOS Commands have been established to manage the BOS functions. This consolidation will allow smaller commands to focus on their primary mission, and provide new opportunities to optimize these functions under a single commander in a Navy fleet concentration area. The Regional BOS Commanders are now pursuing ways to develop more effective business practices.
- Smart Base. Smart Base is an attempt to bring off-the-shelf modern technology and business practices to Navy applications. A variety of demonstrations are planned or underway that promise to increase efficiency and reduce costs. One example is Distributed Learning Centers (DLC), which provide classroom skill training without the need to travel to a distant schoolhouse. DLC is now deployed at 90 sites. Another example is Small Procurement Electronic Data Interchange (SPEDI), which provides paperless ordering of standard supplies and material on-line.

CONCLUSION

In conclusion, I believe the DON infrastructure program is now stronger than it has been in recent memory. Some of the additional topline relief made available to the DON has been applied to our programs. I believe we have truly turned the corner on our housing PPV effort. We are investing more military construction funds to renew and upgrade critical waterfront, maintenance, operational, and training facilities, while staying

on track with our plans to improve the living conditions of our single Sailors and Marines. We are proceeding with numerous promising initiatives to make our infrastructure more responsive and less costly.

There is admittedly some concern and potential risk in delayed execution by financing our FY-2000 construction program using Advance Appropriations. However, with the help of the Congress, I believe that we can safely manage this new effort with no real impact on construction time lines.

That concludes my statement. I appreciate the support that this Committee and its Staff has given us in the past, and I look forward to continued close cooperation in the future.

STATEMENT OF HON. ROBERT B. PIRIE

Mr. PIRIE. I am pleased to appear this morning, Mr. Chairman, to discuss the Department of the Navy's Fiscal Year 2000 budget for shore construction and military construction.

In many ways the budget we are presenting this year is better than last year's. We project the backlog of maintenance and repair to grow more slowly as a result of real-property maintenance and demolition programs. We have a more robust MILCON proposal, with numerous piers, compliance projects, and quality-of-life projects.

Our BRAC request is down, but that reflects the fact that we are coming to the end of four rounds of BRAC, and on the whole I believe that this year's budget is a good one, and we hope that you will continue to support us as you have in the past.

I recognize the concern the administration's request for advanced appropriations may have caused. I can only refer to what has been said by Dr. Hamre and Mr. Lynn. This is a one-time expedient to allow the inclusion of high-priority readiness and modernization programs. It was undesirable but unavoidable. We expect to be able to execute the projects we have requested without undue delay or expense.

Mr. HOBSON. We need to put quotes around the last part.

Mr. PIRIE. Yes, sir.

Mr. HOBSON. Okay. Go ahead.

Mr. PIRIE. With respect to military family housing, the projects for public-private ventures we propose are not subject to the advanced appropriations. We expect to proceed with them in due course. For Fiscal Year 2000 we anticipate five projects affecting 2,196 homes. We currently have five other projects which may affect over 15,000 homes awaiting resolution of your concerns, Mr. Chairman, and the questions you have raised, and we hope that we will be able to resolve those and proceed with the projects soon.

I would like to underscore that our PPV program is not about saving money and not about getting out of the housing business. It is about getting better, more affordable housing for our sailors and Marines and getting it sooner than we could using past practices. The Committee has been supportive of us in the past, and I hope that you will continue to do that, Mr. Chairman, particularly now that we are on a point of making some significant progress in this program, which, as I said last year, was exceedingly hard to get started.

Mr. HOBSON. When you turned on the spigot, you turned on the flood gates.

Mr. PIRIE. When we finally broke the logjam, everything collided at once, and I appreciate the concern it causes you.

In the area of BRAC we are, as I said, approaching the end of the first four rounds. We have closed 165 out of 178 affected facilities. It is important to know that closure is the point where significant savings begin to accrue. We still have major hurdles to clear in cleanup and conveyance of property. Cleanup is proceeding reasonably well, as you may note by reference to the table on page 12 of my full testimony.

We have not delayed any phase of BRAC action because of clean-up. Conveyance is more problematical. In many cases communities are not willing or able to take title of the property when we are ready to turn it over. We are pursuing an aggressive policy of interim leasing in order to allow productive reuse of the property while all of the myriad details that go with conveyance are accommodated.

We prefer to hand over the property earlier rather than later in this process. In this, as in other areas of base closure, we may be able to improve over the first four rounds, but I believe we should go forward, as is now requested by the administration. Thank you, Mr. Chairman.

Mr. HOBSON. Admiral, do you have anything else?

RADM SMITH. No, thank you, sir.

Mr. HOBSON. You do not want to get into this fray?

RADM SMITH. I think we will be in it soon enough, sir.

Mr. HOBSON. Well——

Mr. OLVER. Admiral Smith is here to answer all the hard questions.

FAMILY HOUSING PRIVATIZATION

Mr. HOBSON. I asked one in the beginning there. Does somebody want to answer the question that I asked about the housing?

Mr. PIRIE. Well, let me try to take it on.

Mr. HOBSON. But I think we tried to forewarn you where you were going to——

Mr. PIRIE. Oh, yes. We do not feel sandbagged. Let me take it on from my perspective. I have said part of it already, which is that it took a long time to get all of the bureaucratic wickets that had to be negotiated in the Department lined up to start really producing projects that were advanced enough to bring to you for screening of the concept.

So, unfortunately, they all arrived in a lump. As to whether this is a pilot project or not, in my recollection of the testimony that Secretary of Defense Perry and Assistant Secretary of Defense Gottbaum gave at the time, was that this was a request for new tools to the tool bag that would allow us to solve a problem that would take 10 years by MILCON and conventional means, in three years. And I think they laid that out perfectly clearly in the original testimony.

Mr. HOBSON. But that was not the original law that was written. What they decide and what the law is——

Mr. PIRIE. I understand.

Mr. HOBSON. Everybody is running to get under the wire, is what it looks like.

Mr. PIRIE. We are actually running to produce some projects so that we can at least justify the fact that we had them on authority in the first place. One of the complaints that we have heard from elsewhere—at least on this side of the river is that we have not done anything.

Mr. HOBSON. You took that to heart, sir. I understand that.

Mr. PIRIE. Now, we do have two projects, as you know, under different authorities, which are working reasonably well.

Mr. HOBSON. Well, there is some discussion over that, sir, because the one is not housing the kind of people that it was to be built for, and I think the Navy readily admits that.

Mr. PIRIE. Well, I think that buying down the rates will help us to rectify that as well, Mr. Chairman.

Mr. HOBSON. Yes, but to buy down the rates was not part of the original deal. So, in effect, this is going to cost us more money, and that is one of the concerns I have in all of this, is that, you know, you are talking about making a 50-year deal. I am an old real estate man; I talk about deals, and so I am going to talk about deals. These are 50-year deals, real estate deals that you are making.

My exposure to the military in making real estate deals is that it has not been done very well. If you want me to list some in other services, I will—I do not want to really get into that now, but I will list them. We all know one where a contract had to be redone. There are other types of problems. They do not turn out to be what they are.

In the case of San Diego, for example, we have put a lot of money into housing there. The proposal now is to give that away plus $66 million to get this additional housing. I want to look at that before I sign off on giving away all the money that this country has put into housing, and some of it I am going to go out and look at because I have not seen it, but I am told it is some of the better housing.

Now, up the road I understand we have Marines living in quonset huts that were built in 1940-something or before. I do not think that is quite fair, to be frank with you, sir, although the Marine enlisted sergeant major said yesterday, "by God, sir, we will do it," and they will. You can give the Marines nothing, and they are still going to do it. I understand that, but it is not right, and it is not fair.

And I just want you to know, I am going to look at this real hard because I have a hard time giving away this country's money when we put a ton of money in there, and then $66 million, when I know you are going to get additional housing. But I want to look at those numbers before I sign off on this deal, and I want to look at what we get, why we are doing it, and if we all feel as a Committee that it is the right thing to do.

And we are going to look at these a little harder, and we have got some other people looking at them to make sure that—if you are making a 10-year deal, if you are giving it all away, I have got a problem; but on a 10-year lease, I do not have a lot of problems. I understand yours. You basically bought down your guarantee in the beginning by giving them all the stuff and the $66 million, and then they are in San Diego, so they do not need a guarantee.

But I am also concerned in the one deal I have looked at that the Army has got, which they did not like, but they are now looking at it again.

But it is a really simple deal. We do not put any money into it up front. They build better housing than we would normally ask them to build, and if we walk on the base, it is there, and they build it with private money.

Those kinds of arrangements, I think, are really good for the Government because all we have, then, is a land lease at the time,

which, you know, if we do not need any more, we are still going to get paid on the land. It is still our land.

So I do not have as much trouble with that kind of thing, but when we are talking about giving all of the property that we have put money into plus $66 million, then entering into a lease, even though we do not—as I understand it, we do not guarantee it because it is San Diego, but there are other places where we not only do all that, but we guarantee it.

So I just wanted you to know, I have tried to put everybody on notice that I am looking at this.

Mr. PIRIE. Well, not only do we not object, but we welcome any——

SMITH. Absolutely.

Mr. PIRIE [continuing]. Ideas that you have, and if we are about to make a mistake, we would appreciate your telling us about it because we will not, you know.

Mr. HOBSON. Well, I think, for example, the Army did a really smart thing finally. They went out, and they hired a group from the outside who are real estate experts, LaSalle Partners, and they brought them in to be their advocate when they negotiate with the developer, because they think like a developer.

You know, with all due respect, Rear Admiral Smith thinks like a war fighter.

Mr. PIRIE. It is not an expertise we automatically build into Seabees. Yes, sir. That is right.

Mr. HOBSON. And so I think it is unfair, you know, you are going to fight with one arm off because those guys know how to get you. I know because I have—I mean, I do not deal with the Government because it is—I would not make money in any other way—and be better off.

But the people that are in this business, they know how to make this deal so it is really a good deal for them, and the person last in line is the Government. An example of that is some of the deals we have done that have been done before, not necessarily yours, but the one they had to redo and a couple of others.

So, with that, I think you have got the drift of where I am going with this.

Mr. PIRIE. Yes, sir.

Mr. HOBSON. I had the mayor of San Diego in complaining that I was holding stuff up and all this. Well, I do not care. We are going to look at it, and we are going to do our due diligence before we sign off.

Mr. PIRIE. We, in fact, are revising the San Diego proposal. We will have another revised proposal for you pretty soon.

Mr. HOBSON. Okay.

Mr. SMITH. It will be substantially——

Mr. HOBSON. Would anybody object if I allow our guest here to ask you some questions?

Mr. HOYER. Actually, Mr. Chairman, I would appreciate—I do not know whether—I do not know whether anybody objected. I will wait. I do not have a question. I share the chairman's concern, and I want to say that I know Mr. Olver, the ranking member on this subcommittee, shares this view, that Mr. Hobson being the chair-

man of this committee is a great benefit, I think, for the services and for the Congress in terms of his expertise and his application.

He and I have talked about a project that he referenced up at Fort Meade in Anne Arundel County, which is actually Ben Gordon's district, but obviously my district surrounds it. And it is a win-win for everybody, I think, kind of deal and I do not mind the term "deal" personally. Particularly good deals, I like.

But I want to say that, Mr. Chairman, I know you know this, but Secretary Pirie has been a delight to work with over the years, and I am very pleased that he did stay, contrary to what we thought was going to be the case, and I think his response to your question, if we are not doing it right, and you point it out, and we will change it.

And I think that is the kind of attitude he has always displayed when I have dealt with him, and I think a very positive thing. And I appreciate Mr. Olver and Mr. Chairman, yourself, allowing me to participate in this hearing. I am learning a little bit more about what is going on.

Mr. HOBSON. John.

Mr. OLVER. Thank you. On this round I am going to be rather short because I think that——

Mr. HOBSON. We are going to have a vote at about ten-thirty.

Mr. OLVER. The chairman has already indicated in basic form the concern that we have in the area of privatization. And I share his concerns, I think we all do in various degrees. We have had a little bit of success in one of the earlier versions of the housing privatization, but it only came to a few hundred units of housing in the case of the Navy, and as the chairman had said, there has been no project taken to completion under the new authorization, which is almost ready to expire. And yet we have got a proposal for something like 40,000, 41,000, I think it is, units of housing in the next three years to go into privatization.

Well, that is a growth rate that is a lot more characteristic of Internet companies, and I think that Internet companies, there is a certain amount of risk in that and a certain amount of wonderment in it, and I am not the least bit convinced that you are ready to do that. And I am, obviously, interested in, and will sometimes want to know exactly what goes behind a project that the gentleman from Maryland has mentioned, where one seems not to cost very much. It seems not to be of much interest to the Navy, so those are my comments on this area which you can respond to if you wish.

Mr. PIRIE. I do not think so.

Mr. OLVER. You do not think so. Okay.

Mr. PIRIE. I am, you know, looking for a hook, but we will certainly look to your concerns, and we want to resolve them, and we will work with you, I think, to make this as plain a case for what we propose as we can.

Mr. HOBSON. We are going to try to observe the five-minute rule among the members. And, Mr. Farr, then we will take people in the order in which they arrived. Mr. Farr, you are up first.

BASE REALIGNMENT AND CLOSURE—CLEANUP

Mr. FARR. Well thank you very much. I have three questions, and I will try to get them under the five minutes. First of all, what I do not understand is when we leave our military bases—we are talking about quality of life and all the support systems we are giving to our troops, then when we close our bases we find out how dirty they are.

Why are our bases so dirty? You have got in here that your Fiscal Year 2000 BRAC program is nearly all environmental cleanup. You are asking for $382 million for cleanup. This is 44 percent above the Fiscal Year 1999 level. Why are our bases so dirty?

Mr. PIRIE. I think that I would not characterize them as being so dirty, but the fact that we have a BRAC and we have to turn them over means that you have to get on with the cleanup right now rather than spread it out over a number of years. The kinds of cleanups we are talking about on bases right now are mostly things like underground storage tanks, petroleum that is spilled into the ground and—

Mr. HOBSON. Well, a lot of them are old things, and we did things differently 50 years ago, or a lot of these bases go back to before that, Wright-Patterson has got all kinds of stuff like that.

Mr. FARR. But, Mr. Chairman, a lot of it is because when the military builds, they just build from Washington; they do not build from local community standards, and some of those standards are tougher than Federal standards would require them to do it. Let us move on a little bit.

REAL PROPERTY MAINTENANCE

The other thing that you are talking about is the real property maintenance request of $1.5 billion. Why cannot more of the real property maintenance and the base public works and other municipal services be under local contract? Why not contract the municipalities to provide those services?

Mr. PIRIE. In many cases maintenance does use local contractors.

RADM SMITH. Sure, sure.

Mr. FARR. Well, I do not think the military is doing enough of it. I mean, at the Naval Postgraduate School in Monterey, you have got a fire department with 23 people to essentially protect the one block, one building. You know, the Federal standards are different than the OSHA standards, at least as they are interpreted.

If you go to a fire with Federal, you have got to have four people in the truck. The OSHA standards say when you enter a burning building you have got to have four people there. It does not say they all have to ride on the same vehicle. But we have different standards at the Federal level than they do at the state.

But I think that we ought be doing more cost cutting by contracting out base operations with the local communities. Frankly, Navy has been ahead of the other services, and I appreciate that, but I still thing you could do more.

EDUCATION

Lastly, and this is sort of a philosophical question that I have, and particularly to you, Mr. Pirie, because you have such an in-

credible education: the Naval Academy, a Rhodes scholar, Oxford University. You understand how a nuclear submarine works, which requires a whole cadre of education that other people do not get. It seems to me that where we are going in the world that the services are really underevaluating military educational training,

And the Navy has the only post-graduate school in the services, and yet it seems to be not getting much attention. The priority things, there is no investment going into it. You have got an incredible engineering department there and yet lacking in investment. I just wondered what your feelings are. With your background in education, where is the Navy investing in its education?

Mr. PIRIE. Well, I think, as you know, these things come and go. They have a lot to do with whether you are downsizing, whether you are expanding, whether you are in a steady state. Some of the military departments in the past have viewed advanced education as being something that can be conferred on people who do not have more demanding duties. And I must say, I resonate to your view, as I take it, that the Naval Post-graduate School is a gem, and a rare asset to the country.

That said, I do not think they have been getting an unfair shake in military construction over the past few years. It could be better, but——

Mr. FARR. Their science lab needs beefing up. There is a lot of——

Mr. PIRIE. All of the installations in the country, I think, can find one or two things that could use beefing up. I wish we could do more. I wish we could do more generally. As you know, military construction tends to come last in line, particularly in a downsizing environment when you have trouble buying the ships and aircraft that we need, trouble supporting the troops in the way we really ought to support the troops, trouble maintaining their readiness.

Mr. FARR. My philosophy, then—I am learning a lot, and I hope this Committee is—but I think we could do a lot more in saving money on maintaining our facilities and our housing. Actually, we ought to do more of our contracting out with housing authorities or joint venture with them. I think we ought to be a partner in these housing projects. We ought not to just try to be in the housing business. That is not what the military is designed for. We should let other people who know how to do that do it well.

But one thing that I am keen on is I do not think we ought to contract out the seed corn of intellectual capability of the military. There is a discussion that we just ought to send our officers off to the civilian schools, and I just do not think that you are going to get the Esprit de Corps. You are certainly not going to get the mixture with the IMET program and extended IMET that is so valuable to our military readiness.

So the intellectual capacity, I think, has to be maintained, and we need, the MILCON subcommittee needs, to make sure that the ability to keep our servicemen and women well educated, to keep them brighter than the rest of the world, and the facilities to do that are modern and the technology is there for them to do it. And I am going to be seeking ways on how we can extend the dollars by cost savings on base operations and putting that into education.

Mr. HOBSON. He is doing it for the Navy, and I am doing it for the Air Force, because I protected AFIT when the previous secretary wanted to send everybody off. And I will tell you, the other thing you need to look at on cost, you will find that there is a study that shows that the cost factors of sending, if you use apples to apples and do not play around with it, that training people at AFIT was not more expensive than sending them out when you add all the costs up when they go out, and a lot of people were playing games. And finally I got the right study done. I had the right language to get it done in the appropriate way.

Mr. PIRIE. This is part of a long, extended discussion about whether it is worth it to the country to have places like the PG School, like the Naval Academy and West Point, like the University of the Health Sciences. And it is pretty hard for the budgeteers sometimes to see the point.

But the fact is that they add in perhaps intangible ways sometimes to the quality and the capability of the force ultimately. And you are investing in people for the long run in these places, for 20 and 30 years, and when you get 20 and 30 years out of an electrical engineer or someone like that, that is a pretty good return on the buck.

Mr. HOBSON. One of the things you are facing, and I do not want to dominate this, but I want to say, for one, congratulations to you on something, but I also want to say, one of the things that we are facing in the Air Force and, I assume, the Navy, is that because of the way some of the Civil Service is set up and some of the other things, that we are going to have a brain drain because a lot of people are retiring, and we do not have the younger people in place because of the way you had to do things in the downsizing.

And that is going to be a real problem because as they have shifted science and technology stuff around, we are going to have some problems maintaining the labs and the things that we had at all of the services.

Mr. PIRIE. In a lot of our shipyards we have difficulty in maintaining apprenticeship programs because each wave of downsizing hits the premises and so forth.

Mr. HOBSON. Absolutely.

Mr. FARR. And then when more senior people retire in a wave, you do not have anything to fill in behind. So——

Mr. HOBSON. It is a real problem.

Mr. PIRIE. Yes, sir.

Mr. HOBSON. I am going to go to Mr. Boyd, but I want to say one congratulatory note to you, because sometimes all you hear is us complaining. But some of us were down—Mr. Tiahrt and Mr. Farr and I were down in Honduras over the weekend, and the Seabees, everything we heard, they were first class, down there, did their job, and I think we would all agree that they were a real asset to have down there.

Mr. PIRIE. Thank you very much.

Mr. HOBSON. We want to congratulate you when you do a good job.

RADM SMITH. Thank you, sir.

Mr. HOBSON. We ought to when we find something else, but right now those people were very thankful for what the Seabees did, and so are the other services, frankly, that we have talked about.

RADM SMITH. Thank you, sir.

Mr. BOYD. Thank you, Mr. Chairman. Good morning. It is nice to have a chance to meet you all. I am a new member of the Committee. I know that the chairman—and I apologize for being late—because I know the chairman always talks about advanced appropriations funding, and I am sure that was done early in the meeting.

But I just want you to know that there are other members that now are beginning to feel uneasy and squeezed as we see this whole budget issue unfolding. We know what happened in the Senate with the personnel markup over there. We now are having this philosophical debate in Congress about the discretionary funding caps, and it appears we may be headed down the road of leaving those caps in place, which I think just creates all kinds of problems. I know that it very well, probably will bring up this advanced funding idea again, if you care to comment on that.

FLORIDA—COASTAL SYSTEMS STATION

But, secondly, Coastal Systems Station in North Florida, since the last round of BRAC has become your major mine warfare center, and several additional responsibilities and new units have been transferred there over the years. A lot of those units are in trailers, temporary housing, and I know this must be a trend. There must be other examples of this around the country. Do you all have any kind of plan or timetable for fixing that in terms of the trailers?

Mr. PIRIE. I think it is the administrative space in Kissimmee. They have got nice, new BQs there.

RADM SMITH. Yes, sir. And it is the administrative action, and that is one of the things that is come out of BRAC, is we completed really the first part of BRAC, which is realigning and closing activities, and move into the second part, which is cleanup and disposing, which is also, I am sure, one of the reasons you see more money in cleanup at this point in BRAC, is that we are finding, okay, now what is the real loading on these bases? How are we going to satisfy that? There are some new BQs going.

I know there are plans, and I would rather take that than trust my rapidly aging memory to remember exactly where in the program that is, but I know there are plans to get them out of those trailers. And I will tell you, as a public works officer, I have always hated trailers.

Mr. BOYD. So that is not a problem that is just indigenous to CSS. I am sure it exists in other places around the country.

RADM SMITH. That is exactly right, sir. And we are resolving those as we get in there, and sometimes it is an intricate minuet on the base as we regionalize and consolidate, people move out of here, and someone else moves in there.

Mr. BOYD. Right. But there is a plan.

RADM SMITH. Yes, sir. Yes, sir.

Mr. BOYD. Okay. That is really all I have unless you have any comments different from what you shared earlier in the meeting that I missed about the caps and the funding problems.

Mr. HOBSON. You know, he brings up something that is of concern to all of us, I think, and that as we look to whatever happens in the BRAC, whether it is through the Congress or the defense secretary or whatever happens, I hope you all are not asking or putting a bunch of money into something that is going to be on your list so that—you can ask for it.

But you had better have a way of backing out of it before you get to it because if we find out that we are putting a whole bunch of money into stuff that there is some paper back in there that says this is going to be one of them, and we take this precious money which has been cut, and we go and put this stuff in there, and then I am still going to—we are still going to be around here. You guys may be all gone, but, you know, you do not know this, and I know it does not make any difference to him, but I called up a general after he retired, because I told him I was going to do it on the BRAC. And I said, sir, you know it is been two years now, and that manning rule at Wright-Patterson Air Force Base that you said was going to be changed, they were going to save all of these million dollars that you could show me how my numbers are wrong, I said I want you to know, sir—it took me a little time to find him—it has never been changed, sir.

And I know you are retired, and I told you you were going to be retired, but I am still living with what you did—tried to do, and fortunately I won. But I want you to know that it did not happen. And that is the kind of thing I worry about.

For example, we held a building at AFIT for a number of years until it was determined that AFIT was going to stay open, and we did some other things like that. So I just hope you all are looking around at things like that. You can put things on hold. They may not work out. I would rather work out that the base stays open and you go ahead with it than you spend money and we close it and then we all look like—we look very foolish, all of us collectively.

You are a smart guy. You guys are smart. You do not get to these positions without that. So I am just sending messages on that. There are other ears that listen to that, too.

Mr. BOYD. Mr. Chairman, as a followup to that, these guys cannot mind-read. There is no list. We have been told that on numerous occasions. So we obviously——

Mr. HOBSON. Well, if you believe that, you believe in the tooth fairy.

Mr. PIRIE. Mr. Chairman, there is no list.

Mr. HOBSON. Let me put it this way. There are thoughts, and there are people who have ideas of things that will survive and will not survive, and there are discussions that go on. Maybe nobody has told you, has totally written it down somewhere where you can get your hands on it, but there are people who have thought about, and there are people thinking about, what our war capabilities have to be in the future, what types of facilities that we will have to have to fight the type of situation we are going to have in the future.

Now, that may not come down to "this is the BRAC list," but they know what those capabilities are, where they are, and what

ones they want to keep. Maybe the thing would be better to say, "what are they going to keep." rather than "what are they going to get rid of," because I think there is a good understanding of what we are going to keep. Let me give you an example.

In Europe there will only be two Air Force bases in Germany. There will be the stuff that we are doing down in Aviano, and there will be, I think, two in England. That is it. That is where we are now. We know where we are going to be.

I do not know the Navy stuff as well. I do not have any Navy bases in my district. I need to get the time.

Mr. PIRIE. Mr. Chairman, may I suggest that there is a danger . . . that is the converse of putting stuff into a base that is then closed . . . and that is starving a base on the assumption that it closes, and then it does not close.

RADM SMITH. Absolutely, absolutely.

Mr. PIRIE. And I am aware of cases now far enough in the past nobody here was involved in it where "everybody knew" this place was going to close, and then it did not, and we were stuck with a miserable circumstance of then trying to live with a base that we had starved.

Mr. HOBSON. Did you come back and ask for MILCON on that?

Mr. BOYD. Not more than one minute to finish up on this. It seems to me it should not be that difficult. It is not rocket science. I think in this area we are not anywhere in the maintenance or replacement of facilities doing more than 10 percent of what we ought to be doing, not anywhere, in any of the services, as far as I can see.

And with that kind of level being done in a year, we ought to be able to expect a very high degree of likelihood that the things that you do propose and ask under are going to be the ones that you can see are going to be critical in that long haul. I have other questions on this, but——

QUALITY OF LIFE

Mr. TIAHRT. I am a little concerned about the quality of life. As you know, we have people who are deployed too long, and it is hard on families, and because of that we have a lot of people who are leaving the service, and so we have recruiting problems.

I think there are some things that we can do to try to keep out of more hot spots around the globe, if that is possible, but to try to improve the quality of life, at least for those who do decide to serve their country over a long period of time. And I know when they are deployed 18 months, and I travel on my job, and I know how difficult that is for my wife—she is at times a single parent, and that is one of the toughest jobs in America today, is a single parent.

So I hope that we can do something to try to improve the qualities of life because it has a direct impact on the people in our services. And one of the things, of course, is again, that we can do to improve the quality of life is through our housing at our bases. And one of the things we have work we have worked with is privatization.

Privatization has been, I think a good initiative, but there are a few things that I am curious about. One is, who owns these houses that are privatized? Is it the service or private investors, or is it a mixture of both? And if it is a good deal economically, why have we transferred about $41 million from the family housing? Is it a good deal? Who owns these houses? Do you think it is going to be a worthwhile investment?

Mr. PIRIE. Well, we think it is a good deal because it does two things. It brings in a robust and efficient U.S. housing industry to actually build and manage our housing; and, secondly, it leverages private capital. They bring their capital into the deal. It depends upon the structure of the deal who actually owns the house, whether we are in a long-term lease situation or whether they actually own a house or whether it is on their property or our property. There are a huge variety of potential deals.

But essentially what we are aiming to get is a situation in which we tap an industry that manages a house for $7,000 a year that would cost us, using our mechanisms, the Federal Acquisition Regulations and so forth, $15,000 a year. We are trying to make our money go further with this device. That is essentially it.

Every location is different from every other location. Tolsto says every happy family is like every other happy family. Each unhappy family is unique to itself. Every housing location has got a different set of problems. In some cases it would be better to have the housing on base because of the deploying elements who leave their families. In other places it is both better and cheaper and socially better to have our people out in the community where they can be part of the community and they can see and be seen.

Mr. TIAHRT. I do not think we have quite successfully structured a program where somebody who is in the service can buy a home and have an arrangement that if we do decide to transfer them to a location across the United States or someplace else on the globe that they have a confidence that there will be a buy-out or that some kind of confidence so they can get their houses taken care of.

In the private sector when a company moves somebody from Dallas-Fort Worth to Wichita, Kansas, which I wish would happen tomorrow, they will buy their house or help them sell their house and give them some kind of an allowance to move, a moving allowance.

I would like to see them figure out a structured way to give people confidence that they can own their own home and build equity for their retirement. Owning an American home is one of the great dreams everybody likes to have.

Mr. HOBSON. If I could interject, I had a guy give me a proposal to do that, and there are some problems with it. But yesterday when we talked to the enlisted people over here, that was a big—if we could figure out some way to let them get some equity.

I think you might retain some people a little better, and they would feel a little more comfortable about what happens to them when they retire, and it might improve some of their quality of life along the way. It can present some problems, too, because the wife may want to go back—I understand the problem, but yesterday

when the enlisted people were here, that was a common theme. Everybody was nodding.

Mr. PIRIE. Well, at least the buying can be part of the big deal.

Mr. TIAHRT. Yes, sir, because it already is.

Mr. PIRIE. Give them the confidence that they can transfer it in the circumstances——

Mr. HOBSON. I need to look at that because I do not know that too well. We have got a fairly new subcommittee here, and we need to look.

Mr. TIAHRT. Let me just say another thing is that as we move out of Panama we are looking at putting other construction in other locations to cover that we understand the presidential elections are in May, and possibly we could negotiate something with the new president. So do not commit this money too early until we know whether we can keep Howard Air Force Base, because that is really a good location.

Mr. HOBSON. The message we have got from Howard, we ought not give up.

Mr. TIAHRT. That is all I have. Thank you, Mr. Chairman.

INCREMENTAL FUNDING

Mr. OLVER. Thank you very much. I want to follow a couple of different lines of questions here. Your proposal for this year is $2.6 billion in total, but $1 billion of it is deferred to the next year or advanced from appropriations from the next year, bringing it back to $1.6 billion for this year.

Now, the BRAC and the housing aspects require something over a billion of that, so there is not much left. What would you do if this Congress—I agree that this appropriation mechanism is risky, as the gentleman from Kansas had said throughout. What do you do if we decide, "okay, we are not going to do that. We are just going to give you whatever the amount of money is straight up for a regular, one-year check" What would you do if you got the $500 million straight up? How are you prepared to deal with that?

Mr. PIRIE. We would commit only to the projects that we could afford to finance.

Mr. OLVER. And you could prioritize that for us. And, of course, that, I would consider to be the greater wrong, in essence, because that, I think, would provide the established precedent for that downsized MILCON program over the future. That would be really tough. Let me go on——

Mr. PIRIE. I would be no happier about that than you would, sir.

Mr. OLVER. Well, let me go on to the other, because they are sort of interconnected. I do not know enough about this, and sometimes you say something that, I gather, may be wrong. You said something about under your BRAC comments that you had 178 bases and had closed 165. Would you clarify that for me—what exactly did you mean?

Mr. PIRIE. Well, when I say "facilities," it is not the necessarily major bases and so forth. It might in some cases be Reserve training centers, which is a single building or something of that kind. But over the four rounds of BRAC, 178 separate locations, facilities, or entities were scheduled to be closed, and we have closed 165 of them to date.

Mr. OLVER. There are already 165 are gone. The other 13 are just carried over from the last part of the BRAC four.

Mr. PIRIE. We have until 2001.

Mr. OLVER. Okay. Now, in your written testimony you have—and I think your written testimony speaks very cogently to the need for more BRAC rounds. In fact, I will give a little quote here: "While the number of ships and sailors were reduced by 40 percent and 30 percent, respectively, since 1988, Navy shore infrastructure decreased by only 17 percent of PRV," which is the Plant Replacement Value.

Mr. PIRIE. Plant Replacement Value.

Mr. OLVER. Now, that suggests that our fixed costs in this system are remaining. We have kept the fixed costs while the variable costs have been brought down. That is exceptionally inefficient and would suggest that there needs to be considerably more done. But further, in your own written testimony, Mr. Secretary, you say that the Navy will have 88,000 facilities, where you have defined a facility as a separate and individual building structure or other real-property improvement.

That is one hell of a lot more facilities, because you used essentially the same definition. It could be one building on one location as one of the 178 that have closed, and surely 178 is not anything like 17 percent of the 88,000. You speak of 400 wharves and piers and 180 runways that are involved here, and then you go on with the Marine Corps, which has 38,000 facilities by that definition, and a whole mess of piers and runways and so forth.

I must admit that I am confused here by the numerology.

Mr. PIRIE. No. We are guilty. We used "facilities" in two different senses, and I must say that when we debated that particular point, that is why the footnote is in there.

Mr. OLVER. You should put for me, if not for the rest of the Committee, what BRAC has done over four rounds, what you have actually done in BRAC compared with what you had in facilities by the one definition, and if you want to put it down in the other form, you need to let me see some way of seeing what the facilities are that relate to the numbers that you gave for what BRAC did close, 178 facilities and how that corroborates to the 17 percent.

Mr. PIRIE. Just put it down on paper.

PUBLIC-PRIVATE VENTURE

Mr. FARR. Do the other services have the public-private ventures, the PPVs, and have the other services created a limited liability company and limited partnerships as the Navy has, and do the other services, in the successful projects like you have built in Texas and in——

Mr. PIRIE. Everett, Washington.

Mr. FARR. Everett, Washington, where you have access to the housing that allows the civilians to lease the remainder? Do the other services do that?

Mr. PIRIE. The other services have not so far produced a public-private venture. They have some proposals.

Mr. FARR. We ought to get on the other services to do this. This is exactly what you and I have been talking about.

Mr. HOBSON. Yes. I think the Air Force has one.

Mr. FARR. Just awarded one?

Mr. PIRIE. Just awarded one. We actually have houses with people in them.

Mr. FARR. They did this back in 1996. And you have had success with them?

Mr. PIRIE. Yes. It is working well.

Mr. HOBSON. The funny part about it is you have not done enough. None of these other proposals that I have seen, I do not think, are that same way. San Diego is not that way.

Mr. PIRIE. That is right.

RADM SMITH. They are differently structured, yes.

Mr. HOBSON. So it may work. Let me ask you another question.

Mr. FARR. Well, one is on base, and one is off base. Right?

Mr. PIRIE. Different authorities, yes.

RADM SMITH. Yes. What we have done already is housing off base, and that is characteristic of the Navy, is that most of our housing is not on the military reservation itself, but it is some place adjacent.

Mr. FARR. But, see I think in San Diego, where you have already got Navy property there all of these years historically, and they are in their old homes, and they are great old homes, but that seems to me where contracting out for base operations and maintenance of those houses with the local community makes much more sense than maintaining our crew to do that.

FAMILY HOUSING PRIVATIZATION

Mr. HOBSON. What the City of San Diego will tell you is that you fast shuffled them on a piece of ground, but I cannot get into that right now.

When Congress granted the authorities for the Family Housing Privatization Initiative, we were concerned with the shift in costs from the family housing construction O&M accounts to the personnel accounts. This year the Navy transferred roughly $41 million from family housing O&M to the personnel accounts to cover necessary increases in housing allowances due to privatization.

In addition, the Department is requesting transfer authority between the two accounts that are in two different bills. First, last year we asked the Department to integrate the Personnel and Installation Departments on this issue. Has the Navy done this? Are you, Mr. Secretary, coordinating with the Assistant Secretary of the Navy for Manpower and Reserve Affairs, Carolyn Becraft, on this issue?

Mr. PIRIE. We have. And you are quite right, Mr. Chairman. The first year, we were not consulted when that money was shifted. We were consulted on this particular amount.

The theory is that the basic cost for housing is not jacked up because of privatization but that it is part of the cash flow that makes the deals work.

Mr. HOBSON. Okay. I may have some more questions. If you want to comment—okay. Five minutes.

CALIFORNIA—LEMOORE NAVAL AIR STATION

Mr. OLVER. Thank you again, Mr. Chairman. One of our colleagues from the other defense subcommittee, the other appropria-

tions subcommittee, visited Lemoore Naval Air Station not too long ago and came away very concerned with the quality-of-life conditions at Lemoore. Particularly he was concerned that there were a number of people who were being moved there from the San Diego area, maybe other areas.

And we spend a lot of money training pilots. We need to retain them, and I would like to know what the Navy's long-range view of plans for Lemoore Naval Air Station are? I think there are a couple of projects here in the near future for it, so you are doing something about it, and in a more general way, what is your view of how to retain the pilots, so that this may not be a one-location sort of a situation.

Mr. PIRIE. Well, it may have been a shock to the fighter pilots who were moved from Miramar and San Diego to Lemoore, which is not close to anything.

It is not as good as we want. We have plans to substantially improve Lemoore over the next five to ten years. For example, it is got a walking gym. I can walk there.

Mr. HOBSON. That is a good question, because I have been asked the same question by some other people. We have got a series of votes, so I do not think it is fair to you guys to make you come back.

CLERK'S NOTE.—Questions for the record submitted by Chairman Hobson.]

FAMILY HOUSING PRIVATIZATION—EMPHASIS ON THE PROGRAM

The family housing privatization initiative was originally intended to be a supplement to the traditional housing program. We are seeing more and more emphasis on this program, which is still in a pilot stage.

For Fiscal Year 2000, the Navy did not request a single traditional family housing project and only two construction improvement projects in the continental United States. Additionally, the Navy currently plans on privatizing 78 percent of its housing by 2003 and 2004.

Question. Once again, this is a pilot program and the original intent of the legislation was that it be a supplement to the traditional housing program. Explain why the Navy is placing such a high emphasis on this initiative when it has yet to complete a single project under the current statutory authorities?

Answer. The Department of the Navy's paramount goal is to ensure Sailors, Marines and their families are able to obtain suitable, affordable housing. The military housing privatization authorities provide a vehicle to leverage limited resources and construct, replace, or revitalize housing much quicker than we otherwise would through military construction (MILCON). For the last several years, we have been laying the groundwork for the implementation of these authorities. OSD and the Services have created the policy underpinnings and the process to implement this program. With these in place, we are poised to begin execution. It is for that reason that we have submitted seven Congressional notifications since October, 1998.

We have gained valuable experience through our initial limited partnership projects in Texas and Washington. We have seen these projects through, not only the construction phase, but also through a portion of the property management stage. We have applied this experience to the next generation of privatization projects.

We have preserved flexibility to pursue military construction, if necessary, in several respects. The larger privatization projects have been structured with options that give us the unilateral decision to expand privatization at a given installation. Secondly, we have retained appropriated construction funds within the Department If Congress approves the legislative change to allow us to transfer funds from the Family Housing Improvement Fund (FHIF) to Family Housing Construction (FHCON), this will give us the option to execute as FHCON if privatization is found to be not feasible.

FAMILY HOUSING PRIVATIZATION—FAMILY HOUSING INVESTMENT

Under current authorities, family housing privatization involves government contribution of land, facilities, infrastructure, mortgage guarantees, and differential lease payments to developers and financiers.

Question. Wouldn't it be prudent to gain some experience with how well this program works, before making such a large commitment to turn over so many assets for a 50-year term?

Answer. The Department of the Navy has gained valuable experience through our initial limited partnership projects in Texas and Washington. We have applied the lessons we've learned through our experience to the next generation of privatization projects.

We have taken a number of steps to protect our interests and investments. First, a number of projects will be structured with a base and options. In making an award, the Department of the Navy is only committed to the base deal. Exercise of successive options is at the sole discretion of the Department of the Navy. Secondly, we have implemented a two-step acquisition strategy. The first step screens potential offerors, through a Request for Qualifications (RFQ), for their experience and capabilities with projects similar to those the Navy is contemplating. Only the most qualified offerors are then invited to submit detailed technical and financial proposals. We have consultants on board, who are experienced in private sector development and public/private partnerships, to assist us through the process. Finally, we will insist on a number of provisions in any business and operating agreements that will protect our interests during the life of the agreement.

Question. It took us many, many years to build up these family housing assets. Tell us about some of the steps that the Navy is taking to protect its investments under this program.

Answer. The Department of the Navy's policy is that, if a careful analysis of economic, quality, and market factors conclusively demonstrates that military housing privatization is not feasible, we will turn to more traditional means of meeting our requirements. In order to be acceptable, privatization concepts must demonstrate that objectives for leverage and savings will be met.

The Department of the Navy plans to implement a limited liability company (LLC), or similar, approach for deals involving the privatization of existing military family housing. The LLC is a flexible, self-sustaining, public-private partnership that provides protection for Department of the Navy-contributed assets (land and/or units), and offers both partners limited liability while, at the same time, providing the Department of the Navy a degree of control over certain key decisions of importance that will be made by the entity over the term of the agreement.

Steps that the Department of the Navy is taking to protect its investment and interests include requirements that:

Only the leasehold interest in Government-owned land and units contributed to the partnership will be used to collateralize debt;

Any debt restructuring not present an increase in risk to the Government and the net proceeds from a restructuring stay in the project or are distributed in a pre-agreed fashion;

The net proceeds from any proposed sale or disposition of LLC assets stay in the project, or are distributed in a pre-agreed fashion;

The housing is properly cooperated and maintained, and the agreement provisions are complied with;

Allocations and distributions of project cash flow not be altered from amounts described in the agreement;

Performance bonds and personal and corporate guarantees are provided during the initial construction period;

Department of the Navy funds are held in a trustee-managed escrow account, and are paid out upon submission of an invoice approved by an independent consulting architect;

Responsibility for debt is separated from the property management function. The Department of the Navy may require the Managing Member to periodically re-compete the property management agreement;

Navy consent is required for operating expenditures over budgeted amounts; and

Amounts not expended flow directly to project Recapitalization accounts.

FAMILY HOUSING PRIVATIZATION—DELAY IN EXECUTION

I'm concerned over the delay in execution of family housing construction projects for which funds have been appropriated. In your prepared testimony, page 11, it in-

dicates $257 million in previously authorized and appropriated funs are being withheld to fund privatization projects.

Question. The Navy has not executed a privatization project to date under the current authorities. First, why is the Navy withholding such a large amount of funds for this program?

Answer. The urgent need to improve family housing for our Sailors and Marines leads us to do several Public/Private Ventures (PPVs) during this trial period using previously appropriated projects as seed money. We have used advice and counsel from private sector real estate development experts, as well as government experts to ensure that PPV business agreements are good for the Sailor and Marine, and good for the taxpayer. This applies not only in the up-front phase, where we get three times as much housing fixed, faster, but also during the whole lifecycle, where the Department of the Navy retains appropriate influence in the deal to ensure that Sailors and Marines are treated right and our assets are sell-maintained.

Question. Secondly, shouldn't the Navy be using all available tools to address its family housing needs in an optimum manner?

Answer. The Navy and Marine Corps are studying the feasibility of PPV at several continental U.S. sites and will pursue PPV only where it makes financial sense. When the decision is made not to pursue PPV at a specific location military construction (MILCON) funds are released and associated construction and improvement projects are executed expeditiously. For example, while the military construction funds from Fiscal Year 1996 for Marine Corps Base (MCB) Camp Pendleton are being held for privatization, the Fiscal Year 1997 and Fiscal Year 1998 funds at MCB Camp Pendleton were executed as military construction projects. The Department of the Navy has received a sum of $1.64 billion in Family Housing Construction Appropriations for the period of FY–1996 through FY–1999. Of that amount, about $440 million, of 27 percent remains on hold for PPVs as of the date of this hearing.

At the same time, we continue to repair houses overseas using regular MILCON. For example, the Fiscal Year 2000 President's Budget Submission includes the replacement of 100 units at MCB Hawaii, the revitalization of 113 units at Marine Corps Air Station (MCAS) Yuma, and the revitalization of 100 units at MCB Camp Pendleton through normal military construction. These projects demonstrate we are totally reliant on privatization to solve our problems.

Additionally, we have a robust leasing program for special cases where government ownership is not a viable option. We are also expanding our housing referral services to help the 75% of service members who live in the community to find suitable housing.

FAMILY HOUSING PRIVATIZATION—WHERE DO WE GO FROM HERE

The statutory authorities established for the Military Housing Privatization Initiative (MHPI) expire on February 10, 2001.

Question. How will the Navy proceed with its housing program if these authorities are not re-granted?

Answer. If the military housing privatization authorities are not extended past February 2001, the Department of the Navy will continue its policy of reliance on the private sector as the primary source of housing for Navy and Marine Corps families. The Basic Allowance for Housing (BAH) and housing referral services are integral components of this approach. For that segment of our need that cannot be met by the private sector, we would continue to use a mix of strategies including leasing, military construction, and, where we can, innovative approaches such as the Virginia Housing Development Agency's creative financing programs that promote home ownership for Sailors.

With respect to the replacement or revitalization of existing military family housing stock, we would rely on traditional military construction if the privatization authorities are not extended.

FAMILY HOUSING PRIVATIZATION—SAVINGS

Question. Does the Navy anticipate that there will be any significant financial savings from privatization as compared with the traditional program?

Answer. Financial pro forma analysis leads us to believe that Public/Private Ventures (PPVs) will achieve approximately 10% life cycle cost savings and will also provide at least 3-to-1 up-front leverage allowing us to build and repair more units faster.

FAMILY HOUSING PRIVATIZATION—COORDINATION

Question. Is the Navy coordinating with personnel at the field activity level when developing housing privatization projects?

Answer. Yes. The housing Public/Private Ventures (PPVs) initiatives are a coordinated effort between the Naval Facilities Engineering Command, Engineering Field Divisions, Major Claimants, and the Navy and Marine Corps Base that will benefit from the PPV project. It is coordinated on a program-wide basis and for specifically approved locations as follows:

a. Representatives from the Fleet and Force Master Chiefs, Activity Commanding Officers, Regional Commanders, and Fleet Commanders are involved in the formulation of each project.

b. Program policies, principles, and expectations are developed by collective representation from all levels of Navy leadership.

c. Field activity representatives are full participants in assessing projects, housing requirements, project feasibility, determining the PPV strategy, and providing the commercial market data underlying each project.

Headquarters Marine Corps personnel coordinate very closely with personnel at the field activity level in the development of our housing privatization projects. The activity commanders and their staffs are the lead agents in determining which neighborhoods may be privatized, the paygrade and bedroom mixes of the new units, and how the financial aspects of the deal will be structured. This close coordination assures us of activity approval of the project before submitting the concept to the Secretary of the Navy.

FAMILY HOUSING ALLOWANCES

When Congress granted the authorities for the Family Housing Privatization initiative, we were concerned about the shift in costs from the family housing construction and O&M accounts to the personnel accounts. This year, the Navy transferred roughly $41 million from family housing O&M into the personnel accounts to cover necessary increases in housing allowances due to privatization. In addition, the Department is requesting transfer authority between the two accounts—accounts that are in two different bills.

Question. First, last year we asked the Department to integrate the personnel and installation departments on this issue. Has the Navy done this? Are you, Mr. Pirie, coordinating with the Assistant Secretary of the Navy for Manpower and Reserve Affairs, Carolyn Becraft, on this issue?

Answer. We recognize the inter-relationship on housing matters between the Offices of the Assistant Secretary for Installations and Environment and the Assistant Secretary for Manpower and Reserve Affairs. Our offices also coordinate on policy matters that fall under the purview of both organizations. Both Ms. Becraft and I sit on the Department of the Navy Program Strategy Board (DPSB) which approves the Navy and Marine Corps' Program Objective Memorandum and budget submissions. The transfer of family housing O&M funds to military personnel accounts to fund increased housing allowances associated with the privatization of existing family housing was fully vetted within the DPSB prior to the formulation of the Department's budget request. Ms. Becraft and I also are members of OSD's Quality of Life Executive Committee, which oversees the full range of housing issues across the Department of Defense.

It is important to note that this same coordination occurs at the Service level during the programming and budget process. The level of investment in housing allowances and family housing programs are coordinated within each of the Services during the development of their Program Objectives Memorandum (POM) submissions. The Navy comptroller reviews cost estimates and program executability as part of the internal Navy budget review process. OSD reviews Service POM and budget estimates. This coordination ensures the preparation of a balanced housing program.

Question. What assurances can you offer me that any family housing O&M reductions due to privatization will be reapplied to other family housing improvements and not transferred elsewhere?

Answer. The Department of the Navy only funds Basic Allowance for Housing for Public/Private Ventures (PPV) with savings from the family housing operations and maintenance accounts resulting from the privatization of military family housing. Savings above those needed to fund PPV allowances are being used to eliminate the family housing repair and improvement backlog, primarily overseas, where privatization authorities are not applicable. While I can make no guarantee for the future, to date, all PPV savings have been reinvested in the housing area.

Question. Are the personnel accounts adequately budgeted in the Future Years Defense Plan (FYDP) for the increases in allowances due to the privatization initiatives?

Answer. Yes. In preparing the Fiscal Year 2000 budget, Family Housing, Navy funds shifted to the Navy and Marine Corps military pay accounts based on conservative projected dates for converting Department of the Navy housing units to Public/Private Ventures (PPV) units. The Department of Defense has requested legislation allowing this transfer of funds to take place at the time the PPV deal is signed, which makes it a much more accurate and timely transfer of funds. If the Department is able to move more aggressively on these conversions, additional funds may be needed during execution of the military pay accounts.

Question. Does this initiative become a "zero-sum" game, that is, will there be any savings or is it just a shift of costs?

Answer. Privatization will enable us to eliminate the unsatisfactory condition of homes and reduce the shortage of homes more quickly than if we were to continue to use only the traditional military construction approach. We expect life cycle savings of approximately ten percent, which will be reinvested in the housing program in order to fix more houses faster.

Question. Is there any assumption about the future funding levels for housing allowances?

Answer. The privatization concepts assumes a three percent per year growth rate for housing allowances. Each Public/Private Venture (PPV) will take into account the latest information available regarding the new implementation of the Basic Allowance for Housing (BAH).

INCREMENTAL FUNDING

The Department has chosen to build an $8.5 billion Military Construction program and spread its funding over two fiscal years. Instead of requesting fully executable projects in Fiscal Year 2000, the Department has only requested funding for 10–25% of individual project costs. To support the completion of these projects, the Department is requesting advanced appropriations of $3.1 billion to become available in Fiscal Year 2001.

Question. How does the Navy view this funding approach?

Answer. Obviously, this is not what we in the installation business would have chosen as a desirable outcome. As I stated during the hearing, senior Department of Defense officials used this approach as a one-time expedient to allow the inclusion of high priority readiness and acquisition programs. They characterized it as undesirable but unavoidable.

There has been little Congressional support for this funding approach, and I personally do not support it.

Question. With this in mind and given the apparent fact limited funds will be available, is the Navy prepared to prioritize its projects or needs for Fiscal Year 2000? If so, what are the Navy's most pressing needs?

Answer. As a general rule, we would assign greater weight to projects that met the following prioritized needs: (1) environmental and safety projects that meet statutory and regulatory standards and deadlines for compliance; (2) force protection; (3) operational necessities; (4) quality of life; (5) all other projects. That said, we would, as we have in the past, week to balance the overall program within available funds.

EXECUTION

Question. What are some of the challenges facing the Navy in executing this budget?

Answer. The challenges that face the Navy in executing this budget are centered on project and funds management. Successful execution of the program will depend on our ability to accurately project outlay streams for each project, and to optimize the allocation of funds for each project based on the projected outlay stream and on the date of award.

Our projected outlay streams have to accommodate material procurement (including any long-lead time items), job phasing, work scheduling, etc. to accurately reflect optimum contractor performance as if funds were to be obligated for the full value of the contract.

Projected outlay streams then have to be time-phased against projected dates of award and the date of the availability of the advance appropriations, in order to determine the appropriate level of funding to be obligated against the contract.

In addition, actual work-in-place and contract expenditures must be monitored to ensure that sufficient funds are available throughout the year to preclude any work

stoppages or contract terminations. Award dates for subsequent projects will have to be managed to maintain availability of sufficient funds for such purposes.

Question. What additional authorities will be necessary?

Answer. If we receive advance appropriations as requested, we do not foresee any need for statutory changes. However, in order to maintain current flexibility for execution of the program, we would request agreement from the House and Senate Appropriation Military Construction Subcommittees that project reprogramming thresholds would be based on the full amount appropriated for the project, to include both the regular annual and advance appropriation. If we do not receive advance appropriations as requested, we would request a change to 10 U.S.C. 2853 to align cost variation thresholds with the authorized (rather than appropriated) amount of each project.

We would also request agreement with the House and Senate Appropriations Military Construction Subcommittees that project reprogramming thresholds would be based on the full authorized amount of the project.

BRAC Execution

Question. Is the Navy BRAC budget request of $211.4 million in Fiscal Year 2000 adequate to fully execute the program with no impact on meeting the July 13, 2001 completion date?

Answer. The Navy BRAC program is requesting authorization for the full program amount of $452.6 million in Fiscal Year 2000. The $211.4 million referenced in this question is the appropriation requested amount. If provided the full authorization amount, the Navy can fully execute the program with no impact on meeting the July 13, 2001 completion date. The Navy has already completed 93 percent (165 of 178) of all closures and alignments, and will complete an additional eight by the end of Fiscal Year 1999, four in Fiscal Year 2000, and one in Fiscal Year 2001.

Plus Ups Due to Incremental Funding

Question. After the Department's implementation of the incremental funding approach, were any Navy projects moved forward to the Fiscal Year 2000 program?

Answer. Yes, four Navy and eight Marine Corps projects moved forward to the Fiscal Year 2000 program.

Question. If so, please provide a list of these projects with their associated dollar amount for the record?

Answer. The Navy and Marine Corps projects are:

Activity	Proj. No	Title	(In thousands of dollars)	
			Auth request	Appr request
Administrative Support Unit, SW Asia	903	Operations Control Center	34,770	8,550
Administrative Support Unit, SW Asia	913	Bachelor Enlisted Quarters (Security Force).	24,550	6,230
Naval Training Center, Great Lakes, Illinois.	643	Bachelor Enlisted Quarters "A" School	31,410	7,700
Naval Station, Norfolk, Virginia	099	Pier Replacement	40,000	8,600
MCAS New River, North Carolina	645	Family Service Center	1,340	330
MCAS Yuma, Arizona	437	Child Development Center Addition	2,620	640
MCB Camp Lejeune, North Carolina	935	Road and Utility Construction	8,750	2,140
MCLB Barstow, California	920	Test Track/Text Pond Facility	4,670	1,150
MCB Camp Pendleton, California	022	Tactical Vehicle Maintenance Facility	9,010	2,210
MCB Camp Pendleton, California	069	Bachelor Enlisted Quarters	9,740	2,390
MCAGCC 29 Palms, California	619	Tactical Vehicle Maintenance Facility	13,960	3,420
MCLB Albany, Georgia	919	Engineering Equipment Shop	6,260	1,540

Additional Contractor Costs

Question. Will this year's incremental funding approach place increased risk on contractors? If so, could you explain to us how this increased risk could potentially drive up contract costs?

Answer. This year's incremental funding approach (i.e., a combination of regular annual and advance appropriations) will not significantly increase the risk on contractors. Full scope contracts will be awarded subject to a limitation of funds clause. The Fiscal Year 2000 regular annual appropriation will provide sufficient funds to meet contract outlays in Fiscal Year 2000. The Fiscal Year 2001 advance appropriation will provide the guarantee that sufficient funds will be made available at the

appropriate time to cover the full contract cost of the contract. Contractor risk would be increased if the advance appropriations were not provided. For example, contractors would have to maintain the capacity to accomplish all work covered under the full scope contract, but would not have any guarantee that the Government would obligate funds for (or authorize the accomplishment of) any work beyond that which would be covered under the limitation of funds clause. This may increase bid prices and could deter some contractors from bidding.

Question. How does the Navy intend on dealing with increased contractor risk? (Incremental funding reduces contractor's ability to make large-scale advance purchases may preclude ordering long-lead equipment or supplies, and there is no guarantee of Fiscal Year 2001 funding.)

Answer. If Congress provides the requested regular annual and advance appropriations for Fiscal Years 2000 and 2001, there will be no significant increased risk on contractors. As described in Question 14, the key elements for success in executing this program will be our project and funds management.

Specifically, the accurate projection of outlay streams and the corresponding obligation of funds against each project should preclude risks associated with advance purchases and/or the procurement of long-lead time equipment, materials, or supplies. Due to the newness of this approach, especially with small contracts, there may be perceived risks in the contractors' minds, which we would try to minimize by communicating to the contracting community the previously mentioned key elements to be utilized for success.

If Fiscal Year 2001 advance appropriations are not provided as requested, to complete the projects authorized in Fiscal Year 2000, the risk identified in Question 18 would likely result in increased costs.

We discussed the potential for increased costs with the Association of General Contractors (AGC) and independent contractors. They were unable to quantify an across-the-board percentage, indicating instead that any increase will vary in amount depending on the size, complexity, and type of project.

Question. How will the Navy avoid additional costs due to contractor claims for delays caused by lack of funds, or contract termination for lack of funds if advance appropriations are not provided?

Answer. Regardless of whether or not requested advance appropriations are provided, avoidance of additional costs due to contractor claims for delay or contract termination will be dependent on our ability to project outlay streams against the project award dates to ensure that sufficient funds are available to preclude delays or termination. Advance appropriations will provide a guarantee that funds will be available on October 1, 2000. If the requested advance appropriations are not provided, we will have to conservatively estimate when we think funds may become available in Fiscal Year 2000. The result will be that we will have to obligate additional funds against each contract to avoid delays or terminations, possibly resulting in the short-term deferral of certain projects into Fiscal Year 2001.

Privatization of Utility Systems

Question. Describe in some detail the Navy's ongoing efforts to get out of the business of owning, operating, and maintaining utility systems where it makes good sense.

Answer. The Department of the Navy is implementing the Defense Reform Initiative Directive (DRID) #49 calling for privatization of all electric, natural gas, water and wastewater systems by September 2003. As a first step in the process, we are conducting market interest assessments as we work with the bases on the best strategy for completing the assessment, economic analysis, and Request for Proposal. Initial studies will begin this fiscal year, with the bulk of effort on this phase to be completed in Fiscal Year 2000. Detailed economic analysis of continued government ownership, in accordance with the Office of Management and Budget Circular A–94, will be assessed against proposals to determine if a privatization proposal meets the criteria for utility system privatization in 10 U.S.C. Section 2688 prior to approval of a utility privatization action.

If a utility system is not privatized, a separate assessment may be made concerning outsourcing operations and maintenance under commercial activities programs.

Question. How aggressively is the Navy pursuing the utilities privatization effort? What is the estimated timeline for implementation?

Answer. In compliance with Defense Reform Initiative Directive (DRID) #49, the Department of the Navy intends to:

Determine whether or not to pursue privatization of all utilities systems by September 30, 2000;

Release all solicitations by September 30, 2001;
Award all privatization contracts by September 30, 2003.

Question. Has the Navy developed a utilities privatization implementation plan? If so, please provide it for the record.

Answer. The Department of the Navy Utility System Privatization plan follows:

Department of the Navy
Utility System Privatization Plan

Policy: Department of the Navy missions require safe, reliable, modern and economical utility services. The goal is to reduce infrastructure costs. Privatization of utility systems is an important tool to achieve these cost savings while providing quality utility services. Therefore, utility systems should be privatized wherever it is economically advantageous to do so.

Introduction:

This Utility System Privatization Plan provides a blueprint for actions needed to privatize Navy Department installation utility systems in accordance with Department of Defense and Department of the Navy policy. Additionally, it provides for privatizing, where possible, in the shortest time within the limits of applicable law. This plan is ambitious - it will require readjusting priorities and resources from other efforts and a commitment from all parties involved and affected to be achieved.

Navy and Defense Department policy regarding disposition of installation utility systems has evolved under broader policy initiatives addressing use of commercial sources and performance of non-core activities. The Defense Reform Initiative distilled these policy initiatives into direction to "manage energy, not infrastructure." This document provides the Navy Department plan developed in response to the tasks in Defense Reform Initiative Directive #49 - Privatizing Utility Systems, 23 December 1998. Each military department is tasked to develop a plan - to determine whether or not to pursue privatization for all systems by September 30, 2000, to release all solicitations not later than September 30, 2001, to privatize the installations electric, natural gas, water and sewer systems by 30 September 2003, except those needed for unique security reasons, or when privatization is uneconomical.

Essential considerations in this plan include:

- Ensuring competition is allowed to the maximum extent;
- Eliminating "non-starters" early in the process by going to the potential market up-front for interest,
- Using market input to determine the fair market value of our systems for the purpose of determining economics when competition is available;
- Allowing the market to propose innovative business cases to include

aggregation and expansion/extension beyond installation boundaries.

Scope:

This plan is applicable to 751 Navy and 135 Marine Corps utility systems (electric, natural gas, water and sewer) at 133 Navy and 12 Marine Corps installations in the United States. These systems have a Current Plant Value as recorded in real estate records of about $25 billion. The backlog of maintenance and repair for these systems has accumulated to $493 million for the Navy and $42 million for the Marine Corps.

Approach:

The Department of the Navy manages utility commodity acquisition, and maintains contract and technical expertise needed for executing privatization actions regionally through Engineering Field Divisions. Carrying out the details of this plan will fall on these regional centers of expertise with support from installations undergoing utility system privatization. The ultimate customer will be installation Commanders, who will determine if privatization will proceed based upon OSD and DON policy, guidance, and criteria.

Process

The Department of the Navy's utilities privatization plan is based upon the concept that industry (both regulated and non-regulated utility service providers) is best suited to determine both the economic opportunity provided by ownership of the DON utility system(s), as well as, through competition, the fair market value of that system(s).

The "accepted" process that the military has long followed for privatization is to conduct the following steps:

a. Define requirements
b. Conduct an inventory assessment
c. Perform a cursory market survey
d. Perform an economic analysis of the government's cost
e. Issue Request for Proposals
f. Conduct environmental baseline survey
g. Evaluate economics (best value) and negotiate
h. Award
i. Transition to contractor operation

This process is notable for the requirement to expend considerable amounts of time and money in accomplishing steps b through e before we have a reliable estimate of the industry's interest. General rules of thumb for cost and time

involved in accomplishing these first steps have been estimated at $45,000 per installation's utility system and 6 months (assuming we had a contractor already under contract) to reach the point of soliciting credible offers from industry. Multiplying this effort by 4 utility systems per installation and 145 DON installations we rapidly discover this approach is expensive, and cannot approach the goal of the current Defense Reform directive.

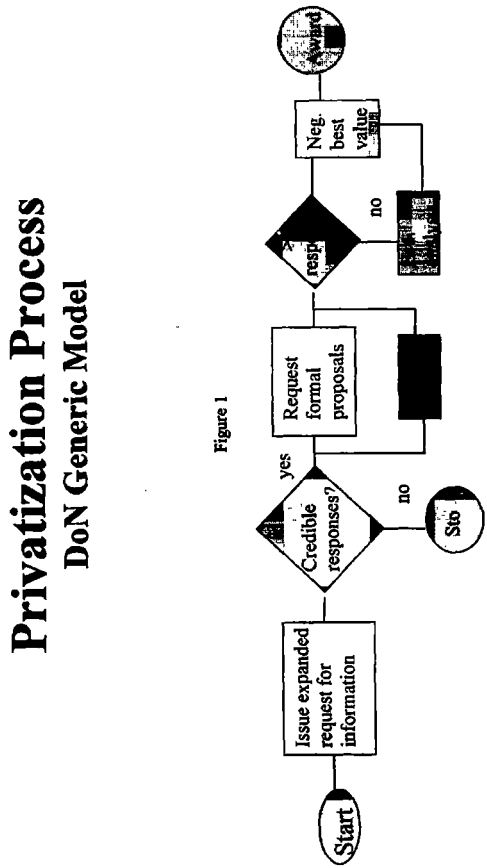


Figure 1

The DON's proposed strategy for conducting privatization (Figure 1) differs, from that described above, primarily in those first steps leading up to the issuance of the solicitation. DON's plan is to:

a. Describe system and define in terms of broad performance requirements
b. Issue an expanded request for information/expressions of interest
c. Determine if credible interest from industry exists
d. Issue Request for Proposals
e. Evaluate economics (best value) negotiate
f. Award
g. Transition to contractor operation

While only two steps shorter than the "accepted" process, the proposed methodology provides a number of advantages. They are:

a. Faster Execution. The first major step, issuing expanded requests for information (RFI) for all 145 DON installations, can be done quickly and for little cost by the Naval Facilities Engineering Command (NAVFAC) Engineering Field Divisions (EFDs). The four EFDs are located regionally and consist of technical and contractual experts. Generic RFIs will be prepared and the regional EFDs will only need to customize the RFIs for 30 - 40 installations apiece.
b. Eliminate non-starters. Expanded RFIs will include a brief description of the utilities. Interested providers will be notified that the intent of DON is to enter into a privatization agreement where the annual costs were less than the government cost. Should insufficient credible interest from industry be identified, the privatization process will stop then, with little expenditure of resources.
c. Industry determines economics. This approach puts the responsibility of determining the economic opportunities of privatization onto the contractor/utility. If no interest is shown, we can assume it is not economical to privatize.
d. "Pre-qualifies" interested parties. Where credible interest exists a Request for Proposals (RFPs) will be sent to those who show interest in the RFI.

Additional features of the DON methodology are as follows:

a. Simultaneous with the development of the RFP, Environmental Baseline Surveys (EBS) will be started for those utilities and locations that had received credible responses. The EBSs will comprise the biggest expense of the privatization process, costing approximately $100 K per activity.
b. A determination of the value of the government's infrastructure to the bidder will be included as part of all RFP responses. The

government's utility system will be offered to all bidders but they may choose not to use it offering instead to install a new system. In those cases where the winning proposer does not want our utility due to condition, lack of compatibility, etc., the DON system would be abandoned/removed as necessary and another method of delivery provided by the winning proposer.

c. Where more than one response is received to the RFP, the fair market value of the DON utility system will have been competitively established.
d. When only one credible proposal is received from the RFP, the installation will need to develop its own fair market value for the utility system(s), as well as, a more detailed analysis of the cost of operation.
e. Interested companies will be permitted to propose regional aggregations of systems; including aggregating all utilities at an activity, as well as combining part or all of the utilities across multiple activities in a region.
f. Where state regulations restrict utility system ownership to the franchised utility company, DON will enter a sole source negotiation with the franchised company.

Implementation

Within the Department of the Navy's privatization process, 133 Navy and 12 Marine Corps activities have been included. An inventory of the utility systems for these 145 activities was performed. It was determined that many activities had up to 8 distinct and separate utility systems of the same type within its fence line. Compiling these systems we show that there are 886 separate utility systems of varying sizes within the 145 activities. Sometimes, multiple suppliers of the commodity, e.g. electricity, supply separate systems on the same activity. No systems have been removed to date due to known security or economic reasons. The inventory is summarized in Table 1:

System		Navy	Marine Corps	Total
Electric	Gov't Owned	232	47	279
System		Navy	Marine Corps	Total
Water	Gov't Owned	219	38	257
Waste Water	Gov't Owned	217	36	253

Natural Gas	Gov't Owned	83	14	97

Table 1. Inventory of DON Utility Systems

A Gantt chart was developed to illustrate the privatization process. This schedule shows that the September 30, 2003 completion date may be reachable assuming no unforeseen problems occur. Key to meeting this schedule will be the ability of the limited number of experts at the EFDs to process the work in the time provided.

Sensitivity Analysis

Various unknown parameters may affect this process. These include:

1. The number of privatization actions going on simultaneously may overwhelm industry capacity to respond credibly.
2. Industry may not be willing to respond to RFPs without more time to do detailed independent site investigations. This might delay execution.
3. The larger the number of utility systems for which no credible industry interest exists, the fewer RFPs and negotiations which will be needed.
4. Regional aggregation may speed or delay the process; the number of negotiations may be reduced, but the complexity may increase.
5. On the negative side, the activity and EFD personnel needed to make the privatization process work have other jobs and priorities.
6. Contracting for professional assistance may be needed, and funding would have to be found for that effort.
7. Success of the time line will then be dependent upon the priority placed on the privatization workload.

Environmental Analysis

The Navy will use the guidance and policies it has established to guide the implementation of procedures required by the National Environmental Policy Act (NEPA) and other pertinent laws and regulations. Significant changes from major federal actions will require procedures to evaluate potential impacts and minimize or mitigate adverse environmental impacts as appropriate. Information and data from the installation restoration program on known or suspected sites of contamination are available to the public through information repositories at or near each major Navy installation. Such information on contamination may be of concern to potential recipients of property, particularly in regards to requirements for subterranean maintenance, repair, or construction operations. Maps, drawings, and analytical data of such sites should be examined carefully for potential overlap with various utility networks to ensure appropriate worker protection and proper management of any excavated soils and extracted ground waters. The

Navy will retain the right of access to all Navy-owned properties as may be necessary for continued or future investigation and/or remediation efforts. Available information regarding property contamination may not be complete and should not be presumed to be all-inclusive.

PRIVATIZATION OF UTILITY SYSTEMS

Question. Why should a utility system be exempt from privatization?

Answer. Defense Reform Initiative Directive (DRID) #49 provides two reasons for exempting utility systems privatization: (1) national security, and (2) economically not feasible.

Question. What efforts are being made by the Navy to partner with the other Services in privatizing utility systems? Specifically, is there coordination between the Services in co-located areas?

Answer. Where possible and practical, the Department of the Navy is partnering with the other Services to pursue joint efforts that could result in savings that might not be attainable on an individual basis. For example, a partnering effort is underway between the Washington Navy Yard and Bolling Air Force Base.

Question. Can the Navy document any savings or avoided costs, in net value, which will result from the utility privatization effort?

Answer. No. Valid documentation would be a comparison of a final proposal and a life cycle cost analysis of government ownership. We have not yet reached that point in the process.

ALTERNATIVE SOURCES OF PURCHASING ENERGY

Question. What efforts has the Navy made in examining alternative sources of purchasing energy?

Answer. The Department of the Navy is continuing to pursue competitive purchasing options in markets that have been deregulated. For example, our installations have participated in NAVFAC energy purchasing process initiatives and participated in the Defense Energy Support Center (DESC) California Electricity procurement. MCLB Barstow, Marine Corps Air Ground Combat Center (MCAGCC) Twentynine Palms, Marine Corps Recruitment Depot (MCRD) San Diego, and Marine Corps Base (MCB) Camp Pendleton participated with Navy installations and some Air Force and Army installations in California in a competitive power procurement "demonstration" conducted by the DESC in accordance with Defense Reform Initiative #21 that resulted in minimal savings.

FORWARD OPERATING LOCATIONS

As part of the Counterdrug funding in the Defense Appropriations Bill there is $42.8 million programmed for the construction of three forward operation locations. This is part of the post Panama Restructuring. It is our understanding that these funds are held in a central transfer account and will eventually be allocated to the Air Force and Navy for execution.

Question. Could you please provide us some detail on these proposed construction projects?

Answer. The Navy currently operates P–3 surveillance aircraft out of Howard Air Force Base in Panama for counter drug operations. The Panama Canal Treaty requires the relocation of these assets to another forward operating location (FOL). The Navy has a military construction project P–113 for $6.7 million in Fiscal Year 2000 in the Department of Defense (DoD) Counter Drug appropriation to build an organization-level aircraft maintenance facility, parking apron, washrack, and taxiway. The DoD is working closely with the State Department to secure the necessary host nation agreement. Additional detail site surveys will be needed to refine the construction cost estimates once the specific location of the Navy FOL is confirmed. The DoD Counter Drug appropriation will fund all the necessary costs for the relocation.

ARIZONA: CAMP NAVAJO NAVY DETACHMENT MAGAZINES MODERNIZATION ($1,910,000)

The form 1390 for this project indicates that the Fiscal Year 2001 program will include a request of $3,420,000 for Magazine Modernization. Also the form indicates that the Fiscal Year 2002 program will include $4,680,000 for Magazine Modifications.

Question. How do these two projects relate to this project?

Answer. These projects are nearly identical in nature to the project in the Fiscal Year 2000 budget. They will modify additional magazines for storage of Trident I (C4) missile motors.

Question. Why weren't these three projects programmed concurrently?

Answer. The projects are timed to coincide with the delivery of the C4 components. Constructing all the projects in the Fiscal Year 2000 time frame would result in some of the magazines being upgraded before they are needed for the C4 motors.

Question. Could these three projects be executed by a single contract to achieve construction cost savings? If not, why not?

Answer. There would undoubtedly be savings if the projects were executed in a single contract. However, most of the magazines would then lie empty one or more years prior to be being needed. The Navy believes it is more prudent to budget the follow-on projects in the appropriate years and use the Fiscal Year 2000 dollars for other important projects.

ARIZONA: YUMA MARINE CORPS AIR STATION LAND ACQUISITION ($3,650,000)

Question. What are some of the challenges facing the Navy in executing this project?

Answer. The challenges facing the DoN are the typical challenges associated with land acquisitions, e.g. negotiation with landowners.

Question. How does the Navy plan on executing this incrementally funded land acquisition?

Answer. Although the advance appropriation approach was applied to the entire military construction (MILCON) appropriation, it was not envisioned applying to each individual project. Since a land acquisition project would outlay at 100 percent, the DON would likely execute this at the authorized request. However, a number of possible alternatives are available, including the incremental purchase of separate parcels or the negotiated phasing or payments to the current landowners.

Question. The form 1391 states that a fire station requires relocation. When and at that cost does the Navy plan to execute this relocation?

Answer. The fire station is not yet a programmed military construction project, so there is no scheduled time or cost for the execution of the relocation. This is because the fire station relocation is part of a long-term conceptual plan for Marine Corps Air Station (MCAS) Yuma's facilities and infrastructure if the full 1,641 acre parcel of land is acquired.

Question. Will the new fire station be located on the newly acquired land?

Answer. While the primary purpose of the land acquisition is to provide MCAS Yuma enough land to safely store and load its annual training requirement of ordinance without waivers, the additional land would also provide opportunities to more efficiently locate existing assets such as the fire station. The new fire station could be located on the southeastern corner of the new parcel.

CALIFORNIA: CAMP PENDLETON MARINE CORPS BASE INTEGRATED COMMUNICATIONS HUB ($960,000)

Question. How many facilities and total space will be vacated as part of this consolidation effort?

Answer. Currently, there are six scattered buildings that are either fully or partially occupied by telecommunications personnel or equipment at Marine Corps Base (MCB) Camp Pendleton. After construction of this military construction project near two of the six buildings, the other four buildings, with communications-occupied spaces adding up to 26,987 square feet, will be vacated for other uses or demolition. The three buildings that ultimately make up the hub will reduce the square footage occupied by communications personnel and equipment from 41,865 gross square foot (gsf) to 34,298 gsf.

This project will demolish one facility.

Question. What are the re-use plans for the other facilities or vacated space resulting from this effort?

Answer. Of the six buildings currently occupied, four will be vacated for other uses or for demolition. Two of these four buildings are inadequate and will be demolished, but only one demolition will be accomplished under this military construction project. When the 4,056 square feet (sf) occupied in the third building (which is 59,066 sf) is vacated, this space will be used to expand the existing Assistant Chief of Staff Manpower and Assistant Chief of Staff Comptroller spaces. When the 13,113 sf occupied in the fourth building (which is 49,982 sf) is vacated, this space will be used to expand the existing accounting functions and to relocate Force Service Support Group accounting and Base Staff Judge Advocate.

Question. What year was the building to be demolished constructed, and briefly describe the condition of this facility.

Answer. Building 2454, which will be demolished with this military construction project, is a 1,192 square foot semi-permanent, pre-engineered metal building constructed in 1950 and currently used as a communications maintenance personnel of-

fice. The temporary building was originally brought onto what will be the future hub site to relieve a shortage of administrative space in support of telephone installation operations. The building is now deteriorated beyond economical repair. The structure is also within the footprint of the proposed military construction project and will require demolition prior to the start of construction.

The second structure, Building 2611, will be demolished at a later date using operations and maintenance (O&M) funding. Building 2611 is a 4,626 square foot, semi-permanent, wood-frame building constructed in 1942 as a warehouse and is now deteriorated beyond economical repair. The current plan to temporarily consolidate several Explosive Ordinance Disposal (EOD) organizations aboard Marine Corps Base (MCB) Camp Pendleton into Building 2611 and to delay demolition is justified because the warehouse-like facilities which the EOD units currently occupy are in much worse condition than 2611. Building 2611 will be demolished after a suitable replacement facility for the EOD units is located.

CALIFORNIA: CAMP PENDLETON MARINE CORPS BASE STAFF NON-COMMISSIONED OFFICER ACADEMY ($1,640,000)

The form 1391 indicates that the Academy is currently located in renovated facilities.

Question. When and at what cost were these facilities renovated?

Answer. Conversion of three existing 1966-vintage, open squad bay barracks into the interim Staff Non-Commissioned Officer Academy was completed in July 1998 at a cost of $2.7 million. The scope of work included extensive structural repairs in order to bring the 33-year-old buildings up to current seismic standards.

Question. What are the re-use plans for the renovated facilities that will be vacated as a result of this project?

Answer. The renovated facilities, once vacated by the Staff Non-Commissioned Officer (SNCO) Academy, will be backfilled by several schools which are currently in less than adequate facilities. These schools include the Corporals' School, the Instructor Management School, the Field Medical Service School, and an Automated Electronic Classroom. These units have a smaller personnel loading than the SNCO Academy, so the renovated facilities will adequately accommodate their needs. In addition, these schools can accomplish their training locally, unlike the SNCO Academy which frequently must transport its students 19 miles north to the field training areas.

CALIFORNIA: CAMP PENDLETON MARINE CORPS BASE BACHELOR ENLISTED QUARTERS ($2,390,000)

Question. What is the estimate of savings in design costs by accomplishing this project using a standard or definitive design?

Answer. While other projects at Marine Corps Base (MCB) Camp Pendleton completed in recent years have used the design-build approach and realized savings in the overall project costs, design-build for the Staff Non-Commissioned Officer (SNCO) Academy Bachelor Enlisted Quarters (BEQ) is not appropriate. This project does not lend itself to using a standard design because of the site topography, other physical constraints of the selected site (e.g., proximity to an existing major thoroughfare and environmentally sensitive areas), and the need to be designed in harmony with the function and architectural elements of the academic instruction building, P–063.

Question. Submit for the record a list of the planned projects to correct all existing barracks deficiencies at Camp Pendleton Marine Corps Base, by fiscal year programmed.

Answer. The following projects are planned at Camp Pendleton Marine Corps Base to correct current existing barracks deficiencies.

Program	Project	Cost with SIOH
2000	P–069	$9,740
2002	P–098	19,810
2002	P–093	15,558
2002	P–073	14,699
2003	P–043	12,140
2003	P–026	15,352
2004	P–044	10,971
2004	P–025	15,347
2004	P–017	18,368

Program	Project	Cost with SIOH
2005	P–028	9,765

CALIFORNIA: CORONA FLEET ANALYSIS DETACHMENT, MEASUREMENT SCIENCE LABORATORY

Question. What is the current status of the Measurement Science Laboratory at the Corona Fleet Analysis Detachment, and why are no funds requested for Fiscal Year 2000 as the Committee directed in our report last year?

Answer. The Measurement Science Laboratory project at Naval Warfare Assessment Station Corona is presently in the President's Budget Future Years Defense Program for Fiscal Year 2002 due to unresolved scope issues, and other higher priority projects.

CALIFORNIA: LEMOORE NAVAL AIR STATION AIRCRAFT ORDNANCE LOADING FACILITIES ($3,010,000); STRIKE FIGHTER WEAPONS TRAINING FACILITY ($1,000,000); ENGINE MAINTENANCE SHOP ADDITION ($600,000); AVIATION ARMAMENT FACILITY ($1,460,000)

Question. Is it correct that all four of these projects are required solely due to the stationing of the F/A–18 E/F aircraft at Lemoore beginning in November of 1999?

Answer. Three of the four projects are required solely for the stationing of F/A–18E/F aircraft. The fourth, Aircraft Ordnance Loading Facilities, fulfills a requirement that has existed since before the introduction of the F/A–18 program. It will eliminate explosive safety waivers and provide an appropriately sited area for ordnance loading and unloading.

Question. How will this year's incremental funding concept potentially impact the completion of needed facilities for the F/A–18 E/F aircraft prior to their arrival?

Answer. The Fiscal Year 2000 incremental funding concept will not adversely affect completion of facilities in time to support the arrival of the F/A–18E/F aircraft.

Question. How can you assure us that operating schedules will be met under a two-year construction program?

Answer. While the incremental funding concept appropriates military construction funds over two fiscal years, construction projects will be contracted to the full authorized amounts in the first year. The 25–75 percent split in appropriations will cover the typical funds outlay profile over two fiscal years. Operating schedules to support introduction of the F/A–18E/F at Naval Air Station Lemoore, California will not be affected by the incremental funding concept.

Question. What is the future construction program for needed facilities to support the F/A–18 E/F aircraft program at Lemoore?

Answer. Six military construction (MILCON) projects totaling $32.8 million are required for operational facilities to support the F/A–18E/F program at Naval Air Station (NAS) Lemoore. Three were approved in Fiscal Year 1999 and three more are included in this year's budget request.

CALIFORNIA: NORTH ISLAND NAVAL AIR STATION, BERTHING WHARF, PHASE I ($40,760,000)

Under this year's incremental funding concept, the Navy has programmed the majority of their projects at 25 percent of the total project cost in Fiscal Year 2000.

Question. Why is this project funded at 75 percent of the project cost?

Answer. This project was one of the three submitted to the Department of Defense (DoD) by the Navy as a phase-funded project because the cost was over $50 million. DoD did not apply the same outlay plan for these projects as it did for the majority of the other military construction projects when it developed the advanced appropriations concept. Therefore, it remains at the higher rate in the Fiscal Year 2000 budget submission.

CALIFORNIA: PORT HUENEME NAVAL SURFACE WARFARE CENTER COMBAT SYSTEMS INTEGRATION LAB

Question. What is the current status of the Combat Systems Integration Lab at the Port Hueneme Division of the Naval Surface Warfare Center, and why are no funds requested for Fiscal Year 2000 as the Committee directed in our report last year?

Answer. The Combat Systems Integration Laboratory at the Port Hueneme Division of the Naval Surface Warfare Center is included in the President's Budget Future Years Defense Program for Fiscal Year 2002. The construction funds were not

requested for Fiscal Year 2000 because of fiscal constraints, and the need to fund other, higher priority operational and quality of life projects.

CALIFORNIA: TWENTYNINE PALMS MCAGCC BACHELOR ENLISTED QUARTERS, P–495 ($4,840,000)

This project includes the cost of demolition of two buildings.

Question. Are these buildings the existing quarters where Marines must be housed four to a room and the open bay barracks?

Answer. The two buildings scheduled for demolition are 1950's vintage open squad bay structures that were renovated in 1978 into two and three man rooms. These rooms, however, due to significant overcrowding, are occupied by three and four Marines, respectively. Both inadequate structures still have community "gang-head" bathroom facilities.

Question. Is this demolition in the footprint of the new construction?

Answer. The demolition of the two buildings is not in the footprint of the new construction.

Question. What this project designed using a standard or definitive design? If not, why not?

Answer. This project will be executed as Design-Build using the standard Marine Corps 2+0 design criteria.

FLORIDA: WHITING FIELD NAVAL AIR STATION JPATS T–6A TRAINER FACILITY ($1,200,000)

This facility will house aircraft training devices valued at $33,000,000, to be provided from other appropriations.

Question. Has this procurement been timed to correspond with the availability of this facility?

Answer. Yes. First items (Training Integrated Management System or TIMS) are programmed for installation during Fiscal Year 2001.

Question. Is Whiting Field Naval Air Station the only installation where the Ground Based Training System will be implemented, and will any other installation house flight simulators for the T–6A aircraft?

Answer. No. As part of an overall system, Naval Air Stations Corpus Christi and Pensacola will also receive Training Integrated Management Systems (TIMS) during Fiscal Year 2001. Naval Air Station (NAS) Corpus Christi will receive simulators in Fiscal Year 2008 and NAS Pensacola in Fiscal Year 2011.

Question. Is this the only project needed for the Fiscal Year 2001 implementation of the Ground Based Training System? If not, what are the future requirements?

Answer. Yes. This is the only Ground Based Training System (GBTS) project required.

Question. How will this year's incremental funding concept potentially impact the completion of needed facilities for the Ground Based Training System prior to the equipment's arrival?

Answer. No impact is anticipated as long as the balance of funds are made available in Fiscal Year 2001.

Question. How can you assure us that operating schedules will be met under a two-year construction program?

Answer. If funds are received on time, Design-Build contracting will allow better schedule control since the contractor is responsible for meeting both design and construction schedules for project completion. The scheduling includes all coordination of Training Integrated Management System (TIMS) installation and other equipment.

HAWAII: PEARL HARBOR NAVAL STATION BEQ MODERNIZATION ($4,720,000)

Question. In what year was the existing BEQ constructed?

Answer. Building 1333, year 1969; building 1369, year 1970; building 1370, year 1970; and building 1490, year 1973.

Question. How confident is the Navy in the structural soundness of the building?

Answer. The buildings are structurally sound. They are concrete masonry units (CMU) on concrete slab construction, built on a stable foundation. Buildings do not show any signs of cracking or instability. This project will also include seismic upgrades to meet current requirements.

Question. Upon completion of this rehabilitation, what is the estimated design life of the building?

Answer. The buildings are of concrete masonry unit construction. Upon renovation, the design life of the buildings is in excess of 25 years.

Question. To what extent will this project reduce the backlog of real property maintenance requirements, which now totals $260,873,000 for this location according to the form 1390?

Answer. This project will reduce the backlog by the following amounts per buildings listed:

Building	Reduction
1333	$7,202,333
1369	3,772,238
1370	3,645,730
1490	2,203,639
Total	16,823,940

IDAHO: BAYVIEW NAVAL SURFACE WARFARE CENTER UNDERWATER EQUIPMENT LABORATORY ($2,540,000)

Question. What is the current status of the "Vision 21" effort by the Department of Defense to consolidate its testing and evaluation centers and laboratories?

Answer. Vision 21 has been placed on hold by the Department of Defense (DoD).

Question. How does this project fit with this effort?

Answer. The "Vision 21" effort will not affect the requirement for this project. The functions that are performed at Bayview are unique within the DoD, and are essential for future submarine design and development.

Question. By what date must the land acquisition be accomplished in order to execute this project during Fiscal Year 2000?

Answer. Delay of the land acquisition will not delay execution of the primary portion of this project in Fiscal Year 2000. The land acquisition is required to expand the current parking area to provide adequate parking and better access for large vehicles.

Question. Describe in some detail the "Special Construction Features" included in the cost of this project.

Answer. The "Special Construction Features" line item in this project includes a retaining/load bearing wall into the design and construction of the Underwater Equipment Laboratory. The Laboratory will be built into the side of a hill. The back wall of the building will serve as both a retaining and load bearing wall.

ILLINOIS: GREAT LAKES NAVAL TRAINING CENTER DRILL HALL ($2,830,000)

Question. Will this project replace all four of the existing drill halls?

Answer. No. This project (P–623) will replace only one of the drill halls (Building #1200). The project includes the demolition of one drill hall.

Question. What are the plans for replacement or reuse of the remaining drill hall buildings which were constructed in 1942 as temporary buildings with an intended useful life of 5 years?

Answer. There are four drill halls at the Recruit Training Command campus. Three of the drill halls are used for Drill Practice, Drill Inspection, Graduation Practice and Graduation Ceremonies. The fourth drill hall is used for Physical Education Training.

Fiscal Year 2000 P–623 Drill Hall Replacement will replace and demolish one drill hall.

Three future projects will replace the remaining three drill halls. Two of the projects will provide replacement drill halls, while the third project will provide a new physical training facility to replace the drill hall currently being used for that purpose. Each project will demolish one drill hall.

MARYLAND: INDIAN HEAD NAVAL SURFACE WARFARE CENTER SEWAGE TREATMENT PLANT ($10,070,000)

The Navy is working hard to get out of the utilities business whenever possible.

Question. What efforts were made to privatize utility service at this installation, in part to avoid the need for this military construction project?

Answer. An economic analysis comparing Privatization of this utility system to in-house operation shows that it is more economical for the Navy to operate this system. The new construction and modifications provided by this project are required to eliminate numerous environmental violations. The modifications and new construction would be required before any other local government agency or private service provider could take possession of the existing system.

MISSISSIPPI: GULFPORT NAVAL CONSTRUCTION BATTALION CENTER BEQ MODERNIZATION ($3,260,000)

Question. Will this project provide adequate living quarters to accommodate all unaccompanied personnel at Gulfport NCBC? If not, what are the Navy's plans (by fiscal year and dollar amount) to provide adequate living quarters at Gulfport NCBC?

Answer. This project (P–759A), plus military construction (MILCON), P–774, also in the Fiscal Year 2000 Budget request, and future project P–763, currently programmed in Fiscal Year 2004, are required to satisfy the total unaccompanied housing requirements of Construction Battalion Center (CBC) Gulfport. MILCON P–774 will renovate an existing student Bachelor Enlisted Quarters (BEQ) to accommodate A-School students in adequate quarters.

A Fiscal Year 1999 repair project in the amount of $4,880,000 will renovate and repair the last two existing BEQ. Military Construction Project P–763 will construct a new facility and complete the plan at CBC Gulfport to provide adequate living quarters for all entitled military personnel. This project will cost approximately $12,000,000.

It should be noted that P–759A, P–774 and the repair project will modernize and/or repair existing BEQ at Gulfport. Like most modernization efforts, capacity is lost in the process of bringing a BEQ up to current standards. P–763 is new construction at a scope of approximately 214 spaces for junior enlisted Sailors.

NORTH CAROLINA: CAMP LEJEUNE MARINE CORPS BASE PHYSICAL FITNESS CENTER, ($1,070,000)

Question. Will this project satisfy the total space requirement for fitness centers at Camp Lejeune Marine Corps Base? If not, are additional fitness center projects programmed? If so, in what fiscal year and at what cost?

Answer. Marine Corps Base (MCB) Camp Lejeune is a large base that encompasses 153,000 acres with a perimeter of approximately 127 miles. To facilitate the efficient training and support of MCB Camp Lejeune's population of over 90,000 active military, civilians, and dependents, the base is divided into seven smaller cantonment areas. Each cantonment area has some individual facilities requirements that cannot be efficiently shared with other areas. This includes fitness centers. As such, this military construction project for Camp Geiger, one of the seven cantonment areas, will not satisfy the total space requirement for fitness centers at MCB Camp Lejeune. There are currently two additional fitness center projects identified for MCB Camp Lejeune: one in Fiscal Year 2002 at a current cost $3.9 million for the Camp Johnson cantonment area; and one in Fiscal Year 2005 at a cost of $2.6 million for the Courthouse Bay cantonment area.

Question. Will the use of this facility be limited to active duty military personnel assigned to Camp Lejeune Marine Corps Base?

Answer. The physical fitness center will be open to active military personnel, their dependent family members, and retirees primarily associated with the Camp Geiger cantonment area of Marine Corps Base (MCB) Camp Lejeune. Camp Geiger is located 10 miles from the main base of Camp Lejeune, has no family housing, and is largely occupied by single Marines going through their initial Marine Combat Training.

Question. How many such personnel will be stationed at Camp Lejeune Marine Corps Base at the time this center becomes operational?

Answer. We expect that the new fitness center will primarily be used by the 5,021 Marines and Sailors that are projected to be assigned to Camp Geiger when the fitness center becomes operational.

NORTH CAROLINA: CAMP LEJEUNE MARINE CORPS BASE MAINTENANCE AND OPERATIONS FACILITY (2,120,000)

Question. Describe the economies that will result from the consolidation of operation, maintenance, and storage facilities in a central facility at this location.

Answer. Currently, the 2nd Reconnaissance Battalion shares space in five different buildings scattered throughout the industrial area on mainside Marine Corps Base (MCB) Camp Lejeune and in the French Creek area of the base. The battalion was temporarily relocated to these areas after Hurricane Fran destroyed their permanent facilities on Onslow Beach in 1996. The 2nd Reconnaissance Battalion is now located some 10 miles form the Intracoastal Waterway, Onslow Beach, and live fire ranges where they do most of their training and operations. The relocation and consolidation of 2nd Reconnaissance Battalion to the Courthouse Bay area of Camp Lejeune will allow for significant economies in training, combat readiness, and qual-

ity of work environment. First, 2nd Reconnaissance Battalion, with missions that include SCUBA diving, beach, and riverine operations, will be located near the water. Second, 2nd Reconnaissance Battalion will be closer to the live five ranges. Third, 2nd Reconnaissance Battalion will be co-located with other units whose primary mission focus is also amphibious training. Finally, the move will get the unit out of the substandard 1940's and 1950's vintage pre-fabricated and metal buildings and milvans that they now occupy.

NORTH CAROLINA: CAMP LEJEUNE MARINE CORPS BASE ROAD AND UTILITY CONSTRUCTION ($2,140,000)

The Navy is working hard to get out of the utilities business whenever possible.

Question. What efforts were made to privatize utility service at this installation, in part to avoid the need for the utility constructions portion of this project?

Answer. The utility portion of this project provides utility systems required to support future live-fire range construction? The remoteness of these ranges along with the anticipated utility demands make it economically unattractive for commercial utility companies to construct the distribution systems that are needed. Marine Corps Base (MCB) Camp Lejeune, however, does tap into the commercial utility sources at the outer boundaries of the Greater Sandy Run Area (GSRA). Also the base is currently under study to privatize all utilities. If privatization proves to be cost-effective, then the utility distribution systems being constructed at the GSRA will be outsourced with all other base utility systems. Since a decision for utility privatization has not been made, we must continue to program for the construction of utility systems in support of live-fire ranges at the GSRA.

PENNSYLVANIA: MECHANICSBURG NAVAL INVENTORY CONTROL POINT WATER DISTRIBUTION SYSTEM IMPROVEMENTS ($2,990,000)

Question. What efforts were made to privatize utility service at this installation, in part to avoid the need for this military construction project?

Answer. Privatization was considered during the economic analysis (EA) phase of this project. The EA determined that the existing age and condition of the water distribution system (requiring over $12,000,000 to modernize) makes it unattractive for privatization. The option of privatizing the water distribution system (along with its maintenance) may be explored after modernization of the system.

VIRGINIA: NORFOLK NAVAL STATION PIER REPLACEMENT ($8,600,000)

Question. Would the replacement pier be complete and usable without demolition of the existing pier?

Answer. Partially. The replacement pier is being constructed 20 meters south of existing Pier 2. The full south side of the new pier will be complete and usable without the demolition of the existing pier. However, due to the proximity of the existing pier to the new pier there would not be sufficient slip width to allow berthing on the north side of the new pier. Until the demolition of existing Pier 2 is accomplished under construction project P–533A, the new pier can only operate at 50% of its potential capacity.

Question. Describe the scheduling adjustment in ship berthing that will be necessary to continue to operate while Piers 21 and 22 are being replaced.

Answer. The replacement pier will be constructed approximately midway between existing Piers 21 and 22. During the construction phase of this project the north side of Pier 22 will remain active for the berthing of ships. The south side of Pier 22 will be available for berthing some of the time.

Pier 21 will be unsuitable for ship berthing. The pier will be provided to the contractor for a construction material laydown area. During that period, ships that would have otherwise been berthed at Pier 21 will be berthed elsewhere at the Naval Station.

The process will be a challenge for the Port Operations staff, will result in more frequent ship movements among berths, and may require a higher than normal level of ship nesting.

VIRGINIA: NORFOLK NAVAL SHIPYARD BACHELOR ENLISTED QUARTERS REPLACEMENT ($4,460,000)

Question. Is Dale Hall the building to be demolished as part of this project? If not, what is the Navy's plan for the utilization of Dale Hall?

Answer. Dale Hall, Building #1439 will be demolished as part of the scope of this project.

Question. What year was Dale Hall constructed, and how many enlisted personnel are currently housed in Dale Hall?

Answer. Dale Hall was built in 1971. It presently houses 378 enlisted personnel. The east wing has been closed due to structural deterioration and safety considerations.

The form 1391 for this project states that "this is the first of several planned to reduce the 1,086 transient personnel billeting requirements." Yet, the form 1390 only shows one Bachelor Enlisted Quarters project programmed in the out-years for the Norfolk Naval Shipyard.

Question. When does the Navy plan on programming these several planned projects?

Answer. There are several additional projects, not currently in the Future Years Defense Program (FYDP). These projects are presently in the planning phase and will be addressed during the next budget cycle.

Question. What is the estimate of savings in design costs by accomplishing this project using a standard or definitive design?

Answer. The definitive design used for this project is the standard modular layout for transient personnel, the 2+2 Bachelor Enlisted Quarters (BEQ) modules. This layout forms the basic building block from which the BEQ design is developed. Historically, this design methodology has resulted in a 30%–40% decrease in the actual design cost when compared with unique, one-of-a-kind designs.

VIRGINIA: YORKTOWN NAVAL WEAPONS STATION TRESTLE REPLACEMENT AND PIER UPGRADE ($6,330,000)

Question. The form 1390 states, "Band-Aid repairs to the south pier currently cost $1.4 million each year." Briefly describe these repairs.

Answer. These repairs included deck re-surfacing, partial deck replacement, under-deck repairs, pile repairs (gunite and jacketing) and fender system repairs. These repairs were temporary in nature and served only as a "holding action" against the decaying of this 1941 portion of the structure. This cost is an average cost over the period Fiscal Years 1989 through 1996.

WASHINGTON: PUGET SOUND NAVAL SHIPYARD DREDGING ($3,950,000)

Question. What are the current depths of the CVN berths at piers 3, B, and D? also, what are the current depths of the turning-basin and inner channel?

Answer. The current depths of the berths to be dredged are as follows:

Pier 3: The current depth varies between −41 feet Mean Low-Low Water (MLLW) and −50 feet MLLW. The required depth is −46.1 feet MLLW.

Pier B: The current depth varies between −41 feet MLLW and −50 feet MLLW. The required depth is −46.1 feet MLLW.

Pier D (East Side): The current depth varies between −41 feet MLLW and −44 feet MLLW. The required depth is −49.0 feet MLLW.

Pier D (West Side): The current depth varies between −41 feet MLLW and −50 feet MLLW. The required depth is −49.0 feet MLLW.

Turning basin and inner channel current depth vary between −37 feet MLLW and −39 feet MLLW. The required depth for the turning basin and the inner channel is −41 feet MLLW.

Question. How long has the Navy been operating at these depths?

Answer. Pier 3 and Pier B have been operating at their current depths since 1987 and Pier D has been operating at its current depths since 1995. The current situation limits flexibility for CVN maintenance functions. For the inner channel and turning basins, only maintenance dredging has been done since 1980.

Question. Is a 5% contingency an adequate budget for any dredging activity in this area, with any environmental concerns and other unknowns?

Answer. A 5% contingency is adequate for a dredging project in the area of Puget Sound Naval Shipyard. The project has taken into account the environmental concerns identified to date. The last dredging project performed in this area was a Fiscal Year 1995 project and a 5% contingency was adequate for that project. Environmental issues have been coordinated with regulating agencies and sediment disposal costs are based on the Fiscal Year 1995 dredging project, escalated for inflation.

SOUTHWEST ASIA ADMINISTRATIVE SUPPORT UNIT BACHELOR ENLISTED QUARTERS (SECURITY FORCE) ($6,230,000)

This project constructs barracks to house 218 permanent party bachelor security personnel. According to the form 1391, the Administrative Support Unit's security department consists of 140 personnel.

Question. How will the Navy utilize the 78 additional barracks spaces?

Answer. There will not be an additional 78 barracks spaces. Administrative Support Unit, Southwest Asia has two groups of primary Force Protection personnel, a Navy Security Force (NSF) with 140 Sailors and a Marine Corps Security Force Company (MCSF) of 78 Marines for a total of 218 personnel. NSF provides physical security for the base including entry control, Intrusion Detection System monitoring, and normal police functions. MCSF is responsible for providing a ground defense, combat trained for immediate response in the event of a terrorist attack. In the event of an attack or emergency, these two groups provide the initial security response. All security personnel live on base to be readily available as a reaction force in the event of an emergency situation. This force is the primary initial response force to any threat on or near the base.

GREECE: SOUDA BAY NAVAL SUPPORT ACTIVITY OPERATIONAL SUPPORT FACILITIES ($1,620,000)

Question. Why is this project not eligible for NATO or host nation funding? Have precautionary prefinancing statements been submitted to NATO nonetheless?

Answer. This project is not NATO eligible project since it supports a U.S. mission and is not a direct operational mission. No pre-financing statements have been submitted.

Question. What are the cost savings that can be associated to the consolidation of operational support facilities at Souda Bay?

Answer. The primary justification for this project is not based on potential cost savings associated with consolidation. The project is required to relocate personnel from inadequate facilities that do not meet seismic requirements. Six of the seven buildings being replaced are either temporary steel buildings or wood frame buildings with metal siding. The buildings were constructed over 30 years ago and would be completely destroyed during a significant seismic event, resulting in catastrophic injury to personnel.

The reduction in electrical consumption associated with the project will result in savings of $40,000 per year. The potential savings in repair and maintenance costs have not be quantified.

ITALY: NAPLES NAVAL SUPPORT ACTIVITY OPERATIONAL SUPPORT FACILITY ($7,370,000)

Question. Why is this project not eligible for NATO or host nation funding? Have precautionary pre-financing statements been submitted to NATO nonetheless?

Answer. This project is not a NATO eligible project since it supports a U.S. mission. No pre-financing statements have been submitted.

Question. Describe in some detail the readiness and force protection concerns at this location, and how this project will address those concerns.

Answer. This project will complete the approved Naples Improvement Initiative. Current operations are conducted in leased facilities that are located in and around the Agnano compound. Operational readiness and communication have been impacted by the relocation of the majority of Command functions from the Agnano site to Capodichino. The existing facilities do not meet current seismic codes and are subject to evacuation by order of the Government of Italy. In the event of a significant seismic event, the buildings may collapse and cause catastrophic injury to personnel. Also, the personnel stationed in Naples and working in Agnano are vulnerable to terrorist attack.

This project will relocate remaining operational commands from Agnano to Capodichino. It will correct the problems associated with the fragmented operation and remove the associated readiness and communication impacts. The location and design criteria to meet current U.S. building codes for Seismic Zone 3 will also remove dangers associated with earthquakes and terrorist attacks.

WORLDWIDE VARIOUS: UNSPECIFIED MINOR CONSTRUCTION ($7,342,000)

Question. Provide for the record a ten-year history of amounts that have been requested and appropriated for unspecified minor construction.

Answer. The amounts are listed below.

FY90—$14.0 million; FY91—$13.3 million; FY92—$12.4 million; FY93—$5.0 million (+$5.3M reprogramming); FY94—$5.5 million (+$2.85M reprogramming); FY95—$7.0 million; FY96—$7.2 million; FY97—$5.1 million; FY98—$11.5 million; FY99—$9.9 million.

WORLDWIDE VARIOUS: PLANNING AND DESIGN ($65,630,000)

Question. Will this funding level meet the known requirements for the Fiscal Year 2000 program, including the necessary work on projects programmed for Fiscal Years 2001 and 2002?

Answer. Yes, this funding level will be appropriate for known design requirements, taking into consideration projected savings from utilizing standard designs and site adapted designs for some bachelor quarters projects. The requested amount may not be sufficient, however, if significant unforeseen requirements materialize, such as projects added by Congress to the Fiscal Year 2000 program without an increase in the design funds appropriation.

This year's planning and design request is $23,141,000, or 53 percent, above the Fiscal Year 1999 request.

Question. What are the needs for this significant increase?

Answer. We do not agree that the difference between the Navy's Fiscal Year 1999 and Fiscal Year 2000 requests is $23,141,000. The Fiscal Year 1999 planning and design request was $58,346,000. The Fiscal Year 2000 request represents only a $7,284,000 or 12.5 percent increase. The increase is to support the more robust construction program planned in the Future Years Defense Program (FYDP) for Fiscal Year 2002 and Fiscal Year 2003.

PLUS UPS

In the prepared testimony, page 4, it states "Four Navy and eight Marine Corps projects totaling $200 million were added to the FY 2000 program as a result of funds made available by Advance Appropriations."

Question. For the record, provide a list of these 12 projects by location, dollar amount, and original fiscal year programmed.

Answer. The Navy and Marine Corps projects are:

Activity	Proj No.	Title	Auth req ($000)	Appr req ($000)	Original fiscal year programmed
Administrative Support Unit, SW Asia	903	Operations Control Center.	34,770	8,550	2002
Administrative Support Unit, SW Asia	913	Bachelor Enlisted Quarters (Security Force).	24,550	6,230	2001
Naval Training Center, Great Lakes, Illinois	643	Bachelor Enlisted Quarters "A" School.	31,410	7,700	2001
Naval Station, Norfolk, Virginia	099	Pier Replacement	40,000	8,600	2001
MCAS New River, North Carolina	645	Family Service Center.	1,340	330	2001
MCAS Yuma, Arizona	437	Child Development Center Addition.	2,620	640	2001
MCB Camp Lejeune, North Carolina	935	Road and Utility Construction.	8,750	2,140	2001
MCLB Barstow, California	920	Test Track/Test Pond Facility.	4,670	1,150	2001
MCB Camp Pendleton, California	022	Tactical Vehicle Maintenance Facility.	9,010	2,210	Unprogrammed
MCB Camp Pendleton, California	069	Bachelor Enlisted Quarters.	9,740	2,390	2004
MCAGCC 29 Palms, California	619	Tactical Vehicle Maintenance Facility.	13,960	3,420	2002
MCLB Albany, Georgia	919	Engineering Equipment shop.	6,260	1,540	2004

CAMP PENDLETON

In the prepared testimony, page 10, it states "The Marine Corps issued a solicitation in November 1998 to privatize and revitalize 512 on base homes, and construct 200 new homes on base at Marine Corps Base Camp Pendleton. The first part of this project would be funded with $20 million in previously authorized and appropriated funds."

Question. In what fiscal year was this $20 million appropriated? Was it appropriated for the construction of family housing at Camp Pendleton? If so, how many units were to be constructed?

Answer. The Camp Pendleton project in question was authorized and appropriated as part of the Fiscal Year 1996 Family Housing military construction (MILCON) program. The project was for $20 million to construct 139 deficit reduction units.

Previously Authorized and Appropriated Funds

In the prepared testimony, page 11, it indicates $257 million in previously authorized and appropriated funds will help fund the Navy's share of the investment cost for 14 housing privatization projects.

Question. For the record, provide a list of the projects (by fiscal year appropriated, location, dollar amount, and number of units) for which these funds were originally authorized and appropriated.

Answer. The prepared testimony refers to 14 locations for which the Department of the Navy plans, this year, to provide notifications to Congress of our intent to issue solicitations. The list of projects comprising the $257 million is provided below:

Fiscal year	Location	Type of project	Dollars in millions	No. of units
1996	NC Norfolk, VA	Replacement	$34.5	320
1996	NETC Newport, RI	Revitalization	8.8	66
1997	NC Jacksonville, FL	New Construction	10.0	100
1998	NC Jacksonville, FL	Revitalization	10.7	200
1999	USNA Annapolis, MD	Revitalization	4.3	85
1999	USNA Annapolis, MD	Revitalization	4.3	80
1998	NTC Great Lakes, IL	Revitalization	2.9	27
1998	NTC Great Lakes, IL	Revitalization	7.7	64
1998	NTC Great Lakes, IL	Revitalization	8.1	68
1999	NTC Great Lakes, IL	Revitalization	12.5	102
1998	NETC Newport, RI	Revitalization	14.5	140
1998	NSB Bangor, WA	Revitalization	5.4	141
1998	NSB Bangor, WA	Revitalization	2.1	24
1998	NSY Puget Sound, WA	Revitalization	8.3	112
1998	NAS Whidbey Island, WA	Replacement	16.0	102
1998	NAS Whidbey Island, WA	Revitalization	5.7	80
1999	NAS Whidney Island, WA	Revitalization	9.7	144
1997	NAS Meridian, MS	Revitalization	6.6	160
1998	MCAGCC 29 Palms CA	Construction	23.9	132
1997	MCAS Beaufort, SC	Construction	14.0	140
1997	MCB Camp Lejeune, NC	Revitalization	10.1	94
1999	MCB Camp Lejeune, NC	Revitalization	17.4	222
1998	MCAS Cherry Point, NC	Revitalization	6.0	83
1999	MCAS Cherry Point, NC	Revitalization	13.5	192
Totals			257.0	2878

This list supports new projects addressed in the testimony.

Barracks

Question. Provide for the record a chart that will show the Navy's barracks construction program at the time the "one plus one" standard was approved, and the current program through completion, broken out by locations in the U.S., in Europe, and at other overseas locations.

Answer. Navy Bachelor Enlisted Quarters (BEQ) construction program at the time the 1+1 standard was approved: (Fiscal Year 1997–2001).

[In thousands of dollars]

	FY97	FY98	FY99	FY00	FY01
CONUS+HI	117,182	65,770	171,520	102,200	100,940
Europe	16,000	.....	.....	.....	.....
Other	24,100	.....	.....	30,280	15,900

[In thousands of dollars]

	FY97	FY98	FY99	FY00	FY01
Total	157,282	65,770	171,520	132,480	116,840

Current Navy BEQ construction program (excludes FY–2001 Advance Appropriation tail): (Fiscal Year 2001–2005).

	FY01	FY02	FY03	FY04	FY05
CONUS+HI	132,210	98,050	124,270	153,920	152,070
Europe	25,840		25,540		
Other	14,960			2,350	34,340
Total	173,010	98,050	149,810	156,270	186,410

Marine Corps:

	FY95	FY00	FY05	FY10	FY15	FY20	FY36
Previous (Reflects transition to 1x1, Jul 1995)·							
1 per rm	0	2,500	2,500	2,500	4,222	7,092	15,702
Current Plan (Combination):							
1x1	0	1,922	2,666	2,666	2,666	2,666	2,666
2x2 [1]	18,895	21,985	25,075	28,165	31,255	34,345	44,233

[1] Note.—The Marine Corps has a waiver to the Department of Defense (DoD) 1x1 standard to build 2x0 room configured barracks. Under the 2x0 room configuration, the Marine Corps has an adequate existing inventory of 18,895 2x0 spaces throughout the timetable. Our current plan includes elimination of inadequate room configured barracks spaces by Fiscal Year 2005, and achievement of a two person room assignment by Fiscal year 2036

Family Housing Inventory

Question. Provide for the record a chart that will show the average number of family housing units supported for Fiscal Years 1997, 1998, and 1999, and those expected to be supported in Fiscal Year 2000, broken out into government owned (U.S. and foreign), leased (U.S. and foreign), and privatized under Public-Private Ventures.

Answer. A chart showing the average number of family housing units supported for Fiscal Years 1997, 1998, and 1999, and protected for Fiscal Year 2000, broken out into government owned (CONUS, U.S. Overseas and foreign), leased (U.S. and foreign), and privatized under Public-Private Ventures (PPV) follows:

	FY 1997	FY 1998	FY 1999	FY 2000
Navy				
Government owned	69,337	62,684	61,158	57,139
CONUS	50,105	44,477	43,144	39,327
U.S Overseas	11,290	10,719	10,554	10,487
Foreign	7,942	7,488	7,460	7,325
Leased	4,847	4,900	5,727	6,708
U.S.	3,279	3,284	3,553	3,782
Foreign	1,568	1,616	2,174	2,926
PPV Units	0	585	2,345	6,725
Marine Corps:				
Government owned	25,351	25,569	24,197	22,729
CONUS	24,814	25,009	23,584	22,064
Foreign	537	560	613	665
Leased (U.S.)	725	725	1,001	1,001
PPV Units	0	0	0	2,475

Cold Weather Building

Question. Will this year's incremental funding approach present any problems with construction projects in cold weather areas?

Answer. No problems related to incremental funding are anticipated at cold weather locations. The projected outlay streams for each project will have to address

the cold weather impact on work scheduling in order to accurately identify the appropriate amount to be identified in the limitation of funds clause in the contract.

NATO Precautionary Pre-financing Statements

Question. Submit for the record a copy of the precautionary pre-financing statements that have been submitted to the NATO infrastructure committees for each European project for which funds were appropriated for Fiscal Year 1998, and for each such project requested for Fiscal Year 1999.

Answer.

Fiscal year 1998: P–123, DLA—Hydrant Refueling System, Sigonella, IT. Precautionary pre-financing statement noted during NATO infrastructure committee (IC) infra/SUS meeting (97) 190 on June 23, 1997.

P–831, Sewage Treatment Plant, Souda Bay, GR. Precautionary pre-financing statement noted in IC meeting (98) 04 on January 30, 1998.

Fiscal Year 1999: (None).

Question. Provide an explanation for any project for which statements have not been submitted.

Answer. Fiscal Year 1998—P–196 Logistic Air Terminal, Capodichino, Italy is a U.S. Mission facility. P–718, Bachelor Enlisted Quarters (BEQ), Sigonella, Italy is not a direct operational mission facility.

Fiscal Year 1999; P–172, Public Works Facility, Naval Support Activity (NSA) Naples, Capodichino, Italy is a public works support function for a U.S. Mission. P–726, BEQ, NSA Souda Bay, Greece is not a direct operational mission facility. P–101 Unspecified minor construction (UMC) Wastewater Treatment Plant (WWTP) Upgrade, NSA La Maddalena, Italy is not a NATO supported function and is a U.S. mission. P–640 (UMC) Water Treatment Plant, NSA Rota, Spain is an environmental project for a U.S. mission.

Family Housing Construction Improvements

The Navy's Fiscal Year 2000 family housing construction improvement request totals $5,303,000.

Question. For the record, provide the list of projects including the number of units to be improved and the appropriation request for each individual project.

Answer. The Department of the Navy family housing construction improvement appropriation request for Fiscal Year 2000 totals $31.7 million. A list of projects including the number of units to be improved and the appropriation request for each individual project follows:

Location	No. of homes	FY2000 appropriation amount ($000)	FY2001 advance appropriation amount ($000)
Navy:			
NAWC China Lake, CA	104	822	3,116
NB San Diego, Ca	8	632	2,399
NB Pearl Harbor, HI	28	737	2,797
NP Pearl Harbor, HI	19	822	3,116
NB Pearl Harbor, HI	112	3,572	13,542
NB Pearl Harbor, HI	25	906	3,436
NAS Keflavik, Iceland	101	3,158	11,986
NAF Atsugi, Japan	7	272	785
NAF Atsugi, Japan	96	2,568	7,398
NAF Atsugi, Japan	36	721	2,078
NOF Sasebo, Japan	88	169	486
NOF Sasebo, Japan	272	110	313
PWC Yokosuka, Japan	104	2,776	7,998
PWC Yokosuka, Japan	46	1,120	3,225
PWC Yokosuka, Japan	7	348	1,003
NS Roosevelt Roads, Puerto Rico	294	5,813	22,054
PWC Guam	72	2,632	9,987
Navy Totals	1,419	27,178	95,719
Marine Corps:			
MARBKS 8th & I, Washington, DC	1	36	138
MARBKS 8th & I, Washington, DC	1	31	120
MCB Kaneohe Bay, HI	1	37	145
MCAS Cherry Point, NC	103	397	1,528

Location	No. of homes	FY2000 appropriation amount ($000)	FY2001 advance appropriation amount ($000)
MCAS Iwakuni, Japan	44	66	228
MCAS Iwakuni, Japan	44	397	1,381
MCB Camp Pendleton, CA	100	842	3,385
MCAS Yuma	113	2,724	10,943
Marine Corps Totals	407	4,530	17,868
DON Totals	1,826	31,708	113,587

The 2000 Appropriation amounts include a portion of annualized Supervision, Inspection, and Overhead (SIOH).

BRAC ENVIRONMENTAL RESTORATION

Question. What is the Navy's current estimate of the annual funding requirement for BRAC environmental restoration beginning in Fiscal Year 2002?

Answer. The Department of the Navy's BRAC environmental restoration requirements are currently estimated at $92.1 million in Fiscal Year 2002, $59.5 million in Fiscal Year 2003, $38.0 million in Fiscal Year 2004, and $38.0 million in Fiscal Year 2005.

SUPERVISION, INSPECTION AND OVERHEAD

Question. What program budgeting and execution challenges does the annualization of SIOH present, if any?

Answer. With regard to both budgeting and execution, SIOH does not present any additional challenges. While SIOH costs are currently fully budgeted up-front, they are already managed and expended over a period of up to five years. As such, no additional administrative work is anticipated. However, to keep such administrative burdens minimized, rather than budget SIOH costs within the individual projects as has been past experience, SIOH costs are centrally budgeted in a single program similar to how planning and design costs. The back-up materials would detail the amount of SIOH for such specific project for a given year. That method is consistent with the financing of program support costs in all our other acquisition programs and maintains our flexibility as SIOH costs for various projects run over or under their computed values for a given year.

CHILD DEVELOPMENT CENTERS

Question. Bring us up to date with the Navy's efforts to outsource child development center services in San Diego.

Answer. The Department of the Navy completed an A–76 Commercial Activities study of child care at 10 Navy bases and two Marine Corps bases in California and Nevada in September 1998. The study revealed that the government-managed operation was more cost-effective than the private sector. The government's Most Efficient Organization (MEO) for the San Diego region was $19 million less expensive over five years than the best value contractor.

The Navy's Southwest Region (San Diego) is now in the process of implementing the government's management plan and has established a transition team, comprised of the regional management staff, to oversee the implementation process.

The Navy is conducting additional A–76 child care studies in other locations to assess whether the private sector can meet Navy child care requirements at less cost to the government while preserving quality.

NAPLES, ITALY

Question. Bring us up-to-date with the events of the past year and the current status of the Support Site Initiative in Naples, Italy, as well as the entire Naples Improvement Initiative (NII).

Answer. The NII Program is nearing completion with 90 percent of the projects completed, under construction, or in design. For military construction (MILCON) at Capodichino, the C4I facility, Consolidated Club, Retail Facility, Gym, Dining Facility, Dispensary, two Bachelor Enlisted Quarters (BEQ), Bachelor Officers Quarters (BOQ), Chapel, Main Gate Complex, two Parking Garages, Utilities Infrastructure, two of three phases of the administrative facility, theater, library, Fire and Security, and Water Treatment Plan have been completed. The Child Development Center,

Air Cargo, and Air Passenger Terminal projects are under construction. The Public Works Building is scheduled to be awarded in late April with construction starting in late June. The third phase of the Admin facility is a Fiscal Year 2000 option to the public works contract, and if approved, will be awarded late November. The last remaining MILCON project at Capodichino is P–201, a 118 module BEQ programmed for Fiscal Year 2001.

Construction at the Aversa Support Site is progressing rapidly. The first increment, including an Elementary and High School, Utility Infrastructure Systems, and 504 Housing Units are completed. An option for an additional 372 housing units is now under construction and scheduled to complete in phases beginning in August of this year.

The second increment, Community Support Facilities including a Child Development Center, Telephone Switch Building, Main Gate Complex, Fire Station will be completed in April, June, July, and October. The remaining facilities including the Village Forum, (Navy Lodge, Restaurant, Family Services Center, Youth Center and Chapel), Housing Welcome Center, Auto Hobby Shop, Public Works Building, Housing Maintenance Building, Armed Forces Radio and Television Building and MAR Storage Building will be competed by October 2000.

Construction of the third increment for the Hospital started in February of 1999, with an estimated completion date of January 2. The project is being fast track constructed with foundation and structural work underway. Final design for the architecture and building systems will be completed this spring, with our pre-final scheduled for April 19, 1999 in Norfolk, Virginia.

The fourth increment, Community and Support Facilities including a Navy Exchange, Commissary, Physical Fitness Facility/Pool, Veterinary Clinic, Bowling Alley, and a 96 module BEQ. Proposals have been reviewed by the Source Selection Board and recommendations forwarded to the selecting official at LANTNAVFACENGCOM for approval. Assuming contract award in June 1999, estimated construction completion date of the facilities included in increment 4 is June 2002.

Housing Deficits

Question. What is your current worldwide family housing deficit?

Answer. The projected worldwide family housing deficit is 15,900 homes for the Navy. The current Marine Corps family housing deficit is 10,373.

Question. What are your three largest deficits, and how large are they?

Answer.

	Homes
Navy:	
San Diego, California	3,662
Norfolk, Virginia	1,924
Everett, Washington	689
Marine Corps:	
Camp Pendleton, CA	4,486
Camp Lejeune, NC	3,581
Cherry Point, NC	821

Waiting Lists

Question. How many families are on waiting lists for government-provided family housing, and what is the average waiting time?

Answer. As of September 30, 1998, there were 20,600 Navy families on waiting lists for family housing. The average waiting times for assignment to family housing vary from a few months to several years depending on such factors as locations, time of year, and other factors.

The Marine Corps currently has 5,176 families on government provided family housing waiting lists; the average waiting time is eight months.

California: Camp Pendleton Marine Corps Reserve Center Reserve Training Complex ($1,649,000)

Question. Describe in some detail the "Special Foundation Features" included in the cost of this project.

Answer. "Special Foundation Features" are reinforcing steel rods used under the pavement of the LAV (Light Armored Vehicle) parking ramp and in the maintenance bays. The steel reinforcement is necessary because the LAV (weighing as

much as 29,000 lbs. fully loaded) exerts a greater pressure per square inch than normal pavement can withstand with normal use.

Question. Describe in some detail the "Additional Functional Features" included in the cost of this project.

Answer. "Additional Functional Features" are the following items:

LAV–AD (Light Armored Vehicle—Air Defense) Sun Shelter. This is a steel framed structure with a concrete floor, no walls, a metal roof, and lighting. LAVs will be parked underneath the shelter so that routine maintenance can be performed on their exterior. When exposed to the sun, the LAV armor becomes too hot to allow safe and efficient maintenance (it is not uncommon for the surface of the LAV to reach 130 degrees Fahrenheit when exposed to the sun for a short period).

Paint Booth with VOC (Volatile Organic Compound) controls. This is a vehicle bay equipped with an internal booth that will accommodate an entire LAV for painting. The booth incorporates emission control mechanisms to prevent the release of VOCs into the atmosphere and onto the soil. This is necessary to meet Southern California's strict environmental protection laws.

Washrack & Oil/Water/Sand Separator (OWS). The Washrack is an elevated ramp used to wash military vehicles prior to performance of maintenance after field training. The OWS is a concrete tank system that separates and holds the resulting oil, water, and sand effluvia so that no hazardous wastes will enter the soil and leach into the water table.

Gun Shed. This is a one story steel framed structure with concrete floor, wheel stops, metal siding at ends and back, an opened front, sloped metal roofing, and an interior lighting system. The main weapons on the LAV–25 (M242 25mm electric chain guns) are nine feet long—too large to fit into the armory for routine maintenance. The Gun Shed is necessary for routine weapons maintenance that cannot occur while exposed to the elements.

PENNSYLVANIA: WILLOW GROVE NAVAL AIR STATION HAZARDOUS MATERIALS STORAGE FACILITY ($320,000)

Question. How long has the existing facility been out of compliance with applicable environmental and safety regulations?

Answer. The existing facilities have been out of compliance with applicable environmental and safety regulations since 1992. In 1992, Naval Air Station (NAS) JRB Willow Grove signed a Federal Facilities Compliance Agreement with the Pennsylvania Department of Environmental Protection in which the command promised to comply with hazmat storage requirements. A deadline was not specified at the time, however, the Navy has made a concentrated effort to meet the requirements by programming a military construction Naval Reserve (MCNR) project as quickly as possible in a fiscally-constrained environment.

Question. What makes the Fiscal Year 2000 the right year for replacement?

Answer. Currently, one of the facilities being utilized is a corner of an active aircraft hangar. This situation is inherently dangerous to personnel for safety, environmental and operational reasons. Any delay in funding the project beyond Fiscal Year 2000 will continue to subject personnel to imminent danger and will also provide environmental regulators an opportunity to write Notices of Violation for noncompliance which may result in payment of costly fines and penalties.

Question. When were the existing facilities built, and briefly describe these facilities.

Answer. The existing facilities were constructed in the 1950's as an aircraft hangar and a warehouse.

Question. What are the plans for re-use of the current facilities?

Answer. Plans for reuse of the existing facilities are to revert them to their original use. These facilities were not designed for hazardous material storage, and are not economically convertible for that purpose. The existing facilities have not been fully used for their original intent as a result of the dire need to store hazardous material.

[CLERK'S NOTE.—End of questions for the record submitted by Chairman Hobson.]

[CLERK'S NOTE.—Questions for the record submitted by Congressman Olver.]

FACILITIES PRIOR TO BASE REALIGNMENT AND CLOSURE

Question. Prior to the four rounds of Base Realignment and Closure (BRAC), which will be completed in July 2001, how many facilities, piers and wharves, and runways did the Navy own and operate. Also, provide the same information for the Marine Corps.

Answer. Table depicts Navy and Marine Corps data prior to the four rounds of BRAC.

	Facilities	Piers	Wharves	Runways
Navy	127,582	362	225	196
USMC	40,451	6	4	55

LONG RANGE FACILITY PLANS FOR NAS LEMOORE

Question. Submit for the record the Navy's long range plans for Military Construction, Family Housing, and Base Realignment and Closure at Lemoore Naval Air Station. Also, submit the Navy's long-range plans for Morale, Welfare, and Recreation (MWR) at this location.

Answer. In addition to four projects included in the Fiscal Year 2000 budget request, the Navy's long range (Future Years Defense Program) plans for military construction at Lemoore Naval Air Station include projects for three bachelor enlisted quarters, a fitness center, and a corrosion control facility.

In addition to the Family Housing Improvement Fund replacement project that is included in the Fiscal Year 2000 budget request, there is a future Family Housing Improvement Fund improvement project to revitalize the remaining substandard homes. These two projects should satisfy all housing requirements for both suitability and inventory at Lemoore.

There are no future Base Realignment and Closure construction projects planned for Lemoore.

In regard to Morale, Welfare, and Recreation, the Navy has conducted a preliminary study of requirements and identified a number of conceptual projects. The study is currently under review by the major claimant and regional commander.

HOUSING PURCHASES UNDER PRIVATIZATION

Question. Submit for the record information on how Navy personnel will have preference to buy housing units at Everett, Washington.

Answer. Preference will be given for buying housing units as follows: a unit shall first be offered for sale to current Navy tenants in the project. The offer to sell to an existing tenant shall contain the following purchase incentives.

a. The purchaser shall receive a rent credit which shall reduce the unadjusted sales price by $200.00 per month for each month the tenant has rented the unit, up to a maximum of six months.

b. For units sold "as is" without any warranties, the sale price shall be reduced by $5,000.00 in lieu of making any repairs to the unit.

c. The purchaser shall be charged a real estate commission of not more than 4 percent. The sales price will be what the market will bear. This number includes, among other things, the normal 10 percent real estate commission, which is the amount specified in the Condominium Declaration filed by the General Partner on behalf of the partnership. This 10 percent commission will be included in the sales price for a unit sold to a non-tenant. If the unit is sold to a Navy tenant, the commission included in the sales price cannot be more than 4 percent.

d. The Partnership shall pay the purchaser's escrow closing costs or loan-closing costs in an amount not to exceed 1.5 percent of the sales price determined after the preceding adjustments have been made.

e. Current tenants will have 30 days within which to accept or decline the offer.

CONSTRUCTION PLANS FOR PANAMA CITY, FLORIDA

Several units have been transferred to the Coastal Systems Station in Panama City, Florida and are currently working out of trailers.

Question. Provide your plans to construct permanent facilities for the record.

Answer. The station has submitted Military Construction Project P–372, Warfare Systems Engineering Facility, for the construction of permanent facilities. The project is currently planned in the President's Budget Future Years Defense Program for Fiscal Year 2002 and will eliminate eight trailers.

[CLERK'S NOTE.—End of questions for the record submitted by Congressman Olver.]

[CLERK'S NOTE.—Questions for the record submitted by Congressman Porter.]

EXPANSION OF PPV EFFORTS

As you know, in Fiscal Year (FY) 1996, Congress enacted the Military Housing Privatization Initiative which granted the Department of Defense (DoD) new authority to enter into housing ventures with the private sector and established a five year housing privatization pilot program that is scheduled to expire in February of 2001. The intent of this initiative was to test the viability of using Public/Private Ventures (PPV) to overcome the DoD's housing deficit. In the FY 2000 budget, the DoD is making an unprecedented request for a direct appropriation of $76.7 million to the Family Housing Improvement Fund (FHIF) for specific privatization projects. Included in this amount are Navy requests for nearly $61.6 million for PPV projects at five locations.

Question. These funds, if appropriated, would represent a dramatic expansion of the privatization initiative. Why is the Navy seeking to dramatically expand its privatization initiative prior to the completion of the pilot program?

Answer. From a business perspective, leveraging resources through PPV to reduce the housing backlog and deficit is a very strong motivation to apply privatization to the maximum extent possible. Additionally, privatization will establish self-sustaining revitalization accounts for future renovation requirements.

COMPREHENSIVE HOUSING STRATEGY

As I am sure you are aware, in July of 1998, the General Accounting Office (GAO) released a report on the privatization of military housing which stated that the DoD must make a more concerted effort to integrate the privatization initiative into an overall housing strategy consisting of housing allowances and traditional military construction as well as private sector housing.

Question. What steps have the Navy taken to formulate such a comprehensive housing strategy in response to this recommendation?

Answer. Department of the Navy-owned housing is closely coordinated with Housing Allowances to ensure that Sailors and Marines are treated right, whether they are in government quarters or on allowances. During the budgeting process, housing managers and allowance analysts ensure that housing inventory increases/decreases are reflected in the budget estimates. This ensures that both accounts are appropriately funded.

Regarding Public/Private Ventures (PPV), funds are transferred from the Family Housing, Navy appropriation to Military Pay Navy and Military Pay, Marine Corps appropriations during budget preparation to pay the allowances associated with Sailors in units to be privatized. The Department of Defense has requested legislation allowing this transfer of funds to take place at the time the PPV deal is signed. This would allow for a much more accurate and timely transfer of funds.

Large amounts of money have been spent to fix houses using traditional military construction (MILCON) since the Marsh Panel plus-ups. The financial leverage provided by PPVs has allowed regular MILCON amounts to be increased to record levels in Pearl Harbor, Puerto Rico, and Guam where Sailors need special quality of life attention. A new Basic Allowance for Housing improvements is being phased-in over the next five years, and is being closely monitored to gauge their effect on the overall requirement for Navy-owned family housing.

EFFECT OF PPVS ON HOUSING SUPPLY AND MAINTENANCE FUNCTIONS

Great Lakes Naval Training Center is one of five privatization candidates in the Fiscal Year 2000 family housing program.

Question. Can you expand for the record on what you are proposing for Great Lakes, how it would affect base operations and housing supply, and the implications for employees of Great Lakes?

Answer. The Navy is considering a range of options prior to drafting a concept for the Public/Private Venture (PPV) of housing at Great Lakes. The options differ in which houses to include or exclude (e.g. historic homes), but it is expected that most of the housing at Great Lakes would be included.

Many details of the proposed PPV concept have yet to be worked out and a variety of arrangements are possible. The Navy will ensure that government employees whose current jobs are affected by privatization will get consideration for reassignment to other government positions or employment by the developer selected for the PPV project.

The housing office, some base operations support, and housing supply employees may be impacted if the private entity should provide similar services that are cost-effective and in the best interest of the station's mission. Government-run supply

and material operations would most likely see less workload due as the PPV entity would likely retain its own supplier.

Existing government and contracted maintenance and repair support provided by the Navy Public Works Center would also be impacted since the private entity would also normally provide its own maintenance and repair support services.

Effect of PPVs on Impact Aid

The North Chicago School District #187, which serves Great Lakes Naval Training Center, receives Impact Aid payments for the costs of educating military dependents. The Mayor of North Chicago and school officials are concerned about how the privatization of military housing at Great Lakes could affect school revenues. It is my understanding that under some privatization pilot projects the subject properties remain as federal property while, in other cases, the property is itself privatized. Obviously, this determination has serious implications for operation of the Impact Aid program.

Question. Please explain for the record how privatization initiatives affect Impact Aid generally. What steps are you taking to ensure that local school districts, and ultimately our military children, are not negatively affected by the privatization of military housing?

Answer. The affects of Impact Aid were addressed in a Department of Defense (DoD) Office of General Counsel memorandum of February 9, 1999, subject: Impact Aid and the Military Housing Privatization Initiative. The Department of Education Prior attorney responsible for impact aid issues was consulted prior to the release of the DoD memorandum and concurred with it.

The DoD OGC memorandum has two basic PPV conditions:

Land transferred to the developer. Land transferred to the developer will be subject to full federal, state, and local taxes. With full taxes being paid to local communities on the land and improvements by the developer, affected school districts will receive the "lower level" of impact aid for the military children.

Land leased to the developer. Land leased to the developer remains federal land. For these situations, federal, state and local taxes will not be paid on the land. As such, affected school districts will receive the "high level" impact aid for the military children.

Consistent application of the DoD OGC guidance will ensure there is no degradation to the education opportunities for the military children.

Impact Aid in North Chicago School District #187

The North Chicago School District #187, which serves Great Lakes Naval Training Center, receives Impact Aid payments for the costs of educating military dependents. The Mayor of North Chicago and school officials are concerned about how the privatization of military housing at Great Lakes could affect school revenues. It is my understanding that under some privatization pilot projects the subject properties remain as federal property while, in other cases, the property is itself privatized. Obviously, this determination has serious implications for operation of the Impact Aid program.

Question. Please explain with specificity how your proposal for Great Lakes would affect impact aid and North Chicago School District #187.

Answer. Based on an opinion issued by the Department of Defense (DoD) Office of General Counsel, and the Government's intent to retain title to the land on which the houses stand, the property would not be subject to taxation by the state or any subdivision of the State. The local education agency, District #187 in this case, would therefore be eligible for the same level of impact aid they now receive.

Impact Aid Consultation for District #187

The North Chicago School District #187, which serves Great Lakes Naval Training Center, receives Impact Aid payments for the costs of educating military dependents. The Mayor of North Chicago and school officials are concerned about how the privatization of military housing at Great Lakes could affect school revenues. It is my understanding that under some privatization pilot projects the subject properties remain as federal property while, in other cases, the property is itself privatized. Obviously, this determination has serious implications for operation of the Impact Aid program.

Question. Has the Navy consulted with local school districts to analyze the impact of proposed privatization initiatives? Have you consulted District #187 on this issue? If not, do you intend to do so?

Answer. The Navy has advised District #187 that the issue of Impact Aid is being worked at the highest levels within the Department of Defense (DoD). The Commander, Naval Training Center Great Lakes intends to consult with District #187 after receiving an update on the privatization on March 16, and will continue to consult with the City of North Chicago and District #187 routinely during the planning and acquisition process.

[CLERK'S NOTE.—End of questions for the record submitted by Congressman Porter.]

[CLERK'S NOTE.—Questions for the record submitted by Congressman Tiahrt.]

LABOR AGREEMENTS ON NAVY CONTRACTS

As you may know, many in Congress strongly differ with the Administration's policy of "strongly encouraging" the use of union-only project labor agreements (PLAs) on federal construction projects.

As an appropriator, I am particularly concerned about the discriminatory, anti-competitive and costly effects of the Administration's encouraged use of union-only project labor agreements on federal projects.

Question. I would like to ask the Secretary if he is aware of the use of any labor agreements on Navy contracts by the Navy or any of the prime contractors contracted by Navy.

Answer. As of this date, there has been non construction contract awarded that contained a contract requirement for "Project labor Agreements." There has been no Naval Facilities Engineering Command (NAVFAC) construction project in excess of 5 million in which it has been determined that use of government-required project labor agreements would serve the goals set forth in the President's Memorandum of June 5, 1997 (and the guidance set forth in the Under Secretary of Defense (Acquisition & Technology's) memorandum of October 2, 1997).

There is no record available to determine the number of construction contractors subject to collective bargaining agreements. However, it is believed that a considerable number of NAVFAC construction contractors are signatory to collective bargaining agreements with various building trades unions. Within these signatory employers are contractors that have signed "project labor agreements" (collective bargaining agreements) applicable to the project site and duration of the contract. These contractors have negotiated such agreements and perform NAVFAC contract work under those agreements without government mandate of intrusion on the bargaining process.

COST AND COMPETITION ASPECTS OF PLAS

Question. Additionally, I would like to ask the Secretary to provide details on the cost and competitive effects of any such PLAs arising or potentially arising on those projects, including:

The eff3ct on the number of bidders, including the basis for that conclusion;

The effect on the bid amount, including the basis for that conclusion;

The impact/effect on small and emerging businesses in the locality of the worksite, particularly their ability to perform the work using their own workforce, including the basis for that conclusion.

Answer. There are no project labor agreement requirements in any Naval Facilities Engineering Command (NAVFAC)—awarded construction contract at present.

There are no records available which would disclose whether or not a construction contractor was signatory to a collective bargaining agreement, nor whether or not such agreement was a "project labor agreement."

If there were a contract in which the government required a PLA, there would not be recorded data that would reveal answers to the impact questions under Question 127 (effect on bidders, effect on bid amount, impact/effect on small and emerging businesses in the locality).

[CLERK'S NOTE.—End of questions for the record submitted by Congressman Tiahrt]

[CLERK'S NOTE.—Questions for the record submitted by Congressman Farr.]

TECHNICAL LITERACY

Current military requirements demand that today's Navy be highly advanced both scientifically and technologically, with the need for future technical literacy among Naval personnel increasing, not decreasing. These technical capabilities substantially increase the Navy's need for personnel who: Can comprehend the potential for warfighting that the new technologies bring, Understand both the opportunities and the limitations they present, Are able to chose among competing technological ave-

nues, Can critically assess and lead technological development, and Can formulate practicable new technological visions.

Question. I am concerned that the Navy doesn't highly regard technical literacy among its personnel. Please comment on this. Assuming there is a greater need for technical literacy among Navy personnel, why is the Navy pursuing the possibility of privatizing its only graduate institution that specializes in technology courses within a military environment?

Answer. The Navy most certainly regards technical literacy among its personnel as highly important. This emphasis begins with the officer accession process. The U.S. Naval Academy curriculum includes both technical and liberal arts majors, but midshipmen taking liberal arts curricula are required to complete core curricula in math, science, and engineering that results in all midshipmen receiving a Bachelor of Science degree. In the Navy ROTC, the Navy specifically targets science and engineering majors as scholarship recipients. Post-commissioning schools for flight training, nuclear power training, and surface warfare have extensive technical requirements; hence, the Navy seeks personnel with the educational background to support its needs and continues to train and educate them throughout their careers.

Study of privatizing the Naval Postgraduate School, is directed at ensuring cost-effective operating costs. Who provides academic instruction will not impact the degree to which technical subjects are emphasized. Curricula requirements are determined by the billet subsepcialty requirements and are not dependent on the school administration.

Short and Long-term Plans for NPS

While there are many science and technology graduates, the courses of study available at both public and private institutions don't necessarily reflect Navy requirements. For instance, many applied sciences necessary for naval operations have decreased or been eliminated from academic science departments; in some cases reappearing in engineering departments, while many engineering departments have eschewed applications-oriented studies for science-based education.

Question. The fraction of college students enrolled in calculus-base elementary physics has declined over the last 50 years, yet the military's need for individuals who can command such a discipline has expanded over this period, not declined. With this in mind what are the Navy's short- and long-range plans for NPS? Will NPS remain in Monterey? Will it continue to be a Navy organization headed by a Navy Admiral?

Answer. The Navy continues to see the need for NPS at Monterey. Whatever the organizational structure, the School must be responsive to the Navy needs for education to meet specific billet subspecialty requirements. As a result, there will be substantial, direct Navy control over the School and its curricula. The Navy will evaluate options for the most efficient and cost-effective means for providing that education.

Question. NPS has entered into informal partnerships with a number of other universities to conduct education and research programs. To realize the full benefit from these partnerships, NPS requires authority to grant academic credit and degrees in areas of study designated by NPS, to non-federal civilian students. Will the Department support legislation to provide this authority to NPS?

Answer. There is clearly a benefit in having arrangements with civilian schools whereby NPS students can take selected courses at civilian institutions and civilian university students can take specialized courses at the Naval Postgraduate School (NPS). This will eliminate course redundancy among the institutions and make maximum use of highly qualified faculty. The Department of the Navy supports legislation to facilitate such interchange. In the case of NPS awarding degrees to non-federal civilian students, the need is less clear. NPS's mission is to provide subspecialty education and degrees in areas requiring defense-specific content. The need for such degrees for non-federal civilian students is not apparent. Such students would augment their civilian institution curricula by taking a limited number of specialized courses at NPS, receiving credit for the courses, but continue to receive their degrees from a degree-granting civilian school.

MILCON Investments at the Naval Postgraduate School

Question. What Milcon investments has the Navy made at NPS over the last 6 years? Does the Navy need additional Milcon funding above the President's budget request to address a cumulative shortfall in Milcon funding at the NPS? What Milcon projects are planned at NPS in FY 2000–01?

Answer. the Navy's last military construction (MILCON) investments at the Naval Postgraduate School (NPS) were in Fiscal Year 1992 and included a $12 mil-

lion project for the construction of the mechanical engineering building and a $2.9 million modernization/alteration to the fire protection building.

The Navy does not have any requirement for additional MILCON funding above the President's budget request at the NPS.

The Navy has no other MILCON projects currently programmed in Fiscal Year 2000–2001.

[CLERK'S NOTE.—End of questions for the record submitted by Congressman Farr.]

THURSDAY, MARCH 4, 1999.

FY2000 AIR FORCE MILITARY CONSTRUCTION PROGRAMS

WITNESSES

HON. RUBY B. DeMESME, ASSISTANT SECRETARY OF THE AIR FORCE (MANPOWER, RESERVE AFAIRS, INSTALLATIONS AND ENVIRONMENT)

MAJOR GENERAL EUGENE A. LUPIA, HQ USAF, THE CIVIL ENGINEER, DEPUTY CHIEF OF STAFF, INSTALLATIONS & LOGISTICS

BRIGADIER GENERAL CRAIG R. McKINLEY, DEPUTY DIRECTOR, AIR NATIONAL GUARD

BRIGADIER GENERAL RALPH S. CLEM, DEPUTY TO THE CHIEF OF AIR FORCE RESERVE

STATEMENT OF THE CHAIRMAN

Mr. HOBSON. The committee will come to order. Secretary DeMesme, it is a pleasure to have you appear before the subcommittee this year. This is your first appearance before the Subcommittee as Assistant Secretary of the Air Force for Manpower, Reserve Affairs, Installations and Environment, and frankly it is the first time you have been before this subcommittee since I have been here, although we have had the pleasure of meeting before.

We look forward to your testimony and a good hearing on the construction program for the Air Force, Air National Guard and the Air Force Reserve.

General Lupia, we have met before too. It is good to see you again. You have appeared before this Subcommittee on a number of occasions and I really look forward to your testimony. Generally I wouldn't talk to you now because I found out you are retiring this summer, and I don't like to talk to people who don't have more than a year but you are a good guy and we know you have done a good job and so we look forward to your testimony.

I just want to make a couple of comments and then have my ranking member, if he chooses, make a couple of comments also.

Frankly, concern with overall reduction in funding is universal with this Committee I think. The problem we are faced with is a big problem that I think you are all aware of and frankly it is going to cause us all to work even closer together than we have done in the past with this Committee.

Overall the budget request is down $3.2 billion or 37 percent from last year's enacted levels. The Air Force request is down $837 million or 36 percent. Advance appropriations requests total $3.1 billion and the Air Force portion of this request totals $686 million. This just sets the tone on some of the problems that we face because as Mr. Olver and I have travelled around the country, or around the world, there are some real problems out there that we

all need to address jointly and not have a fight over but work together on and we look forward to doing that with you. Mr. Olver.

STATEMENT OF THE HONORABLE JOHN W. OLVER

Mr. OLVER. Thank you, Mr. Chairman, and welcome Madam Secretary and General Lupia.

We had a long discussion last week with the under Secretary of Defense, Dr. Hamre, and a long discussion about this whole deferred funding mechanism and its effects upon defense as a whole, so we are looking forward to hearing your views. As the Chairman has already indicated, we were very concerned about that. There is one additional party that I would like to just point to here in this first go-around. Various services have functioned by fits and starts on the business of privatization of family housing and I think that you have—and the Air Force has been a little bit more cautious about that, and I guess I am curious about the Air Force's view of how you make your decisions in the area of privatization and family housing and what your goals are along the way. Thank you very much for being here today and giving us your services' perspective.

Mr. HOBSON. Before you start, I just want to do one piece of housekeeping. Not all the members are here but their staffs are here.

Our next hearing is going to be Wednesday, March 10th, at 9:30. The subject will be quality of life in the military. We will hear the testimony of the senior enlisted members of each of the branches of the service and I want this to get on the record. Usually we do that at the end but you never know who is going to be around at the end.

Madam Secretary, we would appreciate it if you would hit the highlights of what you want our Committee to hear and then we will open it up for some discussion, which I think will be enlightening hopefully to all of us.

STATEMENT OF THE HONORABLE RUBY B. DEMESME

Secretary DEMESME. Thank you, Chairman Hobson, Mr. Olver and members of the Committee. It is my pleasure to be here this morning.

First of all, I would like to thank this Committee for its continuing support of our uniformed members and their families. You have already mentioned that you are aware of the fact that this has been a very difficult budget year for us. We worked hard to try to ensure some balance in our program funding, making sure that we can take care of our MILCON needs and other quality of life areas and also our readiness and modernization efforts.

I have submitted a written statement for the record and I would like to take this time to kind of highlight some of the areas in the FY 2000 MILCON budget.

We are striving real hard to maintain facilities and infrastructure to preclude the weakening of unit readiness, impairing mission accomplishment, or degrading our quality of life for the people.

Our corporate strategy to accomplish these goals includes several things. Our MILCON program places emphasis on supporting new mission beddowns and current mission activities, ensuring that we

have complete access to critical ranges and air space. It includes reinvesting in our remaining bases overseas, funding our critical environmental compliance projects and maintaining our operations and maintenance programs to protect the quality of life of our personnel and their families.

We recognize the integral role the Air Reserve components play in our total force mission and our program assures that their construction needs are addressed along with those of the active component.

Mr. Chairman, for the next few minutes I will, in very concise terms, review our total MILCON program to include military family housing and base realignment and closure.

The Air Force total MILCON budget request for FY 2000 is $1.77 billion. Our current mission program includes our runways and ramp repair projects, additions and alterations to existing facilities, and two composite support complexes. It is important that our people operate in an environment that is designed to have them accomplish their missions.

Our new mission support programs supports weapon system beddowns, such as the F22 fighter, the C–17 airlifter, and the B–2 bomber, the KC–135 tanker, and the Joint Primary Aircraft Training System or JPATS as well as the construction of the Enhanced Training Range in Idaho.

In order to achieve and maintain military readiness, one of our highest priorities is people and while modern technology enables our forces to perform their missions more effectively, technology cannot substitute for high quality people, so to retain our people, we must meet their needs and our program funds enlisted dormitories, fitness centers, community support facilities at various locations because these are the things our people tell us that they want and need and that will help us retain them.

We must also invest in our force protection, safety, and quality of life facilities in our overseas bases. We now have 11 overseas main operating bases and regrettably the reduced MILCON investment, along with inadequate host nation funding, means that we cannot fully meet our overseas MILCON requirements. Family housing is one of our most important programs and we are very appreciative of this committee's continued strong support in this area. Our MILCON program reflects efforts to continue to revitalize or replace worn-out housing units that are no longer economical to maintain or can be utilized.

Our BRAC request supports a 1995 decision to realign Kelly Air Force Base, Texas, as well as support the final design costs for the FY 2001 program. I also note that the Air Force strongly supports Secretary Cohen's request for two additional BRAC rounds.

Despite the challenges we have a number of good news stories. For example, this past year we awarded the Department of Defense's first privatized housing project at Lackland Air Force Base, Texas. We are also the proud recipients of almost one-third of the Department of Defense's 42 environmental awards.

In conclusion, Mr. Chairman, this committee's continued support is vital if we are to accomplish the program goals. Our MILCON submission reflects the corporate priorities supporting our weapons

systems modernization, but it also provides our people and their families a safe and secure place to live, work, and to play.

That concludes my oral statement, and we're ready to answer any questions or discussions that you might wish to engage in.

[Prepared statement of the Honorable Ruby B. DeMesme follows:]

DEPARTMENT OF THE AIR FORCE

PRESENTATION TO

THE COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEE ON MILITARY CONSTRUCTION

UNITED STATES HOUSE OF REPRESENTATIVES

SUBJECT: FY 2000 AIR FORCE MILITARY CONSTRUCTION PROGRAM

STATEMENT OF: THE HONORABLE RUBY B. DEMESME
ASSISTANT SECRETARY OF THE AIR FORCE (MANPOWER, RESERVE AFFAIRS, INSTALLATIONS, AND ENVIRONMENT)

March 1999

NOT FOR PUBLICATION UNTIL RELEASED BY THE COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES

BIOGRAPHY

UNITED STATES AIR FORCE

RUBY BUTLER DEMESME



Ruby B. DeMesme is assistant secretary of the Air Force for manpower, Reserve affairs, installations and environment, Washington, D.C. As assistant secretary, she heads the six-division department which deals at the policy level with all Air Force manpower and facilities issues. The department's responsibilities include force management and personnel; equal opportunity and diversity; Reserve affairs; Air Force review boards; installations, military construction, base closure and realignment; and environment, safety and occupational health issues.

Mrs. DeMesme earned a bachelor of arts degree with an undergraduate major in English from St. Augustine's College in 1969. In 1979 she earned a master's degree in social work from the University of North Carolina.

Mrs. DeMesme's career has been marked by an extensive repertoire that includes positions in the teaching, social work, management and manpower analyst, and human resources management professions. Before joining the federal work force she gained recognition as an expert on child abuse, spouse abuse and adolescent programs as an administrator in North Carolina. She began her civil service career in 1980 directing the Mainz Army Depot's management and personnel divisions. Later she led the charge to improve family support programs by serving as an adviser to the deputy chief of staff for personnel, Army; and as an advocate for quality of life programs.

In 1989 she served as a senior staffer for Sen. John Glenn where she worked such issues as military manpower, personnel and appropriations. She also worked on legislation to benefit military spouses by assuring protection of spouse benefits and survival benefits legislation.

After leaving Capitol Hill, Mrs. DeMesme worked for the assistant secretary of the Army for manpower and Reserve affairs as assistant deputy for morale, welfare, recreation and family programs. She also oversaw the development and implementation of the Army career and alumni program and the transition assistance program designed to assist the military drawdown effort. In 1991 she began work with the Air Force as the assistant deputy secretary for morale, welfare, recreation and services and health affairs. She assumed the position of acting deputy assistant secretary of the Air Force for force management and personnel in 1993 and was appointed to that position as deputy assistant secretary in 1994. She was confirmed for her current position in 1998.

Mrs. DeMesme is married to an Army retiree. They have two adult children.

EDUCATION:

1969 Bachelor of arts degree, magna cum laude, St. Augustine's College, Raleigh, N.C.
1979 Master's degree in social work, University of North Carolina at Chapel Hill
1981 U.S. Personnel Management and Supervision Course
1986 Congressional Institute for Force Integration
1987 Personnel Management for Executive's Course
1990 Office of Personnel Management Legislative Fellows Program
1993 Senior Executive Leadership Development Program
1996 Working with the Media, The Brookings Institute
1998 National Securities Studies

CAREER CHRONOLOGY:

1. August 1969 - June 1980 (except for a one-year assignment in 1974), executive administrator for the Cumberland County Department of Social Services, Fayetteville, N.C.
2. 1970 - 1971, part-time instructor, Adult Continuing Education, Fayetteville Technical Institute
3. January 1973 - December 1973, clinical social worker, Womack Army Hospital, Fort Bragg, N.C.
4. November 1980 - July 1984, U.S. Army adjutant and division chief for force structure and manpower, Mainz, West Germany
5. July 1984 - October 1984, management and manpower analyst, Army Materiel Command, Alexandria, Va.
6. October 1984 - March 1985, program manager, Army Community Service, Army Materiel Command, Alexandria, Va.
7. May 1985 - December 1988, family programs adviser, Deputy Chief of Staff for Personnel, Headquarters Department of the Army, Washington, D.C.

8. January 1989 - April 1990, Office of Personnel Management Congressional Fellow, Capitol Hill, and professional staffer to Sen. John Glenn, Washington, D.C.
9. July 1990 - November 1991, assistant deputy for morale, welfare, recreation and family programs, Office of the Assistant Secretary of the Army for Manpower and Reserve Affairs, Washington, D.C.
10. November 1991 - February 1993, assistant deputy secretary of the Air Force for morale, welfare, recreation and services, and health affairs, the Pentagon, Washington, D.C.
11. February 1993 - May 1994, acting deputy assistant secretary of the Air Force for force management and personnel, the Pentagon, Washington, D.C.
12. May 1994 - August 1998, deputy assistant secretary of the Air Force for force management and personnel, the Pentagon, Washington, D.C.
13. August 1998 - present, assistant secretary of the Air Force for manpower, Reserve affairs, installations and environment, the Pentagon, Washington, D.C.

AWARDS AND HONORS:

1994 - 1998 Meritorious Civilian Service Award
1998 25th Anniversary of the All Volunteer Force Award
1998 Distinguished Alumni Award (University of North Carolina)
1998 Distinguished Leader Award, Thomas W. Anthony Chapter, Air Force Association
1997 Air Force Organizational Excellence Award
1997 Certificate of Achievement, Secretary of the Army
1985 - 1997, Outstanding performance and cash awards
1991 Superior Civilian Service Award
1991 Certificate of Achievement
1991 Certificate of Appreciation, Office of the Secretary of Defense
1984 Commanders' Award for Exceptional Service
1969 Magna Cum Laude graduate, No. 1 Class Standing, St. Augustine's College
1969 Who's Who in Colleges and Universities
1969 Phi Beta Lambda Science Society
1969 Outstanding Student Teacher Award

PROFESSIONAL MEMBERSHIPS AND AFFILIATIONS:

Women in Defense
SES Women Appointees Subgroup on Children and Families
Senate Black Legislative Staff Caucus (Honorary)
National Military Family Association
Delta Sigma Theta Sorority

Introduction

Mr. Chairman and members of the committee, good day. I appreciate the opportunity to appear before you today to discuss the Department of the Air Force FY 2000 Military Construction (MILCON) program. While this is my first appearance before the committee, I am nonetheless appreciative of your continuing support for our uniformed members and their families.

Mr. Chairman, we are cognizant that the Air Force could not maintain the quality of any of its facilities, and the advantages they provide, without the strong support we have always received from this committee, for which we are most appreciative.

Overview

As we adjust to ever changing world conditions and revise our mission, plan, and structure to meet our responsibilities, both at home and those associated with peacekeeping and other deployments abroad, it is imperative that we establish and maintain standards to provide an adequate quality of life for our people. Since people have been and remain the most important weapon system in our inventory, we must listen to what they tell

us they need if we want to keep them in uniform. Well, we've asked, and we've listened, and we are now trying to respond to their stated desires for safe, accessible, and affordable housing, health care facilities, child development centers, and work environments. Meeting all of these demands is no easy task, yet we've made every effort to balance these needs with those of modernization. The FY 2000 MILCON budget request reflects the results of our strategy.

As we merge operations into an Expeditionary Aerospace Force (EAF), it is more important than ever that the interface and mutuality between the active and reserve components be seamless. This means ensuring the Air National Guard (ANG) and Air Force Reserve (AFR) receive adequate MILCON funding along with the Active forces. This budget also addresses their needs.

The Total Force concept enables the Air Force to aggressively manage the most formidable obstacles to troop retention and readiness – heavy taskings and tough fiscal constraints. Despite these challenges, we must balance MILCON

needs across the total force, to include our very capable Ready Reserve and Guard units, as we transition the Air Force into the 21st Century.

Support operations for our EAF concept must become better and less expensive: better, because quality infrastructure contributes to quality of life, which improves morale, retention, and the readiness of the force: and less expensive in order to free up funds for the high priority weapon systems modernization we need to maintain battlefield dominance.

We are continually examining internal operations and support activities to determine where we can leverage our resources. We are taking actions to right-size, to consolidate like functions, to demolish excess facilities, and to enhance joint use of facilities between service components and government agencies (such as the National Aeronautics and Space Administration), and to embrace better business practices. These initiatives focus on improving the efficiency and performance of the Air Force facility support structure.

The reality is that, in order to fund higher priority programs, the Air Force is underinvesting in installation programs. Each year we balance installation support operations against other Air Force priorities, which results in a funding stream based on an acceptable level of risk. This means that our installation programs continue to be underfunded.

The maintenance and repair of facilities and infrastructure at Air Force installations are essential to our core competencies in support of national strategies and the Quadrennial Defense Review. We are striving to maintain facilities and infrastructure where Air Force people work and live to preclude weakening unit readiness, impairing mission accomplishment, or degrading quality of life. Consequently, the Air Force corporate strategy for the installation support program includes:

- Maintaining our operations and maintenance programs to preserve the quality of life of our personnel and their families.
- Ensuring that our MILCON program places emphasis on supporting new mission beddowns and current mission

necessities, to include redirecting limited capital investment to our most pressing requirements.

- Ensuring continued access to critical ranges and airspace.
- Reinvesting in the few remaining overseas bases, which, even after host-nation burdensharing, have numerous facility needs critical to Air Force core competencies.
- Incorporating environment, health and safety cost considerations into core business practices to lower cost and to improve performance while continuing to fund critical environmental projects to meet compliance requirements.

The Air Force continues to look at our installation facility requirements with a view towards leaner operations. We are continuing to embrace better business practices by considering private sector business ventures for everything we do. This allows us to leverage our limited resources by incorporating new innovative ideas. These new ideas will continue to shape the templates for installations in the 21st Century.

Mr. Chairman, I now would like to proceed to discuss the major programs in our FY 2000 MILCON budget request. I will review the total force MILCON program, to include discussion of the Military Family Housing (MFH) program. Finally, I will address the Air Force perspective on the Department of Defense request for funding of the Base Realignment and Closure (BRAC) accounts.

Air Force Military Construction Budget

The Air Force MILCON program consists of five principal areas: New Mission; Current Mission; Planning & Design and Unspecified Minor Construction; Environmental; and BRAC. New Mission construction supports the beddown of new weapons systems and force structure realignments. Current Mission construction revitalizes existing facilities and infrastructure, and builds new facilities to correct existing deficiencies. Planning & Design and Unspecified Minor Construction includes funds to design our construction projects and to fund a small program to handle urgent, unforeseen construction requirements. The environmental program consists of those regulatory compliance projects, which must be accomplished by law, or to avoid

increased health or safety risks to people on or off our installations. The BRAC program supports the beddown of realigned missions.

The Air Force proposes financing its FY 2000 MILCON program through a combination of regular appropriations and advance appropriations. We are requesting $315 million in FY 2000 appropriations and $686 million in appropriations for FY 2001 to enable completion of the FY 2000 program. This one-time financing methodology enables the Air Force to fulfill its commitment to providing quality facilities, while maximizing the use of FY 2000 resources for other readiness and modernization needs. The Air Force has added the $686 million needed to complete the FY 2000 projects to its FY 2001 program. The use of advance appropriations for FY 2000 projects has no impact on the Air Force's planned MILCON for FY 2001 through 2005. This is not the preferred method of budgeting for construction projects, but we expect to execute the FY 2000 program without delays or added costs provided Congress approves full authorization and advance appropriations for the projects requested.

For FY 2000, we are requesting a program of $1.77 billion for MILCON. This request includes $1.66 billion for active duty MILCON ($597 million for traditional MILCON and $1.064 billion for MFH); $73 million for ANG; $29 million for AFR; and $4.7 million for BRAC MILCON.

The Total Air Force Military Construction Program

Similar to last year, the Air Force's FY 2000 MILCON and MFH programs were developed using a facility investment strategy with the following objectives:

- Maintain what we own
- Accommodate new missions
- Maintain quality of life investments
- Optimize use of public and private resources
- Continue demolition programs
- Reinvest overseas
- Continue environmental leadership

Program Overview

Given the success of the corporate Air Force process, we continue to consider the Air Force total obligation authority as

one pot of money. These funds are distributed based on the most urgent, corporate needs of the total force. The strategy for allocating these funds is inextricably tied to major commands (to include the AFR and ANG), Chief of Staff, and Secretary of the Air Force priorities.

To determine priorities, each major command submits a prioritized, unconstrained list of its construction requirements. The MILCON integrated process team, then uses a weighted matrix to establish a cross-cutting investment program. This results in an integrated priority list based on the most urgent needs of the total Air Force. The list integrates new mission, current mission, and environmental projects for active, ANG, and AFR components. This priority list is presented to the corporate leadership structure, to include the Chief of Staff and the Secretary of the Air Force, for final review and approval.

Current Mission

"Maintain what we own" is the investment strategy underlying our current MILCON program. This concept results in identifying the minimum requirements to sustain readiness

and quality of life while attempting to reduce the requirements via privatization and demolition. This strategy ensures that we exercise the stewardship entrusted to us for maintaining eighty-seven major installations.

Our FY 2000 current mission MILCON program consists of 54 projects totaling $467 million. These projects include a variety of facilities at a number of installations to include: runway and ramp repair projects at Eglin Auxiliary Field 9, Florida; Davis-Monthan Air Force Base, Arizona; Pope Air Force Base, North Carolina; and Elmendorf and Eielson Air Force Bases, Alaska; addition and alteration to the Air Force Reserve Headquarters facility at Robins Air Force Base, Georgia; and constructing two composite support complexes for the Air National Guard at Kulis, Alaska and Savannah, Georgia. These projects are critical to maintaining aircraft readiness and to enhance the work environment of the consolidated functions, thereby improving overall efficiency and reducing costs associated with stress and the frustration of system failure.

We will continue our emphasis on the effective use of available resources to determine what we need, to care for what we own, to renovate or replace worn out facilities, and to look for opportunities to consolidate functions in retained facilities.

Accommodate New Mission

It is important that our people are able to operate in an environment designed to accomplish their missions. The Air Force modernization programs is designed to enhance the unique capabilities embodied in our specialized core competencies. These competencies provide the rapid, precise, global response that enables our combatant commanders to respond quickly to regional conflicts in support of the national strategy.

We need MILCON to support weapon system beddowns, such as the F-22 fighter, C-17 airlifter, B-2 bomber, KC-135 tanker, Joint Primary Aircraft Training System (JPATS), and to improve aircrew proficiency training by constructing, for example, the Enhanced Training Range in Idaho (Juniper Butte Range). Our entire MILCON program needed to support new mission requirements consisting of 23 projects totals $154 million.

F-22 Raptor

The F-22, our #1 modernization priority, is the Air Force's next generation air superiority fighter being developed to counter threats posed by advance surface-to-air missile systems and next generation fighters. The proposed location for the F-22 follow-on operational test and evaluation and the weapons school beddown is Nellis Air Force Base, Nevada. The FY 2000 MILCON includes three F-22 projects at Nellis Air Force Base totaling $19 million.

C-17 Globemaster III

The C-17 Globemaster III aircraft is designed to replace our aging fleet of C-141 Starlifters, which currently are operating beyond their intended design life. The C-17 provides rapid global mobility by combining the C-141 airlift capabilities, the C-5 capability to carry oversize cargo, and the C-130 capability to land directly on short, forward-located airstrips.

McChord Air Force Base, Washington, was designated as the second operational base for the C-17. We had already identified Charleston Air Force Base, South Carolina, as the first operational base, and Altus Air Force Base, Oklahoma, as the

C-17 training base. Since then, we have identified Jackson International Airport, Mississippi, as the proposed Air National Guard C-17 operating location. To support this program, the FY 2000 MILCON request includes Active and AFR facilities at McChord Air Force Base, Washington, and a corrosion control facility at Charleston Air Force Base, South Carolina.

B-2 Spirit

The B-2 is a multi-role bomber capable of delivering both conventional and nuclear munitions. The bomber represents a major leap forward in technology and is an important milestone in the U.S. bomber modernization program. Our FY 2000 MILCON program includes one $23 million project at Whiteman Air Force Base, Missouri.

KC-135 Stratotanker

The KC-135 principal mission is refueling. This asset greatly enhances the Air Force's capability to accomplish its mission of Global Engagement. We have four projects in the FY 2000 MILCON to support the KC-135 totaling $19 million. The projects are: flight simulator facilities at Robins Air Force Base,

Georgia and RAF Mildenhall, United Kingdom; repair parking ramp at Eielson Air Force Base, Alaska; and a squadron operations and aircraft maintenance unit at McConnell Air Force Base, Kansas.

Joint Primary Aircraft Training System (JPATS)

JPATS is a joint Air Force and Navy primary trainer. The JPATS T-6A Texan II aircraft replaces existing fleets of Air Force T-37s and Navy T-34s. The aircraft will be used to train entry-level pilots, navigators, and naval flight officers. The FY 2000 MILCON includes one JPATS project at Laughlin Air Force Base, Texas for $3 million.

Enhanced Training Range in Idaho (Juniper Butte)

The Air Force is building a training range on Bureau of Land Management and Idaho state lands in Southwest Idaho, and modifying airspace for local training use by Mountain Home Air Force Base, Idaho, crews. The range will simulate real-world scenarios and will allow aircrews to plan and practice complex missions. This project will balance realistic local training with careful consideration of environmental, cultural, and economic

concerns. In addition to providing realistic training, the range's close proximity to Mountain Home Air Force Base increases efficiency by allowing crews to convert time currently spent in transit to a distant range into actual training time. The new range will include a 12,000-acre drop zone site; a 640-acre and four 5-acre no-drop zone sites; simulated target areas; and 10 one acre and twenty quarter acre emitter sites. This multi-year range program request includes $15 million in FY 2000 for phase II, and $2 million for a defense access road project.

Quality of Life

Achieving and maintaining military readiness is our number one priority. While modern technology enables our forces to perform their missions more effectively, it cannot substitute for high quality people. People, our most treasured resource, are the critical components of readiness. It is imperative that we maintain a highly motivated and trained fighting force to effectively respond to the demands placed on them. We have 95,000 military members forward stationed or deployed and we

urgently need to fund quality improvements that address our troops' top concerns: retirement pay; fair and competitive compensation; safe, affordable, and adequate housing; quality health care; balanced tempo; robust community and family programs; and expanded educational opportunities. These are the initiatives that commanders, first sergeants, and airmen say are important to them.

The quality of life of our people must be commensurate with the sacrifices we ask them to make. Addressing these concerns has enabled us to better manage recruiting and retention challenges. Offering an attractive living environment to those aspiring to serve this great country results in improved quality of life for our personnel, and that, Mr. Chairman, translates into enhanced readiness.

The MILCON program improves quality of life by renovating or constructing dormitories and community support facilities. Our three-step dormitory investment strategy, as outlined in the Air Force dormitory master plan, is as follows: (1) the buy-out of all permanent party central latrine dormitories,

now complete given the generous congressional support in FY 1999; (2) the elimination of shortages; and (3) the replacement of our worst remaining dorms.

We balance dormitory investment against additional requests for community support facilities. This year's MILCON program funds eight enlisted dormitory projects at eight stateside installations, and one project overseas, for a total of $90.5 million. In addition to the dormitories, the MILCON program funds a child development center at RAF Lakenheath, United Kingdom; a dining facility at Keesler Air Force Base, Mississippi; visitors quarters at McGuire Air Force Base, New Jersey; and new or modified fitness centers at Travis Air Force Base, California; Schriever (formerly Falcon) Air Force Base, Colorado; MacDill Air Force Base, Florida; Whiteman Air Force Base, Missouri; and Osan Air Base, Korea, for a total of $51 million.

Optimize Use of Public and Private Resources

As the Air Force operationalizes its EAF concept, we must free up precious funds for modernization. To do this, we continue to adopt modern business practices, e.g., eliminating redundancy;

using competition to improve quality and to reduce costs; and reducing support structures to free up resources for other higher priority needs. Nonetheless, we must keep in mind that the purpose of our competitive sourcing and privatizing initiatives is the preservation of the "tooth" and streamlining the "tail."

Military Family Housing

We awarded our first housing privatization project last summer at Lackland Air Force Base, Texas. While the contracting process took longer than we would have liked, it was necessary to develop the new documents, policies, and procedures that will allow us to eliminate many hurdles on future projects.

The Air Force continues to solicit advice from national real estate and financial institutions on how to improve our performance in privatization. We firmly believe that through privatization we can provide new homes to our airmen in less time than using the standard MILCON process.

Utilities

Meanwhile, we are embracing a defense reform initiative that places us primarily in the energy management business,

which will reduce our role in the infrastructure business. Our goal is to privatize utility systems where it makes economic sense and does not negatively impact national security.

To date we have identified 463 utility systems for potential privatization, and analysis for 55 of these systems is currently underway. We have also programmed 204 systems for analysis in FY 1999, and the remaining 204 systems in FY 2000. As a result, the Air Force will be able to meet the goals established by the Department of Defense to privatize all utility systems by 2003.

Laboratory Infrastructure

We are also exploring innovative partnership arrangements with industry to achieve real reductions in Research, Development, Technology & Evaluation (RDT&E) infrastructure costs through mutually beneficial use of Air Force-owned land and facilities. By working with local communities and government entities at the Air Force research sites, we are confident we can develop more efficient operations. One example is the joint proposal being negotiated between our Rome research site and the state of New York. Through a combined funding source consisting of MILCON, state

and local government funds, and a bond issue, the Rome research site will be able to divest themselves of 14 old and expensive-to-maintain buildings in order to acquire one new building with greatly reduced operations and maintenance costs. Additional savings in manpower will come through reduced requirements for security, facility management, and maintenance. The innovative lease arrangement will substantially reduce the costs to the government while guaranteeing payback to the bond holders.

Another example of an innovative approach to infrastructure requirements is the proposal for Brooks Air Force Base, the home of our Armstrong research site. The Brooks "city base" concept is being explored with the city of San Antonio and the State of Texas. This concept would allow us to retain a research campus while turning the rest of the base infrastructure over to the local government and to private contractors. It also would allow the local community to have access to the facilities currently at Brooks, and would provide a valuable place for future industrial and commercial development while retaining areas for parks and recreation. As with the Rome research site in New

York, the city base at Brooks would greatly reduce infrastructure costs to the government since it would no longer be responsible for the upkeep of the support facilities and would need to maintain only the facilities actually used for research. These types of partnerships with the local communities have great potential and may become models for future Air Force infrastructure plans.

Demolition

While we strive to increase our maintenance dollar for infrastructure or new facilities; we must continue to demolish worn out or obsolete facilities in order to reduce recurring operations and maintenance costs. Over the past three FYs, we have demolished over nine million square feet of obsolete facilities.

Overseas Military Construction

We must also invest in force protection, safety, and quality of life at our overseas bases. We now have eleven overseas main operating bases, of which six are to the East: two in England, two in Germany, one in Italy, and one in Turkey; and five bases in the Pacific: three in Japan and two in Korea. After years of base

closures and force reductions, we have achieved stability in the overseas arena. However, the reduced MILCON investment coupled with inadequate host-nation funding does not meet our overseas requirements. Consequently, while we are actively pursuing NATO funding, increased host-nation funding, and payment-in-kind, our quality of life improvement needs remain greater than available burden-sharing funding can satisfy.

Our FY 2000 MILCON program for our European and Pacific installations totals $77 million. The program consists of a consolidated corrosion control and maintenance complex, a KC-135 flight simulator facility, and an operations facility at RAF Mildenhall; and a consolidated support complex at RAF Lakenheath, United Kingdom. Also in the program are a $2 million global positioning system control station on Ascension Island, and a $2 million project for apron security lighting at Lajes Air Base, Portugal. As mentioned earlier, there is one overseas dormitory project; an addition/alteration to the physical fitness center, at Osan Air Base, Korea; and a child development center at RAF Lakenheath, United Kingdom. We ask for your

support of these important operational and quality of life projects that represent critical requirements for our airmen and their families located overseas.

We are sending a precautionary prefinancing statement to the NATO infrastructure committees for all NATO-eligible European projects. These statements will permit recoupment from the NATO infrastructure program if eligibility is subsequently established.

Environmental Military Construction

As our record shows, we are dedicated to enhancing our already open relationships with both the regulatory community and the neighborhoods around our installations. We strive to ensure that our operations meet all environmental regulations and laws, and we seek out partnerships with local regulatory and commercial sector counterparts to share ideas and to create an atmosphere of trust.

Our continuing campaign to foster an environmental ethic within the Air Force, both here in the US and abroad, has enabled us to enhance operational readiness, be a good neighbor, and

leverage our resources to ensure that we remain a leader in environmental compliance, cleanup, and pollution prevention.

As a result of these cooperative efforts over the past two years, the Air Force environmental program has received top honors in almost one-third of the 42 awards recognized by the Department of Defense. We were recognized for overall environmental quality, pollution prevention, and recycling. Additionally, our measure of merit targeting no-enforcement actions is paying dividends. We have reduced our open enforcement actions from 263 in FY 1992 to just seven in the first quarter of FY 1999.

Our major environmental stewardship projects are the renewal of the Barry M. Goldwater Range in Arizona and the Nellis Range in Nevada. We anticipate submitting renewal legislation to Congress in late summer. Our environmental compliance MILCON request for FY 2000 totals $27 million for eight, class-1 "must pay" compliance projects. Our program primarily focuses on projects for fire training facilities, which are closed due to fuel contaminated land and potential ground water

contamination. These fire training facilities are located at Hickam Air Force Base, Hawaii; an ANG fire training facility at Savannah International Airport, Georgia; and an AFR fire training facility at Homestead Air Reserve Station, Florida. We also have two wastewater treatment facility projects at RAF Feltwell and RAF Molesworth, United Kingdom; a hazardous material storage facility at RAF Mildenhall, United Kingdom; a sanitary sewer line project at Schriever Air Force Base, Colorado; and a project to close the landfill at Andersen Air Force Base, Guam.

All of these projects satisfy class-1 requirements. (Class-1 compliance requirements refer to conditions or facilities currently out of compliance with environmental laws or regulations, including those subject to a compliance agreement.)

Unspecified Minor Construction

We have requested $15 million in FY 2000 for unspecified minor construction, which will provide the total Air Force with a primary means of responding to small, unforeseen facility requirements that cannot wait for normal MILCON. From

FY 1994 through FY 1998, a total of $6 million was reprogrammed into the account to fund urgent requirements. The FY 1994 through FY 1999 accounts are fully obligated, or committed, to valid projects.

Planning and Design

Our request for FY 2000 planning and design is $35 million. These funds are required to complete design of the FY 2001 construction program and to start design of our FY 2002 projects.

Construction Supervision, Inspection and Overhead

The Air Force active and Reserve forces will annualize its appropriations for construction supervision, inspection and overhead over five budget years based on FY 1993-97 outlay rates. This defers total obligation authority in the initial budget year, and budgets for supervision, inspection, and overhead funds as needed, as opposed to maintaining unobligated balances.

Military Family Housing

As in years past, we consider family housing to be one of our most important programs. We are convinced that no other facility program so greatly influences the performance and commitment

of our people as much as having quality homes for our families. Maintaining our responsibility to the family housing program is even more important in this era of major force reductions and increased frequency and length of deployments. Because these factors are so stressful for military families, it is imperative that we continue to emphasize quality of life issues to mitigate the stress. Consequently, we have developed, consistent with the corporate priorities of the Air Force, a housing program to best serve our families.

Due in large part to strong congressional support, our MFH investment program has been sustained during recent force structure changes. As of this fiscal year, the average age of our housing inventory is 35 years and 61,000 of our 110,000 units require revitalization.

Our MFH investment has three prongs: the replacement/ improvement program, the operation and maintenance program, and the leverage we can obtain through a balanced privatization program. The $328 million FY 2000 MFH replacement/ improvement program will replace 1180 worn-out units at 15

separate locations, and will improve 1334 units at 15 locations. The housing operations & maintenance program totals $822 million. It supports "must pay" requirements such as refuse collection, snow removal, utilities, leases, and critical housing maintenance tasks. These are essential repairs that must be done to keep the houses in good condition. Finally, we will use privatization at selected locations to leverage our funds. Privatization is a tool which allows us to accelerate the buyout of repairs to adequate homes and we ask for your continued strong support for our requested investment levels to ensure we have sufficient capital to accelerate the repair of our inadequate housing.

Housing Improvements

The Air Force "whole house/whole neighborhood" improvement concept has proven extremely successful. Under this concept, we upgrade older homes to contemporary standards by updating worn-out bathrooms and kitchens, replacing obsolete utility and structural systems, providing additional living space as permitted by law, and, at the same time, accomplishing

required maintenance and repair. The result is a cost effective investment that extends the life of these houses 25 years. In addition, the "whole neighborhood" program provides recreation areas, landscaping, playgrounds and utility support systems to give us attractive and functional living environments.

Our FY 2000 improvement request is $124 million. This amount revitalizes 1334 homes at 15 bases. This includes $74 million for 903 homes stateside, $49 million for 431 homes overseas, and $1.2 million for two neighborhood improvement projects.

Housing Construction

We are requesting $186 million for FY 2000 projects, with $173 million at 14 stateside bases to replace 1105 existing houses, and $13 million at one overseas base (Lajes) to replace 75 existing houses that are no longer economical to maintain.

Operations, Utilities and Maintenance

Our FY 2000 request for family housing operations, utilities, and maintenance is $703 million. These funds are necessary to operate and maintain the 110,000 homes in the Air Force

inventory. Approximately 41 percent of this request represents the Air Force's obligation as the landlord for items such as utilities, refuse collection, and other key services. The remaining 59 percent of the funds is for maintenance for the homes and infrastructure.

Planning and Design and Leasing

We have requested $136 million for planning and design, and for leasing. This includes $17 million for planning and design of new construction and improvement programs, and $119 million for leasing approximately 4,100 domestic and 3,900 foreign homes. The leasing program supports critical missions in non-traditional locations, such as foreign sites where family housing is not available, and for recruiters not located near military installations in the US.

Our FY 2000 MFH budget request reflects our policy to ensure that our families have access to safe, affordable and adequate homes; and mirrors our strategy to modernize on-base housing by improving our worst first. We are committed to improving retention by providing our Air Force families with

homes and communities that are comparable in design and amenities to private sector housing. Our "whole house-whole neighborhood" concept for developing a housing community plan for each installation continues to put our people first by fostering a sense of community and supporting neighborhood identity. We seek to achieve a pride of ownership mentality within our family housing community.

Base Closure Accounts

The Air Force BRAC FY 2000 MILCON request is $4.7 million for 3 construction projects supporting the BRAC 1995 decision to realign Kelly Air Force Base, Texas, and for final design costs of FY 2001 BRAC construction. The projects are a communication facility addition, and a maintenance facility, at Kelly Air Force Base, Texas, and a civil engineering shop addition, at Lackland Air Force Base, Texas.

The Air Force requirements included in the Department of Defense FY 2000 budget request for the BRAC accounts are designed to support the President's Five-Part program by continuing to transfer property at closure installations as quickly

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and efficiently as possible to communities for economic reinvestment at the earliest opportunity. As part of the defense budget, the Air Force request reflects a thorough review of all remaining requirements and careful budgeting to fulfill validated requirements to the greatest extent possible within the budget constraints.

The Air Force continues to be committed to timely environmental restoration that is protective of human health at our closure bases. In addition to converting bases to civilian use, we continue the realignment beddown process at remaining installations to ensure that base closure neither disrupts our operational requirements nor adversely affects quality of life. We appreciate the support of this committee in helping us meet these objectives.

Our successes in base conversion are numerous. The Environmental Protection Agency recently highlighted the Air Force fast-track cleanup program at the former Bergstrom Air Force Base, Texas, designed to meet the Austin-Bergstrom International Airport opening date. We intend to apply our many

lessons learned to future base conversions should the Congress approve additional rounds of closures.

One final comment on BRAC. Reductions in Air Force manpower and force structure have outpaced those in infrastructure, which results in commanders spending scarce resources on unneeded infrastructure. Consequently, the Secretary of Defense has requested, and the Air Force supports, two additional rounds of base closures. Further BRAC actions are necessary to ensure we have the proper force structure and topline for modernization necessary to properly execute our mission and to maintain day-to-day activities. We need BRACs now, because the Air Force has more bases than it needs and any delay in this process delays the realization of critical cost savings. As previously stated by Acting Secretary of the Air Force Whit Peters, "simply put, base realignment and closure is tomorrow's readiness decision that we must begin planning today."

Conclusion

In conclusion, Mr. Chairman, I thank the committee for its strong support of the Air Force MILCON program, which

contributes immeasurably to the Air Force's readiness, retention, recruiting, training and quality of life programs.

Our FY 2000 Air Force MILCON submission reflects the corporate priorities supporting the total Air Force vision to continue our position as the world's best and most respected air and space force, while working to maintain our aging physical plants. Our installations are crucial factors in Air Force readiness. We rely on our bases to serve as our launch platforms to effectively project U. S. air and space power, as well as places where our people live and work. This budget submission reflects our commitment to maintain the quality of Air Force installations.

Thank you Mr. Chairman and members of the committee.

Mr. HOBSON. Thank you for the brevity. That's very good because, you know, we always have a lot of questions.

General, do you have anything you would like to add at this time?

General LUPIA. No. I would rather leave the time for you, sir.

INCREMENTAL FUNDING

Mr. HOBSON. Okay. Let me ask this question and I think we all have this concern with this new—I called it a gimmick yesterday—or creative financing or whatever you want to call it.

You have chosen to build an $8.5 billion military construction program and spread its funding over two years or hopefully over two years; instead of requesting fully executable projects in FY 2000, you have only requested funding for 10 to 25 percent of individual projects. To support the completion of the program you have got this advanced funding of $3.1 billion which will become available in 2001.

Would you explain what your—and I hope you will be very candid about what this is going to do to you. I know you have got to espouse the company line to a degree, but you have also got to talk about what this is going to do to the ability to get the programs and the quality of life programs and I also would like you, General, at some point to talk about what this is going to do to costs on some of these projects as you look at them, so I will let you, Madam Secretary, respond if you like and then General, I would like you to respond as to the challenges of this type of funding from a construction standpoint.

Secretary DEMESME. Yes, sir. The funding that we are requesting in the 2000 budget is not the optimal way of doing business. However, we were faced with a situation of needing to fund part of our MILCON needs and meet some of our needs in readiness and other high priority modernization programs.

With the limited resources that we had, we believe that the incremental funding—it can work if we must use it, but it poses a lot of challenges for us. But in order for us to start the construction that will be necessary to meet our quality of life needs, our family housing needs, dormitories, and have monies to put on those critical readiness programs that we need, this is the best way we can assure some balance across the needs of the Air Force.

We recognize that there will be many challenges as we try to do this and we require the monies next year in order to make this work. It will not work without those funds.

At the same time we are going to do our best to limit or minimize any impacts on readiness, minimize impacts on environmental responsibilities that we have, and yet meet some of our current and future beddown requirements.

All this taken jointly will take a lot of discussions, planning and really constantly evaluating our budget to see what we can do, and we need your help, quite frankly, in order to make this work.

It is not the way we would choose to do business. It is not the way we expect to do business in the future, but for this one year we believe that the way that we have planned our program gives us the most bang for the bucks in terms of taking care of several

of our quality of life initiatives with military construction being one of our primary priorities.

I'm going to let General Lupia follow on with some of the concerns we might have in specific construction areas.

Mr. HOBSON. General.

General LUPIA. Sir, for the Air Force the impact on our program is in military construction, where we were asking you for $699 million in authorization and $213 million in appropriation, and on the family housing side for new construction and improvements we are asking you for $328 million in authority and only $102 million in appropriation.

I will use the military construction side. The remainder, the delta between the $213 and the $699 is paid to us by the Congress in large part in the 2001 program and we hope for an appropriation that would be an additional $471 million on the first of October—the first day of the fiscal year, the next fiscal year, and then we have the remaining costs which are necessary for supervision, inspection and overhead of our program that stretch out with a commitment from the Congress to '02, '03, and '04, so the appropriation that would take care of this entire budget for us stretches out over five years, the majority of it in 2001.

In my personal opinion that means to us that we will see an increase in costs in two different ways. One way we'll see an increase in costs is the execution of our projects because, quite frankly, industry has already given us that feedback—and we are going to ask them to assume some of the risk—and needless to say, when you assume risk you have to pay for it someplace.

As I mentioned to you in your office the other day, the Air Force is not a design and construction agent. Here in the United States we do our work through the Army Corps of Engineers and through the Navy Facilities Engineering Command. Our colleagues in the Corps of Engineers have given us an estimate that says project costs would increase someplace between 10 and 30 percent. The Navy is on record at a hearing earlier this week as saying that in conversations with the Association of General Contractors and some leaders in industry that they have contacted they could not quantify the additional costs but they said there would definitely be additional costs for the construction of our projects because again they have to assume the risk.

Additionally, I believe we will find some cost increases because we are going to have a more sophisticated bookkeeping system. The Navy in the case of the continental United States now charges us 6 percent for the work that they do for us and my good friend over there, Admiral Smith, has told me that he is not going to be able to keep the books and keep track of costs over five years without adding some more people to his staff, so I expect my costs for supervision, inspection and overhead to go up, in my personal opinion I think we will see cost increases in both of those areas, the cost to execute a project and the cost to take care of tracking our expenses and to be able to have our books open to any auditor that comes around.

Mr. HOBSON. But you are not going to have the project as fast as you might have otherwise?

General LUPIA. Sir, in order to do this the Air Force and the Services need from the Congress three things: we need the full authorization in FY2000, the $699 million in the case of the Air Force, we need the commitment from the Congress to advance appropriate the $471 million for us in 2001 at the beginning of the fiscal year, and we are also going to need some help with what we traditionally do today when we have cost increases on projects and we call it reprogramming, where we come over to you and ask you for authority to make some changes to a project.

All of the reprogrammings in the past have been done based on the amount of the appropriation, not the amount of the authorization. And so now we would have a much, much smaller appropriation in 2000, and in order to be able to take care of problems, we are going to need some kind of language that will allow us to do reprogrammings based on the much higher authorization amount, as opposed to the appropriation amount. So those three things have to come together for us to be able to pull this off.

Mr. HOBSON. That may be how it all happened, this problem. And the other problem is, and I just want to serve notice on that, the other problem that I think you have opened up—I don't mean this personally when I say this, but what the Administration opened up to, is great mischief by the Congress, or greater mischief, let me put it that way, because if, for some reason, along the way, where we are fortunate enough, which I don't know can happen, that additional monies become available, now there is not going to be the commitment by the Congress to the Administration's proposals that were there before, that if he had asked for the whole amount, there is a tendency to try to hold as much of that as we can.

Now, certain forces, I won't say where they come from, but I will privately tell you where I think they are going to be, most of them, will create mischief with this money, and you won't be as able to guide your destiny from your perspectives as well. And that, again, causes a problem in my mind as we try to execute the mission.

I had a little discussion with Secretary Cohen about this issue yesterday, but it seems to me that we have been penny-wise and pound-foolish in how we put this together, and we have sought an easy place, at least initially, because MILCON is very dear to the Congress' heart, to fund these quality of life things. But the manner in which this was done allows more—I don't know how to put it gently, but a different distribution of the money than might have been otherwise, which is going to create additional pressures, and I wish you folks had not presented the opportunity for it to happen. But there isn't anything I can do about that now. I am just serving you notice that it is going to make it much more difficult.

With that, Mr. Olver, as far as you are concerned, you can take as much time as you want, but I think in order for everybody to get in at least one—the rest of the members will try to do five minutes, and then we will keep going around till we get done.

Mr. OLVER. Thank you, Mr. Chairman. I just want to follow up, I think you can see the flavor of our distress at this mode of operation, although I would like to draw us through an individual project. I mean it seems to me that this argument of whether or not we are advancing, I mean we are advancing fundings from Fis-

cal 2001, we are deferring funding for Fiscal 2000, and those of us who live very much in the present are much more inclined to view this as a deferral of funding, and the risk that goes along with the deferral of funding.

For instance, in the Reserve program, in your Reserve program, you have only got five projects in the process at all, and four of the five are projects under $3 million. I don't know what, I mean what mischief or certainly confusion it causes in dealing with those tiny little projects which would be done in a matter of a few months and, surely, never more than a year. It seems to me that this—there may be more in perception than there is in reality in this difference, because it seems to cause confusion in contracting and some appearance of risk that may not actually be there, and some increase in costs that grow from the perception.

And I don't know what that ends up leaving us, except take a project, project X, whatever project that may be, it seems if we follow the regular program as it has been done over the years, project X appropriated for 2000, for Fiscal 2000, would probably end up going to construction. It would be designed and probably end up going to construction, but not a lot of the construction costs would occur in the last quarter of 2000, and it would carry over, and most of that construction would occur in 2001, though all the money would have been appropriated in 2000 and then carryover accounting and so forth.

The proposal, as it is made, something in the range of 20 percent to 30 percent or so of the actual money for many of these projects is appropriated in 2001, and then there is a promise of appropriation, a commitment of appropriation—or, excuse me, 20 percent is in 2000, and the commitment of appropriations is in 2001, and I don't know that what the end result of that project, in terms of what happens in its real time construction.

I suspect that project is still going to essentially be designed, and with this split appropriation deal that is going on, that it is going to essentially go to construction in that last quarter of 2000 and be finished, the same project, be finished in 2001. So I don't know what the real difference is here except the confusion, and it is a little bit more cost and accounting problems and so forth have been created in the process. Please, tell me where—tell me if I am anywhere close, where I am wrong, and what is actually happening here.

General LUPIA. No, I think much of what you said, sir, is exactly right. The amount of money—would you like me to respond?

Secretary DEMESME. Yes.

General LUPIA. The amount of money in the appropriation line comes really from three components, and it comes from the amount of money that has been historically outlaid for that project in the fiscal year of appropriation, and that is down around 15 percent. And then we added 5 percent for contingency, and then we add 5 percent way up front for what we are calling termination costs, in case we have to terminate the contract because the 2001 part of this doesn't come along.

And so that's where you get this percentage, about 25 percent of the authorization we are asking for in appropriations. And there's actually different formulas that were applied for the Reserve and

for the Air National Guard, but, generally, we are in the same ball park.

In the Air Force, in Fiscal Year 1998, of the money that was authorized and appropriated to us from the Congress, we awarded contracts for 99.8 percent of the line items in the fiscal year of appropriation. Best year we have ever had. We missed by one project at Grand Forks, where we had to have a reprogramming action, or we would have awarded our entire program in the year of appropriation. Now, the way you do that is you award a bunch of contracts in the first quarter, the second quarter, the third quarter, and then you work very hard in the fourth quarter to get those few hard ones awarded.

I think what you would find, sir, I think what you would find in the way we are setting up this program is that we are going to award darn near our entire program in the fourth quarter, in order to be able to have that additional fiscal year's appropriation coming right behind it. So once a contractor mobilizes, once he gets on site, once we have given him the notice to proceed, he would do, in essence, the 15 percent that we are paying him for in 2000, and be able to stay right there and continue when we get the 2001 appropriation on the 1st of October of calendar year 2000.

Mr. OLVER. What would you——

General LUPIA. So, in effect, we are going to extend the life of our project. Now, this becomes terribly important when you talk about a place with a very short construction season, Grand Forks Air Force Base, Minot Air Force Base, some of our bases in Alaska. This becomes a very dicey game because you don't want that contractor to mobilize and demobilize because you are going to pay him. And so if the construction season is short enough, he has got to get, in essence, boxed in, so he can do the rest of his work. He can't be pouring foundations in the middle of winter, he has got to get boxed in so that he can continue to work. So it is going to make the game a lot dicier, and somebody has got to pay for that risk along the way, and that was the Gene Lupia comment, in my personal opinion, somebody has got to pay industry to take some more of this risk.

Mr. OLVER. Yes, for the larger projects that you get done, get to contracting in the appropriation year, and finish in the next year. You may end up being thrown into the winter because you won't get them boxed in. Most people would get that project done in the latter half of the fiscal year of appropriation and then——

General LUPIA. And have the full construction.

Mr. OLVER. And by December whatever, they would have the whole thing boxed in so they could finish it up in the winter. Maybe that is a serious problem.

General LUPIA. Yes, sir.

Mr. OLVER. I can imagine that being a serious problem.

It is interesting, in your program,—I guess your question if we were to not go on with this, and just appropriate straight up and just do a number of projects that fit into the appropriate, that was going to be done, that would be—that would cause additional mischief, of course, because your program has three-quarters of the total dollars are in the family housing. That's almost all appropriated monies in the appropriation year 2000. And all—so many

of the projects are deferred at 10—at 20 to 25 to 30 percent, or so on. Would you be able to prioritize those projects?

Mr. HOBSON. I'll bet he has got a list.

Mr. OLVER. Pardon?

Mr. HOBSON. I will bet he has got a list somewhere.

Mr. OLVER. You think he has got a list.

Mr. HOBSON. I don't think he will give it to you.

Mr. OLVER. Oh, well. All right.

General LUPIA. And I will answer that for you.

Mr. OLVER. All right.

General LUPIA. It is going to be a difficult task for us because, under the scenario proposed, the way we are approaching this, and we have been asked for a list, should the appropriation be only $213 million, against the $213 million, where would you like full authorization and full appropriation? Well, $213 million in appropriation is not $213 million in construction.

First, I have got to subtract the money that I need for planning and designing of my out-year programs. I have got to subtract—this is Guard, Reserve and active Air Force, I have got to subtract the money that I need for the urgent projects we call P341, the money we set aside to take care of emergencies as they come up throughout the year. And when I finish all the must-pays, I have some legal requirements. Some of our environmental projects are legally required, and I can't push them off for a year.

My guess is that when I finish that, I have really got about 140 million dollars' worth of discretion to bring you a list for.

And I have got to find a way to take—not I do, the corporate Air Force has to find a way to take $700 million in requirements and get them onto a $140 million list, and this is going to be very difficult for us. We will do it, sir, and we promised we would do it, and we will deliver the list, but it is not going to be an easy process. It will be approved by the Secretary of the Air Force and the Chief of Staff, and it is going to take some very difficult decision-making.

Mr. HOBSON. Thank you.

General LUPIA. The same thing in housing, Congressman. We have, as I mentioned to you, 102 in appropriation—and authorization only 328. So I have got to figure out which house is worse than what other house. Is a house in Florida better or worse than a house in California, better or worse than a house in North Dakota? Sort of a house that needs repair is a house that needs repair, and it is going to be very difficult for us to prioritize, within that project list that we have, which houses need repair the most.

Mr. HOBSON. But you don't run the increased costs on those projects that you will run with——

General LUPIA. That's correct. We have full appropriation, yes, sir.

Mr. HOBSON. What we are going to do is we are going to go by Member's order in which they showed up. Allen will be first, then Dan, and then Sam, and then Todd. Allen, five minutes, more or less.

Mr. BOYD. Thank you, Mr. Chairman, I don't know where to start with only five minutes.

Mr. HOBSON. Well, you can talk about the Florida house, he brought it up.

Mr. BOYD. Well, why don't we talk about that?

General LUPIA. I was looking over there at Congressman Boyd.

Mr. BOYD. Let me shift gears, and I appreciate the tone of the big picture discussion and the one that, obviously, we are all very interested, and that Mr. Olver, and you have been engaging in. This probably won't surprise you, first of all, Secretary DeMesme and General Lupia, it may not be the first time you and I have crossed paths. I was looking at your bio and we may have crossed paths in Tan Son Nhut Air Base back in 1971, I guess. [Laughter].

General LUPIA. That's exactly when I was there. Yes, sir.

Mr. OLVER. General Lupia was taller then.

ENVIRONMENTAL CLEANUP

Mr. BOYD. I was in the country at that time, so we may have very well. This may not surprise you if I ask that we talk about environmental issues a little bit. And let me start by asking you a question, Secretary DeMesme. Can you tell me the environmental cleanup costs that were associated with the last four BRAC rounds were?

Secretary DEMESME. The last four BRAC rounds. I don't have that specific information this morning, but I will make sure that I will get over to you.

Mr. BOYD. Do you generally know the environmental cost, cleanup cost became a major issue associated with BRAC?

Secretary DEMESME. Yes, it did. Environmental cost far exceeded what we originally thought it would because of the different requirements and the levels of cleanup that we are expected to accomplish. Those costs, of course, made it more difficult for us to realize savings as we began to close out the bases. We are still working with different agencies, with EPA and with the locals to make sure that we meet our requirements there. But I will get that specific number to you at a later time, sir.

[The information follows:]

ENVIRONMENTAL ISSUES

The cost for BRAC environmental cleanup for the last four rounds as shown in the FY00/01 PB was $1,911,309,000 through FY 99.

General LUPIA. Sir, I would like to be sure that we explained to you, though, that the reason that we have increased environmental cost with base realignment closure is that we have to accelerate the work that we are going to do. In the process of deciding what is going to close or what isn't going to close, we pretty much take environmental costs as a wash, being you are going to have to clean it up whether the base stays open or clean it up whether the base closes. What happens in the closure is you accelerate that process so we can clean up and turn it over to the local communities.

Mr. BOYD. Yes. One of the issues, though, has become that you don't have technology to deal with the waste. Having served in the state legislature and dealt with cleanup issues, underground storage tank issues, those kinds of things, it is constant battle to try to find technology that works in specific instances.

Secretary DEMESME. I will find the exact method that used to clean up certain things. Sometimes there is more than one way to clean up and you have to work with the state regulators to determine exactly how you want to make that happen.

What I can say is that we have developed good working partnerships with a lot of people in many different communities, and right now everything is on track. The total cost, I am not totally aware of. But we are on track with where we want to be in most of these areas.

Mr. BOYD. Secretary DeMesme, in reading your statement for the record, you mentioned the new weapons systems that we all know will be here within a few years. Obviously, those weapons systems have some environmental waste issues associated with them. Would you concur with that, and what——

Secretary DEMESME. The weapons systems?

Mr. BOYD. Right.

Secretary DEMESME. Having environmental waste?

Mr. BOYD. Right. Right.

Secretary DEMESME. All of them have environmental implications.

Mr. BOYD. The F–117, F–22, B–2.

Secretary DEMESME. They all have wastes, yes, sir. And, of course, we have to look at each one individually. And we have groups of experts out there looking at that. As we design and fund these programs, we are trying to ensure that we have incorporated the cost. But at this time I don't have a specific cost that would be associated with any particular project.

Mr. BOYD. General Lupia knows where I am going. I notice he is writing a note to you.

So, Mr. Chairman, I hate to be parochial, but I have been working on this issue for a long time now, and I am just going to be parochial today, but parochial in the big picture of a real issue we have to deal with in the Air Force facilities and Air Force weapons systems, and that is environmental cleanup.

Secretary DEMESME. Yes.

Mr. BOYD. Let me just get to the point here. Innovative—and from your statement, you are exploring, and I quote, "innovative partnership arrangements with the industry to achieve real reductions in research, development, technology and evaluation infrastructure costs." That's on page 20 of your presentation.

Let me say it again, you are "exploring innovative partnership arrangements with industry to achieve real reductions in research, development, technology and evaluation is costs." Now, I realize that sometimes the right hand doesn't know what the left hand is doing, and the Air Force is not any different from other large corporate entities in that. However are you aware that the Air Force has already stated its plans to start RIFing civilian lab personnel this Friday at an environmental lab? You have?

Secretary DEMESME. I am not totally aware that we have begun any RIFing procedures yet. I know that there was some thought as to how we would execute one.

Mr. HOBSON. There is going to be an announcement on Friday.

Secretary DEMESME. But it hasn't been announced yet.

Mr. BOYD. There will be an announcement on Friday.

Secretary DEMESME. And, of course, what we have to do is give as much time as we can to those people who would be affected in order to minimize the impact on them and to get them placed.

Mr. BOYD. But, Madame Secretary, in light of your statement that you are exploring innovative ways to involve industry, and that is really what most of these labs are, they are private sector folks who are contracting or working hand-in-glove with the Air Force. How do you justify making that statement in your presentation today and then, on the other hand, not keeping the commitment we have to the places that we already have operating, which are doing good work?

Secretary DEMESME. Any time we want to take some innovations and realize efficiencies and explore new ways of doing business, unfortunately, we run the risk of impacting people at different locations. I don't know specifically all of the particulars that go into the Tyndall project, but what I can say for certain to you is that we will do the best we can to minimize the impact on people who are employed there by offering other possibilities of employment or training opportunities.

It's difficult, and I believe that about 70 people will be impacted. In the past we have been able to mitigate some of the job loss of those people by retraining and helping them find employment elsewhere. We will use whatever tools are in the system to do that.

Mr. BOYD. Well, the problem I am having——

Mr. HOBSON. Now,——

Mr. BOYD. Five minutes?

Mr. HOBSON. No, you have longer. Are you talking about Tyndall, is that what you are talking about?

Mr. BOYD. Yes, sir. And there are some others, too. Brooks.

Secretary DEMESME. Brooks.

Mr. BOYD. Brooks, there are some others in this issue.

Mr. HOBSON. Well, just for your information, we have got to get everybody in.

Mr. BOYD. Right.

Mr. HOBSON. And we will get them.

Mr. BOYD. My last question.

Mr. HOBSON. All right. Can we stop now? If you can stop now, we will come back, you can get another shot. We will stay here till you get another shot. Okay. Because I want to make sure everybody gets their shot.

Sam, you are up because Dan left.

Mr. FARR. Well, thank you very much, Mr. Chairman. As long as everybody is taking shots, we will just keep the barrage going here.

I am very interested in following up Mr. Boyd's question on cleanup. Are you aware that the Department of the Army has just entered into an agreement with the Department of Justice to allow all the base cleanup process to go under a SuperFund process, including UXO? And do you have any idea what that is going to cost the Air Force?

Secretary DEMESME. I personally am not aware of that, sir. General, Lupia, are you aware of that?

Mr. FARR. Nobody seems to be aware of it. It is going to cost this country billions of dollars.

General LUPIA. I have to tell you, Congressman, I am not aware of what you are speaking about. My environmental expert here, Ms. Pohlman, tells me that it may involve the Formerly Used Defense Sites, what they call the FUDS program.

Mr. FARR. It has to do with the cleanup at Fort Ord, which is the largest closed military base, and it has to do with all kinds of cleanup, not just UXO. Everything will now come under the Super-Fund protocols, which is a much more elaborate, and extensive, and costly protocol.

Well, you ought to check into it.

General LUPIA. I think we are going to have to——

Mr. HOBSON. If I can interject one thing at this point. I brought this up yesterday in the hearing on defense appropriations with the Secretary. He was not aware of it at this time. But I can take it to his level at this point.

At this point, I understand it, it relates to one particular situation. I think the problem that he is raising is that if this is successful, it could then become a precedent used in other cases across the country, which will dramatically increase the cost. You will lose your control. And so that is why we are raising this question.

I understand that it is new, but I think he is raising a valid point that if this gets in and becomes set in a pattern, even though it may be specific only to Fort Ord at this point——

Mr. FARR. It's the result of a lawsuit.

Mr. HOBSON. Yes. It will now become and be used as a precedent across the country, which you all need to be aware of. And I think he has done everything—in bringing it forward, because, as I say, I raised it to the Secretary and nobody was aware of it. So I just want you to know I did that.

Mr. FARR. Thank you for doing that, Mr. Chairman, I really appreciate it. It is something that the Air Force and the other services are going to have to look at, because it is the settlement of a lawsuit, and, obviously, if any other community decides that they aren't satisfied, they could bring a similar lawsuit and it becomes legal precedent.

CONTRACTING WITH LOCAL COMMUNITIES

The next thing I wanted to ask about is, you know, all of us represent communities, and we certainly know the value of that, what I call the corporate citizen in the community, the value to the economy of an area. But what I have really learned since I got into Congress is how little the military does with contracting for construction through the local community. What assurances do you have in all this money you are asking us to appropriate that local contractors will have any access?

Secretary DEMESME. Sir, we have not always had large programs that we have contracted out, so we are just really venturing into this new area. We are looking very closely at local contracting. It saves us money and it gives us expertise at the level where the communities live and they certainly know the flavor of the community and they know the people in the community. So we are going to be working very closely with our locals to contract where we can get the best for our money and make the whole community thrive.

Mr. FARR. I appreciate that. One of the things you are going to have to look at is in order to stand as a qualified bidder, the requirements for the bond capacity and so on are often so high, even for small projects, that local contractors can't compete. They can do the work, they just aren't qualifying under federal law to bid, and I would hope that you would look at that process and make it much more user-friendly and ensure there is some causal connection between the project, particularly base cleanup, and local contractors. We have these master contracts let out of Washington that affect bases all over the United States and at prevailing wages, that the local work force doesn't get any benefit from it because the out-of-state or out-of-community contractor comes in with his or her work force and does all the work.

And, you know, when we are doing construction, we are doing a disservice to the attitude of the community towards the military when we are not engaging the local economy in helping the military build, and, I think, operate base operations. I think we ought to be moving a lot more to contracting with cities for police, fire protection, and maintenance and public works protection. I think we ought to be looking at housing authorities to run housing opportunities. I think that there is a better bang for the buck, and that the quality of life for the uniformed personnel will be better, because they would be like the rest of the community. In most cases, the communities——

Secretary DEMESME. Your concerns are well noted, sir, and that is something that we will take under advisement, and we will energize our small business office to see if there is anything we can do in working these issues and we will be mindful of this when we work on it.

Mr. FARR. Thank you. I will follow up with some questions and I would like to know the timeline you would want to have to implement it.

Mr. HOBSON. Mr. Tiahrt, five minutes.

Mr. TIAHRT. Five minutes.

Mr. HOBSON. More or less. We are giving everybody a little leeway. We will come back.

Mr. TIAHRT. It seems like we have, if I can use an analogy, 10 pounds' worth of needs out here, and yet we are looking at a five pound sack.

Mr. HOBSON. I would say a one pound sack.

INCREMENTAL FUNDING

Mr. TIAHRT. We are trying to put 10 pounds in a five pound sack by this forward funding. We are cutting MILCON by about 36–40 percent, somewhere in that range. If we are going to do this forward funding for about two years, what waivers will you need in construction in order to accommodate this multi-year—style? Are there waivers that are needed? If so, what are they?

Secretary DEMESME. Yes, sir, there are, and I am going to let General Lupia, who is more of an expert on that, discuss some of them with you.

General LUPIA. Actually, sir, what we probably need most is what I mentioned a little bit earlier about authority for reprogrammings. I believe that in the federal acquisition regula-

tions, there are enough clauses that we could use today that basically tell anybody who would bid on a project that all this work is subject to the availability of funds in a future appropriation from the Congress, that being the Fiscal Year 2001. I think those provisions already exist.

What we do need, though, is a little bit more flexibility, actually, a lot more flexibility to be able to reprogram—if the Congress were to appropriate down near the 25 percent for each line item, we do need the authority to reprogram against the larger dollar amount, the authorization amount, as opposed to the appropriation amount. But as far as changes to the federal acquisition regulations and such, I don't believe we know of any that are required, and I say that based on my conversations with our construction agents in the Army and the Navy. We haven't identified any yet that really would need to be changed in legislation.

Mr. TIAHRT. So you don't think you will need to ask for any statutory changes in order to accommodate this type of forward funding plan that you are going to venture out on?

General LUPIA. No, sir. Only the reprogramming part of it.

Mr. TIAHRT. Will you reprogram money now?

General LUPIA. Yes, sir, but we reprogram against the appropriations. So, for example, we have a line item that might have a $23 million authorization but only a $5 million appropriation. Today, it would require me to reprogram against that $5 million appropriation as opposed to the $23 million authorization.

At some point, if we award a contract, and we only have 25 percent of the appropriation, and you subtract 5 percent of it for termination costs, and you subtract some for contingency, at some place along the way, if the '01 money doesn't come on 1 October, the Army or the Navy, our agent, is going to have to tell a contractor shut down.

Close up the project and that becomes expensive.

Mr. HOBSON. You've got to get the money from somewhere.

General LUPIA. On the other hand, if we have authority to transfer funds up to the full $23 million authorization it gives us more flexibility to keep that guy working all the way up to the amount of money we have in our hands.

Mr. HOBSON. You've got to get it from someplace——

General LUPIA. I have got to take it from other projects, yes, sir. I have got to move it from other projects.

Mr. TIAHRT. The Administration is requesting two additional BRACs. I would venture to say that somewhere in military construction we are going to invest money later on a facility will be caught up in the base realignment and shut down—so that would be part of the termination clause?

General LUPIA. Yes, sir.

Mr. TIAHRT. Are we increasing our risk when we know there is a pending BRAC with forward year funding?

General LUPIA. I am trying to think through whether there is a connection between the advanced appropriation and BRAC, whether it was a full appropriation or only a partial appropriation. I don't think it would make too much difference,

I think we are in the same predicament either way in terms of its relationship to BRAC.

Mr. HOBSON. Frankly, we may be better off this way because you won't have as much at risk.

Mr. TIAHRT. But if we obligate for future year funding, and then we terminate the facilities, where does that put us in the process? Would we have been better off to——

General LUPIA. I guess it would be you would take the money back——

Mr. HOBSON. In some form of rescission.

Mr. TIAHRT. But I kind of feel we are robbing Peter to pay Paul which is over used, I know that if this forward funding is a good deal, why do we stop at two years? Some of these projects take more than one year to construct. Some are more than two years to construct. Why don't we take that forward funding five years, and then we can spend $50 million?

It seems like the trend that we are going in seems too risky as far as our commitments given the pending BRACs; the changing in the scope of the missions—they seem to be moving towards more of an international police force than it does to protect us from a common threat.

Is this forward funding good enough to extend it to five years instead of just two years?

General LUPIA. Sir, I don't believe anybody including the highest ranking members of the Department of Defense have testified that this is a good deal or it is a good idea.

We recognize that we have a problem in 2000 that we have readiness and modernization initiatives which must be funded and this was a way to solve that problem, and I think the Department of Defense has brought this idea over clearly as required for one year. We make up the difference in 2001—we hope to make up the difference in 2001. In this $471 million for the Air Force in 2001 is on top of a fully-funded 2001 program so we now begin to talk about 1.1 or 1.2 billion dollars for an 2001 program in terms of appropriation.

Mr. TIAHRT. I'm glad that nobody thinks it is a good deal. I don't think it is a good deal either. I think it's poor planning on our part and in a year when we are projected to have, if you agree with—including the social security—a $130 billion surplus, and when you look at the President's budget, which has an additional $150 billion in fees and additional taxes that we have to have a shortfall in military construction which directly affects the quality of life for voluntary military and which we are having trouble recruiting people and retaining personnel. This doesn't make sense to me. This seems like it has gotten the lowest priority in the budgetary process, and that is upsetting to me, especially in light of the current problems we are having in retaining pilots, retaining people 14-15 years into their career who are now leaving. And it revolves around short supplies of funding in construction and in the Department of Defense, so I am glad that nobody thinks it is a good thing. I agree.

Mr. HOBSON. Thank you. Since Mr. Walsh just arrived from chairing his other Committee, we are going to let him go right now.

Mr. WALSH. Thank you, Mr. Chairman.

Mr. HOBSON. He hasn't had a chance to get in this round.

Mr. WALSH. I have got a hearing going on so——

Mr. HOBSON. That I am supposed to be at.

Mr. WALSH [continuing]. That you are supposed to be at. [Laughter.]

Mr. WALSH. Anyway, thank you, Mr. Chairman and members of the subcommittee for allowing me to do this.

Good morning—thanks for coming to the hearing.

Secretary DEMESME. We'll be back. [Laughter.]

REAL PROPERTY MAINTENANCE FUNDS FOR AIR NATIONAL GUARD

Mr. WALSH. I have an Air National Guard base in my district, 174th Fighter Wing, and they fly F–16s and in the past when I have visited them they have expressed concern that their facilities are deteriorating because they can't get enough real property maintenance funds.

As I understand it, real property maintenance funds are used mostly for maintenance and repair of the infrastructure and very few minor new construction projects

Could you explain to me how real property maintenance funds are allocated to the Air National Guard and how we can break the cycle of using these funds as bill of fares for those shortfalls.

General LUPIA. Sir, I will try to give you the umbrella answer and then ask the Air National Guard if they would like to provide any additional detail.

In the Air Force we made a conscious decision last fiscal year and we will do it again in Fiscal Year 2000 to fund real property maintenance at 1 percent of plant replacement value.

Real property maintenance for us in the Air Force is big business. It is $2.4 to $2.5 billion and any time I talk Air Force I am talking about the active and the guard and the reserves, the total force, and then we take that money, the $2.5 or so billion and we break it into two categories. One we call real property services. That is how we pay our utility bills and run our fire departments and do all the things we have to do to open the doors every morning.

The other part is called real property maintenance and that is how we fix leaky roofs and take care of air field pavements and such.

We then go into the Air Force model that has a plant replacement value for every command in the Air Force and we distribute the money based on one percent of their plant replacement value, so it is equitable, whether you are talking about Air Combat Command, Air Mobility Command, the Air Force Reserve or the Air National Guard.

I would like to offer General McKinley an opportunity to talk about any specific real property maintenance problems the Guard has, but that is how it works from a big picture perspective.

Mr. WALSH. One percent of the plant replacement values——

General LUPIA. Yes, sir.

Mr. WALSH. That is about a replacement cycle of about 100 years, right?

General LUPIA. Yes, sir.

Mr. WALSH. This is—the money that actually replaces facilities comes from the military construction program, not from the real property maintenance program. The real property maintenance

program really does what you said, maintenance and repair on existing facilities. It does not replace facilities.

Mr. WALSH. Any other comments?

General MCKINLEY. Mr. Chairman, I am Brigadier General Craig McKinley, the Deputy Director of the Air National Guard. It's a pleasure to be here.

Obviously, sir, RPM, for Air National Guard units, is a big quality of life issue to us. The Syracuse unit is much like all the other 88 flying units and our other geographically separated units, in that, if we don't upgrade our facilities and maintain them, then our traditional Guardsmen and women, those who serve, don't have adequate places to work.

General Lupia is exactly right. General Clem for the Air Force Reserve and myself sit corporately with this team and rack and stack the greatest priorities. We have played along with them at the table.

If we had more money, could we use it to do more? Yes, absolutely. The answer would be yes. We try to balance our RPM to the 50 states and the four territories that have units in the Air National Guard and we are concerned as you are that we continue to maintain our facilities.

Right now we would like to have more money in the RPM accounts but presently this does not exist.

Mr. WALSH. Thank you. Yes, sir?

Mr. FARR. Would the gentleman yield?

Mr. WALSH. I would be happy to yield.

Mr. FARR. How much of a responsibility for the Air National Guard is borne by the states?

General MCKINLEY. Sir, unlike the Army National Guard, which has state matching funds used predominantly in the armory building business, the Air National Guard is Federal money.

Mr. FARR. You get some payroll money.

General MCKINLEY. We have some payroll money but it is a much smaller percentage, sir, than the Army National Guard.

Mr. FARR. Would the situation that Mr. Walsh talked about lend itself to local base ops support?

General MCKINLEY. No, sir. I think in the Air National Guard, particularly in the RPM accounts, this is a corporate process. We compete for the 1 percent replacement value and we would be able to take care of those types of issues for the Air National Guard.

I can't speak to the Army Guard but I believe that the states have a much larger impact over Army Guard units than Air Guard units.

Mr. HOBSON. Let me interject something here though. I don't know about your base but most Guard bases tend to be on municipal airports.

General MCKINLEY. Or leased property.

Mr. HOBSON [continuing]. Or leased property. Let me put it that way.

General MCKINLEY. That's correct.

Mr. HOBSON. And therefore there is some, a little bit, but they do most of the work, my experience has been at my Guard base, which is a flying unit, they actually add a lot of facilities to that particular community, much more than they get back in monetary

from that community, but there is some of that and I assume your base is probably—

General MCKINLEY. We are at the commercial airpoart.

Mr. HOBSON. Commercial airport, yes, and mine is at Springfield Municipal Airport.

General MCKINLEY. Yes, sir.

Mr. HOBSON. Now the Reserve on the other hand has been very good—Wright-Patterson—helped on a project in putting in some money so there was money that went in there. We had a little discussion where the money was coming from but the Reserve did step up and put some money into Wright-Patterson, which is again on, that is on a Federal facility, so there is this mixed blend.

Mr. WALSH. Reclaiming my time then, General, I have been told there is a new communications unit about to be placed in my district at the Air Guard's base. Construction of a facility for it is not included in your fiscal year budget. Are there any other units in the same situation in other states that have new units or commissions which would require MILCON projects that were not included in your Year 2000 request?

General LUPIA. Again, sir, I'll give you sort of an umbrella answer and then ask General McKinley to give the specifics.

The requests from our major commands including the Guard and Reserve for this year's military construction program was at $2.2 billion and as you see we brought a request for authorization for $699 million, so only one-third of what all of the major commands in the Air Force felt they needed in this fiscal year was able to be funded within the Air Force—was able to be authorized in his year's request, and so there are many, many, many shortfalls but the specifics I am sure General McKinley has.

General MCKINLEY. Sir—Congressman, you are referring obviously to the Roslyn to Hancock move. That was a late breaker that was not able to get into the funding program. We can provide a list for the record of the other units around the country that have similar situations, but suffice it to say, we want that move to occur. It is a good mission change. It is a good re-role of what we had done from a Cold War strategy to a 21st century strategy for the Air National Guard, so we fully commit to getting that unit down in a proper manner but I would provide for the record the other issues which you are asking.

[The information follows:]

AIR NATIONAL GUARD PROJECTS

In addition to the deferred new mission MILCON project at Handcock Field, NY, the Air National Guard (ANG) has had to defer others due to constrained MILCON funding. Inefficient workarounds will be utilized until permanent facilities can be provided.

DEFERRED AND NEW MISSION REQUIREMENTS

Project	$(000)
Robins AFB, GA–B–1 Aircraft Beddown	$33.0M
Munitions Maintenance and Training Complex	9,800
Operations & Training Complex	6,100
Supply and Equipment Warehouse	5,400
Base Engineer Maintenance Complex	3,200
Vehicle Maintenance	2,100

DEFERRED AND NEW MISSION REQUIREMENTS—Continued

Project	$(000)
Avionics Shop (not yet in FYDP)	6,900
Kelly AFB, TX [1]	$6.5M
F–16 Add/Alter Squad Ops/Flight Training Facility	3,400
F–16 Squad Ops/Flight Training Fac (not yet in FYDP)	3,100
Springfield ANGB, OH [1]	$6.0M
F–16 Add/Alter Squad Ops/Flight Training Facility	1,700
F–16 Squad Ops/Flight Training Fac (not yet in FYDP)	4,230
Atlantic City ANGB, NJ	1,4M
F16–ADAL General Purpose Shops (not yet FYDP)	1,400
Puerto Rico ANG, PR	$1.6M
ADAL Squadron Operations (not yet in FYDP)	840
ADAL Aerial Port (not yet in FYDP)	740
Boise ANG, ID	$5.3M
Add/Alter Base Supply Complex	3,000
Fuel Cell/Corrosion Control Facility	2,300
Jacksonville ANG, FL–F15 Conversion	$2.4M
Add to Fuel Cell Hangar	2,400
Key Field, MS–New Communications Mission	$6.4M
Communications/Electronics Training Complex	6,400
Hancock ANG, NY	$8.9M
Communications/Electronics Training/	8,900
Aerospace Support Equipment Complex	8,900
March ANG, CA	$3.6M
KC 135 Add/Alter General Purpose Shops	3,600
Grand Total	$75M

[1] Note: Facility site survey identified additional requirements that increased the scope of the project. This change occurred after submission of the FYDP.

Mr. WALSH. Are you concerned that these units will not be able to fulfill their mission without those new facilities?

General MCKINLEY. We certainly would like to get the new facilities up and running as quickly as possible but the Air National Guard has a strong tradition of getting the job done even with work arounds.

The proper way, though, is to get the right adequate buildings at the right time.

Mr. WALSH. I have several other questions but I will just ask one more, if that is all right with you.

Mr. HOBSON. Okay.

Mr. WALSH. It seems that many of the Air National Guard program requests are small compared with the cost of construction these days. You only requested $2 million in the unspecified minor construction program.

As I understand it, this money is used for construction that must be accomplished within a short timeframe and cannot wait for normal MILCON processes.

Will this satisfy your requirements?

General MCKINLEY. Sir, we asked for about a little over twice that much and through the racking and stacking process this is what corporately we were able to get.

Obviously we would be able to execute if additional funding in the unspecified accounts were made available.

Mr. WALSH. Thank you. Thank you, Mr. Chairman, for allowing me to ask those questions.

FAMILY HOUSING PRIVATIZATION

Mr. HOBSON. Thank you. I am going to ask one and then we will go back to the next round, but this one may provoke some discussion from other members, because it is something that is of an overall concern to the entire Committee as we have grappled with this problem. It's something new.

The family housing privatization initiative was originally intended to be a supplement to the traditional housing program. We are seeing more and more emphasis on this program, which is still in a, quote, "pilot" stage.

For Fiscal Year 2000 the Army did not request a single traditional family housing project in CONUS. In contrast, the Air Force is implementing a more balanced program. Can you explain to us why the Air Force is taking a more cautious approach than the other Services?

Secondly, does the Air Force anticipate that there will be any significant financial savings from privatization as compared with the traditional program? And lastly, the statutory authorities established for the military housing privatization initiative expire in February 2001. How will the Air Force proceed with its housing program if these authorities are not regranted?

This may open up, I think, some more discussion as we go.

Secretary DEMESME. First of all, sir, let me thank you for acknowledging the fact that we are taking a measured approach to family housing and privatization. This is a very serious issue for us because housing is one of our members most valued quality of life initiatives, and in order for us to maintain our ability to provide housing, not only for today, but for tomorrow, we thought it was necessary to develop a family housing master plan that would allow us to look across the Air Force, to deal with unique needs of different communities and to assure that any of the housing that we developed was, first of all, affordable, safe, and accessible to the bases where we needed our men and women to work.

We have looked at a myriad of things in determining how to privatize. We are looking at different ways of doing it. We don't believe there is a one size fit all approach depending on where you are. Privatization is very essential for us because it allows us to provide housing now when people need it, wherein if we were to go the traditional budgeting round, it would take us many, many, many more years to have housing available.

So, privatization, we believe will work. We will talk a little bit about our Lackland project, which is our first one to be approved in this matter. We are getting a lot more units than we would have otherwise. General Lupia is going to talk specifics in a minute. But I just wanted to say that this is a very serious initiative for us, and it means a lot to our people, a lot to recruitment, a lot to retention, and we thought that the tool that you gave us to go out and test this in a pilot program deserved our utmost conservative approach to making sure that we could do it right.

So we have got Lackland on board, on track. We have got other housing that we are going to be looking at in different parts of the country. And General Lupia is going to give you a general idea of where those are and what is involved in conveying or leasing, or

different kinds of partnerships that we are entering into with our private sector.

Mr. HOBSON. General.

General LUPIA. Sir, to specifically answer your question about the difference in the Services, the Air Force considers taking care of its people a core competency, recruiting airmen, retaining them and their families, and so family housing becomes terribly important to us, and we will not allow any commander in the Air Force to not take care of his or her responsibilities in terms of family housing. So, a very high priority for us because of our culture and the way we think.

Our program in family housing is made up of three components. One is the privatization piece, the second is traditional military construction, which we asked you for a $328 million authorization for today, and the third component is what we are able to do within the operations and maintenance accountant in family housing, because if you look at the budget before you, you will see that the family housing budget for the Air Force is $1.2 billion. Only $310 million or so of that is in new construction and improvements. The vast majority of the money is the operations and maintenance part of housing where we have major projects that renovate houses and take care of them for us. As a matter of fact, the number one item on the Chief of Staff and Secretary of the Air Force's unfunded priority list for infrastructure is an increase of $200 million for family housing O&M.

And so we can do large projects, I think you saw some of them actually in your trip through Europe, to take care of our family housing.

Mr. HOBSON. I am just worried about the process, as you know.

General LUPIA. Yes, sir. So, and I am ready to talk a little bit more than I was in your office the other day to talk about that. But, in any event——

Mr. HOBSON. You are beginning to get the message.

General LUPIA. In any event, this one piece, if we home in on the one piece called privatization of family housing, the Air Force program today, we have 77,000 houses in the CONUS, those are the only houses that are eligible for privatization. We are looking at privatization activities in terms of about 10,000 houses at 12 different installations.

I am proud to say that we are the only Service that has a contract award under the 1996 legislation that allows us to do this. That was at Lackland Air Force Base in Texas, where we parlayed $7.0 million of Air Force money, taxpayers' money, and put it together with $36 million of industry money to pull off a $42 to $43 million project. So we do have one contract award. Our sample is one here, but on a sample of one, a very good experience. A ribbon cutting for the first of those houses is scheduled for August of 1999.

The second effort is at Robins Air Force Base right behind that, 600-plus houses. The third one, which I am hoping you will release to us today or tomorrow, is at Elmendorf Air Force Base in Alaska, over 800 houses.

Mr. HOBSON. You have to be realistic in how many you can build a year.

General LUPIA. Yes, sir. We have some very good answers for you, I believe, that are on their way back to you.

Behind those, nine more projects. I would like to address specifically your question about, is there large cost savings here? And I think the very candid answer to that is it comes real close. And the reason for that is that if we take a typical project and we say on the one hand we avoid the large investment in military construction, as we build these houses and families move into them from what, in essence, used to be a base house, that has now been transferred to a developer, we have to pay those families their basic allowance for housing. And so the bill goes up on one side for basic allowance for housing, but the bill comes down on the other side for traditional military construction.

And after a pretty fair amount of analysis, the financial management community has said, price-wise, long-term, life cycle costs, this comes out pretty close to a wash. The big advantage to us, though, sir, is that in the backlog of work that has to be done for family housing in the Air Force, we have got a 26 year cycle that we are on right now. It is 26 years before we get back to a house to do a major renovation. We believe with the leverage that we receive from privatization, that we will cut that cycle from 26 years down to somewhere around 11 to 12 years, fully meeting the Defense guidance which says, get your housing inventory taken care of by the year 2010. And so that is our program in a nutshell.

Mr. HOBSON. Well, you know, we have a lot of problems about the shifting of those accounts.

General LUPIA. Sir, in the Air Force, there is no money shifting from the family housing account to the personnel account. The Air Force is, in its rebuilding of the POM, putting the money into the program to pay the additional basic allowance for housing, so that the family housing program remains $1.1 to $1.2 billion a year. The money that we are kind of calling savings from the privatization initiative stays and goes into the operations and maintenance part of that and builds up then the number of houses that we can take care of with that additional money. So, in the Air Force, there is no shift of money from the housing account to any personnel accounts to pay this additional basic allowance for housing.

Mr. HOBSON. Does anybody want to carry on with this?

Mr. OLVER. I would like to carry it just a moment. Lackland is under contract. How many is that?

General LUPIA. Yes, sir. Lackland, we are going to receive 420 units of housing. We have paid for——

Mr. OLVER. Robins, is that funded—was that funded in 1999?

General LUPIA. Yes, sir. Robins, we have in hand proposals that were evaluated.

Mr. OLVER. And Elmendorf also was in 1999?

Secretary DEMESME. In 1998.

Mr. OLVER. Ninety-eight.

General LUPIA. We call it 1998 because we gave it the fiscal year of the year we brought it to the Congress for approval, in essence. So we came to you——

Mr. OLVER. But, none of that is in the 2000 budget?

General LUPIA. No, sir. No, sir.

Mr. OLVER. Are there other projects besides Robins and Elmendorf that are already out there ready to go, previously appropriated?

General LUPIA. Yes, sir. Dyess.

Mr. OLVER. You have pointed out that you are the only one that has an actual contract out under the 1996 authorization.

General LUPIA. Contract award.

Mr. OLVER. Contract award.

General LUPIA. Yes, sir.

Mr. OLVER. I am just trying to get an idea of which others are ready to go in already appropriated funds.

General LUPIA. Okay, sir. Besides Robins and Elmendorf, Dyess, which seed money comes out of the 1998 and 1999 military construction program.

Mr. OLVER. And how many is that?

General LUPIA. Dyess Air Force Base is 402 units.

Mr. OLVER. Okay. What else?

General LUPIA. The next one is Mountain Home in Idaho, 1550 units.

Mr. OLVER. And that is all already appropriated?

General LUPIA. Yes, sir. As a matter of fact, I am happy to tell you that you didn't have to appropriate as much for Mountain Home because we took the savings from Lackland and we reprogrammed them to Mountain Home. We actually had $17.7 million from the Congress to do the Lackland deal, it turned out we only needed $7.0, and so we reprogrammed to cover the cost for Mountain Home, so we didn't have to ask for another $10.7 million from you.

Mr. OLVER. Does that complete the list of those that are already——

General LUPIA. No, sir. No, sir. Kirtland Air Force Base comes from earlier appropriations, that's 1890 units. Patrick Air Force Base, 999 units, which will eventually, in the end state, be only 552, because we demolish some and give some way, et cetera. Dover Air Force Base, 522 units, and Hurlburt Air Force Base, 573 units, but we have no military construction money to put up against that one. Wright-Patterson Air Force Base,——

Mr. HOBSON. Well, let's hear that.

General LUPIA. Wright-Patterson Air Force Base is probably the project we will be proudest of when this is all finished.

Mr. OLVER. You gave one through all kinds of obstacles to get there, so you will have to be very proud of it.

General LUPIA. I am certain that it won't be very long before we will be making a presentation to the Congress about the project. The project is for 1200 units, all enlisted housing. We have seed money of $5.6 million that came out of the 1999 military construction program. We are going to take, after the Chief of Staff's approval of our concept, we are going to take the concept to OSD this month, and then be prepared to release it to the Congress for notification shortly after that.

Tinker Air Force Base, 730 units, and this is the first time you will see a request in 2000. We need some seed money to come out of 2000 for Tinker Air Force Base in Oklahoma, and then McGuire

Air Force Base in New Jersey is our last project, 999 units. I would be happy to provide that for the record and give you the details.

Mr. OLVER. So I was just sort of curious then, what is it that you are—what is in this '00 request for additional——

General LUPIA. In privatization, sir?

Mr. OLVER. In the privatization.

General LUPIA. For privatization, only the Tinker piece I mentioned to you. The rest of the $328 million is for traditional military construction to upgrade our housing as proposed under the request.

Mr. OLVER. So the request in the '00 budget is basically all to support the list that you have given?

General LUPIA. No, sir.

Mr. OLVER. No.

General LUPIA. The exact opposite. In the Fiscal Year '00 authorization of $328 million, only $6 million at Tinker would be seed money for privatization. The rest of the money is for traditional military construction to improve housing or build new ones.

Mr. OLVER. Okay. So, again, I think what I was trying to get at was that there is no new base that is being brought into this list. What is in this 2000 budget for privatization just completes that list. And it only seems to be for Tinker that you are thinking——

General LUPIA. Yes, sir.

Mr. OLVER. And you end up reprogramming because you have saved so much in some other places. You did in Lackland that allowed you to move it to Mountain Home, or something like that. But there is no new base other than that list of about 10 or 12 that are already out.

General LUPIA. One of the reasons is the legislation will expire, sir. The legislation was only for five years. So, now, if the Congress should decide to extend the legislation, then we would relook at——

Mr. OLVER. So you are hoping to get the contract before the authorization goes away.

General LUPIA. Yes, sir, we have to.

Mr. OLVER. The bunch of these in their entirety.

General LUPIA. Yes, sir. Yes, sir. And 2000 is pretty late to get the contract by 2001.

Mr. OLVER. And in the process, you will have actually gotten about 11,000, or you can probably come up with something like that out of your 75,000?

General LUPIA. Yes, out of 77.

Mr. OLVER. So, it is a privatization replacement of housing, it is not new and additional housing, but, basically, you will then have 65,000 or something like that under the old program, and 11,000 under the new program.

General LUPIA. Mainly for ones that you are calling under the new program will be today's existing houses that we will be divesting ourselves of, and a private developer will now have——

Mr. OLVER. I realize that. But, in net, you are not going to have more houses.

General LUPIA. No, sir. No, sir.

Mr. OLVER. You may be tearing down really dilapidated, terrible stuff and replacing it with equivalent numbers under the privation program in one or another place.

General LUPIA. Yes. There are, as a part of some of the—part and parcel of some of these projects, there are some new houses we get. The example being Elmendorf Air Force Base in Alaska. We transfer 528 houses to the developer, and, in addition to the ones we transfer, the developer provides us 300. So we do get 300 units of new housing, if I am giving you the right number here. We are building 300 units of new housing, with 56 dilapidated units being demolished, giving us a net gain of 244 units at Elmendorf, against a very big deficit of over 700 units.

Mr. FARR. What happens to the 528?

General LUPIA. The 528 become the developer's, sir. We give—we divest ourselves of these houses to the developer. He owns them, operates them, maintains them, takes care of them for us—for himself, really.

Mr. FARR. For you.

General LUPIA. On a 40 or 50 year lease.

Secretary DEMESME. He will rent them to our people. It will be a direct lease arrangement.

Mr. OLVER. I was going to ask about what your criteria were for deciding, thinking that we had a bunch more projects that were coming along. But you have chose these, these are all at stages in the processing and contracting, so, whatever were your criteria, if you go into it, we have to get further authorization here, then that question would become really relevant perhaps as to what we learned about what criteria ought to be used for this sort of thing.

Mr. HOBSON. We'll see, and that's what, as I understand it, the original legislation was supposed to do, was to begin this program in a pilot stage so they could then sit back and breathe on what they have done and see how it works, and whether they needed to change, after they have done this, along the way, and not divest the Air Force of its entire housing program on something that they haven't—you know, we haven't really studied out. And it was to get this balance down from the 200,000 units that have to be replaced or revitalized by 2010.

General LUPIA. 2010 under the Defense guidance.

Mr. HOBSON. 2010. And it was an ability to kind of enhance what we were doing, but it wasn't to turn over the housing stock into the privatization program.

I mean I think the jury is still out as to whether this is the way they should be configured in the future or not. Everybody is going at it a little differently.

Mr. OLVER. I think that is my question about how you prioritize or how you decide what projects, what your criteria for deciding what projects should be privatized is really relevant still because you have really got 11 of these that are left to be contracted and you want to get them contracted in the next couple of years and it may not be possible to get them all contracted.

General LUPIA. Oh, we'll make it, sir.

Mr. OLVER. Okay.

Mr. HOBSON. He can say it because he is going to be gone.

Secretary DEMESME. We'll make it.

Mr. OLVER. As a general question, maybe you would give us something that is coherent about the criteria that you use in making these choices because if anything has to be triaged, those criteria ought to be part of such a context.

Mr. HOBSON. And I think you ought to do that for the record too. You can do a verbal short version if you want, but I think we would like something for the record. I don't know if anybody has done it, but when a member asks for something on the record rather than just putting it in the record as we all do, I would like you to give the members the courtesy of submitting pages to them so that it actually is jogged in their mind because sometimes these reports don't come back for a long time and in the interim it slips your mind, and I think this will be better for you and I want to do that generally in all of our hearings.

If a member asks for something for the record, I hope that you will give the member the courtesy of pulling that page out or making the page for them and saying here it is.

Secretary DEMESME. We will definitely do that, sir. Definitely.

[The information follows:]

MILCON PROJECTS

The investment priorities in the MILCON Military Family Housing (MFH) program are requirements-based and designed to provide funding to installations using a "worst first" priority. All housing privatization projects identified to date originated from existing housing revitalization projects in the traditional MILCON MFH program. In most of these cases, the Air Force developed an initiative to obtain maximum leverage of existing appropriated MILCON MFH funding to upgrade the "worst units" at the installation. Original project scope was increased to ensure 3 to 1 leveraging as a minimum. At two bases, additional funding was provided by OSD's Competitive Sourcing and Privatization Office (CS&P), previously known as the Housing Revitalization Support Office—HRSO) in order to have a sufficient amount of scoring dollars available for the desired scope. A second major criteria item is that the project should be self-sustaining such that the service members do not have any out-of-pocket expenses as a result of living in privatized housing. The first project at Lackland AFB took over two years to bring to fruition as all the implementation documents relating to the real estate transaction had to be developed. Subsequent projects are using these completed documents as starting points along with the lessons learned to bring the latter starting projects to closure much sooner than our first. Therefore, we expect to complete the original group within the five year test period.

Mr. HOBSON. But you were going to give a little——

General LUPIA. Just a short answer. First, we looked at what the requirements are, then we look at the second piece, which was where do we have some seed money in the military construction program from previous line items, and then the third piece was where can we make this work in terms of at least—at least the leverage of 3 to 1 in terms of payback.

We tried it at a couple of places for example where we had a big requirement. We had money in the military construction program but we couldn't make the payback work—Columbus Air Force Base—as a matter of fact, we had two flops and they both happened to be in the state of Mississippi, which I was not overly enthusiastic about, and so we came over and briefed why they wouldn't work, for two bases in Mississippi.

The fund stream just couldn't provide enough money for the developer to pay the mortgage is a simple way to say it.

Mr. OLVER. Just a final comment. Bearing that in mind, if we are in process and there are long contracts with these privatization projects that go 20 years or 10 years or 15 or whatever they may happen to be——

General LUPIA. 40 or 50.

Mr. OLVER [continuing]. You have the Administration's policy which the Secretary of Defense strongly supports of a couple more rounds of base realignments and closures and so forth and there is—hopefully the ones we are using are the ones that you see as important ones. I don't want to get into this discussion because I know there is not a list, but the money is very tight now and we want to put the money where it has to be over the long haul. I don't think that we would like much to see housing that we have just privatized a thousand units in the first couple years of a contract that has to be bought out because the risk has to be taken up to the developer and have those appear on any one of these later base closure lists.

Mr. HOBSON. And that is why there is one proposal out there I have seen, not in your Service, where there is a developer that says I don't need a guarantee. I will build better housing than you want and if you guys pull out I will take the risk and we will rent this stuff in the marketplace. We are building stuff not to your standards but to a market standard at the money cost and I would suggest that people ought to look at those kinds of things because those to me are the ones that if there is this kind of risk, which I think you all agree there is down the road, if you can find that type of thing and it meets the criteria it is a much better way to go into the privatization than the other.

Allen, you have been very patient——

Mr. OLVER. I would hope, Mr. Chairman, that we would have a little discussion about that one. I would like to hear about that case. I have heard about it several times——

Mr. HOBSON. Okay——

General LUPIA. The Air Force has a project like that in Florida—Patrick Air Force Base in Florida where we are providing no guarantee at all to the developer who would commit——

Mr. HOBSON [continuing]. All the money?

General LUPIA. Yes, sir.

Mr. HOBSON. Good.

Mr. OLVER. Florida is growing so quickly——

Mr. HOBSON. And that is one of the problems I got with the Alaska proposal.

Mr. OLVER. No encroachment anywhere on any military facilities——

Mr. HOBSON. Allen, can you get back to where you were about half an hour ago?

SCIENCE AND TECHNOLOGY

Mr. BOYD. Okay. Thank you, Mr. Chairman.

Let's go back to where we left off on the S&T, science and technology issues. I got a letter here from Delores Hedder, the Deputy Under Secretary of Defense for S&T in which she says in their final analysis the Air Force made a decision to eliminate funding

for environmental technology development in FY 2002, the President's budget request.

How many—what will that affect? How many environmental laboratories do we have in the country, in the Air Force?

General LUPIA. Off the top of my head I'm saying one at Brooks and one at Tyndall——

Secretary DEMESME. Right. Wright-Patt has some.

General LUPIA. Are there any others?

Secretary DEMESME [continuing]. Is it just three? I think we have three.

Mr. BOYD. Laboratories, environmental laboratories?

General LUPIA. In the Air Force Structure.

Mr. BOYD. Right.

General LUPIA. The other Services have some as well.

We're meaning to take that for the record, sir. I am not sure we got them all in that.

[The information follows:]

S&T ISSUES

The Air Force has one laboratory known as the Air Force Research Laboratory (AFRL) and is located at Wright-Patterson AFB. Under the AFRL, there are nine Research Sites conducting research on ten different functions. AFRL performs environmental Science and Technology (S&T) research under Appropriation 3600 (RDT&E) at Research Sites located at Tyndall AFB and Wright-Patterson AFB (WPAFB). The FY00 President's Budget zero's out the environmental S&T budget at Tyndall AFB, specifically affecting Program Elements (PE) 602202f (Human Effectiveness Applied Research), Project 1900 (Environmental Quality Technology) and PE 603723f (Environmental Engineering Technology), Project 2103 (Environmental Quality Advanced Technology). The environmental S&T program at WPAFB under PE 602102f (Materials) is funded across the Future Years Defense Program (FYDP) to develop environmentally safe aircraft coatings. In addition to S&T research efforts, WPAFB performs environmental Testing and Evaluation (T&E), demonstration and validation, of pollution prevention technologies under PE 605854f (Pollution Prevention) which is also fully-funded across the FYDP.

Mr. BOYD. You may not have the answers but the other Services, do they have environmental laboratories? Do they do an environmental——

Secretary DEMESME. Yes, sir, they do.

Mr. BOYD. They do. I don't know that they have made a request to zero fund theirs also. Do you?

General LUPIA. I don't believe they have, no, sir. I think they have left money in their program for it.

Mr. BOYD. Okay, and I'll be very brief, Mr. Chairman, because I know Mr. Farr wants to shift back to housing.

Mr. HOBSON. I want you to be on this, because this is of interest to me too, because, you know, the Air Force technology has always been one of the things that keeps you guys out front and if you start taking this kind of stuff out, I don't know where you are going to be, unless you are going to try to buy it from some other Service, which I don't think has the capability of picking up where you are.

General LUPIA. Sir, the difficulty in this program is pretty much the same as it is in a lot of programs is 10 pounds of requirements in a two-pound sack, and General Paul, who I know Congressman Boyd knows, wrote back to Congressman Boyd. The letter is dated the 2nd of March, Tuesday, basically saying that he has got all these requirements for S&T, for science and technology, and "because of our emphasis of our activities in support of the develop-

ment of an expeditionary aerospace force, a part of that restructure in the Air Force will increase emphasis on space technologies as it integrates air with space capabilities, and will decrease emphasis on other programs. While the Air Force has removed the funding from environmental technology development at Tyndall Air Force Base, the zero—zero program, the one that is in front of you, supports a higher priority air base operations technology development program at Tyndall as well."

So I don't know if that has actually gotten to your desk yet, sir?

Mr. BOYD. Well, I am glad you brought that up because I have not seen that letter and that is the letter that is in response to the letter that I sent on January 21.

General LUPIA. Yes, sir.

Mr. BOYD. Which I want to thank you for your timely response, dated 29 January, in which you said General Paul would answer the letter. General Paul and I have visited some environmental labs together and civil engineering labs together, and this has kind of caught all of us off-guard because of where we thought General Paul was on this issue, based on visits and discussions that we had in person and over the phone.

You know, Mr. Chairman, we have the greatest military in the world today, really because of three reasons. One, we have the best trained personnel in the world. We have the best weapons systems in the world. We have the best logistical and support techniques in the world. Those don't come without a commitment to develop those techniques, whether they be a weapons system, whether it's training techniques, whether they be logistical and support techniques, and talking about a 10 pound load in a 2 pound sack, when we get down the road 30 or 40 or 50 years and we have deserted our environmental commitment, the environmental issues that we are going to be creating and we have deserted that, you really have got a 10 pound load in a 1 pound sack then.

I think it is just so short-sighted, so short-sighted to desert the research and development efforts at this stage of the game and I feel very strongly about that.

Mr. HOBSON. I agree with you. I raised this with the Secretary yesterday in the Defense Appropriations Subcommittee hearing again and I think the thing that has kept this country, especially the Air Force, in the forefront is its S&T and one of the members asked yesterday and said, you know, we're going to contract this stuff out and we hope that works. Well, if it doesn't work, what you have destroyed is a culture that you won't get back in a generation.

If going out and buying it doesn't work, which they think they are going to try to do, you won't be able to bring these people back and you won't be building a culture up in the labs of the younger people coming along, which is a problem right now. You don't have the younger people that you are nurturing to bring into science and technology for the future. The Air Force especially of all the Services, in my mind, that have kept you in the forefront has been your great emphasis on science and technology, not all of which you reap the rewards for right now.

Let me give you an example. We are trying to do technology transfer. We are trying to take composite materials from the labs at Wright-Patterson and make bridges out of them for highways,

so that we don't have to replace bridges in the same way so that they don't deteriorate as fast. We are trying to do that. We are doing a thing with the hospitals now in the visual technology of what we have used in the Air Force for these new vision flight systems to use in operations in surgery and there is all this sort of thing going on there.

A lot of that is going to be lost in the future and a lot of the lab work on these types of facilities that we did is going to be gone, and you're going to try to—you didn't make this decision, but what we're worried about is that you're robbing Peter to pay Paul and you're being penny wise and pound foolish in some of the things that we're doing on emotional reactions at the present time to some funding.

I think that's a real problem, especially in the Air Force, and I think all the members are trying to send this message in the kindest and strongest way we can back to the Air Force, but it isn't going to be kind much longer, I don't think.

Mr. BOYD. Thank you, Mr. Chairman.

My one last question had to do with the letter and you very expeditiously answered that by handing me a copy of the letter I had been seeking since the 21st of January. So thank you very much.

Secretary DEMESME. Let me say, sir, that we do appreciate your concern there. It is not an area that we have entered into lightly. We have a lot of competing interest right now and we're working real hard to meet those. S&T is one that's on the table: we're looking at it. We're not necessarily pleased with the decisions we've had to make, and we hope that in the future, we'll be able to get more funding for these programs. But right now, when we're trying to balance all of our needs. Something has to fall out, and sometimes it's not exactly what we want to fall out.

I know that S&T is very much on my—the Secretary's—is in his area of interest and he's trying to address it as best that he can. General Paul's letter gives you a pretty good answer as to what's happening right now, but we still are searching for the best way to—if we can improve upon what we've done, we will.

Mr. BOYD. Well, I understanding the competing interest, and when you study the Air Force S&T budget, you see what is competing in the S&T budget, it jumps out at you pretty quickly. You funded the space-based laser and the Discover 2 programs out of that budget——

Secretary DEMESME. Yes, sir.

Mr. BOYD [continuing]. This year for the fourth time——

Secretary DEMESME. Yes, sir.

Mr. BOYD [continuing]. Which basically eliminated——

Secretary DEMESME. It eliminated some of the other programs.

Mr. BOYD. And that's the competing interest.

Secretary DEMESME. Yes, sir.

Mr. BOYD. And so I just want you to know that this is one member who really is not satisfied with that as——

Secretary DEMESME. We don't take that lightly, and we are concerned as well.

Mr. BOYD. Thank you very much.

Mr. HOBSON. Mr. Farr.

Mr. FARR. Thank you, Mr. Chairman.

I think you get mixed messages from Congress. Let me try to put it in some perspective. We have moved in the procurement pool to buy off-the-shelf technology.

Secretary DEMESME. Yes, sir.

Mr. FARR. You don't have to do new specs for every——

Secretary DEMESME. Correct, sir.

Mr. FARR [continuing]. Watch made anymore.

We have not yet moved to that in the management of our real estate, and I think that's where this Committee is very interested in seeing what kinds of benefits we will have if we develop some housing. But the people who are in the Service, men and women who moved into the housing built by the private sector, when they walked in, they cried because they've never been able to live in a home as nice as that. They never dreamed they would be, and here they were in the Service living better than their family dreamed of.

So I think that we're very interested and I'm very interested in seeing the military try to be more—we learned that you had to build, you had to move all your buildings through the local community in order to get some of the building codes. But we don't do that. We still build military stand-alone without local zoning. And then the problem that I find that is tragic is when we go and close a base, in often cases, the base isn't usable by anybody because the housing doesn't meet any building standards or code standards or earthquake standards or utilities, you know, they don't fit any, and then we have to put a lot of cleanup money in there that takes away from revenues just to clean up sort of mistakes we made by not listening to the local people.

So I'm very interested in seeing how we can use the better process. Where I'm not interested in contracting out, and I think that's the message you hear today, is the intellectual capacity of the military should never be contracted out. The seed corn or talent, whether it be an environmental lab or a language lab or a post-graduate school or any of those kinds of—where the faculty is so talented that we ought never to try to go out and just buy that off the shelf. But I think we do need to move the building out.

One of the questions I have is about the ongoing effort of the Air Force to get out of the business of owning, operating and maintaining utility systems. I mean, that to me is no rocket science. If the sewers and water and electricity work for the local community, why wouldn't they work for the military? Why shouldn't we just be buying it from the—going there and buying incredible cheap rates that we can bargain?

Secretary DEMESME. I'm going to give you a general answer to that and let General Lupia follow on. But we are very much involved in privatization of utilities. We have over 400 identified units so far where we will be able to do that, and we are studying more. We have 108 that we are looking at that we've maintained.

We have some war time requirements that sometimes require that we have members who are trained and ready to do certain kinds of jobs so that they can be deployed and get things running immediately if we are to be at war, fighting situation. Many of our local contractors might not be able to do that. When you have a ca-

reer field, there are certain things they have to do to keep their proficiency up and other kinds of things.

We will privatize utilities where it makes sense. As I've said, we've already identified 460-some, I think.

General LUPIA. 463.

Secretary DEMESME. 463, to do just that. We only have 108 that we are still looking at.

Now, there are some other concerns. We have to make sure that the local communities are ready to take on the capacity at the time we're ready to turn them over.

There are also some very serious studies that must be done to determine how to do that best, and General Lupia and his people have been involved in that effort. We've got some good feedback so far, we've got some good partnership efforts already underway, and we're working together—this is an OSD initiative, so all the services are doing the same thing. We have timelines set up to accomplish this. I think by 2003, we want to have the whole thing done. We have some goals to meet in 2001.

So I'm going to let General Lupia give you a little bit more about why some of those systems cannot be privatized right now—some of the problems we've run into when we dealt locally.

Mr. FARR. I'd be interested in why you can't privatize. It seems to me that the best customer anybody would have would be the United States Government. It's going to pay its bills, it's not going away. I mean, you could have a close, but at least what's left, if you build it right, it's marketable. And that issue about risk, I mean, Mr. Chairman, I think we underestimate how good a customer we are.

Mr. HOBSON. Oh, no. I wrote a bill called the—that was going to privatize and get competitive stuff. It scared the heck out of some of the utility companies. They've gotten a lot better in negotiating since the Forestall bill got knocked down by OMB. Josh Gottbaum and I worked on it, along with a wonderful engineer that's retired. All these engineers retire. And they have been better, I think, at beginning to look at it, and I think utility companies have gotten a lot better because they've gotten a little frightened about the alternate energy sources that may be available to make some arrangements.

As we do deregulation of utilities, one of the things you need to be thinking about along this line is that you don't lock yourselves into certain contracts that you won't have the ability later to gain some of the benefits from some of these different energy sources.

Mr. FARR. California is deregulated. What the cities have done, interestingly enough, is now they've formed their bidding pool. All these small cities, and the utilities never thought about this, they formed joint partnerships around the state and they're all going to go in and bid for energy for the public purposes of those cities and be able to buy not as a little, tiny town of 5,000, but now as a customer representing millions and millions of people.

Mr. HOBSON. Co-ops do that.

Mr. FARR. It seems to me the military is really in a great position to be able to do things like that.

General LUPIA. First of all, tell me when I've said enough because you're onto one of my favorite subjects, so I'll ramble here.

Mr. HOBSON. Well, we're at the end here because we're going to cut this off.

General LUPIA. But what I would love is the opportunity to meet with you, send my experts over or meet with you personally to walk through our utility privatization efforts, because I think you would be very impressed.

Mr. HOBSON. Would you submit something also for the record on that because I think there's a lot of people who have an interest in that as we——

General LUPIA. Yes, sir. I would be happy to.

Mr. HOBSON. Because it could be a great savings of money for the military as we look forward.

General LUPIA. First of all, when we talk about utilities in this particular privatization effort, I talk about four major systems: natural gas distribution systems, electrical distribution systems, water treatment plants and waste water treatment plants. Those are the four systems I'm talking about.

In the Air Force, and again, I always talk about the total Air Force—active, guard and reserve—we have 168 installations that we're on around the world and a total of 638 systems. Sixty-seven of those are already privatized today.

Mr. FARR. How many?

General LUPIA. Sixty-seven. Four-hundred and sixty-three are under analysis right now, and I'll give you a little bit more specifics. Fifty-five of them are actually under analysis today, and there are another 408 systems that will be analyzed in the next two years.

Ms. DeMesme mentioned to you that 108 of them are kept in reserve for us to train our people on and in order to be able to have enough people in uniform to go fight two major theater wars, which is what our country asks us to do. And I'll circle back on that in a minute, if I could.

Mr. FARR. The readiness issue and utilities, I don't understand the——

General LUPIA. Okay. I'll do it right now.

Mr. HOBSON. He was just in Bosnia. They've got to have utilities operations in those——

General LUPIA. The Air Force fights its wars differently than the other services. Specifically, the Navy goes to war in civil engineering in 26 Seabee battalions. The Army goes to war with combat engineering battalions. In the Air Force, we have just—again, total Air Force—we have six squadrons, only 2,800 people total against 15,000 in the Army and a very large number in the Navy. I don't have it at my fingertips.

My folks, who train everyday on our air bases, are the same exact people who go to war. They're not different. In the Army and in the Navy, their bases and their structure is run by people in public works centers who stay right here and do that during wartime. They're not combat troops. Civil engineers in the Air Force who take care of our electrical distribution systems are combat troops, they go to war with an M–16 in addition to their tool bag. So there has to be a place for them to train on an electrical distribution system.

When we get to Bosnia or when we went to Somalia, we had to string all our own wire, we had to provide our own electrical distribution system. They've got to be trained somewhere, sir.

Mr. FARR. Does each of the Services have to have—I mean, isn't that sort of a utility skill that we ought to be maintaining——

General LUPIA. The other Services don't have them on their forts and their Naval installations; they have them in combat units that are dedicated to that function. The Army moves its army forward with engineering battalions that build bridges and keep the land army moving.

Mr. FARR. Who put the wiring in in Camp McGovern in Bosnia and maintained the energy there? We don't even know whether it's on the grid or not.

General LUPIA. I can't answer you specifically because I don't know, but it may well have been the Air Force, because we did a heck of a lot of the work in Bosnia.

But those people have got to have a place to train back here because they've got to go to war.

Mr. FARR. But does that mean training, though, that—this is where I have a hard disconnect, is the training. You've got the reserves people who are in utility businesses, you've got—is this a function where we have to maintain a private—a service utility on base in order to get that training? Is that the only place you can get it?

General LUPIA. Yes, sir. I can't come up with another—I can't come up with another alternative. And I'll tell you very specifically, I met with seven senior executives from the Southern Company out of Atlanta, Georgia, who have the Southeast part of our country, and I said, here's what we would like you to do. You take our utility system, you take our electrical distribution system and let my airmen train side by side with your professionals. And he said, are you crazy? What union do you think is going to let your airmen, who is paid $2 an hour, train next to my union guy? How long do you think that will go on, General?

And so when it all finished, they said, we'd be happy to take your airmen and send them to our schools for training. I said, I got my own school, Sheppard Air Force Base, to train mine on. I don't need to train them how to climb a pole. I need them to stay proficient in climbing a pole.

Mr. FARR. Well, I've never been in a spot where war broke out, but I've been in a spot where a fire broke out in an area where there's no utilities, and I saw the California Department of Forestry and the United States Department of Forestry in less than 24 hours take a barren piece of land and turn it into a city of about 1,200 people, men and women, showers, food, lights.

Mr. HOBSON. You can do that faster?

Secretary DEMESME. We can do that——

General LUPIA. Whatever that was, I can do it faster and I can do it better.

Secretary DEMESME. But if we were to go to Bosnia, would they be there? Would they be where you needed them when you needed them? We're not saying that——

General LUPIA. And training, these people, I'm talking about training at Tyndall Air Force Base specifically——

Mr. HOBSON. I think the thing that is coming out of this is that they are moving in the direction that we would like in many areas——

General LUPIA. Absolutely.

Mr. HOBSON [continuing]. But they cannot give up the capability that they need totally to do that.

Mr. FARR. I understand.

General LUPIA. Remember, I'm only keeping 108 out of 550 or 560, and I've committed to the Secretary of the Air Force and to Ms. DeMesme that I would look at each one of those 108 and I would see if we couldn't make 108 come down to 100 or come down to 90.

Mr. HOBSON. Are you going to be able to do that before August?

Mr. FARR. Can Mr. Boyd's base become a defense? I mean, every base—I think his question was phenomenal about the—do the different Services keep the environmental labs when all of the environmental work is essentially—I mean, why don't we just make those environmental labs defense labs instead of——

Mr. HOBSON. Let it go under the Department of Energy and then you will have a problem.

Guys, we're going to have to get out of here in a few minutes, so——

Mr. BOYD. To get to the civil engineering side, the civil engineering requirements for the Air Force are totally——

Secretary DEMESME. Totally different.

Mr. BOYD [continuing]. 100 percent different than the Army or the Navy. You know, these guys have to develop techniques to put in a runway in 24 hours or repair a runway in three hours, and the Army is not training its people to do runways, they're training them to do roads, and it's totally different. Nobody else is doing that.

General LUPIA. I can't bring anybody anyplace to build a bridge for you, sir. That's the responsibility of the United States Army. But I can bed down 4-, 5-, 7,000 people. We've done it back and forth to southwest Asia a number of times. We built ourselves an airbase in the desert, and you do it with Air Force civil engineers.

Mr. FARR. But didn't you use private contractors?

General LUPIA. No, sir.

Secretary DEMESME. No, sir.

General LUPIA. Absolutely not. The Air Force is committed to take care of its war-fighting requirements with organic, blue-suit airmen in the active guard and reserve. We do not use contractors for bedding down our forces for wartime. They can't get there fast enough.

Secretary DEMESME. They can't get there.

Mr. FARR. Well, I have a constituent who made a lot of money in the Vietnam war pouring concrete.

General LUPIA. And there are very good places, and the Air Force has companies under contract to take camps back apart, to put the tents back in their containers and such, but getting there and bedding our troops down is a responsibility of the Air Force.

Mr. HOBSON. Okay. I think we're going to stop right there. Thank you very much. We've all learned a lot today and I hope you've enjoyed it.

Secretary DEMESME. Thank you.
Mr. HOBSON. Thank you, members.

[CLERK'S NOTE.—Questions for the record submitted by Chairman Hobson.]

EXECUTION

Question. What are some of the challenges facing the Air Force in executing this budget? What additional authorities will be necessary?

Answer. Since construction will be limited to available funds less estimated termination costs, the Air Force must ensure sufficient funds are available on each project so construction can proceed as necessary to meet need dates. Changing the reprogramming base from the appropriated to the authorized amount will enable us to transfer funds as needed between projects in a timely manner. In order to minimize contractor risk and the associated potential for increased costs, we also need full project authorization in FY2000 and the balance of construction funds advance appropriated and available on 1 Oct, 2000.

BRAC EXECUTION

Question. Is the Air Force BRAC budget request of $324 million in fiscal year 2000 adequate to fully execute the program with no impact on meeting the July 13, 2001 completion date?

Answer. The FY2000 appropriated amount in conjunction with the FY01 advance appropriation amount should satisfy our FY00 requirements with no expected impact on the mandated closure date.

PLUS UPS DUE TO INCREMENTAL FUNDING

Question. After the Department's implementation of the incremental funding approach, were any Air Force projects moved forward to the fiscal year 2000 program? If so, please provide a list of these projects with their associated dollar amount for the record.

Answer. The following 7 projects were added due to advance appropriations.

State/Country	Base	Project title	Cost ($000)
Arizona	Davis-Monthan AFB	Aircraft Processing Ramp	$7.8
Arkansas	Little Rock	Vehicle/Base Engineer Maintenance Complex.	8.7
New Jersey	McGuire AFB	Visiting Officers Quarters	11.8
Ohio	Wright-Pat AFB	Control Tower	4.0
Washington	Fairchild AFB	Survival Training Logistics Complex.	4.5
United Kingdom	RAF Mildenhall	Consolidated Corrosion Control/ Maint Complex.	10.2
Italy	Aviano AB	Radar Approach Control Facility	3.7

F–22 MILITARY CONSTRUCTION REQUIREMENTS

Question. The Air Force is currently testing the F–22, and the first F–22 is scheduled for delivery in March 2002. How will this year's incremental funding concept potentially impact the completion of needed facilities for the F–22 prior to their arrival?

Answer. We will work contract award and funding strategies with our design and construction agents to ensure the beddown and testing of the aircraft at Nellis AFB is not impacted by delayed facility construction.

The F–22 is the Air Force's number one modernization priority. The three FY00 F–22 projects are required in order to meet the Mar. 02 beddown for Follow-on Operational, Test and Evaluation. These projects must be funded in FY00 or beddown and testing will not be accomplished on time.

MISSION ESSENTIAL PROJECTS

Question. I am also concerned about other mission essential related projects, such as needed facilities for the beddown of the C–17 airlifter, B–2 bomber, and KC–135 tanker. How can you assure us that operating schedules will be met under a two-year construction program?

Answer. There are no assurances we will be able to meet the operating schedules. However, we will work contract award and funding strategies with our design and construction agents to minimize impact on the beddown for these weapon systems.

ADDITIONAL CONTRACTOR COSTS

Question. How does the Air Force intend on dealing with increased contractor risk? (Incremental funding reduces contractor's ability to make large-scale advance purchases may preclude ordering long-lead equipment or supplies, and there is no guarantee of FY 2001 funding.)

Answer. Full authorization in FY 2000 and advance appropriation of the remaining construction funds so they are available on 1 Oct. 2000 will minimize contractor risk due to unavailability of funds. We are working with our design/construction agents to develop award schedules and funding strategies of construction can proceed as necessary to meet need dates and avoid costly delays. Changing the reprogramming base from the appropriated to the authorized amount will enable us to transfer funds between projects in a timely manner and ensure sufficient funds are available for each project.

Question. How will the Air Force avoid additional costs due to contractor claims for delays caused by lack of funds, or contract termination for lack of funds if advance appropriations are not provided?

Answer. If Congress does not provide advance appropriations, the increased potential for additional cost would be due primarily to the contractor assuming greater risk of contract termination due to nonavailability of funds. Even if advance appropriations are provided, the Air Force must still ensure there are sufficient funds available for each project so construction can proceed as necessary to meet need dates. We are working with our design/construction agents to develop the associated contract award and funding strategies. Changing the reprogramming base from the appropriated to the authorized amount will enable us to transfer funds as needed between projects in a timely manner.

BROOKS "CITY BASE" INITIATIVE

Question. As part of an effort to eliminate excess capacity at installations, the Air Force is developing a proposal at Brooks AFB in Texas where it would convey the entire installation to a private developer and lease back the active part of the base. Could you please discuss this proposal in further detail? Also, do you believe this is an effort to BRAC-proof a base?

Answer. The Air Force has designated Brooks AFB as a "Reinvention Lab" to test and demonstrate new and innovative approaches to reduce its costs to provide quality infrastructure and base operating support to the DoD missions and people assigned to its installations. The goal is to reduce AF appropriation requests for both operating and capital requirements, while maintaining the quality of our installation support. The proposal seeks to achieve these cost reductions by employing techniques proven in the private sector to improve the efficiency of AF business processes and to manage AF capital assets more effectively. The AF proposed this initiative in response to the Secretary of Defense's "Defense Reform Initiatives" and his call for a "revolution in business affairs" within the DoD. Process efficiency will be improved through aggressive competitive sourcing of commercial activities (i.e., "A–76" competitions) to reduce labor costs, by technology insertion, and by other proven process re-engineering techniques.

The initiative also seeks to promote more efficient use of existing capital assets (i.e., facilities, land, etc.), freeing up non-excess, but underutilized assets for use by public entities (such as the City of San Antonio) or private developers. In exchange for the use of its non-excess or underutilized assets, the AF would receive appropriate consideration, thereby reducing its appropriation requests for operating and capital requirements. That consideration could be in the form of cash rents; in-kind services for (e.g.) base operating support, facilities maintenance, and environmental protection; the construction or use of other facilities; etc. The envisioned transactions include sale, leasing and conveyance with lease-back of some or all of the capital assets at an installation under terms and conditions that are favorable to the AF and within the oversight conditions established by the OSD and Congress. OSD has determined that the substantial savings potentially available through aggressive and innovative leveraging of the Department's assets cannot be achieved within existing authorities, i.e., within the provisions of 10 U.S.C. 2667, as currently written. Therefore enabling legislation for this pilot-program at Brooks AFB is required and has been drafted. It will be submitted by OSD as a part of the FY00 Omnibus Bill. We believe the Brooks AFB proposal has excellent potential for demonstrating the significant savings that can be achieved at many installations within

the DoD by employing capital asset management concepts and techniques that have proven successful in the private sector.

This is definitely not an effort to "BRAC-proof" a particular base. It is an attempt by the AF to meet its inherent responsibility to use its assets as efficiently as possible and to accomplish its missions at the lowest cost. In preliminary discussions with representatives of both the public and private sectors, the AF has explicitly and repeatedly cautioned all concerned that these arrangements are not intended to "BRAC-proof" Brooks AFB and will not necessarily inhibit or preclude such a decision under a future round of BRAC. The community understands that these arrangements are independent of any BRAC determination. However, the community also clearly understands that it is in its own self-interest to partner with the AF to help the AF reduce its costs. If such partnerships are successful and the costs to operate and maintain Brooks AFB are reduced, this is likely to be a "plus" in any future BRAC assessment. If the base is not closed or realigned, the net effect will be "jobs positive" to the community. However, if (notwithstanding reduced operating and capital costs) a decision is taken to realign or close the base, these new developments/jobs will greatly mitigate the impact of the realignment or closure.

Family Housing Privatization

Question. The statutory authorities established for the Military Housing Privatization Initiative (MHPI) expire in February 2001. How will the Air Force proceed with its housing program if these authorities are not re-granted?

Answer. The Air Force will execute MHPI initiatives that have been awarded prior to expiration of the authorities and continue with a requirements-based investment strategy that provides traditional MILCON to bases and employs a "worst-first" prioritization.

Family Housing Allowances

Question. Are the personnel accounts adequately budgeted in the FYDP for the increases in allowances due to the privatization initiatives?

Answer. Yes, the personnel accounts are adequately budgeted in the FYDP for the increases in basic allowances for housing (BAH) due to privatization initiatives at installations where Congressional notification of solicitation has been provided. The remaining initiatives are in very early preliminary studies.

Question. What assurances can you offer me that any family housing O&M reductions due to privatization will be reapplied to other family housing improvements and not transferred elsewhere?

Answer. (DPG) for FY00–05 provides: "Savings realized from leveraging resources with the private sector should be reinvested in housing projects instead of reducing programmed housing resources". The Air Force will follow the DPG and reapply any program savings realized through privatization to revitalize other inadequate homes. The Air Force has neither transferred funds nor programmed transfer of funds from any family housing account due to projected reductions caused by privatization.

Privatization of Utility Systems

Question. Describe in some detail the Air Force's ongoing efforts to get out of the business of owning, operating, and maintaining utility systems where it makes good sense.

Answer. Defense Reform Initiative Directive (DRID) #49 directed the privatization of all utility systems, except those needed for unique mission/security reasons or when privatization is uneconomical, NLT 30 Sep 03 with two interim milestones: 1 (complete feasibility analysis ("go/no-go" decision) by 30 Sep 00 to determine whether or not to pursue privatization for each system (water, wastewater, electrical, and natural gas) and 2 (release all solicitations/requests for proposals (RFP) NLT 30 Sep 01. The Air Force utility system inventory includes 168 installations (includes Active Duty, Air National Guard and Reserve major/minor installations), 638 systems (67 already privatized, 108 exempted for readiness/mission impacts, and 463 available for potential privatization).

The Air Force developed a 3-phase process that analyzes each candidate system to include: Project Plan and Feasibility Analysis phase to reach a "go/no-go" decision; Comprehensive Analysis phase to provide a more comprehensive evaluation of the utility involving extensive analysis of its operations, impacts, and value in order to put together the deal to take to industry; and the Final Feasibility, Approval, and Implementation phase to determine the steps necessary to carry out the privatization effort selecting a contractor, validating that the proposed deal is more advan-

tageous than keeping it in-house and beginning the transition. This is a 24-month process.

During FY98, the Air Force provided $3.6M and the Defense Energy Support Center (DESC) provided $4.3M to support the privatization of 55 systems. The Air Force is committed to funding FY99 requirements to execute 204 systems and has devised a plan to issue money as execution of the program demonstrates need. As of 15 Mar 99, the MAJOMs have been provided $21.3M while $6M remains set aside at the Headquarters. The need for additional FY99 funding will be evaluated at midyear. The estimated costs of the program during FYs 00–02 are fully funded as directed by Program Budget Decision 721 to cover the remaining 204 systems.

Question. How aggressively is the Air Force pursuing the utilities privatization effort? What is the estimated timeline for implementation?

Answer. The Defense Reform Initiative to privatize utility systems by 30 September 2003 requires an aggressive program. The Air Force has developed a comprehensive program to support the Secretary of Defense's direction. To privatize our water, wastewater, electrical, and natural gas utility systems the Air Force, during Fiscal Year 1998, provided $3.6M and the Defense Energy Support Center (DESC) provided $4.3M to support the privatization of 55 systems. We will spread the execution and the cost of privatization for the remaining 408 utility systems over the next two fiscal years. The Air Force is committed to funding Fiscal Year 1999 requirements to execute 204 systems and has devised a plan to issue money as execution of the program demonstrates need. As of 15 March 1999, the MAJOMs have been provided $21.3M while $6M remains set aside at the Headquarters. The need for additional Fiscal Year 1999 funding will be evaluated at midyear. The estimated costs of the program during Fiscal Years 2000–2002 are fully funded as directed by Program Budget Decision 721 to cover the remaining 204 systems.

The Air Force Implementation Plan complies with Deputy Secretary of Defense goals to complete all analyses by 30 September 2000, release all solicitations by 30 September 2001 and complete all privatization transfers by 30 September 2003.

The Air Force is on track to meet the DoD deadlines for utility privatization.

Question. Has the Air Force developed a utilities privatization implementation plan? If so, please provide it for the record.

Answer. Yes (see attachment).



DEPARTMENT OF THE AIR FORCE

UTILITIES PRIVATIZATION IMPLEMENTATION PLAN

Program Data Submitted to OSD: December 1998

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1. EXECUTIVE SUMMARY

1.1. CONCEPT STATEMENT

1.1.1. This plan implements within the Department of the Air Force, the Department of Defense Reform Initiative Directive (DRID) #49 – *Privatizing Utility Systems*. The Air Force vision is for the private sector to own, operate, maintain and assume liabilities for utility systems where it makes sense economically and has no adverse impact on mission security. This plan describes current Air Force policies, defines roles and responsibilities, details past and ongoing utility privatization efforts, and outlines the planning, scheduling and execution requirements for implementing DRID #49.

1.2. REQUIREMENT

1.2.1. The Secretary of Defense's Defense Reform Initiative (DRI), released 10 November 1997, directed the privatization of all DoD utilities (water, wastewater, electric, and gas) by 1 Jan 00 except those needed for unique security reasons or when privatization would prove uneconomical, Appendix A. DRID #49, signed by the Deputy Secretary of Defense on 23 December 1998, formalized the requirement, Appendix B. The Undersecretary of Defense revised the goal privatizing all Department utilities by 30 September 2003 with an interim goal of releasing all requests for proposals by 30 September 2001 and completing a determination on the feasibility to privatize each system by 30 Sep 00. The Undersecretary of Defense subsequently refined guidance for implementation of the Defense Reform Initiative Directive which sets forth criteria as to how the Military Departments shall conduct all utility privatizations, Appendix C.

1.3. ASSESSMENT

1.3.1. A survey was conducted of utility systems located at Air Force installations using the Major and Minor Installations Report dated 9 Sep 98 as maintained by the Bases and Units Division, Directorate of Plans and Integration, DCS/Installations and Logistics, HQ USAF/ILX. The inventory included systems at all major and minor active duty, Reserve and National Guard installations. Table 1.3.1.1. identifies numbers of Air Force installations.

Active Duty (Major)	
CONUS	65
OCONUS	12
Active Duty (Minor)	
CONUS	8
OCONUS	3
Reserves (Major)	4
Reserves (Minor)	8
National Guard (Major)	3
National Guard (Minor)	65
Total	**168**

TABLE 1.3.1.1. Summary of Numbers of Air Force Installations

Table 1.3.1.2 quantifies the utility systems located at Air Force installations identified above.

System	AD	Reserve	ANG	Privatized	Availability Pending EAF Review	Total
Water	44	10	63	16	39	172
Wastewater	60	9	65	32	1	167
Electric	44	9	59	10	39	161
Natural Gas	53	8	39	9	29	138
Total	**201**	**36**	**226**	**67**	**108**	**638**

TABLE 1.3.1.2. Summary of Air Force Utilities

1.3.2. The Air Force published, in October 1997 (revised October 1998), a utilities privatization policy and guidance manual consolidating strategy, policy, and roles and presenting a process for privatizing Air Force utility systems. To develop, test and evaluate the Air Force privatization process, the Air Force selected and funded four prototype privatization initiatives in FY97. The four on-going prototype initiatives include: (1) Scott AFB's wastewater treatment plant (ECD Sep 99), (2) Edwards AFB's electrical distribution system (ECD Sep 99), (3) Hill AFB's industrial wastewater treatment plant (ECD Dec 99), and (4) Langley AFB's Bethel Manor electrical and gas distribution systems (ECD Sep 99). Other on-going privatization initiatives include a teaming effort with the Defense Energy Support Center (DESC) demonstrating a regional utility privatization approach involving 25 utility systems at 7 installations in the State of Texas. A memorandum of understand was established between the Air Force and DESC detailing each agency's roles and responsibilities in executing the transfer of these systems to the private sector. An additional 26 systems were funded by the Air Force in support of the FY98 utilities privatization program. Table 1.3.2.1. identifies on-going privatization initiatives excluding the prototype projects underway at Hill AFB and Langley AFB's Bethel Manor as these initiatives are not part of the four major systems or comprise only a portion of the entire utility system at the installation, respectively.

MAJCOM	Installation	Location	Water	WW	Electric	Gas	Total
11 WING	BOLLING	DC	1	1	1	1	4
ACC	DYESS	TX	0	0	0	1	1
AETC	MAXWELL	AL	1	1	1	1	4
AETC	GOODFELLOW	TX	1	1	1	1	4
AETC	LACKLAND	TX	1	1	1	1	4
AETC	LAUGHLIN	TX	1	1	1	1	4
AETC	RANDOLPH	TX	1	1	1	1	4
AETC	SHEPPARD	TX	1	1	1	1	4
AFMC	ROBINS	GA	1	1	1	1	4
AFMC	EDWARDS	CA	-	-	1	-	1
AFMC	BROOKS	TX	1	1	1	1	4
AFSPC	PETERSON	CO	1	1	1	1	4
AFSPC	CAPE CANAVERAL	FL	1	1	1	N/A	3
AFSPC	PATRICK	FL	0	0	1	N/A	1
AMC	SCOTT	IL	1	1	0	1	3
PACAF	ANDERSEN	GUAM	1	1	-	N/A	2
USAFA	ACADEMY	CO	1	1	1	1	4
			14	14	14	13	55

TABLE 1.3.2.1. On-going Privatization Initiatives

1.3.3. Privatization forms the basis of the Air Force's program to divest itself of utility systems when economical and not injurious to operational requirements. Using the lessons learned from previous efforts and the prototype projects, the Air Force developed its process for privatization to support the Secretary of Defense goal of privatizing government-owned utility systems. This document provides a review of the Air Force strategy and outlines the process, requirements, and execution plan for privatizing utilities.

2. AIR FORCE STRATEGY

2.1. DEFINITION OF SCOPE

2.1.1. The Defense Reform Initiative to privatize utility systems by 30 September 2003 requires a massive undertaking in time and resources. The Air Force will mold its on-going program to support the Secretary of Defense's direction. The Air Force will spread the execution and the cost of privatization over the next two fiscal years (FY99 and FY00) focusing on water, wastewater, electric and natural gas utility systems.

2.2. RESTRICTIONS ON SCOPE

2.2.1. Security Concerns

2.2.1.1. At some installations, the Air Force possesses utility systems that if privatized may pose a threat to mission or safety of personnel; compromise physical security of operations; or create other conditions impacting operational mission security. To address these concerns, the Air Force Competitive Sourcing and Privatization (CS&P) Panel chartered an integrated process team composed of representatives from IL, SF, XP, AQ and IG to develop a list of vulnerabilities faced by the Air Force when utilities are privatized, assess the risk of these impacts on mission, and recommend avenues for mitigating these aspects.

2.2.1.2. As directed by the Secretary of the Air Force and in accordance with the Air Force Utilities Privatization Guidance Manual, an operational impact assessment is made as part of the privatization analysis conducted at each installation. This assessment is intended to identify critical assets and assure their integrity, availability, survivability and capability to support vital DoD missions across the full range of military operations and is conducted in accordance with DoD Directive 5160.54 – *Critical Asset Assurance Program.* The level of assurance appropriate for each asset is a risk management decision of the owning or controlling component, made in coordination with those dependent on the asset, and based on its criticality, the threat, and resources available. Decisions will be submitted through, and endorsed by, the MAJCOM for approval by HQ AF.

2.2.2. Unique Mission Security Concerns

2.2.2.1. Air Force Civil Engineer wartime taskings require personnel with utilities system skills. At tasked bases, the Air Force uses these personnel to offset "peacetime" manning requirements driven by utility system ownership. Privatizing utilities at tasked bases will not eliminate the need to retain the required number of military personnel to man Prime BEEF (Base Emergency Engineer Force) teams but will eliminate the authorizations needed to staff these teams. AF/ILE will conduct a review of impacted installations and assess Expeditionary Air Force (EAF) requirements to reduce potential impacts. In addition, current Air Force competitive sourcing/reorganization actions (i.e., Jump Start, Civilian Drawdown

Initiatives) will already result in reduction of manning in several utility related career fields to minimum levels. AF/XPM has issued guidance holding further competitive sourcing initiatives on utility systems in abeyance until privatization analyses are accomplished on these systems and can be determined to be not feasible candidates for privatization.

2.2.3. Economic Concerns

2.2.3.1. Privatization must make good economic, financial, and business sense. All privatization initiatives must represent the best value for the government as determined by the Secretary of the Air Force. Section 2688, Title 10 USC requires the Secretary to prepare and submit to Congress an economic analysis under which the utility service will be provided. This economic analysis must conform to guidelines specified in OMB Circular A-94 DODI 7041.3 and Air Force Manual 65-506, Financial Management, Economic Analysis. It will include comparison of projected cash flows for the status quo and privatization. The Air Force Utilities Privatization Policy and Guidance Manual, Appendix E, details the comprehensive procedures for conducting economic analyses for utilities privatization.

2.2.4. ACTIONS

2.2.4.1. Identify and source funds for remaining unfunded FY99 $14.7M requirement during the Budget Execution Review and award analysis projects for 202 systems in FY99. Identify any additional funds required to support additional systems determined available pending results of AF/ILE EAF assessment.

2.2.4.2. Analysis will follow utilities privatization guidance outlined by the Undersecretary of Defense and detailed in the Air Force utilities privatization policy and guidance manual (24 month process). Analysis will include determination of the most economical alternative and comply with Section 2688, Title 10 USC and environmental regulatory requirements.

2.2.4.3. Conveyance will be conducted on a competitive basis if there is more than one interested party and no justifiable basis for sole source procedures. Anticipate completion of initiatives 24 months after funding is provided. Utilize lessons learned from four pilot projects, Texas regional demonstration and FY98 program to streamline privatization process.

2.2.4.4. Establish additional indefinite delivery, indefinite quantity (IDIQ) contracts with alternative architectural/engineering firms to increase analysis capability.

2.2.4.5. Establish unfunded $39.5M requirement within the program objective memorandum (POM) for FY 2000, $2.0M for FY 2001, and $0.4M for FY 2002.

2.2.5. INVENTORY

2.2.5.1. Table 1.3.1.1 identified 168 Air Force installations. An inventory of water, wastewater, electric and natural gas systems located at these installations identified a total of

638 systems. Of the 638 systems on Air Force installations, 67 are currently privatized. A survey of Air Force installations indicated 463 systems available for privatization. Table 2.2.5.1.1. quantifies utility systems that are eligible candidates for privatization analysis. Additional systems may be included pending results of AF/ILE EAF review.

System	AD	Reserve	ANG	Total
Water	44	10	63	117
Wastewater	60	9	65	134
Electric	44	9	59	112
Natural Gas	53	8	39	100
Total	**201**	**36**	**226**	**463**

TABLE 2.2.5.1.1. Summary of Candidate Systems

3. ANALYSIS APPROACH

3.1. Process

3.1.1. The Air Force has developed a three phase process to facilitate the privatization of utility systems, Appendix E. The Air Force utility privatization process institutionalizes procedures required to assess the potential benefits of, and implement, the privatization of installation utility systems, where appropriate. Though an effective tool, privatization can be intimidating, not only because it displaces Air Force personnel, but because it can be a protracted and complex undertaking. The process requires consideration of a myriad of federal real property and environmental laws and regulations. To assist installation commanders and MAJCOM staffs in implementing privatization as a business practice, the utilities privatization process has been developed for use Air Force wide. It outlines the steps necessary to develop and manage privatization projects from initial requirements identification through close-out of all project commitments.

3.1.2. The utilities privatization process is applicable to projects that satisfy utility requirements and/or result in cost savings for essential utility services. These sales of Air Force systems could be effected on a full privatization basis (utility company or private entity ownership of existing Air Force). The utilities privatization process is not designed for application to competitive sourcing projects (contracting out system operations and maintenance) or energy savings performance contracts (ESPCs)

3.1.3. Privatization of an installation utility system is a complex undertaking, involving communications and coordination with other federal agencies, state and local governments, regulators, the local community, installation officials, unions, employees, the MAJCOM staff, the Air Staff, HQ AFCEE and HQ AFCESA. Many resources are required to produce the variety of documents and other materials necessary to drive the privatization initiative forward through the essential steps. Of utmost importance is the establishment of a dedicated team of installation experts with command support. This privatization project team becomes the single entity to lead the privatization process, and to develop and support the project. The installation commander will determine who leads the privatization team.

3.1.4. Because the utilities privatization process involves a very complex set of variables (such as environmental impact analysis, real estate transactions, the entire acquisition process, and possibly the commercial activities process), completion of the final transfer of property and operations can be expected to take some time. Past experience indicates a 24-month process to privatize a system.

3.1.5. The Air Force utility privatization process is best represented by the following three phases:

3.1.5.1. Preliminary Feasibility Assessment Phase

3.1.5.2. Comprehensive Analysis and Approval Phase

3.1.5.3. Privatization Implementation Phase

3.1.6. The following diagram shows how these three phases, and the activities that comprise them, relate to one another.

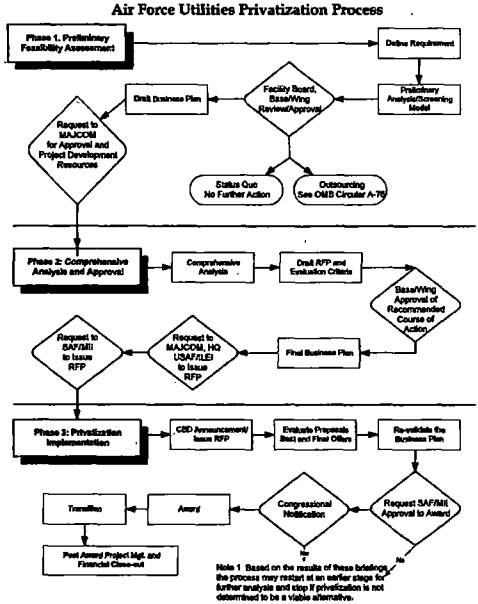


FIGURE 3.1.6.1 Utilities Privatization Process

3.1.7. The utilities privatization process is designed to include the requirements of the most complex privatization projects to be implemented under existing legislation. The level of effort applied in each step of the utilities privatization process will, of course, depend on the project concept, system(s) to be privatized, and many other factors.

3.2. Preliminary Feasibility Assessment

3.2.1. This phase includes the activities necessary to define the requirement, to determine the feasibility of meeting that requirement through privatization versus the status quo or other alternatives such as MILCON, and to decide whether to commit additional resources to develop the project. A preliminary business plan, which includes aspects of project management, resource requirements, schedule, alternatives identification and analysis, and lines of communication inside and outside the Air Force, will be developed for the project. This document and a corresponding presentation will be submitted to the MAJCOM for project approval and project development funding. The business plan will continue to be refined as the utilities privatization process progresses and further approvals at the SAF/MII and congressional levels are required. A feasibility report including findings from market analysis, regulatory review, operational risk analysis and preliminary economic analysis will culminate in a 'Go - No Go' decision for privatization of each utility system.

3.3. Comprehensive Analysis and Approval

3.3.1. This phase includes the following steps necessary to refine the project alternatives: develop detailed supporting data to ensure that alternatives meet the necessary criteria (regulatory, economic, environmental, etc.), select a recommended course of action, and develop the corresponding project documentation (programming, acquisition strategy, RFP, and real estate, etc.). Once the comprehensive analysis is completed at the installation level, the results compiled in a final business plan will be submitted for review, and then presented for approval by the MAJCOM, HQ USAF/ILE and SAF/MII. Completion of Phase 2 comes with SAF/MII approval (unless delegated) to issue the RFP.

3.4. Privatization Implementation

3.4.1. The final phase of the utilities privatization process includes the steps necessary to issue the request for proposal (RFP) to utility companies and other entities, to evaluate the results, to negotiate agreements with utility companies and other entities, to gain final approval of the project and real estate documents from SAF/MII and the Congress, to award the contract, to implement the operational transition, to convey the property, and to monitor the results. Key milestones in Phase 3 include: the reevaluation of the project for SAF/MII approval based on the selected utility company or other entity proposal; a final certified economic analysis for the subsequent 21-day notice and wait requirement to Congress of the intent and basis for award, if required; and, the financial close-out of the project after transfer of the deed or execution of the implementing real estate document.

3.5. Program Management

3.5.1. The following organizations and respective roles will provide the basic structure of the Air Force utilities privatization program.

3.5.1.1. Installation/Wing Commanders

3.5.1.1.1. Installations are responsible for pursuing privatization to the maximum benefit of the Air Force. To that end, installations will identify opportunities to reduce and avoid costs, as well as, meet existing and future utility requirements, through privatization. Once opportunities are identified, the installation is responsible for initiating and guiding the project through the utilities privatization process described herein. Briefly, the installation will:

- Identify and justify the requirement
- Perform the preliminary feasibility assessment
- Prepare the project description and assess environmental requirements
- Initiate and maintain communications with the affected employees, unions, the local community, elected officials, regulators, and the MAJCOM and HQ USAF/ILE
- Seek utility companies and other entities input through industry forums, as necessary, to further analyze alternatives and develop the project plan
- Define and conduct the required analysis of alternatives, including market, environmental, financial and economic analyses
- Prepare a business plan, recommend a best course of action, and solicit approvals from the MAJCOM
- Prepare the request for proposal (RFP), at the discretion of the MAJCOM
- Prepare draft real estate documents including legal descriptions, appraisals, and supporting environmental documents
- Initiate and manage the overall solicitation and evaluation process, at the discretion of the MAJCOM
- Assist the MAJCOM in preparing the project approval package for SAF/MII
- After award, provide project quality assurance, management and administration, as applicable.

3.5.1.2. Major Commands

3.5.1.2.1. MAJCOMs have primary responsibility for privatization program development and for providing support to installations executing privatization projects. In support of the privatization program, MAJCOMs will:

- Assist installations in providing design and construction management oversight for privatization activities
- Assist installations in conducting preliminary assessments and reviews

- Support site visits, and develop and submit project submittals to HQ USAF/ILE for review and approval
- Review and coordinate project acquisition documents, request delegation of all or part of the contract/agreement authority, and forward award recommendations to SAF/MII for approval via HQ USAF/ILE
- Provide support and guidance, as necessary, to installations during and after project award
- Track requests for proposals, and solicitations
- Establish and direct a MAJCOM utility privatization team that includes professionals from contracting, real property, cost analysis, environmental, engineering, legal, and other specialties required for privatization analyses
- Comply with the Air Force's Environmental Impact Analysis Process (EIAP) for all privatization projects
- Assess the mission impact of privatizing utility systems on a case-by-case basis

3.5.1.3. Headquarters United States Air Force

3.5.1.3.1. Programming Division, Office of the Civil Engineer (HQ USAF/ILEP) is the advocate for HQ USAF/ILE Program Objective Memorandum (POM) initiatives for privatization.

3..5.1.3.2. Environmental Division, Office of the Civil Engineer (HQ USAF/ILEV) provides corporate review and coordinates environmental policy and compliance for privatization initiatives.

3.5.1.3.3. Construction Division, Office of the Civil Engineer (HQ USAF/ILEC) provides corporate review and coordinates policy for MILCON level programming, design, and construction of privatization projects.

3.5.1.3.4. Operations Division, Office of the Civil Engineer (HQ USAF/ILEO) evaluates work force, manpower and the operational mission impacts of proposed privatization projects.

3.5.1.3.5. Office of the Civil Engineer, DCS, Installations and Logistics (HQ USAF/ILE) has been designated by the Secretary of the Air Force as its focal point for all utilities and is tasked with overall management responsibility for privatization initiatives. Privatization responsibilities include:

- Developing engineering policy for privatization projects

- Coordinating and guiding privatization projects through the planning, programming, and budgeting system. Coordinating Air Staff and Offices of the Secretary of the Air Force reviews
- Analyzing the impact of existing or proposed legislation and assisting in development of new proposed legislation for the Air Force privatization program
- Directing preparation and staffing of information and status reports mandated by legislation, and notifications of project initiation and awards to Congress

3.5.1.3.6. Headquarters, Air Force Civil Engineering Support Agency (HQ AFCESA) will provide technical assistance and a contractual avenue for support of privatization efforts to include participation in installation site visits; review of project submittals, technical reports, project plans, and solicitation/acquisition documents; assistance in negotiating utility contracts; assistance in obtaining contractor support requirements; and preparation/review of economic analysis. HQ AFCESA will develop a plan to partner with the MAJCOM staffs in providing support to the installations in executing this plan. HQ AFCESA will identify requirement for additional contract personnel to manage and support this plan.

3.5.1.3.7. Headquarters, Air Force Center for Environmental Excellence (HQ AFCEE) will provide technical assistance and a contractual avenue for support of environmental actions for privatization efforts to include accomplishment of environmental baseline surveys as needed.

3.5.1.3.8. Air Force Real Estate Agency (AFREA) develops policy and operating procedures concerning the acquisition, management and disposal of all Air Force controlled real property:

- Reviews outgrants regarding the use of Air Force property
- Oversees title transfers, deed surveys, and property descriptions for major transactions
- Surveys and disposes of excess land and real property improvements

3.5.1.3.9. Deputy Assistant Secretary of the Air Force (Cost and Economics) (SAF/FMC) establishes Air Force policy and procedures for economic, financial and business analyses related to construction programs. This office also assists in developing evaluation criteria for Air Force privatization alternatives. SAF/FMC reviews privatization project submittals to ensure compliance with economic analysis guidelines and ensures that all salient financial and business issues have been properly addressed.

3.5.1.3.10. Deputy Assistant Secretary of the Air Force (Budget) (SAF/FMB) is responsible for Air Force level program financial management, and provides the MAJCOMs with budget policy and guidance. Additionally, SAF/FMB supports the project execution process by:

- Reviewing and approving programming documents
- Coordinating appropriate Congressional notifications of project initiations and awards

3.5.1.3.11. Deputy Assistant Secretary of the Air Force (Contracting) (SAF/AQC) is responsible for:

- Providing business advice for non-FAR covered privatization projects as well as for FAR covered utilities contracts, pre and post award
- Reviewing delegations, requirements documents, solicitations, agreements and related documents
- Providing source selection guidance and participating as a member of the senior advisory group
- Providing assistance as needed on legislative initiatives, waivers and deviations

3.5.1.3.12. Deputy Assistant Secretary of the Air Force (Installations) (SAF/MII) provides overarching privatization policy guidance, approves and supports privatization projects through the budget process, and will make required congressional notifications through SAF/FMB. Specifically, SAF/MII is responsible for the following:

- Appoints source selection authority for non-FAR based source selections
- Approving overall policy for privatization
- Approving the business arrangement, or "deal" in non-FAR based privatization
- Approving real property deeds before award
- Reviewing and approving private sector development information, reports, and award notifications provided to the Congress
- Ensuring that the transfer of ownership of real property will not interfere with the purposes of the Air Force or Department of Defense

3.5.1.3.13. Deputy Chief of Staff of the Air Force (Plans and Programs) (AF/XP) through the Air Force Competitive Sourcing and Privatization Panel provides support in development of overarching privatization policy and guidance and advocates for and supports privatization projects through the budget process through SAF/FM.

4. REQUIREMENTS

4.1. FUNDING

4.1.1. Each system may require individual feasibility assessment, a business plan, comprehensive analysis, request for proposal development and negotiation support ($125K/system). Also, environmental baseline surveys (average $175K/installation) and environmental impact assessment program analyses beyond the categorical exclusion level (average $175K/installation) may be required at various locations, depending on further site specific review.

4.1.2. During FY98, the Air Force provided $3.6M to support the privatization program. The Air Force is committed to funding FY99 requirements and has devised a plan to issue money as execution of the program demonstrates need. Accordingly, the commands have been provided $4.1M while $23.2M remains set aside at the Headquarters. The need for additional funding will be evaluated at midyear to assure the program remains on pace. The estimated costs of the program during FYs 00-02 are fully funded as directed by Program Budget Decision 721.

5. PROGRAM EXECUTION

5.1. PROJECT EXECUTION

5.1.1. Air Force utility systems were screened for mission impacts. In selecting candidates for privatization, the Air Force first selected systems at installations without a unit task code (UTC) posturing. Tasked installations were then assessed, but manpower losses were not allowed to impact UTC commitments and were considered to preclude privatization at these remaining tasked installations. The Air Force proposes to privatize all plants and systems already under contract (outsourced); privatize all systems at installations without UTC commitments; relook potential for re-posturing teams to installations that may be capable of supporting additional commitments to free additional bases of UTC commitments; and review installations with UTC commitments and assess individually for authorizations available for cutting without impacting commitments. Table 5.1.1.1. depicts the Air Force's execution plan by installation. The plan takes into consideration the Secretary of the Air Force's desire to assess systems in the southeast region early in the program; completion of on-going efforts; bundling of systems at installations; bundling of installations within each state; bundling of utilities within service regions; and to the extent possible, MAJCOM desires.

			SYSTEMS AVAILABLE TO PRIVATIZE:							Milestones			
PRI	MAJCOM	BASE	WATER	WW	ELECT	GAS	INSTL	Total	SOW	RFI Notice of Intent	Study Complete (Phase I)	Solicitation RFP	Award Contract/ Transfer
1998	AETC	MAXWELL/ GUNTER AL	1	1	1	1	MAJOR	4	N/A	12/2/98	5/30/99	1/30/00	12/31/00
1998	AFSPC	PETERSON CO	1	1	1	1	MAJOR	4	N/A	12/4/98	5/30/99	1/30/00	12/31/00
1998	USAFA	ACADEMY CO	1	1	1	1	MAJOR	4	N/A	12/4/98	5/30/99	1/30/00	12/31/00
1998	11 WING	BOLLING DC	1	1	1	1	MAJOR	4	N/A	11/30/98	5/30/99	1/30/00	12/31/00
1998	AFSPC	CAPE CANAVERAL FL	1	1	1	N/A	MINOR	3	N/A	12/15/98	5/30/99	1/30/00	12/31/00
1998	AFSPC	PATRICK FL	0	0	1	N/A	MAJOR	1	N/A	12/15/98	5/30/99	1/30/00	12/31/00
1998	AFMC	ROBINS GA	1	1	1	1	MAJOR	4	N/A	12/30/98	5/30/99	1/30/00	12/31/00
1998	PACAF	ANDERSEN GUAM	1	1	1	N/A	MAJOR	3	N/A	12/30/98	5/30/99	1/30/00	12/31/00
1998	AMC	SCOTT IL	1	1	0	1	MAJOR	3	N/A	12/2/98	5/30/99	1/30/00	12/31/00
1998	ACC	DYESS TX	0	0	0	1	MAJOR	1	N/A	12/2/98	5/10/99	11/17/99	11/27/00
1998	AETC	GOODFELLOW TX	1	1	1	1	MAJOR	4	N/A	12/2/98	5/10/99	11/17/99	11/27/00
1998	AETC	LACKLAND TX	1	1	1	1	MAJOR	4	N/A	12/2/98	5/10/99	11/17/99	11/27/00
1998	AETC	LAUGHLIN TX	1	1	1	1	MAJOR	4	N/A	12/2/98	5/10/99	11/17/99	11/27/00
1998	AETC	RANDOLPH TX	1	1	1	1	MAJOR	4	N/A	12/2/98	5/10/99	11/17/99	11/27/00
1998	AETC	SHEPPARD TX	1	1	1	1	MAJOR	4	N/A	12/2/98	5/10/99	11/17/99	11/27/00
1998	AFMC	BROOKS TX	1	1	1	1	MAJOR	4	N/A	12/2/98	5/10/99	11/17/99	11/27/00
			14	14	14	13		55					
1999	ANG	BIRMINGHAM IAP AGS AL	1	1	1	N/A	MINOR	3	1/29/99	5/30/99	8/30/99	8/30/00	2/28/01
1999	ANG	DANNELLY FLD AGS AL	1	1	1	1	MINOR	4	1/29/99	5/30/99	8/30/99	8/30/00	2/28/01
1999	AFSPC	CHEYENNE MTN CO	1	1	1	N/A	MINOR	3	1/29/99	5/30/99	8/30/99	8/30/00	2/28/01
1999	AFSPC	SCHRIEVER (FALCON) CO	1	1	1	1	MAJOR	4	1/29/99	5/30/99	8/30/99	8/30/00	2/28/01
1999	ANG	BUCKLEY CO	1	1	1	1	MAJOR	4	1/29/99	5/30/99	8/30/99	8/30/00	2/28/01
1999	ANG	BRADLEY IAP CT	1	1	1	P	MINOR	3	1/29/99	5/30/99	8/30/99	8/30/00	2/28/01

	AGS												
1999 AMC	DOVER	DE	1	0	0	1	MAJOR	2	1/29/99	5/30/99	8/30/99	8/30/00	2/28/01
1999 ANG	NEW CASTLE CTY APT AGS	DE	P	P	1	P	MINOR	1	1/29/99	5/30/99	8/30/99	8/30/00	2/28/01
1999 AETC	TYNDALL	FL	1	1	1	1	MAJOR	4	1/29/99	5/30/99	8/30/99	8/30/00	2/28/01
1999 AFMC	EGLIN	FL	1	1	0	1	MAJOR	3	1/29/99	5/30/99	8/30/99	8/30/00	2/28/01
1999 AFSOC	HURLBURT	FL	0	1	0	1	MAJOR	2	1/29/99	5/30/99	8/30/99	8/30/00	2/28/01
1999 AMC	MACDILL	FL	1	1	1	1	MAJOR	4	1/29/99	5/30/99	8/30/99	8/30/00	2/28/01
1999 ANG	JACKSONVILLE IAP AGS	FL	1	1	1	N/A	MINOR	3	1/29/99	5/30/99	8/30/99	8/30/00	2/28/01
1999 AFR	HOMESTEAD	FL	1	1	P	N/A	MINOR	2	1/29/99	5/30/99	8/30/99	8/30/00	2/28/01
1999 ACC	MOODY	GA	1	1	0	0	MAJOR	2	1/29/99	5/30/99	8/30/99	8/30/00	2/28/01
1999 ANG	SAVANNAH IAP AGS	GA	P	1	1	P	MINOR	2	1/29/99	5/30/99	8/30/99	8/30/00	2/28/01
1999 AFR	DOBBINS	GA	1	1	1	1	MAJOR	4	1/29/99	5/30/99	8/30/99	8/30/00	2/28/01
1999 ACC	BARKSDALE	LA	0	0	0	1	MAJOR	1	1/29/99	5/30/99	8/30/99	8/30/00	2/28/01
1999 AFMC	HANSCOM	MA	1	1	1	1	MAJOR	4	1/29/99	5/30/99	8/30/99	8/30/00	2/28/01
1999 AFSPC	CAPE COD	MA	1	1	1	N/A	MINOR	3	1/29/99	5/30/99	8/30/99	8/30/00	2/28/01
1999 ANG	BARNES MAP AGS	MA	1	1	1	P	MINOR	3	1/29/99	5/30/99	8/30/99	8/30/00	2/28/01
1999 ANG	OTIS	MA	1	1	1	P	MAJOR	3	1/29/99	5/30/99	8/30/99	8/30/00	2/28/01
1999 AFR	WESTOVER	MA	1	P	1	1	MAJOR	3	1/29/99	5/30/99	8/30/99	8/30/00	2/28/01
1999 AMC	ANDREWS	MD	1	1	0	1	MAJOR	3	1/29/99	5/30/99	8/30/99	8/30/00	2/28/01
1999 ANG	MARTIN STATE AGS	MD	1	1	P	P	MINOR	2	1/29/99	5/30/99	8/30/99	8/30/00	2/28/01
1999 ANG	BANGOR IAP AGS	ME	1	1	1	1	MINOR	4	1/29/99	5/30/99	8/30/99	8/30/00	2/28/01
1999 ANG	SELFRIDGE	MI	1	1	1	1	MAJOR	4	1/29/99	5/30/99	8/30/99	8/30/00	2/28/01
1999 ANG	W.K.KELLOGG APT AGS	MI	1	1	1	P	MINOR	3	1/29/99	5/30/99	8/30/99	8/30/00	2/28/01
1999 AETC	COLUMBUS	MS	1	1	1	1	MAJOR	4	1/29/99	5/30/99	8/30/99	8/30/00	2/28/01
1999 AETC	KEESLER	MS	1	1	1	1	MAJOR	4	1/29/99	5/30/99	8/30/99	8/30/00	2/28/01
1999 ANG	JACKSON IAP AGS (THOMPSON FLD)	MS	1	1	1	P	MINOR	3	1/29/99	5/30/99	8/30/99	8/30/00	2/28/01
1999 ANG	KEY FLD AGS	MS	1	1	1	1	MINOR	4	1/29/99	5/30/99	8/30/99	8/30/00	2/28/01
1999 ACC	SEYMOUR JOHN	NC	0	0	0	1	MAJOR	1	1/29/99	5/30/99	8/30/99	8/30/00	2/28/01
1999 AMC	POPE	NC	0	0	0	1	MAJOR	1	1/29/99	5/30/99	8/30/99	8/30/00	2/28/01
1999 ANG	CHARLOTTE/DOU GLAS IAP AGS	NC	1	1	1	P	MINOR	3	1/29/99	5/30/99	8/30/99	8/30/00	2/28/01
1999 ACC	OFFUTT	NE	0	1	0	1	MAJOR	2	4/30/99	8/30/99	11/30/99	11/30/00	5/28/01
1999 ANG	PEASE INTL TRADE PORT AGS	NH	1	1	1	P	MINOR	3	4/30/99	8/30/99	11/30/99	11/30/00	5/28/01
1999 AMC	MCGUIRE	NJ	0	1	0	1	MAJOR	2	4/30/99	8/30/99	11/30/99	11/30/00	5/28/01
1999 ANG	ATLANTIC CITY IAP AGS	NJ	1	1	1	P	MINOR	3	4/30/99	8/30/99	11/30/99	11/30/00	5/28/01
1999 AFR	NIAGARA FALLS	NY	1	1	1	1	MINOR	4	4/30/99	8/30/99	11/30/99	11/30/00	5/28/01
1999 ANG	F.S.GABRESKI APT AGS	NY	1	1	1	P	MINOR	3	4/30/99	8/30/99	11/30/99	11/30/00	5/28/01
1999 ANG	HANCOCK FLD AGS	NY	1	1	1	1	MINOR	4	4/30/99	8/30/99	11/30/99	11/30/00	5/28/01
1999 ANG	SCHENECTADY CTY APT AGS	NY	1	1	1	P	MINOR	3	4/30/99	8/30/99	11/30/99	11/30/00	5/28/01
1999 ANG	STEWART IAP AGS	NY	1	1	1	1	MINOR	4	4/30/99	8/30/99	11/30/99	11/30/00	5/28/01
1999 AFR	YOUNGSTOWN-WARREN	OH	1	1	P	1	MINOR	3	4/30/99	8/30/99	11/30/99	11/30/00	5/28/01
1999 AFMC	WRIGHT-PATT	OH	1	1	1	1	MAJOR	4	4/30/99	8/30/99	11/30/99	11/30/00	5/28/01
1999 ANG	MANSFIELD LAHM MAP AGS	OH	1	1	1	1	MINOR	4	4/30/99	8/30/99	11/30/99	11/30/00	5/28/01
1999 ANG	RICKENBACKER IAP AGS	OH	1	1	1	1	MINOR	4	4/30/99	8/30/99	11/30/99	11/30/00	5/28/01

1999 ANG	SPRINGFIELD-BECKLEY MAP AGS	OH	1	1	1	P	MINOR	3	4/30/99	8/30/99	11/30/99	11/30/00	5/28/01
1999 ANG	TOLEDO EXPRESS APT AGS	OH	1	1	1	1	MINOR	4	4/30/99	8/30/99	11/30/99	11/30/00	5/28/01
1999 AFR	PITTSBURGH	PA	1	1	1	1	MINOR	4	4/30/99	8/30/99	11/30/99	11/30/00	5/28/01
1999 ANG	HARRISBURG IAP AGS	PA	1	1	1	P	MINOR	3	4/30/99	8/30/99	11/30/99	11/30/00	5/28/01
1999 AFR	WILLOW GROVE	PA	N/A	N/A	1	P	MINOR	1	4/30/99	8/30/99	11/30/99	11/30/00	5/28/01
1999 ANG	QUONSET STATE APT AGS	RI	1	1	1	P	MINOR	3	4/30/99	8/30/99	11/30/99	11/30/00	5/28/01
1999 ACC	SHAW	SC	0	1	0	1	MAJOR	2	4/30/99	8/30/99	11/30/99	11/30/00	5/28/01
1999 AMC	CHARLESTON	SC	0	0	0	1	MAJOR	1	4/30/99	8/30/99	11/30/99	11/30/00	5/28/01
1999 ANG	MCENTIRE AGS	SC	1	1	1	1	MINOR	4	4/30/99	8/30/99	11/30/99	11/30/00	5/28/01
1999 AFMC	ARNOLD	TN	1	1	1	1	MAJOR	4	4/30/99	8/30/99	11/30/99	11/30/00	5/28/01
1999 ANG	MEMPHIS IAP AGS	TN	1	1	1	1	MINOR	4	4/30/99	8/30/99	11/30/99	11/30/00	5/28/01
1999 ANG	NASHVILLE IAP AGS	TN	1	1	1	1	MINOR	4	4/30/99	8/30/99	11/30/99	11/30/00	5/28/01
1999 ANG	MCGHEE TYSON APT AGS	TN	1	1	1	1	MINOR	4	4/30/99	8/30/99	11/30/99	11/30/00	5/28/01
1999 ANG	ELLINGTON FLD AGS	TX	1	1	1	1	MINOR	4	4/30/99	8/30/99	11/30/99	11/30/00	5/28/01
1999 AFMC	HILL	UT	0	0	0	1	MAJOR	1	4/30/99	8/30/99	11/30/99	11/30/00	5/28/01
1999 ANG	SALT LAKE CITY IAP AGS	UT	1	1	1	P	MINOR	3	4/30/99	8/30/99	11/30/99	11/30/00	5/28/01
1999 ACC	LANGLEY	VA	0	0	0	1	MAJOR	1	4/30/99	8/30/99	11/30/99	11/30/00	5/28/01
1999 ANG	RICHMOND IAP AGS	VA	1	1	P	1	MINOR	3	4/30/99	8/30/99	11/30/99	11/30/00	5/28/01
1999 ANG	BURLINGTON IAP AGS	VT	1	1	1	P	MINOR	3	4/30/99	8/30/99	11/30/99	11/30/00	5/28/01
			54	57	49	42		202					
2000 AFSPC	CLEAR	AK	1	1	1	N/A	MINOR	3	7/30/99	11/30/99	2/30/00	2/30/01	8/30/01
2000 PACAF	ELMENDORF	AK	0	0	0	1	MAJOR	1	7/30/99	11/30/99	2/30/00	2/30/01	8/30/01
2000 ANG	KULIS AGS	AK	1	1	1	1	MINOR	4	7/30/99	11/30/99	2/30/00	2/30/01	8/30/01
2000 AETC	LITTLE ROCK	AR	0	1	1	1	MAJOR	3	7/30/99	11/30/99	2/30/00	2/30/01	8/30/01
2000 ANG	FORT SMITH APT AGS	AR	1	1	1	1	MINOR	4	7/30/99	11/30/99	2/30/00	2/30/01	8/30/01
2000 ACC	DAVIS MOTHAN	AZ	0	0	0	1	MAJOR	1	7/30/99	11/30/99	2/30/00	2/30/01	8/30/01
2000 AETC	LUKE	AZ	0	1	0	1	MAJOR	2	7/30/99	11/30/99	2/30/00	2/30/01	8/30/01
2000 ANG	PHOENIX SKY HARBOR IAP AGS	AZ	1	1	1	1	MINOR	4	7/30/99	11/30/99	2/30/00	2/30/01	8/30/01
2000 ANG	TUCSON IAP AGS	AZ	1	1	1	1	MINOR	4	7/30/99	11/30/99	2/30/00	2/30/01	8/30/01
2000 ACC	BEALE	CA	0	0	0	1	MAJOR	1	7/30/99	11/30/99	2/30/00	2/30/01	8/30/01
2000 AFMC	EDWARDS	CA	1	1	1	1	MAJOR	4	7/30/99	11/30/99	2/30/00	2/30/01	8/30/01
2000 AFMC	LOS ANGELES	CA	1	1	1	1	MAJOR	4	7/30/99	11/30/99	2/30/00	2/30/01	8/30/01
2000 AFSPC	VANDENBERG	CA	1	1	1	1	MAJOR	4	7/30/99	11/30/99	2/30/00	2/30/01	8/30/01
2000 AMC	TRAVIS	CA	1	0	1	1	MAJOR	3	7/30/99	11/30/99	2/30/00	2/30/01	8/30/01
2000 ANG	CHANNEL ISLANDS AGS	CA	1	1	1	1	MINOR	4	7/30/99	11/30/99	2/30/00	2/30/01	8/30/01
2000 ANG	FRESNO AIR TERM AGS	CA	1	1	1	1	MINOR	4	7/30/99	11/30/99	2/30/00	2/30/01	8/30/01
2000 AFR	MARCH	CA	1	1	1	1	MAJOR	4	7/30/99	11/30/99	2/30/00	2/30/01	8/30/01
2000 USAFE	RAMSTEIN	GE	1	1	0	N/A	MAJOR	2	7/30/99	11/30/99	2/30/00	2/30/01	8/30/01
2000 AFSPC	THULE	GRNLD	1	1	1	N/A	MINOR	3	7/30/99	11/30/99	2/30/00	2/30/01	8/30/01
2000 ANG	DES MOINES IAP AGS	IA	1	1	1	1	MINOR	4	7/30/99	11/30/99	2/30/00	2/30/01	8/30/01
2000 ANG	SIOUX GATEWAY APT AGS	IA	1	1	1	1	MINOR	4	7/30/99	11/30/99	2/30/00	2/30/01	8/30/01
2000 ACC	MTN HOME	ID	0	1	0	1	MAJOR	2	7/30/99	11/30/99	2/30/00	2/30/01	8/30/01
2000 ANG	BOISE AIR TERM AGS	ID	1	1	P	P	MINOR	2	7/30/99	11/30/99	2/30/00	2/30/01	8/30/01

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2000 ANG	CAPITAL APT AGS	IL	1	1	1	1	MINOR	4	7/30/99	11/30/99	2/30/00	2/30/01	8/30/01
2000 ANG	GREATER PEORIA APT AGS	IL	1	1	1	1	MINOR	4	7/30/99	11/30/99	2/30/00	2/30/01	8/30/01
2000 AFR	GRISSOM	IN	1	1	1	P	MAJOR	3	7/30/99	11/30/99	2/30/00	2/30/01	8/30/01
2000 ANG	FORT WAYNE IAP AGS	IN	1	1	1	P	MINOR	3	7/30/99	11/30/99	2/30/00	2/30/01	8/30/01
2000 ANG	HULMAN APT AGS	IN	1	1	1	1	MINOR	4	7/30/99	11/30/99	2/30/00	2/30/01	8/30/01
2000 AMC	MCCONNELL	KS	0	0	0	1	MAJOR	1	7/30/99	11/30/99	2/30/00	2/30/01	8/30/01
2000 ANG	FORBES FLD AGS	KS	1	1	P	P	MINOR	2	7/30/99	11/30/99	2/30/00	2/30/01	8/30/01
2000 ANG	LOUISVILLE IAP AGS STANDIFORD FLD	KY	1	1	1	1	MINOR	4	7/30/99	11/30/99	2/30/00	2/30/01	8/30/01
2000 AFR	MINNEAPOLIS-ST PAUL	MN	1	1	1	1	MINOR	4	7/30/99	11/30/99	2/30/00	2/30/01	8/30/01
2000 ANG	DULUTH IAP AGS	MN	1	1	1	1	MINOR	4	7/30/99	11/30/99	2/30/00	2/30/01	8/30/01
2000 ACC	WHITEMAN	MO	0	0	0	1	MAJOR	1	7/30/99	11/30/99	2/30/00	2/30/01	8/30/01
2000 ANG	LAMBERT STL IAP AGS	MO	1	1	1	1	MINOR	4	10/29/99	2/30/00	5/30/00	5/30/01	11/30/01
2000 ANG	ROSECRANS MEM'L APT AGS	MO	1	1	1	1	MINOR	4	10/29/99	2/30/00	5/30/00	5/30/01	11/30/01
2000 AFSPC	MALMSTROM	MT	1	1	1	1	MAJOR	4	10/29/99	2/30/00	5/30/00	5/30/01	11/30/01
2000 ANG	GREAT FALLS IAP AGS	MT	1	1	1	1	MINOR	4	10/29/99	2/30/00	5/30/00	5/30/01	11/30/01
2000 ACC	MINOT	ND	0	0	0	1	MAJOR	1	10/29/99	2/30/00	5/30/00	5/30/01	11/30/01
2000 AFSPC	CAVALIER	ND	1	1	1	N/A	MINOR	3	10/29/99	2/30/00	5/30/00	5/30/01	11/30/01
2000 AMC	GRANDFORKS	ND	1	1	1	1	MAJOR	4	10/29/99	2/30/00	5/30/00	5/30/01	11/30/01
2000 ANG	HECTOR IAP AGS	ND	1	1	1	1	MINOR	4	10/29/99	2/30/00	5/30/00	5/30/01	11/30/01
2000 ACC	CANNON	NM	0	1	0	1	MAJOR	2	10/29/99	2/30/00	5/30/00	5/30/01	11/30/01
2000 ACC	HOLLOMAN	NM	0	1	0	1	MAJOR	2	10/29/99	2/30/00	5/30/00	5/30/01	11/30/01
2000 AFMC	KIRTLAND	NM	1	1	1	1	MAJOR	4	10/29/99	2/30/00	5/30/00	5/30/01	11/30/01
2000 ACC	NELLIS	NV	0	0	0	1	MAJOR	1	10/29/99	2/30/00	5/30/00	5/30/01	11/30/01
2000 ANG	RENO-TAHOE IAP	NV	1	1	1	P	MINOR	3	10/29/99	2/30/00	5/30/00	5/30/01	11/30/01
2000 AETC	ALTUS	OK	1	1	1	1	MAJOR	4	10/29/99	2/30/00	5/30/00	5/30/01	11/30/01
2000 AETC	VANCE	OK	1	1	1	1	MAJOR	4	10/29/99	2/30/00	5/30/00	5/30/01	11/30/01
2000 AFMC	TINKER	OK	1	1	1	1	MAJOR	4	10/29/99	2/30/00	5/30/00	5/30/01	11/30/01
2000 ANG	TULSA IAP AGS	OK	1	1	1	1	MINOR	4	10/29/99	2/30/00	5/30/00	5/30/01	11/30/01
2000 ANG	WILL ROGERS WORLD APT AGS	OK	1	1	1	1	MINOR	4	10/29/99	2/30/00	5/30/00	5/30/01	11/30/01
2000 ANG	KLAMATH FALLS IAP AGS	OR	1	1	P	P	MINOR	2	10/29/99	2/30/00	5/30/00	5/30/01	11/30/01
2000 ANG	PORTLAND IAP AGS	OR	1	1	1	1	MINOR	4	10/29/99	2/30/00	5/30/00	5/30/01	11/30/01
2000 ACC	ELLSWORTH	SD	0	1	0	1	MAJOR	2	10/29/99	2/30/00	5/30/00	5/30/01	11/30/01
2000 ANG	JOE FOSS FLD AGS	SD	1	1	1	P	MINOR	3	10/29/99	2/30/00	5/30/00	5/30/01	11/30/01
2000 USAFE	INCIRLIK	TURKEY	1	1	1	N/A	MAJOR	3	10/29/99	2/30/00	5/30/00	5/30/01	11/30/01
2000 USAFE	CROUGHTON	UK	1	1	1	N/A	MINOR	3	10/29/99	2/30/00	5/30/00	5/30/01	11/30/01
2000 USAFE	LAKENHEATH	UK	0	0	1	N/A	MAJOR	1	10/29/99	2/30/00	5/30/00	5/30/01	11/30/01
2000 AMC	FAIRCHILD	WA	0	0	0	1	MAJOR	1	10/29/99	2/30/00	5/30/00	5/30/01	11/30/01
2000 AMC	MCCHORD	WA	0	0	0	1	MAJOR	1	10/29/99	2/30/00	5/30/00	5/30/01	11/30/01
2000 AFR	GENERAL MITCHELL	WI	1	1	1	1	MINOR	4	10/29/99	2/30/00	5/30/00	5/30/01	11/30/01
2000 ANG	TRUAX FLD DANE CTY	WI	P	1	P	P	MINOR	1	10/29/99	2/30/00	5/30/00	5/30/01	11/30/01
2000 ANG	YEAGER APT AGS	WV	1	1	1	1	MINOR	4	10/29/99	2/30/00	5/30/00	5/30/01	11/30/01
2000 ANG	EWVR/SHEPHERD FLD AGS	WV	1	1	1	1	MINOR	4	10/29/99	2/30/00	5/30/00	5/30/01	11/30/01
2000 AFSPC	FE WARREN	WY	1	1	1	1	MAJOR	4	10/29/99	2/30/00	5/30/00	5/30/01	11/30/01

2000	ANG	CHEYENNE APT AGS	WY	1	1	P	1	MINOR	3	10/29/99	2/30/00	5/30/00	5/30/01	11/30/01
				50	56	47	52		205					
N/A	PACAF	EIELSON	AK	0	0	0	N/A	MAJOR	0					
N/A	AFSPC	WOOMERA	AUSTR	P	P	P	P	MINOR	0					
N/A	ACC	LAJES	AZORES	P	P	P	N/A	MAJOR	0					
N/A	AFSPC	ONIZUKA	CA	P	P	P	P	MINOR	0					
N/A	USAFE	SPANGDAHLEM	GE	0	0	0	N/A	MAJOR	0					
N/A	PACAF	HICKAM	HI	0	0	0	N/A	MAJOR	0					
N/A	AFR	CHICAGO-OHARE	IL	P	P	P	P	MINOR	0					
N/A	USAFE	AVIANO	ITALY	0	N/A	0	N/A	MAJOR	0					
N/A	PACAF	KADENA	JAPAN	0	0	0	N/A	MAJOR	0					
N/A	PACAF	MISAWA	JAPAN	0	0	0	N/A	MAJOR	0					
N/A	PACAF	YOKOTA	JAPAN	0	0	0	N/A	MAJOR	0					
N/A	PACAF	KUNSAN (In-place)	KOREA	0	0	0	N/A	MAJOR	0					
N/A	PACAF	OSAN (In-place)	KOREA	0	0	0	N/A	MAJOR	0					
N/A	ANG	LINCOLN MAP AGS	NE	P	P	P	P	MINOR	0					
N/A	ANG	LUIS MUNOZ MARIN IAP AGS (P R.)	PR	P	P	P	N/A	MINOR	0					
N/A	USAFE	PIRINCLIK	TURKEY	P	P	P	P	MINOR	0					
N/A	AFR	CARSWELL	TX	N/A	N/A	N/A	N/A	MINOR	0					
N/A	USAFE	MILDENHALL	UK	0	0	0	N/A	MAJOR	0					

Total AF Systems = 636
Total AF Systems Already Privatized = 67
Total AF Systems EAF Review Pending (Mission Security Impact) = 108
Total AF Systems Available = 463
0 = Mission Security EAF Pending
P = Already Privatized
N/A = No System Available
1 = Available System

TABLE 5.1.1.1. Program Execution Plan

PRIVATIZATION OF UTILITY SYSTEMS

Question. Why would a utility system be exempt from privatization?

Answer. Defense Reform Initiative Directive (DRID) #49 directed the privatization of all utility systems (water, wastewater, electrical, and natural gas), except those needed for unique mission/security reasons or when privatization is uneconomical.

The Air Force screened its utility systems and assessed that 108 utility systems should be exempt from utilities privatization.

Analysis showed that privatization of these 108 utility systems would negatively impact the Air Force's ability to accomplish contingency operations. Air Force looked carefully at installations with mobility commitments/war time taskings and assessed, by career field, the authorizations available for privatization without impacting these commitments.

Proficiency training is a critical readiness issue. We need systems for our craftsmen to train on during peacetime so they are proficient when called upon for their wartime skills.

Question. What efforts are being made by the Air Force to partner with the other Services in privatizing utility systems? Specifically, is there coordination between the Services in co-located areas?

Answer. The Air Force is pursuing partnerships in order to better expedite utility privatization. We have partnered with the Defense Energy Support Center (DESC) in the Texas Regional Demonstration to include the privatization of utility systems at all Texas Air Force installations. DESC provided $4.3M to implement the Texas regional demonstration project. Air Force awarded a $4.3M contract in Aug 98 to begin an initial utilities privatization assessment which included water, wastewater, electric and natural gas systems at Brooks AFB, Lackland AFB, Randolph AFB, Laughlin AFB, Sheppard AFB, Goodfellow AFB, but only the natural gas system at Dyess AFB due to readiness mission impacts.

The demonstration has been expanded to include both the Army and Navy. The Army has 11 systems at 3 installations (Red River Army Ammunition Plan (AAP)—water, wastewater, electric, and natural gas; Lone Star AAP—water, wastewater, electric, and natural gas; Ft Bliss—water, wastewater, and electric) while the Navy has 4 systems at 1 installation (Naval Air Station Joint Reserve Base (NAS JRB) Ft Worth—water, wastewate, electric, and natural gas).

In addition to partnering with DESC, the Air Force meets regularly with the Army and the Navy to compare utility privatization implementation plans in order to determine the feasibility of joint/regional privatization initiatives. The Air Force is partnering with the Navy at Andersen AFB (Guam) and at Bolling AFB/Anacostia Naval Station (Washington, D.C.). The Air Force is working a joint effort with the Army in Colorado to privatize Cheyenne Mountain Air Station with Fort Carson. We are continually looking for additional opportunities.

The Services meet on a monthly basis to coordinate utility privatization efforts and to crossfeed information.

Question. Can the Air Force document any savings or avoided costs, in net present value, which will result from the utility privatization effort?

Answer. The Air Force cannot, at this time, document any savings or avoided costs, in net present value, which will result from the utility privatization effort.

Question. What efforts has the Air Force made in examining alternate sources of purchasing energy?

Answer. Most states require the Air Force to procure electricity from the local utility. In states where electric deregulation has occurred, the Air Force conducts competitive procurement or works with GSA or Defense Energy Support Center (DESC) in aggregating electric loads. The Air Force closely monitors other state deregulation efforts and intervenes in state public utility company proceedings where necessary to protect base interests. Examples of alternate sources of purchasing electricity follows:

California—Four Air Force bases and one Army base joined a GSA interagency agreement with Bonneville Power Authority in 1998 to competitively buy electricity in California. The Air Force is working with DESC on a demonstration project in California for competitive electricity procurement to aggregate Air Force, Army, and Navy loads.

Massachusetts—Hanscom AFB is participating with GSA to aggregate federal loads in Massachusetts and purchase electricity in bulk. The Air Force has been buying competitive electricity at Scott AFB through a pilot program since 1996.

Montana, Arizona, New Jersey—The Air Force is actively investigating options for competitively obtaining electricity in these states as they deregulate. We plan to aggregate loads where it makes economic sense.

As for natural gas, many states permit the competitive procurement for retail customers. The Air Force takes full advantage of this opportunity, and when cost-effective, secures the gas through the DESC competitive bid process.

FORWARD OPERATING LOCATIONS

Question. As part of the Counterdrug funding in the Defense Appropriations Bill there is $42.8 million programmed for the construction of three forward operation locations. This is part of the post Panama Restructuring. It is our understanding that these funds are held in a central transfer account and will eventually be allocated to the Air Force and Navy for execution. Could you please provide us some detail on these proposed construction projects?

Answer. There are no details yet available on the proposed construction projects. The Air Force completed site surveys of potential locations in February 1999. Final approval of locations is dependent on agreement within the military services and between the Department of Defense, State Department and appropriate host nations.

ALASKA EIELSON AFB: REPAIR KC–135 PARKING RAMP ($941,000) ALASKA-EIELSON AFB: REPAIR RUNWAY ($3,334,000)

Question. These two projects have been scheduled concurrently with a DLA Hydrant Fueling System project. This has been done to complete all three projects during a single runway closure. Is it absolutely necessary to complete these projects concurrently?

Answer. Yes. It is essential to accomplish all of these projects concurrently during the brief, 135-day Arctic construction season to optimize construction economies of scale, sequencing of construction, and mission impact. Therefore, runway and ramp construction and fuel system installation should be accomplished concurrently. Flying operations will be relocated to nearby Ft. Wainwright and Fairbanks International Airport during the runway closure, imposing mission limitations such as takeoff weight restrictions for tankers at Ft. Wainwright. If not completed concurrently, construction costs will be higher and mission restrictions will be imposed over a longer period of time.

Question. How will the runway closure impact mission readiness at Eielson AFB?

Answer. The runway closure will limit Eielson AFB to contingency flying operations only, allowing only some fighter aircraft to be flown in for maintenance, using the parallel taxiway. All flying missions will be relocated to nearby air fields during construction, permitting assigned fighter and tanker missions to continue until the runway is reopened. Limiting runway closure to a single 135-day construction season will permit at least two of four FY00 Cope Thunder air combat training exercises to take place as scheduled.

ALASKA: ELMENDORF AFB: CONSTRUCT C–130 PARKING RAMP ($3,995,000)

Question. The form 1391 for this project describes the proposed construction as installing fuel hydrants and associated piping. Is the installation of fuel hydrants part of this construction project or the DLA FY'00 hydrant fueling system project?

Answer. The new hydrants are part of the C–130 ramp construction project.

Question. Is it mandatory to construct the C–130 parking ramp and install the hydrant fueling system concurrently? What would by the consequences if completed in separate fiscal years?

Answer. The projects are designed to provide both hydrant refueling and apron parking as a single undertaking. This allows construction to be completed in the same year, relocates the C–130 aircraft from the transient parking apron to the C–130 squadron operations facility, and achieves construction cost savings by avoiding demolition of portions of a new parking apron to accommodate subsequent installation of the hydrant fueling system.

Question. Another dormitory is programmed at Elmendorf AFB for fiscal year 2001. Will these two projects provide adequate living quarters to accommodate all unaccompanied enlisted personnel at Elmendorf AFB? If not, what is the Air Force's plan to provide adequate living quarters?

Answer. No, these two projects will not provide enough adequate living quarters to accommodate all the unaccompanied enlisted personnel at Elmendorf AFB. The following table describes the planned projects to accommodate E–1 thru E–4 unaccompanied enlisted personnel at Elmendorf AFB:

Fiscal year	Project title	Scope (Rooms)	Costs ($M)
2000	Dormitory	144	15.8
2001	Dormitory	144	16.5
2002	Dormitory	144	16.3
Future	Dormitory	180	TBD

ALASKA: ELMENDORF AFB: DORMITORY ($3,727,000)

Question. Does this project replace an existing dormitory? If so, does it replace the worst existing dormitory at Elmendorf AFB?

Answer. No, this project does not replace an existing dormitory—it adds new rooms to the existing inventory to reduce the 658 room deficit.

ARIZONA: DAVIS MONTHAN AFB: AIRCRAFT PROCESSING RAMP ($1,847,000)

Question. The Form 1390 indicates that a future "aircraft ramp" project is planned, at a cost of $6,900,000. How does that project relate to this project, and when is it programmed?

Answer. There is no relationship between these two projects. The FY00 MILCON project, "Aircraft Processing Ramp" supports the Aerospace Maintenance and Regeneration Center mission that processes all DoD aircraft for presentation and reactivation. The future year (FY03) aircraft ramp supports additional ramp space for operational EC–130 aircraft assigned to this base.

Question. Why weren't the two projects programmed concurrently?

Answer. The two projects are in geographically separate portions of the installation, support different mission requirements and did not have the same priority when considered for the FY00 MILCON program.

CALIFORNIA: BEALE AFB: FLIGHTLINE FIRE STATION ($2,086,000)

Question. The form 1391 states crash and structural fire station functions will be consolidated into one facility. How many facilities currently house these functions? Why does the project only demolish one of the current facilities? What are the plans for the facilities that will not be demolished?

Answer. These functions are currently housed in three facilities. The existing structural fire station, a World War II era wooden structure is beyond economical repair with numerous life safety/health deficiencies and will be demolished as part of this project. The remaining two facilities are undersized for the current functions. They will be renovated and used for other base functions.

Question. Describe the economies that should result from the consolidation of crash and structural fire station functions in a central facility.

Answer. A consolidated fire/crash rescue station will provide one efficient facility and eliminates the need to man a flightline trailer during flying operations. The economies result from the operations and maintenance costs associated with one new efficient facility versus the use of a temporary trailer and a deteriorated and substandard structural fire station.

CALIFORNIA: TRAVIS AFB: ADD TO PHYSICAL FITNESS CENTER ($1,754,000)

Question. Will this project satisfy the total space requirement for fitness centers at Travis AFB? If not, are additional fitness center projects programmed? If so, in what fiscal year and at what cost?

Answer. No, a final project ($9M) to add to the fitness center will be programmed as part of a future year MILCON program.

COLORADO: PETERSEN AFB: USSPACECOM/NORAD HEADQUARTERS ($7,887,000)

Question. The fiscal year 2000 Army military construction program includes a project at Peterson AFB for an Army Space Command Headquarters. Will that project and this project construct a single facility? If not, why not? Will the two projects be executed by a single contract to achieve construction cost savings?

Answer. Currently, DoD and US Space Command are readdressing issues regarding the costs and benefits of a single versus separate facilities. Once this process has been completed we will be able to fully answer this question and will forward a final answer at that time.

Question. Describe the economies that should result from constructing a headquarters facility to house USSPACECOM and NORAD.

Answer. Tangible savings will be realized from eliminating off-base leased facilities and demolition of existing deteriorated and inefficient facilities, which will result in savings of energy and real property maintenance funds. An economical analysis was conducted comparing different options. Based on the net present value and benefits of the respective alternatives, new construction was found to be the most cost effective over the life of the project.

COLORADO: SCHRIEVER AFB: PHYSICAL FITNESS CENTER ($929,000)

Question. Will this project satisfy the total space requirement for fitness centers at Schriever AFB? If not, are additional fitness center projects programmed? If so, in what fiscal year and at what cost?

Answer. Yes, this project will satisfy the space requirement for fitness centers at Schriever AFB.

COLORADO: SCHRIEVER AFB: SANITARY SEWER LINE ($1,296,000)

Question. The Air Force is working hard to get out of the utilities business whenever possible. What efforts were made to privatize utility service at this installation, in part to avoid the need for this military construction project?

Answer. The existing wastewater treatment facility is out-of-compliance with the Clean Water Act. In order to comply with the Act, the Air Force must modify the existing treatment facility or contract with the local utility provider to connect the installation to the local treatment plant. The Air Force chose to contract with the local provider. Once connected to the local treatment plant, we will no longer operate the on-installation wastewater treatment plant. Additionally, we are in the process of assessing the potential for privatization of all utility systems at this installation, including the remaining portions of the wastwater collection system.

COLORADO: USAFA: UPGRADE ACADEMIC FACILITY ($4,056,000)

Question. The Form 1390 indicates that future projects are planned "upgrade academic facilities" at the Academy. There are two projects planned in the amounts of $11,217,000 and $6,131,000. How do those two projects relate to this project, and when are they programmed?

Answer. The FY00 project primarily renovates the 6th floor faculty offices. The two future planned projects renovate cadet support areas. They are programmed for FY02 and FY04 respectively.

Question. Why weren't the three projects programmed concurrently?

Answer. The three projects were not programmed concurrently because the renovation of the cadet support areas could not be accomplished at the same time as the renovation of the 6th floor without a significant increase in interim facilities.

Question. This project upgrades the sixth floor of Fairchild Hall. What are the future requirements for the upgrading of Fairchild Hall? If additional projects are needed, when are they programmed?

Answer. Future work includes renovation of the lecture halls, audio-visual and training device areas, and the cadet library. This work includes installation of a fire protection system in these areas and elimination of life safety code deficiencies. In addition, replacement of worn-out elevators, replacement of central mechanical systems, and elimination of remaining life safety code deficiencies is required. This future work is programmed in FY02 and 04.

FLORIDA: EGLIN AUX FIELD 9: DORMITORY ($2,161,000)

Question. What is the estimate of savings in design costs by accomplishing this project using a standard or definitive design?

Answer. By site-adapting an existing design for the new dormitories at Eglin Auxiliary Field No. 9, the Air Force estimates the savings in design costs to be approximately $150,000. The Air Force accounted for these design savings in the FY99 planning and design budget request.

FLORIDA: EGLIN AFB: DORMITORY ($1,635,000)

Question. Will this project provide adequate living quarters to accommodate all unaccompanied enlisted personnel at Eglin AFB? If not, what are the Air Force's plans (by fiscal year and dollar amount) to provide adequate living quarters at Eglin AFB?

Answer. No, the FY00 project will not provide adequate living quarters to accommodate all the unaccompanied enlisted personnel at Eglin AFB. The following table

describes the planned projects to accommodate E–1 thru E–4 unaccompanied enlisted personnel at Eglin AFB:

Fiscal year	Project title	Scope (rooms)	Cost ($M)
2000	Dormitory	120	7.0
2003	Dormitory	120	7.1
Future	Dormitory	120	TBD

FLORIDA: PATRICK AFB: AIR FREIGHT/PASSENGER TERMINAL FACILITY ($1,967,000)

Question. This facility will house material handling equipment to be provided from other appropriations. Has this procurement been timed to correspond with the availability of this facility?

Answer. Yes, the material handling equipment is timed to correspond with the construction schedule of the air freight/passenger terminal project at Patrick AFB. We continue to work closely with the Corps of Engineers to ensure the material handling equipment design and installation dates are in concert with the availability of this facility.

FLORIDA: PATRICK AFB: BASE SUPPLY/TRAFFIC MANAGEMENT COMPLEX ($2,238,000)

Question. The form 1391 states that "five additional buildings are to be demolished, as they are beyond economical repair and are located on the future site of the Defense Equal Opportunity Management Institute (DEOMI) facility." When is the construction of the DEOMI facility programmed?

Answer. The DEOMI facility is proposed for the FY01 MILCON program.

Question. When were the five additional buildings to be demolished built, and what functions or operations are currently performed in these buildings?

Answer. All five facilities are small metal or concrete block sheds.

Building number	Year built	Function
231	1945	Hazardous material storage.
305	1982	Do.
306	1956	Do.
309	1953	Do.
316	1956	Do.

Question. Why was the cost of demolishing these five additional buildings included in the cost of this project and not the cost of constructing the DEOMI facility?

Answer. When replacing existing deteriorated facilities, the military construction project typically includes the cost of demolishing the deteriorated facilities. This is intended to prevent installations from re-using substandard facilities for follow-on functions. These five facilities are part of the existing base supply/traffic management complex and are scheduled to be demolished after the new supply complex is completed. Similarly, when the new DEOMI facility is completed, we plan to demolish the existing DEOMI complex as part of the cost of construction.

Question. This facility will house material handling equipment and prewired workstations to be provided from other appropriations. Has this procurement been timed to correspond with the availability of this facility?

Answer. Yes, the material handling equipment and pre-wired workstation procurement is timed to correspond with the construction schedule of the base supply/traffic management complex at Patrick AFB. We continue to work closely with the Corps of Engineers to ensure the equipment and workstation design and installation dates are in concert with the availability of this facility.

GEORGIA: FORT BENNING: AIR SUPPORT OPERATIONS SQUADRON FACILITY ($911,000)

Question. Does this project include the cost of demolishing the current facilities? If demolition is not planned, what is the intended re-use of the current facilities?

Answer. No, the demolition is not part of this project cost. All facilities occupied by the Air Support Operation Squadron (ASOS) will be returned to the Army for their use.

GEORGIA: ROBINS AFB: KC–135 SIMULATOR FACILITY ($789,000)

Question. This facility will house a flight simulator device valued at $25,000,000, to be provided from other appropriations. Has this procurement been timed to correspond with the availability of this facility?

Answer. Yes. The new Robins AFB KC–135 simulator facility will be available in June 2001. The existing KC–135 flight simulator will move into the new facility immediately following the facility's completion. The existing Robins AFB KC–135 simulator will be modified for Full Motion functionality in June 2003.

Question. How many identical KC–135 full motion simulator devices does the Air Force have right now, and where are they?

Answer. There are 5 identical full motion KC–135R simulator devices. Three are at Altus AFB OK, one is at Fairchild AFB WA, and one is at Grand Forks AFB ND.

Question. What are the plans for re-use of the existing KC–135 flight simulator facility?

Answer. The facility will be reused as a crew alert facility which provides sleeping quarters, latrines, showers, administrative space, etc. to accommodate aircrews during local exercises and real world contingency operations.

HAWAII: HICKAM AFB: FIRE TRAINING FACILITY ($785,000)

Question. Will this project meet all fire training requirements at this location?

Answer. No. The project will meet all aircraft crash rescue fire training requirements in an environmentally safe facility. A future joint military-civilian initiative will provide a new structural fire training facility.

IDAHO: MOUNTAIN HOME AFB: ENHANCED TRAINING RANGE, PHASE II ($3,487,000)

Question. This is Phase II of a three-phase project. The Department has stated that with this year's broad application of the advanced appropriation funding concept that projects which were previously phased have been fully funded in order to continue contract execution. Why is this phase-funded project incrementally funded? Will this have any impact on contract execution?

Answer. The requirements for this effort were split into multi-phases due to cost and mission capability. Each phase was programmed as a complete and useable project. This project was incrementally funded as part of the overall FY00 MILCON program advance appropriation concept and will face the same execution challenges as any other FY00 advance appropriated project. Construction in FY00 will be limited to available funds less an estimated termination liability.

MISSISSIPPI: KEESLER AFB: STUDENT DINING FACILITY ($1,686,000)

Question. What is the estimate of savings in design costs by accomplishing this project using a standard of definitive design?

Answer. Utilizing a standard design resulted in an estimated $140,000 in savings compared to traditional design. The Air Force accounted for these design savings in the FY99 planning and design budget request.

MISSISSIPPI: KEESLER AFB: STUDENT DORMITORIES ($4,679,000)

Question. How far will these new student dormitories be located from the Training Support Facility, and how far will they be from main base operations?

Answer. The dormitories will be collocated with the training support facility as part of the student campus. The campus area is located approximately one mile from the center of main base operations.

MISSOURI: WHITEMAN AFB: PHYSICAL FITNESS CENTER ($447,000)

Question. Will this project satisfy the total space requirement for fitness centers at Whiteman AFB? If not, are additional fitness center projects programmed? If so, in what fiscal year and at what cost?

Answer. Yes, this project satisfies the total space requirements for fitness centers at Whiteman AFB.

Question. Will the use of this facility be limited to active duty military personnel assigned to Whiteman AFB? How many such personnel will be stationed at Whiteman AFB at the time this center becomes operational?

Answer. The use of this facility will not be limited to only active duty military personnel assigned to Whiteman AFB. All categories of authorized patrons of Air Force morale, welfare and recreation activities will be authorized to use this facility.

However, installation commanders may limit access among active duty members only when space is limited.

For fourth quarter FY00, approximately 403 civilians and 3315 military will be stationed at Whiteman AFB at the time the center becomes operational.

NEW JERSEY: MCGUIRE AFB: VISITING QUARTERS ($2,765,000)

Question. The form 1391 states that the requirement is 3,850 square meters, and the existing visiting quarters to be demolished offers a substandard 4,672 square meters. Will this net reduction in size be missed?

Answer. The existing visiting quarters support 124 persons. The new construction provides space for 117 persons. The net reduction in square meters does not affect the base's ability to support transient personnel.

NEW YORK: ROME RESEARCH SITE: CONSOLIDATE INTELLIGENCE AND RECONNAISSANCE LABORATORY ($3,002,000)

Question. What is the current status of the "Vision 21" effort by the Department of Defense to consolidate its testing and evaluation centers and laboratories? How does this project fit with that effort?

Answer. The Department of Defense "Vision 21" effort was discontinued in April 1997 with the understanding that RDT&E Infrastructure issues would be addressed in the Quadrennial Defense Review (QDR). Although this particular project no longer fits into the Vision 21 activities, it does point out the Air Force's continued commitment to reduce, restructure, and revitalize its RDT&E Infrastructure through outsourcing opportunities and a greater reliance on partnering with industry.

OHIO: WRIGHT PATTERSON AFB: CONSOLIDATE AVIONICS RESEARCH LABORATORY ($3,230,000)

Question. How many facilities will be vacated as part of this consolidation effort?

Answer. Five facilities will be vacated as part of this consolidation.

Question. The project will demolish one facility. What are the re-use plans for the other facilities or vacated space resulting from this effort?

Answer. One of the facilities is being converted to a fitness center. The remaining three facilities will be renovated for existing research laboratories.

Question. How does this project fit within the Department's "Vision 21" effort to consolidate its testing and evaluation center and laboratories?

Answer. The Department of Defense "Vision 21" effort was discontinued in April 1997 with the understanding that RDT&E Infrastructure issues would be addressed in the Quadrennial Defense Review (QDR). Although "Vision 21" has been discontinued, this project is part of the Air Force's continued commitment to reduce, restructure, and revitalize its RDT&E Infrastructure.

OKLAHOMA: TINKER AFB: DORMITORIES ($1,602,000)

Question. This project constructs a new dormitory and upgrades an existing dormitory. Additionally, there are dormitory projects programmed at Tinker AFB in fiscal year 2001, and in the outyears. Will this year's upgrade address the worst existing barracks at Tinker AFB?

Answer. Yes, this year's project upgrades the worst existing barracks at Tinker AFB.

Question. To what extent will this project reduce the backlog of real property maintenance requirements, which now totals $44,308,000 for this location according to the form 1390?

Answer. The existing dormitory requiring upgrades is not included in the Backlog of Real Property Maintenance (RPM) requirements.

SOUTH CAROLINA: CHARLESTON AFB: C–17 CORROSION CONTROL FACILITY ($4,389,00)

Question. What is the estimate of savings in design costs by accomplishing this project using a standard or definitive design?

Answer. Estimated savings are $170,000. The Air Force accounted for these design savings in the FY00 planning and design budget request.

TENNESSEE: ARNOLD AFB: UPGRADE JET ENGINE AIR INDUCTION SYSTEM, PHASE III ($1,851,000)

Question. This is Phase III of a phase-funded project. The Department has stated that with this year's broad application of the advanced appropriation funding concept that projects which were previously phased have been fully funded in order to continue contract execution. Why is this phase-funded project incrementally funded? Will this have any impact on contract execution? The form 1391 refers to this project as a "phase III." What futher work is planned, when is it programmed, and at what cost?

Answer. The requirements for this effort were split into multi-phases due to cost and unacceptable facility downtime associated with a one-time replacement of the jet engine air induction system. Each phase was programmed as a complete and useable project. This project was incrementally funded as part of the overall FY00 MILCON program advance appropriation concept and will face the same execution challenges as any other FY00 advance appropriated project. Construction in FY00 will be limited to available funds less and estimated termination liability. The final phase currently programmed in FY05 for $26.6M will complete the replacement of remaining carbon steel air supply ducts with stainless steel ducts.

TEXAS: LAUGHLIN AFB: JPATS BEDDOWN—ADAL VARIOUS FACILITIES ($766,000)

Question. The first JPATS aircraft is scheduled for initial delivery in August 2001. How will this year's incremental funding concept potentially impact the completion of needed facilities for the JPATS aircraft prior to their arrival?

Answer. We will continue to work contract award and funding strategies with our design and construction agents to minimize the impact that advance appropriation has on the beddown of JPATS at Laughlin AFB. At this time there is no anticipated impact.

Question. What is the future construction program for needed facilities for the JPATS aircraft at Laughlin AFB and other JPATS beddown installations?

Answer. There are no additional military construction projects identified or programmed for the beddown of JPATS at Laughlin AFB. Future requirements for the beddown of JPATS at Vance, Columbus, and Sheppard Air Force Bases still have to be identified.

VIRGINIA: LANGLEY AFB DORMITORY ($6,300,000 AUTHORIZATION)

Question. There are additional dormitory projects in fiscal year 2001, and in the outyears. Is this about the maximum rate of dormitory replacement that can be accomplished at Langley AFB without disrupting operations, roughly $6,500,000 of dormitory work per year?

Answer. The FY01 and outyear dormitory projects at Langley AFB do not replace any existing dormitories, but rather add new dormitories to reduce the overall 633 dormitory room deficit at Langley AFB for our permanent party enlisted airmen. These projects will not disrupt any mission operations, nor do they represent any maximum rate of dormitory work per year.

WASHINGTON: MCCHORD AFB: C–17 SQUADRON OPERATIONS AIRCRAFT MAINTENANCE UNIT ($1,858,000)

Question. This project consolidates three operations and two maintenance facilities. In what years were these existing facilities built, what condition are they in, and what are the re-use plan for these facilities?

Answer. There are four existing facilities impacted by this project. Two of the facilities are interim facilities purchased in 1990 and will be demolished upon completion of the project. One of the facilities was constructed in FY92 and will be modified by the Air Force Reserve and used as a Squadron Operations/Aircraft Maintenance Unit (AMU). A fourth was constructed in 1962 and will be reused as a weapons systems maintenance management function.

Question. What is the future construction program for the beddown of the C–17 at McChord AFB?

Answer. There are three projects remaining at McChord AFB: One Squad Ops/AMU facility (FY01) and two Addition/Alteration Nose Docks (one in FY01, one to be programmed in a future year).

ITALY: AVIANO AB: RADAR APPROACH CONTROL FACILITY ($966,000)

Question. Why isn't this program eligible for NATO or host nation funding? Have precautionary financing statements been submitted to NATO nonetheless?

Answer. This project is not eligible for NATO funding because it is a U.S. unique requirement. NATO approved criteria for tactical and transport airfields, 6th edition, authorizes two hardstands for mobile Ground Controlled Approach equipment that have already been provided.

Due to the "special eligibility" afforded Aviano AB by NATO, a precautionary prefinancing statement will be filed.

KOREA: OSAN AB: DORMITORY ($3,482,000)

Question. Describe in some detail the readiness and force protection concerns at this location, and how this project will address those concerns.

Answer. Readiness- Osan AB is the largest of two main operating bases in Korea and is crucial to immediate generation and employment of airpower, strategic airlift and force reception in event of hostilities in Korea. Warfighting mission, proximity to hostile forces and importance of airpower to counter initial enemy attacks at outset of hostilities require immediate availability of assigned personnel.

Force Protection- Separate 1997 threat assessment studies indicate that the principal readiness and force protection issues concern hostile forces who will attempt to disrupt force mobilization at the onset of hostilities. The vulnerability is especially acute where U.S. personnel are concentrated, as at off-base leased facilities. The planned construction of on-base dormitories incorporating force protection measures, through a combination of host nation-funded construction and MILCON, will remove off-base facilities as lucrative targets for terrorist/enemy action.

Question. What is the design life of this dormitory project?

Answer. This dormitory is designed for a minimum life of 25 years.

Question. Outline the remaining dormitory program at Osan, beyond this U.S. funded project and any Korea funded projects.

Answer. The following table represents the Osan AB dormitory program, including U.S. and Korean funded projects (all projects listed below provide new dormitories to buyout the significant room deficit at Osan Air Base):

Year	Project title	Scope (Rooms)	Fund Source
FY 1999	Deficit Dormitory	156	US MILCON (Funded)
CY 1999	Deficit Dormitory	156	Host Nation
CY 2000	Deficit Dormitory	156	Host Nation
FY 2000	Deficit Dormitory	156	US MILCON
FY 2001	Deficit Dormitory	156	US MILCON
FY 2004	Deficit Dormitory	156	US MILCON
Future (TBD)	Deficit Dormitory	156	Host Nation
Future (TBD)	Deficit Dormitory	156	Host Nation
Future (TBD)	Deficit Dormitory	156	US MILCON

In addition to the 1999 and 2000 Host Nation funded dormitories, we will program future Host Nation funded dormitories in a manner so the burden of dormitory deficit reduction at Osan Air Base is shared between US MILCON and Host Nation funding. The flexibility and many competing priorities of the Korean Host Nation funded program make it difficult to assign exact fiscal years to these projects beyond fiscal year 2000.

Force protection concerns drive the requirement to house all unaccompanied personnel on base at Osan. To address this problem, Osan obtained a waiver to the private room assignment standard allowing them to assign two people per dorm room. This affords us more time to construct the deficit dorms.

Question. Is there any plan to leave Osan within a ten-year timeframe?

Answer. There are no current plans for USAF units to leave Korea during the next ten years. Continuing tensions on the Korean peninsula and US military strategy require the stationing of USAF forces in Korea. North Korea still possess a highly unpredictable threat and the continued forward positioning of North Korea's offensive capabilities on the South Korean border remains a source of concern. The credibility of US commitment to deter aggression is evidenced by the stationing of US forces and equipment in this region.

UNITED KINGDOM: RAF FELTWELL ($786,000)

Question. Why is this project not eligible for NATO Funding?

Answer. RAF Feltwell is not a NATO base. It hosts a U.S.-only space operations mission. This waste water treatment plant project is therefore not eligible for NATO funding.

WORLDWIDE VARIOUS: MINOR CONSTRUCTION: UNSPECIFIED MINOR CONSTRUCTION ($8,741,000)

Question. Provide for the record a ten-year history of amounts that have been requested and appropriated for unspecified minor construction.

Answer. The active Air Force information follows:

Fiscal year	Dollars in thousands		
	Requested	Appropriated	Including reprogramming
89	16,500	16,500	16,500
90	7,000	7,000	7,240
91	10,272	10,272	10,272
92	11,500	11,500	20,203
93	12,000	7,000	7,000
94	6,844	6,844	8,555
95	7,000	7,000	8,750
96	9,030	9,030	9,330
97	9,328	9,328	10,128
98	8,545	8,545	10,413
99	7,135	8,135	8,135

WORLDWIDE VARIOUS: PLANNING AND DESIGN: PLANNING AND DESIGN ($28,004,000)

Question. Will this funding level meet the known requirements for the fiscal year 2000 program, including the necessary work on projects programmed for fiscal years 2001 and 2002?

Answer: No. The Air Force requires a total of $44,000,000 to meet fiscal year 2001 and 2002 design requirements. DoD directed the Air Force to use $16,000,000 of savings generated from prior year major construction projects to offset these requirements. These prior year savings are required to complete valid prior year construction projects, and to fund urgent unforeseeable requirements including contractor claims.

Question. Who performs the design work for Air Force construction projects? Does the Army or Navy perform this work for the Air Force? If so, why?

Answer. Design work for active Air Force military construction projects is accomplished by the US Army Corps of Engineers or the US Navy's Naval Facilities Engineering Command. This is in accordance with Title 10, United States Code, Section 2851.

BARRACKS

Question. Provide for the record a chart that will show the Air Force's barracks construction program at the time the "one plus one" standard was approved, and the current program through completion, broken out by locations in the U.S., in Europe, and at other overseas locations.

Answer. The Air Force did not have a line-item dormitory construction program at the time "one plus one" was approved in 1995. The Air Force plan in 1995 was based on a headquarters-level requirements analysis; it did not contain specific construction requirements. In 1995, the Air Force plan estimated that we would complete "one plus one" implementation worldwide (including host-nation funding) by the year 2019. After completion of the Dormitory Master Plan in August 1997, Air Force requirements became better quantified. We accomplished our goal to buyout our permanent party central latrine dormitories by fiscal year 1999. Now we are programming to buyout our deficit and our most critical existing dormitories by fiscal year 2009.

The following chart depicts the Air Force dormitory MILCON programs to replace our most critical dormitories from fiscal year 1996 (the first year of "one-plus-one" dormitory construction) through 1999. From fiscal year 2000 to 2009 we will buyout our deficit and our most critical dormitories. The fiscal year 1996 through fiscal year 1999 programs indicate appropriated MILCON projects. The fiscal year 2000 program depicts the Air Force's dormitory MILCON requirements included in the President's Budget. Fiscal year 2001 and beyond reflect projects in the 2000–2005 Fiscal Year Defense Planning (FYDP) program and the Air Force Dormitory Master Plan.

Projects with an asterisk (*) denote Student or Recruit dormitories that are built to the "Pipeline" or Basic Military Training Student (BMTS) Construction Standard. These dormitories are not built to the "one-plus-one" standard, which applies only to our permanent party airmen.

FY96 AIR FORCE DORMITORY MILCON PROGRAM

CMD	Base	Title
ALASKA:		
PACAF	Eielson AFB	Alter Dormitory
ARIZONA:		
ACC	Davis-Monthan AFB	Construct Dormitory
AETC	Luke AFB	Construct Dormitory
CALIFORNIA:		
AFMC	Edwards AFB	Construct Dormitory
AMC	Travis AFB	Construct Dormitory
AMC	Travis AFB	Construct Dormitories
COLORADO:		
AFSPC	Buckley ANGB	Troop Support Facilities
AFSPC	Peterson AFB	Add/Alter Dormitory
FLORIDA:		
AFMC	Eglin AFB	Upgrade Dormitory
GEORGIA:		
AFMC	Robins AFB	Upgrade Dormitories
HAWAII:		
PACAF	Hickam AFB	Alter Dormitory
ILLINOIS:		
AMC	Scott AFB	Construct Dormitory
MISSISSIPPI:		
AETC	Keesler AFB	Replace Student Dorm*
MARYLAND:		
AMC	Andrews AFB	Construct Dormitory
NEW JERSEY:		
AMC	McGuire AFB	Construct Dormitory
NEW MEXICO:		
ACC	Cannon AFB	Add/Alter Dormitory
NORTH DAKOTA:		
AMC	Grand Forks AFB	Construct Dormitory
OKLAHOMA:		
AFMC	Tinker AFB	Add/Alter Dormitories
SOUTH CAROLINA:		
AMC	Charleston AFB	Construct Dormitory
TEXAS:		
ACC	Dyess AFB	Add/Alter Dormitories
UTAH:		
AFMC	Hill AFB	Construct Consolidated Range Dorm
WASHINGTON:		
AMC	Fairchild AFB	Alter Dormitories
AMC	Fairchild AFB	Construct Dormitory
AMC	McChord AFB	Construct Dormitory
WYOMING:		
AFSPC	F.E. Warren AFB	Alter Dormitories
DISTRICT OF COLUMBIA:		
11 WG	Bolling AFB	Alter Dormitory
11 WG	Bolling AFB	Construct Honor Guard Dormitory
OVERSEAS:		
EUROPE USAFE	Araxos Radio Relay Stn, GR	Construct Dormitory
USAFE	Ghedi, IT	Construct Dormitory
USAFE	Spangdahlem AB, GE	Construct Dormitory
FY97 Air Force Dormitory MILCON Program:		
ARIZONA:		
AETC	Luke AFB	Construct Dormitory
CALIFORNIA:		
AMC	Travis AFB	Construct Dormitory

FY96 AIR FORCE DORMITORY MILCON PROGRAM—Continued

CMD	Base	Title
AMC	Travis AFB	Construct Dormitory
COLORADO:		
AFSPC	Peterson AFB	Construct Dormitory
GEORGIA:		
AFMC	Robins AFB	Upgrade Dormitories
KANSAS:		
AMC	McConnell AFB	Construct Dormitory
AMC	McConnell AFB	Construct Dormitory
MARYLAND:		
AMC	Andrews AFB	Alter Dormitory
MISSISSIPPI:		
AETC	Keesler AFB	Replace Student Dorm*
MONTANA:		
AFSPC	Malmstrom AFB	Construct Dormitory
NEVADA:		
ACC	Nellis AFB	Construct Dormitory
NEW JERSEY:		
AMC	McGuire AFB	Construct Dormitory
SOUTH CAROLINA:		
AMC	Charleston AFB	Construct Dormitory
ACC	Shaw AFB	Renovate Dormitories
TEXAS:		
AFMC	Brooks AFB	Replace Student Dorm*
ACC	Dyess AFB	Add/Alter Dormitories
AETC	Lackland AFB	Upgrade Recruit Dorm*
WASHINGTON:		
AMC	McChord AFB, WA	Construct Dormitory
OVERSEAS:		
EUROPE USAFE	RAF Lakenheath, UK	Construct Dormitory
USAFE	RAF Lekenheath, UK	Construct Dormitory
USAFE	RAF Mildenhall, UK	Construct Dormitory
USAFE	Ramstein AB, GE	Construct Dormitory
KOREA:		
PACAF	Osan AB, KO	Construct Dormitory
FY98 Air Force Dormitory MILCON Program:		
ALASKA:		
AFSPC	Clear AS	Alter Dormitories
COLORADO:		
AFSPC	Peterson AFB	Add/Alter Dormitory
FLORIDA:		
AFSOC	Hurlburt Field	Construct Dormitory
IDAHO:		
ACC	Mountain Home AFB	Construct B–1 Dormitory
MISSISSIPPI:		
AETC	Keesler AFB	Replace Student Dorms*
NORTH CAROLINA:		
AMC	Pope AFB	Construct Dormitories
OVERSEAS:		
EUROPE USAFE	RAF Lakenheath, UK	Construct Dormitories
USAFE	Spangdahlem AB, GE	Construct Dormitory
KOREA:		
PACAF	Kunsan AB, KO	Construct Dormitory
FY99 Air Force Dormitory MILCON Program:		
FLORIDA:		
AFMC	Eglin AFB	Construct Dormitory (144 PN)
IDAHO:		
ACC	Mountain Home AFB	Construct Dormitory (144 PN)
MISSISSIPPI:		
AFTC	Keesler AFB	Replace Student Dorms (800 PN) [1]
MONTANA:		
AFSPC	Malmstrom AFB	Construct Dormitory (96 PN)

FY96 AIR FORCE DORMITORY MILCON PROGRAM—Continued

CMD	Base	Title
NEVADA:		
ACC	Nellis AFB	Construct Dormitory (84 PN)
OKLAHOMA:		
AFMC	Tinker AFB	Construct Dormitory (144 PN)
TEXAS:		
AETC	Goodfellow AFB	Replace Student Dorms (200 PN) [1]
AETC	Lackland AFB	Construct Dormitory (96 PN)
OVERSEAS:		
EUROPE USAFE	Raf Lakenheath, UK	Construct Dormitories (216 PN)
USAFE	RAF Mildenhall, UK	Construct Dormitory (144 PN)
USAFE	Spangdahlem AB, GE	Construct Dormitory (108 PN)
KOREA:		
PACAF	Kunsan AB, KO	Construct Dormitory (122 PN)
PACAF	Osan AB, KO	Construct Dormitory (156 PN)
FY00 Air Force Dormitory MILCON Program: (President's Budget)		
ALASKA:		
PACAF	Elmendorf AFB	Construct Dormitory (144 RM)
FLORIDA:		
AFMC	Eglin AFB	Construct Dormitory (120 RM)
AFSOC	Hurlburt Field	Construct Dormitory (144 RM)
MISSISSIPPI:		
AETC	Keesler AFB	Replace Student Dorm (200 RM) [1]
NEBRASKA:		
ACC	Offutt AFB	Construct Dormitory (120 RM)
OKLAHOMA:		
AFMC	Tinker AFB	Construct Dormitory (96 RM)
TEXAS:		
AETC	Lackland AFB	Construct Dormitory (96 RM)
VIRGINIA:		
ACC	Langley AFB	Construct Dormitory (96 RM)
OVERSEAS:		
KOREA PACAF	Osan AB, KO	Construct Dormitory (156 RM)
Projected FY01 and beyond Air Force Dormitory MILCON Projects (from FY00–05 FYDP and 1997 DMP):		
ALABAMA:		
AETC	Maxwell AFB	Construct Dormitory (144 RM)
ALASKA:		
PACAF	Eielson AFB	Construct Dormitory (120 RM)
PACAF	Eielson AFB	Construct Dormitory (120 RM)
PACAF	Elemendorf AFB	Construct Dormitory (144 RM)
PACAF	Elemendorf AFB	Construct Dormitory (144 RM)
PACAF	Elemendorf AFB	Construct Dormitory (180 RM)
PACAF	Elemendorf AFB	Construct Dormitory (144 RM)
ARIZONA:		
ACC	Davis-Monthan AFB	Construct Dormitory (120 RM)
ACC	Davis-Monthan AFB	Construct Dormitory (120 RM)
ACC	Davis-Monthan AFB	Construct Dormitory (120 RM)
ACC	Davis-Monthan AFB	Construct Dormitory (96 RM)
AETC	Luke AFB	Construct Dormitory (112 PN)
ARKANSAS:		
AETC	Little Rock	Construct Dormitory (144 RM)
CALIFORNIA:		
ACC	Beale	Construct Dormitory (120 RM)
ACC	Beale	Construct Dormitory (120 RM)
AFMC	Edwards	Construct Dormitory (120 RM)
AFMC	Edwards	Construct Dormitory (144 RM)
AFMC	Edwards	Construct Dormitory (60 RM)
AFMC	Los Angeles	Construct Dormitory (84 RM)

FY96 AIR FORCE DORMITORY MILCON PROGRAM—Continued

CMD	Base	Title
AMC	Travis	Construct Dormitory (168 RM)
AMC	Travis	Construct Dormitory (168 RM)
AMC	Travis	Construct Dormitory (168 RM)
COLORADO:		
AFSPC	Peterson	Construct Dormitory (144 RM)
AFSPC	Peterson	Construct Dormitory (144 RM)
DELAWARE:		
AMC	Dover	Construct Dormitory (120 RM)
FLORIDA:		
AFMC	Eglin	Construct Dormitory (120 RM)
AFMC	Eglin	Construct Dormitory (120 RM)
AFMC	Eglin	Construct Dormitory (144 RM)
AFSOC	Eglin 9 (Hurlburt)	Construct Dormitory (144 RM)
AFSOC	Eglin 9 (Hurlburt)	Construct Dormitory (144 RM)
AFSOC	Eglin 9 (Hurlburt)	Construct Dormitory (120 RM)
AFSOC	Eglin 9 (Hurlburt)	Construct Dormitory (96 RM)
AFSOC	Eglin 9 (Hurlburt)	Construct Dormitory (168 RM)
AFSOC	Eglin 9 (Hurlburt)	Construct Dormitory (168 RM)
AMC	MacDill	Construct Dormitory (144 RM)
AETC	Tyndall	Construct Dormitory (144 RM)
GEORGIA:		
ACC	Moody	Construct Dormitory (144 RM)
ACC	Moody	Construct Dormitory (120 RM)
ILLINOIS:		
AMC	Scott	Construct Dormitory (120 RM)
LOUISIANA:		
ACC	Barksdale	Construct Dormitory (96 RM)
ACC	Barksdale	Construct Dormitory (96 RM)
ACC	Barksdale	Construct Dormitory (96 RM)
ACC	Barksdale	Construct Dormitory (96 RM)
MISSISSIPPI:		
AETC	Keesler	Construct Dormitory (120 RM)
AETC	Keesler	Construct Dormitory (96 RM)
AETC	Keesler	Construct Dormitory (96 RM)
AETC	Keesler	Construct Dormitory (144 RM)
MONTANA:		
AFSPC	Malstrom	Construct Dormitory (144 RM)
AFSPC	Malstrom	Construct Dormitory (120 RM)
AFSPC	Malstrom	Replace Dormitory (144 RM)
NEBRASKA:		
ACC	Offutt	Construct Dormitory (120 RM)
ACC	Offutt	Construct Dormitory (120 RM)
ACC	Offutt	Construct Dormitory (120 RM)
ACC	Offutt	Construct Dormitory (120 RM)
NEVADA:		
ACC	Nellis	Construct Dormitory (144 RM)
ACC	Nellis	Construct Dormitory (120 RM)
NEW MEXICO:		
ACC	Cannon	Construct Dormitory (96 RM)
NORTH CAROLINA:		
AMC	Pope	Construct Dormitory (96 RM)
AMC	Pope	Construct Dormitory (96 RM)
AMC	Seymour Johnson	Construct Dormitory (144 RM)
AMC	Seymour Johnson	Construct Dormitory (120 RM)
NORTH DAKOTA:		
AFSPC	Cavilier AS	Construct Dormitory (48 PN)
ACC	Minot	Construct Dormitory (132 RM)
ACC	Minot	Construct Dormitory (120 RM)
OHIO:		
AFMC	Wright-Patterson	Construct Dormitory (144 RM)
AFMC	Wright-Patterson	Construct Dormitory (144 RM)
OKLAHOMA:		
AFMC	Tinker	Construct Dormitory (96 RM)
AFMC	Tinker	Construct Dormitory (144 RM)

FY96 AIR FORCE DORMITORY MILCON PROGRAM—Continued

CMD	Base	Title
AFMC	Tinker	Construct Dormitory (144 RM)
AFMC	Tinker	Construct Dormitory (120 RM)
AFMC	Tinker	Construct Dormitory (120 RM)
SOUTH CAROLINA:		
AMC	Charleston	Construct Dormitory (144 RM)
TEXAS:		
AFMC	Brooks	Construct Dormitory (144 RM)
ACC	Dyess	Construct Dormitory (120 RM)
AETC	Goodfellow	Construct Dormitory (96 RM)
AETC	Goodfellow	Replace Student Dorm (200 RM) [1]
AETC	Goodfellow	Replace Student Dorm (200 RM) [1]
AETC	Lackland	Construct Dormitory (96 RM)
AETC	Lackland	Replace Student Dorm (200 RM) [1]
AETC	Lackland	Construct Dormitory (96 RM)
AETC	Lackland	Construct Dormitory (96 RM)
AETC	Lackland	Construct Dormitory (96 RM)
AETC	Lackland	Replace Student Dorm (200 RM) [1]
AETC	Lackland	Replace Student Dorm (100 RM) [1]
AETC	Lackland	Construct Dormitory (96 RM)
AETC	Lackland	Construct Dormitory (96 RM)
AETC	Sheppard	Replace Student Dorm (160 RM) [1]
AETC	Sheppard	Replace Student Dorm (300 RM) [1]
AETC	Sheppard	Construct Dormitory (120 RM)
AETC	Sheppard	Replace Student Dorm (240 RM) [1]
AETC	Sheppard	Replace Student Dorm (240 RM) [1]
UTAH:		
AFMC	Hill	Construct Dormitory (144 RM)
AFMC	Hill	Construct Dormitory (144 RM)
VIRGINIA:		
ACC	Langley	Construct Dormitory (96 RM)
ACC	Langley	Construct Dormitory (96 RM)
ACC	Langley	Construct Dormitory (96 RM)
ACC	Langley	Construct Dormitory (96 RM)
ACC	Langley	Construct Dormitory (96 RM)
WYOMING:		
AFSPC	F.E. Warren	Construct Dormitory (120 RM)
AFSPC	F.E. Warren	Update Dormitory (48 RM)
OVERSEAS:		
ANTIGUA/ASCENSION ISLANDS:		
AFSPC	Antigua	Construct Dormitory (144 RM)
AFSPC	Ascension Islands	Construct Dormitory (120 RM)
EUROPE—GERMANY:		
USAFE	Ramstein	Construct Dormitory (120 RM)
USAFE	Spangdahlem	Construct Dormitory (120 RM)
USAFE	Spangdahlem	Construct Dormitory (96 RM)
USAFE	Spangdahlem	Construct Dormitory (96 RM)
EUROPE—ITALY:		
USAFE	Aviano	Construct Dormitory (102 RM)
USAFE	Aviano	Construct Dormitory (102 RM)
USAFE	Aviano	Construct Dormitory (102 RM)
EUROPE—UNITED KINGDOM:		
USAFE	Lakenheath	Construct Dormitory (120 RM)
USAFE	Lakenheath	Construct Dormitory (120 RM)
USAFE	Lakenheath	Construct Dormitory (120 RM)
USAFE	Mildenhall	Construct Dormitory (120 RM)

FY96 AIR FORCE DORMITORY MILCON PROGRAM—Continued

CMD	Base	Title
GREENLAND:		
AFSPC	Thule	Construct Dormitory (96 RM)
AFSPC	Thule	Construct Dormitory (96 RM)
AFSPC	Thule	Construct Dormitory (96 RM)
AFSPC	Thule	Construct Dormitory (96 RM)
AFSPC	Thule	Construct Dormitory (96 RM)
AFSPC	Thule	Construct Dormitory (96 RM)
AFSPC	Thule	Construct Dormitory (96 RM)
AFSPC	Thule	Construct Dormitory (96 RM)
KOREA:		
PACAF	Kunsan	Construct Dormitory (122 RM)
PACAF	Osan	Construct Dormitory (156 RM)
PACAF	Osan	Construct Dormitory (156 RM)
PORTUGAL:		
ACC	Lajes	Construct Dormitory (96 RM)

[1] See above asterisk in last paragraph before table.

DORMITORY MASTER PLAN

Question. Submit for the record the executive summary and "Appendix A" of the Air Force Dormitory Master Plan dated August 1997.

Answer. Executive Summary and Appendix A of Air Force Dormitory Master Plan attached.

Executive Summary

The Air Force Dormitory Master Plan is a first-ever comprehensive Air Force-wide requirements-based analysis which identifies the projected unaccompanied enlisted personnel housing requirement in Fiscal Year 2001 and outlines the future Military Construction (MILCON) projects required to reduce the deficit of dormitory rooms. In addition, this plan identifies the long range requirement to replace or convert existing dormitories to the Department of Defense "1+1" dormitory construction standard.

The projected Fiscal Year 2001 Air Force requirement for permanent party unaccompanied enlisted personnel is approximately 73,000 dormitory rooms. There are currently 56,000 dormitory rooms available or under construction; therefore, the gross projected construction deficit is approximately 17,000 rooms. There are approximately 6,000 student "pipeline" dormitory rooms which satisfies the student dormitory room requirement.

To improve quality of life, force retention, and readiness, Air Force leadership developed a long-range investment strategy for dormitories. The cornerstone of this plan is a three-part strategy that provides the guideline for investing limited resources in dormitories:

1. Fund the replacement or conversion of all permanent party central latrine (community bathroom) dormitories by Fiscal Year 1999
2. Construct new facilities to eliminate the deficit of dormitory rooms
3. Convert or replace existing dormitories at the end of their facility life using the Department of Defense "1+1" construction standard

With continued Congressional, Department of Defense, and Air Force leadership emphasis on quality of life, the Air Force is on schedule to achieve the first investment strategy above. All remaining permanent party central latrine dormitories are programmed for replacement or conversion by Fiscal Year 1999. Therefore, this master plan focuses on identifying short and long range requirements to achieve the remaining two investment goals.

Assuming the Fiscal Years 1998 and 1999 Dormitory MILCON programs will be authorized and appropriated by Congress as submitted in the 1998 President's Budget, the estimated cost to "buyout" the deficit and the worst of our existing "2+2" and "pipeline" student dormitories, beginning in Fiscal Years 2000, is $1,200 million. The estimated cost is expressed in constant-year 1998 dollars. A consistent annual level of investment should be pursued to ensure a continued institutional approach towards achieving the corporate investment strategy.

The Air Force Dormitory Master Plan will be used as a planning tool for future dormitory construction programming beginning with the Fiscal Year 2000 MILCON program.

With continuing mission and force structure changes, outsourcing, privatization, and the Quadrennial Defense Review, dormitory requirements will continue to fluctuate; therefore, this "living" plan will be updated periodically.

Figure 8: Comprehensive Dormitory Project List

Base	MAJCOM	Future Rooms	Proj Cost ($Mil)	Proj/ Dorm Future	Matrix Scores	Comments
Keesler	AETC	200	20.00	Pipeline - Repl	133	FY00 MILCON Pipleine
Tinker	AFMC	144	8 02	Deficit	125	
Tinker	AFMC	96	5.76	Deficit	117	
Lackland	AETC	96	5.66	Deficit	114	
Elmendorf	PACAF	144	14 68	Deficit	112	
Tinker	AFMC	96	5 76	Deficit	111	
Osan	PACAF	156	9.80	Deficit	110	
Hurlburt	AFSOC	144	7.34	Deficit	109	
Langley	ACC	96	5.20	Deficit	108	
Lackland	AETC	96	5.66	Deficit	106	
Elmendorf	PACAF	144	14.68	Deficit	101	
Langley	ACC	96	5.20	Deficit	100	
Offutt	ACC	120	7.16	Deficit	98	
Lackland	AETC	96	5 66	Deficit	98	
Brooks	AFMC	144	8.10	Deficit	94	
Hurlburt	AFSOC	144	7.34	Deficit	94	
Tinker	AFMC	144	8.02	Deficit	93	
Osan	PACAF	156	9.80	Deficit	92	
Eglin	AFMC	120	6.11	Deficit	92	
Davis-Monthan	ACC	120	7.14	Deficit	92	
Sheppard	AETC	300	17.06	Pipeline - Repl	91	
Aviano	USAFE	120	11.74	Deficit	91	
Misawa	PAF	200	16.50	Deficit	91	Host Nation Funding
Yokota	PACAF	200	15 28	Deficit	90	Host Nation Funding
Thule	AFSPC	96	13.50	Replacement	90	Geographically Separated Unit
Peterson	AFSPC	144	9.28	Deficit	90	
Lakenheath	USAFE	120	8 20	Deficit	90	
Langley	ACC	96	5.20	Deficit	89	
Spangdahlem	USAFE	120	12 96	Deficit	89	
Wright-Patterson	AFMC	144	8.29	Deficit	88	
Offutt	ACC	120	7 16	Deficit	87	
Elmendorf	PACAF	180	16.17	Deficit	86	
Osan	PACAF	156	9 80	Deficit	85	Host Nation Funding
Hurlburt	AFSOC	144	7 34	Deficit	84	
Lackland	AETC	200	15.00	Pipeline - Repl	83	
Eglin	AFMC	120	6.11	Deficit	83	
Eielson	PACAF	120	15 92	Deficit	82	
Tinker	AFMC	144	8.02	Deficit	82	
Barksdale	ACC	96	6.39	Deficit	62	
Aviano	USAFE	120	11.74	Deficit	81	
Keesler	AETC	120	6.26	Deficit	79	
Davis-Monthan	ACC	120	7 14	Deficit	79	
Lakenheath	USAFE	120	8.20	Deficit	78	
Hill	AFMC	144	8.55	Deficit	77	
Langley	ACC	96	5.20	Deficit	77	
Misawa	PACAF	200	16.50	Deficit	76	Host Nation Funding
Kunsan	PACAF	122	7.39	Deficit	76	
Lackland	AETC	96	5 66	Deficit	76	
Edwards	AFMC	128	10.30	Replacement	76	

Figure 8 (Continued)

Base	MAJCOM	Future Rooms	Proj Cost ($Mil)	Proj/ Dorm Future	Matrix Scores	Comments
Los Angeles	AFMC	84	7.09	Deficit	76	
Moody	ACC	144	7.84	Deficit	76	
Yokota	PACAF	200	15.28	Deficit	75	Host Nation Funding
Goodfellow	AETC	96	5.07	Deficit	75	
Hurlburt	AFSOC	120	6 22	Deficit	74	
Mildenhall	USAFE	168	12.72	Deficit	74	
Offutt	ACC	120	7.16	Deficit	74	
Thule	AFSPC	96	13.50	Replacement	74	Geographically Separated Unit
Thule	AFSPC	96	13 50	Replacement	74	Geographically Separated Unit
Thule	AFSPC	96	13 50	Replacement	74	Geographically Separated Unit
Thule	AFSPC	96	13.50	Replacement	74	Geographically Separated Unit
Thule	AFSPC	96	13.50	Replacement	74	Geographically Separated Unit
Thule	AFSPC	96	13.50	Replacement	74	Geographically Separated Unit
Thule	AFSPC	96	13.50	Replacement	74	Geographically Separated Unit
Osan	PACAF	156	9 80	Deficit	73	
Peterson	AFSPC	144	9.28	Deficit	72	
Antigua	AFSPC	144	14.00	Deficit	72	Geographically Separated Unit
Beale	ACC	120	8.37	Deficit	71	
Pope	AMC	96	4.34	Deficit	71	
Sheppard	AETC	300	17.06	Pipeline - Repl	71	
Spangdahlem	USAFE	96	11 26	Deficit	70	
Malmstrom	AFSPC	144	10.10	Deficit	70	
Maxwell	AETC	144	7.22	Deficit	70	
Seymour Johnson	ACC	144	6 30	Deficit	69	
Tinker	AFMC	120	6.67	Deficit	69	
Lackland	AETC	96	5 66	Deficit	69	
F.E.Warren	AFSPC	120	6.89	Deficit	69	
Scott	AMC	120	8.50	Deficit	69	
Sheppard	AETC	120	6.44	Deficit	68	
Edwards	AFMC	144	11.80	Replacement	68	
Aviano	USAFE	120	11.74	Deficit	68	
Elmendorf	PACAF	180	18.17	Deficit	68	
Charleston	AMC	144	7 14	Deficit	67	
Barksdale	ACC	96	6.39	Deficit	67	
Tyndall	AETC	144	7.33	Deficit	66	
Goodfellow	AETC	200	12.34	Pipeline - Repl	66	
Osan	PACAF	156	9.80	Deficit	66	Host Nation Funding
Lakenheath	USAFE	120	8.20	Deficit	65	
Eielson	PACAF	120	15.92	Deficit	65	
Minot	ACC	132	6.96	Deficit	65	
Hurlburt	AFSOC	96	4.93	Deficit	64	
Wright-Patterson	AFMC	144	8.29	Deficit	64	
Ramstein	USAFE	120	14.41	Deficit	64	
Lajes Field	ACC	96	6.55	Replacement	63	
Langley	ACC	96	5.20	Deficit	63	
Lackland	AETC	96	5.66	Deficit	62	
Dover	AMC	120	8.31	Deficit	62	
Misawa	PACAF	200	16.50	Deficit	62	Host Nation Funding
Hill	AFMC	144	8.55	Deficit	62	

Figure 8 (Continued)

Base	MAJCOM	Future Rooms	Proj Cost ($Mil)	Proj/ Dorm Future	Matrix Scores	Comments
Nellis	ACC	144	9.76	Deficit	61	
Yokota	PACAF	200	15 28	Deficit	61	Host Nation Funding
Pope	AMC	96	4.34	Deficit	60	
Lackland	AETC	200	15.00	Pipeline - Repl	60	
Lackland	AETC	100	8.75	Pipeline - Repl	60	
Davis-Monthan	ACC	120	7.14	Deficit	60	
Eglin	AFMC	120	6.11	Deficit	60	
Spangdahlem	USAFE	96	11.26	Deficit	59	
Luke	AETC	144	9.00	Replacement	58	
Offutt	ACC	120	7.16	Deficit	58	
Luke	AETC	96	6.02	Deficit	57	
Keesler	AETC	96	5.33	Deficit	56	
Tinker	AFMC	120	6 67	Deficit	56	
Cannon	ACC	96	5.80	Deficit	56	
Lackland	AETC	96	5.66	Deficit	55	
Travis	AMC	168	14.39	Replacement	55	
Sheppard	AETC	240	15 46	Pipeline - Repl	54	
Sheppard	AETC	240	15.46	Pipeline - Repl	52	
Moody	ACC	120	6 53	Deficit	52	
Barksdale	ACC	96	6.39	Deficit	52	
Kunsan	PACAF	100	6 24	Deficit	52	Host Nation Funding
Baale	ACC	120	8.37	Deficit	51	
Edwards	AFMC	60	3.35	Renovate	51	
Dyess	ACC	120	6.25	Deficit	51	
Travis	AMC	168	14.39	Replacement	50	
Elmendorf	PACAF	144	14 68	Replacement	50	
Seymour Johnson	ACC	120	5.40	Deficit	50	
Langley	ACC	96	5.20	Deficit	50	
Minot	ACC	120	6.39	Deficit	49	
MacDill	AMC	144	7.32	Replacement	49	
Keesler	AETC	96	5.33	Deficit	49	
Lackland	AETC	96	5.66	Deficit	48	
Barksdale	ACC	96	6.39	Deficit	48	
Goodfellow	AETC	200	12.34	Pipeline - Repl	48	
Nellis	ACC	120	8.32	Deficit	48	
Offutt	ACC	120	7 16	Deficit	48	
Travis	AMC	168	14.39	Replacement	46	
Little Rock	AETC	144	7 73	Replacement	46	
Hurlburt	AFSOC	168	8.63	Replacement	46	
Malmstrom	AFSPC	120	6.93	Replacement	45	
Eglin	AFMC	144	7.78	Replacement	44	
Keesler	AETC	144	7.97	Replacement	44	
Hurlburt	AFSOC	168	8 63	Replacement	44	
Davis-Monthan	ACC	96	5 91	Deficit	44	
Tyndall	AETC	168	8.54	Replacement	43	
Eglin	AFMC	144	7 78	Replacement	43	
Eglin	AFMC	144	7.78	Replacement	43	
Eglin	AFMC	144	7.78	Replacement	43	
Lajes Field	ACC	96	6 55	Replacement	43	

Figure 8 (Continued)

Base	MAJCOM	Future Rooms	Proj Cost ($Mil)	Proj/ Dorm Future	Matrix Scores	Comments
Lajes Field	ACC	96	6.55	Replacement	43	
Eglin	AFMC	168	9.02	Replacement	43	
F.E Warren	AFSPC	49	3.84	Renovate	43	Historical
Lackland	AETC	20	9.00	RH&T - Renov	41	Recruit Housing and Training
Ramstein	USAFE	168	20.50	Replacement	41	
Ramstein	USAFE	168	20.50	Replacement	40	
Andrews	AMC	144	9 98	Replacement	39	
Kelly	AFMC	144	7 90	Replacement	39	
Malmstrom	AFSPC	144	8.24	Replacement	39	
Sheppard	AETC	240	15.46	Pipeline - Repl	38	
Seymour Johnson	ACC	144	6.30	Replacement	38	
Eielson	PACAF	120	15.92	Replacement	38	
Vandenberg	AFSPC	168	14.75	Replacement	38	
Sheppard	AETC	240	15.46	Pipeline - Repl	37	
Lackland	AETC	20	9.00	RH&T - Renov	37	Recruit Housing and Training
Altus	AETC	144	8.07	Replacement	37	
Little Rock	AETC	144	7.73	Replacement	37	
Sheppard	AETC	240	15.46	Pipeline - Repl	37	
Eielson	PACAF	120	15.92	Replacement	37	
F.E Warren	AFSPC	46	3.84	Renovate	37	Historical
Charleston	AMC	144	7.35	Replacement	36	
AFA	AFA	96	5.80	Replacement	36	
Hill	AFMC	144	8.47	Replacement	36	
Eielson	PACAF	120	15.92	Replacement	36	
McGuire	AMC	144	11.14	Replacement	35	
Minot	ACC	144	7.73	Replacement	35	
Spangdahlem	USAFE	120	14.90	Replacement	35	
Osan	PACAF	156	9.80	Replacement	35	
McGuire	AMC	144	11 14	Replacement	34	
Altus	AETC	144	8.07	Replacement	34	
Keesler	AETC	144	7.97	Replacement	34	
Cannon	ACC	144	9.04	Replacement	33	
Little Rock	AETC	144	7.73	Replacement	33	
Kirtland	AFMC	144	8.29	Replacement	33	
Robins	AFMC	144	8.22	Replacement	33	
Elmendorf	PACAF	144	14.68	Replacement	33	
Vandenberg	AFSPC	168	14.75	Replacement	32	
Barksdale	ACC	144	7.37	Replacement	32	
Elmendorf	PACAF	144	14.68	Replacement	32	
F.E.Warren	AFSPC	64	4.81	Renovate	31	Historical
Andrews	AMC	144	9.98	Replacement	31	
Langley	ACC	79	3.32	Renovate	31	
Langley	ACC	79	3.32	Renovate	31	
Keeslar	AETC	144	7.97	Replacement	31	
Aviano	USAFE	168	18.90	Replacement	31	
Hill	AFMC	144	8.47	Replacement	31	
Tinker	AFMC	144	8.53	Replacement	31	
F.E.Warren	AFSPC	120	7 30	Replacement	30	Replace 600 series dorms
MacDill	AMC	144	7.32	Replacement	30	

Figure 8 (Continued)

Base	MAJCOM	Future Rooms	Proj Cost ($Mil)	Proj/ Dorm Future	Matrix Scores	Comments
Davis-Monthan	ACC	144	8.85	Replacement	30	
Nellis	ACC	144	9.76	Replacement	30	
Nellis	ACC	144	9.76	Replacement	30	
Offutt	ACC	120	7.67	Replacement	30	
Spangdahlem	USAFE	120	14.90	Replacement	30	
Wright-Patterson	AFMC	144	8.29	Replacement	30	
Wright-Patterson	AFMC	144	8.29	Replacement	30	
Andersen	PACAF	120	10.20	Replacement	30	
MacDill	AMC	144	7.32	Replacement	29	
Barksdale	ACC	144	7.37	Replacement	29	
Little Rock	AETC	144	7.73	Replacement	29	
Little Rock	AETC	144	7.73	Replacement	29	
Spangdahlem	USAFE	120	14.90	Replacement	29	
Tinker	AFMC	144	8.53	Replacement	29	
Andersen	PACAF	120	10.20	Replacement	29	
Seymour Johnson	ACC	144	6.30	Replacement	28	
Edwards	AFMC	72	4.86	Renovate	28	
Andersen	PACAF	120	10 20	Replacement	28	
Dover	AMC	144	10.29	Replacement	27	
Keesler	AETC	144	7.97	Replacement	27	
Keesler	AETC	144	7.97	Replacement	27	
Keesler	AETC	96	5.69	Replacement	27	
Keesler	AETC	96	5.69	Replacement	27	
Mountain Home	ACC	144	10.05	Replecement	27	
Shaw	ACC	144	6.93	Replacement	27	
Shaw	ACC	120	5.87	Replacement	27	
Shaw	ACC	120	5.87	Replacement	27	
Shaw	ACC	120	5.87	Replacement	27	
Tinker	AFMC	168	9.80	Replacement	27	
Andersen	PACAF	120	10.20	Replacement	27	
Davis-Monthan	ACC	144	8.85	Replacement	26	
Nellis	ACC	144	9.76	Replacement	26	
Hurlburt	AFSOC	168	8.63	Replacement	26	
Malmstrom	AFSPC	144	8 24	Replacement	25	
MacDill	AMC	120	6.22	Replacement	25	
Cannon	ACC	144	9.04	Replacement	25	
Holloman	ACC	144	8.55	Replacement	25	
Little Rock	AETC	144	7.73	Replacement	25	
Aviano	USAFE	120	13.50	Replacement	25	
Luke	AETC	144	9.00	Replacement	24	
Lakenheath	USAFE	168	12.20	Replacement	24	
Hanscom	AFMC	120	10.69	Replacement	24	
Hill	AFMC	144	8.47	Replacement	24	
Hurlburt	AFSOC	120	6.22	Replacement	24	
F.E.Warren	AFSPC	68	5.02	Renovate	24	Historical
Elmendorf	PACAF	180	18 17	Replacement	23	
Andersen	PACAF	96	9.60	Replacement	23	
Davis-Monthan	ACC	144	8 85	Replacement	23	
Moody	ACC	144	7 98	Replacement	23	

Figure 8 (Continued)

Base	MAJCOM	Future Rooms	Proj Cost ($Mil)	Proj/ Dorm Future	Matrix Scores	Comments
Moody	ACC	144	7.98	Replacement	23	
Moody	ACC	144	7.98	Replacement	23	
Mountain Home	ACC	144	10.05	Replacement	23	
Offutt	ACC	96	6 25	Replacement	23	
Shaw	ACC	120	5 87	Replacement	23	
Shaw	ACC	120	5 87	Replacement	23	
Langley	ACC	70	3 19	Renovate	23	
Langley	ACC	70	3.19	Renovate	23	
Langley	ACC	70	3.19	Renovate	23	
Offutt	ACC	281	11 73	Renovate	23	
Ramstein	USAFE	168	20.50	Replacement	23	
F E.Warren	AFSPC	82	5.66	Renovate	23	Historical
Dover	AMC	120	8 73	Replacement	22	
Nellis	ACC	144	9.76	Replacement	22	
Seymour Johnson	ACC	144	6.30	Replacement	22	
Seymour Johnson	ACC	144	6.30	Replacement	22	
Spangdahlem	USAFE	120	14.90	Replacement	22	
Osan	PACAF	156	9.80	Replacement	21	Host Nation Funding
Osan	PACAF	156	9.80	Replacement	21	Host Nation Funding
Osan	PACAF	156	9.80	Replacement	21	
Osan	PACAF	156	9.80	Replacement	21	
Osan	PACAF	156	9.80	Replacement	21	
Osan	PACAF	156	9.80	Replacement	21	Host Nation Funding
Holloman	ACC	144	8.55	Replacement	21	
Holloman	ACC	144	8.55	Replacement	21	
Barksdale	ACC	144	7.37	Replacement	21	
Kirtland	AFMC	144	8.29	Replacement	21	
Seymour Johnson	ACC	144	6.30	Replacement	20	
Tyndall	AETC	39	6.54	Renovate	20	MILCON to include 1150/52/54/56
Hill	AFMC	120	7.12	Replacement	20	
Hill	AFMC	96	6.07	Replacement	20	
Kelly	AFMC	144	7.90	Replacement	20	
Kelly	AFMC	144	7.90	Replacement	20	
Kelly	AFMC	144	7.90	Replacement	20	
F.E.Warren	AFSPC	96	5.43	Replacement	19	Replace 800 series dorms
Dover	AMC	120	8.73	Replacement	19	
Grand Forks	AMC	144	8.24	Replacement	19	
Grand Forks	AMC	120	6.93	Replacement	19	
Davis-Monthan	ACC	120	7.67	Replacement	19	
Lajes Field	ACC	96	6.55	Replacement	19	
Minot	ACC	144	7.73	Replacement	19	
Minot	ACC	144	7.73	Replacement	19	
Minot	ACC	144	7.73	Replacement	19	
Minot	ACC	144	7.73	Replacement	19	
Mildenhall	USAFE	144	12.53	Replacement	19	
Brooks	AFMC	71	4.20	Replacement	19	
Osan	PACAF	156	9.80	Replacement	18	Host Nation Funding
Osan	PACAF	156	9.80	Replacement	18	
Osan	PACAF	156	9.80	Replacement	18	Host Nation Funding

Figure 8 (Continued)

Base	MAJCOM	Future Rooms	Proj Cost ($Mil)	Proj/ Dorm Future	Matrix Scores	Comments
Osan	PACAF	156	9.80	Replacement	18	
Altus	AETC	144	8.07	Replacement	18	
Luke	AETC	144	9.00	Replacement	18	
Scott	AMC	144	10.60	Replacement	18	
Edwards	AFMC	96	9.00	Replacement	18	
F.E.Warren	AFSPC	96	5.43	Replacement	18	
Holloman	ACC	144	8.55	Replacement	17	
Holloman	ACC	144	8.55	Replacement	17	
Lakenheath	USAFE	168	12.20	Replacement	17	
Mildenhall	USAFE	144	12.53	Replacement	17	
Ramstein	USAFE	168	20.50	Replacement	17	
Kirtland	AFMC	144	8.29	Replacement	17	
Kirtland	AFMC	144	8.29	Replacement	17	
Kirtland	AFMC	144	8.29	Replacement	17	
Fairchild	AMC	144	11.13	Replacement	16	
Mildenhall	USAFE	144	12.53	Replacement	16	
Fairchild	AMC	144	11.13	Replacement	16	
Fairchild	AMC	144	11.13	Replacement	16	
Grand Forks	AMC	120	6.93	Replacement	16	
McChord	AMC	144	10.46	Replacement	16	
McChord	AMC	144	10.46	Replacement	16	
McGuire	AMC	144	11.14	Replacement	16	
Travis	AMC	168	13.55	Replacement	16	
Hanscom	AFMC	96	8.55	Replacement	16	
Peterson	AFSPC	144	9.81	Replacement	15	
Minot	ACC	120	6.39	Replacement	15	
Moody	ACC	120	6.97	Replacement	15	
Nellis	ACC	144	9.76	Replacement	15	
Maxwell	AETC	144	8.11	Replacement	15	
Maxwell	AETC	144	8 11	Replacement	15	
Tyndall	AETC	168	8.54	Replacement	15	
Grand Forks	AMC	120	6.93	Replacement	15	
Minot	ACC	96	5.50	Replacement	14	
AFA	AFA	120	7.25	Replacement	14	
Peterson	AFSPC	144	9.81	Replacement	14	
Elmendorf	PACAF	144	14.68	Replacement	13	
Cannon	ACC	144	9.04	Replacement	13	
Sheppard	AETC	240	15 46	Pipeline - Repl	13	
Sheppard	AETC	240	15.46	Pipeline - Repl	13	
Malmstrom	AFSPC	96	6.93	Replacement	12	
Patrick	AFSPC	96	6.27	Replacement	12	
Patrick	SPC	96	6.27	Replacement	12	
Beale	ACC	120	10.30	Replacement	12	
Beale	ACC	96	8.87	Replacement	12	
Dyess	ACC	120	6.69	Replacement	12	
Dyess	ACC	144	7.95	Replacement	12	
Dyess	ACC	144	7.95	Replacement	12	
Dyess	ACC	144	7.95	Replacement	12	
Maxwell	AETC	144	8.11	Replacement	12	

Figure 8 (Continued)

Base	MAJCOM	Future Rooms	Proj Cost ($Mil)	Proj/ Dorm Future	Matrix Scores	Comments
Vance	AETC	96	7.58	Replacement	12	
Sheppard	AETC	240	15 46	Pipeline - Repl	12	
Ramstein	USAFE	168	20.50	Replacement	12	
Charleston	AMC	144	7.35	Replacement	12	
Charleston	AMC	120	6.23	Replacement	12	
Charleston	AMC	96	5.29	Replacement	12	
McGuire	AMC	144	11.14	Replacement	12	
McGuire	AMC	144	11 14	Replacement	12	
Travis	AMC	168	13.55	Replacement	12	
Travis	AMC	168	13.55	Replacement	12	
Travis	AMC	168	13.55	Replacement	12	
Patrick	AFSPC	96	6.27	Replacement	12	
Laughlin	AETC	156	4.13	Renovate	11	
Laughlin	AETC	108	4.25	Renovate	11	
Osan	PACAF	156	9.49	Replacement	10	Host Nation Funding
Osan	PACAF	156	9.49	Replacement	10	Host Nation Funding
Osan	PACAF	156	9.49	Replacement	10	Host Nation Funding
Osan	PACAF	156	9.49	Replacement	10	Host Nation Funding
Osan	PACAF	156	9.49	Replacement	10	Host Nation Funding
Osan	PACAF	156	9.49	Replacement	10	Host Nation Funding
Andrews	AMC	144	9.98	Replacement	10	
Osan	PACAF	156	9 49	Replacement	10	
Osan	PACAF	156	9.49	Replacement	10	
Osan	PACAF	156	9.49	Replacement	10	
Osan	PACAF	156	9.49	Replacement	10	
Osan	PACAF	156	9 49	Replacement	10	
Hurlburt	AFSOC	120	6.22	Replacement	10	
Holloman	ACC	144	8 55	Replacement	9	
Holloman	ACC	144	8 55	Replacement	9	
Sheppard	AETC	144	9 40	Replacement	8	
Whiteman	ACC	125	5.10	Renovate	8	
Goodfellow	AETC	192	8.24	Pipeline - Repl	8	
Randolph	AETC	120	4 50	Renovate	8	
Ramstein	USAFE	168	20.50	Replacement	8	
Ramstein	USAFE	168	20.50	Replacement	8	
Spangdahlem	USAFE	120	14.90	Replacement	8	
Dover	AMC	120	8.73	Replacement	8	
MacDill	AMC	120	6 22	Replacement	8	
Robins	AFMC	144	8.22	Replacement	8	
Hickam	PACAF	144	10.00	Replacement	8	
Hickam	PACAF	120	8.00	Replacement	8	
Hickam	PACAF	120	8.00	Replacement	8	
Hickam	PACAF	120	8.00	Replacement	8	
Langley	ACC	148	5 12	Renovate	7	
Davis-Monthan	ACC	120	7.67	Replacement	6	
Hurlburt	AFSOC	96	4.93	Replacement	6	
Cannon	ACC	144	9.04	Replacement	5	
Cannon	ACC	96	6.11	Replacement	5	
Cannon	ACC	96	6.11	Replacement	5	

Figure 8 (Continued)

Base	MAJCOM	Future Rooms	Proj Cost ($Mil)	Proj Dorm Future	Matrix Scores	Comments
Whiteman	ACC	125	5 10	Renovate	4	
Whiteman	ACC	125	5 10	Renovate	4	
Lackland	AETC	96	5.66	Replacement	4	
Randolph	AETC	168	7.50	Renovate	4	
McConnell	AMC	96	7 10	Replacement	4	
McConnell	AMC	96	7 10	Replacement	4	
Mountain Home	ACC	144	10.05	Replacement	3	
Langley	ACC	148	5.12	Renovate	3	
Offutt	ACC	180	6.98	Renovate	3	
Offutt	ACC	180	6 98	Renovate	3	
Whiteman	ACC	127	5.14	Renovate	3	
Goodfellow	AETC	96	4.19	Pipeline - Repl	3	
Luke	AETC	144	9.00	Replacement	3	
Mountain Home	ACC	144	10.05	Replacement	0	
Nellis	ACC	120	8.32	Replacement	0	
Nellis	ACC	120	8 32	Replacement	0	
Whiteman	ACC	127	5 14	Renovate	0	Dual use--Lodging (100 rooms)
Barksdale	ACC	144	7 37	Replacement	0	
Barksdale	ACC	96	5 56	Replacement	0	
Barksdale	ACC	96	5.56	Replacement	0	
Alconbury	USAFE	144	9 82	Replacement	0	
Andrews	AMC	96	6.69	Replacement	0	
Andrews	AMC	96	6 69	Replacement	0	
Dover	AMC	120	8.73	Replacement	0	
Dover	AMC	120	8 73	Replacement	0	
McChord	AMC	116	5.97	Renovate	0	
McChord	AMC	116	5 97	Renovate	0	
Scott	AMC	144	6.30	Renovate	0	
Scott	AMC	144	6 30	Renovate	0	
Robins	AFMC	120	6 92	Replacement	0	
Hickam	PACAF	90	7 09	Renovate	0	
Hickam	PACAF	90	7.09	Renovate	0	
Hickam	PACAF	94	7.10	Renovate	0	
FY96-99 Construction Projects						
Kadena	PACAF	392	25.60			FY96 JFIP 1+1 (AF416-D)
Cannon	ACC	66	3 00			FY96 MILCON 1+1
Davis-Monthan	ACC	84	3 90			FY96 MILCON 1+1
Dyess	ACC	64	2 70			FY96 MILCON 1+1
Dyess	ACC	64	2.70			FY96 MILCON 1+1
Luke	AETC	96	5 20			FY96 MILCON 1+1
Fairchild	AMC	116	8 20			FY96 MILCON 1+1
Fairchild	AMC	116	7 50			FY96 MILCON 1+1
McGuire	AMC	108	7 30			FY96 MILCON 1+1
Travis	AMC	72	5 25			FY96 MILCON 1+1
Travis	AMC	72	5 25			FY96 MILCON 1+1
Travis	AMC	96	6 40			FY96 MILCON 1+1
Edwards	AFMC	136	10 60			FY96 MILCON 1+1
Peterson	AFSPC	68	3.00			FY96 MILCON 1+1

Figure 8 (Continued)

Base	MAJCOM	Future Rooms	Proj Cost ($Mil)	Proj/ Dorm Future	Matrix Scores	Comments
F.E.Warren	AFSPC	49	1.80			FY96 MILCON 1+1 Historical
F E Warren	AFSPC	40	1.80			FY96 MILCON 1+1 Historical
F.E.Warren	AFSPC	49	1.80			FY96 MILCON 1+1 Historical
Keesler	AETC	198	14.90			FY96 MILCON Pipeline
Spangdahlem	USAFE	96	5.90			FY96 MILCON 1+1
Andrews	AMC	108	6.00			FY96 MILCON 1+1
Charleston	AMC	108	6.94			FY96 MILCON 1+1
Charleston	AMC	144	8.15			FY96 MILCON 1+1
McChord	AMC	70	4 30			FY96 MILCON 1+1
Scott	AMC	132	8 00			FY96 MILCON 1+1
Eglin	AFMC	212	7.30			FY96 MILCON 1+1
Tinker	AFMC	70	2.55			FY96 MILCON 1+1
Tinker	AFMC	44	2 55			FY96 MILCON 1+1
Eielson	PACAF	60	3 62			FY96 MILCON 1+1
Bolling	11WG	188	12 10			FY96 MILCON to 1+1
Bolling	11WG	78	6.50			FY96 MILCON to 1+1
Robins	AFMC	72	2.75			FY96 MILCON to 1+1
Robins	AFMC	72	2 75			FY96 MILCON to 1+1
Ramstein	USAFE	67	2.71			FY96 O&M 1+1
F E Warren	AFSPC	40	1.84			FY96 O&M 1+1 Historical
Shaw	ACC	80	3.38			FY96 O&M PLUS UP 1+1
Shaw	ACC	80	3.32			FY96 O&M PLUS UP 1+1
Lakenheath	USAFE	30	2.95			FY96 O&M PLUS UP 1+1
Lakenheath	USAFE	30	2.95			FY96 O&M PLUS UP 1+1
Lakenheath	USAFE	30	2.95			FY96 O&M PLUS UP 1+1
Ramstein	USAFE	59	2.60			FY96 O&M PLUS UP 1+1
Vandenberg	AFSPC	36	1.61			FY96 O&M PLUS UP 1+1
Vandenberg	AFSPC	24	1 52			FY96 O&M PLUS UP 1+1
Lackland	AETC	20	7.94			FY96 O&M PLUS UP RH&T
Lackland	AETC	20	8.07			FY96 O&M PLUS UP RH&T
Croughton	USAFE	54	2.97			FY96 O&M PLUS UP 1+1
Croughton	USAFE	54	2.82			FY96 O&M PLUS UP 1+1
Ramstein	USAFE	58	2.60			FY96 O&M PLUS UP RB
Ramstein	USAFE	65	2.60			FY96 O&M PLUS UP RB
Kunsan	PACAF	122	7.20			FY96 ROK FUNDED
Dyess	ACC	64	2.95			FY97 MILCON 1+1
Dyess	ACC	64	2.95			FY97 MILCON 1+1
Shaw	ACC	48	2.93			FY97 MILCON 1+1
Shaw	ACC	74	2.93			FY97 MILCON 1+1
Luke	AETC	112	6.70			FY97 MILCON 1+1
McGuire	AMC	122	8.08			FY97 MILCON 1+1
Travis	AMC	96	7.98			FY97 MILCON 1+1
Travis	AMC	96	7.00			FY97 MILCON 1+1
Osan	PACAF	156	9.78			FY97 MILCON 1+1
Keesler	AETC	200	14.47			FY97 MILCON Pipeline
Lackland	AETC	20	4.61			FY97 MILCON RH&T
Shaw	ACC	74	2.93			FY97 MILCON 1+1
Incirlik	USAFE	68	1.80			FY97 MILCON 1+1
Lakenheath	USAFE	96	7.95			FY97 MILCON 1+1
Lakenheath	USAFE	72	4.26			FY97 MILCON 1+1

Figure 8 (Continued)

Base	MAJCOM	Future Rooms	Proj Cost ($Mil)	Proj/ Dorm Future	Matrix Scores	Comments
Mildenhall	USAFE	124	6.20			FY97 MILCON 1+1
Ramstein	USAFE	94	5.37			FY97 MILCON 1+1
McChord	AMC	72	5.40			FY97 MILCON 1+1
McConnell	AMC	96	7.10			FY97 MILCON 1+1
McConnell	AMC	140	8.48			FY97 MILCON 1+1
Malmstrom	AFSPC	100	6.30			FY97 MILCON 1+1
Peterson	AFSPC	124	8 35			FY97 MILCON 1+1
Nellis	ACC	140	9.90			FY97 MILCON 1+1 C/L REPL
Brooks	AFMC	75	5.40			FY97 MILCON Pipeline
Robins	AFMC	72	3 20			FY97 MILCON to 1+1 + Chill Plant
Robins	AFMC	72	3.20			FY97 MILCON to 1+1 + Chill Plant
Andrews	AMC	198	6.00			FY97 MILCON upgrade to 1+1
Barksdale	ACC	72	1.93			FY97 O&M PLUS UP 1+1
Luke	AETC	44	1.64			FY97 O&M PLUS UP 1+1
Luke	AETC	44	1.61			FY97 O&M PLUS UP 1+1
Luke	AETC	44	1.61			FY97 O&M PLUS UP 1+1
Luke	AETC	44	1.64			FY97 O&M PLUS UP 1+1
Aviano	USAFE	128	2.44			FY97 O&M PLUS UP 1+1
Ramstein	USAFE	54	2.79			FY97 O&M PLUS UP 1+1
Pope	AMC	80	4.35			FY97 O&M PLUS UP 1+1
Pope	AMC	72	4.17			FY97 O&M PLUS UP 1+1
Pope	AMC	66	2.87			FY97 O&M PLUS UP 1+1
Vandenberg	AFSPC	54	1.75			FY97 O&M PLUS UP 1+1
Vandenberg	AFSPC	36	1.24			FY97 O&M PLUS UP 1+1
Vandenberg	AFSPC	54	1.75			FY97 O&M PLUS UP 1+1
Vandenberg	AFSPC	36	1 24			FY97 O&M PLUS UP 1+1
Lackland	AETC	20	8.84			FY97 O&M PLUS UP RH&T
Goodfellow	AETC	48	2.24			FY97 O&M PLUS UP 1+1
Goodfellow	AETC	48	2 21			FY97 O&M PLUS UP 1+1
Goodfellow	AETC	24	1.43			FY97 O&M PLUS UP 1+1
Goodfellow	AETC	60	2.76			FY97 O&M PLUS UP 1+1
Mildenhall	USAFE	64	2.79			FY97 O&M PLUS UP 1+1
Pope	AMC	80	3 30			FY97 O&M PLUS UP 1+1
Malmstrom	AFSPC	68	3.25			FY97 O&M PLUS UP 1+1
Malmstrom	AFSPC	52	2.52			FY97 O&M PLUS UP 1+1
Malmstrom	AFSPC	52	1.91			FY97 O&M PLUS UP 1+1
Malmstrom	AFSPC	50	1.79			FY97 O&M PLUS UP 1+1
Kunsan	PACAF	122	7.40			FY97 ROK FUNDED
Beale	ACC	132	9.00			FY98 BRAC 1+1
Mountain Home	ACC	140	8.96			FY98 MILCON 1+1
Peterson	AFSPC	68	4.10			FY98 MILCON 1+1
Keesler	AETC	400	30.86			FY98 MILCON Pipeline
Spangdahlem	USAFE	192	18.50			FY98 MILCON 1+1
Pope	AMC	166	9 20			FY98 MILCON 1+1
Kunsan	PACAF	122	8.10			FY98 MILCON 1+1
Osan	PACAF	156	9.80			FY98 MILCON 1+1
Hurlburt	AFSOC	130	6.47			FY98 MILCON 1+1
Lakenheath	USAFE	152	11.50			FY98 MILCON 1+1 (2 DORMS)
Aviano	USAFE	408	23.90			FY98 NATO 1+1

Figure 8 (Continued)

Base	MAJCOM	Future Rooms	Proj Cost ($Mil)	Proj Dorm Future	Matrix Scores	Comments
Osan	PACAF	156	11.00			FY98 ROK FUNDED 1+1
Kadena	PACAF	388	29.20			FY99 JFIP 1+1 (AF427)
Keesler	AETC	400	31.67			FY99 MILCON Pipeline
Mountain Home	ACC	144	9.20			FY99 MILCON 1+1
Mildenhall	USAFE	144	10.90			FY99 MILCON 1+1
Spangdahlem	USAFE	108	11.10			FY99 MILCON 1+1
Eglin	AFMC	140	8.20			FY99 MILCON 1+1
Kunsan	PACAF	122	8.10			FY99 MILCON 1+1
Osan	PACAF	156	9.80			FY99 MILCON 1+1
Nellis	ACC	32	2.78			FY99 MILCON 1+1 C/L REPL
Lakenheath	USAFE	216	15.80			FY99 MILCON 1+1 (2 DORMS)
Osan	PACAF	156	9.80			FY99 ROK FUNDED 1+1

FAMILY HOUSING INVENTORY

Question. Provide for the record a chart that will show the average number of family housing units supported for fiscal years 1997, 1998, and 1999, and those expected to be supported in fiscal year 2000, broken out into government owned (U.S. and foreign), leased (U.S. and foreign), and privatized under Public-Private Ventures.

Answer.

Air Force Family Housing Inventory

	FY97	FY98	FY99	FY00
Government Owned Units—U.S.	85,037	83,939	83,773	83,577
Government Owned Units—Foreign	25,262	25,670	26,083	25,492
Total Government Owned Units	110,299	109,609	109,856	109,069
Leased Units—U.S.	4,057	4,056	4,109	4,113
Leased Units—Foreign	4,440	3,330	3,774	3,897
Total Leased Units	8,497	7,386	7,883	8,010
Total Privatized Units	0	0	0	6,482

BROOKS "CITY BASE" INITIATIVE

Question. Describe in some detail the Air Force's Capital Asset Management" privatization plan at Brooks AFB.

Answer. The Air Force (AF) has designated Brooks AFB as a "Reinvention Lab" to test and demonstrate new and innovative approaches to reduce its costs to provide quality infrastructure and base operating support to the DoD missions and people assigned to its installations. The goal is to reduce AF appropriation requests for both operating and capital requirements, while maintaining the quality of our installation support. The proposal seeks to achieve these cost reductions by employing techniques proven in the private sector to improve the efficiency of AF business processes and to manage AF capital assets more effectively. The AF proposed this initiative in response to the Secretary of Defense's "Defense Reform Initiatives" and his call for a "revolution in business affairs" within the DoD.

Process efficiency will be improved through aggressive competitive sourcing of commercial activities (i.e., "A–76" competitions) to reduce labor costs, by technology insertion, and by other proven process re-engineering techniques. The initiative also seeks to promote more efficient use of existing capital assets (i.e., facilities, land, etc.), freeing up non-excess, but underutilized assets for use by public entities (such as the City of San Antonio) or private developers. In exchange for the use of its non-excess or underutilized assets, the AF would receive appropriate consideration, thereby reducing its appropriations requests for operating and capital requirements. That consideration could be in the form of cash rents; in-kind services for (e.g.) base operating support, facilities maintenance, and environmental protection; the construction or use of other facilities; etc. The envisioned transactions include sale, leasing and conveyance with lease-back of some or all of the capital assets at an installation under terms and conditions that are favorable to the AF and within the oversight conditions established by the OSD and Congress. OSD has determined that the substantial savings potentially available through aggressive and innovative leveraging of the Department's assets cannot be achieved within existing authorities, i.e., within the provisions of 10 U.S.C. 2667, as currently written. Therefore enabling legislation for this pilot-program at Brooks AFB is required and has been drafted. It will be submitted by OSD as a part of the fiscal year 2000 Omnibus Bill. We believe the Brooks AFB proposal has excellent potential for demonstrating the significant savings that can be achieved at many installations within the DoD by employing capital asset management concepts and techniques that have proven successful in the private sector.

Question. Is it true that the plan will attempt to circumvent the appropriations process by establishing a cash reserve fund for base operations?

Answer. No. The primary source of revenue to operate, maintain, support and develop Brooks AFB will continue to be Defense and MILCON appropriations and the associated processes. However, under the proposal to reduce the total cost of ownership at Brooks AFB by leveraging non-excess, but underutilized capital assets (e.g., land, facilities, utility systems, etc.), the AF seeks to reduce its requirement for appropriated fund support—and the burden on the federal taxpayer. Consideration re-

ceived by the AF for the use of non-excess or underutilized assets could be in the form of in-kind services (e.g., real property maintenance, base operating support, environmental protection, etc.); provision or use of non-AF facilities or land; or cash rents. Any cash rents received would be deposited into a fund controlled by the Secretary of the Air Force and used to *supplement* (and reduce the requirement for) funds appropriated for MILCON, real property maintenance, base operating support, and environmental protection. The management of this fund, including revenues deposited into it and disbursements made from it, would be subject to any oversight provisions required by OSD and Congress.

F–22 MILCON Requirements

Question. What is the future construction program for needed facilities for the F–22?

Answer. The following future construction requirements for the F–22 Follow-on Test & Evaluation at Nellis AFB and Flight Training Unit at Tyndall AFB have been identified: FY01—F–22 Maintenance Facilities, Tyndall AFB—($8.4M); FY01—F–22 Operations Facilities, Tyndall AFB—($5.5M); FY02—F–22 Munitions Maintenance Facility, Nellis AFB—($1.9M).

Since the operational locations for the F–22 aircraft have not been decided, facility requirements for those locations have not yet been determined.

Germany Construction Costs

Question. What's driving up the per square foot construction cost in Germany?

Answer. The primary factors affecting construction costs in Germany are a relatively weak exchange rate, higher labor costs, and taxes paid by German construction firms. In addition, German standards for building insulation and ventilation are more stringent than U.S. standards.

Question. Why does it cost $85,000–$120,000 to rehab a housing unit?

Answer. The costs per unit takes into account higher labor costs due to wages and benefits enjoyed by German construction workers, the higher taxes paid by German construction firms, and the scope of the actual construction.

The Air Force housing at Spangdahlem and Ramstein Air Bases, Germany, have 3 and 4 story buildings with 18 to 24 units in each building. While the home interiors, utilities and finishes are being renovated, the vertical utility runs between the homes, common stairwell areas, and basement storage areas and utility runs to the outside are included as part of the renovation. All these costs are wrapped up into the Unit Cost on a per building basis.

At Spangdahlem there is 4 and 5 bedroom deficit. The buildings' attics are not usable in their present state. By using the attics in combination with the third floor, 8 units will have 4 & 5 bedroom configurations. These units contribute to an increased average unit cost along with some unforeseen conditions due to the original construction material (some asbestos and other non-hazard materials that had to be abated).

Cold Weather Building

Question. Will this year's incremental funding approach present any problems with construction projects in cold weather areas?

Answer. The advance appropriation approach may create unique problems with construction in cold weather areas. The Air Force must consider the limited construction season in these areas when determining the funding required for each project so construction can proceed as necessary to meet need dates. We are working with our design/construction agents on contract award and funding strategies which ensure that the potential impact on all projects is minimized.

NATO Precautionary Prefinancing Statements

Question. Submit for the record a copy of the precautionary prefinancing statements that have been submitted to the NATO infrastructure committees for each European project for which funds were appropriated for fiscal year 1998, and for each such project requested for fiscal year 1999. Provide an explanation for any project for which statements have not been submitted.

Answer. Attached are three NATO precautionary prefinancing statements which were submitted for fiscal year 1998 and fiscal year 1999 projects. The projects for which NATO precautionary prefinancing statements have not been submitted are described below:

Fiscal Year 1998:

Spangdahlem AB, Dormitory (192 PN), VYHK 963101, $18.5M: Dormitories are not operational facilities and are therefore not NATO-eligible.

RAF Lakenheath, Dormitory (152 PN) MSET 953011, $11.4M: Dormitories are not operational facilities and are therefore not NATO-eligible.

Fiscal Year 1999:

Incirlik AB, Central Security Control Facility, LJYC 933008, $3.1M: Installation security is currently considered by NATO to be a user-nation responsibility. A precautionary prefinancing statement will be submitted by 12 Apr 99.

RAF Lakenheath, Dormitory (216 PN), MSET 953014, $15.8M: Dormitories are not operational facilities and are therefore not NATO-eligible.

RAF Mildenhall, Dormitory (144 PN), QFQE 973010, $10.9M: Dormitories are not operational facilities and are therefore not NATO-eligible.

Spangdahlem AB, Dormitory (108 PN), VYHK 993101, $9.5M: Dormitories are not operational facilities and are therefore not NATO-eligible.

FAMILY HOUSING CONSTRUCTION IMPROVEMENTS

Question. The Air Force's fiscal year 2000 family housing construction improvement request totals $34,280,000. For the record provide the list of projects including the number of units to be improved and the appropriation request for each individual project.

Answer. Under advance appropriations, we requested $124.452M for authorization and $34.280M for appropriations in FY 2000. The balance of appropriations will be requested in FY 2001. The following list shows the information for each project requested for FY 2000:

State	Installation	Project	AUTH ($000)	APPR ($000)
UNITED STATES:				
Alaska	Elmendorf AFB	Improve Family Housing (76 Units)	10,536	2,902
Arkansas	Little Rock AFB	Improve Family Housing (83 Units)	4,196	1,156
Colorado	USAF Academy	Improve Neighborhood	650	180
District of Columbia.	Bolling AFB	Improve Family Housing (6 Units)	455	125
Florida	Eglin Aux Field 9	Improve Neighborhood	650	180
Hawaii	Hickam AFB	Improve Family Housing (87 Units)	16,900	4,655
Hawaii	Hickam AFB	Improve Family Housing (62 Units)	12,450	3,429
Maryland	Andrews AFB	Improve Family Housing (54 Units)	5,791	1,595
Maryland	Andrews AFB	Improve Family Housing (80 Units)	8,635	2,379
Montana	Malmstrom AFB	Improve Family Housing (46 Units)	5,810	1,600
Nebraska	Offutt AFB	Improve Family Housing (352 Units)	1,541	424
New Jersey	McGuire AFB	Improve Family Housing (34 Units)	4,100	1,129
Virginia	Langley AFB	Improve Family Housing (23 Units)	4,100	1,102
Subtotal			75,714	20,856
OVERSEAS:				
Germany	Ramstein AB	Improve Family Housing (62 Units)	8,500	2,341
Germany	Ramstein AB	Improve Family Housing (65 Units)	8,910	2,454
Germany	Ramstein AB	Improve Family Housing (102 Units)	5,100	1,405
Germany	Ramstein AB	Improve Family Housing (96 Units)	11,650	3,209
Germany	Spangdahlem AB	Improve Family Housing (20 Units)	3,144	866
Germany	Spangdahlem AB	Improve Family Housing (20 Units)	3,134	863
United Kingdom	RAF Lakenheath	Improve Family Housing (42 Units)	4,600	1,267
United Kingdom	RAF Mildenhall	Improve Family Housing (24 Units)	3,700	1,019
Subtotal			48,738	13,424
Total			124,452	34,280

BRAC ENVIRONMENTAL RESTORATION

Question. What is the current estimate of the annual funding requirement for BRAC environmental restoration beginning in fiscal year 2002?

Answer. The current budget estimates for BRAC environmental restoration beginning in fiscal year 2002 is: FY 2002=$89,500,000; FY 2003=$83,200,000; FY 2004=$80,600,000; FY 2005=$78,500,000.

SUPERVISION, INSPECTION AND OVERHEAD

Question. What program budgeting and execution challenges does the annualization of SIOH present, if any?

Answer. The Air Force must ensure SIOH funding for each project matches construction placement or risk suspension of work and delay costs. Annualized SIOH requires full funding of project SIOH over five separate appropriation years. This will make SIOH budgeting and funds management more difficult and potentially more costly than in previous years because the Air Force and its design/construction agents will have account for multiple fund sources for each project across five fiscal years.

Question. Who provides the management or supervision of Air Force construction projects? Does the Army or Navy perform this work for the Air Force? If so, why?

Answer. The US Army Corps of Engineers and US Navy Naval Facilities Engineering Command provide the management or supervision for active and reserve military construction projects. This is in accordance with Title 10, United States Code, Section 2851.

The Air National Guard uses architect-engineering (A–E) services contracts to provide management or supervision of their military construction projects. This is in accordance with Title 10, United States Code, Section 18233.

AVIANO, ITALY

Question. Bring us up to date with the current status of the Air Force beddown at Aviano, Italy, which has a total facilities cost of $404 million from all sources. When will this effort be completed?

Answer. The latest revision to the NATO Program Implementation Plan for the Aviano beddown calls for the entire beddown construction program to be complete by December 2003.

[CLERK'S NOTE.—End of questions for the record submitted by Chairman Hobson.]

[CLERK'S NOTE.—Questions for the record submitted by Congressman Walsh.]

REAL PROPERTY MAINTENANCE

Question. I have an Air National Guard Base in my district, the 174th Fighter Wing. They fly F–16s. In the past when I have visited them, they have expressed concerns that their facilities are deteriorating because they can't get enough Real Property Maintenance (RPM) funds. They said they were told that a large amount of these funds are being held for Quality of Life Projects. I know Quality of Life projects are extremely important to the well being and morale of our troops, but the Air National Guard does not have very many dormitories or recreational type facilities. The fighter unit in my district is an operational unit, and most of their projects do not qualify under the quality of life parameters. Because of the apparent chronic shortage of these funds, their infrastructure is starting to deteriorate at an accelerated rate, so they have tried to program a significant amount of maintenance and repair into the MILCON program. Could you explain to me how Real Property Maintenance funds are allocated to the Air National Guard and how we can break the cycle of using these funds as bill payers for other shortfalls?

Answer. AF distribution of funding is based on 1% of Plant Replacement Value (PRV). The fiscal year 2000 RPM program, however, was reduced and funds collected for a central OSD controlled quality of life account. Although the ANG anticipates these funds will be returned, we are concerned they be returned with sufficient flexibility to allow completion of the originally programmed RPM requirements. The Air National Guard supports quality of life, but the traditional definition is not consistent with the ANG mission. For the ANG, these funds should be allowed to reduce the backlog in mission and support facilities. With this flexibility, the ANG does not view the transfer to Quality of Life as a "bill payer" and would be able to address the most pressing RPM requirements, regardless of the unit mission.

Question. There is $4.9 million in the Air National Guard Fiscal Year 2000 budget request for design. Is this amount supposed to fund the design of all the facilities in the entire Air Guard Military Construction Program? If that is true, is that enough to support this program?

Answer. Yes. This amount was required to finalize design of Fiscal Year 2001 projects and begin concept design of Fiscal Year 2002 projects. In Fiscal Year 1999 Congress added $155M in projects to the Air National Guard program. In order to continue execution of the Fiscal Year 1999 projects we diverted design funds from our planned Fiscal Year 2000 and Fiscal Year 2001 design programs. We have initiated reprogramming for $4.7M from construction savings to cover our most urgent requirements, but we need an additional $5.1M to finalize design of Fiscal Year

2000 and Fiscal Year 2001 projects and begin Fiscal Year 2002 projects. No additional savings are available.

Question. The Air National Guard requested $2 million in the Un-Specified Minor Construction Program. Will this satisfy their requirements? And if not, why was only $2 million requested?

Answer. The $2 million in the FY00 budget request for unspecified minor construction is not sufficient for our needs. The amount is $5.5 million less than was appropriated in FY99. We are ready to execute more than the $2M currently in this program if additional funds are made available. We have a list of 12 projects worth $12.6M waiting for funding.

Question. I have been told a new Communications Unit is being placed in my district at the Air Guard Base in Syracuse. Construction of a facility for it was not included in your FY 2000 budget request. Are there any other units in this same situation in other states that have new units, or changed missions, which require MILCON projects that were not included in your FY 2000 request? If there are, what effect will lack of facilities have on these new units capability to perform their new assignment until construction catches up with them?

Answer. The project at Hancock was identified after the FY2000 MILCON program was already set. We have included it in the ANG FYDP. Seventeen other new mission projects at ten locations ($75M) are also delayed. The list of these projects is attached. We used operational workarounds and real property maintenance funds for facility workarounds until MILCON funding is provided.

HM–01–096—REAL PROPERTY MAINTENANCE DEFERRED NEW MISSION REQUIREMENTS

Project	$ (000)
Robins AFB, GA–B–1 Aircraft Beddown:	$33.0M
Munitions Complex	9,800
Operations & Training Complex	6,100
Supply Warehouse	5,400
BCE Complex	3,200
Vehicle Maintenance	2,100
Avionics Shop (not yet in FYDP)	6,900
Kelly AFB, TX:	$6.5M
F–16 School House	3,400
F–16 School House (not yet in FYDP)	3,100
Springfield ANGB, OH:	$6.0M
F–16 School House	1,700
F–16 School House (not yet in FYDP)	4,230
Atlantic City ANGB, NJ:	$1.4M
F–16—General Purpose (not yet in FYDP)	1,400
Puerto Rico ANG, PR:	$1.6M
ADAL Squadron Operations (not yet in FYDP)	840
ADAL Aerial Port (not yet in FYDP)	740
Boise ANG, ID:	$5.3M
Supply Complex	3,000
Upgrade Fuel Cell and Shops	2,300
Jacksonville ANG, FL—F–15 Conversion:	$2.4M
Add to Fuel Cell Hangar	2,400
Key Field, MS—New Comm Mission:	$6.4M
ASOS Conversion	6,400
Hancock ANG, NY:	$8.9M
ASOS Conversion	8,900
March ANG, CA $3.6M:	
KC–135 Conversion	3,600
Grand Total	$75M

[CLERK'S NOTE.—End of questions for the record submitted by Congressman Walsh.]

[CLERK'S NOTE.—Questions for the record submitted by Congressman Boyd.]

S&T FUNDING AND TYNDALL LABS

Question. I am extremely concerned about the Air Force proposal to use Air Force S&T funding to fund the Space Based Laser and Discoverer II (space based radar) programs beginning in Fiscal Year 2000. These programs have not been funded out

of the Air Force Science and Technology (S&T) Budget in the past and the Air Force appears to insert these previously non-S&T programs into the FY 2000 Air Force S&T budget while providing no additional funding in the S&T budget to cover the costs of these programs. Can you explain the Department of Air Force's logic in doing this?

Answer. The Air Force is committed to restructuring its S&T Program with the focus on a shift in emphasis to Space S&T. This restructuring includes programs like Space Based Laser (SBL) and Discoverer II. The rationale behind including SBL in the S&T budget is based on a Scientific Advisory Board (SAB) report that states the SBL program requires advanced, yet to be developed technology, especially in optics. Further, the SBL program is moving to Integrated Flight Experiment for 2010 to 2012; SBL is not an operational prototype. Discoverer II is a partnership program with the Defense Advanced Research Projects Agency (DARPA) and the National Reconnaissance Office (NRO). This advanced technology demonstration experiment will demonstrate the technical feasibility, military utility, and affordability of a space-based global radar surveillance system, but it will not produce an operational prototype. It is, therefore, most like an Advanced Technology Demonstration (ATD) program. DARPA and the NRO are also funding Discoverer II with S&T funds or the equivalent. Unfortunately, the fixed topline of the Air Force budget, combined with the extremely tight situation in modernization and readiness, did not allow us to expand the S&T Program funding.

Question. This equates to a significant cut to all other Air Force S&T programs in FY 2000 and the outyears. This decrease in real S&T spending will result in drastic cuts to critical Air Force research programs, force potentially severe reductions in force, and weaken the overall Air Force technology base. Is this true and how do you respond to this?

Answer. No. The Air Force maintained its overall FY 2000 S&T budget at the previous year's level. The FY 2000 S&T budget contains the research essential for the Air Force vision of an Expeditionary Aerospace Force. However, the Air Force's shift in emphasis to Space S&T requires reductions in non-space technology areas.

Question. The hazardous materials associated with both the space-based and airborne laser are very environmentally unfriendly and it is my understanding that the Air Force will not have the means to address the disposal of these materials without the environmental lab at Tyndall. As you know, the Air Force's mission cannot be fully accomplished without addressing the lifetime costs of these new, highly advanced weapons systems. It seems that the Air Force either is abdicating its responsibility for environmental management and stewardship or at least delaying it to sometime in the future. I would like you to respond to this.

Answer (ABL portion only). The Air Force agrees with the importance of being good stewards of the environment and has implemented an aggressive Environmental, Safety, and Health program for the Airborne Laser (ABL) system. As a direct result of this rigorous effort, an Environmental Impact Statement (EIS) was completed on the Program Definition and Risk Reduction (PDRR) phase of ABL. A Record of Decision (ROD) was signed in September 1997. The EIS found negligible environmental impact for ADL's PDRR phase. A separate EIS on the operational ABL system will be completed in Fiscal Year 2004. The ABL program is developing plans and procedures for chemical handling and waste disposal and ensuring compliance with all state, federal, and local regulations. The program is directly capitalizing on lesson learned from existing centers of expertise for related laser work, including the Chemical Oxygen-Iodine Laser facility in Albuquerque, NM and the TRW laser test facility in San Juan Capistrano, CA. The waste products for ABL are a mixture of hydrogen peroxide, bases, and water. Hydrochloric acid can be used to neutralize the waste, leaving salt water, which can then be disposed of properly or concentrated for recycling. Although the program does not currently need additional support in the laser chemicals area, they have capitalized on the resources and expertise at Tyndall to support ABL in other areas. The Air Force Research Lab at Tyndall is supporting ABL by conducting a fire protection study and by consulting with the program on aircraft materials' compatibility with the ABL chemicals.

Answer (SBL Portion). The Space-Based Laser (SBL) program management office also fully supports the importance of an aggressive Environmental, Safety and Health (ESH) program. The program office has just awarded a contract for the SBL Integrated Flight Experiment (IFX) that includes the development of the SBL IFX test facility. The program office is developing special contract clauses to define the contractor responsibilities for assuring compliance with all applicable ESH requirements.

The SBL IFX test facility requirements have yet to be developed, but they will ensure that all chemical handling and waste disposal requirements are compliant

with local, state and federal requirements. The program will take advantage of the efforts at the existing TRW Capistrano Test Site. The Hydrogen fluoride gases produced by the HF laser are scrubbed and neutralized so that only water and fluoride salts remain. We anticipate a similar kind of operation for the new test facility.

The AF will be reviewing all contractor efforts to assure that all ESH requirements are satisfied. We are confident that the contractor will take full advantage of the appropriate organizations.

Question. According to a letter that I received this morning from Delores Etter, Deputy Under Secretary of Defense (Science and Technology), she stated that "the Air Force made a decision to eliminate funding for environmental technology development in the FY 2000 President's Budget Request." Why did the Air Force reach this decision and did the Air Force reach this decision because they believe that Congress will not allow these cuts to the labs to occur and will restore funding to these important missions?

Answer. The elimination of funding for environmental technology development was a result of the Air Force's shift in emphasis to Space S&T which requires reductions in non-space technology areas. These efforts were not selected in the belief that Congress would restore funding to them.

Question. Tomorrow (Friday, March 5th), I understand that the Air Force will announce how many jobs will be affected by these cuts in S&T funding and will start the process for early retirements. Will they also be announcing RIFs? I find it utterly unbelievable that the Air Force will be taking these actions less than a month and one week after the actual Budget Submittal by President Clinton and before Congress has had a chance to look at this issue and possibly restore some or all of the funding. I would call these actions very premature and they very well could lead to "Brain Drain" that could affect the Department of the Air Force and its ability to accomplish it mission for many years in the future. I would like your take on this.

Answer. The announcement of March 5th does not include an announcement of RIFs, but rather the estimated number of manpower authorizations being reduced as a result of the FY 2000 President's Budget (PB) submission. As the Air Force shifts emphasis to Space S&T, there is corresponding increase in Advanced Technology Development contractual efforts with industry and a decrease in in-house lab efforts which necessitates manpower reductions. The timing of these actions is mandated by the lead time requirement of one year or more for workforce reductions. Workforce reductions must be initiated now to assure the timely availability of funds for the new emphasis areas. The FY 2000 S&T budget contains the research essential for the Air Force vision of an Expeditionary Aerospace Force.

Question. When the Air Force was created from the Army in 1947, from my understanding one of the reasons was that it was envisioned that the Air Force would focus on science development. At the time, I believe the Army was heavily focused on procurement. If that is the case, the Air Force would seem to be severely curtailing, if not outright abdicating its responsibilities there. Your thoughts would be appreciated.

Answer. The Air Force is not "abdicating its responsibilities" with respect to S&T. In fact, the Air Force has maintained its overall FY 2000 S&T budget at the previous year's level. The FY 2000 S&T budget contains the research essential for the Air Force vision of an Expeditionary Aerospace Force.

Question. I have heard from several sources that the Air Force has a wish list of approximately 20 items. Fortunately, S&T funding is supposedly included there and I have been informed that the Air Force may be asking for about $95 million. Can you tell me if that is true and what number on the wish list S&T funding is? Can you explain to me how S&T funding which isn't included in the Budget Submittal ranks so low on your wish list?

Answer. In response to a request from the January 5, 1999, Senate Armed Services Committee Readiness Hearing, Gen. Ryan wrote to the Honorable John W. Warner, Chairman, Committee on Armed Services, and provided the Air Force Unfunded Priority List (UPL) for FYs 2000–2005. Similar letters were sent to the Ranking Minority Member of Senator Warner's Committee and to the Chairmen and Ranking Minority Members of the other Defense Oversight Committees. The S&T Program amount of $371.5 million across the Future Years Defense Program ($94.6 million in FY 2000) was included in the Modernization section of the UPL as item 20 in a list of 20. The Air Force's most important unfunded requirements currently fall in the areas of family housing shortfalls and improving spare parts inventories for aging aircraft.

SEADS ISSUE

Question. Is the document that has "Draft briefing given to C2 Center Manpower APOM Working Group on 11 Feb 99" on it and was prepared by Lt. Col. Black still a working document? By that I mean, is the ANG continuing in this direction?

Answer. The document in question is still a staff level working document. The ANG is committed to the total force position that the Aerospace Command and Control Intelligence, Surveillance, and Reconnaissance Center (AC2ISRC) is the lead agent for the Combat Air Forces in this matter and we will respond to their guidance, policies and direction accordingly.

Question. Has the Air Force produced other such documents that proposed closing other air defense sectors? Which sectors have had detailed work done like SEADS had in this document? If there are other such document(s), I would like a copy of that document or documents.

Answer. There are historical records that pertain to the closure of the Southwestern Air Defense Sector (SWADS) dated 1 January 1995.

Other documents that pertain to sector consolidation would be only draft staff working documents used in formulating positions, or considering options and under review by the NGB, AC2ISRC, and Air Staff. Once any documents have been approved or a course of action developed by the corporate process, we would be happy to brief you and provide your office copies of that documentation.

[CLERK'S NOTE.—End of questions for the record submitted by Congressman Boyd.]

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EMPOWERMENT

Statement by Representative Frank A. LoBiondo before the Subcommittee on Military Construction concerning funding for New Jersey's 177th Fighter Wing

March 26, 1998

I want to take this opportunity to thank Chairman David Hobson for accepting testimony with respect to military construction for Fiscal Year 2000. The work of your subcommittee in the past has been exemplary and it has greatly helped the military infrastructure in the State of New Jersey.

My purpose in testifying today is to enlist your help, and your support, in providing $3.4 million in construction funding for the 177th Fighter Wing located at the Atlantic City International Airport in Egg Harbor Township, New Jersey, which is about 10 miles northwest of Atlantic City. The purpose of this funding is to construct a composite communications and security force facility at the base site.

As you may know, the 177th Fighter Wing is one of the key components of our nation's air defense system for the Eastern Seaboard. The base is comprised of 17 single-seat F-16C aircraft and 37 buildings located on 286 acres of leased property. Its mission is the protection of our nation's airspace, on-scene and incident command and control, the maintenance of secure/non-secure communications capability, transportation support, and general support of any Air Force mission as directed.

This new facility is desperately needed to keep the 177th ready and able to complete its assigned mission. Specifically, this project would replace existing communications and security facilities that are deteriorating and not commensurate with technology standards within mission-critical areas.

It is the Air National Guard's position that a commitment be upheld toward implementing state-of-the-art networking technology geared toward achieving information dominance, while maintaining information assurance. This mandates a modern communications facility. Simply put, the current facility is not adequate in fulfilling that mission. A new facility is critical to insuring that New Jersey's Air National Guard is able to complete its mission successfully when it comes to information warfare.

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The new composite facility would provide much-needed space for a Firearms Training System (FATS). FATS will be instrumental in accomplishing the extensive firearms training demanded by the general purpose mission tasking of the 177th Fighter Wing.

Additionally, this project is a Design Award Winner. The project is fully designed and received a 1998 Air National Guard Design Award.

In short, Mr. Chairman, this new facility will be the hub of a planned communication and utility infrastructure upgrade that will meet the requirements of the 177th's mission parameters far into the 21st century.

Again, thank you for this opportunity to present the needs to our nation's armed forces. Your consideration and help in this matter are most appreciated.

REMARKS OF U.S. REP. ED WHITFIELD

SUBCOMMITTEE ON MILITARY CONSTRUCTION APPROPRIATIONS

MARCH 23, 1999

Chairman Hobson, Congressman Olver and members of the Subcommittee:

I want to thank you for giving me the opportunity to present testimony in support of the FY 2000 military construction budget for the 101st Airborne Division (Air Assault) and Ft. Campbell. I appreciate your past support for the Division and the Ft. Campbell's tenant units--the 160th Special Operations Aviation Regiment (SOAR) and the 5th Special Forces Group.

The President's FY 2000 military construction appropriations request contains $10.325 million for four projects at Ft. Campbell--Phase II funding for the DISCOM barracks, Sabre Heliport improvements, the MOUT Training complex and a physical fitness training center.

While I am very pleased that the budget recommends funding these four projects, I oppose the proposal to only provide 15% of the monies needed for completion. In my judgment, the President's military construction budget is woefully inadequate and will wreak havoc in the "real world" for contracting officers and potential bidders, not to mention the fact that overall construction costs will increase in this "delayed funding" scheme.

I am requesting the Subcommittee's support for full funding for these projects in the order outlined below.

1. $32 million for Phase II construction of a 336-person barracks complex for the 101st Division Support Command (DISCOM). This would be the second of a three-phase project to construct a 1,008 person barracks and administrative complex for DISCOM, and is virtually identical to the barracks replacement project the Subcommittee and the Congress has approved in the past for the 3rd Brigade.

2. The second priority of the Division is the construction of a new helicopter runway, parallel taxiway, refueling helipad and extension of existing aircraft parking aprons at the SABRE Army Heliport. The total cost of the project is $19.5 million and will include the necessary operational instrumentation and lighting, as well as the purchase of either a navigational easement or property in fee for the approach pattern.

The heliport is the only on-post facility available for night vision aviation training--training that is critical to the mission readiness of the Division. SABRE Army Heliport is home to 125 assault Blackhawk helicopters, and a training base for several other types of aircraft. Traffic utilizing the facility has increased from no more than a few thousand operations per year

in the mid-1980's to 76,800 operations in 1997. The requested improvements are necessary to meet current criteria for airfield surface clearances required to arrive or depart the aircraft assigned to SABRE Heliport in visual or instrument meteorological conditions. The facility has been operating under a waiver granted in March 1996 by the U.S. Army Aeronautical Service Agency that will expire in March 2001. Once these improvements are made, the new runway complex will meet the surface clearance requirements and support three assault battalions, an aviation maintenance unit, and other 101st and Special Operations Command units.

3. My third request is for $14.4 million to construct a Military Operations Urban Terrain (MOUT) Training Center complex using the latest available technology in targetry, automated scoring systems, special effects, after-review video techniques, mock buildings and structures. The entire complex will include 33 buildings, 17 of which will be full-sized. These "mock cities" are a valuable multi-purpose training tool used by combat units throughout the services.

There are currently no existing facilities at Ft. Campbell to effectively simulate urban terrain operations under combat conditions. The 22 wood structure mock city currently in use does not meet current standards required for the combat readiness of the Division. Eleven of those 22 structures have been condemned as unsafe for training, thereby prohibiting the integration of helicopter training in the overall training scenario as required. In addition, the current facility does not provide automated targetry, simulated firing, demolition explosives training, nor can it handle units larger than company. The new MOUT complex will provide training for all units of the 101st, the 160th Special Operations Aviation Regiment, the 5th Special Forces, as well as National Guard and Reserve units.

4. My fourth request is $6 million to build a 37,458 square foot physical fitness center to include a gymnasium, racquetball courts, weight and locker rooms, storage and administrative space, and laundry/vending/issue rooms. Also included is site work such as parking, landscaping and underground utilities. The fitness center will support the 101st and 159th Aviation Brigades and DISCOM.

In addition to the four projects outlined above, there are two additional projects which need your support.

First, knowing of this Subcommittee's strong support for the well-being of our soldiers and their families, I request your support for $2.6 million to complete the renovation of the final 26 company-grade family housing units at Werner Park. There are 508 total units in Werner Park. Thanks to the help of your Subcommittee, all but 26 units have been renovated or are scheduled for renovation as part of the final Phase IV of the project which received $6 million in last year's authorization and appropriations process.

The remaining 26 units must be built with military construction funds and not fall prey to the Army's residential development ventures initiative. Werner Parker is not new construction. We should not leave this neighborhood unfinished and we should complete the 26 units along with the other 60 units which have already received appropriated monies. If all 86 units are bid at the same time, the overall price for the improvements should be reduced. I urge your approval

of these additional funds to complete the Werner Park family housing complex.

Second, $16 million is needed to construct a vehicle maintenance facility for the 129th Corps Support Battalion and the 106th Transportation Battalion totaling $16 million. This complex includes a vehicle maintenance shop, deployment storage, POL (petroleum, oil, & lubricants) storage, sentry station and hardstand for organizational vehicle parking. It would replace the nine World War II buildings totaling 48,211 square feet which currently house these functions. The current structures are unsafe and totally inefficient from both an operational and environmental standpoint.

Mr. Chairman and Members of the Subcommittee, the projects I have listed here today and the order in which they were presented have the complete support of the Commanding General at Ft. Campbell, Major General Robert Clark, and the surrounding civilian communities.

I urge your support for these important funding requests.

Thank you very much.

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STATEMENT OF MAYOR GEORGE PETTYGROVE
CITY OF FAIRFIELD, CALIFORNIA

UNITED STATES HOUSE OF REPRESENTATIVES
HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON MILITARY CONSTRUCTION
THE HONORABLE DAVID HOBSON, CHAIRMAN

FISCAL YEAR 2000 MILITARY CONSTRUCTION APPROPRATIONS
TRAVIS AIR FORCE BASE

March 26, 1999

Thank you, Mr. Chairman, and members of the committee for this opportunity to speak before you today in support of military construction projects at Travis Air Force Base. The Travis Air Force Base, located at the City of Fairfield, is in my congressional. I request that the committee view favorably the projects I will outline.

First, I request that the committee provide a $7.6 million earmark to construct a new Medical War Reserve Material (WRM) Warehouse at Travis Air Force Base in Fairfield, California. It is my understanding that this project is included in the Department of Defense FY 2000 Military Construction Appropriations request.

Travis Air Force Base is the preeminent U.S. Air Force airlift base on the West Coast, and arguably, in the world. Travis personnel, aircraft, and facilities are an integral part of the Department of Defense's force projection capability. One of the first needs of our men and women in uniform upon deployment is ready access to war reserve materials, such as bandages and drugs.

Travis must be ready to accommodate rapid surges in airlift of these materials, but current facilities at the base are entirely inadequate. In sum, existing facilities are not centralized, do not provide adequate protection for the WRMs, and negatively impact Travis's ability to successfully undertake this vital mission. This new facility will provide a central warehousing and mobilization facility, allowing Travis personnel to rapidly deploy essential WRMs to our soldiers in the field.

Second, I request the committee's support for a $7.5 million earmark to construct additions to physical fitness facilities at Travis Air Force Base located in Fairfield. It is my understanding that this project is also included in the Department of Defense FY 2000 Military Construction Appropriations request.

As the members of the committee are aware, modern, adequately sized fitness center facilities are required to support the Air Force emphasis on mandatory fitness for all personnel. Physical well being and good morale, resulting in part from adequate fitness facilities, are essential to the development and retention of Air Force personnel.

There are three existing fitness facilities at Travis. One is a modern facility but is critically undersized. The other two facilities are substandard and cannot be economically upgraded. Without the new addition, physical conditioning will continue to be limited due to inadequate space. This will adversely affect the morale and well being of base personnel, and will adversely impact readiness as service members will not be able to maintain proper physical fitness.

The project funded by this earmark will radically improve fitness facilities at Travis and will pay dividends for many years to come in terms of both readiness and morale.

The City of Fairfield appreciates your assistance on these projects. As the committee members are aware, the strength of Travis Air Force Base is vital not only to the City of Fairfield, but also regionally and nationally. Your assistance is greatly appreciated on all of these projects. Thank you.

STATEMENT OF SUPERVISOR RICHARD AKIN
COUNTY OF SUTTER, CALIFORNIA

UNITED STATES HOUSE OF REPRESENTATIVES
HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON MILITARY CONSTRUCTION
THE HONORABLE DAVID HOBSON, CHAIRMAN

FISCAL YEAR 2000 MILITARY CONSTRUCTION APPROPRATIONS
BEALE AIR FORCE BASE

March 26, 1999

Thank you, Mr. Chairman, and members of the committee for this opportunity to speak before you today on behalf of the County of Sutter and in support of military construction projects at Beale Air Force Base. I request that the committee view favorably the projects I will outline.

Family Housing Project. The County of Sutter, California requests an $8.5 million earmark in the Fiscal Year 2000 Military Construction Appropriations bill for the Family Housing Project at Beale Air Force Base in California.

This project will replace 60 multi-family housing units with modern, efficient duplex structures at Beale Air Force Base. The units being replaced are over 30 years old and are showing the effects of age and continuous heavy use. The old units have not received significant upgrades since the original construction and do not provide a modern home environment. In addition to inadequate living and storage space, the existing units contain outdated electrical systems that do not comply with current codes.

The new units will provide a safe, comfortable, and appealing living environment comparable to the off-base civilian community. This is an important factor with regard to personnel retention. The replacement housing will include modern kitchen, living room, family room, and bath configuration, with ample interior and exterior storage and garage space. The project also includes basic neighborhood infrastructure to meet modern housing needs, including landscaping, a playground, and a basketball court.

It is the County's understanding that this project is included in the Department of Defense FY 2000 Military Construction Appropriations request at $2.301 million. We request that the project receive its full funding at $8.5 million in Fiscal Year 2000.

Beale Air Force Base – Flightline Fire Station. The County of Sutter, California requests an $8.9 million earmark in the Fiscal Year 2000 Military Construction Appropriations bill for the Flightline Fire Station Project at Beale Air Force Base in California.

The current Crash Station on Beale AFB's flightline shares a building with 16 other functions. There is no direct access to the runway from the existing facility, and movements to the north end of the runway can take up to five minutes. Additionally, it takes 12 minutes to provide assistance in the case of structural fires. Neither of these performance times meet the Air Force time-distance criteria of three minutes for unannounced incidents and ten minutes for structural fires.

The current structural fire station is located in a wooden structure built in 1942. The building has no firewall separating the engine stalls from the sleeping quarters, and has no fire sprinkler system. A fire would quickly engulf the structure. Additionally, lack of ventilation in the structure creates problems maintaining supplies and equipment. For example, fire hoses mold from excessive humidity.

This project will construct a facility to house both the crash and structural functions of the base fire department. The facility will house the fire protection vehicles, support equipment, operating supplies, and administrative, maintenance, and operations personnel. The new facility will be located at a site from which firefighters can respond to flightline crash and structural fires within the Air Force-prescribed response times.

By way of background, the following language was included in the Conference Report for the Fiscal Year 1999 Military Construction Appropriations bill:

> *California--Beale AFB: Flightline Fire Station: The conferees direct the Air Force to accelerate design and to include this project in the budget request for fiscal year 2000.*

It is the County's understanding that the Department of Defense FY 2000 Military Construction request included this project at $2.086 million. Sutter County requests that the project receive its full funding at $8.9 million if Fiscal Year 2000.

Beale Air Force Base – Base Access Roads Improvements. The County of Sutter, California requests a $5 million earmark in the Fiscal Year 2000 Military Construction Appropriations bill under the Defense Access Road Program (DARP) to undertake the Base Access Roads Improvements Project at Beale Air Force Base in California.

Five county roads provide access to Beale Air Force Base. Three of the five roads – Hammonton Smartville Road, Smartville Road, and Spenceville Road – are in poor condition, are of concern to the installation commander, and are a continually the object of complaints. Beale's host County – the County of Yuba – is mainly rural in character, and cannot afford to make the necessary improvements to the access roads.

According to the Military Traffic Management Command, DARP funding may be available when local civilian highway authorities cannot make highway improvements to meet defense requirements. In light of Beale's unique and critical mission, it is important to ensure good, safe access to the base.

Once again, the County of Sutter appreciates you continued support in our efforts to secure federal assistance for these priority projects. Sutter County faces significant economic challenges and the County is aggressively pursuing opportunities to protect our citizens from natural disasters and to diversify our economic base. I would be happy to answer any questions. Again, thank you.



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Statement of

The National Military Family Association

for the record of the

MILITARY CONSTRUCTION SUBCOMMITTEE

of the

COMMITTEE ON APPROPRIATIONS

of the

UNITED STATES HOUSE OF REPRESENTATIVES

MARCH 26, 1999

Not for Publication
Until Released by
the Committee

The National Military Family Association (NMFA) is the only national organization whose sole focus is the military family and whose goal is to influence the development and implementation of policies which will improve the lives of those family members. Our mission is to serve the families of the Seven Uniformed Services through education, information and advocacy.

Founded in 1969 as the Military Wives Association, NMFA is a non-profit 501(c)(3) primarily volunteer organization. NMFA today represents the interests of family members and the active duty, reserve components and retired personnel of the seven uniformed services: Army, Navy, Air Force, Marine Corps, Coast Guard, Public Health Service and the National Oceanic and Atmospheric Administration.

NMFA Representatives in military communities worldwide provide a direct link between military families and NMFA staff in the nation's capital. Representatives are the "eyes and ears" of NMFA, bringing shared local concerns to national attention.

NMFA receives no federal grants and has no federal contracts.

NMFA has been the recipient of the following awards:

Defense Commissary Agency Award for Outstanding Support as Customer Advocates (1993)
Department of the Army Commander Award for Public Service (1988)
Association of the United States Army Citation for Exceptional Service in Support of National Defense (1988)

Various members of NMFA's staff have also received personal awards for their support of military families.

NMFA's web site is located at http://www.nmfa.org.

THANK YOU

Mister Chairman and members of the Subcommittee, the National Military Family Association (NMFA) remains extremely grateful for your continued superlative support of military families. Each year, despite current budget restrictions, you have managed to add family housing projects, Child Development Centers (CDC), and other quality of life construction projects to the administration's request.

Appendix A is a small thank you from NMFA, and the families we serve, for the new Child Development Center at Darmstadt, Germany. The military children in Darmstadt were being cared for in a converted stable. The classrooms of the CDC were simply renovated horse stalls. NMFA brought the situation to the attention of this Subcommittee in 1997 hearings and the Subcommittee appropriated the funds for the CDC in the FY 97 Defense Military Construction Act, even though the CDC was not part of the administration's request.

On January 19, 1999, the Center opened for business. It has heated floors for winter and central air-conditioning for summer. It has direct exits to the four separate playgrounds, one for each of the center's age groups. Many child safety features are included in the new structure including rounded walls and furniture edges, radiator covers and electrical outlets 41/2 feet above floor level.

NEW CONSTRUCTION

Child Development Centers

We note again the apparent magic number of 2 for requested new construction for Child Development Centers. And, while we fully support the requested CDCs at RAF Lakenheath and the Yuma Marine Corps Air Station, we are aware of significant shortfalls. We have particular concern for overseas areas, where alternatives for childcare on the economy are few.

DoD Schools

We also support the construction request for DoD schools. We are particularly pleased with the request for improvements for the Laurel Bay Elementary School in Beaufort, South Carolina, which we brought to the Subcommittee's attention in March of 1996.

Fitness Centers

Department of Defense studies have shown the importance of physical fitness facilities to both the servicemember and the family, so we are very supportive of the 11 construction projects for such facilities requested by the administration.

Family Service/Support Centers

We are most grateful to this Subcommittee for the FY 99 funding of a new Family Service Center/Chapel at the Puget Sound Naval Shipyard in Washington State. We also support the request for the Family Service Center construction project at the New River Marine Corps Air Station in South Carolina. However, as shown in Figure 1, Appendix B, we believe that attention needs to be paid to other such facilities. What kind of message does the condition of the Family Service Center at Camp Pendleton send to those who enter its doors seeking assistance?

Family Housing

NMFA is again disheartened at the small request for regular military construction included in the administration's budget. Further, families and NMFA have noted with dismay that dollars appropriated for military construction in previous legislative cycles are not translating into ground broken. The current rush to put all funds in the privatization account may someday increase the numbers of family quarters, but the need for family housing is today, if not yesterday! NMFA has generally been supportive of the privatization initiative, but as an adjunct to the regular military construction process, not as its replacement.

Representatives from NMFA Headquarters traveled this year to Marine Corps Air Station, Beaufort, SC. Funds were appropriated for the construction of 140 sets of government quarters in the FY 97 Military Construction Appropriations Act, but none have been built. Figure 2 of Appendix B shows what is available for rent in the area. In addition, the area is expecting the influx of naval aircrews from the closing Naval Air Station in Jacksonville, FL.

A representative from NMFA also visited Miramar Marine Corps Air Station, CA. Families moving from El Toro Marine Corps Air Station as a result of BRAC are finding it next to impossible to find affordable housing. Our representative listened to servicemembers talking of 1 1/2 to 2 hour one way commutes. Even with these lengthy commutes, many junior families are living in unsafe areas and paying significant out of pocket amounts for their housing.

NMFA believes the Basic Allowance for Housing is an improvement over the Basic Allowance for Quarters and Variable Housing Allowance, but we remain extremely concerned that even this new allowance formula is requiring members to pay almost 20% of their housing costs out of pocket. What has essentially happened is that the "pain has been more evenly divided." Families in high cost areas are paying less out of pocket and families in more moderate cost areas are paying more out of pocket. Unless more realistic funding for the housing allowance is forthcoming, families will continue to be able to afford only housing at great distances from the installation, and in unsafe

neighborhoods. The current high operational tempo and increased work hours and days at the home station are exacerbating the situation. A lengthy commute is hard enough when the workweek is 40 to 50 hours. When the workweek extends to 70 and 80 hours, such commutes mean a family life that does not exist! As family members spend more and more time home alone, the servicemember's concern for their safety escalates. The desire and need for family housing on or near the installation increases as the operational tempo goes up and work hours increase.

NMFA continues to be concerned about the slow pace of requests for needed renovation and new construction in overseas areas. While the seven-year hiatus in Europe seems to be at an end, the volume of needed renovations has escalated to enormous proportions. General John P. Jumper, commander of U. S. Air Forces in Europe has stated " by the time we renovate the last house in Europe, that house will have not been renovated in any way in 60 years. That's a 60 year old bathroom, 60 year old plumbing and a 60 year old electrical system."

There is Good News!

NMFA would like to call the Subcommittee's attention to two projects that we believe are real success stories. The first is Ft. Lee, VA. Late last spring, representatives from NMFA Headquarters were visiting the Defense Commissary Agency, when the installation commander asked if they would like to see the new enlisted family housing. As the representatives drove into what looked like a new subdivision in Anywhere, USA, they were pleased to see playgrounds, green areas, new trees and bushes and covered school bus stops. They were totally nonplused when asked if they wanted to tour the "Model Home." Never in their experience had the term "Model Home", ever been applied to military construction. Sure enough, a charming home furnished by the local Army and Air Force Exchange allowed incoming families to actually see how the home would look! You could feel the pride of the families who had moved in to their new neighborhood.

At Pope AFB the Air Force, the Army Corps of Engineers and the contractor worked together to turn over new construction houses to military families as they became ready rather than waiting until the entire project was finished. The Air Force and the contractor also decided to form a "hit team" of military spouses and civil engineer quality control personnel to go through a finished house and make suggestions.

REPAIR AND MAINTENANCE

NMFA was extremely distressed to read in the Army's testimony for FY 2000 that, "Minimal maintenance and repair funds will be used to sustain housing in a safe and habitable condition in the United States until privatized." We cannot quite imagine what a reduction in current repair and maintenance funding would produce. Families are currently told that if they have two bathrooms in their home, the loss of one due to

needed repairs is not considered an immediate problem and will be "looked at" in two to three weeks. NMFA is repeatedly told by families that contractors hired to do maintenance and repair are not properly supervised. Plumbers arrive to fix electrical problems and carpenters are sent to fix plumbing problems. Repeat visits to fix the same problem are the norm, rather than the exception. Figures 1 and 2 on Appendix C show problems that have existed in family housing at Beaufort Marine Corps Air Station since last June.

Oversight of contractors is also a problem when families move into quarters. Figures 1 and 2 on Appendix D show the condition of a set of quarters a family was asked to accept at Ft. Benning, GA.

General Thomas A. Schwartz, commander, U. S. Army Forces Command has stated "At Fort Riley, Kansas, we could not fund 65% of scheduled roof repairs, nor fund 80% of needed road repairs."

PRIVATIZATION

As stated before, NMFA has been generally supportive of the privatization initiative as an adjunct to the normal military construction process in order to increase the number of family houses and the rapidity with which they could be built. However, from the beginning we have raised questions regarding the initiative. We were concerned when part of the potential savings quoted included less funding from the Department of Education's Impact Aid program. We questioned if anyone had talked with local school districts to ascertain how they would provide an education for military children if privatization caused federal land to become civilian land and the Impact Aid payments to drop from $2,000 per child to $200 per child. We questioned if discussions were being held with local communities regarding school construction, transportation and roads, and the impact on other community services.

As the initiative appeared to metamorphose over the last two years, NMFA began to hear of building civilian shopping malls on military installations, and replacing Morale, Welfare and Recreation activities with commercial retail enterprises whose profits would go to the developers. With increasing concern NMFA questioned what would happen to the security that often is the number one reason military families move onto an installation. We wondered how the not-for-profit MWR activities would be funded. Most importantly, we wondered what would happen to the structure of the military community. The installation is the geographic focal point for the military community. Whether a family lives on or off the installation, it is the installation, as the gathering point, that has produced the sense of continuity from one base to another.

We were actually awestruck when we accessed the web page for the Robins AFB, GA solicitation (Appendix E-1, and E-2). We wondered how many bars, taverns, nightclubs and mortuaries a housing area for active duty military families needed.

Despite these aberrations to what we believe was the original intent of the privatization initiative, NMFA still believes that the initiative can be beneficial for military families. The integrity of the military community must be maintained. If families are going to be assigned to these houses they should be charged no more than their housing allowance, and utilities should be included. Discussions with the local community and local schools must be an integral part of the process. Privatization must be considered as part of a whole and discussions within the Pentagon must include those responsible not only for MWR and other DoD retail activities, but also those involved with people.





New Child Development Center
Darmstadt, Germany



Appendix A

JACKET NO. 56-994 OFFSET ULOS No. 1A-3A 56-944 1968

Width _____, Depth _____ 55 %

☒ Sq. Ft. ☒ Line ☐ Broad ☐ Poster

☐ Duo Tone ☐ Rescreen

Add'l. Info: Line and Halftone

Family Service Center, Camp Pendleton, CA



Figure 1

Rental in Beaufort, SC $500.00 / month – no carpet - $150.00 Non-refundable pet deposit.



Figure 2

65%

56-944 1969

OFFSET ILLUS No. 4A & 5A

Width _____, Depth _____ 65%

☒ Sq. Hr. ☒ Line ☐ Broad ☐ Pastel

☐ Duo Tone ☐ Rescreen

Add'l. Info: _____

Marine Corps Air Station, Beaufort, SC – Government Housing

Wall and carpet damaged by leaking air conditioner – mold growing.



Figure 1

Mold and mildew damage under kitchen sink –

Not repaired before, or since, new family moved in.



Figure 2

Appendix C

65%

56-944 · 1910 OFFSET ILLUS No. 6A & 7A

Width _____, Depth _____ 65% (pieces)

☒ Sq. Ht. ☒ Line ☐ Broad ☐ Poster

☐ Duo Tone ☐ Rescreen

Add'l. Info: _____

Ft. Benning, GA

Condition of Quarters family was requested to accept.

Kitchen

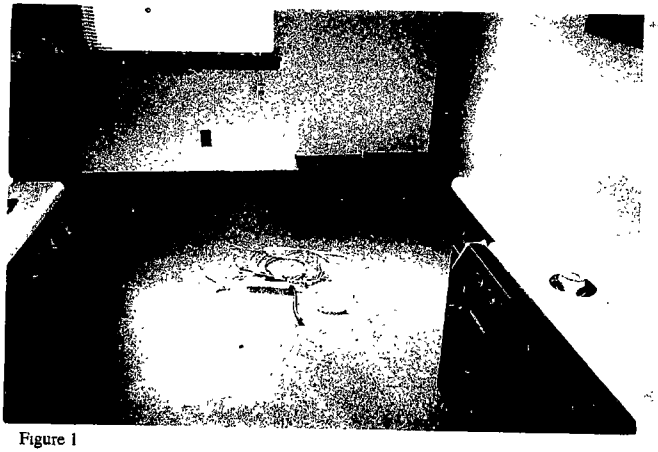


Figure 1

Storage Shed



Figure 2

Appendix D

50% 56-944 1911 OFFSET ILLUS No. 8A-9A
LINE & HALFTONE
Width _____, Depth _____ 55 %
☒ Sq. Ht. ☒ Line ☐ Broad ☐ Poster
☐ Duo Tone ☐ Rescreen
Add'l. Info: _____

PUDD shall be reviewed and approved by the planning commission in accordance with Section 102 of the City of Warner Robins Code and to assure that the redevelopment is consistent with the objectives of the community's Comprehensive Plan.

3.2.3.2. Approved Uses: The offeror shall determine the most appropriate permitted uses to meet the basic requirements and desires (if incorporated) of this solicitation. Uses approved by Robins AFB and the City of Warner Robins include the following:

- Single-family, two-family (duplex), and multi-family units with or without ancillary facilities.
- Screened recreational storage areas.
- Public utility substations.
- Public/private owned and operated clubs and associated recreation areas.
- Home occupations.
- Kindergarten, play schools, and day care centers.
- Public/private schools and libraries.
- Hospitals, clinics, convalescent or nursing homes.
- Medical, dental, or chiropractic office, clinic, or laboratory.
- Government, professional, or general purpose offices.
- Book, magazine and newspaper stores.
- Drugstore and/or pharmacy.
- Grocery, candy store, delicatessen, and/or bakery.
- Butcher or poultry/fish store.
- Convenience store.
- Barber and/or beauty shop.
- Dressmaker, seamstress, and/or tailor.
- Dry cleaning (no solvent dry cleaning equipment on premises) and self-service laundry establishments.
- Studios offering instruction in art, music, dancing, drama, or similar cultural activity.
- Shoe repair shop.
- Place of worship and related facilities.
- Publicly-owned and operated facilities or land.
- Camera store, art store, or photographic studio.
- Florist shop.
- Gift or curio shop or antique shop.
- Bicycle sales/repair shop.
- Insurance agency.
- Jewelry and watch sales/repair shop.
- Locksmith and/or gunsmith.
- Real estate agency.
- Restaurants, grills, and lunch counters, including drive-in.
- Hobby and/or toy stores.

- Branches of banks and savings and loan associations.
- Amusement enterprises, such as miniature/Par-3 golf, golf driving ranges, skating rinks, coin operated arcades and similar enterprises.
- Motels and hotels.
- Automobile service station or repair garage.
- Theaters.
- Bars, taverns and night clubs.
- Furniture, home furnishings, office furniture and equipment sales, repair or upholstering.
- Produce sales, horticulture sales, and farmers market.
- Clothing stores.
- Hardware and/or paint stores.
- Variety stores (5 and 10-cent stores).
- Music, video, and/or computer stores.
- Sporting goods.
- Pet stores.
- Undertaking or mortuary establishments.
- Convention center, including a hotel and assembly room.
- Printing, blueprinting, book binding, photostatting, lithography, and publishing establishments.
- Commercial parking garage or screened recreational vehicle storage.
- Veterinary hospital, kennel, or clinic.
- Automobile laundry or car wash.
- Appliance and electronics sales and/or repair.

3.2.3.3. Restrictions:

- All servicing, storage, or processing shall be conducted within a completely enclosed facility except where the nature of the activity makes it impossible, such as, off-street loading, automobile parking for customers while on the premises, overnight storage of emergency vehicles and equipment, miniature golf courses, and the sale of automobile fuel at service stations.
- All businesses distributing alcohol must have at least 50% of sales from food.
- Businesses involving adult oriented merchandise or entertainment are not permitted.
- Uses, processes, and equipment employed shall be limited to those, which are not objectionable by reason of blight, odor, dust, bright lights, smoke, noise or vibration.
- Traffic flow shall compliment the city-planned redevelopment in the surrounding area.

3.2.4. COMMUNITY PLAN: The Successful Offeror shall develop and implement a community plan that responds to the military family needs and

THE FLEET RESERVE ASSOCIATION

Statement of the Fleet Reserve Association
to the
Appropriations Subcommittee on Military Construction
U.S. House of Representatives

March 12, 1999

FLEET RESERVE ASSOCIATION
Serving Career Enlisted Personnel
U.S. NAVY • U.S. MARINE CORPS • U.S. COAST GUARD
125 N. West Street, Alexandria, Virginia 22314
(703) 683-1400

STATEMENT ON MILITARY CONSTRUCTION, FY 2000

Mr. Chairman. The Fleet Reserve Association (FRA) appreciates the opportunity to comment on the FY 2000 Military Construction Budget and requests that the following statement be included in the record.

Mr. Chairman. The Administration's FY 2000 military construction budget reminds one of an old magician's saying: "Now you see it, now you don't." It begins with the Administration offering a "robust" budget of $8.5 billion that suddenly transforms itself into $5.4 billion. For unaccompanied bachelor quarters, a $781 million budget disappears only to reappear at $177.5 million. With a bit of hocus pocus, $613.5 million vanishes into thin air. The same occurs with $162 million for Medical Projects. With a wave of the Administration's magical wand, much of it disappears into a big black hat entitled FY 2001. Funds for improving Guard and Reserve Facilities, programmed at $256 million, vanish only to reappear as $77.6 million.

Mr. Chairman. This budget spells disaster. Down the drain goes the Department of Defense (DOD) promise to authorize and appropriate adequate funding for many of the quality of life programs for the men and women who serve daily to maintain world peace. The same men and women who have been deployed 143 percent more than their predecessors of just a few years ago. The same men and women in uniform who are working long hours because of manpower shortages throughout the military services. The same

uniformed members who are performing their duties in a stressed environment without the proper facilities, equipment and spare parts. And the same men and women of the Armed Forces living in family and bachelor housing that are old, in need of repair, and in many cases ready to be demolished.

So, the FY 2000 MilCon budget does little to sustain the boast by DOD that its most precious commodity is its people. This in spite of the effort by the Administration to provide a larger pay increase for military personnel and partially amend the 1986 Military Retirement Reform Act, both of which required DOD's attention far earlier than in the FY 2000 budget.

But it's obvious that DOD's most precious commodity is not people. Read the statement of Mr. William J. Lynn III, Undersecretary of Defense (Comptroller), before the House Armed Services Subcommittee on Military Installations and Facilities, February 25, 1999. Mr. Lynn wrote that the FY 2000 Military Construction Budget "represents a balanced program that is essential to support new weapons systems … accomplish new or changing missions … address environmental compliance requirements, and … provide enhanced quality of life for service members." (Notice which one is last.) Two paragraphs later, Mr. Lynn states that by consuming a smaller portion of the defense budget, the MilCon effort will "free up funds to help pay for high priorities like weapons modernization." (Again, emphasizing that people aren't a high priority in the military construction budget.)

Although FRA is firing a shot over the bow of the entire Military Construction Budget for FY 2000, it is primarily con-

cerned with that portion of the request addressing Navy and Marine Corps quality of life programs. If the Association is displeased with the overall budget, it is extremely critical of that for the Sea Services. The Navy's proposed budget includes both blue (Navy) and green (Marine Corps) dollars. The two services carry the largest percentage of total DOD military manpower strength at 37.6 percent, the Army at 33.5 percent, and Air Force at 25.5 percent. Yet, in doling dollars to the individual services, it appears that the Air Force, the smallest of the departments, is the recipient of the largest number of family and bachelor housing funds.

TOTAL OF 1996-99 ACTUAL + FY 2000 PROPOSED

FACILITY	AIR FORCE	ARMY	NAVY	MARINES	NAVY/MARINES
Family Housing (Units)	5,772	2,353	3,336	820	4,156
Bachelor Housing	69	61	42	25	67

Further review of the FY 2000 budget indicates the Army's MilCon program is slated to receive 12.1 percent of the budget while the Navy and Marine Corps are offered 5.9 percent. For family housing, the Army is targeted to receive 32.5 percent of the programmed request compared with the Navy and Marine Corps' 23.5 percent.

FAMILY HOUSING

ARMY	NAVY/MARINE CORPS	DIFFERENCE
$1,112,083,000	$959,675,000	$152,408,000

FRA is aware that some may argue that the Navy has ships that berth many of its uniformed members and that the Army must live on ground installations. However, FRA refers to "family" in the paragraph and chart immediately above and not bachelor housing. The number of Naval and Marine Corps personnel having families to house is probably nearly equal to that of the Army's requirements. The difference appears in the need for unaccompanied bachelor quarters; BEQs for the Navy, barracks for the Army.

The Association suspects the problem might equally be faulted to both DOD and the Navy Department. Thankfully, Congress being responsible for raising an army and navy has shouldered much of the responsibility in striking a more equitable construction budget for the services. The individual services have had higher priorities than providing quality of life programs for their uniformed personnel. To obtain greater funds for weapon systems, ships, operations, environmental programs and the like, the services have given up both manpower and quality of life. The fewer personnel, the less is needed for personnel and family programs.

BACHELOR QUARTERS

In 1995 a member of the FRA's legislative staff served as the Marine Corps' enlisted representative on the Defense Science Board Quality of Life Panel. What he, as well as other panel members, discovered was appalling. Many Bachelor Enlisted Quarters (BEQs) were in deplorable condition with falling ceilings,

leaking roofs, holes in walls shored up with plywood, gang heads out of order or with backed up plumbing, insufficient washers and dryers (if even operable), poor lighting, and no security for personal belongings, to name the most obvious. And, people stacked 4 to 5 each in rooms built for two.

In one area alone, the entire barracks complex required destruction. Even replacing them one for one would not have solved either the billeting nor the morale problem. The area contained a deployable regiment. One battalion was always deployed and one preparing to take its place. When the deployable unit returned all of its members were sent to any billeting space open in any unit anywhere on the military installation - an installation where miles separated each camp. They remained there until their unit's sister battalion moved out of the barracks it had been occupying. After existing for six months aboard ship in crowded berthing spaces, that one extra barracks would have been a welcome respite. It would have retained unit integrity, and just as important, provided a familiar "home" to which they could return.

Then, there's the case of the homecoming sailor. Going to shore duty after months and months at sea, he or she should be able to move into bachelor quarters that aren't too old, too crowded, and too shabby. There's no question as to why many young sailors want to live off the base, even if they find only inadequate civilian quarters to rent. At least there's a semblance of privacy and a sense of independence not available in a crowded

BEQ, sharing a room with 4 to 5 other sailors and a gang head to accommodate more sailors than originally intended.

FRA has devoted a major part of its statement to bachelor quarters. It does so well knowing that there is a huge backlog for BEQ construction and modernization. For example, the Marine Corps has more than 97,000 enlisted bachelor billeting spaces to maintain. 10,477 require replacement. But the FY 2000 DOD budget request does practically nothing to keep that backlog from becoming worse. In spite of the mounting inventory, DOD is requesting only 41 bachelor units (12 for the Navy, 3 for the Marines) that provide but 6,517 (1,951 for Navy, 592 for Marines) spaces. Considering that 40 percent of the Armed Forces military manpower is not married, 6,517 spaces will accommodate less than an estimated .012 percent of the services' needs. For the Navy, it's less than .013, with the Marine Corps percentage even less because it has more bachelors than married personnel. It's unbelievable that DOD continues to devote so little to bachelor housing when single service members are more economical to support.

Mr. Chairman. There's but one solution. FRA urges you and the other distinguished members of this Subcommittee to do what you've done over the past five or six years, add funds to construct and modernize more bachelor quarters (BEQs) for the Nation's valuable Sea Services personnel; uniformed members of the Navy and Marine Corps.

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FAMILY HOUSING

Since FY 1996, the Navy has been authorized funds to construct 2,166 family units. For FY 2000, the budget calls for 229 additional units. For the Marine Corps it was 720 with a request for 100 in FY 2000. These numbers are pitifully small while the need for family housing in both services is high. In FY 1996, the Navy's inventory of unsuitable housing was 42, 000 units and the Marine Corps, about 10,500. Over a four-year period, including FY 2000, the Navy will realize less than a 6 percent reduction in the number of housing units requiring replacement and the Marine Corps, less than 8 percent.

FRA has been apprized that the Navy is reviewing 12 separate housing projects this year and in FY 2000 for private residential developments. The Marine Corps is looking at 114 units at Albany, Georgia, and more than 3,000 units at Camp Lejeune, North Carolina. None of the reported locations are listed in the FY 2000 budget request for the Family Housing Improvement Fund (FHIF). However, the Navy is programmed at $34.8 million for 4,571 units elsewhere with $26.9 million earmarked for 1,602 Marine units.

The Association was pleased to hear the Navy's representative state that the his service will renovate 1,315 family units for FY 2000 and 407 family housing units for the Marine Corps. Elation over this announcement, and that of the number of units to be constructed under the FHIF, soon turned cold when the requests for these programs were announced for FY 2000. DOD and

the Navy must rethink their positions on authorizing funds for these projects for the period of time it takes to finish the job. With no authorized appropriations for completing the contracts in FY 2000, and beyond,, FRA is concerned that developers and contractors will not be interested if not guaranteed full measure for work performed after FY 2000.

Mr. Chairman, the Navy's housing requirement will not be filled for close to 60 years (if ever); and the Marine Corps, for more than 40 years considering the current rate of construction and the wait for DOD and the Navy Department to seek additional funds. However, in those time frames, housing constructed in FY 1997 thru FY 2000 will become substandard and require replacement. FRA shares the Subcommittee's concern as to where the funds may be found to construct more units. But money has to be found. FRA suggests looking at the bases that are on the closure list but have not been closed. Some, if not all of these installations could be a valuable asset to the military departments.

Cameron Station, Alexandria, Virginia, may be a good example of what could have been a better deal for the military. From what FRA has been advised, millions of dollars were expended to clean up the installation only to hand it over to the city for development. Under an existing law, part of the installation (a building) was deeded to an organization caring for the homeless. The contractor given the property for development paid tens of thousands of dollars to purchase the building. If that building was worth that kind of money, surely the entire installation

would have been worth the price the military paid to have it cleared for disposal.[1]

FRA urges an increase in funds for the construction of family housing for the Navy and Marine Corps.

MORE ON PRIVATIZATION

In 1997, FRA advised Congress that it was excited with the prospect of privatizing construction of military family housing. Since then, certain developments have muted this enthusiasm and the Association now has serious concerns. Last year, FRA addressed the problem the Navy was experiencing with private contract housing in Texas and Washington. Although designed to provide housing at the cost of a sailor's housing allowance, a number of junior enlisted members were automatically barred from renting the units because the cost of leasing was greater than the amount of their allowances. Recently, another challenge appears to be presenting itself in the administration of military family housing privatization contracts.

FRA has been alerted to the practice of offering contractors certain privatization initiatives to entice them to bid on projects. The Association believes this to be in violation of the FY 1996 Defense Authorization Act. Contracts at several military installations envision handing over land and buildings of former

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[1]The loss of land revenue attributed to Cameron Station is more than $213 million. The anticipated/realized land revenue is but $32.5 million. Ref: *DOD Base Realignment and Closure, Executive Summary & Budget Justification FY 2000/2001 Biennial Budget Estimates, February 1999.*

family housing areas to private contractors, with the land refenced outside installation property lines. This would also allow the developer to open commercial outlets that would replace and/or compete with the military exchanges, commissaries and MWR facilities.

FRA opposes these initiatives and urges this distinguished Subcommittee to review the military's family housing privatization program and take appropriate steps to ensure any initiatives taken by the Military Departments do not pose a risk to the benefits now available to the Nation's service members and their families. And, too, that there are no losses in contributions to MWR programs.

Further, that the Military Departments ensure that privatization contracts to construct family housing contain provisions that assure affordable housing for junior enlisted personnel. As occurred in Texas, young sailors in the junior grades did not have an adequate housing allowance to cover the cost of leasing units in that development.

FITNESS CENTERS

FRA continues to urge more funds for construction and modernizing of physical fitness centers and like facilities used for body building. Since FY 1996, only 17 such facilities have been funded. For FY 2000, partial funding is requested for 13 with authorization for out year appropriations. Fitness centers are essential and one of the most popular MWR facilities re-

quested by military personnel residing aboard military installations. Although FRA is delighted to have DOD highlight a larger number of Centers in its FY 2000 budget request, it is behind the power curve for the number needed to meet the demand.

From FY 1996 thru FY 1999, the Navy was authorized 5 centers, 2 requested for FY 2000. It has plans to add more than 20 projects from FY 2001 through FY 2005 at a projected cost of $100 million-plus. The Marine Corps received funds for 4 centers with one recommended for FY 2000, far below its needs.

FRA believes that funds should be found to build or modernize at least double the number for FY 2000. The FY 1999 Military Construction Act more than doubled that year's DOD request from 3 to 8. Hopefully, the Subcommittee will find a way to do likewise for this coming fiscal year.

Money spent for physical fitness is returned two-fold in developing greater endurance and physical readiness in the Nation's uniformed personnel, especially its combat troops.

FRA, by the way, could not believe that DOD is requesting another $28.5 million in FY 2000 for a cadet physical development center at the U. S. Military Academy. This amount is in addition to the $12 million appropriated in FY 1999. The FY 2000 request is $13 million more than recommended for all other physical fitness facilities, including a running track for the Navy. It appears that the Department is favoring perhaps 5,000 cadets while probably 10 to 20 times that number of active duty personnel is awaiting new or improved facilities. Are taxpayers getting

a fair share for the dollars spent in maintaining the physical readiness of the Nation's 1.4 million Armed Services personnel?

OTHER NEEDS

The Navy's Single Sailor program also requires the Subcommittee's attention. The program has been established at 10 locations where Sailors and Marines assigned to sea duty can come ashore and visit the centers designed for their recreation. The centers, offering reading and music rooms, writing spaces, fitness facilities, etc., are successful. The Navy needs more, so FRA encourages additional funds to provide more Single Sailor Centers where the greatest need exists.

DAVIS-BACON

Again this year, FRA recommends that Congress take action to modify the Davis-Bacon Law with regard to the construction of military housing and other quality-of-life facilities. Davis-Bacon is said to add ten percent to the government's cost. FRA believes that the provisions of the law should be suspended when contracting to construct facilities that add to the morale and readiness of the men and women serving in the Armed Services.

SUPPORT FOR SEA SERVICES' SENIOR ENLISTED CHIEFS

Mr. Chairman. Last, but not least, FRA requests that it be placed on record as supporting the recommendations of the Master Chief Petty Officer of the Navy and the Sergeant Major of the Marine Corps that are not addressed herein. Their appearance before the House Appropriations Military Construction Subcommittee on March 10, 1999, voiced the needs of their enlisted Sailors and Marines around the world. No one knows more about what is in the minds of the Nation's fighting sea service members than these two gentlemen. FRA respectfully urges your favorable consideration of their requests.

IN APPRECIATION

Mr. Chairman. The Fleet Reserve Association is grateful for the efforts made by this distinguished Subcommittee to enhance the quality of life programs for personnel serving in the Navy and Marine Corps. The Association is particularly pleased that the Subcommittee is not subscribing to the same theory that others have adopted - if it's not in the DOD budget, it's not worthy of consideration. Some even call enhancements to the military construction budget "pork." If it is, FRA says, "Great!". Relying on DOD to fulfill earlier promises of providing for people appears to be a lost hope. Only the concern and perseverance of this Subcommittee has sustained that promise and

made life more comfortable for the Sea Services and their uniformed counterparts.

Thank you for a job well done. And thank you in behalf of all Sailors and Marines worldwide for doing your duty above and beyond the call.

March 4, 1999

Statement By

Joshua W. Krebs
Chief Master Sergeant, USAF (Ret.)
Manager, Legislative Affairs

House Committee on Appropirations

Subcommittee on
Military Constructions

on the

FY2000
MILITARY CONSTRUTION

Air Force Sergeants Association

INTERNATIONAL HEADQUARTERS, POST OFFICE BOX 50, TEMPLE HILLS, MD 20757-0050
A participating organization in
the National Military and Veterans Alliance

Mr. Chairman and distinguished committee members, on behalf of the 150,000 members of the Air Force Sergeants Association (AFSA), thank you for this opportunity to offer our views on important quality-of-life issues that need to be addressed when considering the Fiscal Year 2000 military construction budget. AFSA membership consists of enlisted active and retired members of all components of the United States Air Force, and their family members and survivors.

FAMILY HOUSING

An important quality-of-life concern for Air Force enlisted people is adequate housing. Because of relatively low pay and allowances, enlisted members are far less likely to be able to invest in housing in the community and are more likely to live in on-base housing. On average, an Air Force family housing unit, of which there are 110,000, is 35 years old. Over half are in need of improvements or replacement to bring them up to standards. Yet, given these facts, the Administration's Fiscal Year 2000 budget calls for significantly less money for construction. The budget request would only allow for the replacement of 1,180 homes and the improvement of another 1,334 homes. While much emphasis has been placed on the military pay and retirement aspects of the current recruiting and retention difficulties all the services face, we must also tell you that the quality of on-base housing also affects retention. As the operations tempo continues to increase, deployed military members want to know that the families they leave behind are in adequate housing in a safe and secure environment.

AFSA has supported the pilot privatization projects for family housing which will enable the Department of Defense to maximize the use of limited money to accelerate the repair and replacement of family housing units. We are starting to be concerned that this initiative may

end up costing the enlisted member additional money to live in what at one time was base housing. The overall program, as we understand it, is actually two separate programs: one that is like "traditional" on-base housing and another that is more like private off-base housing. While the whole program requires caution and oversight, we are particularly concerned about the "off-base" leased housing program. Although the end result of both programs will be faster renovation and replacement of existing base housing, the cost to the enlisted occupant should be the same whether on base or off.

SINGLE/UNACCOMPANIED HOUSING

AFSA appreciates the past commitment that Congress has shown to improve the living conditions for the often-overlooked single member and asks that you not waver from that commitment. Current Air Force plans are to eliminate all central latrine type dormitories by the end of this fiscal year. A vast improvement.

A 1998 Air Force Quality-of-Life survey showed that for single airmen a big concern was a private sleeping room. The current one-plus-one construction standard, when fully implemented, meets that standard. Our concern is that Congress is starting to question the need for one-plus-one dormitories. The 1999 Strom Thurmond Department of Defense Authorization Bill requires the Department of Defense to once again support the new standards. With all the services experiencing recruiting and retention difficulties, do you want to send a message to our most-junior troops that their welfare is not important? We would hope not!

OVERSEAS HOUSING

We ask that you not forget the needs of enlisted members assigned overseas. Even though the majority of Air Force personnel are assigned in the United States, seventeen percent of all Air Force people are assigned to bases in Europe and the Pacific. After years of overseas base closures, the Air Force overseas base structure has stabilized and warrants your strong support to supplement the host-nation and NATO funding now provided. Remember, this housing is in no-one's district, and the enlisted men and women who live there depend on this committee to provide the adequate housing they should have in overseas areas.

BILLETING FOR RESERVE COMPONENT MEMBERS

We ask the committee to remember the needs of the reserve component members who often perform their inactive duty and annual training on active duty bases. Billeting construction needs do not factor in reserve component requirements and are based solely on traditional active duty requirements. The reserve component members must often be housed in more expensive downtown hotels/motels. In this era of increasing reliance on the Total Force and the growing role of the reserve component, billeting construction standards and related funding must incorporate the needs of reserve component activities.

OTHER MORALE, WELFARE AND RECREATION FACILITIES

Mr. Chairman, AFSA urges you to provide increased monies for Child Development Centers. Enlisted compensation requires most families to have both parents working in order to make

ends meet. This, coupled with the increased operations tempo, dictates that we provide additional on-base child care opportunities.

The need for a "fit" force has never been greater. Funding should be provided to ensure the availability of adequate physical fitness centers and equipment. The number and size of many facilities limit the extent of participation in fitness programs. Antiquated construction standards do not accommodate the significant presence of women in the force; and "work arounds" to provide them facilities do not meet contemporary standards.

CONCLUSION

Mr. Chairman, in addition to the areas already outlined, we ask your continued support of funding to modernize the Armed Forces Retirement Homes. The retired enlisted heroes that live there deserve to be provided with first-class facilities.

AFSA members appreciate the long-time support this committee has shown for quality-of-life improvements for Air Force enlisted members and again thank you for the opportunity to share our thoughts on these important issues. As always, AFSA is ready to assist you and all the members of this committee on matters of mutual concern.

Statement of

Lieutenant Colonel Stephen P. Anderson, AUS (Ret.)

Legislative Counsel

Reserve Officers Association of the United States

for the

Subcommittee on Military Construction

House Appropriations Committee

Concerning FY00 Military Construction

March 26, 1999

The Reserve Officers Association

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The Reserve Officers Association is a private, member supported, congressionally chartered organization. It receives no federal or other public funds.

Statement of Lieutenant Colonel Stephen P. Anderson, AUS (Ret.), Legislative Counsel of the Reserve Officers Association of the United States, for the House Appropriations Committee, Subcommittee on Military Construction concerning military construction appropriations for Reserve forces for Fiscal Year 2000—March 26, 1999.

Mister Chairman and Members of the Subcommittee,

On behalf of the 80,000 members of the Reserve Officers Association, I appreciate the opportunity to address this subcommittee to present the association's concerns relating to military construction appropriations for the Reserve components for FY00.

The Reserve Officers Association is grateful to this subcommittee for its continuing support of the Guard and Reserve. Without your support, Reserve component readiness would not be at today's high level--without the facilities you provided the Guard and Reserve, they could not have contributed so effectively to Operation Desert Storm and subsequent operations, including Operations Joint Endeavor and Joint Guard.

The Congress has repeatedly instructed the Department of Defense to designate a greater percentage of the total military construction request for Reserve component facilities. Under pressure to make overall budget reductions, however, the DoD has reduced its military construction requests for the Guard and Reserve to levels well below the established goal. The additional projects funded by the Congress in the past have been directly responsible for providing urgently needed facility improvements.

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Construction Backlogs

Base closures and force realignments have generated requirements for new construction to support new missions. Much of the funding for military construction for the Guard and Reserve, requested and appropriated, has been for new construction, while the needs for repair and renovation have grown. Even during the eighties, when defense spending was on the rise, Reserve component military construction backlogs continued to grow.

Military construction backlogs have increased in all of the Reserve components, with the exception of the Naval Reserve. Construction backlogs in the Naval Reserve, for instance, have decreased only because requirements were canceled by base closure actions. These construction backlogs impair readiness, retention, and morale.

If the Reserve components are to continue to make significant contributions to national security, they must be provided adequate facilities to meet unique Guard and Reserve requirements--including the location of facilities where there are persons and skills needed to meet Reserve component needs. Failure to do so will lead to the demise of Reserve component readiness.

As you consider the FY00 budget request, which is based upon the assumption of two more base closure and realignment (BRAC) rounds, please recall that in addition to their impact on morale and training, construction backlogs, or the failure to meet military construction requirements, indirectly and insidiously affect Reserve readiness. In the name of cost-effectiveness, facilities with the highest maintenance and renovation costs become targets for closure. The closure of facilities that require expensive improvements may be economically prudent in the case of Active forces, but because of the demographic impact, closure of Reserve facilities can have a devastating effect on combat capability.

Demographic Impact

The impact of demographics is critical to the location of Reserve units and Reserve component effectiveness. Unlike their Active counterparts, who can be readily moved to new locations, Reservists are tied to their civilian employment and are, thus, often unable to relocate. There is a limit to how far they can afford to commute to meet training and other service requirements. Ultimately, it is not realistic to close a Reserve facility in an area where a large number of Reservists reside and expect those Reservists to travel great distances to train at another existing site. The closing of a facility can deprive the Reserve components of populations of quality, experienced personnel and thus eliminate capabilities or greatly increase training costs.

Many factors are considered in base realignment and closure decisions. Included are military requirements, costs, environmental issues, the economic impact on surrounding communities, etc. ROA is concerned that Reserve component needs are not understood and given the priority they deserve. The impact of demographics on Reserve requirements, especially, often has been underestimated.

Emphasis is being placed on the shared use of facilities. Sharing the use of a facility by two or more Reserve components or the use of an Active component facility by a Reserve component can eliminate duplication and thus be cost-effective. ROA applauds sharing the use of facilities wherever practical, but cautions that there are real scheduling and usage limitations to shared of facilities by Reservists from different services.

There may be a conception that the drawdown of Active forces will free facilities for use by the Reserve components. While Reservists may make use of a limited number of Active facilities, the ability to save additional funds in this manner is minimal. The incidents of Reserve components being able to take over facilities previously used by Active forces without alteration or

renovation will be very few. Because of the demographic factor, facilities previously used by Active forces will simply not meet the needs of the Reserve components in most instances. To the extent that Active component facilities can be transferred to the Reserve components, these actions have already gone into current planning and are reflected in the budget request.

Impact on Training

Training is crucial to the readiness of the Guard and Reserve, and the amount and quality of training are directly related to the adequacy of facilities. In addition to adding and maintaining skills, training has a direct influence on morale and retention. Without meaningful training, morale suffers, and Reservists may quickly lose interest in Guard and Reserve participation. The adequacy of facilities has a direct bearing on *esprit de corps* and thus readiness.

Many experts in and out of the military have called for a greater reliance on training simulators as a cost-effective way of improving Reserve component training and readiness. New facilities are required to house additional training simulators.

The following addresses military construction needs by Reserve component:

ARMY RESERVE

Today's Army Reserve is the Army's 911 force, an essential, contributing, and relevant partner in America's Army. Since the end of the Gulf War the role of America's Army has changed from a large, Cold War, European-focused force to a considerably smaller, CONUS-based, power projection Army capable of rapidly responding to threats against U.S. interests anywhere in the world. This reduction in the size of America's Army (the Active Army by 39 percent, the Army Reserve by 35 percent, and the Army National Guard by 20 percent) has placed an appropriate greater reliance and dependence on the Army's cost-effective Reserve components.

The downsizing of America's Army and the Army's decision to transfer much of its combat

service (CS) and combat service support (CSS) into the Reserve places a much greater reliance on the Army Reserve and makes the Army Reserve a full partner in every Army operation. It is 20 percent of the Total Army and is structured and missioned to perform 43 percent of the Army's combat service support and 26 percent of the Army's combat support missions. Approximately 350 Army Reserve units are part of the Force Support Package -- Active, Guard, and Reserve units that support America's Army Crisis Response Force and Early Reinforcing Force -- and are required for every contingency operation.

These numbers provide some revealing statistics about the Army Reserve's relevance to today's Army. The Army Reserve is: 100 percent of the Army's training and exercise divisions; 100 percent of the enemy prisoner of war brigades; 100 percent of the Army's chemical brigades; 97 percent of its civil affairs units; 86 percent of the Army's psychological operations units; 80 percent of its transportation groups; and over 70 percent of its medical units. Though smaller by over 110,000 soldiers than it was prior to the Gulf War, the Army Reserve is better trained, and more relevant and ready than at any time in its 90-year history.

Army Reservists today are serving in four European countries supporting Operation Joint Forge and comprise over 70 percent of the Reserve component forces mobilized under the Presidential Selected Reserve Call-up authority. In 1997 150,000 USAR soldiers supported Army exercises, operations, and training in over 50 countries, thus relieving the personnel tempo of today's smaller active duty force. This total support of almost 2.2 million mandays means that, on average, there are about 6,000 Army Reserve soldiers performing these vital support functions every day. The Army Reserve has become such an integral part of America's Army that the Army can no longer go to war (or for that matter go anywhere) without it.

Unfortunately, this reliance on the Reserve has not been fully recognized by the Army and the Office of the Secretary of Defense in the MILCON budget process. There has not been a corresponding increase in the quality, quantity, modernization, and maintenance of the facilities needed to train and support the Army Reserve and to attain the quality of life necessary to attract and retain quality soldiers and their families to meet this expanded role. The Army Reserve continues to have a $1.9 billion backlog of known construction requirements. This facility shortage is further complicated the loss of inherent support facilities due to base closings. Many of those installations were geographically proximate to Army Reserve units. These factors contribute to an average utilization rate of existing facilities that exceeds 200 percent.

The organization, roles, and missions of the Army Reserve dictate the need for a widely dispersed inventory of facilities. It occupies nearly 1,200 facilities, consisting of more than 7,600 buildings and structures that average 37 years old. Army Reserve-operated installations add another 2,600 buildings and structures to the total inventory. The average age of facilities on these installations is about 48 years. The current plant replacement value of Army Reserve facilities and installations is approximately $10.6 billion.

Over half of the Army Reserve facilities do not meet recognized training, maintenance and storage requirements, and many fail to meet Army standards. Much of the existing Army Reserve physical plant inventory needs repair. Many of these facilities were built during an era when the demands for training and maintenance were less intense, less technical, and when very little equipment flowed to the Army Reserve. (Equipment-on-hand for some units has increased from near 30 percent to nearly 80 percent.) The increases in technology and the flow of modern equipment to the Reserve, as it has become a more significant player in America's Army, have increased training, maintenance, and storage requirements, resulting in significant shortfalls in

modern training facilities and severe overcrowding of personnel and equipment at many Army Reserve centers.

This situation has created a training environment that is increasingly unsafe, environmentally unacceptable, and damaging to readiness. Most Army Reserve units are in localities distant from Active component installations. The Army Reserve is a community-based force requiring that units and their Reserve centers and maintenance facilities be located in hundreds of cities across the country. Accordingly, with the greater reliance placed on the Army Reserve as a full partner of America's Army in support of our national military strategy, full funding of the Army Reserve's military construction program becomes more essential than ever.

Quality of Life: America's Army is undergoing significant change as it moves into the 21st century. Emerging technology is changing the way the Army Reserve trains and provides training to all components of America's Army. With the many base closings prompted by BRAC, Army Reserve-operated installations like Fort McCoy, WI, Fort Hunter-Liggett, CA, the Devens RFTA, MA, Fort Dix, NJ, and others have become primary training sites for many military personnel who live in areas where other military installations have been closed or are very scarce. As one example, because of Fort McCoy's central location, approximately 120,000 military personnel from all services and from at least 8 surrounding states train at Fort McCoy annually.

Fort McCoy is but one example. There are numerous other locations where America's Army trains. Unfortunately, the age of existing facilities at those sites, modernization requirements, advancements in training technology, BRAC, increased equipment flow, quality of life issues, retention, and simple time-distance travel issues have made these old facilities obsolete and the requirement for new construction essential. Modern, functional, and adequately maintained training and maintenance facilities improve the quality of life of Army Reserve soldiers and positively

influence recruiting and retention. Conversely, poorly maintained, run down, outdated facilities negatively affect recruiting and retention. Senator Landrieu stated in a recent SASC readiness subcommittee Meeting, "we recruit soldiers, but we retain families." How true! If family members see their spouses, fathers, mothers working in unsafe, poor quality buildings, there will be little support for the soldier to remain. Without family support, they "walk." Recruiting and training new soldiers is considerably more expensive to the taxpayer than is the retention of existing, trained soldiers.

Request for FY00: The MCAR budget request for FY00 addresses the Army Reserve's highest priorities for modernizing and revitalizing the inventory, and for providing new facilities in response to new and changing missions. The Army Reserve is experiencing significant change as America's Army continues to shape itself for the 21st century. One of these changes is its mission to command and control former Active Army installations. These installations serve as high quality, regional training sites for forces of both the Reserve and Active Components of the Army, as well as the other services; provide sites for specialized training; and offer a variety of supporting facilities. To fulfill this important mission, the Army Reserve must be able to fund projects that support critical training, mobilization, and quality of life requirements at the installations. The military construction requirement we urge Congress to support for the Army Reserve represents its highest priority projects and consists of Major Construction projects and Planning and Design requirements.

The FY00 MCAR program includes:

A. Major Construction: **FY00 MCAR REQUEST**: Below is the FY00 Army Reserve MILCON request that provides funds for the Army Reserve's highest priority and most essential projects. This constrained MCAR request for FY00 includes a request for an authorization of

$81,215,000, request for appropriations and authorization of appropriation $23,120,000, and request for advance appropriations of $54,506,000 to fund the construction of three new Army Reserve centers in Georgia, Guam, and Puerto Rico to accomplish essential facility replacements: a regional maintenance training facility at Fort Hood, Texas; a tactical vehicle wash facility at Fort Dix, New Jersey, that supports training and environmental requirements; revitalization of existing facilities in New York; and land acquisition to support a future project in Florida. Construction of these projects will markedly enhance the quality of life, training, readiness, and retention of thousands of Reservists. Unfortunately, this budget request does very little to solve the Army Reserve's $1.9 billion shortfall in MILCON. We request that the Congress increase the level of MCAR funding in the FY00 budget request to fund some essential projects that have been moved back to FY01 by the Army, and to fully appropriate necessary funds for projects for which the Army is requesting only advanced authorization and advanced appropriation in FY00.

FY00 MILITARY CONSTRUCTION ARMY RESERVE (MCAR) PROGRAM

LOCATION	ST	PROJECT DESCRIPTION	($000)
Orlando	FL	Land Acquisition	690
Fort Gillem,	GA	USARC/OMS/Warehouse	3,610
Barrigada	GU	USARC/OMS/AMSA	1,116
Fort Dix,	NJ	Centralized Tac. Veh. Wash Fac.	1,607
Fort Wadsworth,	NY	Add/Alt USARC/OMS/AMSA Phase II	2,066
Fort Buchanan,	PR	USARC	1,431
Fort Hood	TX	AMSA/ECS	2,684
		TOTAL	13,204

(1) The USARC at Fort Gillem is a two- year project. Due to unrealistically restricted funding allocated by the Army to its Army Reserve in its MILCON request, the Army is requesting an appropriation of $3.61 million in FY00 and an advance appropriation of $18.511 million in FY01. **ROA requests that the Congress fully fund this $22,121 million requirement in FY00.**

(2) The Army has moved from FY00 into FY01 an Army Reserve MILCON request for a Army Reserve center/OMS/Marine AMSA in Tacoma, WA. Cost of this project in FY01 is $14.509 million. **ROA requests that the Congress fully fund this $14.5 million requirement in FY00.**

B. Unspecified Minor Construction: The Army Reserve budget request is for $1,416,000.

C. Planning and Design provides for the continuous, multi-year designing process of necessary construction projects for execution in the budget years and beyond. The MCAR budget request for planning and design is $8.5 million for FY00.

The **total FY00 MCAR program request** identified in the Department of Defense Budget includes the $1.5 million for unspecified minor construction, the $8.5 million for planning and design for future year construction projects as well as the request for an authorization of $81,215,000, request for appropriations and authorization of appropriation $23,120,000, and request for advance appropriations of $54,506,000 for major construction. **ROA requests that the Congress appropriate the necessary funds to fully resource the $81.215 million authorization request so that essential planning, necessary contracts and construction can be completed. Without it, facilities beyond their useful life will continue to deteriorate. Failure to provide funding at this minimum level now guarantees greater costs later.**

A. **Major Construction for FY01:** Below is the FY01 Army Reserve MILCON request. Included are construction projects at Orlando, FL; Fort Gillem, GA; Fort Knox, KY; New Orleans,

LA; Fort Dix, NJ; Fort Wadsworth, NY; Fort Buchanan, PR; Fort Hood, TX; Fort Sam Houston, TX; and Tacoma, WA, that will markedly enhance the quality of life, training, readiness and retention of thousands of Reservists. Construction of these projects could begin in FY00 with approved funding.

This MCAR request for FY01 includes a request for both authorization and appropriation of $142.9 million and provides funds for the Army Reserve's highest priority and most essential projects.

FY01 MILITARY CONSTRUCTION ARMY RESERVE (MCAR) PROGRAM

LOCATION	ST	PROJECT DESCRIPTION	($000)
Orlando	FL	Joint Reserve Complex	18,786
Fort Gillem,	GA	USARC/OMS/Warehouse (Phase II)	18,511
Barrigada	GU	USARC/OMS/AMSA (Phase II)	16,430
Fort Knox	KY	USARC/OMS	11,195
Fort Polk	LA	USARC/OMS/ECS	4,309
New Orleans	LA	USARC/OMS/AMSA/Unhtd Strg	12,481
Fort Dix	NJ	Cent. Tac. Veh. Wash Fac. (Phase II)	4,017
Fort Wadsworth	NY	Add/Alt USARC/OMS/AMSA (Phase II)	3,720
Fort Buchanan	PR	USARC (Phase II)	8,670
Fort Hood	TX	AMSA/ECS	6,747
Fort Sam Houston	TX	USARC/OMS/ECS	15,202
Tacoma	WA	USARC/OMS/AMSA (Marine)	14,509
		TOTAL	134,577

B. Unspecified Minor Construction: The Army Reserve FY01 budget request is for $1,917,000.

C. Planning and Design provides for the continuous, multi-year designing process of necessary construction projects for execution in budget years and beyond. The MCAR budget request for planning and design is $6.4 million for FY00.

The **total FY01 MCAR request** includes $6.4 million for planning and design, $1.9 million for minor construction, and $135 million for major construction. Combined the FY01 MCAR request totals $142,894,000.

SUMMARY

We believe the DoD FY00 MILCON budget request severely underfunds the Army Reserve MILCON program which already experiences a $1.9 billion construction backlog. ROA recommends that the Congress authorize and appropriate a minimum of $80,000,000 for FY00 to fund existing projects, originally scheduled FY00 projects that were moved back to FY01, and other FY01 projects that could easily be moved into FY00. Fully funded, this MCAR request will reduce only a small portion of the Army Reserve's $1.9 billion MCAR backlog. However, construction of these new facilities will significantly improve the quality of training, and eliminate overcrowding for many dedicated citizen-soldiers across the nation while enhancing readiness, equipment maintenance and storage capabilities at several locations. **We urge the Congress to authorize and fully fund this $80,000,000 Army Reserve FY00 MCAR requirement. We further urge the Congress to authorize and appropriate additional funding to move essential FY01 MCAR projects into FY00.**

NAVAL AND MARINE CORPS RESERVES

The budget request for Military Construction, Naval Reserve (MCNR) (including the Marine Corps Reserve) for FY00 is $15.6.M in appropriations. This request contrasts sharply with the more than $25 million appropriated for FY 1994, the $22.8 million for FY 1995, the $19.1 million for FY 1996, the $47:3 million for FY 1998, and the $31.6 million for FY99 for Naval and Marine Corps Reserve construction. Even those relatively modest levels occured only because the Congress made significant additions to requests that were submitted by the Pentagon. ROA is sincerely grateful for the Congress' past recognition of the inadequacy of the administration's requests for Reserve program construction projects and the significant additions that have been made to the requests submitted by the administration.

A. Backlog Remains: There is a particular need for additional funding for real property maintenance in the Navy and Marine Corps Reserve. For example, as a result of BRAC closures and a reduction in force structure the Naval Reserve now has the smallest number of demographic centers since World War II and one third fewer than were in operation in 1978 when the number of drilling Reservists was just slightly above what it is today. Some states only have one Naval and Marine Corps Reserve center, resulting in the further lessening of the integration of the nation's armed forces with the civilian population. In addition, the concentration of personnel resulting from Reserve center consolidation makes it even more important that our sailors and marines have access to modern, efficient and cost-effective facilities. Despite the reduction in facilities, the backlog of military construction and the critical backlog of essential maintenance and repair of Naval and Marine Corps facilities has continued to rise dramatically. The continuing shortage of funds for maintenance, repair and equipment replacement of these facilities in an orderly manner is obvious. Accordingly, additional funds

from the Congress are necessary to address these critical problems. At least $24 million of additional funding is needed to keep the critical backlog of real property maintenance from increasing above the current level. This appropriation also needs approximately $21 million in additional funding for base operating support and $8.8 million for Reserve Military Construction.

FY00 Request: As indicated earlier, the MCNR request for FY00 is for $15.6 million. The request provides funding for one Naval Reserve project, a hazardous material storage facility at Willow Grove Naval Air Station, Pennsylvania, and two Marine Corps Reserve projects, a training complex at Camp Williams, Utah, and a Reserve center at Camp Pendleton, California. At the same time, the following required projects are either designed, sufficiently under design, or are acquisitions that require no design (such as the buyout of a lease-to-purchase real estate agreement) and, therefore, could be executed in FY00.

RECOMMENDED ADDITIONAL NMCNR PROJECTS

LOCATION			PROJECT	COST
NAS	ATLANTA	GA	FITNESS CTR EXP	2920
NAS	ATLANTA	GA	TRAINING BLDG ADD	1420
NAS	ATLANTA	GA	BEQ	5850
NAS	ATLANTA	GA	BEQ	6750
NAS	ATLANTA	GA	BACHELOR QUARTERS	11840
NAS	ATLANTA	GA	BOQ	3130
NAS	ATLANTA	GA	CONSTRUCT AIRCRAFT RAMP	5890
NMCRC	AUGUSTA	GA	RESERVE CENTER W/ LAND	5800
NAS	ATLANTA	GA	PUBLIC WORKS COMPLEX	4390
NAS	ATLANTA	GA	FAMILY SERVICE CENTER ADDN	735
NAS	ATLANTA	GA	PSD ADMIN BLDG	860

The first three listed projects are especially critical. For example, the Atlanta Fitness Center will provide space for indoor courts for basketball and volleyball, aerobics/exercise area and locker rooms under circumstances where the existing fitness center is inadequate to accommodate the number of patrons desiring to use the space in a safe and healthful manner. Exercise machines are

crowded together creating an unsafe condition. No basketball/volleyball court or similar facility for cardiovascular training is available. The locker room is similarly insufficient to support the number of patrons desiring to use the current facilities. Similarly, the Reserve Training Building addition is required because the current space available for Reserve activities is not adequate to meet the training objectives of the installation. The lack of training rooms adversely impacts the training mission of the units assigned to Naval Air Station, Atlanta. Currently, storage spaces are being used for training, and personnel spaces are overcrowded with equipment and files. Administrative areas and training rooms are cluttered and crowded, creating egress obstructions and increasing the risk of injury due to falling objects. Accordingly, this project would provide for the construction of an addition to the existing Reserve training building. Finally, The Bachelor Enlisted Quarters in Atlanta would house 78 personnel. In this regard, the existing Bachelor Enlisted Quarters lack sufficient space to adequately house selected Reservists and active duty personnel.

AIR FORCE RESERVE

With 74,232 personnel Air Force Reserve Command is the second largest of nine Major Commands in the Air Force. In size it fits between Air Combat Command and Air Mobility Command. Its infrastructure consists of 4 major installations, 8 Air Reserve stations and 53 other locations. The total number of buildings is 1,144. They surround 11.4 million square feet of working area, and their average age is 28 years. Their replacement value is $4.6 billion.

Because of a long history of inequitable funding among the components of the Air Force, AFRC's list of unfunded MILCON projects is 105 lines long and worth $478.11 million. Those projects prioritized for inclusion in the FYDP alone total more than $126 million.

UNFUNDED MILITARY CONSTRUCTION REQUIREMENTS FOR FY00 AND BEYOND:

FY	State	Installation	Project	FY00 PB Appr ($000)	Additional Rqmt ($000)
00	AR	Little Rock AFB	Alter Aerial Port Training Facility	209	591
00	FL	Homestead ARS	Fire Fighter Training Facility	524	1,476
00	GA	Dobbins ARB	Add/Alter Facilities for C-130H Aircrew Trng	558	1,572
00	GA	Robins AFB	Add/Alter AFRC Headquarters and ATACC	3,666	11,334
00	WA	McChord AFB	Add/Alter C-17 Squad Ops/AMU Facility	864	2,436
01	GA	Dobbins ARB	C-130 Assault Strip		6,349
01	MA	Westover ARB	Control Tower		4,199
01	PA	Willow Grove ARS	Alter Hangar/Add Aqueous Film Forming Foam		2,500
02	CO	Peterson AFB	Aerial Port/Airlift Control Flight Facility		5,100
02	GA	Dobbins ARB	Base Visiting Airman Quarters		4,942
02	MS	Keesler AFB	C-130J Hangar		6,300
03	DE	Dover AFB	Wing Headquarters Facility		2,897
03	LA	Barksdale AFB	Add/Alter Corrosion Control Facility		3,100
03	MN	Minneapolis-St. Paul ARS	Consolidated Lodging Facility (Phase 2)		11,500
03	NJ	McGuire AFB	Add/Alter Wing Headquarters Facility		2,400
03	OK	Tinker ARB	Add to Squadron Operations		3,900
04	NY	Niagara Falls ARS	Lodging Facility		6,400
04	PA	Pittsburgh ARS	Consolidated Lodging Facility		17,800
04	PA	Willow Grove ARS	Renovate Wing Headquarters Facility		3,485
05	CA	March ARB	Fire Station		6,100
05	CA	March ARB	Renovate Pride Hangar		3,500
05	CA	Travis AFB	Aircraft Generation Squadron Training Facility		3,900
05	LA	Barksdale AFB	RED HORSE Vehicle Maintenance Facility		3,000
05	MO	Whiteman AFB	Squadron Operations Facility		3,441
05	NJ	McGuire AFB	Medical Training Facility (w/ANG)		2,500
05	PA	Pittsburgh ARS	Communications Squadron Training Facility		2,800
05	WI	Gen Billy Mitchell ARS	Add/Alter Composite Training Facility		3,000
				Total:	**126,522**

Beginning in FY00 contract costs will be funded over two years, and SIOH (supervision, inspection and overhead) costs will be funded over five years. SIOH costs for major construction will be annualized and appropriated separately for each project. Though this process will have the desirable effect of spreading the cost of all MILCON projects over many years, thereby reducing the cost for any particular year, it will also have the unintended consequence of affecting the process any contractor must go through when ordering long lead items. That is, a contractor may not be as keen to commit to a project when the out year money he must spend is his, rather than that of the government. AFRC MILCON funding requests with the CWE (current working estimate) for FY00 are shown below:

($000)

State	Installation	Project	CWE	Auth	Appr
AR	Little Rock	Alter Aerial Port Training Facility	0.800	0.800	0.209
FL	Homestead	Fire Fighter Training Facility	2.000	2.000	0.524
GA	Dobbins	Add/Alter Facilities for C-130H Aircrew Training	2.130	2.130	0.558
GA	Robins	Add/Alter AFRC Headquarters and Alternate Tanker Control Center (ATACC)	15.000	14.000	3.666
WA	McChord	Add/Alter C-17 Squadron Operations and Aircraft Maintenance Unit (AMU) Facility	3.300	3.300	0.864
	Various	Unspecified Minor Construction	4.467	4.467	4.467
	Various	Planning and Design	1.867	1.867	1.867
		TOTALS	29.564	28.564	12.155

It should be noted that OSD reduced the Add/Alter AFRC HQ/ATACC project at Robins AFB, GA below its Current Working Estimate (CWE) of $15.0 million to $14 million. This uneducated and arbitrary decision by budget analysts to save $1 million simply by saying the project will cost less than the professional engineers whose business it is to determine construction costs will certainly cause delay in its completion.

This OSD-directed advanced appropriation concept is only executable if Congress enacts

legislation for flexible reprogramming at the full authorization level and guarantees FY01 appropriations for the FY00 project funding "tail." Without this legislation, contractors will be forced to bid high to cover their increased risk of job stoppage and construction schedule delays.

Military construction funding over the Future Year Defense Plan is a projection based on each component's share of the Air Force's total plant. These projections are used for planning purposes and budgeting of design funds. The allocation given to each component changes drastically during the development of the Program Objective Memorandum and the President's Budget (PB). Therefore, it is more instructive to see historical data, reflecting what actually did happen, than to rely on an inaccurate guess at what might occur in the future.

The following table shows AFRC MILCON appropriations ($M) from FY94 to FY99. It demonstrates that, with the exception of FY97, the trend line in funding is headed decidedly downward, as a result of continuing decisions to fund Active and Air National Guard requirements at the expense of, and in disproportion to, AFRC requirements.

($M)

DESCRIPTION	95	96	97	98	00
Planning & Design/P341	7.5	7.1	10.2	2.0	2.4
Minor Construction	4.0	4.2.	4.3	4.5	2.9
Environmental	7.0	4.0	6/9	3.3	0.0
Current Mission	27.3	12.8	11.7	15.2	29.0
New Mission	15.2	12.6	24.0	5.2	0.0
TOTAL PROGRAM	57.0	36.5	52.8	30.2	34.4

When the AFRC Facilities Board met in July 1998 it identified almost $480M in MILCON requirements. **At funding levels for current mission MILCON found in this year's PB, it will take over 100 years to work the command's present requirements.**

The following chart lists by state those MILCON projects on the AFRC Facilities Board priority list. There are 105of them. Their total is $478.11 million.

Priority	Base	Project Title	Cost ($M)	Program
37	ANDREWS	MAINTENANCE HANGAR	28.382	CM
17	BARKSDALE	ADAL ACFT CORROSION CONTROL FAC	2.956	CM
30	BARKSDALE	REDHORSE VEH. MAINT. FACILITY	2.860	CM
NA	DOBBINS	ADAL FACS FOR C-130H AIRCREW TRAINING (PH 1)	1.558	NM
NA	DOBBINS	ADAL FACS FOR C-130H AIRCREW TRAINING (PH 2)	1.518	NM
NA	DOBBINS	C-130 ASSAULT STRIP	6.054	NM
16	DOBBINS	BASE VAQ	4.863	CM
43	DOBBINS	CONST SOUTH COBB DRIVE ENTRANCE	1.419	CM
56	DOBBINS	VAQ (ADD TO BLDG 401)	3.122	CM
81	DOBBINS	UPGRADE SANITARY SEWER SYS	2.838	CM
85	DOBBINS	AERIAL PORT COMPLEX	3.122	CM
87	DOBBINS	UPGRADE ELECTRICAL DISTRIB SYS	4.730	CM
89	DOBBINS	UPGRADE WATER DISTRIBUTION SYS	0.946	CM
90	DOBBINS	TRAINING CENTER	1.892	CM
93	DOBBINS	INSTALL INDUDTRIAL WASTEWATER SYS	2.365	CM
97	DOBBINS	UPGRADE STREAM DISTRIBUTION SYS	4.730	CM
99	DOBBINS	EXPAND NORTH AREA UTILITIES	1.419	CM
100	DOBBINS	MOBILITY STORAGE	1.419	CM
101	DOBBINS	ADDITION TO AIRCRAFT MAINT HANGAR	1.325	CM
102	DOBBINS	PURCHASE AICUZ CLEAR ZONE	30.274	CM
104	DOBBINS	CONSTRUCT FIRE STATION	3.784	CM
18	DOVER	WING HQ FAC	2.763	CM
35	EGLIN (DUKE)	ASSAULT STRIP	4.825	CM
42	EGLIN (DUKE)	VAQ	6.906	CM
70	EGLIN (DUKE)	GENERAL PURPOSE SHOPS (MAINT)	2.176	CM
78	EGLIN (DUKE)	MOBILITY/AERIAL DELIVERY SUPPORT	2.081	CM
12	GEN MITCH	AERIAL PORT TRAINING FAC	4.200	CM
28	GEN MITCH	ADAL COMPOSITE TRAINING FAC	2.860	CM
64	GEN MITCH	VAQ & VOQ LODGING FAC	13.245	CM
67	GEN MITCH	VEHICLE OPS MAINT FAC	3.500	CM
27	GRISSOM	BCE COMPLEX	8.910	CM
38	GRISSOM	UPGRADE DORMITORY	4.494	CM
66	GRISSOM	RESERVE FORCES OPS TRAINING	4.163	CM
73	GRISSOM	MAINTENANCE HANGAR	3.595	CM
82	GRISSOM	BASE SUPPLIES & EQUIP WAREHOUSE	9.082	CM
98	GRISSOM	ADD TO AND ALTER TAXIWAY	4.447	CM
11	HILL	MUNIT HANDLING EQUIP. MAINT. TNG & STOR	1.900	CM
20	HOMESTEAD	FIRE TNG FAC (PHASE 1)	0.524	EV
20	HOMESTEAD	FIRE TNG FAC (PHASE 2)	1.425	EV

53	HOMESTEAD	RENOVATE VAQ	4.600	CM
31	KEESLER	AERIAL PORT TRAINING FAC	1.845	CM
39	KEESLER	C-130J MAINT HANGAR	6.007	NM
46	KELLY	RESERVE FORCES OPS TRAINING	2.791	CM
NA	LITTLE ROCK	ALTER AERIAL PORT TRAINING FAC (PHASE 1)	0.209	NM
NA	LITTLE ROCK	ALTER AERIAL PORT TRAINING FAC (PHASE 2)	0.570	NM
NA	MARCH	FIRE STATION	5.817	CM
29	MARCH	UPGRADE PRIDE HANGER 2303	3.338	CM
32	MAXWELL	AIRCRAFT MAINT HANGAR	7.947	CM
36	MAXWELL	LG COMPLEX	4.257	CM
68	MAXWELL	AERIAL PORT TRAINING FAC	2.791	CM
1	MCCHORD	C-17 ADAL SQUADRON OPERATIONS FAC (PHASE 1)	0.864	NM
1	MCCHORD	C-17 ADAL SQUADRON OPERATIONS FAC (PHASE 2)	2.353	NM
10	MCCHORD	CONSOLIDATED MEDICAL TRAINING FAC	3.400	CM
21	MCGUIRE	ADAL WING HQ FAC	2.288	CM
61	MCGUIRE	CIVIL ENGINEER TRAINING FAC	1.608	CM
NA	MCGUIRE	MEDICAL TRAINING FACILITY (JOINT WITH ANG)	2.365	CM
13	MINN/ST PAUL	CONSOLIDATED LODGING FAC PHASE 1	3.230	CM
13	MINN/ST PAUL	CONSOLIDATED LODGING FAC PHASE 2	15.929	CM
59	MINN/ST PAUL	AIRCRAFT MAINT SHOP COMPLEX	4.636	CM
62	MINN/ST PAUL	COMPOSITE TRAINING FAC	2.176	CM
75	MINN/ST PAUL	VAQ	8.325	CM
80	MINN/ST PAUL	HANGAR COMPLEX	9.366	CM
4	NEW ORLEANS	UPGRADE HANGAR #4	5.200	CM
60	NEW ORLEANS	SMALL ARMS RANGE	1.400	CM
74	NEW ORLEANS	CORROSION CONTROL HGR	2.006	CM
6	NIAGARA FALLS	CONSOLIDATED TRAINING FAC	2.100	CM
23	NIAGARA FALLS	LODGING FACILITY	6.103	CM
48	NIAGARA FALLS	COMPOSITE MAINT FAC	3.900	CM
54	NIAGARA FALLS	VISITING AIRMEN LODGING FAC	6.103	CM
55	NIAGARA FALLS	COMBAT COMM SQ	1.750	CM
94	NIAGARA FALLS	REPLACE FUELS SYS MAINT DOCK APRON	1.230	CM
96	NIAGARA	REPLACE AFRC APRON	6.433	CM

	FALLS			
8	PETERSON	AERIAL PORT/ALFC FAC	4.713	CM
41	PETERSON	FUEL CELL MAINT BAY	5.960	CM
24	PITTSBURGH	CONSOLIDATED LODGING FAC	16.973	CM
34	PITTSBURGH	RENOVATE VAQs B/216 & 217	2.980	CM
45	PITTSBURGH	COMM SQ TRAINING FAC	2.670	CM
77	PITTSBURGH	RENOVATE ADMIN OFFICES B/218 & 219	2.980	CM
84	PITTSBURGH	UPGRADE AIRCRAFT PAVEMENTS	3.784	CM
86	PITTSBURGH	WING HQ FAC	3.169	CM
2	ROBINS	ADD/ALTER HQ AFRC & ATACC (PHASE 1)	3.666	CM
2	ROBINS	ADD/ALTER HQ AFRC & ATACC (PHASE 2)	9.983	CM
76	SCOTT	ACTIVE/RESERVE SECURITY POLICE FAC	0.000	CM
50	SELFRIDGE	AFRC MEDICAL TRAINING FACILITY	1.987	CM
14	TINKER	ADD TO SQUADRON OPERATIONS FAC	3.719	CM
52	TINKER	AFFF SYS FOR MAINT HANGAR 1030	1.419	CM
26	TRAVIS	AC GENERATION SQUADRON TRNG FAC	3.719	CM
40	TRAVIS	RES FORCES GEN TRAINING SUPPORT FAC	4.636	CM
3	WESTOVER	CONTROL TOWER	4.004	CM
44	WESTOVER	MUNITIONS STORAGE FAC	3.879	CM
49	WESTOVER	TAXIWAY TO 05/23 RUNWAY	5.298	CM
58	WESTOVER	PAVEMENTS AND GROUNDS COMPLEX	3.264	CM
63	WESTOVER	CONSOLIDATED SQ/AMU	4.683	CM
69	WESTOVER	SECURITY POLICE OPS	4.541	CM
88	WESTOVER	VEHICLE MAINT FAC	3.406	CM
25	WHITEMAN	NEW SQ OPS	3.281	CM
5	WILLOW GROVE	REVITALIZE AND ADD AFFF, HANGAR 201	2.834	CM
22	WILLOW GROVE	REVITALIZE WING HQ	3.323	CM
47	WILLOW GROVE	UPGRADE STORM DRAINAGE SYS	2.176	CM
57	WILLOW GROVE	REPAIR/UPGRADE WATER DIST SYS	2.176	CM
65	WILLOW GROVE	ALTER RETENTION BASIN	3.027	CM
71	WILLOW GROVE	UPGRADE SANITARY SEWER SYS	1.798	CM
72	WILLOW GROVE	SPTG BUILDING	2.176	CM
92	WILLOW GROVE	UPGRADE BASE SUPPLY	1.230	CM
106	WILLOW GROVE	VOQ/VAQ	10.880	CM
51	YOUNGSTOWN	APRON RUNOFF/STORMWTER/DEICING COLL	2.649	EV
79	YOUNGSTOWN	REG DIRT SHORTFIELD RUNWAY & SPT	4.636	CM
83	YOUNGSTOWN	SECURITY POLICE SQ & OPS TRAINING FAC	1.987	CM
91	YOUNGSTOWN	MEDICAL TRAINING & ADMIN	1 419	CM
103	YOUNGSTOWN	GENERAL WAREHOUSE FAC	2.081	CM
105	YOUNGSTOWN	CONSOLIDATED ENGINEER COMPLEX	5.393	CM
			478.112	

No one argues that money is not in short supply. Everyone should argue that the distribution of what funding there is for FY00 and beyond should be divided equitably among the three parts of the Total Air Force.

At $28.6M, the FY00 MILCON program represents less than 80 percent of the FY99 appropriation and the smallest program in the past six years. Not only is the AFR able to execute a fully-funded FY00 program at the CWE level, but it can also execute the following projects now in the FYDP and which have significant congressional interest:

FY	State	Installation	Project	$M
01	MA	Westover	Control Tower	4.2
02	GA	Dobbins	Base Visiting Quarters	6.9
02	MS	Keesler	C-130J Double Bay Hangar	12.1
03	MN	Minn-St Paul	Consolidated Lodging Facility (Phase 2)	16.0
03	OK	Tinker	Add to Squadron Operations	3.9
04	NY	Niagara Falls	Lodging Facility	6.5
05	CA	March	Renovate Pride Hangar	3.5
05	NJ	McGuire	Medical Training Facility (w/ANG)	2.5
05	PA	Pittsburgh	Communications Squadron Training Facility	2.8

ROA remains concerned with the apparent lack of appreciation for the state of AFRC's military construction requirements. Our previous testimony has included all new mission and current mission requirements for the command, last year totaling $485 million. Even scaling back the list to those projects approved in the FYDP, the total remains astronomical compared to the PB submission of $12 million.

ROA URGES THE CONGRESS to take the first step toward recognizing a long history of inequity in the distribution of MILCON funding by providing a minimum of $50 million for the use of AFRC in executing its new and current mission MILCON requirements.

CONCLUSION

The Congress has repeatedly expressed its sense that the Reserve components should have a greater role in the nation's defense. ROA appreciates the confidence that congressional members have placed in the nation's Reserve forces, but would remind the Congress that the Reserve components cannot continue indefinitely to do more with less. The FY00 budget request for military construction for the Army, Air Force, Naval, and Marine Corps Reserves represents the very minimum that should be funded. It does not begin to address the growth in construction backlogs that has plagued the Reserve components for many years. Any additions to the military construction request for the Reserve components will be money well spent.

In closing, I would reiterate the need to give the demographics of the Reserve components greater consideration. The need to provide adequate facilities within reasonable commuting distances of Reservist populations must be considered in decisions relating to construction requirements.

Finally, I want to thank this panel for its past support and for giving ROA the opportunity to provide its views on Reserve component construction. I will be happy to answer any questions you may have.

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