

NOT FOR PUBLICATION UNTIL  
RELEASED BY THE SENATE  
SUBCOMMITTEE ON MILITARY CONSTRUCTION,  
VETERANS AFFAIRS, and RELATED AGENCIES,  
COMMITTEE ON APPROPRIATIONS

**STATEMENT OF  
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DEPUTY CHIEF OF NAVAL OPERATIONS FOR  
FLEET READINESS AND LOGISTICS  
U.S. NAVY**

**BEFORE THE**

**SENATE SUBCOMMITTEE ON MILITARY CONSTRUCTION,  
VETERANS AFFAIRS AND RELATED AGENCIES,**

**OF THE**

**COMMITTEE ON APPROPRIATIONS**

**JUNE 6, 2017**

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Chairman Moran, Ranking Member Schatz, and distinguished members of the Committee, it is an honor to appear before you representing the thousands of Navy Sailors and civilians at our seventy-one installations worldwide. Thank you for the opportunity to testify about the Navy's Fiscal Year (FY) 2018 budget request for our shore readiness and infrastructure programs.

As the Chief of Naval Operations articulated, our FY 2018 budget is a balance of interconnected investments needed to achieve Navy 'wholeness.' Wholeness includes the capabilities that are ready to meet our missions today, complemented by the additional investments that will enable us to sustain those capabilities over time. True wholeness requires a balanced set of investments in military and civilian personnel, current readiness, key readiness enablers, modernization, acquisition and research and development.

Our shore infrastructure is a critical enabler to military readiness, combat power projection, and security of equipment, personnel, and family members. Importantly, many of the Navy's platforms plan, train, launch and reconstitute from our installations, and some perform their entire mission from our bases, highlighting the shore as a key readiness enabler to the fight. While existing funding reductions and budget uncertainty compel us to continue accepting risk in shore infrastructure investment and operations to focus on warfighter readiness, we are mindful of the impacts our decisions have on the shore infrastructure's lifecycle requirements, and ability to meet ever-evolving mission requirements.

We thank the Congress for passage of the FY 2017 Military Construction and Veterans Affairs Appropriations Act and FY 2017 National Defense Authorization Act. Thank you also for the additional funding for projects included in our FY 2017 Unfunded Priority List and our FY 2017 Request for Additional Appropriations. These additions address some of our most critical shore infrastructure needs, contribute to improving Navy readiness, and put us on a path to support the Chief of Naval Operation's goal to attain wholeness. Our FY 2018 budget request builds upon that foundation by maintaining our investment levels in our shore infrastructure and operations.

### **Military Construction**

The Navy's request for the FY 2018 Military Construction (MILCON) program includes 18 projects, planning and design (P&D), and unspecified military construction at a value of

nearly \$1 billion. Since sequestration began in 2013, the Navy has invested an average of approximately \$900 million annually in MILCON. Recognizing the shore is a key readiness enabler, the FY 2018 budget request reflects a 1% increase over FY 2017 enacted MILCON funding levels.

Our FY 2018 MILCON request funds shore infrastructure worldwide, while meeting the objectives in the CNO's Design for Maintaining Maritime Superiority, and the Secretary of Defense's priorities to improve warfighting readiness, achieve program balance by addressing pressing shortfalls, and build a larger, more capable, and more lethal joint force.

The Navy's 18 MILCON projects invest \$737 million in meeting new platform and mission requirements in accordance with our global Strategic Laydown Plan, supporting Combatant Commanders, recapitalizing Naval Shipyards, modernizing utilities systems, investing in cyber warfare, upgrading or recapitalizing critical infrastructure, and supporting the Navy Reserves. This includes:

#### Meeting New Platform and Mission Requirements (\$153 million, 4 projects)

- ACU-4 Electrical Upgrades – Joint Expeditionary Base Little Creek-Fort Story
- F/A-18 Avionics Repair Facility – Naval Air Station Lemoore
- Intelligence, Surveillance, and Reconnaissance Operational Facility Expansion – Naval Air Station Oceana
- Washington Navy Yard Anti-Terrorism/Force Protection Land Acquisition – Naval Support Activity Washington

#### Supporting Combatant Commanders (\$73 million, 3 projects)

- Navy Commercial Tie-In Hardening – Naval Base Guam
- Strategic Aircraft Parking Apron Expansion – Naval Support Activity Souda Bay Greece
- Aircraft Parking Apron Expansion – Camp Lemonnier Djibouti

#### Recapitalizing Naval Shipyards (\$135 million, 2 projects)

- Paint, Blast, and Rubber Facility – Portsmouth Naval Shipyard
- Ship Repair Training Facility – Norfolk Naval Shipyard

Modernizing Utilities Systems (\$148 million, 2 projects)

- Advanced Wastewater Treatment Plant – Naval Station Mayport
- Sewer Lift Station and Sewer Line – Joint Base Pearl Harbor-Hickam

Investing in Cyber Warfare (\$66 million, 1 project)

- Communications/Cryptology Facility – Joint Base Pearl Harbor-Hickam

Upgrading or Recapitalizing Critical Infrastructure (\$127 million, 4 projects)

- Chambers Field Magazine Recap – Naval Station Norfolk
- Missile Magazine Replacement – Naval Station Mayport
- Missile Magazines – Naval Magazine Indian Island
- Cost to Complete Naval Research Lab Electronics and Technology – Naval Support Activity Washington

Supporting the Navy Reserves (\$35 million, 2 projects)

- Navy Operational Support Center Fort Gordon – Submarine Base Kings Bay
- Navy Operational Support Center Lemoore – Naval Air Station Lemoore

**Facility Sustainment, Restoration, and Modernization**

The FY 2018 budget requests \$2.0 billion to sustain infrastructure, roughly \$200 million more than FY 2017 enacted levels. Notably, this increased request improves our facility sustainment from 70% of the Department of Defense (DOD) model in FY 2017 to 78% in FY 2018. While still below the DOD goal of 90% facilities sustainment, this increase demonstrates our commitment to a more balanced investment in key enablers that support Navy wholeness.

After four years of sequestration, under-resourcing our shore infrastructure has taken its toll resulting in a significant facilities sustainment, restoration, and modernization backlog. The Navy has strived to mitigate this backlog by implementing a facility investment strategy that ensures our most critical facilities and components are maintained and secure. While this has allowed us to triage our facility requirements, it has accelerated degradation of the majority of our facilities across the Navy. Although we are proactively managing our investments, as we

continue to defer these less critical repairs and allow our facilities to continue to degrade, we acknowledge that this backlog must eventually be addressed.

### **Family Housing**

The CNO has stated that wholeness starts with people, and our FY 2018 budget request supports this by providing Sailors and their families the opportunity for suitable, safe, and affordable housing. The Navy continues to rely on the private sector to house Sailors and their families, and when options are not available or are insufficient, Navy provides government-owned, leased, and privatized housing.

The FY 2018 Family Housing budget request provides \$350 million for oversight of nearly 40,000 privatized housing units, funds the operation and maintenance of almost 7,100 government-owned homes, leases for approximately 1,800 units, replacement and renovation of approximately 210 units. Specifically, we continue the elimination of inadequate units at Naval Support Activity Andersen, Guam by replacing 60 homes, and will renovate 151 existing homes at Naval Station Rota.

### **Base Operating Support**

Our FY 2018 budget request invests \$4.4 billion in base operating support, remaining essentially unchanged from FY 2017. The Navy continues to prioritize installation security, Fleet operations, and quality of life programs over all other base operations, which have been reduced to minimally acceptable levels.

### **Base Realignment and Closure**

The Navy supports the Department of Defense request for authorization to conduct a Base Realignment and Closure (BRAC) round in 2021. Completing the more detailed analysis once a BRAC is authorized will have value, and may highlight opportunities for some savings. Enduring savings from BRAC recommendations will leave more DOD resources available for future force structure or readiness requirements. BRAC also allows us, if the analysis supports it, to reposition forces or station new forces in locations that optimize their military value.

With respect to previous BRAC rounds, Navy has completed disposal of 94% of property. The BRAC program is requesting \$144M in FY 18 to continue environmental cleanup

actions, caretaker operations, and property disposal for the remaining 6%.

## **Conclusion**

The Chief of Naval Operations has charged us to rededicate ourselves to winning, advancing our competitive edge, and to be more effective and affordable to achieve Navy wholeness. Shore readiness, as a key enabler to supporting the warfighter, is held to these same tenets, making best use of every dollar invested. We must continue to carefully and deliberately manage risk and remain flexible to meet evolving mission requirements with limited funding. I look forward to working with Congress to deliver a sustainable and secure shore infrastructure that enables mission success. Thank you for your steadfast support of Navy's shore readiness and infrastructure programs and your unwavering commitment to our Sailors, Navy civilians and their families.