

# United States Air Force

Presentation

Before the House Appropriations  
Subcommittee on Military  
Construction-Veterans Affairs



## **Military Construction, Military Family Housing, Environmental, Energy and BRAC**

Witness Statement of  
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## **Introduction**

As you are aware, the United States Air Force takes great care to project the distinctive capabilities of airpower. From air and space superiority—enabling joint and coalition forces to operate unhindered in the air domain while denying our adversaries the same—to global strike—holding any target on the planet at risk with either conventional or nuclear forces—to rapid global mobility, global intelligence, surveillance, and reconnaissance, and the command and control architecture to integrate full-spectrum joint military operations, the Nation expects our Air Force to provide and employ these enduring contributions from a position of continuing advantage over potential adversaries.

Those contributions are enabled and reinforced by our global network of Air Force installations, and managing those installations involves understanding and balancing mission requirements, risk, market dynamics, budgets, and the condition of our assets. Within the portfolio of installations, environment, and energy, we continually evaluate how to reduce costs while improving the way we manage our real estate, housing and energy demand. We focus our investments on critical facilities; reduce our footprint by demolishing old, energy inefficient buildings; upgrade heating and cooling systems and other energy-intense building systems; leverage third-party financing through public-public and public-private partnerships and the lease of under-utilized portions of the portfolio, where those opportunities exist; and continue to build on our excellence in environment, safety, and occupational health programs.

However, today's fiscal climate challenges our ability to maintain our current suite of capabilities and jeopardizes our ability to fulfill our role in executing the Nation's Defense Strategic Guidance. With this Fiscal Year 2014 budget request, we took great care to align our limited resources with our overall objectives to maintain a high quality and ready force by

investing in readiness, modernization, and Airmen and their families. Proud of our success but realizing the fiscal challenges that lie ahead, we will continue to work hard to identify opportunities and initiatives with high rates of return that will maximize the impact of every dollar. We are committed to charting a path through these challenging times that fulfills the promises made to the American people, our Nation's leaders, and our innovative Airmen and their families. I appreciate the opportunity to provide additional details in this testimony.

### **Installations**

Ready installations are an integral part of ensuring a ready Air Force. We consider our installations "power projection platforms" from which we employ our enduring airpower contributions, increase responsiveness, and ensure global access across the full spectrum of military operations. As such, the health of our installations directly contributes to overall Air Force readiness. Our Air Force installation investment strategy for Fiscal Year 2014 focuses on the Air Force's enduring contributions and on building sustainable installations to enable the Defense Strategy. We will employ a Centralized Asset Management approach to apply our limited installation dollars to our most critical needs. Using a "mission-critical, worst-first" methodology, we will minimize risk-to-mission and risk-to-Airmen, and continue to optimize our processes to increase efficiency. Additionally, we must address the excess capacity we have identified previously to "right-size" our installations footprint to a smaller, but more flexible and agile, Air Force of the future. Continuing to live with more capacity than we need and have resources to sustain is akin to a "hollow force," or in this case, "hollow installations."

Given our strategic intent to build sustainable installations, we established a coherent link between our major installation programs during this year's budget formulation. After researching existing academic studies and analyzing private sector data, we determined we should resource maintenance and repair of our infrastructure programs at two percent of our Plant Replacement Value. As a result, we are funding Facilities Sustainment to 80 percent of the Department of Defense's Facilities Sustainment Model, increasing Restoration and Modernization investments, and increasing military construction (MILCON) funding to near historic levels after our Fiscal Year 2013 deliberate pause. In addition, we adjusted the utilities portion of our Facilities Operations account to meet 3-year historical obligation levels and fully resourced Fire and Emergency Services to meet Department of Defense standards. Taken together, these investments avoid hollowing out our installations—our power projection platforms—in the near term.

In total, our Fiscal Year 2014 President's Budget request contains \$4.31 billion for military construction, facility sustainment, restoration and modernization, as well as another \$465 million for Military Family Housing. For sustainment, we request \$2.2 billion; for restoration and modernization, \$813 million; and for military construction, we request \$1.3<sup>1</sup> billion, which is approximately \$900 million more than our Fiscal Year 2013 President's Budget request. As previously stated, this MILCON increase comes just one year after our deliberate pause. This is intended to bring our MILCON funding closer to historical levels, supporting the Department's strategic priorities, as well as the Service's top weapons system modernization programs, and distributes MILCON funding equitably between Active, Guard, and Reserve components.

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<sup>1</sup> \$1.3B is total force funding request including active, guard and reserve

### *Readiness*

Our Fiscal Year 2014 President's Budget request includes vital facility and infrastructure requirements in support of Air Force readiness and mission preparedness. Examples of this include investments in projects which strengthen our nuclear deterrence posture at Minot Air Force Base, North Dakota and Kirtland AFB, New Mexico. Our budget request also supports Total Force cyberspace and intelligence, surveillance, and reconnaissance projects at a host of locations, including Martin State and Fort Meade, Maryland; Terre Haute, Indiana; Birmingham, Alabama, and the Air Force Weapons School at Nellis AFB, Nevada.

Consistent with National Military Strategy, another key focus area for the Air Force is the Asia-Pacific theater, where we will make key investments to ensure our ability to project power in areas in which our access and freedom to operate are challenged, and continue efforts to enhance resiliency. Guam remains our most vital and diplomatically accessible location in the western Pacific. For the past eight years, Joint Region Marianas-Andersen Air Force Base has accommodated a continual presence of our Nation's premier air assets, and will continue to serve as the strategic and operational nucleus for military operations, originating from, or transiting through, in support of a potential spectrum of crises.

To fully support Pacific Command's strategy, the Air Force is committed to hardening critical infrastructure, including select hangars, as part of Pacific Airpower Resiliency, a comprehensive initiative that also includes dispersal and rapid recovery capabilities after attack. Guam's location also provides ideal environments for training and exercises. In 2014, we plan to continue the development of the Pacific Regional Training Center (PRTC) by constructing a Silver Flag Fire Rescue and Emergency Management training facility and a Rapid Engineer

Deployable Heavy Operational Repair Squadron Engineers (RED HORSE) Airfield Operations facility. These facilities will enable mandatory contingency training and enhance the operational capability to build, maintain, operate and recover a 'bare base' at forward-deployed locations, and foster opportunities for partnership building in this vitally important area of the world.

### *Modernization*

The Fiscal Year 2014 Budget request includes key infrastructure investments to support beddown of the F-35A and KC-46. Our ability to remain on schedule with modernizing our aging fighter and tanker aircraft depend on meeting construction timelines for critical enabling infrastructure—facilities such as aircraft maintenance hangars, training and operations facilities, and apron and fuels infrastructure. This year's President's Budget request includes a \$265 million at three locations to support the KC-46A bed down. This consists of \$193 million at an unspecified location for Main Operating Base (MOB) #1, \$63 million at an unspecified location for the Flight Training Unit (FTU), and \$9 million for land acquisition at Tinker AFB, Oklahoma for the KC-46A depot. Potential facility types at MOB #1 and FTU include a flight simulator facility, 2-bay maintenance hangar, fuel cell and corrosion control hangar, parking apron and hydrant fuel system, flight training center, fuselage trainer, squadron operations and aircraft maintenance unit facilities. Specific site Fiscal Year 2014 Military Construction Project Data forms (DD Forms 1391) will be submitted to replace the unspecified MOB #1 and FTU projects in May 2013 after Preferred & Reasonable Alternative bases are announced. Our Fiscal Year 2014 program also supports vital Combatant Commander priorities, such as continuation of the multi-year effort to recapitalize the U.S. Strategic Command headquarters facility at Offutt AFB, Nebraska, and construction of the new Cyber Command Joint Operations Center at Fort Meade, Maryland.

### *People*

Airmen are the Air Force's greatest asset. Recruitment, quality-of-life, and retention rank among our highest priorities. Our devotion to taking care of our people continues with future plans to provide adequate housing for our Airmen, and their families by budgeting to sustain and modernize overseas housing, privatize all housing in the United States by the end of 2013, and continue investments and improvements in our dormitories. We are proud to say that our persistent focus and investments in our dormitories has allowed the Air Force to surpass the DoD goal that 90% of permanent party dorm rooms for unaccompanied Airmen are adequate by 2017. We request continued support from Congress to ensure we can continue to invest in these areas in order to provide thriving housing and dormitory communities, and more importantly, take care of our valued people.

### *Closures and Realignment*

We do all of this while recognizing that we are carrying infrastructure that is excess to our needs. While we have no recent excess infrastructure capacity analysis from which to draw, our capacity analysis from 2004 suggested that 24 percent of Air Force basing infrastructure capacity was excess to our mission needs. While Base Realignment and Closure (BRAC) 2005 did not make major reductions to the Air Force, since that time we have reduced our force structure by more than 500 aircraft and reduced our active-duty military end strength by nearly 8 percent. So, intuitively we know that we still have excess infrastructure, while we spend considerable time optimizing the use of our facilities and carefully and frugally managing those facilities we know to be excess.

Physical infrastructure is expensive. As discussed, the Air Force spends billions of dollars each year operating, sustaining, recapitalizing, and modernizing our physical plant.

When we account for the additional costs of running our installations, that number nearly doubles. Since the last BRAC round, we have strived to identify new opportunities and initiatives that enable us to maximize the impact of every dollar we spend. Our efforts to demolish excess infrastructure, recapitalize our family housing through privatization, unlock the fiscal potential value of under-utilized resources through leasing, and reduce our energy costs have paid considerable dividends.

Since 2006, we have demolished 38.5 million square feet of aging building space that was excess to our needs. We estimate the resultant savings to be more than \$300 million. To be more specific, we have demolished antiquated administrative facilities, ill-suited for today's technological age and excess to our needs. We have eliminated aircraft operational and maintenance facilities that we no longer need based on reductions to the size of our aircraft fleet. We have demolished old and energy-inefficient warehouse facilities no longer needed due to rapidly evolving supply chains that reduce the need for localized storage.

Like our sister Services, the Air Force is committed to providing quality housing for Airmen and their families. Through housing privatization, the Air Force has invested \$500 million and, in turn, leveraged \$7.5 billion in private-sector funding to provide quality homes for Airmen much more quickly than we could have done with traditional military construction processes. In a similar vein, we have continually sought to improve the stewardship of our real property by leveraging appropriated dollars for private-sector investment. With the authorities provided to execute enhanced-use leases, we are pursuing innovative ways to leverage our underutilized real estate to return value to our installations. As a result of our energy conservation efforts, we have cumulatively avoided more than \$1



billion in facility energy costs since 2003, the funds for which have been redirected to better enable warfighters to complete their missions. We will continue to invest in all of these strategies.

Despite our best efforts and the innovative programs we've just mentioned, we continue to spend money maintaining excess infrastructure that would be better spent recapitalizing and sustaining our weapons systems, training for readiness, and investing in the quality of life needs of Airmen. Divestiture of excess property on a grander scale is a must.

#### *European Infrastructure Consolidation*

Since 1990, the Air Force has reduced both aircraft and forces stationed in Europe by 75 percent. We operate from six main operating bases that remain critical to our NATO commitments and provide throughput and global access for three unified combatant commands. We recognize that in light of recent evolutions in the national security strategy, there may be further opportunities for consolidation. The Secretary of Defense has directed a capacity analysis to explore additional opportunities for reducing long-term expenses through footprint consolidation in Europe, and the Air Force fully supports this effort. We already plan to draw down 18 Primary Aerospace Vehicle Authorized (PAA) A-10s in Europe in Fiscal Year 2013 and to reduce operations at Lajes Field, Azores, to better match infrastructure requirements to mission demand. Through the Office of Secretary of Defense-led study, we will look for additional opportunities for operations and support cost savings through consolidation and closure.

### *Air Force Encroachment Management Program*

The Air Force needs access to airspace and ranges from its air bases to ensure its ability to conduct test and evaluation and operational and training missions. In some cases communities are unaware that economic or land-use initiatives they are pursuing—such as development right up to the base boundary or under airspace safety zones—have the potential to limit our options for current and future mission needs.

As a result, we have instituted an Air Force Encroachment Management framework to identify and address potential encroachment issues early on. We attempt to identify, address and actively work with community planners and conservation groups to develop compatible uses through joint land use and airspace studies that preserve Air Force options and those of the surrounding communities.

To date the Air Force has worked with 32 community stakeholders in creating Installation Complex Encroachment Management Action Plans (ICEMAPS) as a means to identify current or potential encroachment issues and the actions necessary to resolve these issues to our mutual benefit. These action plans have proved so successful that the Office of Economic Adjustment has indicated they would prefer to accomplish a Joint Land Use Study after an ICEMAP has been completed because it identifies stakeholders and an installation's mission footprint (land area beyond the base boundary like military training routes, special use airspace or drop zones) that has proven key to identifying compatible development strategies. This may include adoption of land use controls in accident potential zones or clear zones, acquisition of easements or key parcels of land affecting access to our airspace and ranges--this includes leveraging the DoD-directed Readiness Environmental Protection Initiative (REPI); addressing line of sight obstructions to critical microwave wireless communication and potential

mitigations; working comprehensive solutions with community stakeholders like the Gulf Regional Airspace Strategic Initiative (GRASI) initiative with communities around Eglin Air Force Base or addressing better use of water resources in areas facing shortages now or in the future.

We are also working with DoD on analyzing the effects of siting the varying types of renewable energy projects and how best to work with developers and communities to minimize or mitigate potential impacts to our Air Force training, test and evaluation missions. Together, with the DoD Siting Clearinghouse and other Services and Agencies, we have cleared more than 1,500 projects for further development. We now have several initiatives underway that should help developers and local communities understand those areas near DoD installations with a high risk of adverse impact and those more suitable for the development of renewable energy or other economic initiatives.

#### *Air Force Community Partnership Initiative*

The Air Force is enthusiastically exploring the potential of installation-community partnerships as a means to reduce operating and service costs in support of the Air Force mission while retaining or enhancing quality. This concept is embodied in the Fiscal Year 2013 National Defense Authorization Act language 10 USC Sec 2336, and this legislation has the potential to increase DoD and the Service Departments' latitude in pursuing creative public-public and public-private, or "P4", partnership initiatives.

Currently, the Air Force is testing a prototype process through which installation and community leaders are motivated to develop creative ways to leverage their capabilities and resources and in the process, reduce mutual operating costs. Through this innovative start-up program, we have agreed to provide support to 13 locations where installation and community

leaders have fully embraced the Air Force Community Partnership concept. We are using these prototype initiatives to drive the development of policy, identification of an oversight framework/governance structure and training requirements, types of potential opportunities and requisite resource requirements and priorities.

## **Environmental**

Our environmental programs are designed to provide the mission-ready people, infrastructure and natural resources necessary to meet mission requirements, today and tomorrow. The Air Force is committed to conducting our operations in an environmentally responsible way; meeting all environmental standards and legal obligations applicable to these operations; planning future activities to consider environmental and community impacts, and minimize them where practicable; eliminating pollution from activities wherever and whenever we can; cleaning up environmental damage resulting from past activities; and responsibly managing our irreplaceable natural and cultural resources in a sustainable manner. To address these commitments, the Air Force's Fiscal Year 2014 President's Budget request seeks a total of \$1 billion for environmental programs.

### *Environmental Restoration*

Our Fiscal Year 2014 President's Budget request seeks \$560M for cleanup of active installations and BRAC installations. We established our cleanup program in 1984 to clean-up former hazardous waste disposal sites on active and BRAC installations. Our past focus was on completing investigations and getting remedial actions in place—many of which were designed to operate for decades. In early 2011, we put into place a new policy and new metrics—a policy that shifts the goal from remedy-in-place to closing sites, from one that tolerated decades to complete the clean-up to one that rewards innovative technologies; from one that was cost-plus

to one that is fixed price and performance based and incentivizes contractors to develop innovative ways to get to site closure; and to one that considers the total life cycle cost informed by a solid business case analysis.

Our new goals are to achieve accelerated completion of 90 percent of Air Force BRAC cleanup sites and 75 percent of non-BRAC sites by 2015, in order to place the emphasis on bringing the program to closure. Through the use of improved performance-based contracting, coupled with this new policy, after two-plus years of focused effort we have put in-place almost 80 new performance-based contracts, and we are cleaning up sites three times faster, with life-cycle cost savings at these sites of as much as 33 percent over original government estimates—and it is our expectation this will go even higher as we continue to mature this contracting approach. By using this approach, we are not only closing sites faster, we are also reducing land access restrictions where possible, while still being fully protective of human health and environment.

We continue to work with state and federal regulators on socializing this new approach. We continue to receive positive feedback from many of the regulators on the overarching goal to finish clean-up more expediently and more efficiently.

### *Environmental Quality*

Our Fiscal Year 2014 President's Budget request seeks \$487 million in Environmental Quality funding for compliance, environmental conservation, pollution prevention, and environmental technology investment. As in our clean-up program, we have refocused our efforts to streamline and more effectively manage our environmental quality program activities. One example we introduced to you last year is how we are continuing to improve our approach for our National Environmental Policy Act (NEPA) program. Every decision we make is backed

by environmental analyses, with major efforts and costs going into the development of Environmental Impact Statements and Environmental Assessments (EISs and EAs).

As we looked at how to become more efficient in all our functional areas, we found that over time our NEPA process had become stagnant and bureaucratic. We had migrated away from the Council on Environmental Quality guidance that emphasizes clear, concise, and analytical analyses rather than encyclopedic documents. On average, EISs were taking three and a half years to complete and EAs half that time. Our decision-making process was being crippled by such tasks as elaborate internal reviews and steps that added very little value to the quality of the analysis.

Last year, we informed you we had issued policy to refocus our NEPA process. The policy emphasizes use of performance-based contracts to incentivize contractors to provide quality environmental analyses that are fully-compliant with NEPA, that are aimed at better decision-making. Likewise, to refocus our internal reviews, the policy set goals for completion of EISs in twelve months and EAs in six months. To execute the new policy the Air Force established a NEPA center of excellence to standardize the Air Force approach to NEPA management and contracting and to provide reach back to major commands and installation NEPA professionals. Currently, we have approximately 400 EAs and EISs underway, with some being performed in-house, and most being supported by contract. Our focus this year is to streamline our execution processes for all NEPA actions to align them with our new standardized processes and performance-based contracts, to ensure we get timely decisions in a cost-effective manner. Results from these changes continue to be very promising; our contract actions have been reducing NEPA analysis time requirements and costs, and we're doing this without sacrificing quality.

We continue to look at ways to improve how the Air Force manages waste. Pollution prevention and waste minimization provide great potential to realize efficiencies while at the same time sustaining the Air Force mission, maintaining a safe and healthy workplace for our people, and improving the environment in which we live. Last April, we established stronger pollution prevention and waste minimization goals that apply Air Force wide. Our new pollution prevention goals seek to reduce our hazardous waste disposal by 20%, reduce our toxic releases by 35%, and divert 65% of our non-hazardous solid waste by reduction, recycling, reuse or composting, rather than landfilling; all by 2020. We will use our environmental management system to achieve these goals; and, we fully expect to see our operations become more efficient, more protective of the workforce, while realizing cost savings. We are also striving to change how our culture considers waste and the environment. The Air Force believes that 'green' is a smart way to do business. Simply put: green is money; green is innovation; green is safety; and, green is good stewardship.

We will continue to improve our environmental programs while complying with legal requirements, reducing unacceptable risk to operations from energy-related considerations and environmental impacts, by continuously improving energy and environmental management practices to be more effective and efficient, and to ensure sustainable management of the resources we need to adequately fly, fight and win into the future. There is no question that responsible and prudent stewardship of the natural and other resources with which we are entrusted is of great importance to national and economic security.

Working together with regulatory agencies, other federal partners, and industry experts, the Air Force is continuously innovating and adopting best practices to lessen the environmental impact of its operations while helping the Air Force maintain its mission-ready posture and capabilities.

## **Energy**

Energy and energy security is a corner stone of the Air Force's ability to maintain global vigilance, reach, and power at home and abroad. The Air Force defines energy security as "having assured access to reliable supplies of energy and the ability to protect and deliver sufficient energy to meet operational needs." To enhance its energy security, the Air Force has recently updated its energy strategy to focus on four priorities:

- 1) Improve resiliency to ensure the Air Force has the ability to recover from energy interruptions and sustain the mission,
- 2) Reduce demand through operational and logistical efficiencies and new technologies, without losing mission capabilities,
- 3) Assure supply by diversifying the types of energy and securing the quantities necessary to perform its missions, and
- 4) Foster an energy aware culture by increasing an Airmen's understanding of energy and its impact to the mission.

### *Budget Impact*

The Air Force is the largest single consumer of energy in the federal government. As energy costs increase and budgets decrease, this means that energy is consuming a greater proportion of the Air Force budget. In Fiscal Year 2012, the Air Force spent over \$9 billion for energy, with over 85% of these energy costs dedicated to aviation fuel.

By reducing our aviation fuel consumption by over 12 percent, the Air Force has successfully met our goal to reduce its aviation fuel consumption by more than 10 percent since



Fiscal Year 2006, three years earlier than the target date. The Air Force achieved this reduction in consumption without sacrificing mission capabilities, and avoided almost \$1.2 billion in aviation fuel costs in Fiscal Year 2012 compared to Fiscal Year 2006. Moving forward, the Air Force is looking towards an efficiency goal to improve our aviation productivity by 10 percent by Fiscal Year 2020, to ensure it makes the best use of the fuel we use. At our installations, the Air Force spent more than \$1 billion in Fiscal Year 2012 for facility energy. However, without our efforts to reduce consumption over the last 10 years, our facility energy bill would have been over \$300 million higher last year.

In the Fiscal Year 2014 President's Budget, the Air Force is requesting nearly \$1 billion for operational and facility energy initiatives to improve resiliency, reduce energy demand, increase energy efficiency, diversify supply, and improve mission effectiveness. Included in this request is \$215 million for energy conservation projects on Air Force installations, a continuation of the nearly \$800 million the Air Force has invested in such projects over the last four years.

#### *Energy Conservation*

Overall, our focus is to reduce our energy footprint across all operations. The Air Force is on track to reduce our energy intensity by 37.5 percent by 2020 and increase our renewable energy use to reach 25 percent of total electrical use by 2025. While we have reduced both our overall facility energy consumption and our energy intensity by over 21 percent since Fiscal Year 2003, the Air Force has not been able to overcome the 65 percent increase in energy costs over that same period.

As a result of our energy conservation efforts, the Air Force has cumulatively avoided over \$1.1 billion in facility energy costs since 2003 that can be redirected to better enable warfighters to complete their missions. Investments we are making in Fiscal Year 2012 to

improve our facility energy efficiency and reduce our energy requirement are expected to start generating savings in Fiscal Year 2014, and the majority are expected to payback before or just shortly after the Future Years Defense Program.

The Energy Conservation Investment Program (ECIP) is a critical element of the Air Force's strategy to improve the energy performance of its permanent installations. We currently have 10 ECIP projects in construction. The Air Force estimates these projects will save more than 157 billion British Thermal Units (BTUs), generate 20 billion BTUs in renewable energy, and save over 200 million gallons of water. We have submitted six projects to OSD for inclusion in the Fiscal Year 2013 ECIP program. If funded, these projects will save over 700 billion BTUs and save 130 million gallons of water per year.

The Air Force is also looking to reduce demand by using smarter construction methods that maximize energy efficiency and use environmentally-friendly materials. We also continue our initiative to identify and demolish 20 percent of our old, unnecessary, and high-energy use facilities by 2020.

### *Renewable Energy*

The Air Force is looking to improve its energy security and diversify its energy supply through increased use of renewable energy. In Fiscal Year 2012, more than 5.5 percent of the electrical energy used by the Air Force was produced from renewable sources, and the amount of renewable energy used by the Air Force continues to increase every year. Moving forward, our goal is to develop 1,000 megawatts (MW) of renewable energy capacity on our installations by 2016. By making the most of private sector knowledge, technology, and financing, we plan to improve our energy security by capitalizing on underutilized land on our installations to develop those projects.

Currently, the Air Force has 256 renewable energy projects in operation or under construction across a wide variety of renewable energy sources, including wind, solar, geothermal, and waste-to-energy projects. This year, we are planning projects that are expected to provide over 32 MW of capacity, with another 150-180 MW of capacity planned for Fiscal Year 2014. In Fiscal Year 2012, 70 percent of Air Force MILCON projects pursued some portion of on-site renewable energy or energy conserving roof design elements.

The Air Force is not limiting its efforts to renewable energy projects, but is also incorporating alternatively fueled ground vehicles into our fleet. With the support of private and public stakeholders, the Air Force is currently working to develop an all plug-in electric vehicle fleet at Los Angeles AFB, California. This base will be the first federal facility to replace 100 percent of its general-purpose vehicle fleet with plug-in electric vehicles. Additional vehicles are slated for Joint Base Andrews and Joint Base McGuire/Dix/Lakehurst.

### *Third-Party Financing*

While the Air Force has made considerable progress to reduce our energy consumption and increase our energy diversity, there is still more to do. The Air Force is aggressively pursuing a third-party financing approach for both renewable and energy conservation projects.

Direct Air Force renewable energy project funding through Air Force capital sources is rarely cost-effective when compared to commercial utility rates. To address this, the Air Force is using existing authorities, such as Enhanced Use Leases (EULs) and Power Purchase Agreements (PPAs), to attract private industry to develop renewable energy projects on underutilized land on Air Force installations. We see the potential for more than \$1 billion in third-party investments over the next five years to construct on-base renewable projects. Over the same period, the Air Force plans to invest only about \$50 million for renewable projects.

The Air Force has set a goal to identify \$5 billion worth of EULs and over half of this value will be for energy projects.

The Air Force is reinvigorating third-party financing to fund energy conservation projects through Energy Savings Performance Contracts (ESPC) and Utility Energy Service Contracts (UESC). The Air Force awarded one ESPC and eight UESC task orders in Fiscal Year 2012. Just last July, the Air Force awarded its first ESPC since 2009 at Tinker AFB, Oklahoma. This \$81 million ESPC project decentralizes all or parts of the central boiler plants located throughout Tinker, replacing them with smaller, more efficient boilers in 70 buildings. When complete, this project will save over \$6 million annually and enough energy to power over 12,000 homes. It will be paid for over the next 20 years using the savings generated by the project with no additional costs to the Air Force.

Over the next two years, the Air Force anticipates awarding three ESPC and four UESC projects, which are projected to save over 6 billion BTUs, mostly by targeting process energy savings and decentralizing inefficient central plants. UESCs alone are projected to save an additional \$920,000 per year in utility costs.

## **Conclusion**

During this period of fiscal uncertainty, the Air Force is ready to make the tough decisions required to avoid mission-impacting reductions in installation support that contribute to a hollow force. We recognize it will take strong leadership to ensure a fully trained and ready force, along with the facilities and support to maintain the range of capabilities required to engage a full range of contingencies and threats, at home and abroad.

Our Fiscal Year 2014 budget request addresses our most pressing needs, and it stays true to the five fundamental priorities of our Air Force. We continue to mature our use of centralized

asset management principles to mitigate the risk that we accept by deferring recapitalization of current mission facilities. And, we remain committed to caring for our Airmen and their families as we strive to eliminate inadequate housing by 2018, and to complete our privatized housing initiative in the United States by 2013.

While we strive toward remaining ready, capable and viable for the numerous security challenges ahead, we must be clear—the Air Force’s Fiscal Year 2014 budget request represents continued risk in our installations programs. We have made hard strategic choices during formulation of this budget request. We needed to slow the erosion in full-spectrum readiness as a result of over 20 years of combat in the Middle East. We needed to sustain our legacy fleet to remain capable of delivering the combat effects our Combatant Commanders require in the near term fight. And we needed to continue modernizing our aging fleet of fighters, bombers and refuelers that allow us to remain viable over the long term, particularly in the high-end anti-access/area denial environment we expect to fight in the far term. That required us to take continued risk in areas we would choose not to take risk in, such as our installations. We believe this risk is prudent and manageable in the short-term, but we must continue the dialogue on right-sizing our installations footprint for a smaller, but more capable force that sets the proper course for enabling the Defense Strategy while addressing our most pressing national security issue—our fiscal environment.

Finally, we continue to carefully scrutinize every dollar that we spend. Our commitment to continued efficiencies, a properly sized force structure, and right-sized installations will enable us to ensure maximum returns on the Nation’s investment in her Airmen, who provide our trademark, highly valued airpower capabilities for the Joint team.