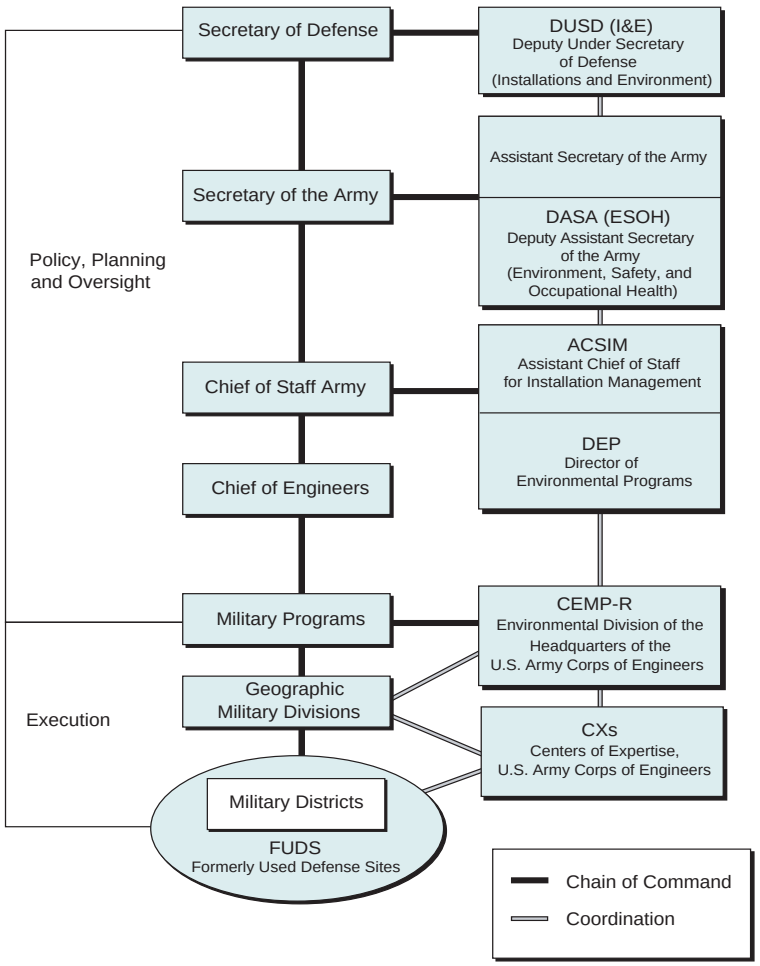
FUDS

The goal of the Formerly Used Defense Sites (FUDS) program is to reduce risk to human health and the environment resulting from past Department of Defense (DoD) activities at properties that were formerly owned, leased, or possessed by, or otherwise under the jurisdiction of DoD or its Components.

The Army acts as the executive agent for the FUDS program, and the U.S. Army Corps of Engineers (USACE) executes the program through its divisions and districts. USACE sets priorities for the FUDS program based on an evaluation of relative risk and other factors, such as legal agreements, stakeholder concerns, and economic considerations. USACE headquarters is responsible for the FUDS program management and execution. The FUDS mission within USACE is executed by the field organization, which consists of seven geographic military divisions; 22 military districts, with necessary support from civil works districts; one hazardous, toxic, and radioactive waste (HTRW) center of expertise; and one ordnance and explosives center of expertise. A USACE district commander serves as each property's installation commander, executing environmental restoration projects and fulfilling associated responsibilities, since DoD no longer owns or uses the FUDS properties. Figure 75 outlines the hierarchy for the FUDS program.

FIGURE 75: FUDS PROGRAM HIERARCHY CHART



Site Status

USACE must evaluate information about the origin and extent of contamination, land transfer issues, past and present property ownership, and program policies before a property is considered eligible for the FUDS program. At FUDS-eligible properties, USACE conducts environmental restoration activities under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). New properties and sites are continually being discovered by USACE and added to the FUDS program.

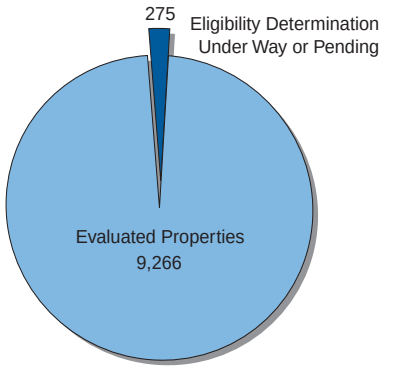
USACE has identified 9,541 properties for potential inclusion in the program, with 2,939, or 31 percent, of those properties currently FUDS-eligible and requiring response actions. USACE continues to emphasize project execution, FUDS property restoration, and active stakeholder involvement in the environmental restoration process. At eligible FUDS properties, environmental restoration procedures are similar to those at active DoD installations.

Installation Restoration Program Site Status

The scope and magnitude of the FUDS program are significant, with 9,541 properties identified for potential inclusion in the program, as shown in Figure 76. Figure 77 illustrates that as of the end of Fiscal Year 2003 (FY2003), 9,266 properties have been evaluated and USACE has determined that no response is required at 6,327 of those properties.

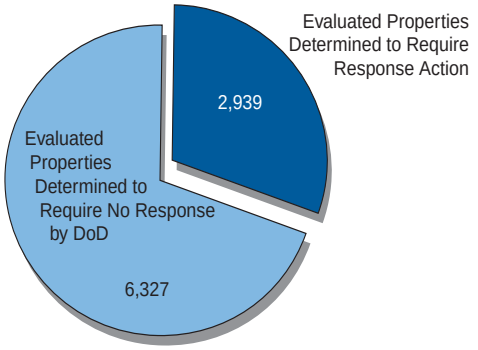
USACE currently has 3,091 Installation Restoration Program (IRP) sites in the FUDS program, a decrease of 35 sites from FY2002. Sixty-one percent, or 1,871 sites, have achieved remedy in place (RIP) or response complete (RC) status. Figure 78 illustrates IRP site status. USACE continues evaluating potentially FUDS-eligible sites as well as completing investigation and cleanup requirements to meet DoD management goals.

FIGURE 76: FUDS PROGRAM ELIGIBILITY STATUS OF POTENTIAL FUDS PROPERTIES
(As of September 30, 2003)



Total Properties = 9,541

FIGURE 77: FUDS RESPONSE ACTION STATUS AT EVALUATED FUDS PROPERTIES
(As of September 30, 2003)



Total Properties = 9,266

Military Munitions Response Program Site Status

USACE also evaluates Military Munitions Response Program (MMRP) category sites for risks to human safety. MMRP assessments consist of a hazard severity assessment and a hazard probability assessment; both are based on the best-available information from archive search reports (ASRs), explosive ordnance disposal (EOD) incidence reports, field observations, interviews, and physical site measurements. Of the 1,771 eligible MMRP sites in the FUDS program, 807 have already achieved RC status, as shown in Figure 79. USACE has assigned Risk Assessment Codes for 791 of the remaining 964 MMRP sites to indicate their potential hazard to human safety.

Progress Toward Program Goals

USACE has identified 9,541 properties for potential inclusion in the program, and continues identifying new FUDS-eligible properties as they become known. Despite the addition of new properties, the FUDS program continues to make progress toward reaching DoD management goals. USACE is committed to meeting these goals in a cost-effective manner.

FIGURE 78: FUDS IRP SITES STATUS
(As of September 30, 2003)

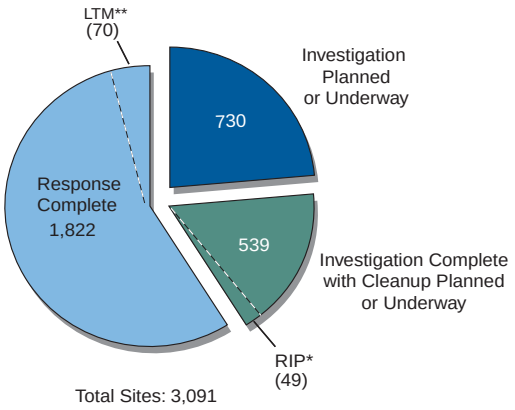
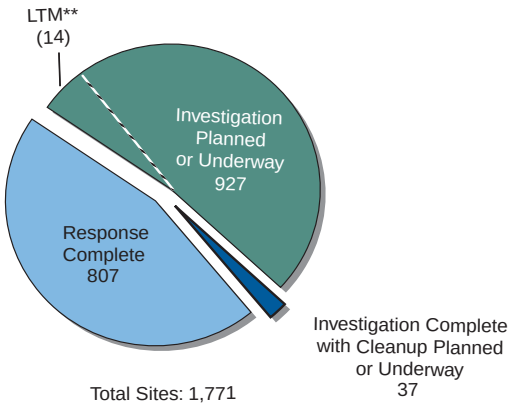


FIGURE 79: FUDS MMRP SITES STATUS
(As of September 30, 2003)

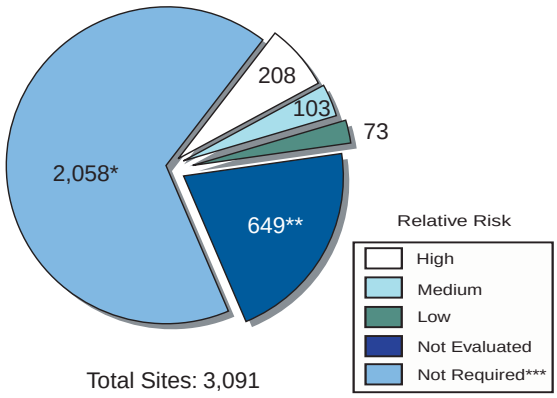


*RIP includes sites where remedial action operations are underway.
**Long-term management (LTM) occurs at a subset of the sites that have acheived response complete.

Installation Restoration Program Goals

New sites are continually being discovered and added to the FUDS program. USACE strives to evaluate as many HTRW sites as possible, including containerized HTRW (CON/HTRW), to assess the relative risk to human health and the environment. Of the 3,091 FUDS sites, 67 percent, or 2,058 sites, do not require a relative-risk ranking. The relative-risk ranking chart in Figure 80 illustrates USACE's progress in reducing risk at FUDS sites as of the end of FY2003. USACE uses ratings of relative risk to human health, human safety, and the environment for HTRW and MMRP projects, along with other management factors, such as stakeholder concerns, to aid in sequencing work during FUDS planning, programming, budgeting, and project execution. Project execution figures for FY2003 demonstrate that the FUDS program continues to make significant progress. As of the end of FY2003, 1,871 FUDS sites had reached the RIP/RC milestone. Eighty-one percent of FUDS properties are predicted to achieve RIP/RC by the DoD goal of FY2020, as shown in Figure 81.

FIGURE 80: FUDS RELATIVE RISK RANKING

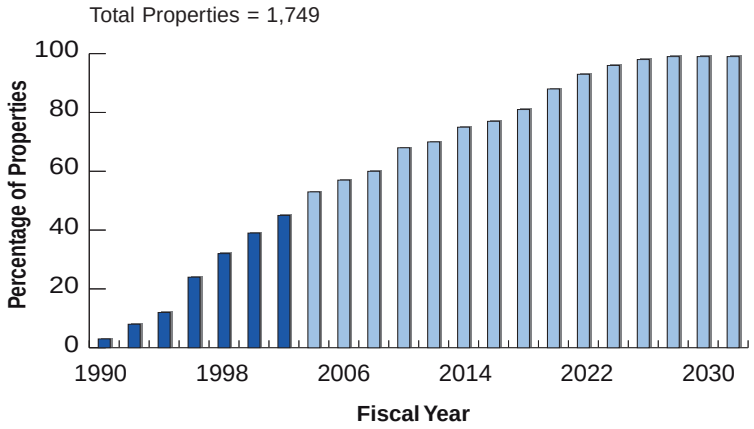


*Excludes munitions and explosives of concern sites.
**Includes CON/HTRW sites.
***The Not Required category includes sites that have already acheived RIP or RC, as well as sites requiring only building demolition and debris removal or potentially responsible party actions.

Military Munitions Response Program Objectives

In FY2003, USACE completed its initial inventory and cost estimates for FUDS MMRP sites for unexploded ordnance, discarded military munitions, and munitions constituents. In April 2003, USACE completed geographic maps of all FUDS properties and specific areas in the initial inventory that may require a munitions response. These maps outline each of the MMRP areas contained in the initial inventory.

FIGURE 81: FUDS PROPERTIES ACHIEVING FINAL REMEDY IN PLACE OR RESPONSE COMPLETE
(Cumulative and projected, FY1990 through completion)*



*Excludes locations without environmental restoration sites and locations with only MMRP contamination.

While completing ASRs for all FUDS properties, USACE discovered additional MMRP sites, resulting in an increase in total acreage. The development of the current FUDS MMRP inventory represents a significant financial investment and community involvement collaboration. USACE will conduct annual updates to the MMRP inventory as it continues to identify additional MMRP sites. Plans will also be developed for applying DoD's MMRP site prioritization protocol, when finalized, to FUDS MMRP properties and addressing DoD's goals and metrics for the program.

Program Initiatives and Improvements

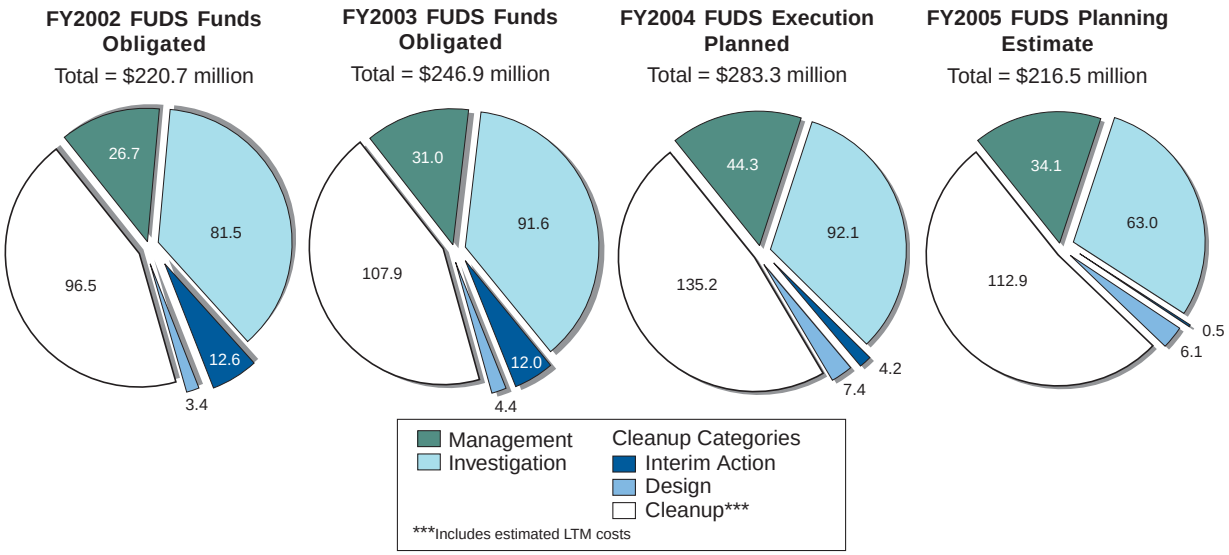
The FUDS Forum, a group consisting of representatives from DoD, the U.S. Environmental Protection Agency, and state and Tribal governments, has established an initiative to develop statewide Management Action Plans (MAPs). Statewide MAPs bring together the FUDS project managers with state and federal regulators, Tribal governments, other interested property owners, and community members to collaboratively develop long-range plans for cleanup efforts at FUDS properties. These MAPs include detailed information for each active FUDS property in that state as well as current status, future activities, prioritization, and budget work plans. Providing this information helps ensure that regulatory agencies and interested parties are included in the project prioritization process. As of the end of FY2003, 13 states had completed statewide MAPs; 9 MAPs were completed in FY2003 alone. Another 20 statewide MAPs are currently under development.

In FY2003, USACE also initiated the Chemical Warfare Materiel (CWM) Scoping and Security Study, the first nationwide effort to identify, determine a relative priority, and develop cost estimates for future actions at sites where historical documentation indicates that CWM was used, produced, stored, or tested.

Funding

In FY2003, USACE obligated $246.9 million for environmental restoration activities at FUDS properties. Figure 82 illustrates the FUDS Environmental Restoration funding levels for FY2002 through FY2005. USACE is planning for $283.3 million for environmental restoration activities in

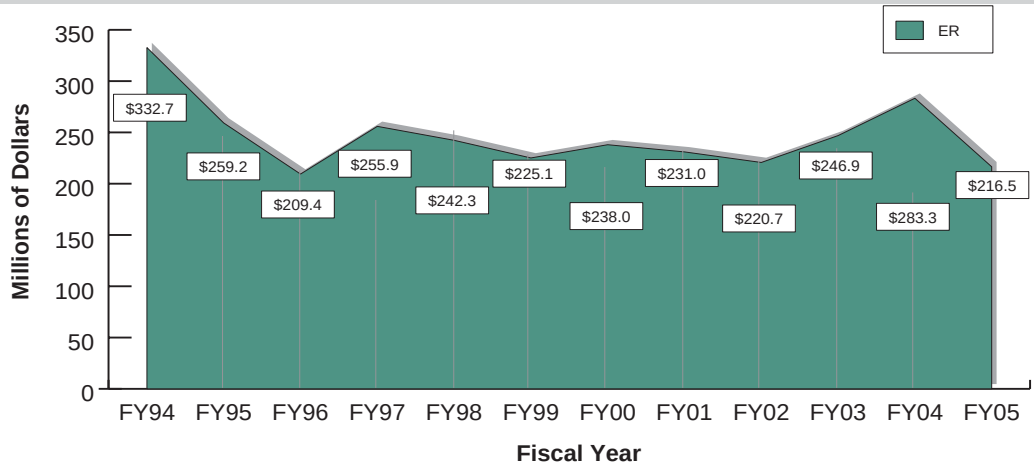
FIGURE 82: FUDS ENVIRONMENTAL RESTORATION FUNDING PROFILE*
(In millions of dollars)



* Funding shown includes all IRP, MMRP, and management and support costs. Due to rounding, category subtotals may not may not equal fiscal year totals.

FY2004, 84 percent designated for investigations and cleanup actions. The Army is estimating that $216.5 million will be obligated for cleanup-related activities in FY2005. The FUDS environmental restoration funding trends are illustrated in Figure 83. The $2 billion increase in the FUDS cost-to-complete (CTC) is attributed to completing more than 300 ASRs and discovering additional areas of MMRP contamination. Also contributing to this CTC increase was an adjustment in the MMRP definition of land use restrictions, resulting in increased acreage clearance. FUDS also added 114 new MMRP sites to the program in FY2003.

FIGURE 83: FUDS ENVIRONMENTAL RESTORATION FUNDING TRENDS



Looking Forward

USACE is committed to achieving program progress and meeting the challenges the FUDS program will face in FY2004. The CWM Security and Scoping study, the revision of the FUDS Program Manual and requirements for perchlorate sampling are three important development efforts USACE plans to complete for the FUDS program in FY2004. An effort to establish permanent electronic records and CERCLA administrative record files will also be initiated. USACE recognizes the importance of public involvement efforts to the Defense Environmental Restoration Program, and will continue outreach efforts in FY2004 through the FUDS Forum and statewide MAPs.