

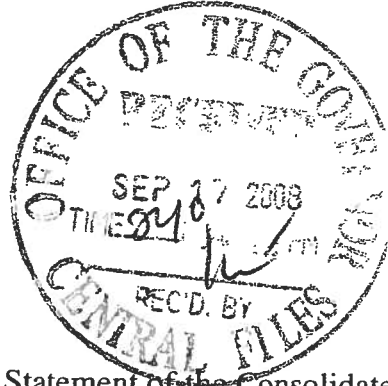


cc: Lt. Gov.  
COS  
CMTF Exec. Comm.  
Shawn R.

DEPARTMENT OF THE NAVY  
OFFICE OF THE ASSISTANT SECRETARY  
(INSTALLATIONS AND ENVIRONMENT)  
1000 NAVY PENTAGON  
WASHINGTON, D.C. 20350-1000

September 16, 2008

→ Governor Felix P. Camacho  
P.O. Box 2950  
Hagatna, Guam 96932



Dear Governor Camacho,

As directed by the Explanatory Statement of the Consolidated Appropriations Act, 2008, the enclosed report was submitted to Congress on September 15. The report provides the status of the Department of Defense's planning on Guam.

The report is provided for your use and reference, as appropriate. If I can be of further assistance or answer any of your questions, please let me know.

Sincerely,

*David F. Bice*  
David F. Bice  
Executive Director  
Joint Guam Program Office

Enclosure:  
As stated

CF1.0908.1353



THE SECRETARY OF THE NAVY  
WASHINGTON DC 20350-1000

September 15, 2008

The Honorable Ike Skelton  
Chairman, Committee on  
Armed Services  
House of Representatives  
Washington, DC 20515-6035

Dear Mr. Chairman:

-----As directed by the Explanatory Statement of the Consolidated Appropriations Act, 2008, the enclosed report provides the status of the Department of Defense's planning on Guam.

A similar letter has been sent to Chairmen Levin, Inouye, Murtha, Byrd, Johnson, Edwards, Akaka, Ortiz and Obey. If I can be of further assistance, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read "Donald C. Winter", is positioned above the printed name.

Donald C. Winter

Enclosure:  
As stated

Copy to:  
-----  
The Honorable Duncan L. Hunter  
Ranking Minority Member

**REPORT ON DEPARTMENT OF DEFENSE  
PLANNING EFFORTS FOR GUAM**

**15 Sep 2008**

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## REQUIREMENT

Explanatory Statement of the Consolidated Appropriations Act, 2008, directed the Secretary of Defense to submit a report on the Department's planning efforts on Guam to the Committees on Appropriation of both Houses of Congress. The report language stated that the submission should include:

- Details on the size and make up of military forces to be located on Guam.
- Number of dependents expected to accompany the forces.
- Infrastructure required to support both the forces and their families.
- Updated funding plan for Military Construction and Family Housing Construction including the Defense related education and Defense logistics infrastructure needed.
- Plan to accomplish the construction associated with the buildup within the constrained construction capacity on Guam including addressing the infrastructure required to support the anticipated increase in the workforce.
- Status report on the availability and funding mechanism of the \$6.09 billion that the Government of Japan has agreed to contribute. This includes \$2.80 billion in direct cash contributions, \$740 million in financial instruments to assist with utility infrastructure, and \$2.55 billion in financial instruments to fund a housing public/private venture.

## BACKGROUND

Planned force posture development on Guam is important to our national security interests, particularly our strategy for global defense posture realignment. As the westernmost U.S. territory for basing in the Pacific, Guam provides strategic flexibility and freedom of action to support peace and wartime engagement, including crisis response and theater security cooperation. With its geo-strategic location, Guam supports:

- Force projection capabilities from CONUS and Hawaii;
- Alliance transformation efforts; and
- Defense cooperation and contingency support in surrounding regions.

Capabilities being developed on Guam will strengthen the stand-off deterrent effect of U.S. forces regionally and will assure regional allies and partners of continued U.S. forward presence. These capabilities include:

- Forward-basing submarines to increase availability in the Western Pacific;
- Establishing a hub for airpower and strike projection regionally and globally and for intelligence, surveillance and reconnaissance (ISR) assets; and
- Sustaining logistical support, prepositioned equipment and materials, and en route mobility capacity for flexible response and surge of U.S. forces in contingencies.

Development of Guam force posture also supports theater security cooperation and partner capacity building. Training facilities on Guam and neighboring islands will enable increased bilateral and multilateral training and exercises with regional partners. Additionally, Guam's role as an ISR hub offers opportunities to increase international cooperation in this mission area.

The relocation of approximately 8,000 III Marine Expeditionary Force personnel and their dependents from Okinawa to Guam will also strengthen the U.S.-Japan Alliance relationship. This relocation, which is part of an interconnected set of realignments of the U.S. force posture in Japan, and which is supported by over \$6 billion of Government of Japan funding, will

reduce the U.S. presence in Okinawa and allow the U.S. to consolidate its remaining forces on Okinawa, enabling the return of significant land areas in the more densely populated southern part of Okinawa. The development of Guam will also support increased bilateral training with Japan Self-Defense Force units on rotation to Guam.

The net effect of force posture realignments on Guam will be strengthened military capability and improved political stability in the Pacific. The Department of Defense, with this end in mind, directed Commander, U.S. Pacific Command (PACOM) to evaluate required capabilities in its area of responsibility and direct the flow of forces for the rebasing effort to ensure that required readiness is maintained. The resultant evaluation identified five long-term initiatives that will increase U.S. military presence on Guam that are proceeding, or under consideration, almost concurrently:

- U.S. Air Force's Airborne ISR Strike Task Force initiative
- U.S. Air Force's Northwest Field training initiative
- U.S. Navy's Aircraft Carrier (CVN) Transient berthing
- U.S. Army's Ballistic Missile Defense Task Force
- USMC's III Marine Expeditionary Force (MEF) relocation from Okinawa, Japan

A specific Service description of these initiatives is detailed below:

**Air Force:** The Pacific Air Forces (PACAF) has recently completed planning efforts on two strategic force initiatives, the ISR Strike initiative and the Andersen Air Force Base Northwest Field training initiative. Construction has already begun on RED HORSE facilities at Northwest Field. The ISR Strike Task Force will combine stealth and advanced weapons with an integrated command, control, intelligence, surveillance, and reconnaissance capability (Andersen Air Force Base (AAFB) General Plan). The mission assets that will support this Task Force include permanently stationed RQ-4 Global Hawk, a high endurance Unmanned Aerial Vehicle (UAV). The Northwest Field training initiative consists of relocating and consolidating PACAF's expeditionary training centers from the Korean Peninsula to Guam. The unit moves include the RED HORSE Squadron and the Commando Warrior, Combat Communications, and Silver Flag training schools.

**Navy:** A CVN aircraft carrier is planned to conduct frequent transient visits to Guam beginning 2019. The concept of operations includes up to three transient visits each year for up to 21 days for each visit. Up to 50 aircraft from the Carrier Air Wing (CVW) could fly off and bed down at AAFB during the transient visits. The CVN will require cold iron utilities at its berth. Any maintenance required for the CVN would be provided by fly-away teams from Hawaii or the west coast of the U.S. The National Environmental Policy Act (NEPA) analysis for this effort is included in the NEPA for the relocation of the Marines from Okinawa to Guam.

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**Army:** Army is setting conditions to introduce an Air and Missile Defense (AMD) capability in Guam. Composition of the AMD Task Force (TF) may include a battalion-size AMD TF to include Headquarters & Headquarters Battery (HQs/HHB), Terminal High Altitude Area Defense (THAAD) Battery, Patriot Battery, Surfaced-Launched Advanced Medium Range Air-to-Air Missile (SLAMRAAM) or Avenger Battery, Sentinel Section, and a Direct Support Maintenance Company. The optimum concept of operations for the AMD TF is to locate the facilities complex as close as possible to the potential emplacement sites.

**Marine Corps:** Pursuant to the Realignment Roadmap agreement of May 1, 2006 between the U.S. Government and the Government of Japan (GoJ), released at the Cabinet level by the U.S.-Japan Security Consultative Committee, the Marine Corps will relocate approximately 8,000 Marines and their 9,000 dependents to Guam. Under this agreement the two governments will share the estimated \$10.27 billion cost of facilities and infrastructure improvements necessary to support the relocation. The GoJ agreed to fund a maximum of \$6.09 billion. This includes \$2.80 billion in direct cash contributions, \$740 million in financial instruments to assist with utility infrastructure, and \$2.55 billion in financial instruments to fund a housing public/private venture. The United States will fund the remaining costs. These funds will support the movement of the III MEF including command, air, ground, and logistics elements. NEPA analyses commenced in March 2007.

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U.S. – Japan Cost Sharing for the relocation of USMC in Okinawa to Guam  
(U.S. – Japan Roadmap for Realignment Implementation, May 1, 2006)

	Cost Item	Estimated Costs	GOJ share	USG share
		\$B	\$B	\$B
GOJ & USG Direct Cash Contribution	Operational Facilities, Barracks, QOL Facilities, etc	5.98	2.80 *1	3.18
PPP Financing by GOJ	Family Housing	2.55	2.55 (Recoverable 2.10) *2	0.00
	Associated Utilities	0.74	0.74 (Recoverable 0.74)	0.00
USG Funding	Military Support Highway	1.00	0.00	1.00
Total		10.27	6.09	4.18

\*1) Consists of construction costs for General administrative buildings, Instruction buildings, Barracks and QOL facilities (including on-base infrastructure for above-mentioned facilities)

\*2) Consists of \$1.5 billion in cash equity and \$0.6 billion in loans

## PLANNING EFFORTS ON GUAM

### 1. Process

Currently the Air Force and Navy have a large presence on Guam and oversee significant land and facilities in support of existing missions. Because of significant changes planned for military loading on Guam, the Department of Defense is currently developing the Guam Joint Military Master Plan (GJMMP). This joint military master plan outlines increases in force structure and associated facilities development related to the relocating forces, vice the presence of existing military personnel.

## 2. Size and Make Up of Military Force Increases and Dependents

As requested, Table 2-1 summarizes the end strength increases by Service. Table 2-2 provides unit level details for each Service's planned unit relocations. Timelines for the relocations of these forces will be tied to the facilities construction schedule currently under review within the Department. Once timelines are approved, additional breakdowns of personnel can be provided by fiscal years.

**Table: 2-1 Military Force Increases and Associated Dependents**

Service	Major Element	Approx # of military personnel	Approx # of dependents
Air Force			
	ISR Strike Task Force	120	210
	Transients *	1780	
Navy			
	CVN Transient*	5600	
USMC			9,000
	Command Element (CE)	3050	
	Ground Command Element (GCE)	1100	
	Aviation Command Element (ACE)	1850	
	Logistics Command Element (LCE)	2550	
	USMC Transients*	1200	
	Other Military transients*	800	
	Installation support staff	70	
Army			
	AMD Task Force	630	950
Total	(w/o) Transients	11,370	10,160
* Transients are personnel temporarily deployed. They are not entitled to benefits associated with Permanent Change of Station.			

**Table: 2-2 Additional Force Unit Level Details**

Service	Major Element	Unit	
USMC	CE	7th Communications Bn	
		3rd Intelligence Bn	
		III MEF Headquarters Group	
		III MEF Band	
		5 <sup>th</sup> Air Naval Gunfire Liaison Company	
		Force Reconnaissance Elements	
		Installation Support	
	GCE		
			3rd Marine Division HQ
			3 <sup>rd</sup> Marine Division HQ Bn
			12th Marine Artillery Regiment HQ
	ACE		
			1st Marine Air Wing HQ
			Marine Wing Headquarters Squadron 1
			Marine Medium Helicopter Squadron
			Marine Air Control Group 18 HQ
			Marine Wing Control Squadron 18
			Marine Air Control Squadron 4
			Marine Air Support Squadron 2
			Marine Tactical Air Control Squadron 18
			Stinger Battery
			Marine Wing Support Group 17 HQ
			Marine Wing Support Squadron Det
LCE			
		3rd Marine Logistics Group HQ	
		Combat Logistics Regiment 35 Det	
		Combat Logistics Regiment 37 (-)	
		Combat Logistics Regiment 3 Det	
		9th Engineer Support Bn (-)	
Transients			
		Infantry Bn	
		Artillery Bty	
		Composite Squadron	
	Other transients	USMC, DoD, Allied countries	
Air Force			
	ISR Strike Task Force		
		Global Hawk	

Service	Major Element	Unit
		Bombers
		Refuelers
	NW Field Training	
		RED HORSE Civil-Engineering Squadron
		Commando Warrior
		Combat Communications
	Transients	B52, B1, B2 Squadrons
Army		
	AMD TF	
		HQs/HHB
		Terminal High Altitude Air Defense Btry
		Surfaced-Launched Advanced Medium Range Air-to-Air Missile /Avenger Bty
		Sentinel Section
		Direct Support Maint Co
Navy		
	CVN (transient)	Ship's Company
		Carrier Air Wing (CVW)

### 3. Infrastructure Requirements

**Air Force:** PACAF recently completed planning efforts to establish two strategic force initiatives, the ISR Strike Task Force, and the Northwest (NW) Field Expeditionary Combat Support Campus moves.

The ISR Strike Task Force will combine stealth and advanced weapons with an integrated command, control, intelligence, surveillance, and reconnaissance capability (AAFB General Plan). The mission assets required to support this Task Force include the permanently stationed RQ-4 Global Hawk, a high endurance unmanned UAV. Key strategic decisions on the concept of operations for the ISR program are under review by PACAF and Air Force leadership. The Amended FY11 Program Objective Memorandum will reflect revised facility requirements for a Guam Forward Operating Location. The NW Field unit moves consists of consolidating PACAF's expeditionary combat support capabilities (RED HORSE, Commando Warrior, and Combat Communications) relocating from the Korean Peninsula, and consolidating the units' associated expeditionary training function with PACAF's civil engineering contingency training (Silver Flag) function

relocating from Kadena AB, Japan, to a single viable location.

The Air Force began development of the Expeditionary Combat Support Campus in FY06 through a combination of Military Construction (MILCON); and Sustainment, Restoration and Modernization (SR&M) construction projects by contract and troop labor. The ISR Strike Task Force funding began with an FY07 MILCON project to construct a Global Hawk Operations and Maintenance Complex with a projected completion of May 2009. Facility requirements are estimated to continue in FY10 with infrastructure projects necessary to support an initial build-out of higher priority aircraft maintenance facilities along the south ramp of the airfield (general purpose hangars, clear water rinse, and fuel cell maintenance).

General facility requirements to address the ISR Strike Task Force include facilities for general aircraft maintenance (fuel cell, general purpose hangars, and a clear water rinse facility), associated maintenance back shop facilities (corrosion control and composite repair), munitions maintenance facilities (precision guided munitions and conventional munitions maintenance), combat support facilities (a dining facility and visiting quarters), and necessary supporting infrastructure (airfield payments and utility distribution systems).

Facilities required for the NW Field Expeditionary Combat Support include administrative facilities for operations and command, warehousing, maintenance and supply facilities integral to wartime deployment preparation, combat skills training and classroom facilities, a satellite dining facility, and student dorms.

**Table: 3-1 Air Force Facility Requirements**

<b>FACILITY TYPE</b>	<b>FACILITY CATEGORY</b>	<b>REQUIREMENT (SF)</b>
Operational	100	7,791,000
Maintenance	200	744,000
Supply/Storage	400	87,000
Medical/Dental	500	0
Administrative	600	27,000
Housing/Community	700	710,000
<b>TOTAL</b>		<b>9,359,000</b>

**Navy:** The concept of operations will include up to three transient aircraft carrier visits each year for up to 21 days for each visit. Up to 50 aircraft from the CVW could fly off the ship and bed down at Andersen AFB. The CVN will require cold iron utilities at its berth. Any maintenance required for the CVN will be provided by fly-away teams from Hawaii or the west coast of the U.S. mainland.

General facility requirements for the transient visits include a general purpose berthing wharf, a port operations building, a laydown area in support of the port operations building, and a laydown area for Morale, Welfare, and Recreation (MWR) temporary structures. Roadway improvements and a bus staging area are also required for the efficient movement of Sailors from the wharf area to other MWR facilities.

**Table: 3-2 Navy Facility Requirements**

<b>FACILITY TYPE</b>	<b>FACILITY CATEGORY</b>	<b>REQUIREMENT (SF)</b>
Operational	100	10,000
Maintenance	200	0
Supply/Storage	400	0
Medical/Dental	500	0
Administrative	600	0
Housing/Community	700	12,000
<b>TOTAL</b>		<b>22,000</b>

**Marine Corps:** Consistent with PACOM requirements and fundamental USMC operational concepts, III MEF will provide balanced capabilities among three principal force concentrations located in Okinawa, Guam and Hawaii. Training in various venues will maintain interoperability of the dispersed III MEF elements. III MEF will shift its command element to Guam, but the logistic support hub will remain on Okinawa.

General facility requirements that address Marine Corps needs include administration, storage, training, shops, hangars and quality of life facilities. Basic Facilities Requirements and detailed site plans are still being developed for both U.S. funded MILCON and GoJ Direct Cash Contribution funded MILCON projects. Details on Department of Defense education and logistics requirements are being developed. Approximate types and sizes of facilities needed overall include:

**Table: 3-3 Marine Corps Facility Requirements**

FACILITY TYPE	FACILITY CATEGORY	REQUIREMENT (SF)
Operational	100	420,000
Maintenance	200	1,200,000
Maintenance Hangars	200	130,000
Supply/Storage	400	2,400,000
Medical/Dental	500	60,000
Administrative	600	1,300,000
Community	700	1,600,000
Training	1711	210,000
<b>TOTAL</b>		<b>7,320,000</b>
Housing - family		3,520 units
Housing - BEQ		3,400 rooms
Housing - BOQ		400 rooms

**Army:** Composition of the AMD Task Force may include a battalion-size AMD TF to include Headquarters & Headquarters Battery, THAAD Battery, Patriot Battery, SLAMRAAM or Avenger Battery, Sentinel Section, and a Direct Support Maintenance Company. The component makeup of personnel is to be determined, but for planning purposes it has been assumed that personnel would be active duty personnel permanently stationed on Guam.

The optimum concept of operations is to locate the headquarters complex, tactical vehicle maintenance facility, family housing and barracks as close as possible to the potential emplacement sites. The Task Force will integrate operations, support, family housing, and QOL within the existing Navy, Air Force, Army, and proposed Marine Corps real property boundaries. The Joint Guam Program Office (JGPO) will work with the Army to synchronize new requirements with criteria already established in GJMMP planning efforts to date.

General facility requirements for the Army include administration, storage, training, shops, earth covered magazine, and Quality of Life facilities. Basic Facilities Requirements for the Army's requirements and detailed site plans are still being developed for necessary military construction projects. Approximate types and sizes of facilities needed overall likely include:

**Table: 3-4 Army Facility Requirements**

<b>FACILITY TYPE</b>	<b>FACILITY CATEGORY</b>	<b>REQUIREMENT (SF)</b>
Operational	100	113,000
Maintenance	200	160,000
Supply/Storage	400	TBD
Medical/Dental	500	0
Administrative	600	132,000
Housing/Community	700	TBD
<b>TOTAL</b>		<b>TBD</b>
Housing - family		TBD
Housing - BEQ		TBD
Housing - BOQ		TBD

#### 4. Plan to Accomplish Construction

The current available work force, construction materiel throughput of the port, utility capacities and existing road conditions, supports a current volume of \$550 million (both private and government sectors) of construction per year on Guam. Two independent studies conducted by the Department have determined that various enhancements to construction capacity are required to increase the volume of construction capacity to \$2.5 billion per year. The Department is evaluating potential enhancements that will increase the construction capacity of Guam to support the desired completion date. However, even with these enhancements, construction capacity remains a constraint, and we continue to identify and evaluate potential enhancements to increase construction capacity.

**Port Capacity:** Throughput of the commercial port is limited due to the condition of the cranes and the inefficient site layout. The U.S. Department of Transportation, Maritime Administration (MARAD) is working with the Port Authority of Guam to facilitate actions that will improve the port's efficiency and effectiveness. Additionally, commercial shipping companies that use the port have recently purchased three cranes that will be relocated to Guam after their refurbishment to replace existing cranes. The scheduled timeline for installation of the refurbished cranes will support the Department's major vertical construction, which is anticipated to begin in FY12.

**Roads and Bridges:** Once off-loaded from ships at the port, all construction equipment and traffic, materiel, and supplies will traverse existing public road systems to the construction sites. To support the increased traffic, as well as the weight of the construction vehicles, the Department has partnered with the Federal Highways Administration (FHWA) and Guam Department of Public Works to address the impacts of a substantial increase in the number and weight of slow moving, cargo-laden vehicles on traffic flow and road conditions. Road widening and intersection improvement projects will be considered as potential mitigation of impacts caused by military construction activities.

**Utilities Capacity:** The utilities systems have limited additional capacity for electricity, water, waste water and solid waste. To facilitate the relocation of Marines from Okinawa to Guam, GoJ agreed to contribute \$740

million in FY08 dollars to assist with the utility infrastructure and facilities to support the additional requirements created by the relocation. The Department has completed initial technical and business case analyses for potential utilities solutions in support of the Marine Corps relocation. Break point studies have been conducted on each commodity predict capacity shortfalls in electricity, water, and wastewater and have determined that two years into the Marine Corps relocation effort there are potential deficiencies in electricity, water, and waste water capacity. The Department is analyzing interim operating solutions that will be required to bridge the gap from when the construction activities exceed the excess capacity currently available to when the new utilities plants are built and on line to supply utilities services for the fully relocated Marine Corps forces. These interim solutions are under development and will be addressed in the Environmental Impact Statement.

The Department is currently considering three alternatives for analysis regarding the long term utilities solutions:

- A Special Purpose Entity (SPE) , a public-private venture that addresses the USMC demands only
- A SPE that addresses island-wide DOD demands only
- A SPE that partners with the Government of Guam to upgrade their system in addition to island-wide DoD demands.

The Department is discussing these alternatives and other potential approaches with the Guam Consolidated Commission on Utilities, as well as with representatives of GoJ. It is expected that the first iteration of a necessary business development model will require considerable analysis of underlying technical and fiscal matters and will take approximately 12 to 14 months to formulate. At that point, a solicitation for a potential business partner will occur. Long term utilities solutions are anticipated to be fully operational by 2014.

**Labor:** The Department estimates that there are approximately 5,600 construction laborers currently available in Guam. Naval Facilities Engineering Command (NAVFAC), the Department's construction execution agent for Guam, estimates that between 5,000 and 10,000 laborers are needed to execute \$1B of construction work in place (WIP) per year.

NAVFAC further estimates that between 12,000 and 25,000 laborers would be required to execute a \$2.5B effort of construction WIP annually. An estimated 6,000 to 20,000 off-island workers will be required to reach the necessary work force strength. The NAVFAC study estimated that 6,000 laborers will migrate to Guam from the continental United States or Hawaii. The remainder would come from either the Commonwealth of the Northern Mariana Islands, Freely Associated States, or from other foreign locations as non-immigrant laborers requiring H2B visas. Pursuant to Pub. L. 110-229 Congress has already supported an increase in the ceiling for H2B visas for Guam and CNMI through 2014.

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## **5. Plan to Support Construction Workforce**

A significant increase in the construction workforce is needed to complete the construction projects necessary to expand the presence of U.S. military forces on Guam.

Guam has a limited housing market and the projected increase of construction workers will far exceed the current capacity for temporary accommodations. Various alternatives are being investigated to support the transient workforce. Key factors to be considered include costs, durability, post-construction (secondary) use of facilities, risk to government and contractors and socio-economic benefits and impacts.

One of the approaches being considered for transient workforce housing/logistical support is to place the responsibility on the individual construction contractors and not with the Federal Government. The Department will ensure that the contract documents, the source selection process, and contract administration ensure mitigation of any negative socioeconomic impacts of large numbers of H2B workers and the Department will partner with the appropriate Federal agencies to conduct inspections of transient workforce housing to ensure contract compliance.

Other options considered for adequate workforce housing include:

- DoD funded workforce housing on DoD property under MILCON authority, with post-construction (permanent) use for barracks, training facilities, etc.

- DoD funded temporary workforce housing on DoD property as an overhead cost on large construction contracts. This concept involves industry building durable temporary facilities as required, and dismantling worker accommodations after the project is complete.
- Privately funded construction and operation of worker housing on GovGuam property that can subsequently be adopted for public use (affordable housing). This concept includes partnerships with GovGuam and private industry to create public/private ventures.
- Establishment of logistics contracts to provide durable temporary worker housing as part of an overall logistics contract that includes housing, medical, transportation and other services.

The Department will include enforcement by proper authorities of appropriate standards to ensure the safety and security of all transient workers in housing complexes, including:

- Safe and secure living conditions for transient personnel
- Suitable physical security and accommodation of cultural diversity

The development and ultimate decision regarding the appropriate solutions for workforce housing is ongoing and is part of the overall planning with industry and GovGuam stakeholders. DoD is currently estimating the approximate cost for providing workforce housing. Costs to provide these services will be funded respectively in each U.S. MILCON appropriation and GoJ Direct Cash Contribution.

## 6. Updated Funding Plan for MILCON and Family Housing Appropriations

The most up to date funding profile for the relocation to Guam was included in the Department's Presidential Budget FY09 submission. It included the following Military Construction:

**Table 6-2 Military Construction Appropriation Funding Profiles FY09-13\***

Service	FY09 (\$Millions)	FY10 (\$Millions)	FY11 (\$Millions)	FY12 (\$Millions)	FY13 (\$Millions)
USMC Military Construction, Navy (USMC)	28.0	365.0	466.0	567.0	567.0

\* FY09 President's Budget

An update to this funding profile will be provided with the Department's FY 2010 President's Budget submission, as directed in Senate Report (110-428) which accompanies the Senate version of the Military Construction and Veterans Affairs and Related Appropriations Bill, 2009.

The JGPO has been consulting with the GoJ regarding which facilities will be funded by GoJ Direct Cash Contribution funds and those that will be funded by the U.S. in support of the relocation of Marines from Okinawa to Guam. As previously stated, exact project scopes as well as year of execution are still under discussion. A notional profile for project execution across the program is being developed, as well as specifics on near-term projects to be funded by GoJ and by the U.S.

## **7. Status of Availability and Funding Mechanism for GOJ Contributions**

### **Direct Cash Contributions Funding**

The GoJ Direct Cash Contribution fund contributions will be deposited into a U.S. Treasury Account pursuant to 10 USC 2350k. Detailed implementing instructions are being developed that will specifically outline how the funds will be managed and accounted for once they are deposited into the account. These instructions will further ensure that the GOJ has appropriate transparency and accountability for the expenditure of those funds throughout the program.

### **Utilities SPE Funding**

To facilitate the relocation of Marines from Okinawa to Guam, GoJ agreed to finance \$740 million in FY08 dollars, recoverable in utility rates to the GoJ, to assist with the utility infrastructure and facilities to support the additional requirements created by the relocation. Studies are ongoing to determine the feasibility of providing utilities to include possible renewable energy technologies for 1) the Marines relocating from Okinawa only, 2) all DOD requirements on Guam, and 3) Island wide requirements, including DOD and Guam requirements. As the studies are completed and the business case analyses progress, further decisions will be made regarding the makeup of the Special Purpose Entity (SPE) and the preferred solutions for each of the specific utilities. The ultimate utility systems could be financed by the GoJ fiscal commitment, or a consortium of other funding (i.e. commercial bank loans, bonds, or other commercial finance instruments). It is expected to take 12-14 months to establish sufficient technical and business model details necessary to prepare a Request for Proposal to solicit a lead business for the SPE.

### **Housing SPE Funding**

To facilitate the realignment effort, GoJ has agreed to contribute \$2.55B in financial instruments, measured in FY08 dollar amounts, to fund a SPE, a public-private venture that would provide housing for Marine Corps forces

relocating from Okinawa to Guam.

The U.S. and GoJ are currently preparing an implementing instruction covering SPE Housing business structure and operations. The implementing instruction will contain terms and conditions which are consistent with existing military family housing privatization initiatives, protect the financial interests of the U.S., and ensure the provision of high quality, sustainable housing for U.S. Marine Corps forces relocating from Okinawa to Guam.

## **8. CONCLUSION**

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The Explanatory Statement of the Consolidated Appropriations Act, 2008, directed the Secretary of Defense to submit a report on the Department's planning efforts on Guam to the Committees on Appropriation of both Houses of Congress, which directed the Secretary of Defense to submit a report on the Department's planning efforts on Guam to the Committees on Appropriation of both Houses of Congress.

The Department of Defense, led by the Joint Guam Program Office and with the support of the GoJ, has expended considerable time, effort, and energy in joint and separate meetings to develop the implementation details, schedules, specific financing mechanisms, and schedules to support the Realignment Roadmap. While much progress has been made, much work still remains to be completed.

The Department of Defense has focused its efforts with the ongoing NEPA EIS, and will provide the necessary detailed plans for construction, including alternatives that were considered. Submission of the GoJ JFY09 budget request to the National Diet of Japan, along with the U.S. President's Budget FY10 Budget Request will identify funding for specific construction projects with supporting budget details. These budget documents will form the first year increment of funding to accomplish the vision of the Realignment Roadmap within the broader Master Plan. The Department of Defense will share these key documents with the Congress when available.

