

# A LOOK AT MILITARY INSTALLATIONS

A PRESENTATION FOR THE  
AMERICAN MILITARY ENGINEERS

SOCIETY OF

FEBRUARY 2019

JOSEPH CORRIGAN, PE  
Senior Advisor  
Government Contracts



# Agenda

- Review of the FY 2019 bills
- Key 2019 language
- Reprogramming funds for border security
- A look at the future:
  - Topline
  - Energy
  - Installation
  - MILCON

# Key Language in the National Defense Authorization Act

- BRAC
  - Does not include authorization for another round of Base Realignment and Closure
  - Provided a framework for DOD to close or realign an installation if a governor proposed the change and other conditions are met.
- Authorizes appropriations for \$11.3 billion for military construction, family housing, and BRAC. This includes authorization for 38 additional military construction projects from the services' unfunded priorities list. The agreement fully authorizes, but incrementally funds 12 military construction projects with an amount equal to what DOD could spend in FY19.

- **Sea Level Rise:** Authorizes the use of defense access roads funds to pay the cost of repairs or mitigations to prevent the closure of roads due to sea level rise or flooding.
- Authorized additional funding for clean-up of drinking water at installations
- **Defense Community Infrastructure Program:** A new grant program for the Secretary of Defense to assist State and local governments in addressing deficiencies in community infrastructure projects or facilities which are located outside of military installations but which support military installations.
- **Bottom line** – these are hollow authorizations that are unlikely to receive significant funding. Sea level provision probably slipped through because the Senate Armed Services Committee was in a leadership transition.

# Energy

- Energy and Climate Resiliency Masterplans: Requires installation master plans to address climate and energy resiliency initiatives aimed at ensuring the ability to sustain mission -critical operations .
- Bill allows the use of savings from energy savings performance contracts to be used to improve installation energy reliance and energy conservation.

# Energy

- Allows the Army to use the natural gas produced from under Fort Knox .
- Required a report on the potential use of micro nuclear reactors.

# A Look at Other Actions

- OSD Acquisition did away with the installations position so Lucian Niemeyer's position was combined with the readiness position and installations are taking a back seat
- Navy "floating" doing away with the ASNIEE and using confirmed position for cyber.
- DOD downgrading secretarial positions dedicated to installations  
Lucian's position
- All services have a hole in industrial facilities - Navy's study on shipyards has an eye popping number

# A Look at other Actions

- National Defense Authorization Act looked at industrial control systems
  - Required designation of a responsible DOD official
  - Placed limits on acquiring these systems from overseas
- Study on the use of 20 year Intergovernmental support Agreements.



# A Look at Other Actions

- Corps and NAVFAC having enormous trouble delivering complex projects - hospitals, command and control, aegis ashore
- OSD has a bunch of efforts going to improve it. So many ideas that nothing is the likely outcome .
- SAME got a commitment from the Service leadership to improve partnering but it is very hit or miss, I called three sitting DEs who have never attended a partnering session.
- Corps and NAVFAC have become more aggressive in filing claims against contractors including AEs.
- **Bottom -line** , I do not see major improvement coming anytime soon.

# A Look at Other Actions

## ARMYCORPS OF ENGINEERS RESTRUCTURING

On July 30, 2018, the Secretary of Defense approved a Secretary of the Army memorandum identifying specific actions the Army will take in support of the Administration's proposed reorganization of the United States Army Corps of Engineers' (USACE) Civil Works Program. The reorganization includes taking the Civil Works program out of the Army Corps of Engineers with navigation going to the Department of Transportation for infrastructure grants and the remaining accounts to the Department of the Interior.

# A Look at Other Actions

The conferees are opposed to the reorganization as it could ultimately have detrimental readiness and operational impacts on Department of Defense functions and activities, to include USACE support to ongoing military operations, international partners, and support to United States military installations around the world.

# A Look at Other Actions

The conferees are extremely concerned that the Secretary of the Army failed to provide any notification or engage in any discussion with Members of Congress, the House and Senate Appropriations Committees, or their staff on an action of this magnitude, which crosses multiple jurisdictional lines and has far-reaching consequences. This type of proposal, as the Department is well aware, will require legislative language which has not been proposed or requested to date. Therefore, no funds provided in this Act or any previous Act shall be used by the Department or the Secretary to plan, prepare, or implement this proposal.

# A LOOK AHEAD

FUTURE



# Future

- Today Congress is still working on the FY 2019 appropriations bills
- Administration did not send the FY 2020 budget to the Hill on time
- Before the annual authorization and appropriations cycle can start, need to determine top lines (Defense shown)

	FY 2019	FY 2020
Sequestration	\$562 but adjusted ↑	\$576 billion
Actual	\$647 billion	

# Future Wall

- MILCON and civil works funds could be moved to fund border security.
  - Current law includes the authority to repurpose funds for an emergency.
  - President has great flexibility on declaring an emergency.
  - Lots of Congressional leaders see using the emergency authority as a bad policy idea, lots other (in private) see it as the easiest way out.
- Impacts
  - Could result in a \$5+ billion hole in the DOD construction program.
  - MILCON already in a financial hole of more than \$1 billion.

# Future Energy

- DOD energy policy “we are not the last Administration .”
- Fort Stewart test showed a big capabilities gap .
- Energy resiliency is underfunded.
- House will be much more supportive of renewable energy and funding for environmental programs.
- Senate is going to push using natural gas from under installations - legal issue with ownership of the minerals but that can be fixed in the Senate. In the House rules make it too hard legislatively .
- Most DOD renewable projects provided no energy security while encumbering land with long term ground leases.





# Future Privatization

- Privatized housing is perceived to be experiencing performance issues - hearing in two weeks with two subcommittees of the SASC with the Chair and Ranking Member attending.
  - Hearing expected to highlight performance problems.
  - What do the Services do if these programs start having management trouble? Services trying to renege on energy deals entered into during the last Administration.
- Importantly, Federal Building Fund was not in a position to make lease payments if the shutdown had reached February 1st

# Future

- All services will continue to take risk in facilities in order to fund other priorities .
  - Real issue is that none of the military or political leaders have to live with the consequences of their decisions.
  - Congress, with the long time horizon of the committee leadership, may buffer cuts but industry needs to engage with them.
- BRAC unlikely as long as Sen Inhofe chairs the SASC.
- Do not expect an influx in funds to improve cyber until after:
  - Standards are set
  - There is a major disruption

# Future Focus on Execution

- Services have experienced difficulty in delivering large MILCON projects on time and near budget
- Performance has the attention of Congress with hearing questions and directed reports and briefings.

# SEN. MORAN – FT. RILEY, KS



# QUESTIONS?



**JOSEPH CORRIGAN, PE**  
Senior Advisor  
Government Contracts