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Statement of

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Before the

SUBCOMMITTEE ON MILITARY CONSTRUCTION,

VETERANS AFFAIRS, AND

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of the

HOUSE APPROPRIATIONS COMMITTEE

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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 (DON) BRAC implementation efforts.

## **BRAC 2005 IMPLEMENTATION**

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

### **Accomplishments**

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

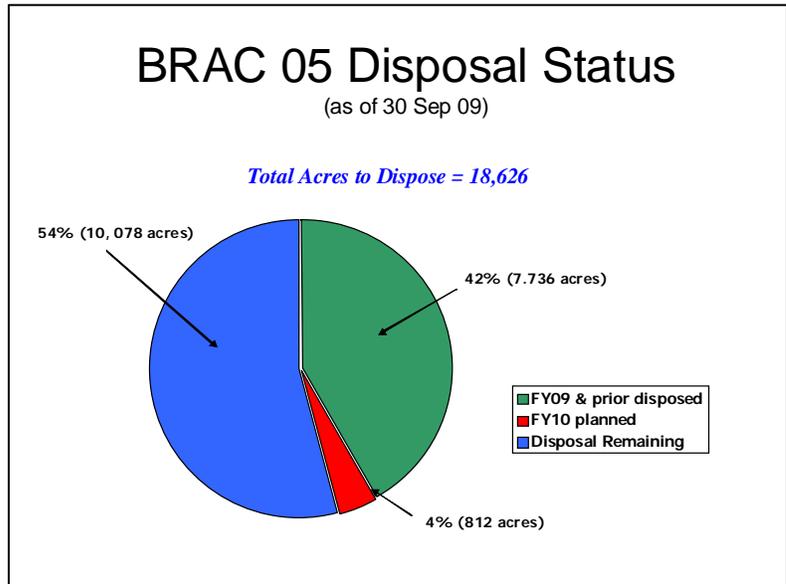
- Seven BRAC construction projects, programmed at \$211 million, have been awarded and are under construction at Joint Base McGuire-Dix-Lakehurst, NJ. This work supports the relocation of units, aircraft, and equipment from the closure of Naval Air Station Joint Reserve Base Willow Grove, PA. These projects include aviation maintenance hangars, reserve training facilities, munitions maintenance buildings, supply and logistics storage, flight simulators, and aircraft intermediate maintenance areas. Almost 40 aircraft along with nearly 700 full-time and 1,500 reserve component personnel will relocate in 2011. The Navy supported the full operational capability of Joint Base McGuire-Dix-Lakehurst and successfully transferred all Navy real property in September 2009.
- Construction projects valued at over \$100 million have been awarded to support the Consolidation of Correctional Facilities into Joint Regional Correctional Facilities. A new level II (Medium Security) correctional facility is being constructed at Chesapeake, VA and additions to the existing Navy's Brigs in Charleston, SC and Miramar, CA are underway.

### **Community Reuse Planning Efforts**

Fifteen impacted communities established a Local Redevelopment Authority (LRA) to guide local planning and redevelopment efforts and they have been receiving financial support through grants and technical assistance from the Department of Defense (DoD) Office of Economic Adjustment. Two 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 (NEPA) documentation for disposal of those properties. We have completed the NEPA process at three of those installations.

**Land Conveyances and Lease Terminations**

By the end of FY-2009, the Department disposed of 42% <sup>1</sup>of the property that was slated for closure in BRAC 2005. These disposal actions were completed via a combination of lease terminations, reversions, public benefit conveyances, and Federal and DoD agency transfers. Of interest for FY2009 is the complete disposal of Naval Air Station Atlanta. Thirty seven acres were returned



to the Air Force and 107 acres were transferred to the Army for use by the Georgia National Guard. Last year we also disposed of the Navy Reserve Center in Orange, TX for use by the community as a port facility.

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

**Naval Support Activity New Orleans, LA**

<sup>1</sup> The percent disposed is lower than stated last year as we added over 300 acres to the amount to be disposed due to property becoming available at NS Newport and completion of legal surveys over the past year.

Construction for the new building that will house Headquarters, Marine Forces Reserve and Marine Corps Mobilization Command is well underway in the future Federal City. When complete, the building will consist of four floors and approximately 411,000 square-feet of administrative space and be home to about 2,000 Marines.

To support the closure of Naval Support Activity New Orleans and the relocation of base operating support and tenant activities to Naval Air Station Joint Reserve Base New Orleans, nine construction projects have been completed and another five are on-going.

#### **Naval Air Station Brunswick, ME**

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

#### **Naval Station Ingleside/NAS Corpus Christi, TX**

With the success the Department has had in relocating the Mine Countermeasure ships, their headquarters, and supporting functions to San Diego, CA, Naval Station Ingleside is scheduled to operationally close on April 30, 2010, five months earlier than planned. To ensure a smooth turnover of real property for use by the Port of Corpus Christi, both agencies have worked cooperatively to complete the actions necessary to conclude the reversion to the Port by the closure date. This partnership has been crucial to the successful implementation of the recommendation.

#### **Naval Air Station Joint Reserve Base Willow Grove, PA**

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

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

agencies and is working with the LRA, Horsham Township, on its reuse planning efforts.

### **Joint Basing**

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

### **Environmental Cost to Complete and Financial Execution**

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

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

### **Challenges**

We are scheduled to meet the September 15, 2011 deadline and will continue to manage ongoing construction, outfitting and relocation efforts closely. Many of our construction projects require either special certifications or accreditations before occupancy to include DoD Explosive Safety Board approvals, accreditation of correctional facilities or certification of Sensitive Compartmented Information Facilities within constructed facilities.

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

## PRIOR BRAC CLEANUP & PROPERTY DISPOSAL

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

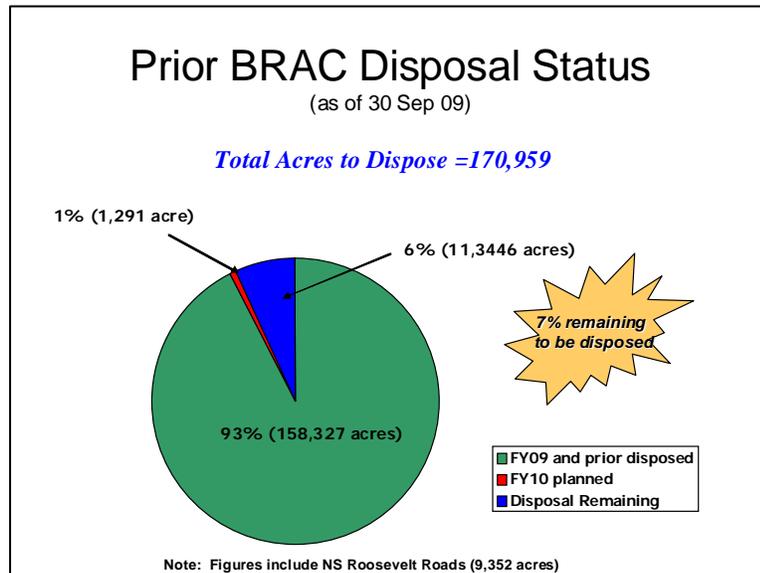
### Property Disposal

We disposed of 154 acres of real property in Fiscal Year 2009, for a total of 93% of real property disposed in the first four rounds of BRAC. We continue to use the variety of the conveyance mechanisms available for Federal Property disposal, including the Economic

Development Conveyance (EDC) that was created for BRAC properties. Of the real property the Department has disposed, 91% of this property was conveyed at no cost to the recipient. From the remaining 9% of conveyed property, the Department has received over \$1.1 billion in land sale revenues. We have used these funds to accelerate environmental cleanup and were able to finance the entire DON Prior BRAC effort, from FY 2005 through FY 2008.

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

Our disposal plan shows that most of our remaining disposal actions will be completed after FY 2010. Although we used the land sale revenue to accelerate environmental remediation efforts over the past few years, 45 percent of remaining property to dispose is pending completion of environmental remediation actions. Another 40 percent of our remaining property is affected by local community actions to change the approved reuse plans for the property. Two of our installations are the subject of local legislative initiatives that will



change the types of land uses for the property. At Naval Station Roosevelt Roads, the Commonwealth of Puerto Rico is considering legislation to allow gaming uses to support a new reuse plan called the 'Caribbean Riviera'. In California, Naval Air Station Alameda recently held a local referendum to change the land use density permissible on the installation property. With this measure being defeated at the polls in February, we will be working with the LRA to determine the next steps to move us toward disposal of the property.

### **Prior BRAC Environmental Cleanup**

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

### **Naval Shipyard Hunters Point, CA**

Naval Shipyard Hunters Point represents one of the unique Prior BRAC challenges. The Department of Defense listed the shipyard for closure as part of BRAC 1991. Hunters Point Shipyard was included on the National Priorities List in November\_1989\_\_\_\_ >. The Department has spent more than \$500 million to investigate and clean up contamination at Hunters Point, including the 78 installation restoration sites and 93 radiological sites. Congress has added a total of \$150 million to the entire Prior BRAC Program over the past three years, and we have used nearly \$100 million to accelerate the cleanup program at Hunters Point and finalize five Comprehensive Environmental Response Compensation and Liability Act (CERCLA) Records of Decision (RODs) with two more RODs planned for this year.

With this additional funding we have disposed of an additional 100,000 cubic yards of contaminated soil through removal and remedial actions, doubled the number of cleaned radiological sites to ten, removed more than 10 miles of radiological contaminated sewer and storm lines, and utilized emerging technologies to successfully cleanup groundwater plumes with one round of treatment.

The Department has worked closely with the City of San Francisco to prepare for the potential early transfer of key development parcels within the next year. This transfer of Parcel B (59 acres) and Parcel G (40 acres) followed by

additional transfers totaling 60 acres in 2012 make up close to 40% of the remaining land for development. With draft RODs currently in review for Parcel C (74 acres) and in preparation for Parcel E (135 acres), we plan to have an additional transfer in place for 2014. Significant strides have been made in readying parcels to support City redevelopment efforts.

### **Naval Station Treasure Island, CA**

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

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

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

### **Naval Air Station South Weymouth, MA**

Naval Air Station South Weymouth was closed by 1995 BRAC action and the LRA, South Shore Tri-town Development Corporation, received approval for a Fair Market Value EDC 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.

To this end, a term sheet was signed by the parties in FY2008 in which the Department would receive FMV for the property in the form of cash and in kind consideration where the LRA would incorporate environmental clean up efforts as part of the redevelopment activities on approximately 118 acres under a Lease in Furtherance of Conveyance. Upon completion of the clean-up actions, the Department would then execute a deed for those 118 acres. Unfortunately, the ability of the LRA to obtain bonds and the Congressional consideration of legislation affecting EDCs prevented this conveyance from being completed last year. We are continuing to work with the LRA on an amended application where the Department would retain environmental clean up actions.

## **CONCLUSION**

The DON continues to make excellent progress in implementing the BRAC actions. While meeting the September 2011 statutory deadline to complete the BRAC 05 closure and realignment actions is challenging, we feel we have a reasonable plan in place to meet this requirement.

Although the remaining prior round BRAC installations present cleanup and disposal challenges, we continue to work with regulators and communities to tackle complex environmental issues and provide creative solutions to support redevelopment opportunities. We are very appreciative of the continued additional Congressional funding of our program and have been applying those funds to accelerate cleanup of parcels to support redevelopment priorities identified by communities.

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