

# MILITARY CONSTRUCTION APPROPRIATIONS FOR FISCAL YEAR 2004

TUESDAY, MARCH 18, 2003

U.S. SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,  
*Washington, DC.*

The subcommittee met at 10:02 a.m., in room SD-138, Dirksen Senate Office Building, Hon. Kay Bailey Hutchison (chairman) presiding.

Present: Senators Hutchison, Stevens, Burns, and Feinstein.

## NONDEPARTMENTAL WITNESSES

### STATEMENT OF JAMES C. BRYAN, CHAIRMAN, CHARLESTON NAVAL COMPLEX REDEVELOPMENT AUTHORITY

#### OPENING STATEMENT OF SENATOR KAY BAILEY HUTCHISON

Senator HUTCHISON. I am going to go ahead and call the meeting to order even though our first witness is not here. I want to go expeditiously forward, so what I think I will do is go straight to the third panel of community witnesses. Since only two of the three second panel members are here, I would like to just go ahead and ask our third panel to come forward, and I will make my opening statement as you are coming forward. That would be: Paul Roberson, who I see; James Bryan from Charleston, South Carolina; and Robert Leonard from Sacramento, California; and of course, retired Air Force Brigadier General Paul Roberson of San Antonio.

Good morning. I would like to call to order this hearing of the Subcommittee on Military Construction Appropriations. Today's hearing will examine the base realignment that resulted in nearly 400 base closures or realignments. Congress has authorized another round to begin in 2005.

BRAC has a worthy goal, to reduce the cost to the taxpayer of maintaining infrastructure that our military no longer needs. But achieving that goal is a complex and difficult challenge. Determining future requirements for military infrastructure is difficult at any time, but this is particularly so today. New threats to our country have emerged. Our military forces are undergoing an organizational and technological transformation. Political relationships with some of our traditional allies are changing while potential new allies are emerging.

All of these factors have implications for the size of our military force and where we put it. Making sensible decisions about closing

military facilities in the midst of this uncertainty will be difficult, and I am concerned about our ability to do it right.

Because of training constraints and changed geographic priorities, it is possible that some of the forces we have based overseas now could move home. It does not make sense to close facilities in the United States if we are likely to have to recreate them in a few years at a great expense.

BRAC also can be a wrenching process for local communities that host military installations. Base closures can have devastating effects on local economies. In some cases it can be really devastating; in other cases, communities have recovered well from the closures. The GAO noted in a report last year that as of October 2001, 130,000 jobs at major installations had been lost to BRAC, only 79,000 had been recreated. Whatever the economic effect is, the process is disruptive.

We have three panels today to help us understand this issue. The panel with which we will start is made up of people who have had real life experience in the communities, taking a closed base and turning it into something productive.

So with that, I want to ask my Ranking Member and friend Senator Feinstein for her remarks, and then we would like to hear from you.

#### STATEMENT OF SENATOR DIANNE FEINSTEIN

Senator FEINSTEIN. Thanks very much, Madam Chairman, and thank you for holding this hearing. Thank you, gentlemen, for being here today. I would like to put my full statement in the record, but I would like to make just a few comments.

On the assumption that we are going to have another BRAC round in 2005, it is my hope that we, just as the chairman has said, can avoid some of the pitfalls we experienced in the past. So I hope that what this hearing accomplishes is the elucidation of ways that we can minimize the economic upheaval for local communities and maximize our efforts to expedite the transfer of closed installations to local communities.

Now, the GAO calculates that the Defense Department has already spent over \$7 billion on BRAC environmental cleanup and will have to spend another \$3.5 billion to complete these cleanups. McClellan—and I want to welcome Mr. Leonard—is a case in point in California. Primarily because of delays due to environmental cleanup, the Defense Department has yet to transfer half of the total amount of excess base property. Half of the total amount of excess base property has not been transferred because of the need for environmental cleanup.

So cleanup from prior base closures is a very high priority issue, as you know, for me, and I think it has got to become a priority in evaluating the costs and reuse potential of future closures.

Now, Madam Chairman, one of the things that is happening—and this is a small diversion, but I think it is appropriate—in your State, in my State, and in 20 other States is the permeation of a chemical ingredient which was the primary ingredient in rocket propellants in munitions and explosives called perchlorate. Perchlorate has contaminated water supplies in 22 States from California and Colorado to Massachusetts and Maryland. It can impair

thyroid function and may well affect the physical and mental development of children.

The situation is particularly serious, gentlemen, in California. State health officials so far have detected the presence of perchlorate in 292 groundwater wells operated by 80 different water agencies. The problem is most severe in southern California, where 267 of the contaminated wells are located.

I have expressed my concerns in November of last year with letters to Secretary Rumsfeld and Administrator Whitman, Secretary Rumsfeld because the primary contractor and the primary user was the Defense Department and is the Defense Department. The Defense Department renounces any responsibility and I gather is going to renounce any liability, and I profoundly disagree.

I would like to introduce into the record three letters that I have sent. Another one is on the way that Senator Reid of Nevada and I will send to the Secretary, outlining the history of the facility at Henderson, Nevada, which was actually begun by the Department of Defense and then contracted to Kerr McGee, and what that perchlorate infusion from that facility has done in the State of California.

[The information follows:]

U.S. SENATE,  
*Washington, DC, November 27, 2002.*

Hon. SECRETARY OF DEFENSE,  
*Department of Defense, Pentagon, Washington, DC 20301.*

DEAR SECRETARY RUMSFELD: I am writing to bring your attention to the growing problem of perchlorate contamination in Southern California's groundwater supplies and to request that the Department of Defense provide clean-up funding through the Formerly Used Defense Sites program to eligible communities as soon as possible.

According to a recent report by the California Department of Health Services, perchlorate has been detected in 284 groundwater wells operated by 75 different water agencies throughout the State. Collectively these agencies serve 24.8 million people, representing 71 percent of the State's population. The problem is most severe in Southern California, where 267 of the contaminated wells are located.

The growing number of perchlorate contaminated wells is all the more alarming in the context of California's efforts to reduce its consumption of Colorado River water under the terms of the Quantification Settlement Agreement. While California water districts are working diligently to devise strategies to reduce the State's need for imported water, perchlorate contamination is threatening the native water supplies these agencies are relying upon to meet local needs. The Metropolitan Water District of Southern California estimates that in its service area alone, lost well production due to Perchlorate contamination could reach 57,000 acre feet annually.

The problem is particularly acute in the Inland Empire, where a seven mile long plume was discovered earlier this year in an area formerly occupied by the Army and several defense contractors involved in munitions manufacturing and storage. The plume, which is moving 2 to 3 inches per day, has contaminated 22 drinking water wells in western San Bernardino County, jeopardizing water supplies for approximately 500,000 local residents and businesses. Replacement water is generally unavailable due to lack of infrastructure and up to eight times more expensive than groundwater in the limited cases where it can be imported. Local officials have informed my staff that the problem is so severe that without Federal assistance, the region faces a very real possibility of water rationing or of having to supply customers with bottled water.

Because many of the contaminated sites in Southern California involve former defense facilities, the Department of Defense bears a special responsibility to help remedy the situation. I would appreciate hearing from you whether you intend to make FUDS funding available to assist in the clean-up of perchlorate contaminated wells in Southern California.

Thank you for you very much for your immediate attention to this important matter.

Sincerely,

DIANNE FEINSTEIN,  
U.S. Senator.

U.S. SENATE,  
Washington, DC, January 7, 2003.

Ms. CHRISTINE TODD WHITMAN,  
Administrator, U.S. Environmental Protection Agency, Ariel Rios Building, Washington, DC 20460.

DEAR ADMINISTRATOR WHITMAN: Thank you for your prompt response to my letter of November 27, asking for the assistance of the Environmental Protection Agency (EPA) in cleaning up perchlorate contamination in California's water supply. While I appreciate the steps that your agency has taken on this issue to date, I request that the EPA accelerate clean up efforts to reduce perchlorate contamination in local groundwater supplies and in Colorado River water.

I want to stress the enormity of this issue and its importance to California. Perchlorate has already contaminated water supplies in more than 22 States, including California, where State health officials recently reported 294 groundwater wells have been impacted. Additionally, perchlorate has seeped into the Colorado River, which provides the drinking water for nearly 20 million people in Southern California, Nevada and Arizona.

It is currently estimated that 450 pounds of perchlorate leech into the groundwater near Henderson, Nevada each day, and that water then enters Lake Mead and the Colorado River via the Las Vegas Wash. The impact of this contamination is particularly devastating to California's water supply.

To address this issue, I convened a roundtable meeting on perchlorate contamination at the Metropolitan Water District headquarters on December 19, 2002. At that meeting, I was briefed on the scope and severity of the contamination from local, State, and Federal officials including Keith Takata, Superfund Division Director from U.S. EPA Region IX.

In my view, further efforts are needed to clean up perchlorate contamination as quickly as possible to protect the 20 million water users in Southern California and elsewhere who depend on the Colorado River for their drinking water.

To help accelerate clean up efforts, I urge the EPA to take the following actions:  
*Set a Federal drinking water standard for perchlorate as soon as possible.*—While I understand EPA is currently evaluating whether to establish a drinking water standard, existing scientific research already strongly suggests that perchlorate can pose serious health risks, especially to pregnant women and children. Federal regulation is clearly warranted, and promulgation of national standards should help accelerate clean-up efforts.

*Provide clearer guidance on goals for cleanup.*—Nevada Division of Environmental Protection currently requires a cleanup goal of 18 ppb based on a memorandum from the U.S. EPA's Office of Research and Development (ORD) to Regional Administrators dated June 18, 1999. U.S. EPA's more recent risk assessment recommended a reference dose equivalent to a drinking water concentration of 1 part per billion (ppb). California's Office of Environmental Health Hazard Assessment revised the draft public health goal to a range of 2 to 6 ppb. Based on these recommendations, ORD should revise its interim guidelines and establish an appropriate standard goal more closely meeting the range adopted by California. Nevada and other States should be directed to immediately use the lower number adopted by California and other States.

*Closely oversee clean up efforts in Henderson, Nevada.*—U.S. EPA Region IX should ensure that all practicable steps are taken by Nevada Division of Environmental Protection to reduce the perchlorate load in Colorado River water supplies by intercepting the ground water as close to the Las Vegas Wash as possible and intercepting perchlorate contamination immediately adjacent to the La Vegas Wash.

Thank you very much for you consideration of this request. I appreciate your attention to this issue and hope that EPA will continue to work to reduce perchlorate contamination in the water supply.

Sincerely yours,

DIANNE FEINSTEIN,  
U.S. Senator.

Senator FEINSTEIN. Now, I believe that the Defense Department is directly or indirectly responsible for the bulk of perchlorate contamination, and unless the Federal Government takes positive action we will be sticking many small communities with a huge problem they did not create. Frankly, this is not acceptable.

Madam Chairman, in your State a congressionally-mandated study is underway to assess perchlorate contamination in the Boss and Leon River watersheds from the Naval Weapons Industrial Reserve Plant in Madrid. Nine western Texas counties where the Department has tested rockets have recently found perchlorate contamination in their groundwater. I have gotten nothing but the most perfunctory responses. It's just not acceptable.

The Department has a responsibility and I believe you have a liability. So I do not intend to drop this subject. I intend to do everything I can in various bills to see that the Defense Department begins to deal with the problem that all of the evidence points has been created by that Department.

So I thank you, Madam Chairman.

Senator HUTCHISON. Thank you, Senator Feinstein.

With that, let me call first on Mr. James Bryan, the chairman of the Charleston Naval Complex Development Authority.

Mr. BRYAN. Thank you, Madam Chairman, Senator Feinstein.

In April 1996, the Charleston Naval Base received its honorable discharge.

Senator HUTCHISON. Let me just ask each of you if you would limit your remarks to maybe 4 minutes and then just summarize what you have and then we would like to ask some questions.

Mr. BRYAN. Okay, I will start again. In April of 1996, our naval base received its honorable discharge and embarked on a whole new life appropriate to the 21st century. As the organization charged with guiding the base in its new life, we recognized that our first and most important task was the creation of jobs. Today the facilities abandoned by the military are being reborn as viable economic assets. New jobs by the thousand are replacing those lost when the base was closed and the property is again becoming a resource for the benefit and enjoyment of South Carolina citizens.

Back in 1993 when base closure was announced, everyone was pronouncing doom and gloom for Charleston. Now I can say we are a success story because of the Government was not heavy-handed with its disposal procedure. We benefited from the cooperation of the U.S. Navy OEA and the fact that everything flowed through a no-cost economic development conveyance to the Charleston Naval Complex Redevelopment Authority.

There was no map to point the way to success. If property had been disposed of through a public sale or, worse, land banking, I am convinced that I would not be here today speaking of our successes. Thanks to the cooperation and assistance from Federal and State officials, I can currently report that we host 74 commercial and 10 Federal tenants at the naval complex.

The important thing is that they make up our naval complex family and contribute to the employment of 5,400 workers, a \$265 million annual payroll. Overall they pay more than \$141 million that has been spent on renovations, infrastructure, and improve-

ments, and unemployment in the immediate three-county area is actually lower than it was in 1993.

What I would like to do is just hit on some things that I think worked for the reconversion of this type property, starting with the no-cost economic development conveyance. We are a success story because the Government was not heavy-handed in its disposal procedure. We benefited from the cooperation of the U.S. Navy OEA and the fact that everything flowed through a no-cost economic development conveyance.

The no-cost economic development conveyance allowed us to address the deteriorated utilities and infrastructure without the additional burden of paying for the property that had been donated 100 years before. Even with agreed-upon zoning in place, a public sale to the highest offeror we believe is a recipe for disaster.

Interim leasing: To my knowledge, we have the only shipyard in America that has been successfully converted from public to private use.

Supplemental funding: Like many other State boards and agencies, our LRA was given no funding appropriation through the State Government. Thankfully, OEA funding was available initially to support the LRA office activities, and separate State legislation provided some additional funds through fees collected in the Charleston County area.

Federal grant assistance: Charleston has been successful in securing approximately \$38 million in grant funding from the U.S. Economic Development Administration.

The lease evaluation criteria and process: As a State agency, Charleston Naval Complex Redevelopment Authority was required to establish a tenant selection and approval process. Rather than going with the highest amount of rent offered, this process allowed our LRA to consider the number, quality, and type of jobs created.

Community effort: After the closure announced in 1993, rather than engaging in a prolonged fight against the decision, the citizens of Charleston took action and formed a regional development alliance to attract business and industry to the entire area.

I think, to touch on a few things that I think does not work under these scenarios: fighting the closure decision. Don't waste time, money, manpower trying to reverse the decision to close the facility. Rather, spend time and efforts on recovery.

I think a thing that does not work is allowing the Navy to retain the lease income. The newly-formed organization needs the moneys from the lease of these properties to operate and improve the infrastructure.

Another slight hurdle was the Navy's standard lease of 5 years does not work for someone that is willing to invest millions of dollars in a shipyard. So we were able to obtain some long-term leases along the way, 30-year leases I think, that helped with our success.

The McKinney Act was a tough one to deal with. Because of the type property that we have, I think every nonprofit organization that may touch the McKinney Act in one way or another, we have to deal with them before you can move ahead with the process of development or redevelopment.

## PREPARED STATEMENT

The restoration advisory boards: We think that the LRA should be the one, the voice of the community. The LRA should be comprised of members of the community and the groups, not being fragmented and trying to protect turf. We feel like that was something that needs to be looked at in the future.

To save time, I will be willing to answer any questions now.  
[The statement follows:]

## PREPARED STATEMENT OF JAMES C. BRYAN

## INTRODUCTION

For more than a hundred years, the North Charleston waterfront property known today as "the Navy Base" has played a defining role in our community. Through the 1800s it was the location of Chicora Park, an idyllic setting where the ladies and gentlemen of Charleston would arrive by trolley to picnic by the Cooper River. As the century turned, the property's character changed, and its importance was magnified many fold.

On August 12, 1901, the land was sold to the U.S. Government for the construction of a Navy yard. The property soon became a strategic keystone, and its docks the site of many an emotional farewell as young sailors went to sea to protect and defend the American way of life.

In April of 1998, the Navy Base received its honorable discharge and embarked on a whole new life appropriate to the 21st Century. As the organization charged with guiding the base into its new life, we recognized that our first and most important task was the creation of jobs. Today, facilities abandoned by the military are being reborn as vital, thriving economic assets. New jobs—by the thousands—are replacing those lost when the base was closed and the property is again becoming a resource for the benefit and enjoyment of South Carolina's citizens. Back in 1993 when base closure was announced, everyone was pronouncing doom and gloom for Charleston. Now I can say what many others are saying: closure of the Charleston Naval Complex will prove, in the long run, to be a good thing for our community. We are a success story because the government was not heavy-handed with its disposal procedure. We benefited from cooperation with the U.S. Navy, the OEA, and the fact that everything flowed through a no-cost Economic Development Conveyance to the Charleston Naval Complex Redevelopment Authority. There was no map to point the way to success, but we moved ahead. Senator Fritz Hollings has been a true champion of the project, helping to secure funding when it was most necessary. If this property had been disposed of through a public sale or worse, land-banking, I am convinced that I would not be here reporting on our success.

Thanks to cooperation and assistance from Federal and State officials, I can report that we currently host 74 commercial and 10 Federal tenants at the naval complex. The important thing is that they all make up our naval complex family and contribute to the employment of 5,400 workers with a \$265 million annual payroll. Overall today, more than \$141 million has gone into renovations and infrastructure improvements and unemployment in the immediate three-county area is actually lower than it was in 1993. Hopefully, you all have a copy of our annual report that was produced last year. It contains all of the statistics and some great success stories about our tenants. There are many great stories to tell. Earlier this year, landmark legislation was passed that opened the door for the much needed State Ports Authority expansion at the naval complex. The RDA was directed by State law to turn over the leased shipyard and residential areas to the City of North Charleston and later transfer the southern end of the naval complex to the State Ports Authority for its expansion. With the continued cooperation and support from local governments and citizens, we believe that this magnificent property will serve as an economic engine for our State for many decades to come.

## WHAT MADE US SUCCESSFUL

*No-Cost Economic Development.*—We are a success story because the government was not heavy-handed with its disposal procedure. We benefited from cooperation with the U.S. Navy, the OEA, and the fact that everything flowed through a no-cost Economic Development Conveyance to the Charleston Naval Complex Redevelopment Authority. The no-cost economic development conveyance allowed us to address the deteriorated utilities and infrastructure without the additional burden of

paying for property that had been donated 100 years before. Even with agreed-upon zoning in place, a public sale to the highest offeror, we believe, is a recipe for disaster.

*Interim Leasing.*—To my knowledge, we have the only shipyard in America that has been successfully converted from public to private use. By “playing the hand we were dealt” and using the interim-leasing option, we had an up and running shipyard 6 months prior to official closure of the base. Revenues from these leases allowed our LRA to gradually assume all of the Navy’s operations and maintenance of the Base.

*Supplemental Funding.*—Like many other State boards and agencies, our LRA was given no funding appropriation through State government. Thankfully, OEA funding was available initially to support LRA office activities and separate State legislation provided some additional funds through fees collected in Charleston County, but OEA funds eventually expired. While leasing income helped, it could not solely support operations and maintenance of the Base. Our LRA was successful in approaching the State legislature for funding under S.C.’s Rural Development Act, which provided us with the State’s withholding tax for each Federal activity payroll on the Base. This funding source expires in 2012, but provides around \$2 million annually.

*Federal Grant Assistance.*—Charleston has been successful in securing approximately \$38 million in grant funding from the U.S. Economic Development Administration. This funding has allowed and will allow our LRA to improve the dilapidated water, sewer and storm water systems left behind by the Navy.

*Lease Evaluation Criteria and Process.*—As a State agency, the Charleston Naval Complex RDA was required to establish a tenant selection and approval process. Rather than going with the highest amount of rent offered, this process allowed our LRA to consider the number, quality and type of jobs created, proposed use of the property, capital investment, and the financial strength of the proposal among other items. This legal process has served us well.

*Community Effort.*—After the closure announcement in 1993, rather than engaging in a prolonged fight against the decision, the citizens of Charleston took action and formed the Regional Development Alliance to attract business and industry to the entire area.

*Create A Stewardship of the Entrusted Property.*—Select capable people, with no personal agendas, to serve on redevelopment boards and authorities. Restrict public officials from serving. In every decision, the overall benefit to the property and the LRA must take priority over the desires and mandates of any particular voting precinct or political subdivision.

*Staff.*—Base Realignment and Closure is essentially real estate development with a healthy helping of politics and diplomacy. Hire an LRA staff with a strong background in real estate and supplement it with some congressional staff experience. An LRA staff member fluent in envirospeak should participate in environmental decision-making and attend every environmental clean-up team meeting.

#### WHAT DOESN'T WORK

*Fighting the Closure Decision.*—Don’t waste time, money and manpower trying to reverse the decision to close facility. Rather spend your efforts on recovery.

*Allowing the Navy to Retain Lease Income.*—A newly formed LRA needs the income from interim leasing to survive. Formulas that siphon lease money from the LRAs are counterproductive.

*The Navy’s Standard Lease.*—The standard lease itself wasn’t attractive to business and had to be renegotiated to allow some security for the commercial tenant. The term of the lease was entirely too short for substantial capital investment, and the Navy’s retention of lease income would have been an impediment to the LRA’s assumption of the operations and maintenance of the Base.

*The McKinney Act.*—This legislation has been changed, but it should be eliminated and communities given the right to make decisions about the presence of homeless or charitable agencies. Although this is a noble cause, its goals may not be compatible with the highest and best use of the property.

*Resoration Advisory Boards.*—The LRA should be the one voice of the community.

#### OTHER IMPORTANT POINTS

From the beginning, Federal and commercial tenants have been able to operate and cooperate as neighbors at the naval complex. The location of the Border Patrol to the naval complex was a clear winner. The majority of the agency’s \$28 million annual budget is spent locally. Since 1996, the Border Patrol has trained more than 8,000 agents at the academy.

One of only 14 in the nation, the passport office on the naval complex occupies a completely renovated facility where about 160 employees, almost all hired locally, process about 5,000 passport applications a day. This office alone represents an investment of \$9 million and the payroll pumps another \$7 million per year into the local economy. The 65,000 square foot office complex also serves as a training facility. A 92,000 square foot State Dept. financial services building is now in the works. It will be the "hub" of the department's financial systems and will employ an additional 250 workers bringing the State Dept. total to over 630 workers.

Other Federal tenants include DFAS (Defense Finance and Accounting Service—426 employees); NOAA (National Oceanic & Atmospheric Administration—125 employees); SPAWAR Systems Center—135 employees; and the U.S. Coast Guard with 312 staff and crew members.

Our first industrial tenant, Charleston Marine Manufacturing Company (CMMC) was in place literally within days. This company was formed out of two well-established Charleston companies, Detyens Shipyards and Metal Trades, Inc. CMMC officers signed a lease for one of the yard's largest facilities and, within a week, Detyens had 300 employees working in ship repair in the giant No. 5 drydock. CMMC President, Dick Gregory states that "the RDA did things that no one else had ever done. Companies had to prove viability and the condition was that the facilities had to be used." We all had the same objective: Put people back to work.

Almost immediately after the recovery of the H. L. Hunley submarine and its successful move to the unique freshwater tank in the Warren Lasch Conservation Lab at the Naval Complex, the Center became a major Charleston area tourist attraction. In just 3 months, the Center played host to some 26,000 visitors—a figure made all the more astounding by the fact that the visitors were only admitted on weekends. Many of the world's most renowned conservationists and archeologists attended a seminar held at the Center in 1999. Today, with a full-time staff of 21, including 11 respected international scientists, work continues to attract attention from around the world.

Senator HUTCHISON. Great. Thank you so much, Mr. Bryan.

General ROBERSON, when the light is green that is 4 minutes, and then when it turns red that is the end and if you could just summarize after that.

**STATEMENT OF PAUL ROBERSON, FORMER EXECUTIVE DIRECTOR,  
GREATER KELLY DEVELOPMENT AUTHORITY, SAN ANTONIO,  
TEXAS**

General ROBERSON. Thank you very much, Senator Hutchison. I appreciate the opportunity to be here, and it is a particularly great opportunity just to get a chance to see you and talk with you. Senator Hutchison has been a great advocate for all of our issues in Texas.

Kelly is a large part of my experience. Just for your background, it is a large maintenance depot, employed about 19,000 people, closed in the 1995 BRAC. I would tell you that the Air Force did a great job in managing that closure, moving all those very critical missions and caring with a lot of compassion for the 19,000 people that were affected by that closure.

But I would also tell you that redevelopment is hard work. For those of you who do not know, in 1995 I was two inches taller and had a full head of black curly hair. You can see what has happened to me in that time.

But we have learned some lessons from the Kelly experience. I was intrigued when Senator Hutchison said that only half the property has been transferred. In all the BRAC closures, it is certainly clear to me that transfer of the property as soon as possible is in the interest of the DOD to get it off its rolls and in the interest of the community so that redevelopment can continue.

We did an interesting thing at Kelly. We did a hot turnover, where even though they took 6 years to close the base, as they va-

cated specific premises we went ahead and had them turn it over. So we actually began redevelopment a year after the closure and it has been successful so far.

I think one of the reasons for success is the no-cost EDC. That was very important to us and had a big impact on our long-term business plan and it had a big impact on trying to negotiate loans for line of credits and capital projects from local banks. Not having that burden really helped us in those negotiations.

Facilities are a major problem for every community and what we find is that most military installations, the facilities are not in very good condition. In fact, at Kelly we had 5 million square feet of facilities that we have got to demolish. They are just basically not commercially reusable, and that is a big financial burden. It would be very helpful if there were a supplement to the BRAC fund to assist with demolition of facilities that are clearly unusable.

Utilities can be a nightmare, and I think that has been the case for most communities. They do not meet codes, there is no utility corridors, major upgrades are needed. Additionally, some special utilities that we had at Kelly like steam and compressed air were operated out of a central plant and that simply does not work when you have got individual tenants, maybe not all the facilities occupied. We are going to have to decommission that and set up individual systems in each facility. MILCON funds to address those kinds of issues would be very helpful.

The environmental issues are probably the most contentious. I personally have come to believe that negotiating a turnover of the cleanup to communities with the funding to go with it may be the most appropriate action, that it allows them to set priorities and schedules.

Access to capital is a major problem and it would be very helpful if DOD could or the Congress could implement a program like the small business loan program, where federally guaranteed loans could be available to communities to invest.

I think one of the glaring errors of past BRAC rounds has been the lack of an inter-service approach to BRAC. I personally believe that an inter-service approach—that certainly is true I think in the area of maintenance depots, which all the services have—could allow significantly greater savings than we have realized so far.

#### PREPARED STATEMENT

Finally, I would just like to say that I think there is an opportunity for partnerships in 2005. Unlike prior BRAC rounds, most communities and States recognize that DOD does have excess infrastructure and they recognize that we can be better off by partnering and cooperating and finding innovative ways to address those issues rather than going into a defensive crouch and trying to maintain the status quo.

I would be more than happy to answer questions as we go forward. I almost made it, Senator.

[The statement follows:]

#### PREPARED STATEMENT OF PAUL ROBBERSON

Good morning. My name is Paul Roberson—until recently, I was the Executive Director of the Greater Kelly Development Authority, the agency redeveloping Kelly

AFB (1995 closure/realignment) in San Antonio, Texas. My BRAC experience includes involvement in the San Antonio Community's response to both the 93 and 95 BRAC rounds. The BRAC 95 Commission selected Kelly AFB for closure/realignment. Since 1995, I have led the effort to redevelop Kelly. Additionally, through my association with the City of San Antonio and while serving on the Board of Directors of the National Association of Installation Developers, I have had extensive discussions with community leaders in other cities that have been faced with trying to mitigate the significant economic impact of base closure. I have also been active in assisting the State of Texas develop plans for the upcoming BRAC 2005. Thus, I have seen the BRAC process from several different perspectives, pre-BRAC and post-BRAC, public and private, local, State, and national.

Because my direct experience with military base transformation is largely related to the realignment of Kelly Air Force Base, arguably the most complex BRAC action ever undertaken by the Department of Defense or any community, many of my observations will be based on that experience. However I will also offer more general observations, particularly as they relate to the State of Texas, before I conclude.

For your background, Kelly was a large aircraft/aeronautical equipment maintenance Depot, with over 19,000 employees—mostly civil service, 62 percent of whom were Hispanic. As the largest employer in South Texas, Kelly had an enormous economic impact on the area. The conventional wisdom was that “there’s no way they’ll ever close Kelly”. The reality was that the Air Force had excess capacity in its depot structure and the BRAC Commission closed two of their five depots.

Since that fateful decision, the redevelopment of Kelly has been recognized by DOD and the private sector as one of the most successful military base transitions in the nation. In this regard, I would like to compliment the Air Force for the outstanding job they did in planning and executing the closure. The movement of a very complex and vital industrial mission was handled with minimal impact and with great care and compassion for the 12,000 people involved. This was not a trivial task. Perhaps, the factor that made this closure/realignment so successful was the spirit of cooperation and partnership exhibited by local leaders and Air Force officials. Within the constraints of law and mission essential interests, the Air Force made every effort to work with the Community to find solutions that supported the goals of redevelopment.

And this leads to my first observation: Communities and the DOD can be much more successful if they approach the BRAC process, both pre- and post-BRAC in a spirit of partnership and cooperation. On the Community's part, local leaders must recognize that DOD does, in fact, have excess infrastructure and many installations are excessively expensive to operate. In fact, communities/States can and should cooperate with DOD in finding solutions to these issues. DOD, on its part, should approach the 2005 BRAC with the goal of finding ways to achieve reduction of infrastructure/costs and simultaneously acknowledging the impact to local communities and the lack of sufficient resources to repair neglected infrastructure. Kelly is an example of this partnership after a closure/realignment decision. A pro-active example of this cooperative spirit prior to a BRAC round is the Brooks City-Base project in San Antonio. Although Brooks was not selected by the BRAC commission for closure in 1995, San Antonio's leadership recognized that Brooks was very costly to operate (Brooks was on the DOD's 1995 list of bases recommended for closure). Together with the Air Force, the City developed a concept to transfer ownership and responsibility for the land and infrastructure to the City. The Air Force leases back space they need for their missions, but no longer have to bear the infrastructure costs associated with owning the property. The City is now able to lease space and develop land and facilities to their best use. This could well be a model for partnerships for some installations and communities with similar circumstances.

At Kelly, we have learned that redeveloping a closed military base is really hard work—in fact, successfully transitioning an active military installation to a thriving industrial park may be one of the hardest jobs any community and its leadership can face. The most significant issues that made this so hard for Kelly—and my recommendations for your consideration for the 2005 BRAC—include the following:

*Transfer of Property.*—The earliest possible transfer of property serves the interests of the Community and the Service. At Kelly, the Air Force decided to take the full 6 years authorized by law to close the base. This made sense because of the size and complexity of the industrial aircraft maintenance mission. At the time, the Community agreed with this decision and rationalized that this would give us more time to implement the Community's vision for redevelopment. Fortunately, we did not wait for the base to be formally closed to begin redevelopment. Rather, we initiated an innovative “hot turnover” process whereby the Air Force transferred by lease, buildings and land as they vacated premises. Thus, the redevelopment actually began within a year of the closure decision. This process worked well, and in

effect we were receiving the property as rapidly as the Air Force could turn it over, even though the base did not formally close until 2001. As a general rule, turning over the property as soon as possible allows the community to get on with redevelopment and the Services to realize earlier infrastructure cost savings. Transfers should continue to be executed through the Local Redevelopment Authority as the primary representative of the community, unless there is an extraordinary, mutually agreeable reason to do it differently. As I said earlier, the property at Kelly was transferred by lease—in fact, no deeds will be transferred until environmental remediation actions are completed. Since some redevelopment “deals” go much more smoothly with deeds, this may delay redevelopment. I will address this issue in the section on Environmental.

*No cost EDC.*—I cannot emphasize strongly enough how important the no-cost EDC was to the successful transition of Kelly. By getting title to the property at no cost, the community can concentrate its limited financial resources on preparing the site for redevelopment. No-cost conveyances generally are completed quickly, getting the cost of maintaining the base off of DOD’s books. Prior to the no-cost EDC, it was not unusual for negotiations between the Service and the Community to drag on for years. This created a level of uncertainty that severely impacted redevelopment activities. The no-cost EDC also was a major factor in our successful negotiations with local banks for both line of credit and capital project loans. As a result, I strongly recommend continuation of the no-cost EDC, perhaps except where the value of the property is such that it is in the interest of the community, as well as the Service, to put the property up for sale.

*Facilities.*—Of the approximate 14 million square feet of buildings on Kelly, about half are available for redevelopment. The remainder was either retained by the Air Force/DOD or is in such poor condition they are not suitable for commercial use and must be demolished. Because the Air Force did not originally recommend closing Kelly (it was recommended for downsizing in place), they did not anticipate, nor program funds to realign certain missions. Consequently, several Air Force/DOD missions have remained at Kelly in facilities that the redevelopment agency was required to lease back to the military. This accounts for approximately 2.4 million square feet. As you might expect, these are some of the most modern and commercially marketable facilities. The folks at KellyUSA jokingly state that they are looking forward to the 2005 BRAC to close the rest of Kelly. The Air Force does plan to construct new facilities to relocate these organizations to Lackland AFB (which is adjacent to Kelly). While the primary objective of this plan is to consolidate all Air Force organizations on Lackland, the benefit to the community will be that many commercially useable buildings will be available for redevelopment. In this regard, I recommend support of funding requests for new construction at Lackland that are part of the Air Force’s fiscal year 2005 BRAC closure plan.

Approximately 5 million square feet of the 14 million square feet of facilities at KellyUSA are in such condition they have absolutely no commercial reuse value. We have demolished 1 million square feet of buildings and an additional 4 million square feet remain to be demolished. This demolition must be complete to clear the way for construction of new facilities that meet commercial market place standards. The cost of this demolition is a significant burden on the redevelopment budget.

Unfortunately, of the 6.6 million square feet of buildings that are available for reuse at Kelly, many require significant investment to make them commercially marketable. As a matter of fact, one of our large aviation tenants, Boeing, told me that the Air Force could do work in the facilities, but there was no way the Air Force would allow them to use the facilities to perform maintenance on Air Force aircraft. In this case, we had to find \$30 million in financing to upgrade the facilities and the ramp before the firm would agree to locate its repair function at Kelly.

Facilities issues are complex (like most things in BRAC) and contentious. However, I recommend that at the minimum, the BRAC account should be supplemented to provide funding for demolition of clearly unusable buildings and retrofits of useable facilities to meet local safety and health requirements. Additionally, a “pre-closure” assessment by a certified property assessment team needs to be made of the total demolition requirements, including their cost, and, concurrently, an estimated cost to make the remaining, marketable facilities code compliant.

*Utilities.*—One of the major issues that we faced at Kelly is that the centralized heating and cooling utilities were designed and constructed for operation across the entire base. For example, a single steam plant produced heat for a major portion of the buildings at Kelly. That concept worked well when the base was fully occupied by the Air Force. However, after the buildings were conveyed to GKDA, we did not have tenants in all of the buildings. There was simply no economically viable method to reduce the “output” of the system to that necessary to accommodate the needs of our tenants. Ultimately, the centralized systems will be abandoned in favor

of new stand-alone components in individual buildings. MILCON funds should be made available for redesign and modification of such utility systems to make them more commercially viable.

*Records/Data.*—Similar to the facility/demolition issue, a thorough pre-closure assessment of records, work orders, reports, maps, databases, warranties, maintenance logs, contracts, hardware and software products, utility bills, etc. would greatly benefit the community. In many cases there have been serious information gaps that create inefficiencies, unnecessary costs, and maintenance/construction problems. Full disclosure through accurate, field verified data on all facilities, utilities, contracts, and systems should be provided to the community upon announcement of closure/realignment.

*Personal Property.*—Personal Property includes all the machinery, tools, furniture, fixtures, and other equipment on the base. In the case of Kelly, this personal property consisted of literally hundreds of thousands of different items ranging from major engine test cells to individual hand tools. No community would argue with the fact that the DOD Components that are being relocated must take with them the personal property that is required for successful mission accomplishment. However, under the BRAC law provisions governing use of personal property, any other military installation can come to the BRAC base and “request” that personal property in excess of the needs of the relocating unit be transferred to them. The current BRAC statute should be amended to narrow the current exemptions placed on personal property to give the community priority for personal property required for redevelopment second only to the needs of the relocating unit.

*Environmental.*—In the case of Kelly, the environmental contamination of the facilities, land and groundwater was the result of many years of industrial uses that employed many toxic and hazardous materials such as solvents. Unfortunately, a significant volume of these contaminants ended up in the ground water below Kelly and has migrated for miles outside the fence underneath nearly 20,000 homes. The cleanup of this industrial waste has been the most contentious issue between citizens in the community and the Air Force. DOD, Congress and communities must continue to explore alternatives to the “traditional” approach toward cleanup. In many cases, it may be more advantageous to both the Federal Government and the local communities to transfer funds required for cleanup to the community and allow the community leadership to deal with its citizens and restore the facility to whatever level required by the community. Such a transfer would also allow the Community to set the priorities and schedules for the cleanup and expedite the transfer of deeds.

*Access to Capital.*—At Kelly, and at virtually all other BRAC sites, one of the major challenges, if not the major obstacle, to redevelopment is the ready availability of capital for investing in the construction of new buildings/utilities/streets, deferred maintenance and modernization of existing buildings or demolition of unusable facilities. I do not know of a single redevelopment authority that has not struggled with this issue. At Kelly, it is estimated that more than \$300,000,000 in investments will be required to modernize the infrastructure to commercially equivalent standards. In San Antonio, or any other community, it simply is not realistic for the redevelopment authority to look to the local taxpayers to carry the total burden for an investment of this magnitude. However, there may well be ways that Congress and the Administration could help in this area. A program similar to the Small Business Loan program should be developed whereby a community could obtain low interest financing from commercial lending institutions, with a Federal guarantee that the loans would be repaid. Perhaps the Small Business Administration with very little additional administrative cost could administer this program. The “risk” to the Federal Government would be minimal but the benefits to communities adversely affected by BRAC would be tremendous.

To summarize the Kelly experience, early transfer of the property; continuation of the no-cost EDC; access to funding for demolition/upgrade of key facilities and utilities; community friendly rules on personal property; transfer of responsibility and funding for environmental cleanup; and access to low cost, federally guaranteed loans would significantly enhance the Community’s ability to redevelop a closed/realigned base. I believe these lessons are applicable to any base selected for closure/realignment.

Let me now transition to more general observations based on my discussions with communities around the country and especially my experience within the State of Texas.

*Role of States.*—The role of State governments has varied around the country. Some States have played a much more active role than others. In Texas, the State did not take an active role in prior BRAC rounds. However, we anticipate the State will be very active in preparing for the 2005 BRAC, coordinating Communities’ ef-

forts and assisting Communities to work with the Military Departments in seeking ways to transform their installations into more cost effective operations. The point I would like to make is that, while the State of Texas wants to avoid closing bases, the attitude and approach is focused on partnering with DOD and finding ways to achieve mutual interests. This mindset is dramatically different than prior rounds when most States and Communities went into a defensive crouch and did not consider any alternative other than maintaining the status quo. Collectively, DOD, the Congress, and the States, need to figure out how to capitalize on this new attitude.

*Interservice Opportunities.*—One of the most glaring errors of prior BRAC rounds was the absence of an Interservice or Cross-Service approach. Depot level maintenance is a classic example. All the services perform this function and therefore there are great opportunities to improve productivity and reduce costs by consolidating these Depots on an interservice basis. Numerous other functional areas would benefit from the same approach. I realize that this is hard, but, if done correctly, an interservice approach to BRAC 2005 may well be more productive than the actions taken in all of the prior BRACs combined.

*Pre-BRAC Assessments by Services.*—In past BRAC rounds, there have been some serious mistakes. Within Texas the most glaring example was the closure of Reese AFB—a pilot training base. After Reese's closure it became painfully obvious that there was a shortage of pilot training capacity. While I am sure the Service and DOD were acting in good faith at the time, it is extremely important that the criteria used to determine which bases to close/realign are able to withstand close and aggressive scrutiny.

*Partnerships.*—Let me reiterate one more time the theme that I emphasized at the beginning. There is a great opportunity for DOD/States/Communities to partner and cooperate in seeking ways to transform military installations into more cost effective operations. In Texas, we are taking this approach. There clearly are going to be cases where an installation will be closed, but this should not destroy the partnership, rather, it opens up new opportunities for the Community and DOD to work together on ways to enhance the redevelopment.

*Models for Pro-Active Initiatives.*—Before I complete my comments, I would like to briefly outline three different models that have been developed in San Antonio. These models represent approaches to helping DOD transform their infrastructure.

*KellyUSA.*—Because of the unique facilities/runway at Kelly, we focused much of our marketing efforts to attract firms doing aircraft maintenance. Our successes include major maintenance operations by Boeing, Lockheed-Martin, and several other aerospace firms. In virtually all cases, these firms are doing depot maintenance under contract with DOD. Thus, Kelly has emerged as a private business park, with private business tenants performing depot level maintenance on military aircraft/equipment under contract with DOD. We understand the Air Force is very pleased with the significant cost savings over government depots. This is one model for bases selected for closure/realignment: privatize the mission (where appropriate) and conduct the privatized mission in facilities transferred to the community. The Service divests itself of infrastructure and associated costs; the work is performed at a reduced cost; and the community gets a "kick start" toward redevelopment.

*Brooks City-Base.*—Brooks has not been "BRACed", but San Antonio recognized that the base was expensive to operate. In partnership with the Air Force, the property and infrastructure have been transferred to the City, while the Air Force missions remained as tenants on City property. The City can now develop property not occupied by the Air Force for commercial purposes. While the Brooks City-Base is still in the early stages of development, the prospects are excellent. This model, or a variation of it, can be applied in a wide variety of situations.

*Fort Sam Houston.*—This historic Army Post is using the legislation authorizing "Enhanced Use Leasing" and a partnership with a private developer to lease vacant facilities on the Post. If successful, this would be another important model to transform military installations.

Senator HUTCHISON. You did make it, you did make it. And I certainly know of your efforts personally and I think you made the success by not fighting it, as you said, and hitting the ground running and being very creative.

But the environmental issues, just as Senator Feinstein said, are still there at Kelly and that is something we must clear up in the next BRAC round.

Mr. Robert Leonard from Sacramento, California.

**STATEMENT OF ROBERT B. LEONARD, ASSISTANT DIRECTOR, SACRAMENTO COUNTY AIRPORT SYSTEM**

Mr. LEONARD. Good morning, Senator Hutchison, Senator Feinstein, Senator Stevens.

Prior to assuming my current position as assistant director of the Sacramento County Airport System, I served as executive director of the Sacramento County Department of Military Base Conversion for 9 years. In that capacity, I led Sacramento County's efforts as the local redevelopment authority for Mather Air Force Base and McClellan Air Force Base.

Sacramento has become one of the most experienced communities in the country with military base conversion as we have dealt with three base closures. Mather Air Force Base, Sacramento Army Depot, and McClellan Air Force Base have each closed under the then-current BRAC process. Sacramento had a base in the first round of BRAC, that was Mather in 1988 announced closure, and in the last round of BRAC, 1995, with McClellan Air Force Base.

We have had first-hand experience and been a direct participant in the evolution of the BRAC process. Although the BRAC process and the forms of assistance and resources that have been provided to base closure communities have significantly improved over time—and I might add the tools also made available to the military services working with communities in base closure—I along with many others believe there is room for much improvement.

Some of the themes, the three themes that I want to touch upon, have been already briefly mentioned by Mr. Roberson: environmental remediation. As you are aware, the majority of BRAC sites have significant environmental remediation or cleanup needs that simply must be dealt with. LRAs, or local redevelopment authorities, must have certainty in site characterization, a remediation plan, and, most importantly, a remediation schedule and funding. These factors are most critical in the development of a realistic reuse plan and the attraction of private investment to support successful reuse and economic recovery.

Six years ago the estimated cost to clean up McClellan was approximately \$832 million and was projected to take 30 years. Today the cost is estimated to be \$1.3 billion and is anticipated to continue far beyond 2033. Approximately \$350 million has been spent to this date.

Although this is a long-term program, incremental progress on schedule is absolutely critical to support successful reuse. Over the past 2 years, Air Force appropriation requests for McClellan environmental programs have not been fully supported by the Department of Defense or Congress and as a result the cleanup schedule has been adversely affected. The achievement of critical incremental milestones in the remediation program has been delayed now 7 to 9 years and we see the impact of that compounding over time.

Adequate resources must be made available on an ongoing basis and in turn appropriately administered to maintain the remediation schedules. The consequences of not doing so again have a compounding negative impact on the successful reuse of McClellan, Mather, and any other base reuse location.

In the cases of both McClellan and Mather, there have been creative solutions to environmental remediation identified and pursued through the partnering of the county, the Air Force, and the environmental regulatory agencies which are a key player in this process also. It is not just the Department of Defense and the communities. These approaches have saved both time and money and we must continue to look for them as we deal with bases that are in the closing process and any future bases.

Infrastructure and code compliance, the second key theme I would like to touch upon. As we learned early in the base reuse process of Mather and was reinforced with McClellan, successful transition of infrastructure ownership and its operation are critical to both the closure of the facility by the respective service and also successful reuse of the LRA. The hot turnover concept, as was previously mentioned, was also applied at McClellan. This was a process that saw the infrastructure transition years before the base closure, which allowed the services to focus resources, specifically the Air Force, in getting the base closed and allowed us to bring reuse activities into the base.

No single element of infrastructure—water, sanitary sewer, electrical, natural gas systems, for example—can be overlooked. At essentially every closed military base that I am aware of, this basic infrastructure, which was never developed considering local, State codes, requires significant capital investment. The same also unfortunately applies to building codes.

The last area I would like to touch upon is the Federal property transfer process. That process has improved dramatically over time with the introduction of the economic development conveyance and then in turn the no-cost EDC. These tools were applied at both Mather and McClellan.

#### PREPARED STATEMENT

Although Sacramento County has no fears associated with future rounds of base closure—we do not have any more bases in our community—I would urge you to consider the no-cost EDC methodology for disposing of military property in the future.

Thank you.

[The statement follows:]

#### PREPARED STATEMENT OF ROBERT B. LEONARD

Good morning, Senator Hutchison, Senator Feinstein, and members of the Committee. My name is Rob Leonard. I am currently Assistant Director of the Sacramento County Airport System. The Sacramento County Airport System is comprised of Sacramento International Airport, Mather Airport, Sacramento Executive Airport, and Franklin Field. Prior to assuming this position I served as Executive Director of the Sacramento County Department of Military Base Conversion for 9 years. Sacramento County is the Local Redevelopment Authority for the former McClellan Air Force Base and Mather Air Force.

Sacramento has become the most experienced community in the country with military base closure and conversion as we have dealt with three base closures. Mather Air Force Base, the Sacramento Army Depot, and McClellan Air Force Base have each been closed under the Base Realignment and Closure Act (BRAC) process. Sacramento had a base in the first “round” of BRAC (1988) and also the last (1995) round of BRAC. We have had first hand experience and have been a direct participant in the evolution of BRAC process. Although the BRAC process and the forms of assistance and resources provided to base closure communities has significantly

improved over time, I along with many others, believe there was much room for improvement. My comments focus on three key areas:

*Environmental Remediation*

As you are well aware, the majority of BRAC sites have significant, environmental remediation or clean-up needs that simply must be dealt with. Local Redevelopment Authorities must have certainty in the site characterization, a remediation plan, and most importantly the remediation schedule and funding. These factors are most critical in development of a realistic reuse plan and the attraction of private investment to support successful reuse and economic recovery.

Six years ago the estimated cost to clean-up McClellan was approximately \$832 million and was projected to take 30 years. Today, the cost is estimated to be \$1.3 billion and is anticipated to continue far beyond 2033. Approximately \$350 million has been spent to this date. Although this is a long-term program, incremental progress, on schedule, is critical to support successful reuse. Over the past 2 years the Air Force appropriation requests for the McClellan environmental program have not been fully supported by the Department of Defense and Congress; and as a result, the clean-up schedule has been adversely affected. The achievement of critical milestones in the McClellan remediation program is now anticipated to be delayed by seven or more years.

Adequate resources must be made available on an ongoing annual basis and, in turn, appropriately administered to maintain remediation schedules. The consequences of not doing so have a compounding negative impact on successful reuse of both McClellan and Mather, or any other base reuse location.

In the cases of both McClellan and Mather there have been creative solutions to environmental remediation identified and pursued through the partnering of County, the Air Force, and the environmental regulatory community. These approaches have saved both time and money. We must continue to look for them and be open to them in the future.

*Infrastructure and Code Compliance*

As we learned early in the reuse process at Mather and was reinforced at McClellan, successful transition of infrastructure ownership and its operation is essential to support both the closure of a base by the military and also early reuse success of the Local Redevelopment Authority. The "Hot Turnover" of McClellan infrastructure over 2 years prior to base closure is a model of success compared to multi-year piecemeal experience at Mather.

No single element of infrastructure—water, sanitary sewer, electrical and natural gas distribution systems, and telephone for example, can be overlooked. At essentially every closed military base that I am aware of the basic infrastructure, which was never developed considering local or State code requirements or standards, requires significant capital investment. The same fact unfortunately applies to all buildings and structures. At McClellan the infrastructure and code compliance investment identified in the reuse plan is \$283 million. The equivalent requirement at Mather is approximately \$140 million. Sacramento County has benefited from Federal grants, primarily from the Department of Commerce Economic Development Administration, local and State investment, and also private sector investment but we still have a long way to go, over \$330 million at the two former bases in Sacramento County. A Federal low-interest loan program, in addition to existing grant programs, may be appropriate to support both the improvement and operation of infrastructure in the critical early years of reuse following base closure.

*Property Transfer*

The Federal "process" for disposal of surplus property at a closing military facility has substantially improved since the first round of BRAC. The introduction of the Economic Development Conveyance (EDC) followed by most recently the no cost EDC have made the Federal property disposal process much less painful for both the military service and the LRA. Although Sacramento County has no fears associated with a future round of base closures, I would urge you to consider the no cost EDC methodology for disposing of surplus military property in the future.

Senator HUTCHISON. Thank you very much.

Mr. DuBois, we went ahead and started and we will be through very shortly and call you.

Mr. DuBois. No problem.

Senator HUTCHISON. I know you had traffic problems.

I would like to just ask all three of you briefly. I think from what you have said there are a couple of factors that keep recurring. One is the land transfer and second the environmental remediation. It has been said, by the Department of Defense, that one of the problems is that a community will not reach the decision about what it wants to do with the property early enough that they can do a swift transfer and the correct environmental remediation.

All three of you I think said it was not a factor in your communities. But my question is how can we better help other communities who are going to face this not run into disagreements on land use that would cause them the delays that all of you have said would be devastating to your communities?

General ROBERSON. Senator Hutchison, the afternoon—you may recall, in fact, you were at the mission when it made the decision in 1995. That afternoon, the Mayor of San Antonio at the time appointed a communitywide group of people to plan a vision for the redevelopment of Kelly that represented all the aspects of the community. They worked for several months and put together a vision for the redevelopment of Kelly and, amazingly enough, that vision is still, in broad outline, what we are still working on today, several years later.

So I think the key to it is an early decision by the leadership of the community to get a broad involvement of the community and to try to hammer out a vision that everybody can buy into, and then use that as a blueprint for the future. If you do not do that, I think you can end up with the kind of debates and arguments that delay redevelopment over time.

Senator HUTCHISON. Any other comments?

Mr. BRYAN. I think in our case under the hot turnover scenario as we have all mentioned, early on Governor Carroll Campbell sort of put together what we call the BEST Committee, B-E-S-T, Building Economic Solutions—

Senator FEINSTEIN. Pardon me, could you speak directly into the mike. It's hard to hear.

Mr. BRYAN. I am sorry, I am sorry.

As I said, early on Governor Carroll Campbell put together a committee called the BEST Committee as a group of community leaders to look at this property and see what possibility it was best used for, and obviously after a year that plan was put together and it enabled us to have a hot transfer while they were still hammering out the cleanup, how that is going to occur, when it occurs.

At this point I think we have some 350 acres out of 1,500 that have been transferred and this process is still ongoing under the leasing scenario.

Mr. LEONARD. I would concur that I think the most important point is focused local leadership, and if you look at the successful case studies around the country where the local leadership has come together immediately following a closure announcement and, rather than turf wars erupting in disputes over who is in charge, bringing the local leadership together to focus in turn on a reuse plan and transition of the properties is absolutely critical.

There are case studies in California where you can see both success and near-failure all because of the focus in leadership.

Senator HUTCHISON. Thank you.

My last question. I do want to get in the record the issue of the McKinney Act. We have faced it in BRACs, of course, but we are also facing it in ongoing bases that want to take out certain parts of a base or take out housing. So I want to ask each of you what your experience was with the McKinney Act and if you have any thoughts about eliminating it or if it could be reworked in any way that would not affect the ability for a reuse that would make sense so that it is all the same type of reuse.

So anyone who would like to answer?

General ROBERSON. Maybe I can start, Senator. While I am personally sympathetic with the goals of the McKinney Act, at Kelly it was a great disaster for us. We did make a significant amount of personal and real property available to legitimate homeless organizations and it worked out fine, but there was one group that turned out not to be a legitimate homeless organization that did not get property and, after going through the process, ended up taking us to Federal court, and that has lingered on for 5 years as a matter of fact and cost the redevelopment agency over a quarter of a million dollars in legal fees, and finally is almost resolved now in our favor. But it delayed the use of some property and obviously was a significant financial burden on the redevelopment agency.

I guess I could get a little emotional about it because of the impact on us. But I don't see any solution but to eliminate the McKinney Act.

Senator HUTCHISON. Mr. Leonard? Sorry.

General ROBERSON. In our case, early on we brought the providers together to identify any of the local groups that may be part of the group that could utilize the McKinney Act and we dealt with this issue one time as we moved ahead. It was agreed upon, anyone that was not on this list would not qualify 3 years down the road to come back in and try to secure a portion of our base.

We successfully located some of the homeless providers and they are there now, but it has been an ongoing scenario of new folks coming in to say that they are entitled to this property and then we have to go back to the original scenario that we have, that we have dealt with at one time early on.

Senator HUTCHISON. Did you give up buildings or did you give up land?

Mr. BRYAN. Buildings and housing.

Senator HUTCHISON. So you did not have to give away land, or did they not move the houses?

Mr. BRYAN. No, the houses are still there and they are occupying the houses. There were so many of the buildings that they would like to have that they could not afford the utilities and the upkeep on them. So we had to keep juggling that around to giving them a supplement they could operate once they got there. But we did not lose any land.

Senator HUTCHISON. Mr. Leonard.

Mr. LEONARD. Yes, two case studies. Mather, we as the LRA brought all the homeless providers together and identified a series of competing needs. We developed a program together and then in turn, through the county Department of Human Services, implemented that program with the county as lead agency, with also HUD support to make that program go, and it remains a success

story to this date. So the county took property, real property, through a homeless assistance conveyance to make that program go.

McClellan, a different story. We attempted the same approach. However, we had one provider within our community which did not cooperate within this process. They laid claim to some prime property on McClellan, validated their request, and secured Federal sponsorship, and we have in essence been in a multi-year experience of negotiating them away from that property to another site on the base, also providing them in essence a cash settlement to assist them in developing additional facilities and running programs on McClellan and also at another location.

Although, as Mr. Roberson indicated, I too am sympathetic to the needs, I feel as though this is a real conflict and a significant complicating factor in the military base reuse process. So I would urge it be dispensed with.

Senator HUTCHISON. Thank you.

Senator Feinstein.

Senator FEINSTEIN. Thanks very much.

I was puzzled by your testimony. You say: "Over the past 2 years the Air Force appropriation requests for the McClellan environmental program has not been fully supported by the Department of Defense and the Congress. As a result, the cleanup schedule has been adversely affected. The achievement of critical milestones in the remediation program is now anticipated to be delayed by 7 or more years."

This is because of lack of funding?

Mr. LEONARD. Yes, yes, because of lack of funding and also the application of funds that have been appropriated.

Senator, we wanted to express our appreciation for your efforts over the last year in supporting our needs at McClellan.

Senator FEINSTEIN. I do not recall ever getting an additional request, ever having one being brought to my attention, and I am just asking my staff to go back and check now, but I do not recall it at this time. So how much money are you speaking of?

Mr. LEONARD. Specifically, there is a request that we are working on now for \$20 million to support a sanitary sewer replacement and environmental remediation at McClellan. This is absolutely critical. We stand by with local funds to replace the sewer system. However, because of radioactive materials contaminating the sewer there is an additional requirement for Air Force address of that issue.

Senator FEINSTEIN. Is that the plutonium from the reactor?

Mr. LEONARD. No, that is a separate issue. We also had another site, referred to as CS-10, which has a \$38 million cleanup requirement, and I believe that is being funded over a multi-year period. That is the plutonium site. The radiological issues associated with sanitary sewer represent a different issue for which funding is needed.

Senator FEINSTEIN. Well, I am concerned that you are this far behind. My question is what do you need this next year? You mentioned the \$20 million for the sewer and I gather the community is putting in a like amount; is that correct?

Mr. LEONARD. That is correct.

Mr. BRYAN. How much do you need for the plutonium cleanup?

Mr. LEONARD. I would have to check to see what the additional number will be next year.

Senator FEINSTEIN. Well, if you would do that I would appreciate it. And I wish someone would talk to me directly about it. I would appreciate that very much as well.

Mr. LEONARD. Certainly.

Senator FEINSTEIN. May I ask you, Mr. Bryan, a question just to clear something up. What is the current relationship between the redevelopment authority and the State legislature? My understanding—I am unclear of how that status was resolved in Charleston.

Mr. BRYAN. I guess you are speaking of the recent legislation that the property would be divided between the City of North Charleston and the South Carolina State Ports Authority.

Senator FEINSTEIN. That is correct.

Mr. BRYAN. That legislation has been passed that a portion of the property would go to the City of North Charleston for a redevelopment project that is part of their old village, which is about 300 acres, 350 acres, and the rest of the 1,400 some acres would be the South Carolina Ports Authority to build their new terminal with some Federal tenants placed in those areas that they will have to work around.

I have to tell you, I am concerned about the jobs that we have in there now with that type of scenario. But the legislation is passed; now it is my job to see that it goes smoothly towards dividing it.

Senator FEINSTEIN. Would you express your concerns a little more fully, please?

Mr. BRYAN. My concern is that the property on the naval base and the money spent belongs to the taxpayers of the State of South Carolina and that a portion of this property that would go to the City of North Charleston may wind up as a private development with private developers coming in. And when the legislation was passed, we did an agreement with the City of North Charleston on a development plan for that base that they would pay the redevelopment authority the market value of the property. When the legislation was passed, the legislation was passed that they get it free of charge and then they are able to sell it to their private developers. But the redevelopment authority has no relationship whatsoever to the developer. Ours is strictly with the city.

Senator FEINSTEIN. I missed that. The redevelopment agency has no relationship?

Mr. BRYAN. Has no relationship with the developer. Our relationship is strictly with the city of North Charleston. I have some concerns about the project, but if it does not go our relationship is with the city. We would have had to send a development of this magnitude out on an RFP.

Senator FEINSTEIN. So is what you are saying public land is being given to a private entity for a profitmaking purpose? Is that what you are saying?

Mr. BRYAN. What I am saying is it is being given to the City of North Charleston and the city is selling it to a private developer, yes, ma'am.

Senator FEINSTEIN. At market rate?

Mr. BRYAN. I hope so.

Senator FEINSTEIN. Thank you very much.

Mr. BRYAN. My main concern there was the jobs that are in place and the long-term effect of a private development collecting the rents and that sort of thing from these jobs and the long-term sustainability was my concern.

Senator FEINSTEIN. How many jobs are in place?

Mr. BRYAN. 5,400.

Senator FEINSTEIN. 5,400. So they would essentially be lost?

Mr. BRYAN. They have agreed to honor their term of lease. We do have some 30-year leases in place, but when you are operating a shipyard there is continual investment and I am not sure you continue to invest if you think you may be going away 1 day. So I am concerned about that.

Senator FEINSTEIN. Let me ask you, are the people satisfied with that?

Mr. BRYAN. "The people" as?

Senator FEINSTEIN. In Charleston, the community.

Mr. BRYAN. I think the City of North Charleston, which the base is located in, is satisfied that they are getting some riverfront property and that sort of thing. I think the taxpayers as a whole for the Charleston region probably do not quite understand how that could happen.

Senator FEINSTEIN. So you are saying this would most likely end up being office commercial or housing and the shipyard jobs would be gone?

Mr. BRYAN. I surely hope not. It is a shipyard that has 700 or 800 employees. It is just really doing a great job with keeping people employed and bringing ships in. As I said, it has been a very successful conversion and I hope that it continues to be a shipyard for many years.

Senator FEINSTEIN. Right.

Mr. BRYAN. At some point I feel that the local redevelopment authority would probably go away faster now in this scenario that the land is being divided. Once the land is divided and the land is in the ports authority area and the land is in the City of North Charleston and they start collecting the rents and dealing with the issues, then maybe at some point in that—I have devised a plan that maybe the local redevelopment authority will go out of existence maybe December 31, 2004, if this plan continues in the way that it is going.

Now, whether the City of North Charleston keeps their own LRA in place, I do not know. I know there has been some moves in the future from the city to ask the State legislature to do away with the redevelopment authority so that they can do their projects now as they would like, without stumbling blocks. That is really the way it is.

Senator FEINSTEIN. Right. Thank you. I have to think about this a little bit because I basically believe local decisionmaking should determine the use of these bases. It is an interesting decision for Charleston to make if they are going to lose all those jobs.

Mr. BRYAN. I think there was a real push to get the State ports authority in an area that they could have their new expansion.

Daniel Island was a potential for years and the legislature has basically said you are not going there, but let us look at the Navy base. I think some concessions were made for the City of North Charleston because they had some ordinances in place that said there will be no port type activity in the City of North Charleston. So I think some concessions were made there, and hopefully in the long term it will turn out to be good.

Senator FEINSTEIN. Thank you. Thank you very much.

Mr. BRYAN. Yes, ma'am.

Senator FEINSTEIN. Thank you, Madam Chairman.

Senator HUTCHISON. Thank all of you for coming here from your home towns to help us, because certainly this is a major part of any BRAC that we have and your insights have been very good and we will try to help other communities learn from your experiences. Thank you.

General ROBERSON. Thank you.

Mr. BRYAN. Thank you very much.



DEPARTMENT OF DEFENSE

OFFICE OF THE SECRETARY

**STATEMENT OF RAYMOND F. DuBOIS, DEPUTY UNDER SECRETARY OF  
DEFENSE FOR INSTALLATIONS AND ENVIRONMENT**

Senator HUTCHISON. Now I would like to ask Mr. Ray DuBois, the Deputy Under Secretary of Defense for Installations and Environment.

Mr. DUBOIS. Madam Chairwoman, can you hear me?

Senator HUTCHISON. Yes, I can.

Mr. DUBOIS. I want to thank you very much for rearranging the hearing today. To hear from folks like Paul Roberson and Jim Bryan and Bob Leonard is for me very informative. It is, after all, their experiences that have helped to inform the Base Realignment and Closure (BRAC) 2005 round and the process by which the Secretary is going to do the analysis.

I would like to begin by saying that, notwithstanding the fact that I am in one of my other hats, the Director of Administration and Management, and therefore own the motor pool at the Pentagon, that still does not get me across the river on time sometimes. I understand there was an incident on the Memorial Bridge today that absolutely clogged all the arteries in.

Senator HUTCHISON. Oh, that was why?

Mr. DUBOIS. Yes, yes, ma'am.

Now, today I am going to briefly open with a statement and, with your forbearance, submit for the record my written statement. But I thought it was important to just outline BRAC 2005, the process, the overseas basing issues that are on the Secretary's desk, some reuse issues that in no small measure by virtue of the inputs from folks like those who were in the first panel, how we intend to relook at the reuse and disposal issues.

BRAC environmental cleanup, of concern to this subcommittee and to you and Senator Feinstein, as well as to us. I did listen to the exchange on the McKinney Act and I might just make one quick comment about that, and I understand that Senator Feinstein made some remarks about the perchlorate issue that I am prepared to at least answer as I see the process going on in terms of looking at the reference dosage and risk assessments there.

Of course, Secretary Rumsfeld appreciates the opportunity that you have afforded me and in turn myself as his representative to appear today before this Military Construction Subcommittee. The issues of base realignment and closure, both the process and product are clearly—and the Secretary has testified to this effect—not something that one wakes up in the morning and wants to do with great appreciation and alacrity.

Having said that, there is no question that the critical importance of the rationalization of our entire military infrastructure for

the Department is very, very important to him. Now, some have implied recently that the Secretary's attention has been somewhat diverted. I can assure you that it is not all Iraq all the time. There are issues pertaining to transformation of the Department that take up the Secretary's time during the day also.

Now, BRAC—he personally has been involved in this BRAC kick-off, if you will, and I will address that in a moment. To reconfigure our current infrastructure, to include both the war-fighting capability and the efficiency of our business operations, is tantamount to success. Our expectation is by removing excess infrastructure, excess capacity if you will, we hope to save at least several billions of dollars per year. Now, if we were able to do that we could then focus those funds on facilities we actually need and turn wastes into war-fighting, as well as quality of life improvements for the men and women who serve and voluntarily serve in our military.

The Department will conduct this rationalization with an eye toward ensuring that we assess the capacity across installations maintained by the Military Services for the best joint use possible. This is in many ways a different approach than has been the case in the four prior rounds—best joint use possible.

Now, we have examined carefully the experiences gained through the management of the previous BRAC rounds and, looking ahead to the next one, we have attempted to make a number of process improvements to enhance our ability to arrive at the right-sizing of our infrastructure, which will in turn complement and support the business transformation activities of the Department.

Now, the Secretary released a memorandum, which I believe you have, in November of last year that, quote unquote, kicked off the Department's BRAC process. It created an analytical framework and a review and oversight process that we believe improves and strengthens those of previous BRAC rounds and which in point of fact takes into consideration several suggestions some Senators and Members of the House in our discussions over the past 2 years.

Now, for example, early on in the process the Secretary will review and approve those functions within the Department that will receive what we call joint cross-Service analysis as well as establish the measurements of success, the metrics for that analysis. Now, while the Services, the individual military departments and Services, will evaluate their unique functions, their unique military operational functions, those functions which are determined to be common to more than one service, business-oriented, and in point of fact functions that exist in more than one service or reside in the private sector, they are going to be evaluated from the get-go in a joint cross-Service way. This is different from the prior rounds.

We recently established six broad areas to examine functions for joint analysis. Now, you can imagine we could have used various terms, and I will answer questions as best I can on what these terms mean. But I think they are fairly self-explanatory.

The first category is what we call industrial activities, those activities that are again common to the Services across the board and also activities which the private sector performs, number one.

Number two, supply and storage, warehousing and so forth.

Number three, technical and laboratory.

Number four, education and training facilities.

Number five, medical facilities.

And number six, a sort of catch-all category that we call administrative facilities. But in particular I should note that this last category, the administrative category, will address the national capital region, a region that, as we all know, has in excess of 100,000 military and civilian personnel in the employ of the Department of Defense, and every single military service as well as the Secretary of Defense owns or controls real estate in the national capital region and we believe that only through a joint cross-Service approach could we appropriately assess and rationalize that particular area.

Now, overseas: In this subcommittee at my last appearance, we addressed some of the issues. But there is no question that our installations transformation is not limited to the United States and its territories. We are also assessing our facilities overseas to determine the proper size and mix. As you well know, since 1990, the Department has returned or reduced operations at about 1,000 overseas sites, resulting in a 60 percent reduction in our overseas infrastructure and in particular a 66 percent reduction in Europe.

We continue to review the overseas basing requirements with the assistance of the combatant commanders and we are currently examining opportunities for both joint use of facilities and land by the four Services together, consolidation of the infrastructure, enhanced training areas—again a joint service assessment.

Now, the Secretary, as you know, directed a comprehensive review of our overseas presence in response to the interest and the direction of some of the members of this subcommittee as well as others in Congress. It also reflected his vision, which was addressed in the Quadrennial Defense Review (QDR) of September 2001, to look at and comprehensively review that infrastructure that was in support of our war-fighting plans overseas.

Now, it has been asked, why hasn't the Secretary responded to the requirement to submit to Congress a more complete report in this regard. We received from the combatant commanders their preliminary inputs last year. The Chairman of the Joint Chiefs of Staff, General Myers, requested that the Secretary delay his report to Congress in order to review those reports, those inputs, as well as the fact that we were about to appoint and announce two new combatant commanders, one in Korea, General Leon LaPorte, and the SACEUR or the European Commander, General Jim Jones, and the Secretary believed that it was important to get their initial views as well.

I can assure the committee, the subcommittee, however, that the Secretary has in place a process which will address these overseas basing requirements, to include reprogramming for fiscal year 2003, as well as, where and when necessary, presenting a budget amendment to this committee in the Senate and your counterpart in the House, a possible budget amendment for fiscal year 2004, prior to your markup.

With respect to reuse, you heard from the three witnesses in the prior panel that local communities, when faced with a closure, must address and grapple with a number of reuse and redevelopment issues. The closure of a military base can be a significant redevelopment challenge. After four rounds of BRAC, there have

been numerous success stories and, admittedly, there have been some stories less than successful.

Reusing a military base is frequently the largest and most complex economic redevelopment effort ever undertaken in that particular community. Local reuse authorities work to harness public and private sector resources to drive economic recovery and growth.

Now, as of October 2002, the end of the last fiscal year, I asked for a review of how many civilian jobs were created on former military bases. It is in excess of 85,000, an 8 percent increase from the previous year.

The timely transfer of property will always be a priority for the Department and I recognize the importance of quick access to the property in order to, yes, save DOD caretaker costs, but also to leverage private development financing, create new jobs, and generate new tax revenues.

Each military department has an extensive and varied experience with BRAC reuse and disposal and I am sure you will address that to the witnesses who follow me. Now, in order to share those experiences and expertise and to ensure that the Department of Defense is conducting reuse and disposal in the most efficient and effective way possible, I have formed a working group called the Reuse and Disposal Group, chaired by my principal deputy, Mr. Philip Grone, former Deputy Staff Director of the House Armed Services Committee, to work with the Services and military departments and Members of Congress and interested parties in the local communities to improve how we go about BRAC reuse and disposal.

I look forward to reviewing with the Congress, perhaps early next year, some of the ideas that we are coming up with.

Now, in conclusion, we have tried to do much within the BRAC authority provided by the Congress. By consolidating and realigning and reducing unneeded infrastructure, the Department can indeed focus investments on maintaining and recapitalizing what we actually require, resulting in ready facilities for the war-fighters while more prudently using the taxpayers' money.

Change is rarely easy. Changes that we are asking of the military departments and our communities are daunting. But we look forward to working with you on this challenge.

Now, I did mention that I would quickly talk, if you would permit me, Madam Chairman, about BRAC cleanup, an issue that continues to, yes, in some ways vex myself and my three Assistant Service Secretary colleagues. But it is important to note that, with the help of the Congress, we have already spent in excess of \$7.5 billion on BRAC environmental requirements, the majority of which of course has been devoted to BRAC cleanup.

Now, it is true that there is still a cost to complete, not an insignificant one, one that is approximated in excess of \$4 billion to suffice the final cleanup requirements. But as I have testified before, oftentimes environmental impediments frustrate the community involved as well as the Department of Defense, and these environmental impediments are not necessarily driven by a statute, be it State or Federal. Oftentimes it is driven by conflicts between State and Federal regulators on the site and between local special inter-

ests who have varying degrees of desires with respect to cleanup remedies and land use controls most particularly.

Now, we plan to reinvigorate, and it is in this year's defense authorization legislative proposal in front of you, in front of the authorizing committees, we plan to reinvigorate the President's Economic Adjustment Committee, which is an organization comprised of all 23 Federal agencies and departments, including the Environmental Protection Agency, to use together our respective and collective influence, power, and funding to attempt reconciliation at the local level and appropriate funding for environmental cleanup and land use planning.

Lastly, the McKinney Act. The Department of Defense wants to go on record, I want to go on record, that we support the goals of the McKinney Act, but, like most other public policy statutes, sometimes they are difficult to administer, again because of local special interest conflicts, especially for us the quarterly requirements, the repetitive screening requirements.

We believe that the McKinney Act as it applies to BRAC would be much more workable if it was a one-time screening requirement and once it has been concluded that the property is not suitable or there is no interest, the property should be free from further requirements. This constant rolling screening I think is an impediment to ultimate reuse.

Now, the McKinney Act was originally designed as a property transfer mechanism. Many homeless assistance providers, however, expressed that they would rather have money than the property because they find that they cannot necessarily make use of the property that might be available to them in a BRAC situation. Now, of course the Defense Department is not authorized nor has Congress appropriated funding to us to satisfy what may very well be important and legitimate concerns on the part of the homeless organizations in that particular community, and therefore we get caught in this local conflict between jurisdictions and between interests.

#### PREPARED STATEMENT

I think I will stop there. I do appreciate your forbearance in letting me address some of those issues that I understand came up in your opening statements. I do know that Senator Feinstein has some perchlorate concerns and rightly so, but I will wait until I get asked the question if that is all right with you.

[The statement follows:]

#### PREPARED STATEMENT OF RAYMOND F. DUBOIS

Chairwoman Hutchison, Senator Feinstein, and distinguished members of the Subcommittee on Military Construction, I welcome the opportunity to appear before you today to discuss the base realignment and closure (BRAC) process and the critical importance of the rationalization of military infrastructure to the Department of Defense. Rationalizing our infrastructure is an integral part of our effort to transform the Department. New force structures must be accompanied by a new base structure. Today I will discuss this Administration's approach to the new BRAC round and our progress in implementing the prior rounds.

#### TRANSFORMING BASES AND INFRASTRUCTURE

Since 1988, the Department of Defense has closed 97 major installations and realigned missions at an additional 55 others. Combined with the over 230 minor

BRAC actions undertaken during the four previous rounds of BRAC, the Department of Defense has rationalized much of its infrastructure. Since the last round in 1995, three successive Secretaries have argued for the need to further rationalize defense infrastructure. In the National Defense Authorization Act for fiscal year 2002, Congress was persuaded by the case laid out by Secretary Rumsfeld and authorized an additional BRAC round for 2005. We are grateful to the Congress for authorizing this process. BRAC 2005 will reconfigure our current infrastructure to improve both war fighting capability and efficiency. Our expectation is that by removing additional excess capacity we hope to save several billion dollars annually. We can then focus the funds on facilities we actually need and turn waste into warfighting as well as [and] quality-of-life improvements for the men and women who volunteer in service to the Nation.

Prior BRAC actions have resulted in net savings to the Department of Defense and its Components of approximately \$17 billion, with annual recurring savings of approximately \$7 billion. These savings have been thoroughly validated by the General Accounting Office. However, savings, while critically important, are not the only benefit—in fact, they are not even the primary benefit. The authority to realign and close bases we no longer need will be a critical element of ensuring the right mix of bases and forces within our warfighting strategy as we transform the Department to meet the security challenges of the 21st century.

Transformation requires rationalizing our base structure to better match the force structure for the new ways of doing business. And the Department will conduct this rationalization with an eye toward ensuring we assess capacity across the installations maintained by the military services for the best joint use possible, if that is appropriate for the mission under review.

We have examined carefully the experiences gained through the management of previous base realignment and closure rounds. Looking ahead, to the next round in 2005, we have attempted to make a number of process improvements to enhance our ability to arrive at a rightsizing of our infrastructure which will complement and support the force and business transformation activities of the Department.

#### CONDUCTING BRAC 2005

The Department's BRAC 2005 round will be based upon the general template used in the three previous BRAC rounds. While I recognize that there was some criticism regarding the implementation of the previous Commission's recommendations, overall, the process worked well. In fact, the review by the General Accounting Office of the Department's 1995 BRAC process concluded that the process was generally sound and well documented and should result in substantial savings. The Comptroller General concluded that as Congress considered the need for future defense infrastructure reductions that it avail itself of a process similar to that authorized in 1990 that govern the succeeding three rounds of base realignment and closure. As a caution, however, the General Accounting Office also recommended that the Department needed to strengthen its leadership within the process, should there be a future BRAC round, to maximize the opportunity for rationalization, particularly in areas that could be considered joint or common business and functional areas.

Both the Congress and the Department have responded affirmatively to those recommendations. The Congress authorized a BRAC round for May of 2005 based upon the successful construct of the previous three rounds with the Secretary providing recommendations to an independent commission which then holds public hearings and issues its recommendations to the President who then forwards them to the Congress for approval on an "all or none" basis. Similarly, the Secretary of Defense, in his memorandum of November 15, 2002, that "kicked off" the Department's BRAC process created a review and oversight process that is substantially strengthened from those in previous rounds.

The Secretary established an Infrastructure Executive Council, chaired by the Deputy Secretary, and composed of the Secretaries of the Military Departments and their Chiefs of Services, the Chairman of the Joint Chiefs of Staff, and the Under Secretary of Defense (Acquisition, Technology and Logistics) as the policymaking and oversight body for the entire BRAC 2005 process. The Secretary also established a subordinate Infrastructure Steering Group chaired by the Under Secretary of Defense (Acquisition, Technology and Logistics) and composed of the Vice Chairman of the Joint Chiefs of Staff, the Military Department Assistant Secretaries for installations and environment, the Service Vice Chiefs, and myself.

This structure will permit the Secretary of Defense will approve key elements of the process has, in fact, established a strengthened joint process for BRAC 2005 that will advance transformation, jointness, combat effectiveness, and the efficient

use of taxpayer's money by effectively capitalizing on the military value of our installations. For example, early on in the process, the Secretary will review and approve those functions within the Department that will receive joint cross-service analysis and the metrics for that analysis. While the Services will evaluate their unique functions, those functions determined to be common business-oriented (i.e., the functions exist in more than one service or reside in the private sector) will be evaluated jointly for cross-servicing.

Along those lines, we have recently established six broad areas to examine functions for joint analysis. Those broad areas are: Supply and Storage, Industrial, Technical, Education and Training, Medical and Administration. We are now in the process of designing the organizational approach for a comprehensive analysis of these functions for the Secretary's approval. In the previous round, the Department constrained its joint cross-service analysis by limiting the authority of the groups conducting the analysis and assigning them a much more limited functional basis. Through the lessons learned from previous rounds and the design of a process to mitigate the constraints imposed in previous rounds, I am confident that BRAC 2005 will achieve its potential to materially improve the manner in which military infrastructure and supports our war fighting capability.

#### OVERSEAS

Our installations transformation is not limited to the United States. We also are assessing our facilities overseas to determine the proper size and mix. Since 1990, the Department of Defense has returned or reduced operations at about 1,000 overseas sites, resulting in a 60 percent reduction in our overseas infrastructure and a 66 percent reduction in Europe, in particular, and we continue to review overseas basing requirements of the Combatant Commanders and examine opportunities for joint use of facilities and land by the Services, consolidation of infrastructure, and enhanced training. We have undertaken a comprehensive review of our overseas presence, in response to both the interest and direction of the Congress and the Secretary's initiative. While this comprehensive review has not been completed, I can assure the Subcommittee that we are working very hard on it and will report to the Congress as it is completed.

#### BASE REUSE AND COMMUNITY PROFILE

For local communities faced with a closure, of course, BRAC raises a number of reuse and redevelopment issues. As the Members of this Subcommittee know well, the closure of a military base can be a significant redevelopment challenge. After four rounds of BRAC, numerous success stories abound and, admittedly, some challenges remain.

The closure of a military installation creates a hurdle and an opportunity for local communities to reuse large parcels of land and existing buildings in ways not previously envisioned. A closed installation can be the affected community's greatest asset for mitigating the impacts of the closure and charting a future that diversifies the local economy and attempts to build on a community's strengths.

Reusing a military base is frequently the largest and most complex economic redevelopment effort ever undertaken in a community. Local reuse authorities work to harness public and private sector resources to drive economic recovery and growth. Reuse also creates an opportunity to achieve multiple community goals, including the diversification of the local economy through new job creation; expansion of the tax-base; and satisfying a range of community needs for new public facilities. Through the four previous rounds of BRAC, the Military Departments transferred about 250,000 acres of land with buildings and other improvements for reuse as non-Defense activities. As of October 2002, over 85,000 new civilian jobs have been created on former military bases—an 8 percent increase from the previous year.

The Defense Economic Adjustment Program seeks to assist Defense-impacted communities, workers, and businesses. Over the past four rounds of BRAC, the Department's Office of Economic Adjustment (OEA) has provided over \$270 million in economic adjustment planning assistance for the preparation of adjustment strategies, reuse plans, and initial organizational staffing. In addition, \$218 million has been provided by the Department of Labor for worker adjustment assistance; \$405 million in aviation master planning and implementation assistance from the Federal Aviation Administration; and, \$568 million from the Department of Commerce's Economic Development Administration for building construction, demolition, and other implementation activities. Interagency coordination with the Departments of Health and Human Services, Education, Justice, the Interior, and Transportation, has also facilitated the transfer and effective reuse of more than 154,000 acres.

The Department recognizes the uniqueness of each community and has provided a combination of technical and financial resources to support the needs of the impacted community. These include:

- Organization.*—A community's single point of contact for all matters relating to the closure that is representative of the impacted community and deliberates to reach a consensus on base reuse and other local adjustment issues.
- Plan.*—Community prescription for economic recovery in response to the closure, including specific details on reuse of the former military facility. The effort optimally takes into account the Military Department's environmental baseline information along with the community's economic strengths and opportunities. Job creation and tax base expansion are common goals, although public activity and non-revenue-generating activity (institutional use, parks and recreational areas, hospitals, schools, etc.) are included as well.
- Implementation.*—community will seek to achieve a sustained mix of public/private civilian activity on the former base consistent with its redevelopment plan, yielding enough revenue to cover the community's costs of reuse and the necessary private return on investment. For some, this may take a considerable amount of time.

Federal property disposal laws and special enhancements authorized for BRAC locations provide a variety of acquisition mechanisms to satisfy a diverse number of base reuse scenarios. Traditional public benefit transfers have been available for public entities and certain eligible non-profit organizations. These include use for aviation, ports, prisons, education, health and historic monument purposes. BRAC laws added the economic development conveyance (EDC) for job producing activities like business and industrial uses. Initially this provision was for transactions at or less than fair market value. Later Congress made these transfers available at no cost. The fiscal year 2002 National Defense Authorization Act modified the EDC provision to make the no-cost EDC a permissive action. There was also Congressional direction that the Secretary seek fair market value consideration for EDC transfers in BRAC 2005.

Despite this change to the EDC authority, a rich array of property disposal and acquisition authorities and strategies remain. A recent example of a mixed disposal is the former MCAS Tustin where the 1,585 acres were transferred under public benefit authorities for homeless and park uses, under an EDC for primarily business development, and much of the former military housing was sold at a public bid sale. In addition the historic blimp hangar will be transferred to the City of Tustin under an historic PBC. Numerous closed bases have been transferred under multiple property disposal authorities that suit the intended community uses.

From 1988 through 1995, approximately 387 closure or realignment actions were approved and the Department has completed each action within its respective statutory deadline. In implementing these actions, the Department has sought to close the facilities quickly to maximize savings and make property available for community reuse objectives, including job creation. As of December 2002, the Military Departments have disposed of 271,769 acres (53 percent) of the 510,747 acres that are being made available for disposal and local reuse. Of the remaining inventory, roughly 189,559 acres are projected to be transferred by the end of fiscal year 2004. Incidentally, approximately 82 percent of the remaining acreage lies in 6 installations where environmental remediation must be completed. I am working closely with each of the Military Departments as they seek to transfer this property and remedy any impediments to disposal. The transfer of this property is a priority for the Department and I recognize the importance of quick access to the property in order to save DOD caretaker costs, leverage private redevelopment financing, create new jobs, and generate new tax revenues.

However, impediments exist that delay property disposal. Many are environmental-related and have been encountered to varying degrees at every location. They range from conflict between Federal and State regulations or regulators; lack of policy on specific contaminants such as unexploded ordnance to fragmented relationships among the clean-up, disposal, and reuse interests.

There are also some that are inherently community-based (such as delays in reuse planning and lack of capital for infrastructure improvements). Others stem from the individual Military Department efforts at property disposal, including inconsistent interpretation of BRAC laws, regulations and policy and inefficiency in program execution and administration.

Still other impediments arise when multiple interests are involved in negotiations such as the Military Departments, local and/or State regulators, local authorities and private developer/third party interests over such items as local protection and maintenance, development interests, cleanup levels, and land use controls. Lastly, where impediments have been encountered, the Department has fostered a partner-

ship with the affected community to address the issues and facilitate rapid reuse of the former installation.

Each Military Department has extensive and varied experience with BRAC reuse and disposal. In order to share those experiences and expertise, and to ensure that the Department of Defense is conducting reuse and disposal in the most efficient and effective way possible for all concerned, the Office of the Secretary of Defense is forming a working group to examine potential improvements to the BRAC reuse and disposal process.

#### BRAC AND ENVIRONMENTAL CLEANUP

Very early on, the Department decided that expeditious cleanup of BRAC property was a priority, and ambitiously established a goal to have remediation response complete or remedies in place by the end of fiscal year 2005. To guide our BRAC environmental remediation efforts consistently, we use three over-arching principles:

- Protect human health and the environment.
- Make property available for reuse and transfer as soon as possible.
- Provide for effective community involvement.

The technical challenge of remediation is finding the contamination; determining what is protective of human health and the environment; determining a remedy that is safe, cost-effective, and acceptable to the regulators and the community; and then implementing the remedy. Simple to describe, but at times very difficult to do. Not only is there a maze of Federal and State laws and regulations to navigate, as well as regulatory and community stakeholders to consult, but sequencing and completing the cleanup must take reuse needs, priorities, and timelines into account.

The Department has made very good progress in remediation of traditional hazardous substances. At the end of fiscal year 2002, 79 percent of all 4,900 hazardous substance cleanup sites had remedies in place or response complete, and we project having 92 percent of our cleanup sites at the remedy-in-place or response complete milestones by end of fiscal year 2005. With continued support from Congress and regulators, we are confident that this can happen. A few sites, due to complex challenges or other obligations (e.g., Chemical Demilitarization treaty obligations) will extend beyond fiscal year 2005.

Our BRAC military munitions response program (MMRP) will take longer to complete, but we are making progress. At the end of fiscal year 2002, 32 of our 74 BRAC MMRP sites are at the remedy-in-place or response complete milestone, and we expect that number to grow to 45 by the end of fiscal year 2005.

The Department continues its efforts to move BRAC properties to communities faster while still maintaining our commitment to provide appropriate environmental restoration. One initiative is early transfer, in which the Components may transfer property by deed while environmental restoration activities are on-going. This type of transfer allows better integration of cleanup and redevelopment activities. DOD has completed 15 such transfers using the early transfer authority Congress provided in 1996.

As an example, the former Naval Shipyard Mare Island represents one of DOD's largest early transfers. Early transfer resulted in disposal of BRAC property years earlier than would have otherwise been possible. In the case of Mare Island, the City of Vallejo entered into an agreement with the Navy to continue remediation. The property was transferred and redevelopment started much sooner than if the City of Vallejo had to wait for the Navy to complete the cleanup. The 668 acre Eastern Early Transfer Parcel transferred 4 years ahead of schedule on March 26, 2002, and the 2,814 acre Western Early Transfer Parcel transferred 10 years ahead of the previous schedule on September 20, 2002. In another example of early transfer, the Army and the New Jersey Department of Environmental Protection entered into an agreement transferring 192 acres to the Bayonne Local Reuse Authority in December 2002. The agreement will allow the reuse authority to perform environmental remediation activities in conjunction with the redevelopment process.

As a further example, innovative contracting approaches are proving effective in leveraging the strengths and capabilities of the private sector to improve our remediation efforts. For example, guaranteed fixed price remediation" (GFPR), focuses on the outcome—DOD contracts for the final remedy at fixed cost and time. During fiscal year 2002, the GFPR contract awarded for activities at Fort Pickett, Virginia, was at 15 percent less than the government estimate. The Navy also realized similar cost avoidance at Charleston Naval Complex by using this performance based contracting approach. Cost savings, of course, may vary from site to site, but, local communities also gain from the time saved in the initiation and length of remediation activities or by having increased certainty by securing a final remedy in place by a fixed date.

## CONCLUSION

The Department has done much within the BRAC authority provided by the Congress. By consolidating, realigning and reducing unneeded infrastructure, the Department can focus investments on maintaining and recapitalizing what we actually require, resulting in ready facilities for the war fighters while more prudently using taxpayer's money. Change is rarely easy and the changes we are asking of the Military Departments and our communities are daunting. We look forward to working with you on this challenge.

In closing, I sincerely thank you for this opportunity. We appreciate your strong support of our military construction program and we look forward to continuing to work with this Subcommittee as we reshape our global infrastructure.

Senator HUTCHISON. Thank you very much, Mr. DuBois.

I am going to try to introduce something, and perhaps I can work with Senator Feinstein or others, to keep the McKinney Act from doing some of the things that all three of our previous witnesses mentioned as real problems. Not only was it never intended that money should be coming out of the BRAC or the Department of Defense as a substitute, but a quarter of a million dollars in legal fees ongoing really hurts a community's capabilities to move forward. So I hope we can make some changes there.

Let me start with the issue that we have talked about many times, and that is the overseas bases. How, in the changing environment that we have now, with perhaps changing geographic priorities and training constraints in certain areas, how can you determine what you would be able to reasonably close in a 2005 BRAC process when things are changing so much with our overseas commitments?

Mr. DUBOIS. Yes, ma'am. As I indicated, the Secretary of Defense in the combatant commanders conference of now several weeks ago discussed this with the Joint Chiefs and all the combatant commanders, both the geographic combatant commanders and the non-geographic—STRATCOM, TRANSCOM, et cetera. They came to a conclusion, not surprising, that the overseas basing infrastructure was in point of fact a legacy of the Cold War. It needs to be rationalized, it needs to be reconfigured.

The Secretary discussed with them how fast that the regional combatant commanders, the geographical commanders, in concert with the Joint Chiefs and the specified commands, could report to him on a long-term vision that would in point of fact inform the domestic BRAC process over the next 2 years. I want to just set that aside for a quick moment.

The most immediate requirement, however, is, are there any programmed military construction projects in EUCOM or PACOM authorized and appropriated in the fiscal year 2003 budget, this fiscal year, which in the view of the combatant commanders and the Joint Chiefs could be reprogrammed or changed. By virtue of the fact that some bases—and I will speak specifically to Korea—have been determined now by General LaPorte—and the Army this morning reported to me that they will be able to get back to me by early next week at the latest with their views of General LaPorte's recommendations. Are there bases that are enduring and are there bases that are not?

General LaPorte has identified those that he believes are enduring and those that he believes are not. Now, this issue obviously has a number of implications for host Nation support. Korea does

invest a considerable amount of money in supporting U.S. forces in South Korea and therefore that discussion has yet to take place.

Suffice it to say that we will ask Congress to reprogram some money in terms of Korea as well as Europe from 2003 projects currently authorized and appropriated to other areas. I will give you a hypothetical that in fact is grounded in reality, although I hope you will appreciate the fact that I do not want to state specifically at this moment Camp A or Camp Y. But if the Second Infantry Division, for instance, in Korea was scheduled to get a barracks at a particular location in Korea, but General LaPorte thought it would be best to build those very same barracks at another location because the other location in point of fact is of an enduring quality, we will ask for your permission to do that—same barracks, same fitness center, same military construction projects, same amount of money, but it will be done at a different location.

In 2004 we have asked General LaPorte to do the same thing. Remember that these projects, especially the 2003 projects, were originally planned for two and a half years ago. As you pointed out, Madam Chairman, life has changed. The Secretary of Defense has said we can no longer continue to support an infrastructure, given the 21st century requirements that the President has articulated and the Secretary of Defense is going to implement.

How quickly the 2003–2004 recommendations will be presented to Congress. As I indicated in my opening statement, I want to do that before you go into markup. That is the only way that this will work.

Senator HUTCHISON. I agree and appreciate it, because the timing was not going to fit. So I appreciate your really focusing on that and coming forward for the 2003–2004 request. I would like to extend that, though, the relationship to the 2005 BRAC, and how can you go into a 2005 BRAC with the uncertainties that you have now and will have over the next year, and what kind of troop strength you might have there or bring home because of training constraints or change. You may take something out of Germany, for instance, and just bring it home rather than sending it to the Czech Republic.

So how are you fitting in your foreign requirements with the base closure that is going to be ongoing? The last thing you want to do is close a base and then try, heaven forbid, to reopen it. You do not want to do that. So how are you going to assure that in 2005 when we are making the final round probably of base closures that you have totally in hand the information you need about foreign troop strength?

Mr. DUBOIS. Yes, ma'am. The Secretary in fact within the last week has discussed with the Chairman how to answer your very question. Let me just say in a phrase, the domestic BRAC, those recommendations that will be finalized in the spring of 2005, could not be done intelligently unless there is a rationalization of the overseas infrastructure. To that end, the Secretary and the Chairman have discussed, as I indicated, an integrated global presence and basing strategy approach.

How quickly—and he has also discussed it, they have discussed it, with the combatant commanders and the Joint Chiefs. How quickly they could pull together a reasonable vision of what ought

to be—and “what ought to be” means 10-plus years out—remains to be seen. However, having been privy to some of these conversations, the Secretary believes that these kinds of initial reports and assessments from the combatant commanders back to my office, the Joint Chiefs, Office of the Secretary of Defense, and the chairman’s office by this summer will help us create a structure and a framework that will have some definition, and I mean that sincerely—not just some amorphous, well, we think we are going to have an end strength of this amount over here, but some definition by the end of the summer.

It is true that we have started the BRAC, domestic BRAC process. However, we also know, as you have said and as I have tried to indicate, the Secretary wants to inform that process with an overseas vision as we get into it in more detail this coming summer, so that when those final decisions are made some time between the January and May time frame, or January and March time frame of 2005, they will be fully informed by a vision and a strategy for presence and basing overseas.

Senator HUTCHISON. Thank you.

Let me ask my Ranking Member to see if she has any questions, and then I have another round.

Senator FEINSTEIN. Thank you very much.

I do have four questions. I will be brief on all except the first, which is perchlorate. The Defense Department has said that it is not willing to start cleanup of perchlorate until there is a national standard, and this could take 3 to 5 years or longer. So millions of Americans are drinking contaminated water today.

Companies like Kerr McGee and Goodrich, and I want to compliment them, have already spent millions on priority actions to reduce the threat, and I would like to urge the Defense Department to do so as well. One obvious priority effort is to try to stem the flow of perchlorate into the Colorado River from the former DoD facility at Henderson, Nevada, which was owned by the United States Navy from 1951 to 1962. The perchlorate from this facility has spread to the water supplies of millions in Arizona, in Nevada, in California via the Colorado River.

Kerr McGee, which operated the facility after the Defense Department, has built a state-of-the art ion exchange facility and taken other measures in an attempt to address the problem. They have been very forthcoming. The Defense Department has done nothing.

I have a serious question for you which may take weeks to research, but I would like to ask for a thorough answer. That question is, given the necessary funding, what are the top priority sites around the country for the Defense Department to reduce perchlorate contamination in drinking water and what initial measures would the Department take?

Mr. DUBOIS. Excuse me, Senator. I am just making sure that I have got the notes here.

This is a very complex question. It is both science and science policy, and I want the Congress to understand that the Office of Management and Budget, the Council for Environmental Quality, the Environmental Protection Agency (EPA), the Department of Defense, NASA, and the Department of Energy, along with the Of-

Office of Science and Technology Advisor to the President, have all been meeting on a, I say regular basis, two or three times a week for the past month, on this issue.

It has not gone unnoticed by those of us in the Executive Branch that there are clearly issues, some of which are mischaracterized, some of which are miscommunicated, but issues that nonetheless must be addressed.

The Department is in my estimation not backing away from their responsibilities to clean up perchlorate. We remain committed to our obligations to meet the cleanup standards, and I underline the word "standards," established through the environmental restoration process. Now, there is at present no—I repeat, no—Federal regulatory standard for perchlorates. EPA, as I indicated, working with the agencies that I just listed as well as with the States and the tribes and water suppliers and the public, is evaluating perchlorate as an environmental contaminant.

You indicated in your statement that perchlorate has contaminated drinking water. Now, the question is, as I understand it, Senator Feinstein, what is the appropriate reference dose for perchlorate in drinking water that may create a risk or not? Given the fact that the science is in question both from the point of view of the folks who assembled the data and evaluated the data, because there is enough question as to what is the appropriate draft reference dose, in order to eventually establish a standard EPA and the executive branch are going to refer this issue to a panel of the National Academy of Sciences (NAS).

It is not, from what I have been told, a 3 to 5-year proposition. We understand that the NAS is going to address this issue. How long it will take for them to address the issue, the scientific aspects of the issue, is not—I am not aware of. I understand, however, that it will be less than 1 year. But I would take your question and I will ask Governor Whitman what is their best estimate.

Now, EPA will not complete nor disseminate a final risk assessment until that NAS scientific review is concluded and all the comments are addressed. Again, I want to—and I take for the record your concerns about the Colorado River, Henderson, Nevada, naval site. I want to learn more about the technology the Kerr McGee Corporation has built, the ion exchange facility. I will learn more about that. The top priority sites that you mentioned, I will work with the three Assistant Service Secretaries to determine where they are.

But I must say that, again, absent a standard, a regulatory standard, it does not imply nor should it be characterized that the Defense Department is standing in the way of cleaning up a potential contaminant. And I underline again the word "potential."

Senator FEINSTEIN. Thank you.

I would like to make this point. EPA has a current reference dose—it is not a standard, but it is a guideline for cleanup—of 4 to 18 parts per billion.

Mr. DUBOIS. That is correct.

Senator FEINSTEIN. And the problem is we have over 200 wells in 80 different water jurisdictions that are being closed because they do not meet these standards. Now, I think it would be very interesting—my staff has been—I have not had a chance to go to

visit the Henderson, Nevada, site. Kerr McGee has been very forthcoming. They know there is a problem. They have spent a lot of money trying to clean it up. Goodrich I think put \$2 million into an ion exchange program to try to help a small community of Rialto.

But where this is hitting it can sometimes hit all of the water supply. Therefore, all these children are drinking this water. In the mean time, you have all these agencies meeting and you have the EPA working, and I am told—and we have asked many times—it is 3 to 5 years. So it seems to me that you have a priority situation and that it might be a good idea to take a look at Henderson and talk with the people, because I think there are solutions out there and what I am trying to do is get the Department of Defense, whom I view as the responsible major party, participating along with the private sector and the State public sector and try to see if we cannot come up with some reasonable, some cost-effective activities that might reduce this threat.

Mr. DUBOIS. I would embrace whatever technologies might be available to clean up perchlorate, irrespective of what the final standard might be. With respect to that, the 4 to 18 parts per billion reference dose was not meant to be used by the State regulators as a standard. Rather, as I said, the science is in question. The EPA—and I defer to them—has developed clarifications to the memorandum signed by Mary Ann Horenco to the EPA regions and in turn to the State regulators that caused certain State regulators—and I have seen some of the letters, one in particular addressed to me on a military reservation perchlorate issue—caused certain State regulators to say, “Oh, well, this is the standard and therefore you have got to clean up to it.”

That was not the intent of Mary Ann Horenco’s memorandum. EPA is issuing a clarification to that effect.

Senator FEINSTEIN. You are saying then it is okay to keep drinking the water?

Mr. DUBOIS. Well, I am not saying that at all, Senator. I am saying that I do not believe that until the NAS rules on what the appropriate reference dose is—it may end up being far higher than 18 parts per billion. But I nor my colleagues in NASA nor the Department of Energy or the private sector, or EPA for that matter, have any conclusion until such time as the NAS study is over.

Again as I indicated, we were told, I was told—and I defer again to EPA—that this particular focused assessment will not take more than a year.

Senator FEINSTEIN. Well, I am happy to hear that then. That is the first I have heard that. So that is good news.

Well, let me move on. It is my understanding—and correct this if it is wrong—that the 2005 BRAC round will be closely managed by the Office of Secretary of Defense, unlike the previous rounds, which were more Service-driven. How will this round differ from prior rounds in terms of scope, focus, and management?

Mr. DUBOIS. I have stated in conversations with you and with other Members of the Senate and the House that there are some specific differences, and it is true that the Secretary of Defense, in response to criticisms by Members of Congress, quite frankly, that his predecessors did not take enough of an active role early enough

in the process of the prior four BRAC rounds to engender true cross-Service analysis, to engender joint use of military installations, he took that to heart, and in so doing he established an Infrastructure Executive Council chaired by the Deputy Secretary of Defense.

Also in response to observations, comments, and criticisms by Members of Congress, he knew that in order to have an appropriate and comprehensive BRAC round the senior leadership of the Department, both uniformed and civilian, had to be involved. And on this Infrastructure Executive Council are the Joint Chiefs, the Service Secretaries, the Chairman of the Joint Chiefs of Staff, and the Deputy Secretary of Defense in the chair, along with Pete Aldridge, the Under Secretary for Acquisition Technology and Logistics.

The General Accounting Office (GAO) report after the 1995 BRAC round made it quite clear that the opportunity had been lost in terms of the way that round and the prior rounds were conducted from the point of view of achieving cross-Service analysis and joint use, joint base utilization. That, as well as, as I have indicated, comments from you all, said to the Secretary, I have got to do it differently.

Therefore, while it is true that he, as the ultimate arbiter, delegated the responsibility to the Deputy Secretary, he has included all of the senior leadership. But it should be noted that there are military-unique activities, unique to the individual military Service, mostly operational in nature, which shall be analyzed by the Army, Navy, Air Force, and Marine Corps independently.

But it is also true, as I indicated in my opening statement, that there are business operational functions and facilities which more than one Service is involved with and/or the private sector performs in this regard to some extent and therefore needs to be reviewed from the get-go in a joint cross-Service way.

Of the six groups that I mentioned, three of them are chaired by senior civilians in the Office of the Secretary of Defense: the industrial activities group, the education and training group, and the technical and laboratory group, right. There are three of them that are being chaired by members of either the joint staff, the supply and storage group, or in the case of the administrative group the Deputy Under Secretary of the Army is chairing it; and the medical group is being chaired by the Surgeon General of the Air Force.

We in point of fact looked at—this is like an NFL draft. We went out for the best athletes, the folks who we thought could best lead this cross-Service exercise, and we did not necessarily say it all had to be driven by the Office of the Secretary of Defense, although there is a very clear charter: You will look at this cross-Service. If you are the Deputy Under Secretary of the Army and you are chairing the administrative group, you have got to take off your Army hat and you have got to put on a cross-Service hat.

The differences are pretty much as I have explained this morning. There are some minor changes that were in the BRAC authorizing legislation. It however makes it very clear that military value is the preeminent selection criterion.

In December of this year, again under the law, the statute, the Secretary will report to you on what he believes the appropriate se-

lection criteria ought to be, plural, and there will be time for public comment, time for Congress to comment, so that as we go into, let us face it, the really tough decision analytic stage, which is the calendar year 2004, we will have had this dialogue and deliberation with you and with the public and with organizations such as were represented in the prior panel.

Senator FEINSTEIN. This is very helpful.

In your prepared statement, Mr. DuBois, you mention that the Defense Department has disposed of 53 percent of the property available from prior BRAC rounds. You also note that approximately 82 percent of the remaining acreage lies in six installations where environmental remediation must be completed. Could you please name those six installations and tell the committee the estimated cost and cleanup time for each of them? And if you cannot do it today, would you please do it in writing.

Mr. DUBOIS. Yes, ma'am. I think that the three Assistant Service Secretaries who follow me will be able to address that in particular. I will say this—

Senator FEINSTEIN. If you could just name the six installations.

Mr. DUBOIS. I do not have them on the tip of my tongue. I will submit it for the record.

Senator FEINSTEIN. Thank you.

Mr. DUBOIS. But we have in this fiscal year under way, while, as you indicated, 53 percent of all prior BRAC acreage has been disposed of, i.e., 47 has not, with the disposal actions in the pipeline today, the largest of which is in Alaska—that is in and of itself in excess of 70 or 80,000 acres. Were that to come to pass, we would be left with probably less than 10 percent of the original BRAC acreage closed.

Again, I defer to my colleagues in the Services. They know the details of the individual—

Senator FEINSTEIN. You mean less than 10 percent unclosed?

Mr. DUBOIS. Which have been closed but not disposed.

Senator FEINSTEIN. Okay, not disposed.

Mr. DUBOIS. They have all been closed. It has not been removed from our property books.

Senator FEINSTEIN. Got it.

Mr. DUBOIS. The six major ones—and as I said, the individual Services—and I believe the Army has the majority of them—will be addressed by the Assistant Service Secretaries. Notwithstanding that, I will insert for the record list of acreage and with the environmental remediation planned for those sites.

Senator FEINSTEIN. Thank you very much.

Senator HUTCHISON. Thank you, Senator Feinstein.

I am going to forgo my last round because we have a 12:00 o'clock vote and I do want to get the third panel. So, Senator Burns, I yield to you.

#### STATEMENT OF SENATOR CONRAD BURNS

Senator BURNS. Thank you, Madam Chairman, and I appreciate this. With that, I would ask that I can submit my statement for the record.

[The statement follows:]

## PREPARED STATEMENT OF SENATOR CONRAD BURNS

First of all, I want to thank Chairwoman Hutchison for convening the hearing today on this issue of Base Realignment and Closure [BRAC]. As we approach the forecasted date of another possible BRAC round in 2005, many concerns and issues must be addressed. I have a number of questions myself and look forward to addressing some of them today.

My home State of Montana—the small community of Great Falls, Montana in particular—knows all too well how painful this process can be. Malmstrom Air Force Base (AFB) lost nearly 700 jobs when its C-135 aerial refueling tankers were moved to Florida as part of the 1995 round of base closures and realignments. I know that my part of the world has already suffered enough job cuts and economic damage because of the loss of this flying mission. This process really can wreak havoc on small communities, further damaging already fragile local economies. One time closure costs and environmental cleanups, coupled with the long lead times necessary to close a base, can make promised savings hard to identify. I also question whether this is the right time to downsize facilities when we are facing an increased threat, both at home and abroad. If the government returns or sells its bases, it will never get the land back.

Tens of millions of dollars have been spent at Malmstrom AFB during my time in the Senate, with more on the way, to improve the operational facilities, living conditions and quality of life for our military men and women. In addition, our land-based missile systems, in particular, remain an important leg of the Nuclear Triad and play an essential role in ensuring national security. While I have no doubt that with 200 Minuteman III missiles, premier facilities, significant air space and little or no encroachment issues, Malmstrom AFB has and will continue to play a critical role in our national security, I do have a number of questions which I want addressed today.

I look forward to hearing testimony from the panelists who are here today and listening to the discussion on this subject.

Thank you, Madam Chairman.

Senator BURNS. I have only one question, Mr. DuBois, and that is how do you define “jointness” as it is used in the context of these proceedings?

Mr. DUBOIS. I think “jointness” can be defined in any number of ways, but certainly at the top of the list—

Senator BURNS. When we get into problems up here, it is because the chairman defines it one way, I define it another way, and Senator Feinstein defines it another way, and then we argue for the next 6 months and never get nothing done because we do not define the thing.

Mr. DUBOIS. I understand, Senator. In prior BRACs when it was more Service-centric, when the Navy decided that they were going to close or realign an installation and said, now where do we take these missions and facilities, to what installation ought they to go, they only considered other naval installations. This BRAC, we will insist and ensure that when any of the Services considers a unique function and facility and mission to that Service ought to be realigned resource closed on Base A and moved to Base B, the Base B will be not just that Service’s infrastructure, but all the Services’ infrastructures can be considered and will be considered.

That is my essential definition of what joint utilization in this BRAC round will be.

Senator BURNS. That is the only question I have, just the way he defines it. I do not agree with it.

Senator HUTCHISON. Well, thank you very much, Mr. DuBois.

Mr. DUBOIS. Thank you.

Senator HUTCHISON. I appreciate your making the effort to be here, and would like to now call our second panel, which is now our third panel: the Assistant Secretaries of the Army, Dr. Fiori;

Air Force, Mr. Gibbs; and Navy, Mr. Arny. We will start with you, Dr. Fiori.

**STATEMENT OF HON. MARIO P. FIORI, Ph.D., ASSISTANT SECRETARY OF THE ARMY FOR INSTALLATIONS AND ENVIRONMENT**

Dr. FIORI. Thank you, Madam Chairman and members of the subcommittee. It is a pleasure to appear before you to discuss The Army's accomplishments in executing four rounds of the base closure under the base realignment and closure authority provided by Congress and to briefly discuss how we organize for an additional BRAC round in 2005—

Senator HUTCHISON. Excuse me, Mr. Secretary. Let me just interrupt you and say that we have a 4-minute green light and if you could just summarize after that.

Dr. FIORI. This is quite quick, thank you. A detailed written statement has been provided for the record.

Before commenting briefly on the execution of our BRAC program, I would like to say what I am sure we would all appreciate is the challenge confronting the military services today. As we meet to discuss the drawdown of our infrastructure, large numbers of servicemen and women are deployed. We take immense pride in the current skill and professionalism of these men and women. But as we continue to streamline our infrastructure using our BRAC authority, we are motivated by the reality that these brave people deserve the best living and training facilities when they return home.

The Army has completed 112 closures and 27 realignments resulting from the 4 BRACs. As a result of these actions, we are saving approximately \$945 million per year. Our BRAC cost through fiscal year 2003 is \$5.37 billion.

The Army is now completing the remaining environmental restoration activities, transferring surplus property and performing caretaker operations. Our budget request for this year is \$66 million for fiscal year 2004, which will allow us to complete environmental cleanup and ordnance removal efforts to continue to render these properties safe for disposal. To date, The Army has disposed 46.8 percent, with 142,000 acres remaining. We have established a goal of disposing 100,000 acres this fiscal year.

Environmental restoration continues to be the challenge in expeditious disposal of property. To overcome this impediment and accomplish our objectives, we are taking advantage of several innovative approaches toward environmental restoration. Under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), the Department is authorized to convey property prior to completion of required environmental remediation. This early transfer authority, in conjunction with environmental services cooperative agreements, allows the Department to convey property years ahead of schedule and transfer funding to local communities for the completion of the environmental remediation activities.

To date, the Army has executed four Environmental Services Cooperative Agreements. Two additional actions are planned for fiscal year 2003.

Another approach that we are using is Guaranteed Fixed Price Remediation contracts, where The Army obligates funds necessary for regulatory closure of the specified restoration activities. This process is very cost-effective and accelerates the regulatory closures. To date, we have executed seven of these guaranteed fixed price contracts.

We are continuing our assessment of our overseas infrastructure and are continuing to reduce the number of installations overseas. Since 1990, 685 overseas sites have been announced for closure or realignment.

#### PREPARED STATEMENT

As we begin the BRAC 2005 process, which is essential for successfully transforming The Army, our goal is an infrastructure that supports our security requirements in a changing world. To accomplish this important task, I have established a Deputy Assistant Secretary for Infrastructure Analysis, who will assess all installations within the BRAC law. Lessons learned from our previous four rounds are embedded in our efforts to execute 2005.

Madam Chairman, that will conclude my statement.  
[The statement follows:]

#### PREPARED STATEMENT OF MARIO P. FIORI

Madam Chairman and members of the subcommittee, it is a pleasure to appear before you to discuss The Army's accomplishments in executing four rounds of base closures under the Base Realignment and Closure (BRAC) authority provided by the Congress and our preparation for an additional BRAC round in fiscal year 2005. I appreciate the opportunity to report on our progress.

Congress has authorized The Army to restructure by closing or realigning installations four times since 1988 in order to meet changing requirements in a changing world. The Army's goal is to balance its base infrastructure with its force structure and its mission requirements. BRAC enables The Army to restructure The Army organization and reshape its infrastructure to support a transformed Army. BRAC also saves dollars, not only by eliminating base operations (BASOPS), overhead, and sustainment, restoration, and modernization (SRM) costs at closed installations, but also by consolidating functions and creating efficiencies at realigned installations. However, simple reductions of infrastructure or personnel do not garner substantial savings.

In accordance with the Defense Base Realignment and Closure Act of 1988, Public Law 100-526, and Defense Base Closure and Realignment Act of 1990, Public Law 101-510, as amended, statutory requirements to close and realign facilities were met. The Army completed all closures (112) and realignments (27) for all 4 rounds of Base Realignment and Closure (BRAC) as of July 13, 2001. Upon completion of the first 4 rounds of BRAC, The Army is realizing an annual recurring savings of \$945 million each year. However, these savings do not come without a short-term cost/investment. Since 1988 BRAC has cost The Army a total of \$5.36 billion through fiscal year 2002. The Army invested \$1.7 billion (33 percent) of the \$5.36 billion on facility and infrastructure construction or renovation at gaining installations. The consolidation of activities in new and renovated facilities has greatly improved efficiency and the quality of the workplace for Army employees. Approximately \$2.3 billion (42 percent) funds environmental restoration at closing sites, a cost The Army would have to bear eventually. The cleanup of BRAC sites benefits The Army by avoiding future and potentially more expensive cleanups at these sites. The remainder, \$1.3 billion (25 percent), funds equipment and personnel relocation costs. Although these savings are substantial, we need to achieve even more in order to fund transformation and bring our infrastructure assets in line with projected needs. The Army supports the need to close and realign additional facilities and we appreciate the Congress' support and authority for an additional BRAC round in fiscal year 2005.

The Army's 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. For

executing BRAC requirements in fiscal year 2004, our budget request is \$66.4 million. This budget request represents The Army's commitment to complete required unexploded ordnance (UXO) removal, environmental restoration, and minimal caretaking or maintenance of those surplus properties and facilities not yet transferred from the first four rounds of BRAC.

The Army is committed to quickly transferring surplus BRAC properties for redevelopment that is consistent with local community, State, and Federal purposes that are determined to be most appropriate for the property. To date, from a total acreage disposal requirement of 266,847 acres, The Army has disposed of 124,934 acres (46.8 percent) with 141,913 acres (53.2 percent) remaining. Of the remaining acreage, 60,000 acres is a lake in California, for which the State has not exercised their reverter and approximately 41,000 acres is property that the Department of Interior has requested. We expect to substantially reduce the remaining acreage in fiscal year 2003. This is an undertaking that involves many regulatory agencies, and is focused on environmental, historic, and cultural requirements that must be met in order to transfer real property. The Army is using the authority that Congress has provided in a 1996 amendment to the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) to accomplish early transfers of the property to the future recipients. This CERCLA early transfer authority allows The Army to enter into arrangements whereby the future owners will undertake the final environmental restoration and regulatory clearances that are necessary for a final deed transfer of the property. It is generally more cost effective to allow the community that will redevelop the property to also undertake the cleanup, in conjunction with their redevelopment. We have found that those communities that have the capacity to undertake such tasks appreciate and prefer the early transfer authority provided by Congress, in conjunction with a cooperative agreement that provides the necessary funding for environmental restoration activities.

Environmental considerations are the largest and most costly challenges to transferring and redeveloping surplus property. Federal and State environmental regulators concerned with risk and liabilities want the property cleaned to pristine conditions that often exceeds industry standards. These environmental challenges include cleanup activities involving hazardous, toxic, and radiological wastes, oil or solvent spills, and unexploded ordnance common on many of the surplus installations that were used to train our soldiers for war.

Having completed all closure requirements, The Army is now in the second year of completing the remaining environmental restoration activities, transferring surplus property, and performing minimal caretaker operations. Our budget request of \$66.4 million in fiscal year 2004 allows The Army to caretake these properties and to continue our environmental and ordnance removal efforts that will render these properties safe for reuse, facilitate disposal, and provide for economic revitalization. This budget request 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 implemented innovative approaches to environmental restoration at BRAC sites in fiscal year 2002, approaches that facilitated the early transfer of several properties. The Army will continue to support early property transfers in fiscal year 2003 and beyond.

The significant challenges posed by the removal of unexploded ordnance, the remediation of groundwater, and the interface of a variety of regulatory authorities continue to hinder the transfer of surplus property. A number of innovative approaches for environmental restoration were recently developed by The Army to expedite the transfer of property, while ensuring the protection of human health and the environment. Two innovative mechanisms are being utilized to complete environmental restoration efforts: Guaranteed/Fixed Price Remediation (G/FPR) Contracts and Environmental Services Cooperative Agreements (ESCA). These innovations are being employed in partnership with the property recipients to expedite property transfers. A G/FPR Contract allows The Army to obligate the BRAC funds necessary for regulatory closure of specified restoration activities. The Army retains responsibility for completion of the environmental restoration, overseeing the contractor and ensuring that regulatory closure of the property is obtained. An ESCA is a different mechanism that obligates Army BRAC funds under the environmental restoration program. The Army retains its underlying responsibility for the cleanup while engaging the governmental entity representing the community reuse interests to perform specific environmental restoration services outlined in the ESCA in conjunction with its redevelopment plans. This arrangement allows the reuse authority to leverage and harmonize its cleanup objectives with its redevelopment plans.

The Army used a G/FPR to accelerate regulatory closure at Fort Pickett, Virginia, by more than 1 year at a cost that will not escalate over the course of the work.

We estimate that this \$2.9 million contract saved us \$0.8 million based on our initial estimates. An ESCA allows The Army to transfer property and the associated cleanup responsibilities to a local reuse authority or developer. This allows the recipient to integrate cleanup with their redevelopment plans. An ESCA completed in 2001 was used in conjunction with early transfer authority at Military Ocean Terminal, Bayonne, New Jersey, saving The Army an estimated \$5 million in environmental remediation costs. An ESCA will facilitate the early transfer in fiscal year 2003 of property at Oakland Army Base, California. The G/FPR and ESCA initiatives limit Army environmental remediation cost growth and facilitate property disposal and revitalization, in accordance with the community redevelopment timeframe.

The Army is intent on transferring surplus property expeditiously, and we remain committed to promoting economic redevelopment at our BRAC installations. We support early transfer and reuse of properties through economic development conveyances and use cooperative agreements to accelerate the completion of remaining environmental remediation. The 2005 Base Realignment and Closure authorization greatly expands the Department's ability to negotiate economic development conveyances of BRAC property. The Department is required to receive full fair market value consideration, and allows the conveyance of property to any entity that agrees to perform environmental restoration at the site. This will permit us to sell excess property and help generate additional funds for cleanup, resulting in the property being returned to reuse more quickly than under the current process. The Army's use of leasing and award of G/FPR and ESCA contracts to complete environmental cleanup make surplus properties available for reuse earlier. The early transfer of real property assets to interested parties in the private sector will provide strong economic development to local communities. This will develop business opportunities that result in jobs and tax revenues. The successful conversion of former Army installations to productive use in the private sector benefits The Army and the local community.

The Army continues to effectively execute and implement the BRAC program utilizing innovative tools made available by Congress. Many local communities do benefit from acquisition of valuable properties with significant reuse potential. Most recently, The Army transferred property at the former Oakland Army Base, California, to the City of Oakland using the early transfer authority and signing a cooperative agreement to have the City complete the remaining cleanup actions at the facility. This will allow the City to manage and integrate the redevelopment and environmental restoration of the site to maximize reuse potential. This approach is beneficial to both parties and allows The Army to benefit from the reduced costs associated with integrating cleanup with reuse. The community benefits from receiving the property earlier and starting the redevelopment process. This early transfer/environmental cooperative agreement approach to property conveyance was used earlier at Bayonne Military Ocean Terminal and Fitzsimons Army Medical Center.

The following summary of some of our BRAC reuses reflects the broad range and complexity of successful reuse of BRAC installations. These examples also demonstrate The Army's commitment to reuse and illustrate how the impact of base closures can be minimized at the local community level:

*Leasing of Property at Red River Army Depot (RRAD), Texas.*—The Army leased Building 150 to the Red River Local Redevelopment Authority (RRLRA). The RRLRA and its first tenant, a heavy metal fabrication contractor that does work for the paper mills in the area, signed a sublease. Local media reflected favorably on The Army's support to communities in transforming closing and realigning bases into assets for economic development.

*Transfer of the Woodbridge Research Facility (WRF), Virginia, to the Department of the Interior (DOI).*—The Army conveyed 580 acres of WRF (formerly Harry Diamond Laboratories) to DOI. The WRF closed September 16, 1994, as a result of the recommendation of the BRAC Commission. Pursuant to Public Law 103-307, the entire installation was transferred to DOI for incorporation into the National Wildlife Refuge System. The U.S. Fish and Wildlife Service (USF&WS) manages the property to provide a wildlife preserve open to the public, and for research, testing, and environmental education purposes.

*Sale of Former Army Materials Technology Laboratory (AMTL), Massachusetts Property.*—The Army transferred approximately 30 acres of the AMTL facility located in Watertown, Massachusetts, to the Watertown Arsenal Development Corporation (WADC) for a purchase price of \$7.5 million. The Army also transferred via Public Benefit Conveyance the Commander's Quarters, a seven-acre parcel, to the Town of Watertown as a historical site. The range of long-term direct and indirect job creation was projected at 3,800 to 5,000 jobs and today Harvard University has acquired and uses much of the site for its publications operations.

*Economic Development Conveyance (EDC) of Vint Hill Farms Station.*—The Army approved an EDC application for conveyance of Vint Hills Farm Station to the Vint Hill Farms Economic Development Authority (VHFEDA). The conveyance involved approximately 686 acres of the 701-acre installation, and associated buildings and structures. The final purchase price was \$925,000. The remaining 15 acres was transferred to Fauquier County as a Public Benefit Conveyance for recreational use.

*Conveyance of Tipton Airfield, Fort George G. Meade, Maryland, to the Local Community.*—The BRAC Commission recommended partial closure and realignment of Fort Meade. Range and training areas to include Tipton Army Airfield were recommended for closure. Tipton Airfield closed September 30, 1995. Anne Arundel County, Maryland, acquired the property as an airport Public Benefit Conveyance through the Federal Aviation Administration. The deed for transfer of approximately 348 acres was issued to Anne Arundel County Airport Authority on July 2, 2001.

*Conveyance of Fort Holabird, Maryland, to the City of Baltimore.*—The major portion of Fort Holabird was conveyed to the City of Baltimore in 1983 and was developed as the Holabird Business Park. The Army retained two parcels for ongoing Army missions. The 1995 BRAC Commission recommended closure of the remainder of Fort Holabird. The City of Baltimore was designated as the local redevelopment authority (LRA). The Department of Housing and Urban Development approved the LRA's reuse plan, which involves incorporation of the two parcels into the Holabird Business Park. The LRA submitted a no-cost Economic Development Conveyance application on March 13, 2000, which The Army approved, and a deed transfer of approximately 13.3 acres was signed on February 12, 2002, thereby completing disposal of the property.

*Completion of Rio Vista, California, Guaranteed Fixed Price Remediation (GFPR) Contract.*—On February 5, 2002, the former Rio Vista Reserve Center became The Army's first completed GFPR contract. The State of California regulators concurred with and signed a No Further Action decision document for the entire 28-acre property. The regulatory closure of the clean up marked the first military post in California to be closed clean. The GFPR process saves time, conserves resources and ensures regulatory concurrence. GFPR reduces Army liability, completes remediation faster, supports rapid redevelopment, and provides cost savings to The Army.

*Savanna Army Depot Activity, Illinois, Crooked Slough Backwaters Area to Public Access.*—On May 6, 2002, The Army opened the Depot Crooked Slough Mississippi River backwaters area for recreational boating and fishing. Public access had been denied, pending assessment of safety concerns. Reopening the area was a direct result of recommendations of the Savanna Strategic Management, Analysis, Requirements and Technology (SMART) team, formed in August 2000 by The Army at the request of Congressman Manzullo. Technical evaluations and negotiations among Army officials, U.S. EPA, Illinois EPA, USF&WS, as well as interested local members of the SMART team resulted in the placement of a physical barrier system and/or hazard warning signs around specific potential ordnance impact areas, thereby allowing the safe opening of a majority of the Crooked Slough area to water access for fishing and boating. The Army is continuing its environmental remediation investigations within the restricted areas to determine the required restoration actions. This was a good news story in that The Army BRAC/interagency effort met Congressional and public desire for access and regulatory, environmental and safety concerns, while protecting Army interests. Congressman Manzullo hailed this decision as a significant step toward citizen use of the area. He also endorsed the establishment of a National Wildlife Refuge, an idea now under consideration by the USF&WS.

*Decision Document and Environmental Services Cooperative Agreement (ESCA) for Military Ocean Terminal-Bayonne, Bayonne, New Jersey.*—The Final Decision Document for Nine Areas of Concern/Operable Units at Former Military Ocean Terminal, Bayonne (MOTBY) was approved on October 26, 2002. The Decision Document formally identified the environmental remediation activities agreed to between The Army and the New Jersey Department of Environmental Protection for the 192 acres. This document became the basis for work performed by the Bayonne Local Reuse Authority (BLRA) under an ESCA, which allowed the BLRA to perform environmental remediation activities in conjunction with their redevelopment process. A deed to transfer 192 acres was signed on December 11, 2002, using The Army's early transfer authority.

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. The Army is continuing its assessment of overseas infrastructure needs in an effort to reduce the number of installations overseas. The total number of Army

overseas sites announced for closure or partial closure since January 1990 is 685. Additional announcements and efficient basing initiatives will occur until the base infrastructure matches the force structure identified to meet U.S. commitments.

The BRAC 2005 process is essential for successfully transforming The Army structure and the Department of Defense in response to a changing world and changing requirements. The Army looks forward to working closely with the Office of the Secretary of Defense and the other Services through Joint Cross-Service Groups and the DOD Infrastructure Steering Group and Infrastructure Executive Council to optimize our ability to project power globally while reducing unnecessary overhead wherever possible. Joint organizational and basing solutions is one concept that will free resources to modernize equipment and infrastructure, and enhance our capabilities to meet 21st Century threats.

The Army will execute the requirements of the BRAC 2005 legislation through the Office of the Deputy Assistant Secretary of the Army for Infrastructure Analysis, a new organization, which will lead The Army Basing Study (TABS) to assess all installations in accordance with the BRAC law. All bases will be considered and treated equally. We will work with OSD and our sister services to take a hard look at the resources necessary to support the transformed Army now and into the future.

The TABS Group will conduct a comprehensive, detailed military value assessment of Army installations; evaluate base realignment and closure alternatives; and develop, document, and publish base realignment and closure recommendations that are consistent with DOD and Army force structure plans, BRAC selection criteria, and the requirements of Public Law 101-510, as amended. The TABS Group will serve as the single point of contact in the Department of the Army for BRAC 2005 and will meet all legislatively-directed and OSD-directed BRAC 2005 milestones.

#### SUMMARY

There are many examples of The Army's success in implementing BRAC per Congress' direction. There are also examples of the complex and difficult challenges associated with this unique task. We have learned lessons from our successes and from working through difficult and challenging tasks. We will build on these lessons and successes as we execute BRAC 2005. Our changing world requires changes to how we defend and secure this great country. We owe it to the young men and women to transform this Army to provide them the greatest opportunities for success as we send them into harms way. With your support and authority to execute BRAC 2005, The Army structure will be better configured to face the new challenges and our nation will be safer and more secure.

Madam Chairman, this concludes my statement. Thank you.

Senator HUTCHISON. Thank you very much, right on the button.  
Mr. Army.

#### STATEMENT OF WAYNE ARNY, DEPUTY ASSISTANT SECRETARY OF THE NAVY FOR INSTALLATIONS AND FACILITIES

Mr. ARNY. Yes, ma'am. Thank you very much. It is a pleasure to appear before you to discuss some of the lessons we have learned in the Department of the Navy over the last 15 years of base closure.

As you know, my boss H.T. Johnson is now the Acting Secretary and sends his regrets. It is under his leadership that we are breaking new ground in BRAC implementation by adapting some old established closure methods. Having previously served as a base commander in the Air Force, a commissioner on the BRAC 1993 Commission, and later as the head of a local redevelopment authority (LRA) in Texas, Secretary Johnson brings a unique blend of experience and perspective to our most persistent base closure problem, the fact that BRAC cleanup and proper disposal costs too much and takes way too long.

My written statement has a number of suggestions for process improvement, but let me just highlight a couple of them. Lesson number one: Public sale of BRAC property can be better than an economic development conveyance (EDC) for the Federal Govern-

ment, the community, and the developers. That would seem counterintuitive to many people in the affected community since an EDC conveys the property for free as long as it can be shown to create jobs and provide economic benefit. Our experience has shown that in some situations the opportunity to get free Federal land becomes mired in protracted and often acrimonious local debates. There is an opportunity cost with each type of property disposal. An EDC can become an opportunity lost or at least delayed for years longer than a comparable private sector venture.

By contrast, we are beginning to see that a public sale provides a win-win-win situation for the military, the community, and the developer because it puts all the parties involved back into their most familiar core roles. The community goes back to planning and managing development through its normal local land use and zoning authority instead of trying to directly manage redevelopment, a task for which they are often ill-suited. Once we sell the property, it gets on the tax rolls immediately, unlike a typical EDC where the community gets tax revenue only after the LRA-sponsored development is well under way.

The developer, who was chosen competitively by the General Services Administration (GSA), provides the vision for economic redevelopment along with the critical financial and project management expertise, all within the community zoning rules. The developer has a financial incentive. He has to pay property taxes and interest on borrowed money. Thus he tends to get the job done more quickly and more efficiently.

Let me point out a couple of other points that are often lost in the current debate. Local communities rarely own a lot of land. Most of the land is held privately. Local communities rarely develop property. It is developed by the private sector and the communities oversee the general plans and zoning that permits that development. These are the basics to which we are trying to return.

The Federal Government, on the other hand, returns to its role as the property owner, disposing of the land to the highest bidder in a manner consistent with the local community's existing land rules. Thus we more quickly and completely dispose of excess property and gain in some measure—gain some measure of fair market value for the taxpayers' previous investment, which we can then apply to help defray the costs of environmental cleanup and other closing costs. The General Services Administration serves as our real estate broker, managing the property for us and with us on an equal basis to all parties.

Most recently, we completed a property sale of 235 acres at the former Marine Corps Air Station in Tustin, California, in well under 1 year from start to final settlement. We received \$208.5 million, which will be used to accelerate BRAC cleanup. We are very pleased with those results and, as you know, we are doing some other public sales.

I will summarize my other lessons. We do not want to get bogged down in fed-to-fed transfers, which we have in the past. Some agencies have taken years to decide or they quickly decide to take a large parcel and then they back out later on.

## PREPARED STATEMENT

We need to examine how to do National Environmental Policy Act (NEPA) analysis for property disposal. We want to look at the ability to contract for firefighting and security guard services and ensure that our remedies are consistent with the previous land uses.

Thank you very much for your attention.  
[The statement follows:]

## PREPARED STATEMENT OF WAYNE ARMY

Madam Chairwoman and members of the Committee, I am Wayne Army, Deputy Assistant Secretary of the Navy (Installations and Facilities). It is a pleasure to appear before you today to discuss the Department of the Navy's efforts to implement the decisions of the four rounds of base realignment and closure (BRAC). The first round, known as BRAC 88, was done under Public Law 100-526. The next three rounds, known as BRAC 91, BRAC 93 and BRAC 95, were done under Public Law 101-510. I will collectively refer to these past four rounds of BRAC as Prior BRAC to avoid any confusion with the next scheduled round of BRAC in 2005.

My statement will cover the Department of the Navy's Prior BRAC implementation process, the status of cleanup and property disposal, and some thoughts on improving implementation of BRAC 2005 decisions.

## PRIOR BRAC IMPLEMENTATION PROCESS

*Prior BRAC Scope*

Prior BRAC rounds resulted in 178 Navy and Marine Corps bases and activities designated for closure or realignment. Of those bases, 46 were major closures, 89 were minor closures, and 43 were realignments. All 178 closure and realignment actions have been completed. What remains is environmental cleanup and property disposal.

Significant savings begin to accrue after operational closure, i.e., when the mission functions of the bases cease, personnel billets are reassigned or eliminated, and real property maintenance requirements are reduced to a caretaker level. Savings fully accrue when we no longer must operate and maintain the property for its previous mission capability. At the end of fiscal year 2001, the Department of Navy had achieved a net savings of \$6.8 billion, with an additional annual savings of \$2.7 billion. These net savings estimates have been validated by several independent sources.

*Navy's caretaker Responsibilities*

After operational closure, environmental cleanup and property disposal become the focus. To allow other commands to focus on their primary mission responsibilities, the Navy transferred all operationally closed bases to the Naval Facilities Engineering Command to conduct the cleanup and disposal. The Marine Corps retained management and funding responsibility for its two bases that were closed, relying on the Naval Facilities Engineering Command for program execution. Of these 178 Prior BRAC actions, 90 installations were designated for disposal.

The Naval Facilities Engineering Command established Caretaker Site Offices at most closure sites. They are responsible for day-to-day property management and essential services, compliance of reuse activities with lease and regulatory requirements, and work with the local communities. Legislative jurisdiction is often a concern since it determines who is responsible for providing police, fire, and other regulatory services. Early retrocession of jurisdiction has proved to be helpful in establishing successful interim reuse activities. At sites where exclusive legislative jurisdiction has not changed, the Department of the Navy is often required to keep Federal employees on the payroll to provide these services.

*Property disposal*

The final goal of BRAC is conveyance of the property to some other entity. In many respects, this has been a far more complex process than originally conceived. Property disposal is often closely linked to environmental cleanup. Although environmental cleanup actions had been initiated at nearly all Prior BRAC locations, most of the work had been to assess the location, type and severity of contamination. A few locations had progressed to planning cleanup remedies, however, little actual cleanup had been done.

Between operational closure and conveyance, the Department of the Navy can facilitate reuse of the property by way of interim leases to the Local Redevelopment Authorities (LRAs), which then subleases property to private businesses. If desired by the LRA, the property can be conveyed incrementally when particular parcels satisfy environmental standards and the prospective owners accept the property.

#### *The Federal Screening Process*

Following approval of each round of Prior BRAC, the Department of the Navy identifies excess property at closing activities to other Department of Defense components and Federal agencies through a Federal screening process. Other Defense components and Federal agencies can request<sup>1</sup> all or part of the excess base closure property for their use. If a Federal agency expresses a timely interest in base closure property, the Secretary of the Navy would seek to align the Federal agency's request with that of the community. The Secretary of the Navy makes the final disposal decision. Conveyance and reuse decisions can experience lengthy delays when a Federal agency requests property and then delays or later opts not to accept it because of budgetary or other reasons.

#### *Economic Development Conveyances*

When the Defense Base Closure and Realignment Act of 1990 was enacted, Congress intended for the proceeds of property sales to help offset the costs of implementing base closure. The Act directed DOD to dispose of property in accordance with existing standard procedures, i.e., the Federal Property and Administrative Services Act of 1949<sup>2</sup> and implementing regulations.<sup>3</sup> The legislative history for the Property Act indicates that Congress intended most property to be disposed by public sale to the highest bidder. Public benefit conveyances for less than fair market value were to be made "sparingly."<sup>4</sup>

In 1993 the President announced a plan to help communities speed reuse and economic redevelopment of base closure property, and minimize the impact of the closure. The plan consisted of the following five initiatives:

- Job-centered property disposal to put local economic redevelopment first.
- Fast-track environmental cleanup to remove needless delays while protecting human health and the environment.
- Transition coordinators located at major bases slated for closure.
- Easy access to transition and redevelopment help for workers and communities.
- Larger economic development planning grants provided to base closure communities.

The plan gave rise to Economic Development Conveyances (EDC), which were authorized by Congress. The creation of EDCs represented a major legislative change because it gave preference to disposal of the property to local governments at less than fair market value instead of public sale to the highest bidder. Since that time, a total of 15,930 acres of base closure property have been disposed of at no cost to communities through EDCs.

#### LOCAL REDEVELOPMENT AUTHORITIES AND REUSE PLANS

The Local Redevelopment Authority (LRA) plays a significant role in the base closure planning process. Members of the LRA are appointed by State or local governments and recognized by the Department of Defense as representing the voice of the community at a base closure location. LRAs hold public hearings and prepare a reuse plan that must balance the needs of the homeless people in the community, as required by law<sup>5</sup>, with efforts to stimulate economic redevelopment. They may also request surplus property to assist them in implementing their plan. Navy works with the LRA throughout this process to ensure timely submission of a comprehensive, feasible reuse plan.

#### *National Environmental Policy Act Compliance*

BRAC requires the Military Services to evaluate all reasonable disposal alternatives, including non-disposal, and their associated environmental consequences under the terms of the National Environmental Policy Act of 1969 (NEPA) before the property could be disposed. In 1996, the Congress amended<sup>6</sup> BRAC to require

<sup>1</sup>Per 41 CFR 101-47.203-7.

<sup>2</sup>40 U.S.C. 472.

<sup>3</sup>41 CFR 101 Part 47.

<sup>4</sup>H.R. 1763, 85th Cong., 2d Session, reprinted in 1958 U.S.Code, Cong. & Adm. News, 2861, 1866.

<sup>5</sup>Sec. 2905(b)(7) of Public Law 101-510.

<sup>6</sup>Public Law 104-106, the Fiscal Year 1996 National Defense Authorization Act.

the Military Departments to use the LRA's reuse plan as the preferred alternative in conducting our NEPA analysis.

Under NEPA, we must also consider:

- Environmental impact of the proposed disposal and the impacts of all reasonably anticipated uses of the property;
- Alternatives to the proposed disposal and reuse plan, including the “no-action” alternative;
- Adverse impacts on the environment under the Federal Endangered Species Act and the Clean Water Act, and protected resources such as historic buildings and archeological sites under the National Historic Preservation Act;
- Mitigation actions that would minimize adverse impacts on the environment and protected resources such as historic structures, wetlands, and habitats for threatened or endangered species;

If Navy cannot certify in an Environmental Analysis that there will be no significant impact, it must prepare an EIS. That involves a very detailed environmental analysis and formal public participation. At the end of the EIS process, the Department of the Navy issues a Record Of Decision concerning disposal of the base closure property. The Record of Decision represents a necessary element of the property conveyance process, since disposal and redevelopment cannot begin until it has been issued. This Record of Decision is separate from, and in addition to the Record of Decision required for environmental cleanup.

#### *Environmental Cleanup*

The Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA) requires the Federal Government to warrant that all remedial action required to protect human health and the environment has been taken prior to the disposal of surplus Federal property. It also requires that any additional remedial or corrective action discovered after disposal will be done by the United States. This statute is the legal basis for Navy's obligation to cleanup environmental contamination on base closure property. A Record of Decision, approved by environmental regulators, documents the remedy that will be used to perform the environmental cleanup. Reuses proposed by Local Redevelopment Authorities sometimes require clean ups in excess of what would have been conducted by Navy based on the historical use of the property or if the property had been sold.

#### *Early Transfer*

In the past, CERCLA precluded Navy from conveying property to non-Federal entities until all environmental remediation was complete or until an acceptable remedy approved by State and Federal environmental regulators was in place and operating satisfactorily. Section 334 of the DOD Authorization Act for fiscal year 1997 allowed the Department of Defense to convey base closure property before remediation is in place if approval was obtained from the Environmental Protection Agency when the property was on the National Priorities List, or from the State governor if the property was not on the National Priorities List.

The Department of the Navy has used this early transfer authority eight times to convey to property developers approximately 9,500 acres about 5 years before otherwise possible. These early transfers have often combined the environmental cleanup with actual redevelopment, resulting in time and money savings to both the developer and the Department of the Navy.

#### *Methods for Conveying Base Closure Property*

Two statutes govern the disposal of base closure property: the Federal Property and Administrative Services Act of 1949, and the BRAC statute which added the option of an Economic Development Conveyance under the Pryor Amendments of 1993. These statutes provide a way to transfer excess Federal property to another Department of Defense component or other Federal agency, and four primary ways to dispose of surplus Federal property to a non-Federal recipient:

- Public sale to the highest bidder for fair market value. I will note here that the highest bid must come close to the appraised fair market value. If not, the disposal agency must give the high bidder a chance to raise the bid to that level, or choose not to complete the sale. Public sales can provide financing terms for up to 10 years;
- Negotiated sale to a State or local government when the property will be used for an acceptable public purpose and the grantee will pay fair market value. Such a sale is subject to review by Congress. Negotiated sales can provide for financing terms for up to 10 years;

- Public benefit conveyance for less than fair market value when the property will be put to a public purpose specifically authorized by Congress (e.g., an airport, port, educational facility, park)<sup>7</sup>;
- Economic development conveyance (EDC),<sup>8</sup> for less than fair market value when the LRA's reuse plan demonstrates new jobs will be created by the proposed redevelopment.

Another method of disposal is through special legislation authorized by Congress for a particular property. These conveyances are often for nominal consideration. Hunters Point Naval Shipyard and Fleet and Industrial Supply Center Oakland have been the subject of such special legislation.

BRAC also provides two other unique disposal opportunities that so far have not been used by the Department of the Navy. The first is the ability to convey property to private parties who will undertake environmental cleanup.<sup>9</sup> The receiving party agrees to assume responsibility for the cleanup. If cleanup costs less than the fair market value of the property, the recipient pays Navy the difference. The second conveyance tool is the authority to exchange BRAC property for the development of military family housing at another site where there is a need for housing.<sup>10</sup>

#### *Actual Disposal*

We work closely with the LRAs as they prepare their proposed reuse plans for submission to us and review by the Department of Housing and Urban Development, who weighs the economic development aspects of the reuse plan with provisions for homeless people. We begin the environmental review required by NEPA when the LRA submits its proposed reuse plan. As part of the environmental impact analysis, Navy is required to identify and analyze measures to mitigate adverse impacts. Because the Navy does not control property after conveyance and the Navy's ability to impose land use controls is limited, most actions needed to mitigate adverse impacts will be the responsibility of the LRA. In order to ensure that mitigation measures in the Environmental Assessment (EA) or Environmental Impact Statement (EIS) can be implemented, Navy must ensure that the LRA agrees to and has the authority to implement the necessary actions to protect resources such as wetlands, threatened and endangered species, and historic and archeological buildings and sites.

After the NEPA Record of Decision is issued, the Secretary of the Navy, after consultation with the LRA, proceeds with disposal of the property in accordance with the various statutory authorities. In the case of an EDC, the Office of the Secretary of Defense must also approve the conveyance. In the case of a negotiated sale, the conveyance must be reviewed by Congress and, as a practical matter, also receive the concurrence of the General Services Administration.

In the event that a LRA requests property by a negotiated sale, we have an agreement with the General Services Administration that they manage the appraisal process. That speeds Congressional review since Congress routinely asks that they concur with the appraisal before approving the negotiated sale.

#### *Competing Demands*

I have so far outlined the challenges in trying to dispose of base closure property in a manner that furthers the public interest, and as expeditiously as possible, within the statutory and regulatory framework of Federal property disposal and environmental laws. Central to the disposal process is the availability of adequate funding for environmental remediation at closed bases. We recognize that some LRAs and other grantees will not accept title to contaminated properties until the property is cleaned up. Consequently, we continue to incur costs associated with ownership (e.g., maintenance, protection costs) until cleanups are complete and approved by Federal and State environmental regulators.

#### PRIOR BRAC CLEANUP AND DISPOSAL STATUS

My boss, the Assistant Secretary of the Navy (Installations and Environment) testified before this Committee on 4 March 2003, and he provided a summary of the status of our environmental cleanup and property disposal efforts. I will repeat some of that information here as a matter of convenience along with some additional details.

The Department of the Navy has spent a total of \$2.8 billion on environmental efforts at Prior BRAC bases through fiscal year 2002. The Congress has approved

<sup>7</sup> See for example, 40 U.S.C. 484(k) for park, education and public health purposes.

<sup>8</sup> Sec. 2905(b)(2) of Defense Base Closure and Realignment Act.

<sup>9</sup> Sec. 2905(b)(8)(e) of Defense Base Closure and Realignment Act.

<sup>10</sup> Sec. 2905(b)(8)(f) of Defense Base Closure and Realignment Act.

an additional \$258 million for fiscal year 2003. I would note that the State of California has 21 percent of the Department of the Navy's Prior BRAC bases, and has received about 42 percent of all cleanup funds through fiscal year 2002. We estimate that an additional \$785 million is required to complete the remaining cleanup, including long-term operation and monitoring of cleanup remedies. Current projections are to complete all cleanup actions by fiscal year 2016. The availability of Prior BRAC land sale revenue could dramatically accelerate cleanup. About 66 percent of our remaining cost of cleanup is at Prior BRAC bases in California. We expect that about 40 percent of the total Prior BRAC environmental funding will be spent in the San Francisco Bay area.

As of the end of January 2003, Navy had transferred 64 of the 90 former bases planned for disposal. A total of 425 parcels of land have been conveyed at these 64 bases and other bases at which only a portion of the base has been transferred. We will need to transfer another 196 parcels and complete all actions on the remaining 26 bases. Our plans call for the transfer of 58 additional parcels, including the final parcels at eight more bases in fiscal year 2003, and 51 parcels, including the final parcels at five bases in fiscal year 2004.

#### IMPROVING BRAC IMPLEMENTATION

##### *Public Sale Is A Win-Win*

Although the EDC remains the preferred method of disposal, under some circumstances EDCs can be very time consuming and difficult to complete. When that happens, public sales have proven to be successful alternatives. Public sale provides a win-win situation for everyone because it puts all parties in their most familiar role:

- The community plans and manages growth through local land use and zoning ordinances instead of trying to manage redevelopment. The property gets on the tax rolls quickly. The community never holds title to the land;
- The Federal Government quickly disposes of excess property, gains fair market value for the tax payers past investment in the property, and can apply that revenue to defray the costs of closure, realignment, and environmental cleanup. The Federal Government is removed from the ill-advised role of analyzing redevelopment efforts;
- The General Services Administration becomes the real estate broker, marketing the property and ensuring equal opportunity to all developers;
- The developer provides the visionary growth opportunities and fits that within the community's local zoning requirements and economic factors. The developer secures financing and provides the project management expertise.

The Department of the Navy public sale of 3 parcels of property totaling 235 acres at the former Marine Corps Air Station Tustin, CA brought quick resolution to long standing acrimony on reuse direction, generated significant revenue to pay for environmental cleanup costs, and will provide new jobs and economic opportunities for the community, while quickly bringing the property onto the community tax rolls.

Another good example is the former Army Cameron Station in Alexandria, VA, which was closed as part of BRAC 1988. The Army held a public sale of the property in 1995, and most would agree that it has been developed and returned to the tax rolls more rapidly than other property that has been conveyed to the community at no cost.

The Department of the Navy is pursuing public sales of other Prior BRAC properties.

##### *Simultaneous Redevelopment and Environmental Cleanup*

We have learned that successful cleanup and property disposal of large tracts of Federal property requires skillful negotiation of a complex mix of Federal, State and local statutes and regulations; Federal, State and local government skills, motivation, and capabilities; flexibility and innovative thought; and available funding to conduct the environmental cleanup. We have also found that tying redevelopment with actual cleanup saves time and money for both the developer and the Federal Government. The critical ingredient to simultaneous redevelopment and environmental cleanup is the availability of detailed studies on the nature and extent of environmental contamination, and the support of environmental regulators.

##### *Federal Agencies Sometimes Delay or Disrupt BRAC Property Disposal*

BRAC property disposal process requires property to be screened for other Federal use. If another Federal Agency identifies a need for the property and the Navy agrees to transfer it to them, the receiving Federal Agency has a responsibility to accept the property within a reasonable time period. In several instances, receiving agencies have delayed acceptance of property pending completion of environmental

remediation, even though completion of cleanup is not required for property transfer. In other instances, some Agencies have withdrawn their request for the property after a prolonged delay, thus requiring the disposing service to declare the property surplus years after the LRA has completed its outreach and reuse planning. In addition, some Federal Agencies have resisted taking property unless and until a CERCLA covenant for environmental cleanup was provided, even though there is no statutory requirement to do so.

*NEPA Requirements for BRAC Property Disposal*

In applying NEPA to BRAC property disposal the Navy has found itself in the middle of disputes and legal challenges between adjoining government jurisdictions and different interest groups on how the community should proceed with reuse of the surplus Federal property, even though the Federal Government's ability to control future land use is limited. The NEPA process for BRAC property disposal can sometimes be time-consuming and expensive; we will continue efforts to make the process more efficient and enhance its value.

*Contract for Fire and Security Services At BRAC Locations*

10 U.S.C. 2465 prohibits the use of appropriated funds for the purchase of firefighting or security-guard functions at military installations within the United States that were not under contract on September 24, 1983. At BRAC closure sites with areas of exclusive legislative jurisdiction, Federal employees or military members performed firefighting or security guard functions and the local government were not required to provide such services. Local governments have the legal obligation to provide these services in areas of proprietary and concurrent jurisdiction although they are sometimes reluctant to do so. Navy is later required to conduct Reduction in Force (RIF) actions to terminate employment when the property is disposed of or the State has agreed to a retrocession of exclusive jurisdiction. The ability to contract for firefighting and security guard functions would significantly reduce caretaker expenses.

*Cleanup Standards for BRAC Property Are Sometimes Inconsistent With Past Use*

Several Navy BRAC property disposals have resulted in cleanup actions that exceed levels that would have been implemented if DOD had done the clean up to a level consistent with the past and current uses of the property. Local communities frequently pressure the Navy to clean up property to a level that is inconsistent with the property's previous use. For example, an industrial site could be planned for redevelopment as a residential use or a landfill could be proposed for conversion to parking or storage areas.

*We Can Learn From Each Other*

Each Military Department has extensive and varied experience with BRAC reuse and disposal. In order to share those experiences and expertise, and to ensure that the Department of Defense is conducting reuse and disposal in the most efficient and effective way possible for all concerned, the Office of the Secretary of Defense is forming a working group to examine potential improvements to the BRAC reuse and disposal process. The Department of the Navy supports this effort and looks forward to working with the other Departments and OSD.

CONCLUSION

I want to thank the Chairman and members of this committee for holding this hearing. I hope that I have shed some light on the complexities involved in environmental cleanup and property disposal of BRAC property. I want to ensure you that the Navy and Marine Corps team, from the installation level to headquarters, has been working very hard with regulators and communities to do a responsible environmental cleanup that is protective of human health and the environment, and to help bring BRAC property back to productive use through economic redevelopment. We will continue to give priority management attention and funding to support promising opportunities for early transfer of BRAC property. We will pursue other public sales of BRAC property when appropriate and other disposal options have not progressed. We will use the funds generated by the sale to accelerate cleanup at BRAC locations.

That concludes my statement. I appreciate the support of each member of this committee, and will try to respond to any comments or concerns you may have.

Senator HUTCHISON. Thank you, Mr. Army. I wish we had had the other panel here to talk back and forth because you are so dia-

metrically opposed that it is hard for us to determine which really works better. I mean, you make a good case, but they do as well.

Mr. ARNY. Well, it is fairly new, and I think you also need to talk to the city of Irvine some time, because they have been a partner with us on what will be the largest public sale any of us have ever done. We have 3700 acres in Orange County to sell and it will be done through public sale.

Senator HUTCHISON. Thank you. Of course Orange County is in a somewhat different category from some of our bases.

Mr. Gibbs.

**STATEMENT OF HON. NELSON F. GIBBS, ASSISTANT SECRETARY OF  
THE AIR FORCE FOR INSTALLATIONS, ENVIRONMENT, AND LO-  
GISTICS**

Mr. GIBBS. Thank you, Madam Chairman, Senator Feinstein.

The Air Force is quite proud of the record that it has had in working with the Base Realignment and Closure (BRAC) through the first four rounds. There have been 22 closures and 19 realignments. Over 87,000 acres will eventually be transferred back to the local communities. Over 60 percent of those acres have already been transferred and another 30 percent of them are currently in long-term lease so that the development can go forward.

From the perspective of environmental aspects of it, we expect to have our last remedy in place by 2005 with the exception of one base, and the operating and monitoring, however, of that cleanup will go on for 40 years in many cases, with one substantive exception where the monitoring will go on in excess of 200 years.

PREPARED STATEMENT

We believe it has been a success and we believe that we are prepared to move forward with the 2005 round for the disposal of properties in a very expeditious manner also.

Thank you very much.

[The statement follows:]

PREPARED STATEMENT OF NELSON F. GIBBS

INTRODUCTION

Madam Chairman and members of the committee, good morning. I appreciate the opportunity to appear before you to discuss the Department of the Air Force Base Realignment and Closure (BRAC) program. Today, I will share with the committee our progress in transitioning the installations identified for closure or realignment in previous rounds of BRAC and how we are preparing to execute an additional round of base closures in 2005.

One of the most effective tools we have to transform the military is through the BRAC process. The previous four rounds of BRAC approved 22 Air Force installations for closure and 17 realignment actions, and the Air Force completed each action within its statutory deadline. We rationalized much of our infrastructure through the previous BRAC rounds—but much more needs to be accomplished. Transformation requires rationalizing our base structure to better match the force structure for the new ways of doing business.

Congress authorized a Base Realignment and Closure in 2005 to accomplish this “base transformation”. BRAC 2005 is the means for the Air Force to align our infrastructure to maximize warfighting capability efficiency, and meet the Nation’s new defense strategy. Through BRAC 2005, we will eliminate excess capacity that drains our scarce resources from defense capability.

## 2005 BASE REALIGNMENT AND CLOSURE

The Air Force views the 2005 Base Realignment and Closure process as a unique opportunity to reshape our infrastructure to optimize military readiness and to ensure we are most efficiently postured to meet new security challenges. In January of this year, we established a Basing and Infrastructure Analysis group within Headquarters Air Force. This office will serve as the Air Force focal point for the BRAC 2005 process. Our major commands are following suit with creating their own analysis structures to support the BRAC process. As in previous rounds of base closures, we are establishing a Base Closure Executive Group (BCEG) composed of general officers and senior civilians representing a variety of functional areas, including those with ranges and airspace operational expertise. The Air Force Deputy Assistant Secretary for Basing and Infrastructure Analysis participates in meetings with his counterparts in OSD and the other services on BRAC 2005 planning issues and also on the composition of the joint cross service teams. The Air Force is also working on a building up its BRAC 2005 staff in order to ensure the appropriate degree of corporate attention and expertise is given to this effort. The Air Force leadership is committed to meeting the BRAC 2005 statutory deadlines and ensuring our analytical processes are comprehensive and auditable.

## BASE CONVERSION

The Air Force continues to work with the local reuse authority at each closed and realigned bases from rounds of BRAC to minimize the impact on local communities from the closures. The Air Force is disposing of over 87,000 acres at 32 locations. Base conversion efforts have led to the creation of over 48,000 jobs in a variety of reuses, including industrial, aviation, commercial, residential and educational activities. Thirteen airports have been created, significantly contributing to the United States civil aviation system. Colleges expanded their operations, hospitals and senior citizen housing complexes developed, industrial uses ranging from biotechnology to a state-of-the art sawmill were created, child care centers, aircraft maintenance operations, hotels, restaurants—the list just goes on and on. The important thing is these former installations are not sitting idle; they are being transferred and used by communities, contributing to their economic redevelopment and providing valuable jobs for their people.

Successful redevelopment relies on the transfer of property to the local communities. The Air Force has deeded almost 60 percent of our BRAC property. We continue to increase the amount of deeded acres for all rounds projecting over 70 percent of our total acreage will be transferred by the end of fiscal year 2003. Over 90 percent of the property has transitioned to reuse, either by deed or utilizing long-term leases in furtherance of conveyance. The lease arrangement allows the community to use the property for economic development while we finish our environmental cleanup responsibilities. Once cleanup remedies are in place, the contract we have with the community calls for us to convert the lease to a deed. This has proven to be an extremely successful tool for transitioning property for early reuse.

## BRAC ENVIRONMENTAL

While these facilities are being returned to their respective communities, the Air Force has a continuing responsibility for environmental cleanup from past operations and industrial activities. The Air Force approaches this responsibility at our BRAC installations with the same prudent environmental stewardship as at our active installations.

Since 1991, we have spent approximately \$2.2 billion in environmental cleanup activities at our closure installations, and for fiscal year 2004, the Air Force is requesting \$176 million to continue cleanup efforts. This request allocates about 70 percent for actual installation of cleanup systems, cleanup systems operations, and long-term management. The Air Force projects that over \$2 billion is needed in future years to complete our ongoing BRAC cleanup requirements. We look forward to working with the Congress as we meet these goals in our future budget submissions.

As the Air Force moves forward with our BRAC environmental cleanup program, we are seeing the results of investments made over the last several years. Since 1999, 12 of the 30 locations that have environmental restoration programs have achieved last remedy in place (LRIP) with 9 more locations scheduled to reach LRIP this fiscal year. This is a significant milestone as it means all cleanup remedies are in place and operating successfully. While some of those systems may be in place for many years to come, the Air Force ensures there is no harm to human health or the environment during the operations process. The \$176 million requested for

fiscal year 2004 will lead to six bases attaining LRIP in fiscal year 2004. The Air Force plans for all our bases to achieve LRIP status in fiscal year 2005, except McClellan Air Force Base, CA, which was one of our major maintenance, repair and overhaul centers that closed in 2001.

Investment in more efficient contracting approaches at our closure installations has successfully produced faster cleanup initiatives at significant cost savings. For example, a privatization contract at the former Lowry Air Force Base, CO, will reduce our cleanup period from 28 years to 11 years at a cost savings of \$13 million. More importantly, it enables us to transfer the property to the local reuse authority prior to cleanup using an early transfer authority. The reuse authority actually contracts for the cleanup and works with the environmental regulators. We agreed upfront to a level of cleanup and negotiated a price based on their ability to meet our cleanup goals. This is a win-win for both the community and the Air Force, as it gives the community more control over the process and it allows the Air Force to transfer the property. The Air Force is also pursuing the use of performance-based contracting for its cleanup actions. Similar to privatization, we will identify performance goals and rather than dictating the cleanup remedy, we will award the contract based on a cleanup goal. The Air Force plans to position 20 percent of our environmental program on performance-based contracts this fiscal year. As a result of these initiatives, the Air Force BRAC environmental program has successfully closed 1,100 of our 1,671 environmental cleanup sites

#### CHALLENGES

In light of our successful execution of the BRAC program, the Air Force continues to address important real estate and environmental challenges. As we prepare for BRAC 2005, the Air Force is addressing a key real estate issue—how to more efficiently transfer property. We are already looking at lessons learned from the previous rounds of BRAC to identify ways to improve the process so that we can improve our processes for transferring property and accomplishing cleanup. We think some of our initiatives accomplished this already, but we recognize there is room for improvement. Our goal is to maximize BRAC savings to the Department of Defense and expedite reuse.

#### CONCLUSION

In conclusion, we thank the committee for its support of an additional round of base closure in 2005 and of the Air Force's current Base Realignment and Closure Program. The closures and realignments of the previous rounds of BRAC allow us to use the savings on other Air Force requirements every year. With your help, we are meeting the need for community reuse while providing quality environmental cleanup efforts to ensure the protection of human health and the environment. We will approach BRAC 2005 with the same commitment. I will be happy to address any questions.

Senator HUTCHISON. Thank you.

#### SALE VERSUS NON-REVENUE TRANSFER

I would like to ask the Army and the Air Force Secretaries, what your view of public sale versus the non-revenue transfer merits are?

Mr. GIBBS. I will pick it up first if you want.

Senator HUTCHISON. Okay.

Mr. GIBBS. The Air Force has sold in the last round properties which will ultimately result in approximately \$70 million of proceeds. Just under \$50 million has been received. I think, as in many things, under a specific set of circumstances any one of the methods can be used most appropriately.

In the case of the transfer—I would comment also, based on Mr. Arny's previous comment, that one of the largest delays that we have experienced over the years has been in dealing with other Federal agencies. As you know, in the waterfall process that we go through it basically starts there. It says first of all, are there other military departments that would want to use the land? Then it

goes to other Federal agencies. This has been the longest delay in many instances.

Then, moving on to the local agencies, the things that have caused us the greatest difficulty are where the local community has been unable to come to a conclusion relatively quickly as to what they want done with the properties. In this business, the longer it takes, the more difficult it becomes as positions become entrenched. So the speed with which we can go through the process will, in my opinion, enhance it, and if that would be through a public sale, then I personally, and I believe the Air Force, also, would favor that route.

Senator HUTCHISON. Thank you.

Dr. Fiori.

#### CAMERON STATION PROPERTY SALE

Dr. FIORI. Yes, ma'am. One of our great early success stories in selling property was Cameron Station. Our local community just could not afford to assume it, even though it is a fairly wealthy area. We had a developer come and take it away and we sold it for \$30 million at the time. They then met all the local ordinances.

In our total sales, we have over \$150 million, but none of these are large properties—many of our properties are obviously environmentally contaminated and we have had a difficult time with them.

#### TRANSFER TO OTHER FEDERAL AGENCIES

Also, when we transfer our property to other Federal agencies, particularly the Department of the Interior, it has taken quite a few years. One of our recommended legislative corrections could easily be, let us limit the time that they tie up the property before we try selling it, and that would help us a little bit.

The fact is I think all the BRACs from the beginning to now have taken a bit too long to do. By allowing us to be more aggressive on selling it, some of the programs which I have described to you which are expediting the sale of these properties will help. In my case, this year, I do have about 100,000 acres out of the 140,000 remaining that I will be able to finally, hopefully, dispose of, and most of it is going to go to other agencies. It is a difficult subject.

#### ENVIRONMENTAL CLEANUP

Senator HUTCHISON. Let me ask, Mr. Arny, and if either of you have opinions on this I would welcome those as well. That is, the concept that you said you do not use but is an option, of conveying to private parties who will undertake the environmental cleanup. It seems like a win-win so we would not keep incurring these environmental costs and that seems to be more expensive than the sale of the property in many instances.

Mr. ARNY. I do not know the total history on it and I will have to get back to you for the record. But I do not believe many people have approached us on that. Again, since almost every closure we had was through an LRA rather than directly to the private sector, it is my guess—and I will document it for the record—it is my guess that the private parties were not approaching the LRAs because they assumed we would do the cleanup in place.

I think one of the great advances over the past few years has been the early transfer. We did that up at Mare Island and it has been very successful, because we have all our bases to clean up and the developer who is finally chosen by the community at Mare Island—Mare Island may not be number one on our list, but for that developer, guess what, it is number one for him. And using the Governor of a particular State, in this case the Governor of California, to adjudicate between what we think is the right amount of money and bringing insurance vehicles into place, now the community wins, because we are still paying for the development but we are not doing it, and it is now number one priority for that community. The developer cannot develop unless he gets it cleaned up.

Senator HUTCHISON. Mr. Gibbs.

Mr. GIBBS. We also have begun to use that mechanism. We entered into an agreement in Colorado where effectively, the cleanup is being undertaken by a private contractor. We pay for it, of course, but it is also backed up by insurance. This is a methodology that has turned out to be very effective there and I think we will find it being used more and more.

We are also attempting to transfer more into performance-based cleanups and that is in dealing principally with the State regulators in getting to agree on what the performance should be, and then it makes it much easier to do the private.

Senator HUTCHISON. But you have not had experience of conveying with the requirement that the person who purchases or takes the property would do the environmental cleanup?

Mr. GIBBS. Well, you mean take over the economic responsibility?

Senator HUTCHISON. Yes.

Mr. GIBBS. No, we have not, and I really would not expect that would be very difficult for any local to take up. One of the understandings is we have the responsibility to do the cleanup and for somebody to take that over, is a tremendous economic burden in many cases.

One of the difficulties—

Senator HUTCHISON. You just do not think there would be a market for it, is what both of you are saying.

Mr. ARNY. So far we have not seen one where they have come up to us.

Mr. GIBBS. And said that they would like to actually do the cleanup, no. We stay behind it economically. We believe it is advantageous to turn it over to private companies to do and to manage because in many cases, as Secretary Arny says, they are much more focused on what needs to be done.

Mr. ARNY. I am only again guessing here, but I think that since, up until just recently, almost all the transfers have been no-cost EDCs, the more recent ones, in which case there is no incentive for a private sector person to come in there because it is going “free” to the local community instead of if it is up for public sale and the developer could make money off it over and above the cost of cleanup. Then perhaps there would be an incentive. But I will get back to you for the record on the history of it.

[The information follows:]

Section 2908 of Public Law 103-160 amended the Defense Base Closure and Realignment Act of 1990 (Public Law 101-510) and provided authority to transfer sur-

plus property at closed bases to private parties who agree to perform all required environmental remediation. If This authority lapsed November 30, 1998. Navy did not identify any opportunity to use it.

The 2002 National Defense Authorization Act restored this authority for closures or realignments occurring after 2001.

Senator HUTCHISON. Thank you.

Senator Feinstein.

Senator FEINSTEIN. Thanks very much.

#### ENVIRONMENTAL CLEANUP AT BASES

I have three base-specific questions. The first one is on Hunters Point Naval Shipyard. Let me ask them together if I might. What is the Navy's estimated cost to complete the cleanup of Hunters Point and what is the budget for the current fiscal year and each of the next 2 fiscal years? That is the first.

The second is the recent discovery of more than 100 boxes of previously unknown shipyard radiological documents. What do you expect that impact to be and will it cost more? And does the Navy see any remaining hurdles to moving forward with the conveyance agreement in the next 1 to 2 months?

Mr. ARNY. That is me. I was in a similar job in the Navy in the mideighties when we were wrestling with Hunters Point back then, so—

Senator FEINSTEIN. It goes on and on.

Mr. ARNY. And then I represented the Port of San Francisco for a while and worked for Veronica Sanchez. So I have been out there a lot.

Senator FEINSTEIN. In the mideighties?

Mr. ARNY. Yes.

Senator FEINSTEIN. While I was Mayor?

Mr. ARNY. Yes, ma'am, I met her back then.

As to our cost to complete, as of this year it is \$103.9 million.

Senator FEINSTEIN. 129, did you say?

Mr. ARNY. \$103.9 million cost to complete. The 2003 budget is \$38 million, the 2004 budget is \$24 million. I can get you later numbers.

If we are successful in land sales—well, we anticipated \$68 million of land sales for this year's budget, for 2004, and we have taken in more than that. We will use that money to accelerate cleanup.

Senator FEINSTEIN. How much have you taken in?

Mr. ARNY. Taken in—well, I have to take away GSA's pound of flesh. But we took in \$208.5 million.

Senator FEINSTEIN. Really?

Mr. ARNY. Plus we took in—that was just on Tustin. We took in \$15 million roughly in Key West in a negotiated sale, and once we are settled with a lawsuit at Oak Knoll we expect to take in another \$10 million or so.

Our priority on those is the money goes to the base that was closed or to a base—if it is a Marine base—

Senator FEINSTEIN. In the State?

Mr. ARNY. In the State. We have it prioritized and I can get you that for the record.

Senator FEINSTEIN. Would you?

Mr. ARNY. Yes, ma'am.

Senator FEINSTEIN. I would very much appreciate it.

[The information follows:]

We need to retain some flexibility, but any additional Prior BRAC land sale revenue received by the Department of the Navy beyond the \$68 million included in the fiscal year 2004 budget bill will be applied to accelerate cleanup and property disposal at Prior BRAC locations in the following general priority order.

—The BRAC base that generated the revenue.

—The Navy or Marine Corps military service that generated the revenue.

—DoN bases to implement an early transfer opportunity.

—DoN bases that, with a modest infusion of additional funds, could quickly complete cleanup and property disposal, thereby completing actions on that base.

—All remaining DoN bases.

Mr. ARNY. And we tend to—it is the base that was sold gets first priority. The service that that base was gets next priority, and the State—I forget where the State falls in there. I can get that for you, and I can get you the later numbers.

Senator FEINSTEIN. Great.

Mr. ARNY. But Hunters Point is clearly one that we would like to accelerate the cleanup on. Hunters Point—you talked about the six bases to Mr. DuBois. I would suspect that three of them are ours and three of them are in the San Francisco Bay. I would suspect they are Mare Island, Alameda, and Hunters Point. That is just a guess.

Senator FEINSTEIN. And then Alaska would be another, right? That would be—

Mr. ARNY. That is just huge area.

Senator FEINSTEIN. Right.

Mr. ARNY. It is area, not cost.

Senator FEINSTEIN. And the other two would be?

Mr. ARNY. McClellan maybe and—I do not know.

Senator FEINSTEIN. Pearl, did you say?

Mr. ARNY. No, McClellan perhaps. I am not sure.

Mr. GIBBS. I do not know the six.

Senator FEINSTEIN. Well, you gentlemen will get us the six.

Mr. GIBBS. You will get the list.

Senator FEINSTEIN. I appreciate that.

Mr. ARNY. As far as the boxes of material, I just got briefed yesterday on the HRA, Historical Radiological Assessment. We are working very closely with the city, as you know. There is a RAB meeting in 2 weeks. We will lay out ahead of time before the Restoration Advisory Board (RAB) with the city officials. The number of boxes is not quite as large as we thought it was, but it is still very large.

We believe we will be ready by 1 October, I think is our deadline, and we have—

Senator FEINSTEIN. Is that for conveyance?

Mr. ARNY. No, the conveyance should be ready to go before then. We have separated the conveyance from—we were going to require the transfer of parcel A prior to conveyance. But because the HRA has delayed that, we are separating parcel A from the conveyance.

We would, however, like the city in return for early conveyance, which we are ready to do, we would like them to take over fire and security guard service. We are paying \$1 million a year for fire and police security services. If you recall, the police, the San Francisco

Police, are actually stationed at Hunters Point, but they are not to respond to stuff at Hunters Point.

It is very difficult for us to hire firemen. We hire them, they become Federal, we train them up, and guess what, they get hired away by the City of San Francisco. And oh, by the way, so we are undermanned, our firemen respond to a fire, and the city also responds to the same fire.

Senator FEINSTEIN. I would be very happy to help with that.

Mr. ARNY. Thank you, I would appreciate that.

Senator FEINSTEIN. I really appreciate the work that has been done. So do you see any hurdles? 1 to 2 months for conveyance, is that about correct?

Mr. ARNY. I will have to check on the time frame. I was not thinking that quickly, but that could very well be the time frame.

Senator FEINSTEIN. Thank you.

Mr. ARNY. Firefighting is the only hurdle.

Senator FEINSTEIN. All right.

#### MC CLELLAN AIR FORCE BASE

Secretary Gibbs, I understand that the required McClellan funding for 2004 is nearly \$43 million and the Air Force has communicated to the community a commitment of \$30 to \$40 million per year to be spent on remediation at McClellan over the next 5 years. Is that in fact correct?

Mr. GIBBS. Yes, ma'am.

Senator FEINSTEIN. What is your current working estimate of the cost to complete the environmental cleanup at McClellan?

Mr. GIBBS. I will give you a number—

Senator FEINSTEIN. And the time line.

Mr. GIBBS. We expect that it will be about three-quarters of a billion dollars to complete all of the work at McClellan. Now, I notice that Mr. Leonard had used a number substantially greater than that in his estimate, so I will get back to you for the record specifically. I will provide you all of the details of the money spent to date and the amount to go.

[The information follows:]

#### McCLELLAN AFB

Historical expenditures (including pre-BRAC DERA costs) for the environmental cleanup at McClellan Air Force Base total \$402,800,000 (includes fiscal year 2003). Our current estimated cost to complete the cleanup is \$752,000,000 for the period fiscal year 2004 through 2034.

Senator FEINSTEIN. Is most of the \$750 million or above related to the nuclear—

Mr. GIBBS. Much of it is.

Senator FEINSTEIN [continuing]. Residue?

Mr. GIBBS. Much of it is, yes, ma'am.

Senator FEINSTEIN. And that does not include the sewer?

Mr. GIBBS. No, the sewer is included.

Senator FEINSTEIN. The sewer is included, okay. And the time line?

Mr. GIBBS. The time line on the sewer is—well, there are discussions currently going on now with the redevelopment agency to see if we can rearrange the time line on that. It was scheduled out

about 2 or 3 years from now. I do not know precisely when. But the agency has decided that it would prefer to move that up as opposed to something else. So it is a change in the process.

#### FORT ORD CLEANUP

Senator FEINSTEIN. Thank you very much.

Dr. Fiori, the cleanup bill for Fort Ord is estimated I believe at \$306 million. I realize that unexploded ordnance (UXD) is under a different account, but, given the concentration of UXO on Fort Ord, can you estimate the remaining time it will take to clean up that base and whether you foresee additional costs?

Dr. FIORI. The costs are about \$300 million from now until the end. The cleanup will not happen under the process we are going under today for at least another 15 to 17 years, and those are regulatory issues that we have to solve.

Senator FEINSTEIN. Let me just—you are saying the cleanup—

Dr. FIORI. Of our 7,000 acres that have UXO it is going to take 14 years. The reason for it is, at the moment at least, at the present plan with the regulators of California, we are allowed to only burn 500 acres per year. We need to burn the vegetation off so we can survey the land to find the UXO. Five hundred into 7,000 is 14 years, ma'am.

I am going out there and I am going to discuss this with Congressman Farr. Perhaps we have alternative ways to do this. But right now we are stuck in that regulatory climate.

Senator FEINSTEIN. Let me ask a couple questions. This is because of air pollution?

Dr. FIORI. Yes, ma'am, the controlled burns are due to air pollution. They limit us to 500 acres a year. We missed this year as a matter of fact because the weather changed at the time we were going to do it, so we did not even do it this last calendar year.

Senator FEINSTEIN. Does the county want a speedier cleanup?

Dr. FIORI. As far as I could tell at the moment, everyone seems to be satisfied with this except me. I would like to speed it up dramatically. This is my long pole in the tent of my remaining 40,000 acres once I get rid of my 100,000 acres that I plan to get rid of this year.

But it is a regulatory issue and we are going to work on it. I have a task force just working Fort Ord to see what we could do to really expedite it and look at alternative technologies. But right now we literally cannot find the UXO.

Senator FEINSTEIN. Well, please let me know if I can be of help and I would be happy to.

Dr. FIORI. I would be delighted to let you know about it, because it is high on our priorities, ma'am.

Senator FEINSTEIN. Thank you.

#### OTHER CALIFORNIA PROPERTIES

Dr. FIORI. I do have an answer, though, about the other properties. A lot of them are in California.

Senator FEINSTEIN. Good.

Dr. FIORI. The largest one is Honey Lake, Sierra Army Depot, California, 64,000 acres. I think we will be able to transfer that to the Department of Interior this year. So that is a large chunk of

my 100,000. The other one, of course, is Fort Ord, but only 1,300 acres of my remaining 15,000 acres will be transferred this year. Those are the two California large chunks of property that we are going to try to dispose of this year.

#### ADDITIONAL COMMITTEE QUESTIONS

Senator FEINSTEIN. Thank you very much.

Thanks, Madam Chairman.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

#### QUESTIONS SUBMITTED TO RAYMOND DUBOIS

##### QUESTIONS SUBMITTED BY SENATOR CONRAD BURNS

###### BASE REALIGNMENT AND CLOSURE (BRAC)

*Question.* Please explain the deliberation process the BRAC working group is undergoing as it develops the initial selection criterion set for submission to the defense committees and the deadline for this submission.

*Answer.* The Department will ensure that the proposed selection criteria meet all of the requirements of the enabling legislation and incorporate changes that might be needed to accommodate changing military missions. We intend to meet all legislatively mandated deadlines regarding selection criteria, beginning with publication of the proposed selection criteria in the Federal Register not later than 31 December 2003.

*Question.* We hear that much emphasis will be placed on "jointness" as it applies to military infrastructure in the 2005 closure round. What are your initial thoughts on what areas the Department will be focusing on in this area?

*Answer.* In the operational and readiness mission areas, the Department will focus on multi-service and multi-mission basing, leading to enhanced inter-service training and planning opportunities by collocating units of various military services where it makes military sense to do so. The Department will also place emphasis on jointness in common support areas by streamlining the support management infrastructure. We are looking for efficiencies through inter-service cooperation and rationalization of support requirements.

*Question.* How do you anticipate assets classified as BRAC excess property in 1995 being considered for realignment opportunities in the 2005 round by the Department?

*Answer.* Prior BRAC rounds identified considerable excess property for disposal. Unless the Department identifies a need for this currently excess property, we will continue with the property disposal process.

*Question.* We understand that community economic impact may play a lesser role with respect to decisions made for closure or major realignment of a base. Can you tell us what community factors may play a more important role in the initial selection criteria?

*Answer.* Community factors have been considered in the past and will be considered in the future. The specific factors that will be taken into account will not be identified until the proposed selection criteria are developed and published.

*Question.* Encroachment is an issue that has been continually emphasized as a major concern for the Department—how do you anticipate this being measured by the Department as it applies to the selection criteria?

*Answer.* In the past, encroachment has been a factor the Military Departments considered as a component of military value. I anticipate that both current and potential future encroachment issues will be identified and considered as a part of the installation military value assessments during the BRAC 2005 process.

###### REDUCED PRESENCE IN OVERSEAS BASE INFRASTRUCTURE

*Question.* Do you see the possibility of a reduced presence in our overseas base infrastructure and, if so, does the Department anticipate increased basing of forces at CONUS bases? Will such a change in basing factor into the 2005 round?

*Answer.* Since the Department is currently engaged in a review of our overseas presence and basing structure, it would be premature to speculate on any potential changes.

However, to the extent that overseas forces are relocated to other overseas areas, there would be no impact on United States basing. If any overseas forces return to the United States, they would be stationed at a domestic installation. Regardless, it is important to note that decisions regarding overseas basing will be made in advance of the completion of the BRAC 2005 process. As such, BRAC 2005, which is on a later timeline, will factor overseas presence decisions into its analyses.

BASE REALIGNMENT AND CLOSURE (BRAC)

*Question.* Tell us how the Nuclear Posture Review will affect the initial selection criteria sent to the Congress.

*Answer.* The December 2001 Nuclear Posture Review (NPR) Report to Congress outlined a new portfolio of strategic capabilities for the United States. United States plans include development of new, non-nuclear capabilities, concurrent with a reduction in the number of operationally deployed strategic nuclear warheads by 2012. The NPR report listed the planned strategic nuclear force structure for 2012 and noted that periodic reviews of United States strategic capabilities would occur during the decade ahead. The BRAC force structure plan will reflect the most recent decisions by the Department on the strategic nuclear force posture, and the selection criteria will connect these decisions to the BRAC analysis to support the Secretary's closure and realignment recommendations.

*Question.* What role do you see the individual services playing in the development of the initial selection criteria and can you give me a couple of examples of the kinds of themes they have discussed with OSD as you have moved forward in the deliberation process?

*Answer.* The Department, with all of its components, will work as a team to develop the BRAC 2005 selection criteria. The Infrastructure Steering Group (ISG), chaired by the Under Secretary of Defense (Acquisition, Technology and Logistics), and the Infrastructure Executive Council (IEC), chaired by the Deputy Secretary of Defense, will develop the selection criteria for the Secretary's approval. Senior leaders from each component of the Department are represented on these two groups. Military value will be the primary consideration, as required by statute.

*Question.* What different considerations will be given in the 2005 as contrasted with the 1995 round given the new Unified Command Plan?

*Answer.* The Unified Command Plan sets forth basic guidance to all unified combatant commanders, establishing their missions, responsibilities and force structure, and delineating the general geographic area of responsibility for geographic combatant commanders. One of the major differences between the 2005 BRAC round and the 1995 round is the consideration of force structure. The BRAC Act of 1990, as amended, requires the 2005 round to develop a force structure plan based on probable threats to our national security over a 20-year period. The 1995 round required a force structure plan of only a 6-year period. To the extent the new Unified Command Plan impacts our force structure requirements over this extended period, those impacts will be considered during the 2005 BRAC analysis process.

IMPACT OF BRAC ON THE MILCON REQUEST

*Question.* How have military construction requests been affected by the eventuality of the upcoming base closure round?

*Answer.* The 2004 request funds our highest priorities for improving quality of life and resolving critical readiness shortfalls, irrespective of BRAC. For quality of life, the military construction request sustains funding for family and bachelor housing and increases the number of housing units privatized. We increased funding for facilities sustainment, raising the corporate sustainment rate from 93 to 94 percent, which will help to preserve our facilities and reduce the need for future, more costly revitalizations. We also preserved funding for recapitalization.

BASE REALIGNMENT AND CLOSURE (BRAC)

*Question.* What role do you see Guard and Reserve forces playing in any base closure or realignment recommendations?

*Answer.* As in past BRAC rounds, the Guard and Reserves will be fully integrated in BRAC 2005. The Department views all components as important participants in BRAC 2005.

*Question.* How will BRAC officials ensure each base is treated equally in this process? Will they visit each and every installation they are looking to realign or close?

*Answer.* The BRAC 2005 process now beginning will be a comprehensive analysis of all military installations with the primary goal being enhanced war fighting capability and efficiency. The Department will do everything possible to ensure the

BRAC process is as fair and objective as possible, within a very disciplined analytical framework. All military installations will be reviewed and all recommendations will be based on approved, published selection criteria and a force structure plan. As required by Public Law 107-107, military value is the primary consideration in analyzing and making closure or realignment recommendations.

The independent BRAC Commission will review the SecDef's closure and realignment recommendations (due to the Commission by May 16, 2005). Commissioners will be nominated by the President in consultation with the Congressional leadership. In previous BRAC rounds, at least one Commissioner visited each site recommended for closure or realignment. The BRAC statute, as amended to authorize the 2005 round, provides that the Commission may not recommend the closure of a military installation not recommended for closure by the Secretary of Defense unless at least two Commissioners visit the installation. Upon completion of public hearings and deliberations, the Commission must forward its closure and realignment recommendations to the President for approval not later than September 8, 2005.

The President must approve the recommendations (on an all-or-none basis) and forward them to the Congress. Upon receipt, the Congress has 45 legislative days to vote down the Commission's recommendations on an all-or-none basis; otherwise they take on the force and effect of law.

*Question.* Some of the BRAC goals are to eliminate excess infrastructure and optimize military readiness. How do the BRAC personnel feel this will affect our homeland security mission?

*Answer.* The events of September 11, 2001, have confirmed in my mind that the Department must act now to review our basing requirements. We are looking at and experiencing different threats than we were a decade ago, and our forces must be stationed appropriately to respond to contingencies and support the Global War on Terrorism.

#### EXCESS INFRASTRUCTURE

*Question.* Could excess infrastructure be used for homeland security or to house or maintain other Federal, State, local government agencies that need added security since 9/11?

*Answer.* Whenever the Department of Defense determines that it has property that is excess to its needs, that property is made available to other Federal agencies during the Federal screening process. If no Federal agency identifies a need for the property, it becomes surplus property and is made available for disposal outside the Federal Government. State and local governmental agencies may be able to acquire surplus property for a variety of purposes if the purpose meets the criteria for various public benefit conveyances under the 1949 Federal Property Act, as amended. Additionally, State and local governments can negotiate to purchase surplus property if the intended use is for a "public purpose" as defined in the 1949 Act.

#### BASE REALIGNMENT AND CLOSURE (BRAC)

*Question.* Will BRAC look closely at realigning bases and locating missions (from the same and other services) at bases where the primary missions cannot be moved? There are several States that have multiple military installations; will BRAC officials take into consideration the economic impact a closure would have on a State where there's only one base to those that have several bases?

*Answer.* As in prior BRAC rounds, all bases will be treated equally and considered in BRAC 2005. BRAC 2005 selection criteria will be used to evaluate potential BRAC actions with Military Value selection criteria having primary consideration. For example, BRAC 2005 will be looking for opportunities to achieve economies by further developing multi-service and multi-mission installations.

Regarding economic impacts on States with one base, as required by the BRAC enabling legislation, the selection criteria for military installations will also address the economic impact on existing communities in the vicinity of military installations. Regardless of the number of military installations in any given state, economic impact criteria will be uniformly applied.

#### INSTALLATIONS REQUIRED TO SUPPORT MISSILE DEFENSE

*Question.* Do you see any new installations' under current or future plans for a missile defense?

*Answer.* The Department does not have plans to add any new installations in support of missile defense. However, we plan to expand facilities at existing installations as follows:

Fiscal year (proj #)	Project title	Project amt	Loc
MAJOR MILCON			
2003 (464) THAAD .....	Test Facilities .....	\$23,400	PMRF, HI
MINOR MILCON			
2002 (463) .....	Launch Facilities .....	1,450	PMRF, HI
FISCAL YEAR 1996–2005 RDT&E PROJECT SUMMARY			
2002 (514) .....	Site Activation Facilities .....	1,900	Eareckson AB, AK
2002 (501) .....	Missile Defense System .....	273,121	Ft Greely & Eareckson AS, AK
	Test Bed Facilities, Ph I Preparation		
2002 (502) .....	Missile Defense System, Test Bed—Kodiak Facilities, Ph I.	8,200	Kodiak Island, AK
2003 (503) .....	Missile Defense System, Test Bed Facilities, Ph II.	121,778	Ft Greely & Eareckson AS, AK & Beale AFB, CA
2003 (505) .....	Missile Defense System, Test Bed—Kodiak Facilities, Ph II.	14,880	Kodiak Island, AK

#### CONCLUSIONS OF THE NUCLEAR POSTURE REVIEW

*Question.* Another Nuclear Posture Review will occur in 2004, is there any present indication that this NPR changes the conclusions of the last NPR regarding the continued need for the long-standing triad? If so, how, what, when, where, and why?

*Answer.* The 2001 Nuclear Posture Review (NPR) lays out the direction for United States strategic forces over the next five to 10 years. The Review concluded that the United States needs to transform its strategic forces, from the triad of the last 45 years into a New Triad. The three “legs” of the old triad have consisted of nuclear-armed strike forces: Intercontinental Ballistic Missiles (ICBMs), Submarine-Launched Ballistic Missiles (SLBMs), and nuclear-armed bombers. The New Triad will comprise three legs: (1) nuclear and non-nuclear strike forces, (2) active defenses against missiles, and (3) a revitalized defense infrastructure. The three legs will be supported by robust planning, command and control, and intelligence.

Nuclear forces, including ICBMs, SLBMs, and bombers, will constitute one portion of the Strike leg of the transformed New Triad—one that is vitally important. The NPR determined that the United States will deploy, at least until 2012, a force of 500 ICBMs, 14 ballistic-missile submarines (12 operational at any time), and a bomber force of 21 B–2s and 76 B–52s. The number of operationally deployed strategic nuclear warheads on these forces will decline to 3,800 in 2007 and to 1,700–2,200 in 2012.

There is no requirement for another Nuclear Posture Review in 2004, but periodic assessments are required under the Implementation Plan for the 2001 NPR.

The periodic assessments will review the progress achieved in establishing the New Triad. The conclusions of the assessments cannot be predicted in advance, but the Department of Defense currently plans to maintain the NPR-recommended force of 500 ICBMs, 14 ballistic missile submarines (12 operational at any time), 21 B–2 and 76 B–52 bombers until at least 2012.

#### ICBM LAUNCHERS

*Question.* Will the concept of 500 ICBM launchers be maintained? If so, how, what, when, where, and why?

*Answer.* The 2001 Nuclear Posture Review (NPR) lays out the direction for United States strategic forces over the next 5 to 10 years. The President and the Secretary of Defense approved the NPR recommendation that the United States will deploy, at least until 2012, a force of 500 ICBMs.

The force of 50 Peacekeeper ICBMs is being retired in accordance with the recommendations of the NPR. Accordingly, the force of 500 ICBMs envisioned by the NPR will comprise entirely the existing force of Minuteman III missiles.

There are no plans to move the Minuteman III ICBMs from their current locations.

#### BASE REALIGNMENT AND CLOSURE (BRAC)

*Question.* Presuming some missions will be realigned during the next BRAC, what factors will be considered in the decision-making process regarding placement at other bases?

Answer. Decisions will be based on the force structure plan and the final selection criteria, with primary consideration on military value. Some of the factors that could be considered are operational and training effectiveness and efficiencies through joint operations.

*Question.* Malmstrom AFB has experienced hundreds of millions of dollars in construction since 1987, with additional millions to be spent over the next couple of years. The funds have been spent improving infrastructure, operational facilities (particularly along the flight line), housing and other facilities designed to upgrade the living conditions of personnel. The estimated cost to reopen the flight line to a new mission is estimated at \$10,000,000 to \$15,000,000. With little or no operational encroachments, great weather and significant available air space, what flying missions might be considered for placement at MAFB?

Answer. In accordance with the requirements of the base closure statute, the Department will consider all military installations equally, without regard to whether the installation has been previously considered or proposed for closure or realignment by the Department. The attributes of Malmstrom AFB will be considered along with those of all other installations.

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#### QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

##### BASE REALIGNMENT AND CLOSURE (BRAC)

*Question.* You and other Defense Department officials have suggested that the target of the 2005 BRAC round is to reduce DOD's real estate inventory by 20 to 25 percent. That is a very significant reduction, particularly at a time when the Nation is mobilizing for war. Has the Defense Department taken another look at its estimate of excess property in light of the current world crises and the build up to war?

Answer. BRAC 2005 does not have a target in terms of either reducing installation capacity or in savings dollars. However, the 1998 Report of the Department of Defense on Base Realignment and Closure estimated the Department has substantial excess infrastructure capacity (20–25 percent). Notwithstanding the indications of the 1998 report, specific excess capacity will be determined only after extensive analyses are accomplished within the BRAC 2005 process. Once these excesses are identified, critical considerations, like technology changes and transformational advances, will be factored against them to determine the unneeded capacities that can actually be eliminated.

The force structure on which BRAC 2005 installation requirements will be based will project 20 years into the future. As in past BRAC rounds, BRAC 2005 will consider not only peacetime garrison requirements, but also requirements associated with the mobilization of the reserve components. While the BRAC process focuses on CONUS installations, the requirements of the global force will necessarily take into account anticipated overseas basing that is largely driven by international security considerations. As in prior base realignment and closure rounds, BRAC 2005 will retain sufficient base structure flexibility and capacity to accommodate unanticipated changes in overseas basing requirements. In sum, the Department envisions continuing to look at the future force and mobilization requirements, as well as potential CONUS beddowns of forward deployed forces.

##### LONG TERM STATIONING OF U.S. FORCES IN CENTRAL COMMAND

*Question.* In your testimony, you note that the Defense Department is undertaking a comprehensive review of military property overseas. At the same time that the Department is looking at reducing the United States military footprint in Europe and Korea, the war on terror and the build up for war against Iraq have resulted in an expansion of the United States footprint in the Persian Gulf region.

What does this mean in terms of the long term stationing of United States forces in the Central Command area of responsibility?

Answer. The global positioning of all United States forces and their supporting infrastructure outside the United States is currently being examined by the Department of Defense. Secretary Rumsfeld has directed that a comprehensive and integrated presence and basing strategy looking out 10 years be developed and presented to him by July 1, 2003. The strategy will provide an essential foundation for decisions concerning the appropriate locations and infrastructure necessary to execute the United States defense strategy today and in the future.

## BASE REALIGNMENT AND CLOSURE (BRAC)

*Question.* You have been quoted as saying that, for the 2005 BRAC round, all installations are on the table. Will there be any difference in the way active installations are weighted or graded versus Guard and reserve bases?

*Answer.* All active and reserve component installations will be considered during BRAC 2005. They will be assessed based on enabling legislative guidelines, the force structure plan and approved selection criteria, with military value having primary consideration. In doing so, we will take into account the missions of reserve component installations. Additionally, reserve component installations often support units that rely upon geographic recruiting areas, a consideration not usually relevant to active installations.

## ECONOMIC IMPACT OF BASE CLOSURE

*Question.* What will you do differently in the 2005 round to better help local communities deal with the economic impact of a base closure?

*Answer.* We would like to build upon the effectiveness of the Defense Economic Adjustment Program (DEAP) as it assists in the alleviation of serious community effects that result from BRAC actions. As an agency whose primary responsibility is national security, the Department relies heavily on the domestic Federal agencies to assist local adjustment efforts through technical and financial support. Therefore, we will work through the Office of Economic Adjustment, as it manages the DEAP, coordinates Federal adjustment assistance, and assists communities to organize and respond to these impacts. Among activities currently being undertaken to assist communities that may be impacted by an 2005 round:

- Reinvigorate the President's Economic Adjustment Committee (EAC) to expand its purview to address certain regulatory issues and update its membership to include all Federal agencies with programs that can assist local economic recovery.
- Review activities that may be undertaken today to assist a community where a substantial portion of the economic activity or population of a community is dependent on defense expenditures. On the basis of this effort we anticipate the publication of a Notice of Funding Availability for communities that would like to proactively engage in economic diversification planning.

When Secretary Rumsfeld makes his recommendations for base realignment and closure public in May 2005, the Defense Office of Economic Adjustment (OEA), will be prepared to provide responsive assistance for those communities that want to begin the base reuse planning process.

## PROPERTY TRANSFER PROCESS

*Question.* In your opinion, what property transfer process best allows for communities to succeed in transforming a military installation?

*Answer.* There is tremendous variability in the type of facility, geographic location, private investment rates, unemployment levels, and other economic strengths and weaknesses at each BRAC location that directly affect opportunities for civilian reuse. In addressing this variability, and recognizing the uneven capacities of the private and public sectors at each of these locations, the Department needs flexibility in determining a responsive mix of disposal authorities to support a community's particular resources. Existing Federal property disposal laws provide for an array of methods to dispose of surplus property ranging from the transfer of property to another Federal entity, through opportunities for discounted conveyance for public purposes, to competitive bid sales.

## LESSONS LEARNED

*Question.* Does the DOD plan to work with communities before and after lists are published to provide "Lessons Learned" from past rounds?

*Answer.* The DOD Office of Economic Adjustment (OEA) is available to discuss civilian reuse experiences from prior base realignment and closures. This information is available on a web site (<http://www.acq.osd.mil/oea>) with links to several current base reuse locations, through many publications offering guidance and lessons learned information, and direct staff contact. There are also links from the web site to other Federal agencies and NGO organizations, such as the International City Managers Association, and the National Association of Installation Developers, that also have documents with lessons learned. This information will continue to be kept current with the best practices as we approach and implement BRAC 2005.

## BRAC CLEANUP

*Question.* In the 2005 BRAC round, DOD needs a better environmental assessment of property and a better estimate of environmental remediation costs upfront so we know from the outset what the problems are and what the cleanup costs are likely to be. How do you plan to achieve these standards—and to accomplish cleanup in a reasonable time period?

*Answer.* The Department of Defense (DOD) is currently addressing sites on its active, closing, and realigning installations with potential contamination under the Defense Environmental Response Program (DERP). Sites subject to a future BRAC round already have the majority of required environmental restoration underway and are currently subject to DERP program management goals. These sites are included in DOD's current site inventory along with cleanup phase, costs incurred to date, and cost-to-complete information. Detailed site and installation-specific information regarding the status of cleanup is maintained at the installation and documented in the installation's Management Action Plan. Once the closure process begins, the Services and regulators may identify additional requirements as investigations progress potentially increasing costs.

Additionally, DOD has undertaken an extensive, Department-wide effort to ensure accurate, reliable, and timely financial information, is available on a routine basis to support informed decision-making at all levels throughout the Department. Established in July 2002, the Financial Management Modernization Program (FMMP) is intended to develop a DOD-wide enterprise architecture and transition plan designed to transform the Defense business operations and technical infrastructure. The scope of this initiative encompasses those defense policies, processes, people, and systems, which guide, perform, or support all aspects of financial management within the Department, from the formulation of budget estimates to the preparation of management reports and financial statements. Specific to the DERP, the Office of the Assistant Deputy Under Secretary of Defense for Environment (OADUSD(E)) is working to align its Restoration Management Information System (RMIS), as well as the DOD Component's data systems that feed the RMIS, with the DOD-wide Financial Management Enterprise Architecture. Additionally, the OADUSD(E) has directed the Components to eliminate serious deficiencies with the preparation and documentation cost-to-complete estimates and material weaknesses in the annual financial statements. Component cost-to-complete estimates and the values in the annual financial statements for environmental restoration must be consistent with each other and able to withstand an audit. In summary, these DOD-wide and DERP-specific initiatives to improve financial management and reporting will facilitate DOD's development of accurate, supportable environmental remediation cost estimates.

To ensure cleanup is accomplished in a reasonable time frame, OADUSD(E) will be working with the Components to develop goals and metrics for the 2005 BRAC round. ODUSD(E) will closely oversee Component progress using such tools as regular In-Progress Reviews.

## BRAC BUDGET

*Question.* Given the magnitude of the outstanding cleanup costs from the prior BRAC rounds—an estimated \$3.5 billion will be needed to complete cleanup assuming there are no more surprises out there—why did the Defense Department reduce the fiscal year 2004 BRAC budget request by 34 percent?

*Answer.* The fiscal year 2004 budget request for the total fiscal year 2004 BRAC program (including environmental and caretaker costs) represents a 34 percent reduction from fiscal year 2003. When considering BRAC environmental costs only, the planned value of the fiscal year 2004 program (\$412.0 million) represents a 24 percent reduction from fiscal year 2003 (\$540.2 million). A significant portion of the difference is attributed to revenues anticipated from land sales of base closure properties, thus reducing the fiscal year 2004 budget request.

*Question.* What are your projections for the out years—are you planning increases or further decreases in the BRAC environmental remediation budget requests?

*Answer.* The President's budget will support the goal of remedies in place by fiscal year 2005. As the requirements decrease, the budget will decrease. A substantial level of total BRAC environmental requirements will remain beyond the current FYDP because many of the BRAC sites are still in the study phase and that a greater range of contaminants may be considered in the cleanup process leading to transfer of properties to communities. The Department recognizes the inherent advantages of transferring properties as soon as possible and fully funds cleanup of all properties with identified schedules for transfer.

## STATUS OF EXCESS ACREAGE AT SIX INSTALLATIONS

*Question.* Could you identify those 6 installations and tell the Committee the estimated cost and cleanup time line for each of them?

*Answer.* The six installations are: Adak Naval Air Station, Alaska; Fort McClellan, Alabama; Fort Ord, California; Fort Wingate, New Mexico; Savanna Depot Activity, Illinois; and Sierra Army Depot, California. These six installations have some sites where remediation under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) remains to be completed. Though there are exceptions, generally remediation under CERCLA has to be completed before property can be transferred to a non-Federal entity. Through fiscal year 2002, the Department spent approximately \$697 million on remediation at these six installations; we estimate the remaining environmental cost-to-complete, including environmental remediation, at these six installations to be approximately \$635 million. Additional information on acreage, funding, and environmental remediation associated with each installation is shown in the table.

Installations	Excess Acres	Acreage Suitable for Transfer Under CERCLA <sup>1</sup>	Acreage Transferred to Date <sup>2</sup>	Acreage with CERCLA Activities <sup>3</sup>	Projected Final Cleanup Ready <sup>4</sup>	Environmental Remediation Expenditures through fiscal year 2002 <sup>5</sup>	Environmental fiscal year 2003 to Completion Funding <sup>6</sup>	Comments
ADAK NAS, ALASKA .....	72,600	57,600.00	0.00	15,000.00	2008	\$209,282	\$50,680	Remedy selection for petroleum sites has been delayed due to negotiations with regulatory agencies to consider risk based approach to cleanup decisions for these sites. Major remaining obstacle to airfield conveyance is future funding for the airfield after transfer from Navy.
FORT MCCLELLAN, ALABAMA .....	18,232	17,789.26	4,953.00	442.74	2011	92,873	126,352	Primary issues relate to complex unexploded ordnance activities. Army is planning on early transfers in fiscal year 2003 and fiscal year 2004, with the LRA assuming cleanup responsibilities, including UXO. With this early transfer approach, not only will the LRA be able to control and integrate both re-development and cleanup, but the cleanup may be completed sooner.
FORT ORD, CALIFORNIA .....	27,015	3,062.00	11,466.00	23,953.00	2011	261,168	305,755	Primary issues relate to complex unexploded ordnance activities, especially with limitations placed by chaparral habitat management plan.
FORT WINGATE, NEW MEXICO .....	21,881	21,829.00	5,423.00	52.00	2010	33,647	16,047	Army is working with the State of New Mexico on environmental issues related to OB/OD closure on the latter transfer parcel. Army currently in negotiations for fiscal year 2003 transfer of about 8,300 acres to DOI. Remaining acreage (about 8,100) planned for transfer after fiscal year 2007.

SAVANNA DEPOT ACTIVITY, ILLINOIS .....	12,606	11,821.00	0.00	785.00	2015	93,846	135,074	Complex cleanup issues related to unexploded ordnance, potential chemical warfare material, and groundwater. The Strategic Management Analysis and Requirements Team (SMART) team is working actively to expedite cleanup. Most of the property can transfer at any time by mutual agreement with DOI. Army and DOI are negotiating planned transfers.
SIERRA ARMY DEPOT, CALIFORNIA .....	64,996	64,996.00	663.00	0.00	2000	6,467	1,523	Army anticipates getting remaining MMRP work completed in fiscal year 2003. Army is intending on having property ready to revert to California in fiscal year 2003. Listing of Carson Wandering Skipper (butterfly) under ESA may impede property transfer.

<sup>1</sup>Cleanup actions either completed or not required to satisfy CERCLA requirements for transfer to a non-Federal entity. Some of the acreage may have Military Munitions Response Program activities (e.g., unexploded ordnance clean up). Information as of September 30, 2002.  
<sup>2</sup>Includes property transfers to Federal and non-Federal entities, as well as long-term leases such as Lease in Furtherance of Conveyance. Information as of December 31, 2002.  
<sup>3</sup>Cleanup actions or further information needed to satisfy CERCLA requirements for transfer to a non-Federal entity. Note cleanup actions are taken on discrete cleanup sites within the listed acreage. Some of the acreage may also have Military Munitions Response Program activities (e.g., unexploded ordnance clean up). The property can be transferred to other Federal Agencies or can be transferred to a non-Federal entity through use of CERCLA's Early Transfer Authority. This property can also be put into reuse by non-Federal entities through a lease. Information as of September 30, 2002.  
<sup>4</sup>Projected date of having a final BRAC cleanup site at the installation having a remedy-in-place or response complete with respect to hazardous substances. This means that cleanup actions have been taken to satisfy CERCLA requirements for property transfer to a non-Federal entity. Information as of September 30, 2002.  
<sup>5</sup>Environmental remediation (traditional CERCLA-type Installation Restoration Program cleanup and Military Munitions Response Program cleanup) project costs through end of fiscal year 2002. Information as of September 30, 2002.  
<sup>6</sup>Includes environmental remediation (traditional CERCLA-type cleanup and Military Munitions Response Program cleanup) and environmental compliance costs. Information as of September 31, 2002.

ESA=Endangered Species Act.  
 IRP=Installation Restoration Program; e.g., hazardous substances.  
 LRA=Local Redevelopment Authority.  
 MMRP=Military Munitions Response Program; e.g., unexploded ordnance.  
 UXO=Unexploded Ordnance

## REMAINING CLOSED BASES TO TRANSFER

*Question.* How many closed military bases remain to be transferred to the local community?

*Answer.* Overall, there were 387 major and minor base closures and realignment actions in the four rounds of BRAC. Of this total, 82 installations have property remaining to be transferred to other Federal agencies and eligible recipients, including local communities. The parcels range in size from 4 acres to 72,600 acres. As reported separately, 82 percent of this property (in acres) is at 6 installations. However, in many instances these properties are already being used to develop new community jobs through interim leases, pending final transfer.

## BASE REALIGNMENT AND CLOSURE (BRAC)

*Question.* What is the cost to the government for maintaining closed military properties that haven't been transferred?

*Answer.* The Department continues to dispose of surplus property associated with former BRAC locations as quickly as possible. Costs for maintaining closed military properties that have not been transferred fall into the operations and maintenance category, such as providing a level of maintenance to keep facilities from being damaged by weather, cutting the grass and maintaining security. In fiscal year 2002, those costs approximated \$70 million, and have decreased to \$60 million in 2003 and \$48 million in the 2004 budget request. These costs will continue to decrease as more BRAC property is transferred out of the Department's inventory.

## DEPARTMENT'S POTENTIAL LIABILITY FOR PERCHLORATE CONTAMINATION

*Question.* How would you respond to Mr. Lowry and Mr. Salazar's concerns? Can you assure me that your proposed amendments will have absolutely no effect on the Department's potential liability for perchlorate contamination?

*Answer.* The Department revised the legislative language of our proposed Readiness and Range Preservation Initiative (RRPI) before submitting it to Congress this year to address some of the concerns expressed by State officials last year with respect to closed ranges. In addition, the Department has worked with the U.S. Environmental Protection Agency (EPA) subsequent to submission of our legislation specifically to address further concerns expressed by these and other State officials about closed ranges and contractor activities and facilities. We have submitted these revisions through DOD testimony offered before the Readiness Subcommittee of the Senate Armed Services Committee on April 1, 2003, and the Senate Environment and Public Works Committee on April 2, 2003.

These revisions make even clearer that our legislation will not alter the Department's legal obligations or responsibilities with respect to our closed ranges or ranges that close in the future, or with respect to our contractors. Moreover, our legislation also does not alter the Department's obligations under the Safe Drinking Water Act even with respect to operational ranges. Our legislation provides that the Department will be liable for cleanup under the Resource Conservation and Recovery Act (RCRA) of munitions fragments or constituents that migrate off an operational range if they create an imminent and substantial endangerment and are not being addressed under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). Finally, the Department's legislation does not seek to change the liability or cost recovery provisions of CERCLA.

Thus, enactment of our range proposals would have no effect on the Department's potential liability for perchlorate contamination. The RCRA and CERCLA provisions would affect the timing of cleanup activities on operational ranges, deferring clean-up on them until they closed, in the absence of off-range migration.

*Question.* Can you assure me that your proposed amendments will have absolutely no effect on the Department's potential liability for perchlorate contamination, and if this is correct, explain why?

*Answer.* Our legislation will not alter the Department's legal obligations or responsibilities with respect to our closed ranges or ranges that close in the future, or with respect to our contractors. Moreover, our legislation also does not alter the Department's obligations under the Safe Drinking Water Act even with respect to operational ranges. Our legislation provides that the Department will be liable for cleanup under the Resource Conservation and Recovery Act (RCRA) of munitions fragments or constituents that migrate off an operational range if they may create an imminent and substantial endangerment and are not being addressed under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). Finally, the Department's legislation does not seek to change the liability or cost recovery provisions of CERCLA.

Thus, enactment of our range proposals would have no effect on the Department's potential liability for perchlorate contamination. The RCRA and CERCLA provisions would affect the timing of cleanup activities on operational ranges, deferring clean-up on them until they closed, in the absence of off-range migration.

#### NATIONAL ACADEMY OF SCIENCES PERCHLORATE STUDY

*Question.* Can you assure me that the NAS study will rigorously examine potential health effects on children, which many believe occur at low levels of perchlorate exposure?

*Answer.* EPA has decided, with the full support and in partnership with the Department and other Federal agencies, to submit perchlorate health science issues to the National Academy of Sciences (NAS) to resolve several underlying scientific questions about perchlorate toxicity and risk. We, along with EPA and others, expect the NAS study will be a complete, thorough, and vigorous independent review that will answer these substantial scientific uncertainties including the effect of perchlorate on sensitive subpopulations, which may include children.

*Question.* How would you address the concerns some have expressed that an NAS panel on perchlorate might be biased in favor of industry's perspective?

*Answer.* As this will be a review conducted by the National Academy of Sciences (NAS), the NAS—not the Department, EPA, or industry—will be selecting panel members for the study. The Department's expectation is that the review will be an open and transparent independent scientific review that will answer the underlying scientific questions about perchlorate toxicity and risk.

#### EARLY TRANSFER PROCESS

*Question.* Could the BRAC early transfer process be streamlined?

*Answer.* The Department is establishing a Property Reuse and Disposal working group that will be considering ways to improve the entire BRAC property disposal and reuse process, including early transfer.

#### INTEGRATING CLEANUP WITH REDEVELOPMENT

*Question.* Is it more cost effective to accomplish environmental cleanup in conjunction with the redevelopment of the property?

*Answer.* Integrating cleanup with redevelopment can increase efficiency, saving time and money for both the community and DOD. These savings can be even more dramatic if the redevelopment is consistent with DOD's prior land uses. This is especially true for base-reuse parcels where financially feasible redevelopment is ready to happen with redevelopers and end-users anxious to proceed. For example, under a traditional property transfer approach, DOD may remove soil contamination by physically digging a ditch, treating the soil, and then replacing the treated soil. Later, a developer may excavate the site to build the foundation for a building, install utilities, or change elevations to support redevelopment, again removing the soil. If these activities were integrated the soil could be removed and shipped off-site for treatment or disposal while the redevelopment is ongoing, eliminating the unnecessary step of replacing and again removing the soil. By integrating cleanup and redevelopment, four important outcomes can be realized:

- Cleanup is only done once and it is done to the appropriate levels for reuse
- Property will be reused much faster, benefiting the local community by creating new jobs, generating revenue, and putting Federal property back on the local tax rolls much earlier.
- DOD is removed from the business of managing property. By divesting the property sooner, DOD reduces expenses associated with maintaining the property. Earlier deed transfer also reduces DOD's landlord responsibilities and liability as a Federal property owner. Earlier transfer may also eliminate some restrictions on the use of the property.
- Significant cost savings can be realized for both DOD and the redeveloper. Integrating land use planning and site remediation decisions early in the remedial process and matching the remedy with reuse can save money and time for all parties involved.

#### REUSE PLAN & CONTROL ZONING

*Question.* Local communities generally have difficulty assuming the financial burden of BRAC properties. If local communities create a reuse plan and control zoning, could the Department advertise and sell the property to the private sector in accordance with their plan and zoning?

Answer. Yes. There are several factors that contribute to the Department's ability to dispose of property through a competitive sale and the speed at which this could be accomplished. An adopted reuse plan which then is incorporated into local general plans and zoning is certainly critical to establishing a property's highest and best use for potential buyers. This also helps to minimize uncertainty in the marketplace where buyers may otherwise hesitate or discount their willingness to pay until the final use for available property is negotiated. Another complicating factor may be the manner in which communities confer development rights. Many communities confer development rights to the private sector in exchange for the construction of other "public improvements," such as schools, roads, parkland/open space, etc. In such instances, it is incumbent for the community to identify as early as possible the activities or costs that would be the responsibility of the developer to assist the effort. Lastly, care must be taken to ensure there is a realistic way to redevelop property where a viable market may not presently exist. In these situations the community or another "public" body is often tasked to redevelop property that is unable to attract sufficient private investment. Thus, the parceling of the property becomes a significant issue, particularly if the community is likely to be left with the least marketable property.

#### PROPERTY REUSE AND DISPOSAL

*Question.* Should Federal agencies that claim BRAC property be given a finite time period to assume control of the property?

Answer. The Department is establishing a Property Reuse and Disposal working group that will be considering ways to improve the entire BRAC property disposal and reuse process. This issue will be examined in that context.

#### QUESTIONS SUBMITTED TO DR. MARIO P. FIORI

##### QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

##### BRAC ENVIRONMENTAL CLEANUP

*Question.* The Army's fiscal year 2004 BRAC budget request is \$66.4 million, a 56 percent reduction from fiscal year 2003. How much money above the budget request could the Army execute in fiscal year 2004 to expedite its BRAC cleanup program?

Answer. The fiscal year 2004 budget request of \$66.4 million includes \$57.3 million for environmental cleanup and allows us to achieve our restoration and disposal goals, within Army priorities, and in support of community reuse of the remaining BRAC installations. The funds requested are appropriate for BRAC cleanup within Army priorities for fiscal year 2004.

*Question.* Did you request a higher level of funding from the Defense Department? (If so, what happened; If not, why not?)

Answer. No. The Department of Defense supported the Army's request for BRAC funding in fiscal year 2004. The Army's BRAC budget request of \$66.4 million was the correct amount for this program within Army and Defense priorities.

*Question.* Could the BRAC early transfer process be streamlined? Is it more cost effective to accomplish the environmental cleanup in conjunction with the redevelopment of the property?

Answer. The best way to streamline the early transfer process is to establish timelines for property conveyance in the public sector resulting from the screening process and Public Benefit and Economic Development Conveyances. The Department could then make properties available for public sale. When appropriate, an option would be early transfer with the price discounted by the value of the remaining cleanup. The Army has conveyed several properties early in conjunction with a cooperative agreement for the community to complete the remaining cleanup. Integrating cleanup with redevelopment resulted in efficiencies and cost savings. Bayonne Military Ocean Terminal, NJ, Fitzsimons Army Medical Center, CO and Oakland Army Base, CA are examples in the Army's experience to date.

##### LOCAL REUSE

*Question.* Local communities generally have difficulty assuming the financial burden of BRAC properties. If local communities create a reuse plan and control zoning, could the Department advertise and sell the property to the private sector in accordance with their plan and zoning?

Answer. This scenario is more in line with the traditional roles of local governments. The Department could work with local communities to define reuse through

reuse planning and zoning, and then market the properties within those established parameters.

*Question.* Should Federal agencies that claim BRAC property be given a finite time period to assume control of the property?

Answer. Yes. Our experience from the first four BRAC rounds indicates that when other Federal agencies claim BRAC properties, in some cases they take years to take control of the property. The responsibility for cleanup of any Defense generated contamination should remain with the Defense Department, but transfer to another Federal agency should occur shortly after they claim the property.

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QUESTIONS SUBMITTED TO NELSON F. GIBBS

QUESTIONS SUBMITTED BY SENATOR CONRAD BURNS

BRAC SELECTION CRITERIA

*Question.* Encroachment is an issue that has been continually emphasized as a major concern for the Department—how do you anticipate this being measured by the Department as it applies to the selection criteria?

Answer. Until the Secretary of Defense (SECDEF) promulgates the selection criteria DOD and the services must use in making recommendations for the closure and realignment of military installations in 2005 it would be premature to speculate how DOD will measure encroachment as it applies to the selection criteria. The law requires the SECDEF to propose these criteria not later than December 31, 2003, and finalize them by February 16, 2004 (Section 2913(a) and (b) of the Defense Base Closure and Realignment Act). The law does specify that the selection criteria must address, at a minimum, several factors, to include “The ability of both existing and potential receiving communities’ infrastructure to support forces, missions, and personnel” and the cost impact of environmental compliance activities. Once these criteria are finalized by the SECDEF, the role of encroachment related factors in the recommendation process should be clarified.

NEW INSTALLATIONS

*Question.* Do you see any new installation’s under current or future plans for a missile defense?

Answer. The Air Force has no current plans to build new installations to support deployment of the Ballistic Missile Defense System (BMDS) that is under research and development with the Missile Defense Agency (MDA).

The Missile Defense Agency should be able to provide more insight into required installations/MILCON to meet BMDS requirements.

BASE REALIGNMENT

*Question.* Will BRAC look closely at realigning bases and locating missions (from the same and other services) at bases where the primary missions cannot be moved?

Answer. The Defense Base Closure and Realignment Act, as revised by the fiscal year 2002 National Defense Authorization Act to provide for the 2005 round of closure and realignment recommendations, specifically requires the Secretary of Defense (SECDEF), in making his determinations of levels of necessary versus excess infrastructure, to consider efficiencies to be gained from joint service tenancy at military installations (Section 2912(a)(3)(B)). The selection criteria that SECDEF is directed by law to develop to make recommendations for closure and realignment of military installations must ensure that military value is the primary consideration, and that military value must include at a minimum several specified factors, to include “The impact on joint warfighting, training, and readiness.” (Section 2913(b)(4)). It will not be until the SECDEF proposes these selection criteria by December 31, 2003 and finalizes them by February 16, 2004, that we will be able to describe the exact role joint service tenancy will play in the closure and realignment recommendation process. Certainly to the extent an installation is not closed, it may be considered as a gaining installation for both same and other service missions closed and/or realigned from other installations, in accordance with the promulgated recommendation selection criteria.

BASE CLOSURE

*Question.* How have military construction requests been affected by the eventuality of the upcoming base closure round?

Answer. The Air Force's military construction request is in no way affected by the eventuality of the upcoming base closure round. We did not consider the upcoming base closure round when developing our fiscal year 2004 military construction request, nor did we receive any guidance suggesting we do so.

Furthermore, our out-year military construction programs are comprised entirely of validated requirements at existing Air Force installations. No parts of those programs are "reserved" for any requirements related to yet-to-be-determined base closure or realignment activities.

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QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

BRAC ENVIRONMENTAL CLEAN UP

*Question.* The Air Force fiscal year 2004 request for BRAC environmental remediation and caretaker costs is \$198.7 million. It is my understanding that the Air Force could execute significantly more funding in fiscal year 2004. According to my information, the Air Force could execute nearly \$65 million in environmental clean up on top of the budget request. Is this also your understanding?

Answer. The fiscal year 2004 Air Force request for BRAC environmental remediation and caretaker costs is \$200.7 million. The Air Force could execute \$65 million in environmental clean up on top of the budget request.

*Question.* Did you seek a higher level of funding for BRAC environmental remediation in your budget submission to the Office of Secretary of Defense? If so, what happened? If not, why not?

Answer. No. The Office of Secretary of Defense supported full funding of our fiscal year 2004 budget submission for BRAC environmental remediation.

*Question.* Would additional funding help to expedite the Air Force BRAC environmental clean up program?

Answer. While the fiscal year 2004 request reflects our requirements additional funding would allow us the opportunity to expedite cleanup requirements currently planned for future years.

*Question.* What impact would additional funding have on installations in California, such as McClellan?

Answer. While the Air Force is fully funded in fiscal year 2004 at McClellan and the other five California BRAC installations, we have requirements which currently would be addressed in fiscal year 2005/2006. Additional funding would allow us to execute these requirements in fiscal year 2004 without negatively impacting the reuse or cleanup schedule.

Additionally, we are pursuing process improvements that will have significant and positive impacts to the cleanup costs and schedules for our bases. These improvements include cleanup system optimization to reduce long term operating costs. We are also working cooperatively with the California regulatory agencies to streamline the document requirements and review processes.

*Question.* It appears that the Navy has some assurance from the Department that it will be able to return proceeds from property sales into its BRAC environmental cleanup account. The Air Force has realized total proceeds of \$58.4 million to date as a result of property sales and expects an additional \$27.5 million. Does the Air Force have the same assurances that any proceeds realized from property sales will be returned to the BRAC cleanup account?

Answer. Section 2906(d) of Public Law 101-510, as amended (10 U.S.C. 2687, note) provides for the recovery of the depreciated value of Defense Commissary Agency (DeCA) or Non Appropriated Fund (NAF) investment in real property impacted by Base Realignment and Closure (BRAC) actions. Therefore, any proceeds realized from the sale or lease of BRAC property will be first paid to this account. After the unrecovered depreciated value has been recovered for the BRAC installation, all proceeds received will then be paid the BRAC account, at which time we would request the proceeds be available for environmental cleanup.

*Question.* Could the BRAC early transfer process be streamlined?

Answer. Yes. The early transfer authority has worked well for us in cases where the local reuse authority requests the early transfer. An improvement to the process would be to allow the Department to initiate and request the early transfer authority by making early transfer a condition of the transaction.

*Question.* Is it more cost effective to accomplish environmental cleanup in conjunction with the redevelopment of the property?

Answer. Yes. The Air Force's experience is that closely integrated redevelopment and environmental cleanup is more cost effective. The Air Force has worked with its BRAC communities to understand and align our joint priorities to achieve these

efficiencies. A notable example was the conversion of Bergstrom Air Force Base, Texas to the Bergstrom International Airport, where we identified synergies between the Air Force cleanup program and the Airport construction plan so that the conversion occurred within budget and on schedule. Additionally, the Air Force maximizes its flexibility to customize the redevelopment and cleanup integration. We successfully integrated the cleanup and redevelopment at the former Lowry Air Force Base and believe that the long-term costs will be reduced through the privatization of the cleanup.

*Question.* Local communities generally have difficulty assuming the financial burden of BRAC properties. If local communities create a reuse plan and control zoning, could the Department advertise and sell the property to the private sector in accordance with their plan and zoning?

*Answer.* Yes. This is our preferred approach. Local communities, through planning and zoning, definitely affect the kind of development that can occur. This approach you describe worked very successfully at those locations that used it. It not only minimizes the financial burden on the community but it gets property very quickly on the local tax rolls.

*Question.* Should Federal agencies that claim BRAC property be given a finite time period to assume control of the property?

*Answer.* Yes. Property transfers to other Federal agencies should occur as soon as the property is vacated. Transfer of property from one Federal agency to another does not require Environmental Protection Agency (EPA) or State Regulators concurrence because ownership is not leaving the Federal Government.

#### QUESTIONS SUBMITTED TO WAYNE ARMY

#### QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

##### PROPERTY SALES STAYING IN NAVY BRAC ACCOUNT

*Question.* The fiscal year 2004 Navy request for BRAC cleanup is \$101.9 million, a 62 percent decrease from the fiscal year 2003 enacted level. However, the Navy intends to spend \$180 million this year in BRAC cleanup—the \$79 million difference being made up in anticipated property sales from previously BRAC'd properties.

What assurances to you have from the Department of Defense that the revenue from property sales will remain in the Navy BRAC accounts?

*Answer.* We have received verbal assurances from the senior leadership in the Office of the Secretary of Defense that land sale revenue from Department of Navy BRAC actions would remain available for us to use to expedite our BRAC cleanup actions.

##### BRAC EXECUTIONS CAPABILITY

*Question.* How much money above the budget request, and the additional \$79 million in anticipated revenue, could the Navy execute in fiscal year 2004 to expedite its BRAC cleanup program?

*Answer.* The Navy's fiscal year 2004 budget consists of an appropriation request for \$101.9 million plus a conservative estimate of \$68 million from land sales and a \$10.7 million adjustment providing a total of \$180.6 million in spending authority. The Navy has substantial contract execution capacity in place and could readily obligate as much as about \$500 million in fiscal year 2004 for BRAC cleanup under normal BRAC outlay rates. Other factors that impact expediting BRAC cleanup programs include regulator support for additional workload, timing when funds become available, and making sure that we get real cleanup and property disposal progress for the investment.

##### STREAMLINING EARLY TRANSFER

*Question.* Could the BRAC early transfer process be streamlined?

*Answer.* The actual time required to implement an early transfer of BRAC property can be relatively short. However, our experience to date with early transfer is that they only occur when the community is sufficiently motivated in taking the property, particularly when it is needed to implement a well financed, economically sound redevelopment plan. We have also found that the number of issues needing resolution grows proportionally with the number of approving entities involved (e.g., various State agencies as a precondition to gubernatorial approval). We continue to work with State and local officials to ensure that they understand the commitment of the Federal Government to clean up the property even if it is conveyed under the early transfer authority.

## PARALLEL CLEANUP AND REDEVELOPMENT

*Question.* Is it more cost effective to accomplish environmental cleanup in conjunction with the redevelopment of the property?

*Answer.* Yes. Integrating environmental cleanup can be cost effective in terms of time and money for both the Navy and the community. Performing cleanup and redevelopment simultaneously allows the Department to dispose of the property sooner via an early transfer. Furthermore, costly cleanup expenses can be avoided with the same environmental remedy achieved through the normal redevelopment planning and construction process. In addition, parallel cleanup and redevelopment by the new owner supports the early transfer process by allowing the developer a much quicker timeline to project completion which fosters motivation to take the property as soon as possible.

Cleanup performed in conjunction with redevelopment is more effective in terms of accelerating cleanup and property disposal timelines, as it is usually associated with an early transfer of property. A Navy Environmental Services Contract Agreement typically provides funding to the receiving entity that will perform the redevelopment, and in most cases will also do the cleanup. The following table lists recent examples of early transfers that included parallel cleanup and substantially accelerated property disposal and redevelopment compared to previous plans:

Site	Acres	Date	Disposal Acceleration
FISC Oakland .....	529	Jun 1999 .....	Disposal 36 months early st
NAS Agana .....	1,799	Sep 2000 .....	Disposal 12 months early
NTC San Diego .....	51	Feb 2001 .....	Disposal 4 months early
NSY Mare Island (EETP) .....	668	Mar 2002 .....	Disposal 48 months early
NSY Mare Island (WETP) .....	2,900	Sep 2002 .....	Disposal 7 to 10 years early

Cost avoidance can be achieved by integrating the cleanup actions with the construction effort. Cost avoidance can result from synchronizing the two actions, e.g., coordinating the excavation and removal of contaminated soil with the construction of a foundation, or installing a parking lot in an area for which the environmental remedy would be a landfill cap. In addition, the remedial action for a contaminated site can be tailored to the actual reuse, rather than setting more restrictive and expensive cleanup standards to meet potential reuse needs.

Combining cleanup and redevelopment as part of an early transfer of property accelerates cleanup schedules and property disposal timelines, which speeds redevelopment and economic reuse of BRAC property. Early transfer also ends Navy oversight and management of the property; investments for caretaker functions; participation in local redevelopment disputes; and escalating cleanup costs due to concerns over the need to conduct additional studies, or to expand the scope of the cleanup. It brings finality to the BRAC decision to close the base and dispose of the excess property.

## BRAC SALE AND LOCAL ZONING

*Question.* Local communities generally have difficulty assuming the financial burden of BRAC properties. If local communities create a reuse plan and control zoning, could the Department advertise and sell the property to the private sector in accordance with their plan and zoning?

*Answer.* Yes, the Department supports a public sale with these terms and conditions. First, it signifies the support of the Department for the local community's reuse plan. Second, the reuse plan and zoning simplifies the property appraisal process, reduces risk for potential buyers, and maximizes the value of the property. Third, local zoning requirements could be made part of the terms of the sale, even if these were overlays that would not become effective until property conveyance. This is especially true for base reuse parcels where financially feasible redevelopment is ready to happen with redevelopers and end users anxious to proceed.

## FEDERAL AGENCY BRAC NEEDS

*Question.* Should Federal agencies that claim BRAC property be given a finite time period to assume control of the property?

*Answer.* Generally, yes. The BRAC property disposal process requires that property be screened for other Federal use. If another Federal agency identifies a need for the property, the property is normally reserved and the receiving Federal agency has a responsibility to accept the property within a reasonable time. In several instances, receiving agencies have delayed acceptance of property pending completion of environmental remediation even though completion of cleanup is not required for

property being transferred between Federal agencies. In other instances, after prolonged delays, some requesting agencies have withdrawn their requests for the properties thus requiring the disposing service to initiate disposal actions years after these actions would have otherwise been taken. Because these issues have surfaced in the past, the Department of the Navy is eager to work with the Department of Defense and the Military Departments on the Property Reuse and Disposal Working Group, where this issue and others will be examined in detail.

SUBCOMMITTEE RECESS

Senator HUTCHISON. Thank you, Senator Feinstein.

I want to thank all of you. I think we had a very good hearing and learned a lot that we can apply to the next round. Thank you.

[Whereupon, at 12:05 p.m., Tuesday, March 18, the subcommittee was recessed, to reconvene subject to the call of the Chair.]