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Statement of
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THE NAVY
(INSTALLATIONS AND ENVIRONMENT)

Before the
SUBCOMMITTEE ON MILITARY CONSTRUCTION,
VETERANS AFFAIRS, AND
RELATED AGENCIES

of the
HOUSE APPROPRIATIONS COMMITTEE

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Mr. Chairman Edwards, Representative Wamp, and members of the committee, I am pleased to appear before you today to provide an overview of the Department of the Navy's BRAC implementation efforts.

BRAC 2005 IMPLEMENTATION

Since I last briefed you in March 2007, we have moved expeditiously from planning to the execution of the BRAC 05 Program. The Office of the Secretary of Defense has approved all 59 Navy-led business plans. Additionally, 24 other service-led business plans with some form of Navy equity have been approved. The Department's BRAC 05 Program is on track for full compliance with statutory requirements by the September 15, 2011 deadline. However, some significant challenges lie ahead.

Accomplishments

In total, the Department awarded 85 of 118 BRAC construction projects with a combined value of \$1.4 billion.¹ Eighteen FY-2009 projects worth \$256 million are on track to award this year. Some noteworthy projects include:

- In July 2008, the Department awarded a \$325 million project to Co-locate Military Department Investigative Agencies at Marine Corps Base, Quantico, VA. When complete it will combine almost 3,000 personnel from the Department of Defense (DoD) and the Services' Investigative Agencies. It also includes the construction of a collocated "School House" for the Joint Counterintelligence Training Academy (JCITA) as well as nearby roadway improvements. Combined together, these actions will significantly enhance counterintelligence synchronization and collaboration across DoD.
- In less than 12 months since business plan approval, nine projects for a combined \$222M were awarded at Naval Air Weapons Station, China Lake, CA, Naval Weapons Station, Indian Head, MD, and Dahlgren, VA, in support of the Department's effort to consolidate and create a Naval Integrated Weapons & Armaments Research, Development, Acquisition, Test, and Evaluation Center. Two projects worth \$39 million are projected to award next month.

¹ Three FY-2008 projects valued at \$14 million remain to be awarded

Helping Communities

Fifteen impacted communities have established a Local Redevelopment Authority (LRA) to guide local planning and redevelopment efforts. The DoD Office of Economic Adjustment has been providing financial support through grants and technical assistance to support LRA efforts. Of these 15 communities, six reuse plans have been approved by the Department of Housing and Urban Development (HUD). Three communities are still preparing their plans with submissions planned for later this year. At the installations where the reuse plans have been completed, the Department has initiated the National Environmental Policy Act documentation for disposal of those properties.

Land Conveyances and Lease Terminations

By the end of FY-2008, the Department disposed of 43% of the property that was slated for closure in BRAC 2005.

These disposal actions were completed via lease termination, reversions, and Federal and DoD agency transfers. Of interest is the reversion of Singing Island at Naval Station Pascagoula and the Dredge Spoil Material Area at Naval Station Ingleside, transfer of the tidal area of Naval

Weapons Station Seal Beach Detachment Concord to the Department of the Army, and disposal of 78% of the reserve centers slated for closure.

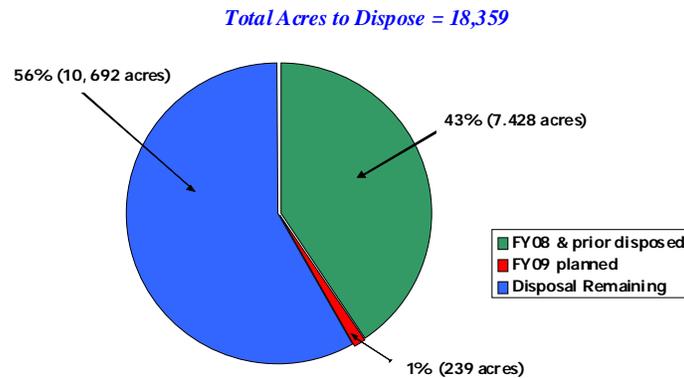
The Department has also closed or realigned 38 of 49 Naval Reserve Centers, Navy Marine Corps Reserve Centers, Navy Recruiting Districts, Navy Regions, and Navy Reserve Readiness Commands. Seven of these were disposed in 2008. The 2009 Plan includes transfer of 144 acres at Naval Air Station Atlanta, Reserve Centers at Orange, TX, and Mobile, AL, and 75 acres from Naval Station Pascagoula to the Air Force.

NSA New Orleans, LA

In September 2008, the Department and the Algiers Development District (ADD) Board entered into a 75-year leasing agreement. We leased 149 acres of Naval Support Activity New Orleans West Bank to the ADD in exchange for up to \$150 million in new facilities to support Headquarters, Marine Forces Reserve.

BRAC 05 Disposal Status

(as of 30 Sep 08)



Simultaneously, the Department finished construction, relocated from New Orleans, and formally opened the new Commander, Navy Reserve Force Command Headquarters in Norfolk, VA. In their new \$33 million, 90,000-square foot facility, the 450-man command is in very close proximity to the Department's U.S. Fleet Forces Command as well as the Joint Forces Command. This proximity means better communication between active and reserve forces, including more face-to-face meetings with local commands.

Naval Air Station Brunswick, ME

The Department's largest BRAC 05 operational action will close Naval Air Station Brunswick, Maine, and consolidate the East Coast maritime patrol operations in Jacksonville, Florida. The cornerstone of this relocation is a \$132 million aircraft hangar scheduled for completion and occupation in May 2009. This project represents the Department's largest patrol squadron hangar, and it will serve to maintain all five P-3 squadrons. It is also designed for the future transition to the P-8 Poseidon aircraft. The first relocating P-3 Squadron deployed from Naval Air Station Brunswick occurred in November 2008 and will return directly to their new home in Jacksonville.

Naval Station Ingleside/NAS Corpus Christi, TX

Significant progress was also made to prepare facilities to relocate eight Mine Counter Measure (MCM) ships from Naval Station Ingleside, TX to Naval Base San Diego, CA. The Department re-evaluated its infrastructure footprint in the greater San Diego area and elected to change from new construction to renovation of existing facilities, thereby saving more than \$25 million in construction costs. These ships will start shifting homeport this spring, with completion later in the calendar year.

Joint Basing

Two of four Joint Base Memorandums of Agreement (MOAs) where the Department is the lead component have been approved. The MOA for each joint base defines the relationships between the components, and commits the lead component to deliver installation support functions at approved common standards. Resources—including personnel, budget, and real estate transfer—the Supported component(s) to the lead. Joint Basing has two implementation phases, with Phase I installations scheduled to reach full operational capability in October 2009, and Phase II installations in October 2010. The four Department-led joint bases are Little Creek-Fort Story (Phase I), Joint Region Marianas (Phase I), Anacostia-Bolling (Phase II), and Pearl Harbor-Hickam (Phase II).

Environmental Cost to Complete

Given the relatively few number of closures, the absence of major industrial facilities, and the extensive site characterization, analysis, and cleanup that has occurred over the last several decades, the Department's remaining environmental liabilities for BRAC 05 are substantially less than in previous rounds of BRAC. We have spent \$148 million in cleanup at BRAC 05 locations through FY-2008. The majority of this has been spent at Naval Air Station Brunswick, ME and Naval Weapons Station Seal Beach Detachment Concord, CA. Our remaining environmental cost to complete for FY-2009 and beyond is \$99 million. This estimate is \$8 million higher than last year's estimate due to additional munitions, groundwater, and landfill cleanup and monitoring at Naval Air Station Brunswick, ME, Naval Weapons Station Seal Beach Detachment Concord, CA, and Naval Air Station Joint Reserve Base Willow Grove, PA.

Financial Execution

The execution of our FY-2006 – 2008 funds is now at nearly 90%. This is a significant improvement over the same period last year and further demonstrates our shift from planning to execution and accelerated implementation. We are also on track to obligate over 90% of our FY-2009 funds by the end of the fiscal year. We appreciate the efforts of Congress to provide these funds early in the fiscal year, which directly contributed to our success.

Challenges

Although we are on track to meet the September 15, 2011 deadline, we do face some significant challenges ahead. Seven major construction projects at Naval Air Weapons Station China Lake, CA and Naval Weapons Station Indian Head, MD require complex site approvals and certifications for operation from the Department of Defense Explosive Safety Board. Additionally, Correctional Facilities require certification before occupancy. The Department plans to closely manage construction so that it completes in time to conduct the necessary certifications.

Several complex move actions require close coordination with other services and agencies. While they remain on track for timely completion, we must maintain effective and continuous coordination to succeed.

PRIOR BRAC CLEANUP & PROPERTY DISPOSAL

The BRAC rounds of 1988, 1991, 1993, and 1995 were a major tool in reducing our domestic base structure and generating savings. The Department of Navy has achieved a steady state savings of approximately \$2.7 billion per year since FY-2002. All that remains is to complete the environmental cleanup

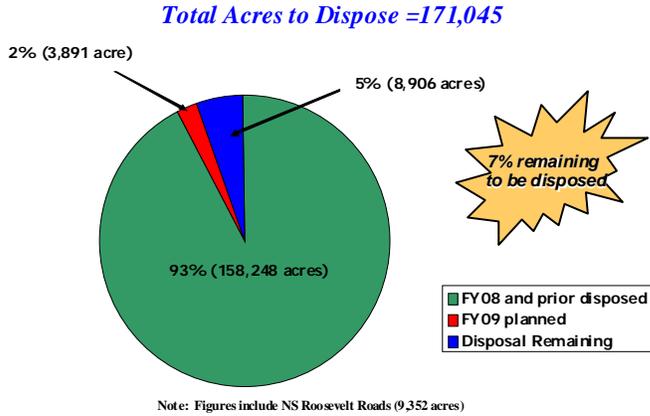
and property disposal on portions of 16 of the original 91 bases and to complete environmental cleanup on 15 installations that have been disposed.

Property Disposal

By the end of Fiscal Year 2008, we have disposed of 93% of the real property slated for closure in the first four rounds of BRAC. Throughout that time, we have used a variety of the conveyance mechanisms available for Federal Property disposal, including the Economic

Prior BRAC Disposal Status

(as of 30 Sep 08)



Development Conveyance (EDC) that was created for BRAC properties. Ninety-one percent of the Department of the Navy real property was conveyed at no cost. From the remaining 9%, the Department of Navy has received over \$1.1 billion in revenues via a variety of conveyance mechanisms. Nearly all of this revenue has been generated since FY-2003. Since then, we have used these funds to accelerate environmental cleanup, and to finance the entire Department of the Navy prior BRAC effort including caretaker costs from FY-2005 through FY-2008.

These funds have enabled us to continue our environmental clean-up efforts at 31 installations. We have used these funds to accelerate cleanup at Naval Shipyard Hunters Point, CA, as well as Naval Air Station Alameda, CA, enabling us to be closer to issuing Findings of Suitability to Transfer or conveyance of the property for integration of environmental cleanup with redevelopment.

Land Sale Revenue

Despite our success in using property sales to augment funding for environmental cleanup and property disposal, as well as recover value for taxpayers from the disposal of federal property, future revenues are very limited. In FY-2009, we resumed our budget requests for appropriated funding.

Prior BRAC Environmental Cleanup

The Department has spent about \$4.0 billion on environmental cleanup, environmental compliance, and program management costs at prior BRAC locations through FY-2008. We project an increase in the cost-to-complete of

about \$172 million since last year. Nearly all of this cost increase is due to additional munitions cleanup at Naval Air Facility Adak, AK, Naval Shipyard Mare Island, CA, and Marine Corps Air Station El Toro, CA. The increase is also associated with additional radioactive contaminations at Naval Station Treasure Island, CA, Naval Air Station Alameda, CA, and Naval Shipyard Mare Island, CA.

Naval Shipyard Hunter Point, CA

Naval Shipyard Hunters Point represents one of the unique prior BRAC challenges. Maritime use of Hunters Point dates back to the 1850's. Commercial ship maintenance, repair, and dismantling began at the site in 1868. The Department purchased the property in 1939, and began to expand the shipyard through extensive cut and fill efforts to build facilities.

Between 1939 and 1974, Hunters Point was one of the Department's largest industrial shipyards and was home to the Naval Radiological Defense Laboratory (NRDL). The Department used Hunters Point to decontaminate ships that had been used during atomic weapons testing under Operation Crossroads. NRDL conducted radiological research in numerous buildings on the base.

The Department closed Hunters Point in 1974, and then leased most of the property in 1976 to a private ship repair company. When the lease was terminated in 1986, the Department began investigating and cleaning up the environmental contamination caused by more than 100 years of industrial activity. The Environmental Protection Agency placed the shipyard on the National Priorities List in 1989. The Department of Defense listed the shipyard for closure as part of BRAC 1991. The CERCLA program consists of 78 installation restoration sites and 93 radiological sites. The Department has spent more than \$500 million to investigate and clean up contamination at Hunters Point with more than \$80M in each of the past two years.

We have disposed of more than 570,000 cubic yards of contaminated soil through removal and remedial actions, capped a 14-acre landfill, closed five radiological sites, performed soil vapor extraction and bioremediation of volatile organic compounds, and removed all of the waste oil disposal pipelines on the installation. We have also successfully treated tri-chloro-ethylene plumes using several innovative technologies, many of which have been successful after only one round of treatment. We continue to explore new technologies and are collaborating with Stanford University to study cleanup of PCB's in offshore sediments.

The Department has reconfigured its groundwater-monitoring program to more effectively test for contaminants while reducing costs by one-third. Additionally, over the past two years we have removed almost 10 miles of the more than 40 miles of radiological contaminated sewer and storm lines.

The Department has achieved CERCLA Records of Decision (RODs) for Parcel B (59 acres) and Parcel G (40 acres). These parcels are planned to convey through an early transfer to accommodate the next phase of development including the new NFL stadium. With draft RODs currently in review for Parcel C (74 acres) and Parcel D (57 acres) we plan to have additional early transfers in place for 2012 and 2014.

One parcel of 76 acres (Parcel A, a former housing area) was transferred clean to the City of San Francisco in December 2004. There are still six parcels (B, C, D, E, F and G) totaling approximately 1,300 acres left to convey. Great progress has made in readying additional parcels to support City redevelopment efforts.

Naval Air Station South Weymouth, MA

While we have been exploring innovative environmental technologies at Hunters Point, we would also like to highlight the creative approach employed for the cleanup and transfer of Naval Air Station South Weymouth. Utilizing an available authority to transfer BRAC real property via a Fair Market Value Economic Development Conveyance will greatly aid in returning Naval Air Station South Weymouth to productive reuse. Naval Air Station South Weymouth was closed by 1995 BRAC action and the local reuse authority, South Shore Tri-town Development Corporation, received approval for an Economic Development Conveyance covering 680 acres of the property. About 562 acres of the requested area is environmentally suitable for transfer, but about 118 acres need further remediation work.

In FY-2008, a term sheet was signed by the parties in which the Department would receive fair market value for the property in the form of cash and in kind consideration where the local reuse authority will complete the environmental cleanup on approximately 118 acres under a Lease in Furtherance of Conveyance. Upon completion of the clean-up actions, the Department will then execute a deed for those 118 acres. The cash received by the Department is about \$9.9 million, which is the difference between the fair market value of the property (\$43 million) and the environmental remediation costs (\$33.1 million). The ability to receive fair market value consideration for this property has enabled the Department to work with the local community to incorporate environmental clean up efforts as part of the redevelopment activities. Once the Navy completes the economic development conveyance, the agreement we have

reached with the local redevelopment authority, which is supported by the regulatory agencies, will enable the community to begin redevelopment of property that would otherwise not have been conveyed until completion of the environmental cleanup in FY-2012.

CONCLUSION

The Department of the Navy continues to make excellent progress in implementing the BRAC actions. I remain concerned about our ability to meet the September 2011 statutory deadline to complete all BRAC 05 closure and realignment actions, but feel we have a good plan in place to meet this requirement.

To date, land sale revenue of over \$1.1 billion has been invested in the Department of the Navy prior BRAC cleanup, caretaker, and property disposal costs. While this land sale revenue had financed significant portions of the prior BRAC program costs for a number of years, the Navy has resumed requesting appropriated funds. The potential for future land sale revenue is very limited; however, any land sale revenue that is earned will be applied to the BRAC program to augment appropriations. We are very appreciative of the continued additional Congressional support of our program and have been applying those funds to accelerate cleanup of parcels to support redevelopment priorities identified by communities. We continue to work diligently on the complex environmental issues that remain at our installations and look for creative solutions to support community redevelopment opportunities.

Thank you for the opportunity to testify before this committee. I look forward to a productive dialogue with the Congress on BRAC implementation issues.