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COMMITTEE ON APPROPRIATIONS  
(MILCON)

**STATEMENT OF  
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BEFORE THE  
SUBCOMMITTEE ON MILITARY CONSTRUCTION,  
VETERANS AFFAIRS, AND RELATED AGENCIES  
OF THE  
COMMITTEE ON APPROPRIATIONS**

**10 MARCH 2010**

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Chairman Edwards, Representative Wamp, and esteemed members of the committee, I am honored to appear before you for my third year representing the dedicated men and women, Sailors and civilians, of our great Navy. I appreciate the opportunity to testify about our Navy's shore infrastructure program and the essential support it provides to our warfighting readiness and the quality of life of our men and women who serve.

As I described last year, high operational demands, rising manpower costs, and an aging Fleet of ships and aircraft have led our Navy to take risk in shore readiness and, instead, invest in our people, afloat readiness, and future force structure. Our military construction budget request for this year continues that trend, but prioritizes our most critical needs.

Our FY 2011 budget request places a priority on supporting Navy and Joint mission readiness, ensuring nuclear weapons security, and improving our bachelor's quarters, including sustained funding for our Homeport Ashore initiative. We are taking risk in other areas. This risk results in additional maintenance, sustainment, restoration, and modernization requirements and continued reliance on old and less efficient energy systems. These factors increase the cost of ownership of our shore infrastructure and outpace our efforts to reduce costs through facilities improvements and energy upgrades. Our future shore readiness, particularly the recapitalization of our facilities infrastructure, remains at high risk.

We continue to pursue a Shore Investment Strategy underpinned by a top-down, data-driven, capabilities-based process that aligns shore investments with required Navy warfighting capabilities, improved quality of life, and Joint requirements. Now in the last year of the strategy's three-year spiral development, we have refined our capital investment plan and aligned governance to target our shore investments where they will have greatest impact to our strategic and operational objectives, warfighting effectiveness, and family support.

With your unwavering support, we have made essential progress and improvements in increasing child care spaces, adding bachelors quarters through the Homeport Ashore program, and ensuring nuclear weapons security. These projects will greatly facilitate our ability to meet Initial Operational Capability of new systems and platforms, support Global Posture and Combatant Commander initiatives in Djibouti and Bahrain, gain shipyard efficiencies, and enhance training, force protection, and quality of life and quality of service for our Sailors and their families.

Additionally, I want to thank you for your tremendous support and assistance through the American Recovery and Reinvestment Act of 2009 (Recovery Act). We have worked very hard to ensure these funds are immediately applied and that they achieve maximum effect in creating jobs and stimulating the economy in multiple regions of the country where we have Navy infrastructure. Through the Recovery Act, you provided the Navy \$207 million in Military Construction funding (including \$74 million in Energy projects), \$29 million in Energy Conservation Investment Program (ECIP) funding, and \$712 million in Operations and Maintenance, Navy (OM,N) and Operations and Maintenance, Navy Reserve (OM,NR) funding. We identified Military Construction projects for Child Development Centers and barracks and

prioritized them according to operational need and the ability to obligate funds quickly. We selected OMN/OMNR and energy projects based on mission requirements, quality of life impact, environmental planning status, and our ability to execute quickly. Our aggressive execution schedule is on track and construction outlays are ramping up swiftly. Our Recovery Act investments fully meet your intended economic impact and our Navy's commitment to serve as a steward of our Fleet communities and the environment.

As we address the needs of our shore infrastructure in FY 2011, our guiding principles will be to:

- Aggressively identify and create opportunities to eliminate excess and underutilized infrastructure to reduce the cost of the Navy's shore infrastructure
- Stabilize Base Operating Support to provide improved Family Readiness through consistent Quality of Service standards across all of our installations, maximize efficiency and effectiveness, and reduce costs through acquisition initiatives
- Continue transitioning to a condition-based maintenance program that adequately invests and sustains facilities to achieve their designed service life at the lowest life-cycle cost.
- Continue to refine, strengthen, align, and integrate our shore planning capabilities and processes to ensure optimum investments, mission accomplishment, and Quality of Service for our Sailors, civilians, and their families.

Our FY 2011 budget requests \$470 million for sustainment, restoration, and modernization special projects. This investment is directed towards our mission-essential facilities that are in the poorest condition, including repairs to and restoration of critical airfields or hangars, piers, dry docks, and shoreline. It also funds energy-related projects tied to Navy energy goals.

Our budget includes a moderate level of risk in our Base Operating Support output levels. We are taking additional risk in critical maintenance on transportation equipment and in bachelor housing operations by deferring necessary equipment replacement, such as room furnishings. We have minimized risk in Fleet and family support and in child development and youth programs.

## **MILCON Program**

Our FY 2011 budget requests \$1.1 billion in Military Construction funding, including \$55.8 million for planning and design and \$20.9 million for unspecified minor construction. It also requests \$41.3 million in Military Construction Navy Reserve funding, including \$1.4 million for planning and design and \$2.2 million for unspecified minor construction. This is a slight increase over the amount we requested in FY 2010.

Overall, our FY 2011 Military Construction budget focuses on:

- Targeting investments to provide maximum readiness in support of current and future mission requirements
- Quality housing for our Sailors and reducing homeport ashore deficits
- Supporting new mission and system requirements

- Enhancing Combatant Commander's capabilities
- Eliminating Nuclear Weapons Security deviations
- Increasing energy security through reduced consumption and improved sustainable design
- Recapitalization of critical shore infrastructure

Appendix I provides a brief overview of Navy projects funded by the FY 2011 Military Construction Program, but some highlights follow.

As the Navy continues to develop and acquire its future force, we must ensure that our shore infrastructure is ready and capable to support new ships, aircraft, and systems as they enter the Fleet. To this end, our FY 2011 MILCON budget includes funding for 30 projects that will include new and/or improved piers, wharves, hangars, and training and RDT&E facilities.

Thank you for providing funding in FY 2010 to dredge the channel at Mayport to allow aircraft carrier access to this port. Hampton Roads is the only nuclear carrier capable port on the East Coast and a catastrophic event in the Hampton Roads Area affecting port facilities, shipping channels, supporting maintenance or training infrastructure, or the surrounding community has the potential to severely limit East Coast Carrier operations, even if the ships themselves are not affected. Consistent with today's dispersal of West Coast aircraft carriers between California and Washington State, the QDR direction to make Naval Station Mayport a nuclear carrier-capable homeport addresses the Navy's requirement for a capable facility to maintain aircraft carriers in the event that a natural or manmade disaster makes the Hampton Roads area inaccessible. While there is an upfront cost to upgrade Naval Station Mayport to support our nuclear aircraft carriers, Mayport has been a carrier homeport since 1952 and is the most cost-effective means to achieve strategic dispersal on the East Coast. The national security benefits of this additional homeport far outweigh those costs.

We remain on track in our Homeport Ashore initiative to provide sufficient bachelors Quarters accommodations to our Fleet Sailors by 2016. Your support through the Recovery Act allowed us to make significant progress in the elimination of our Homeport Ashore deficit. In FY 2011, we will construct a Bachelor Quarters at Naval Base San Diego to add additional spaces toward our goal.

We have placed a priority on the security of our nuclear weapons, and we are aggressively pursuing projects to optimize security at our Strategic Weapons Facilities in the Pacific and Atlantic. Our FY 2011 budget requests funding for four projects: three to improve emergency power capability and one to enhance physical security at our strategic weapons facilities.

Per the President's Executive Order on greenhouse gas reduction, and in concert with the Department of Defense and Secretary of the Navy Energy Strategies, our FY 2011 Military Construction projects will pursue opportunities during project design and execution to improve our energy security, efficiency, and stewardship. Specifically, we will direct investments to critical infrastructure improvements and decreasing our energy consumption and greenhouse gas emissions. We will emphasize energy-related factors in our acquisition processes to encourage innovative approaches from our construction partners. This strategy will maximize use of

cutting edge technologies in sustainable design, advanced metering, smart building systems, and renewable energy systems, improving the quality and value of our construction projects.

This budget request is in compliance with the Office of Management and Budget's explicit direction to fully fund all capital projects. I request your support and assistance to sustain full funding for our Navy projects as you review and approve this and future budgets.

### **BRAC and Infrastructure Reduction Program**

The Base Realignment and Closure (BRAC) legislation helps us align our infrastructure with our defense strategy, take advantage of joint opportunities, and reduce excess and underutilized infrastructure. In FY 2011 our Navy will begin to realize \$883 million in annual recurring savings.

To date, 253 of 488 realignment and closure actions have been completed and 105 of 117 planned BRAC construction projects have been awarded, totaling about \$1.8 billion; this represents an increase of 15 projects and about \$400 million since my FY 2010 testimony. All remaining BRAC construction projects will be awarded in FY 2010, and we are on schedule to achieve all statutory BRAC 2005 milestones by September 2011. Our FY 2011 budget requests \$342 million for operational movements at key closure and realignment locations, outfitting of newly constructed buildings, environmental restoration, and military permanent change of stations related to BRAC 2005 implementation.

Additionally, per BRAC law and since my last appearance before you, our Navy completed the alignment of Phase 1 Joint bases at Joint Expeditionary Base Little Creek/Fort Story and Joint Region Marianas (on October 1, 2009). The remaining Navy-led Joint bases at Anacostia-Bolling and Pearl Harbor-Hickam will be fully aligned on October 1, 2010.

Previous BRACs have reduced a large portion of our excess infrastructure and our sale of excess BRAC property resulted in more than \$1.1 billion in Land Sales Revenues, which we have reinvested in environmental clean up, caretaker, and early property transfers that benefit both our Navy and local communities. Beginning in FY 2010, our major land conveyances will be complete, limiting our Land Sales Revenue opportunities and we will require \$162 million in appropriated funding in FY 2011.

As you know, BRAC alone cannot achieve the infrastructure reductions required to optimize our limited resources. We continue to evaluate our shore inventory for opportunities to:

- Optimize all Navy's shore infrastructure requirements
- Identify and eliminate excess and underutilized infrastructure at the lowest life-cycle cost
- Identify and implement innovative changes to our operational and business practices to reduce our facility costs

We continue to eliminate and consolidate excess and underutilized infrastructure. Our FY 2011 budget requests funds to reduce approximately two million square feet of the 40 million square feet our Navy has identified for elimination. We will lay-up infrastructure for future

demolition and will continue to seek opportunities to reduce footprint in conjunction with our Military Construction and restoration and modernization recapitalization and consolidation efforts.

## **Housing Program**

With your support, our Navy continues to make progress in our housing program. Our FY 2011 budget request addresses our continued commitment to improve living conditions and to provide safe, affordable, and comfortable housing for our Sailors and their families. High-quality and affordable housing is essential for Sailors and their families during shore duty and long-term deployments or separations. It has a significant impact on retention, productivity, and individual and mission readiness. We continue to pursue a three-part housing strategy:

1. Reliance on the Private Sector: We make every effort to house our Sailors in the local community first. Proper resourcing of our Basic Allowance for Housing (BAH) ensures our Sailors have the opportunity to buy or rent homes of their choosing in the communities in which we operate and live. In FY 2009, local communities housed approximately 75 percent of our family population and 65 percent of our single Navy Sailors.
2. Public/Private Ventures (PPV): With your support, we privatized over 95 percent of our units in the U.S. This initiative has greatly improved the quality of housing for our Sailors and their families. It also allows us to sustain these units at the lowest life-cycle cost. With the Bachelor Housing PPV pilot authority provided by Congress, we executed projects in San Diego, CA and Hampton Roads, VA, providing high-quality market-style quarters for 6,600 Sailors. We are pleased with these projects, which have contributed to our single Sailors' quality of life.
3. MILCON: We continue to rely on Military Construction funding for bachelor and overseas family housing. We are committed to ensuring our Fleet Sailors are afforded the opportunity to have housing ashore when they are in homeport through our Homeport Ashore initiative. Additionally, in keeping with our overseas quality family housing needs, we have recently awarded seven overseas family housing projects in FY 2009 and are on track to award six in FY 2010.

### **Family Housing**

Our FY 2011 family housing budget request includes \$68.2 million for family housing construction, improvements, planning, and design. This amount includes \$37.2 million for replacement construction of 71 homes for naval base personnel at Naval Base Guantanamo Bay, Cuba and \$28.3 million for 116 Navy-owned housing units in Japan. In addition, our FY 2011 budget request includes \$340.3 million for the operation and maintenance of 10,000 Navy-owned homes and 3,800 leased homes.

Utilizing a combination of increased recapitalization funding and PPV authorities, the Navy met the Secretary of Defense's goal to fund by FY 2007 the elimination of all inadequate military family housing units, which Navy defined as Q4-rated units. To introduce standardization across all four Services, the Secretary of Defense redefined family housing

condition ratings in 2009 so that any unit in a Q3 or Q4 condition would be considered inadequate. We have identified in our inventory approximately 3,000 government-owned Q3/Q4 units, most of which are overseas. While this number represents six percent of the total Navy family housing inventory, it represents 32 percent of the Navy-owned housing inventory. The Navy will program to the Secretary of Defense's 2012 goal for 90 percent of family housing to be in adequate (Q1/Q2) condition during 2015.

Summary of Family Housing Conditions					
	FY11	FY12	FY13	FY14	FY15
Adequate (Q1 / Q2)	68%	72%	75%	82%	92%
Inadequate (Q3 / Q4)	32%	28%	25%	18%	8%

Our portfolio management program collects and analyzes financial, occupancy, construction, and resident satisfaction data to ensure our PPV projects are optimized and performing as required and the services provided meet expectations. We regularly host PPV focus groups to assess the quality of privatized housing and housing services delivered to Navy families and make changes in Navy policies and procedures as required. We continue to receive very positive feedback from our Navy families. This enhanced oversight of our PPV partners meets required Congressional reporting and ensures Navy Sailors and their families continue to benefit from quality housing and services.

### **Bachelor Housing**

Our bachelor housing program is currently focused on two goals: providing Homeport Ashore housing for our junior sea-duty Sailors by 2016 and eliminating our Q4 barracks by 2020.

I remain committed to our Homeport Ashore initiative, which provides improved quality of life for our junior Sailors on sea duty (E1 through E4 with less than four years of service). We continue to make progress toward our goal of providing housing ashore for all our junior sea duty Sailors by 2016 at the Interim Assignment Policy standard (55 square feet of space per person). Our long term goal is to achieve the OSD private sleeping room standard (90 square feet per person). We currently have one Military Construction bachelor housing project, in Coronado, scheduled to complete in FY 2011 that will provide an additional 1,056 spaces to our inventory. Additionally, we are requesting \$75 million in FY 2011 for a new construction project on Naval Base San Diego and five other Military Construction projects in the 2011 President's budget FYDP that will provide the 4,300 spaces required to complete the Homeport Ashore initiative by 2016.

I am also committed to eliminating our Q4 bachelor housing. Similar to family housing, the Secretary of Defense charged the Services with achieving 90 percent Q1/Q2 bachelor housing by 2017. While we do not have sufficient resources to meet the Secretary of Defense's objective by 2017, we are committed to eliminating the worst barracks conditions in the most expeditious manner possible. Our FY 2011 bachelor housing budget requests \$127 million in sustainment and modernization funding to begin the elimination of our Q4 bachelor housing and I am committed to investing about \$125 million annually to remedy conditions at our remaining Q4

units by 2020. We will also continue to follow our policy of not assigning Sailors to rooms with serious environmental, health, or safety concerns. Our FY 2011 budget requests funding for projects in the following areas:

- San Diego
- Pearl Harbor
- Great Lakes
- Pensacola
- Kitsap
- Whidbey Island
- Lemoore
- Norfolk
- Ventura County
- Diego Garcia
- Atsugi

Finally, our Navy continues to develop innovative methods to improve living conditions for our single Sailors. Thanks to your legislative support we have been able to leverage family housing privatization legislation and private development funds to build first class living quarters for our single Sailors. We opened Pacific Beacon, our new unaccompanied housing privatization project in San Diego. We are on track to open the final sites of our other unaccompanied housing privatization project in Hampton Roads, VA by the end of FY 2010. Both of these projects feature private bedrooms with walk-in closets, bathrooms, a shared common living room, and a kitchen with full-size refrigerators, ranges, dishwashers, and washer/dryers. As I reported to you last year, these are the finest enlisted bachelor's quarters I have seen in my career.

### **Family Readiness & Quality of Life**

Family readiness and quality of life are critical components of our warfighting readiness. Navy family readiness is a network of services, programs, commands, agencies, and individuals designed to support and advocate for our Navy families and their quality of life. Family readiness encompasses preparing our Navy families for deployment, relocation, and emergencies while building self-sufficiency and resiliency in all aspects of their lives.

Through our Fleet and Family Support Centers, our Sailors and their families have access to deployment support, relocation and transition assistance, personal financial management, life skills education, new parent support, family employment, clinical counseling, sexual assault prevention and response services, and child and domestic abuse prevention and response services. Our Navy also has active ombudsmen that liaison between the Sailor's command and his or her family and we continue to utilize new communication technology and off-base sites to reach out to active duty and Reserve Navy families in remote or isolated locations.

For our active duty and reserve Sailors returning from combat deployments and their families, we have implemented Returning Warrior Workshops, which assist with reintegration into life at home, raise awareness about the symptoms associated with combat stress, and provide increased resources for mental and physical health assessment and referrals. These workshops fall under the umbrella of our Safe Harbor program, the Navy's lead organization for coordinating non-medical care of wounded, ill, and injured Sailors, Coast Guardsmen, and their families.

Our Navy Child and Youth Programs provide high-quality educational and recreational programs for our Navy children. We are leveraging Military Construction funding, Recovery Act funding, commercial contracts, and military-certified in-home care to continue to execute the FY 2010 funding you approved to increase child care spaces by about 7,000 and meet our goal of placing children under care within three months of their request. I am pleased to report that by the end of 2011, we will meet this goal and we will be in compliance with the Office of Secretary of Defense's direction to provide child care to at least 80 percent of our military population. In addition to increasing child care spaces, we are also sustaining the 25,000 additional hours of respite child care and youth services for families of deployed Sailors you approved in our FY 2010 budget. Our child care and youth programs are a highly valued resource by our Sailors and their families.

## **CONCLUSION**

Our Navy remains the world's finest Navy through your strong and continued support. Our naval stations, bases, and forward operating locations are the logistic hubs, gateways, workplaces, and homes for our Sailors, Navy civilians, and their families. Our Military Construction and Quality of Life programs enable these installations to remain ready to deliver scalable, agile, and adaptive capabilities in support of our Navy's warfighting mission and the quality of life of our people. Through the disciplined use of our Shore Investment Strategy, we are targeting our investments on the most critical shore needs to provide this Nation with the world-class maritime force it demands and requires.

Again, I am most grateful for your continued support and I look forward to working with you to ensure our Navy's warfighting readiness and the quality of life of our dedicated Navy men and women and their families.

## **Appendix I**

### **PB 11 Military Construction-Navy (MCN) and Navy Reserve (MCNR) Projects**

Projects listed below are funded through MCN, except where specified as MCNR.

#### **Water Front Operations**

\$121 million for three waterfront MILCON projects supporting mission alignment and recapitalization including:

- San Diego, CA: Pier 12 Replacement and Dredging
- Norfolk, VA: Pier 9/10 Upgrades for DDG 1000
- Norfolk, VA: Pier 1 Upgrades for USNS Comfort

#### **Airfield Operations**

\$178 million for five projects supporting Airfield Operations, both CONUS and in Europe:

- Patuxent River, MD: Broad Area Maritime Surveillance Facility
- Whiting Field, FL: T-6 Solo Capable OLF
- Coronado, CA: Rotary Hangar
- Rota, Spain: Air Traffic Control Tower
- New Orleans, LA: Joint Air Traffic Control Tower [MCNR]

#### **Base Support**

\$171 million for four projects supporting critical infrastructure investment:

- Pearl Harbor, HI: Joint POW/MIA Accounting Command Headquarters
- Pearl Harbor, HI: Center for Disaster Management/Humanitarian Assistance
- Tampa, FL: Joint Vehicle Paint Facility
- Al Jufayr, Bahrain: Operations Support Facility

#### **C5ISR**

\$16 million for one project in support of operational communications for Undersea Warfare

- Kitsap, WA: Commander Submarine Development Squadron-5 Laboratory Expansion

#### **Expeditionary Operations**

\$116 million for five projects to support forward deployed joint contingency operations:

- Al Jufayr, Bahrain: Waterfront Development (Small Arm Range, Flyover Bridge, Small Boat Harbor Improvements, and EOD Team Building)
- Camp Lemonnier, Djibouti: HOA Joint Operations Center

- Camp Lemonier, Djibouti: Camp Lemonier Headquarters Facility
- Camp Lemonier, Djibouti: General Warehouse
- Camp Lemonier, Djibouti: Exterior Road Paving

### **Intermediate/Depot Maintenance**

\$100 million for one project to support ship maintenance:

- Norfolk, VA: Ship Repair Pier 5 Replacement (Increment 2 of 2)

### **Logistics and Supply:**

\$21 million for one project to support logistics and supply:

- Yorktown, VA: Navy Ordnance Cargo Logistics Training Complex [MCNR]

### **Ordnance/Weapons**

\$188 million for four projects to support strategic weapons storage and ordnance operations:

- Silverdale, WA: Limited Area Production and Storage Complex (Increment 7 of 7)
- Al Jufayr, Bahrain: NAVCENT Ammunition Magazines
- King's Bay, GA: Security Enclave and Vehicle Barriers
- Indian Head, MD: Agile Chemical Facility, Phase 2

### **Research Development Training and Evaluation**

\$27 million for one project in support of Research, Development, Training, and Evaluation:

- Newport, RI: Electromagnetic Sensor Facility

### **Sailor and Family Readiness**

\$75 million for one project in support of Sailor and Family Readiness:

- San Diego, CA: Bachelor Enlisted Quarters in support of Homeport Ashore

### **Training**

\$7 million for one project in support of Navy Accession Training and new platform specific training curriculum:

- Atsugi, Japan: Aviation Simulator Training Facility

## **Utilities**

\$56 million for three projects in support of Utilities:

- Kitsap, WA: Waterfront Restricted Area Emergency Power
- Kitsap, WA: Limited Area Emergency Power
- King's Bay, GA: Waterfront Emergency Power