

RECORD VERSION

STATEMENT BY

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INSTALLATIONS & ENVIRONMENT
Privatization and Partnerships
DEPARTMENT OF THE ARMY**

BEFORE THE

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Mr. Chairman and members of the subcommittee, it is a pleasure to appear before you to discuss historic properties and the Army's program to manage these resources.

The Army is a responsible steward of our historic properties and cultural resources entrusted to us. We have initiated the following steps to improve our program:

- Improve inventory data on historic properties
- Streamline the consultation process required by the National Historic Preservation Act
- Pursue programmatic solutions to comprehensively manage the growing inventory of aging buildings
- Establish innovative initiatives for industry to invest in Army historic properties, and
- Explore historic properties privatization efforts.

As the oldest of the Defense services, the Army has strong ties to its history and the places that help to shape this country's destiny. From the U.S. Military Academy at West Point to our early coastal batteries like Fort Monroe, Virginia and the Presidio of Monterey, California, the historic legacy of the Army has provided protection for our growing nation. As the country expanded westward, protective encampments like Fort Leavenworth, Kansas, Fort Sill, Oklahoma, and Fort Huachuca, Arizona,

provided security for the early settlers and pioneers. These and other installations have left this country with a generous legacy that continues to support Soldiers, adapting to meet mission needs on every level -- from motor pools, to barracks, to hospitals, to administration buildings to family housing -- these buildings link our past to our future. The Army's historic properties are often the symbol of the Army to the American public. These are places everyone can visit to experience a part of Army history. However, our historic properties pose challenges and have cost implications that we must acknowledge and address through non-traditional solutions that allow us to retain the Army's legacy.

THE SCENARIO

Historic properties are defined in the National Historic Preservation Act of 1966 (NHPA) as those that are listed on or are eligible for listing on the National Register of Historic Places. Of the Army's inventory of 153,023 buildings and structures in the U.S., more than 1/3 are over 50 years old and are potentially subject to full compliance with the NHPA. The Army currently estimates over 19,000 of these properties are historic. In the next 20 years, roughly 40,000 additional properties will turn 50 and require evaluation. Historic Properties represent a significant percentage of the total Army inventory, are highly visible to the nation, and require special consideration.

The Army collects data on historic properties through its real property information database and environmental reporting.

Historic buildings are identified as:

- National Historic Landmark – Individual
- National Historic Landmark – Contributing to a District
- National Register Listed – Individual
- National Register Listed – Contributing to a District
- National Register Eligible – Individual
- National Register Eligible – Contributing to a District
- Not Evaluated - Determined Not Eligible

Historic properties, as well as those that are 45 years old, are flagged in the system to assist installations in daily maintenance actions as well as to assist headquarters in Army wide planning. The Army identifies and tracks historic properties in compliance with the consultation requirements of the National Historic Preservation Act (NHPA). Section 106 of NHPA and its implementing regulations, 36 CFR 800 Protection of Historic Properties, require agencies to seek the input of the State Historic Preservation Officer, interested parties and, in some cases, the federal Advisory Council on Historic Preservation, on the agency plan for the buildings. The NHPA requires consultation for all historic properties and actions that may impact historic properties, such as new construction in historic districts. It does not mandate preservation, but requires adherence to the procedures for considering actions through consultation. The Army also addresses historic properties in documents to fulfill the requirements of the National Environmental Policy Act (NEPA). Compliance with both NHPA and NEPA can be complex, costly, and time consuming.

Costs associated with the compliance process include: identifying and evaluating buildings to determine if they are historic; staff time to prepare documents necessary to complete the consultation process; and any mitigating actions to document the property prior to significant negative effects, such as major renovation or demolition.

Cost of Historic Facilities

While historic building projects are perceived to have a high cost, evaluations have shown that when reviewed on a per square-foot and life cycle cost basis, the costs are nearly the same as for non-historic buildings. Often, initial costs for materials used in historic buildings are high, but the materials last longer, resulting in life-cycle cost savings. For example, a slate roof typically has a life span of 50-75 years. During this time, an asphalt roof with a 20-year life span would be replaced up to 4 times.

Renovations of historic buildings also include costs to modernize outdated building systems such as electrical, mechanical, plumbing, heating / air conditioning systems and remediation of asbestos and lead base paint. These are typical costs for any building renovation and are not related to preservation of historic features.

Another challenge with the high cost of restoring Army historic buildings is the availability of sustainment funding. The lack of sustainment funding has resulted in a backlog of maintenance and repair requirements. The inability to maintain and repair the inventory eventually results in more expensive restoration and modernization projects.

Recently, the Army committed to fund 90% of all sustainment requirements and this should result in less deterioration of the Army's inventory of historic properties and more reasonable restoration and modernization costs. The Army is managing a growing inventory of historic buildings and as previously stated, not all costs associated with maintaining these facilities are due to their historic nature.

PROGRAMMATIC APPROACHES / SOLUTIONS

The Army is looking at innovative solutions to address the challenges of limited funding, underutilized space, and compliance requirements. Three options for managing our historic properties include: (1) use and maintain; (2) privatize or find another user and develop a lease / maintenance agreement; or (3) demolish. The Army, in concert with the Advisory Council on Historic Preservation and other Historic Preservation organizations, has established several successful programs to streamline processes and reduce costs.

ARMY ALTERNATE PROCEDURES

The Army has initiated a unique partnership approach within the Department of Defense to streamline the process and better manage compliance requirements of NHPA and 36 CFR 800. This partnership approach resulted in the Army Alternate Procedures, which are based on consultation and agreement among key stakeholders on a five-year installation plan. This initiative minimizes the need for consulting on single projects and allows for pre-approval of projects that follow agreed upon standard procedures. Preparation of the Army Alternative Procedures

required considerable coordination with the Advisory Council on Historic Preservation, the National Conference of State Historic Preservation Officers, Native American tribes, the National Trust for Historic Preservation and members of the public. We are nearing completion of the coordination and consultation process for Army Alternative Procedures at our first two pilot installations – Fort Benning, Georgia, and Fort Sam Houston, Texas. The next four installations to begin the Alternative Procedures coordination process are Fort Sill, Oklahoma; Fort Hood, Texas; and the US Army Garrisons in Alaska and Hawaii. This is truly a good news story. The Center for Army Analysis estimates that this approach will reduce future Army liabilities by \$1.5 to \$4.2 million per year.

NATIONWIDE PROGRAMMATIC AGREEMENT

The Army / Advisory Council on Historic Preservation also developed an excellent solution for World War II buildings. In 1983, Congress directed the demolition of World War II wooden construction or temporary buildings. While demolition makes sound financial sense in some situations and is permitted by the National Historic Preservation Act, it must be weighed against public concern for the loss of historic resources. To meet the compliance requirements, the Army entered into a Nationwide Programmatic Agreement. The agreement recognized the contributions of this category of construction to history, recorded original construction, preserved sample buildings at Fort McCoy, Wisconsin, and allows the demolition of remaining World War II wooden construction or temporary buildings without further consultation. This effort allows the Army to redirect scarce resources to the remaining historic properties.

PROGRAM COMMENT

The Army and the Advisory Council on Historic Preservation initiated another streamlined approach and process referred to as a Program Comment for Cold War era Capehart and Wherry housing. This Program Comment satisfied the NHPA compliance requirements for nearly 20,000 Army buildings. The Army can renovate, alter, or demolish individual buildings without further consultation with the State Historic Preservation Officers. Our ability to make faster decisions on Capehart and Wherry housing units has proven especially beneficial for family housing privatization projects under the Residential Communities Initiative.

The Army and the other Services have evaluated existing inventories to find other common groups of properties that should be addressed in a similar manner. Additional Program Comments have been prepared and are in the final stage of the coordination process within the Department of Defense. They will cover historic properties of all Services in the following categories: Cold War Era Unaccompanied Personnel Housing, WWII and Cold War Era Ammunition Storage Facilities, and WWII and Cold War Era Army Ammunition Plants. These Program Comments will satisfy the NHPA compliance requirements for 35,000 Army buildings / structures.

Leasing

In most cases, the Army utilizes historic buildings to meet mission requirements. Historic facilities are maintained, repaired and renovated as needed with the funds available. Traditional funding mechanisms are in place to repair and rehabilitate historic facilities. When the land is not

excess to the Army's needs or requirements, the buildings are evaluated for offsite removal, for demolition or for adaptive reuse and retention as a requirement of NHPA. If adaptive reuse is feasible, the Army will pursue out-leasing, under Title 10 United States Code, Section 2667, to obtain major rehabilitation and maintenance of the historic properties.

At Fort Sam Houston, Texas, the Army utilized the above cited authority to lease three historic buildings. Under NHPA the Army had the responsibility to maintain or find adaptive reuse for these properties containing approximately a half-million square feet of space. A private developer was selected through a competitive leasing process. The Army and the selected developer agreed to a business and leasing plan to rehabilitate and utilize these buildings. The resulting actions preserved the historic buildings, eliminated the installation's rehabilitation and operations and maintenance costs, and allowed the Army to receive a share of the lease proceeds after the investment and management expenses were recovered. The out-leasing of non-excess available facilities at Fort Sam Houston was the Army's first effort using the authority of 10 USC 2667. The Army has since been exploring the use of this authority at other installations with historic properties.

The Army is pursuing another leasing opportunity for the William Beaumont Hospital Historic District at Fort Bliss, Texas. There are 27 historic buildings identified as important by the State Historic Preservation Officer that were competitively offered to the private sector for restoration and utilization. The selected bidder and the Army are currently negotiating a business and lease plan that will hopefully lead to the execution of a lease.

Family Housing Privatization

The Army is taking advantage of private sector expertise to manage historic housing by including these properties in our family housing privatization projects. To date, the Army's Residential Communities Initiative (RCI) has privatized 64,000 homes at 27 installations toward the goal of 82,500 homes at 43 installations. Of the 221 Army General Flag Officers Quarters (GFOQs), 162 are historic. There are 115 GFOQs included in the Army's family housing privatization program and 80 are historic.

Privatization under the RCI program requires compliance with the National Historic Preservation Act. Army installations prepare Historic Property Programmatic Agreements; consult with the State Historic Preservation Officer and the Advisory Council on Historic Preservation to outline historic property development and management plans. The Army's RCI privatization partners improve, maintain, and sustain historic homes in compliance with the agreements.

ARMY- COMMUNITY HERITAGE PARTNERSHIPS

The Army has developed the Army-Community Heritage Partnerships program to strengthen community ties (economic, historic, and social) between Army installations and neighboring historic commercial districts. The Army Community Heritage Partnership program provides technical assistance and training in preservation-based economic development strategies to communities that have, as their mission, historic

commercial district revitalization. This program supports the goals of Presidential Executive Order 13287, Preserve America, signed in March 2003. Key points of the Executive Order are:

- to seek partnerships with local governments and the private sector to make more efficient and informed use of their resources for economic development and other recognized public benefits, and
- to better combine historic preservation and nature tourism to assist in the development of local and regional programs using historic resources that are significant features of many State / local economies.

The National Trust Main Street Center is the Army's partner in this effort because of their expertise in working with downtown historic business districts. They will assist communities to improve the economic vitality in their marketplace and look for ways to leverage heritage and eco-tourism for further business development.

SUMMARY

The Army has a wealth of historic properties that support our mission requirements. We are developing new management approaches that balance our stewardship responsibilities for our existing and growing inventory with recognition of the limited funds available for maintenance, repair and renovation of all properties. We appreciate your continued support for our initiatives.

Mr. Chairman, this concludes my statement. Thank you.