

APPENDIX I

COMPONENT ENVIRONMENTAL RESTORATION PROGRESS



Although the Office of the Secretary of Defense (OSD) provides oversight of and guidance for the Defense Environmental Restoration Program (DERP), the Military Components are responsible for managing funding and execution of environmental response activities to meet the program goals established by OSD. Since the Components and their individual defense missions vary, managing the program at the Component level with Department of Defense oversight affords consistency of program guidance and overall goals while providing each Component the ability to address its environmental restoration requirements according to Component-specific needs.

This Component Environmental Restoration Progress appendix presents information on the environmental restoration programs of the Military Components—the Army, Navy, Air Force, and Defense Logistics Agency—as well as the Formerly Used Defense Sites program. Each section provides a brief background on the Component’s environmental restoration program, highlights program progress during fiscal year (FY) 2004, and discusses future challenges and goals. Specifically, each Component section provides a discussion of FY2004 site status, progress made toward DERP goals, and Component initiatives and environmental restoration program improvements for both the Installation Restoration Program and Military Munitions Response Program at active and base realignment and closure installations. All Component sections also include a fact sheet, which serves as a quick reference for Component environmental restoration information, providing data that highlight the Component’s environmental restoration status and progress.

In addition to the progress presented in this appendix, success stories highlighting innovations or improvements that led to outstanding environmental restoration program progress in FY2004 can be found for each Component on the Cleanup portion of the Web site for the Annual Report to Congress: http://derparc.egovservices.net/Derparc_FY04.

DoD Environmental Restoration at a Glance

Total DERP Sites			
	IRP ^{††}	MMRP	Totals
Active	19,742	1,307	21,049
BRAC	4,832	318	5,150
FUDS	3,098	1,773	4,871
Totals	27,672	3,398	31,070

Total Completed [†] Sites			
	IRP ^{††}	MMRP	Totals
Active	15,266	111	15,377
BRAC	3,835	123	3,958
FUDS	1,872	804	2,676
Totals	20,973	1,038	22,011

[†] Completed refers to those sites that have achieved response complete (RC) status.

^{††} Includes some BD/DR and FUDS Potentially Responsible Party projects.

In FY2004...

- DoD is addressing a total of 31,070 sites at 1,817 installations and 2,943 FUDS* properties through the DERP.
- DoD has 6,546 DERP sites in investigation phases, 2,513 sites with cleanup underway**, and 1,014 sites with long-term maintenance underway.
- DoD prepared 15,803 BRAC acres for transfer and transferred 84,931 BRAC acres through the DERP.
- DoD spent at total of \$1,699.3 million on DERP environmental restoration activity, of which \$1,338.0 million was ER funding and \$361.3 million♦ was BRAC environmental restoration funding.

Through FY2004...

- DoD has prepared a total of 407,573 BRAC acres for transfer and transferred a total of 385,367 BRAC acres through the DERP.
- DoD spent a total of \$30.5 billion on DERP environmental restoration activity, of which \$21.8 billion was ER funding and \$8.7*** billion was BRAC environmental restoration funding.
- The site level cost for completing the remaining 9,059 sites is estimated at approximately \$35.4 billion.****

* Note: The there are 9,730 properties in the FUDS inventory.

** Cleanup underway includes sites that have achieved remedy in place (RIP).

*** Does not include BRAC environmental compliance and planning funding.

**** Does not include management and support costs.



ARMY ENVIRONMENTAL RESTORATION PROGRESS

Army Environmental Restoration at a Glance

Total DERP Sites			
	IRP	MMRP	Totals
Active	10,432	802	11,234
BRAC	1,891	173	2,064
Totals	12,323	975	13,298

Total Completed [†] Sites			
	IRP	MMRP	Totals
Active	9,296	51	9,347
BRAC	1,710	120	1,830
Totals	11,006	171	11,177

[†] Completed refers to those sites that have achieved response complete (RC) status.

In FY2004...

- The Army addressed a total of 13,298 sites at 1,248 installations.
- The Army had 1,749 sites in investigation phases, 372 sites with cleanup underway*, and 275 sites with long-term maintenance underway.
- The Army prepared 11,414 BRAC acres for transfer and transferred 4,037 BRAC acres.
- The Army spent at total of \$456.0 million on DERP environmental restoration activity, of which \$394.1 million was ER funding and \$59.5 million** was BRAC environmental restoration funding.

Through FY2004...

- The Army prepared a total of 190,505 BRAC acres for transfer and transferred a total of 153,097 BRAC acres.
- The Army spent a total of \$7.4 billion on DERP environmental restoration activity, of which \$5.4 billion was ER funding and \$1.96 billion was BRAC environmental restoration funding.
- The total cost for completing the remaining 2,121 sites was estimated at approximately \$9.3 billion***.

* Cleanup underway includes sites that have achieved remedy in place (RIP).

**Does not include BRAC environmental compliance and planning funding.

***Does not include management and support costs.

In fiscal year (FY) 2004, the Army continued to make progress toward successfully cleaning up sites and ensuring that excess property became ready for reuse. The Army's Environmental Restoration Program (ERP) remained focused on its commitment to protect human health and the environment. During FY2004, the Army developed its comprehensive strategy to focus on and provide a shared vision for all of its environmental programs. The Army's new Strategy for the Environment represents a long-term commitment that embraces sustainability as a business model for the Army. This strategy also brings under its umbrella the Army Environmental Cleanup Strategy, which was released in April 2003. Consistent with its Environmental Cleanup Strategy, the Army expanded participation in its Performance-Based Environmental Remediation Contracting Program in the pursuit of achieving the most cost-effective, technically sound and results-oriented cleanups. The Army also eliminated duplication of management responsibilities when it transitioned centralized management of the ERP for Army National Guard installations from the National Guard Bureau to the Assistant Chief of Staff for Installation Management.

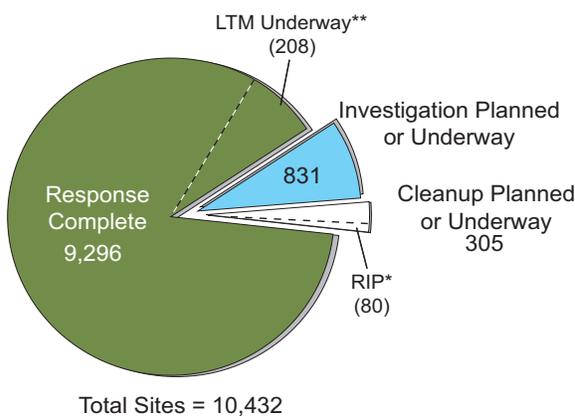
Site Status and Progress Toward Goals

In FY2004, the Army focused on achieving program completion. In the Installation Restoration Program (IRP), both the active and base realignment and closure (BRAC) installations continued to progress toward completion of environmental restoration activities in a cost-effective manner.

Installation Restoration Program

Currently, the Army has 10,432 sites at active installations in the IRP, an increase of 65 sites from FY2003. The IRP site status at active installations is shown in Figure I-1. The Army projects meeting the FY2014 IRP goal for all sites at active installations to achieve remedy in place or response complete (RIP/RC) status. The Army will not meet the goal of having all high relative risk sites at RIP/RC status by FY2007 at 12 installations, but expects to meet the FY2011 goal of achieving RIP/RC status at all medium relative-risk sites. Figure I-2 illustrates the Army's

Figure I-1
FY2004 Active IRP Site Status†

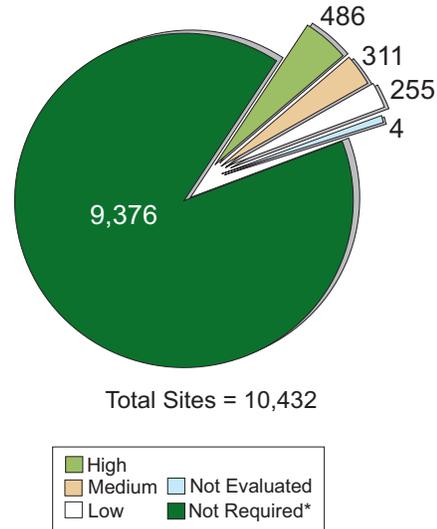


† Includes incidental munitions work (i.e. non-MMRP) as of September 30, 2004.

* Remedy in Place (RIP) includes sites where remedial action operations are underway. RIP is a subset of Cleanup Planned or Underway.

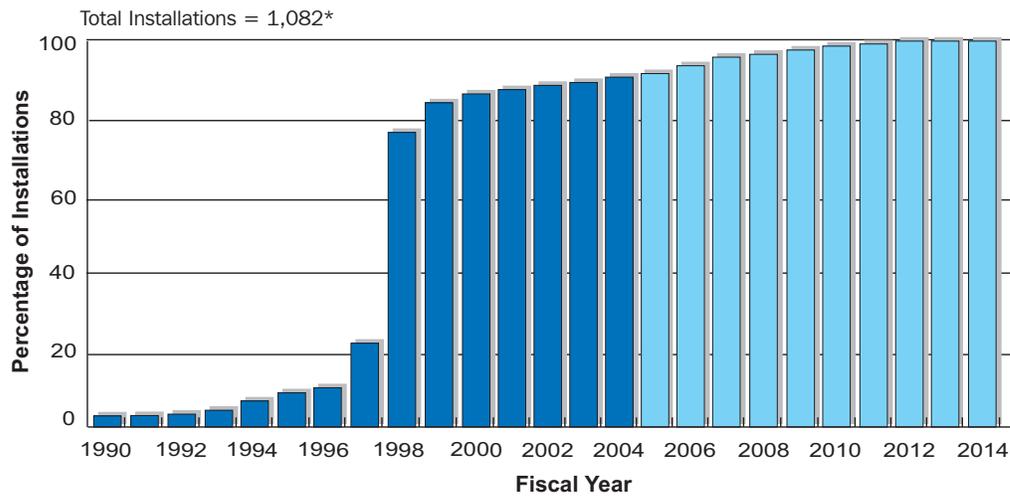
** Long-term maintenance (LTM) occurs at a subset of the sites that have achieved response complete.

Figure I-2
Relative Risk Ranking for Active IRP Sites in Progress



* Not required includes sites that have already achieved RIP or RC.

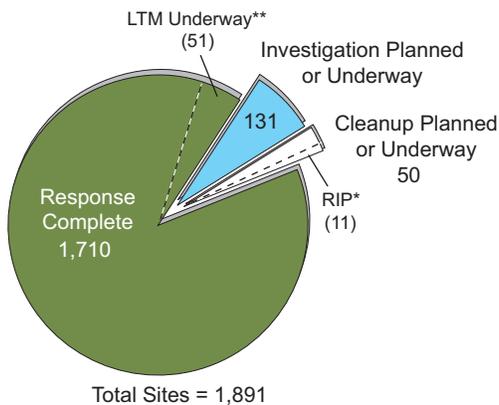
Figure I-3
Active Installations Achieving Final Remedy in Place or Response Complete at All IRP Sites
 (Cumulative and projected, FY1990 through completion)



significant progress in reducing the number of sites in all relative-risk categories that need to be addressed. In FY2004, 213 IRP sites at active installations achieved RIP or RC status, exceeding the projection of 211 sites. Fifteen active installations achieved RIP or RC status at all sites during FY2004. Figure I-3 shows the status, through FY2004 of all active installations in achieving RIP/RC.

The Army performed environmental restoration at 1,891 IRP sites at BRAC installations in FY2004, a decrease of eight sites from the previous year. The IRP site status at BRAC installations is shown in Figure I-4. Figure I-5 shows the progress at BRAC installations in reducing the number of sites in all relative-risk categories that need to be addressed. In FY2004, one BRAC installation achieved RIP/RC status. Figure I-6 shows the status of BRAC installations in achieving RIP/RC.

Figure I-4
FY2004 BRAC IRP Site Status[†]

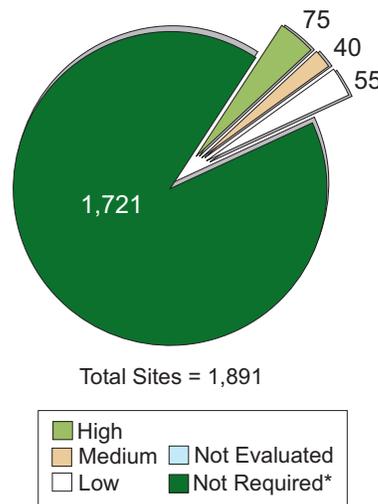


[†] Site Status as of September 30, 2004.

* Remedy in Place (RIP) includes sites where remedial action operations are underway. RIP is a subset of Cleanup Planned or Underway.

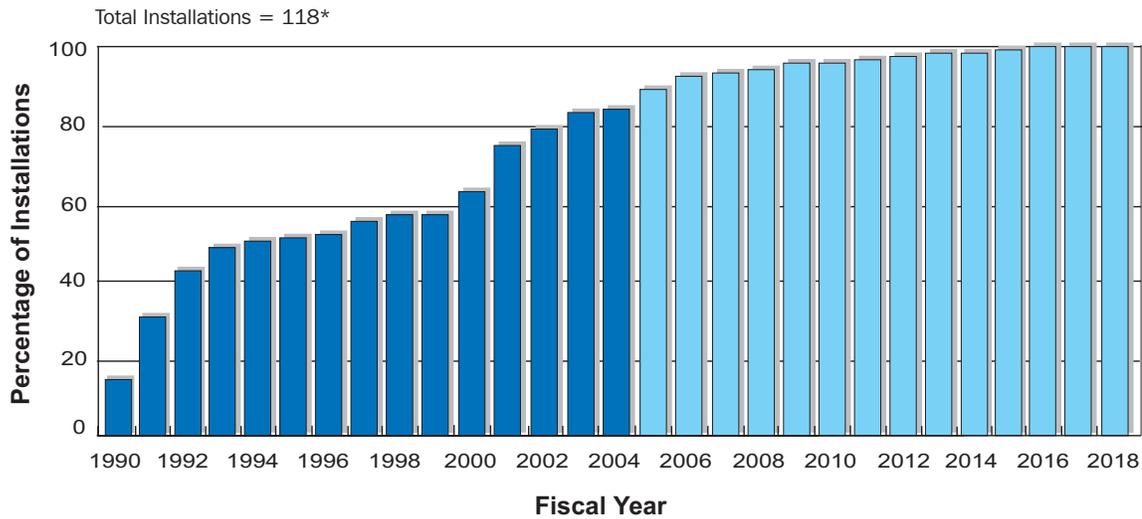
** Long-term maintenance (LTM) occurs at a subset of the sites that have achieved response complete.

Figure I-5
Relative Risk Ranking for BRAC IRP Sites in Progress



* Not required includes sites that have already achieved RIP or RC.

Figure I-6
BRAC Installations Achieving Final Remedy in Place or Response Complete at all IRP Sites
 (Cumulative and projected, FY1990 through completion)



*Excludes locations without environmental restoration sites and MMRP sites.

Military Munitions Response Program

The Army established site-level data for 100 percent of its Military Munitions Response Program (MMRP) inventory in FY2004. There are 802 MMRP sites at active installations, an increase of 419 sites from FY2003. The Army is planning munitions response activities for 751 sites at 166 active installations. As of FY2004, BRAC installations had 173 MMRP sites, a decrease of four from the previous year. In the MMRP, the Army is focused on making progress toward completing site inspections by FY2010. The Army completed its Phase 3 Army Range Inventory, as planned, in FY2004 and identified 751 MMRP sites that will require future work. The Army prepared cost-to-complete estimates for each MMRP site using site level data collected during the inventory. The Office of the Secretary of Defense developed MMRP goals for completing preliminary assessments (PAs) at MMRP sites by FY2007 and for completing site inspections by FY2010. The Army achieved its goal of completing PAs for active installations, since the results of the Phase 3 Army Range Inventory fulfill the requirements for the PA phase. The Army began site inspections at 18 additional active installations in FY2004, for a total of 29 active installations undergoing site inspections. The Army programmed resources to achieve its goal of completing site inspections at all active Army installations with three or more MMRP sites by FY2010. At BRAC installations, the Army initiated 28 investigations and completed remediation efforts at one site.

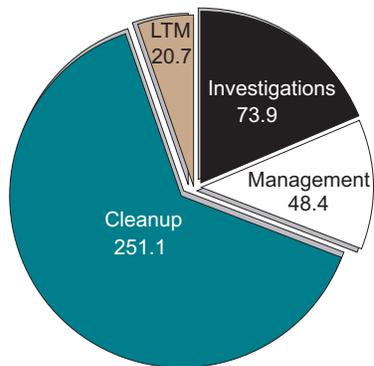
Funding

In FY2004, the Army obligated \$384.4 million in Environmental Restoration funding for IRP sites at active installations. Of this amount, 65 percent of the funds were obligated for cleanup activities and 17 percent went toward investigation activities. The Army used the remaining funds for remedial action operations (RA-O) and long-term maintenance (LTM) activities, as well as program management. The Army obligated an additional \$9.7 million of Army Environmental

Restoration funds for the MMRP at active installations. The Army used these funds to complete the Phase 3 Range Inventory, continue site inspections, initiate a response action at Fort Stewart, and provide program management.

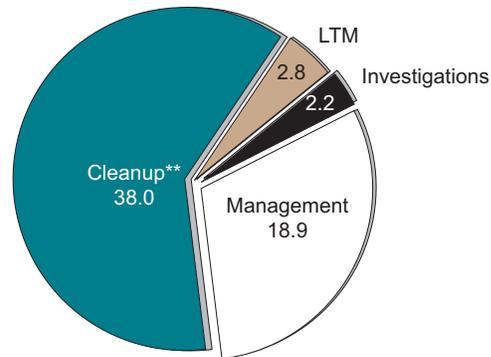
Army's Environmental Restoration and BRAC funding are profiled by environmental restoration phase in Figures I-7 and I-8. The Army obligated \$61.9 million in BRAC environmental restoration funding during FY2004. The Army obligated 60 percent of these BRAC funds for IRP sites and 35 percent for MMRP sites. The Army obligated the remaining BRAC funds for program management and closure-related compliance actions. Of the \$37.2 million obligated for IRP sites under the BRAC program, three percent was obligated for investigation activities. The remainder funded cleanups, RA-O, and LTM, which demonstrates that the Army has addressed most of the BRAC requirements. Similarly, 96 percent of the \$22.0 million obligated for MMRP sites was obligated for cleanup activities. Army's BRAC environmental restoration and Environmental Restoration funding trends are illustrated in Figure I-9.

Figure I-7
FY2004 Army Environmental Restoration Funds Obligated*
 (in millions of dollars)



Total = \$394.1 million

Figure I-8
FY2004 Army BRAC Funds Obligated*
 (in millions of dollars)



Total = \$61.9 million

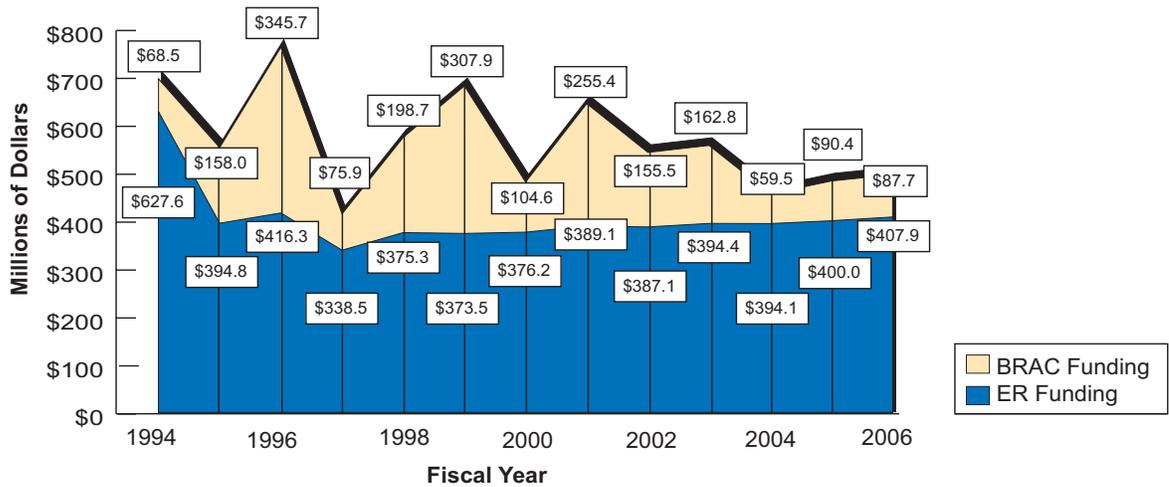
* Due to rounding, category subtotals may not equal fiscal year totals.
 **Includes BRAC environmental compliance costs.

Program Initiatives and Improvements

The Army continues to seek the most efficient and cost-effective strategies for achieving program completion. In FY2004, the Army expanded the use of performance-based contracts (PBCs) at active installations from the pilot stage to full implementation. The Army has awarded 21 contracts at active Army installations since FY2001, totaling approximately \$304 million. The Army awarded 14 PBCs at active installations in FY2004, resulting in 36 percent of the FY2004 program funds going to PBCs. Eight of the 14 contracts were awarded to small businesses. The Army goal is to have 50 percent of program funds going toward PBCs by the end of FY2005.

Guaranteed Fixed Price Remediation (GFPR) is a type of PBC that allows the Army to achieve environmental cleanups for a fixed price and at a set schedule. Since 2001, Fort Leavenworth has

Figure I-9
Environmental Restoration and BRAC Environmental Restoration Funding Trends*



* Does not include BRAC environmental compliance and planning funding.

made tremendous progress using GFPR. Of its nine environmental sites identified in the first contracting phase, four are near completion, three have remedies in place, and two are undergoing interim remedial actions.

Looking Forward

The Army is focused on achieving results in the year ahead. To meet this challenge, the Army will obligate funds for site closeout, giving priority to installations that can use the funds to improve performance or can expedite BRAC property transfer. The Army will also continue to execute its Cleanup Strategy through PBCs aimed at closing out sites in a timely and efficient manner. In the MMRP, the Army will continue to build the program and execute site inspections to meet the FY2010 completion goal.



DEPARTMENT OF THE NAVY ENVIRONMENTAL RESTORATION PROGRESS

Navy Environmental Restoration at a Glance

Total DERP Sites			
	IRP	MMRP	Sites
Active	3,699	212	3,911
BRAC	1,063	19	1,082
Totals	4,762	231	4,993

Total Completed [†] Sites			
	IRP	MMRP	Totals
Active	2,464	8	2,472
BRAC	899	3	902
Totals	3,363	11	3,374

[†] Completed refers to those sites that have achieved response complete (RC) status.

In FY2004...

- The Navy addressed a total of 4,993 sites at 251 installations.
- The Navy had 1,123 sites in investigation phases, 496 sites with cleanup underway*, and 172 sites with long-term maintenance underway.
- The Navy transferred 2,902 BRAC acres.
- The Navy spent a total of \$403.1 million on DERP environmental restoration activity, of which \$254.9 million was ER funding and \$96.5♦ million was BRAC environmental restoration funding.

Through FY2004...

- The Navy prepared a total of 142,045 BRAC acres for transfer and transferred a total of 146,749 BRAC acres.
- The Navy spent a total of \$5.8 billion on DERP environmental restoration activity, of which \$3.7 billion was ER funding and \$2.1 billion was BRAC environmental restoration funding.
- The total cost for completing the remaining 1,619 sites underway was estimated at approximately \$3.5 billion**.

* Cleanup underway includes sites that have achieved remedy in place (RIP).

♦ Includes \$51.7 million of supplemental funding provided by the Navy. Does not include BRAC environmental compliance and planning funding.

** Does not include management and support costs.

The Department of the Navy (DON) provides the maritime presence that enables the United States to protect vital American interests around the world. This includes force projection, strategic deterrence, crisis response, and humanitarian efforts in support of national security objectives and global interests – both military and environmental. As part of base stewardship, the DON Environmental Restoration Program (ERP) is essential to protecting human health and the environment.

The DON management structure overseeing environmental restoration begins with the Assistant Secretary of the Navy (Installations and Environment), who sets overall strategy, objectives, and policy. The Chief of Naval Operations and the Commandant of the Marine Corps advocate for resources and conduct detailed oversight to ensure that DON goals and objectives are met. The Naval Facilities Engineering Command and its eight Engineering Field Divisions and Activities nationwide execute DON’s ERP, including cleanup at base realignment and closure (BRAC) installations. DON’s organizational structure supports central management and regional execution, resulting in consistency and efficiency that makes the DON program one of the best of its kind in government.

Site Status

DON is focused on moving sites through the appropriate environmental restoration phases to complete all cleanup requirements. Many of DON’s Installation Restoration Program (IRP) sites have progressed to the final cleanup stages of the program, while sites in the newer Military Munitions Response Program (MMRP) are completing the initial investigation process.

Installation Restoration Program Site Status

In fiscal year (FY) 2004, DON closed out the environmental restoration program at five installations. Figures I-10 and I-11 illustrate DON’s IRP site status at active and BRAC installations.

Figure I-10
Active IRP Site Status†

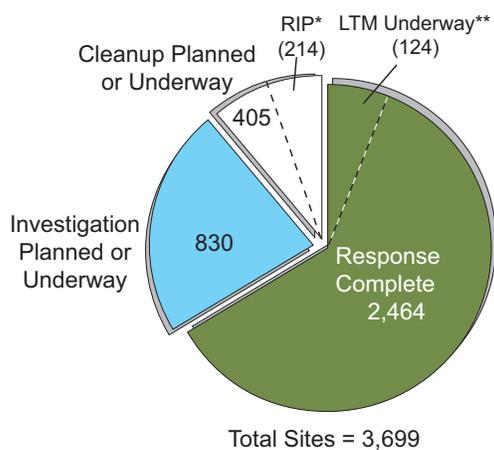
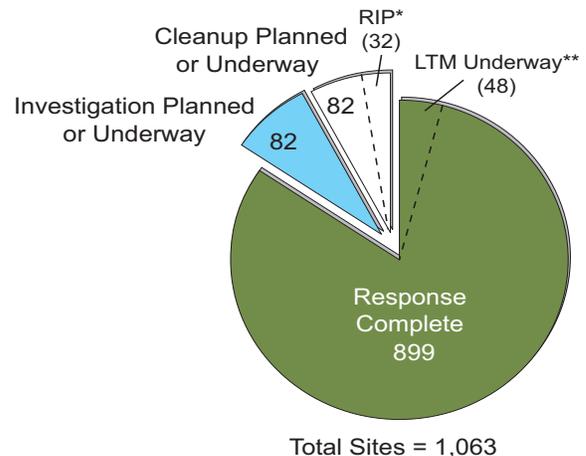


Figure I-11
BRAC IRP Site Status†



† Site Status as of September 30, 2004.

* Remedy in Place (RIP) includes sites where remedial action operations are underway. RIP is a subset of Cleanup Planned or Underway.

** Long-term maintenance (LTM) occurs at a subset of the sites that have achieved response complete.

DON currently maintains 3,699 IRP sites at 203 active installations. Of these sites, 2,678, or 72 percent, have achieved remedy in place or response complete (RIP/RC). DON discovered only 11 new sites in FY2004, continuing the trend of minimal new site discovery. Through FY2004, DON has completed 632 remedial actions (RAs) with another 79 currently underway. In addition, as of the end of FY2004, DON had completed 104 RAs requiring continuing operations to meet remedial objectives. RA operations (RA-Os) are currently underway at 214 sites on active IRP installations. DON completed 767 interim remedial actions on 126 installations, with another 63 sites having interim actions underway.

DON is responsible for 1,063 BRAC IRP sites at 56 installations requiring environmental restoration. In FY2004, DON added 36 new sites to its inventory due to legislation that called for the closure of most of Naval Station Roosevelt Roads, Puerto Rico. DON has achieved RIP/RC at 88 percent, or 931, of the total BRAC sites. All required actions have been completed at 899 of those sites. Of the remaining 164 sites, cleanup actions are underway at 82 sites with the remedy already in place at 32 of those sites. Sixty-seven sites have investigations underway.

By the end of FY2004, DON met the Comprehensive Environmental Response, Compensation, and Liability Act requirements for transfer at 142,321 acres of BRAC IRP property. DON continues to use early transfer authority to expedite the transfer of property at locations such as the Naval Training Center in Orlando, Florida where three acres of BRAC property were transferred in less than two months.

Military Munitions Response Program Site Status

DON has identified a total of 231 sites potentially requiring a military munitions response, with 212 of these sites located on 56 active installations and another 19 sites located on six BRAC installations. DON has completed preliminary assessments (PAs) for 82 sites at nine active installations, or 39 percent of the sites. PAs are underway at 25 active installations. DON has identified 1,306 acres for the MMRP and suspects 66,288 additional acres at both active and BRAC installations may require MMRP activities. DON expects to meet the Department of Defense's (DoD's) near-term MMRP goal of completing PAs for all known MMRP sites by the end of 2007.

Progress Toward Program Goals

DON's IRP addresses the environmental impacts of hazardous substances remaining from past practices at Navy and Marine Corps sites. The considerable size of DON's program requires extensive resources, comprehensive planning, and rigorous oversight. To keep the program on track and measure its progress, DON utilizes DoD's performance goals for IRP and MMRP sites. The IRP goals focus on achieving RIP and completing necessary cleanup requirements, while the MMRP objectives focus on completing initial investigations.

Installation Restoration Program Goals

DON's approach to meeting DoD's goals and priorities is based on risk management. This approach weighs the relative risk to human health using DoD's Relative Risk Site Evaluation

framework and also considers legal requirements, economics, and stakeholder concerns. For BRAC property, the local government’s priorities for reuse also play a large factor. Figures I-12 and I-13 illustrate the relative risk ranking for active and BRAC sites in progress.

DON’s IRP goals for active installations include achieving RIP/RC at all high relative-risk sites by the end of FY2007, all medium relative-risk sites by the end of FY2011, and all low relative-risk sites by the end of FY2014. During FY2004, DON made considerable progress toward achieving these goals by reaching RIP/RC at 139 sites at active installations, of which 74 sites were high relative-risk. This exceeded DON’s FY2004 RIP/RC goal by 30 percent. As of FY2004, DON accomplished RIP/RC status at 72 percent of all active IRP sites and reached RIP/RC at 67 percent of its high relative risk sites.

Figure I-12
Relative-Risk Ranking for
Active Sites in Progress

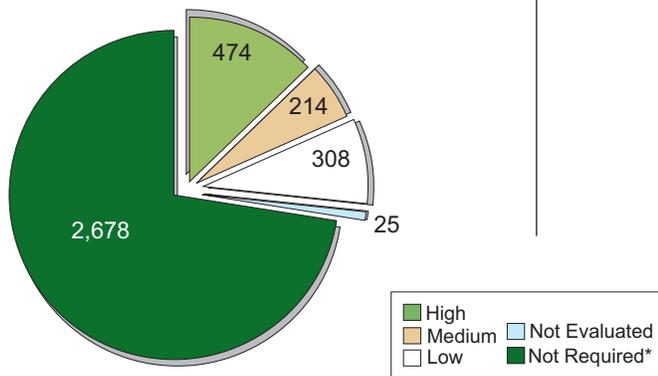
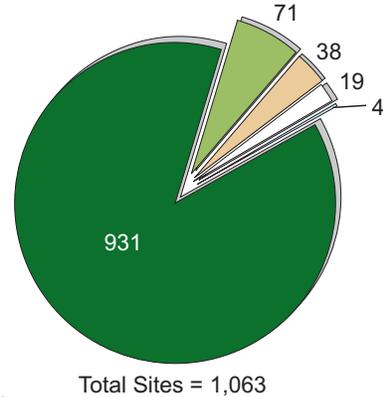


Figure I-13
Relative-Risk Ranking for
BRAC Sites in Progress



* Not Required includes sites that have already achieved RIP or RC.

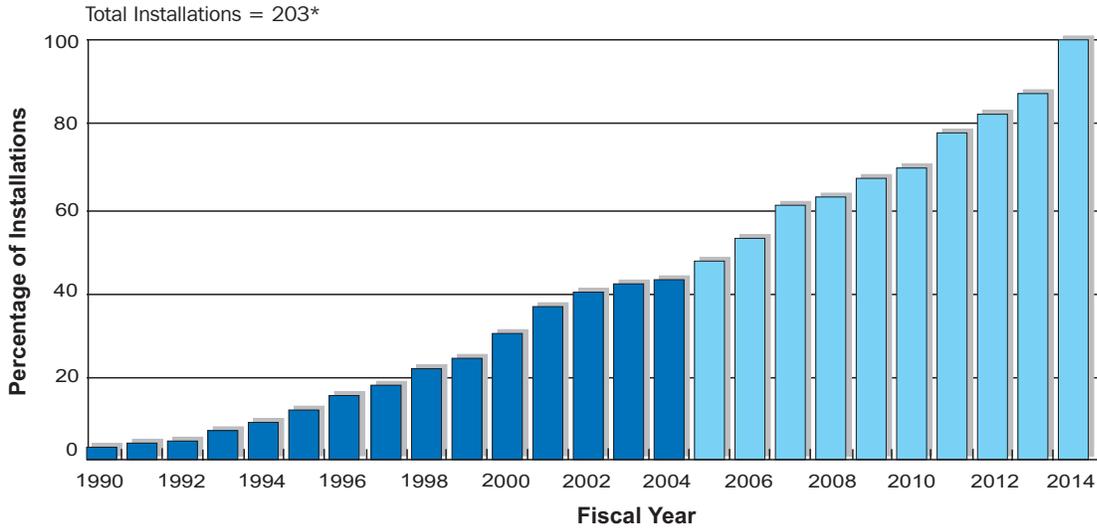
DON is also advancing toward DoD’s goal of achieving 100 percent RIP/RC at all BRAC installations by FY2005. During FY2004 alone, DON achieved RIP/RC at 34 BRAC sites. By the end of FY2004, 88 percent of all BRAC sites had reached RIP/RC. RIP/RC has been achieved on all sites at 32 of 56 DON BRAC installations. DON projects 90 percent of all BRAC IRP sites will reach RIP/RC by the end of FY2005. After FY2005, DON expects to have 110 IRP sites at 20 BRAC installations remaining from the total 1,063 IRP sites at 56 BRAC installations. Of these 20 installations, it is projected that five installations will have only one site remaining. Figures I-14 and I-15 show the status of active and BRAC installations with all sites in RIP/RC.

DON has made 142,321 acres environmentally suitable for transfer and reuse. DON estimates that 78 percent of the BRAC acreage will be environmentally suitable for transfer by the end of FY2005.

Military Munitions Response Program Objectives

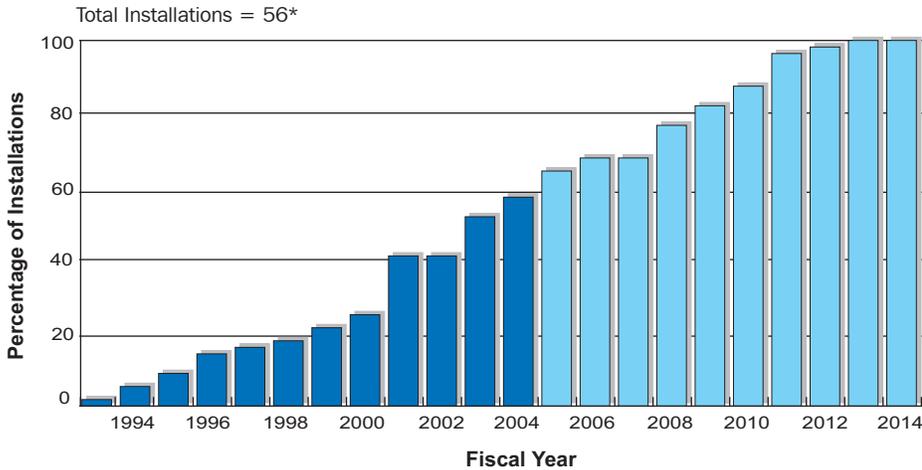
DON has been actively addressing DoD’s MMRP objectives, including updating the MMRP site-level inventory, furthering MMRP program build, and accomplishing investigations and cleanup at MMRP sites. DON has completed draft PAs for MMRP sites at 21 installations with plans to

Figure I-14
Active Installations Achieving Final Remedy in Place or Response Complete at all IRP Sites
 (Cumulative and projected, FY1990 through completion)



* Excludes MMRP sites and locations without environmental restoration sites.

Figure I-15
BRAC Installations Achieving Final Remedy in Place or Response Complete at all IRP Sites
 (Cumulative and projected, FY1993 through completion)



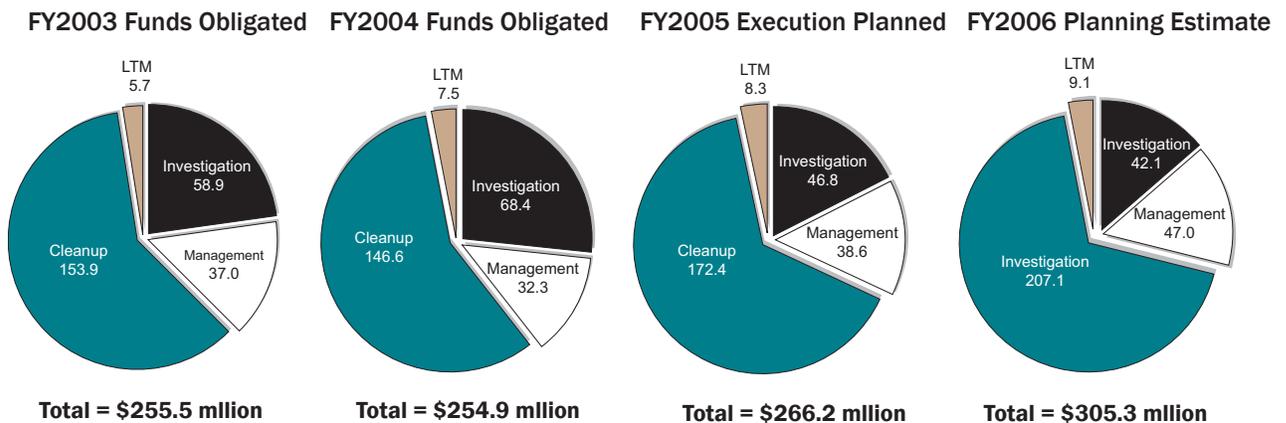
* Excludes MMRP sites and locations without environmental restoration sites.

complete draft PAs at nine additional installations by FY2005. In addition, the Marine Corps has already completed PAs at all nine of their installations. By the end of FY2004, DON achieved RIP/RC at three of its 19 BRAC MMRP sites. As PAs are completed, DON will begin to move forward with site inspections at MMRP sites.

Funding

In FY2004, DON obligated \$254.9 million for environmental restoration work at active installations, including \$8.0 million for MMRP activities. The FY2005 funding level is projected to be \$266.2 million, and the FY2006 funding level is projected to be \$305.3 million, including \$16.0 million in FY2005 and \$43.0 million in FY2006 for MMRP activities. Figure I-16 illustrates the Environmental Restoration funding profile for FY2003 through FY2006.

Figure I-16
Environmental Restoration Funding Profile[†]
 (in millions of dollars)



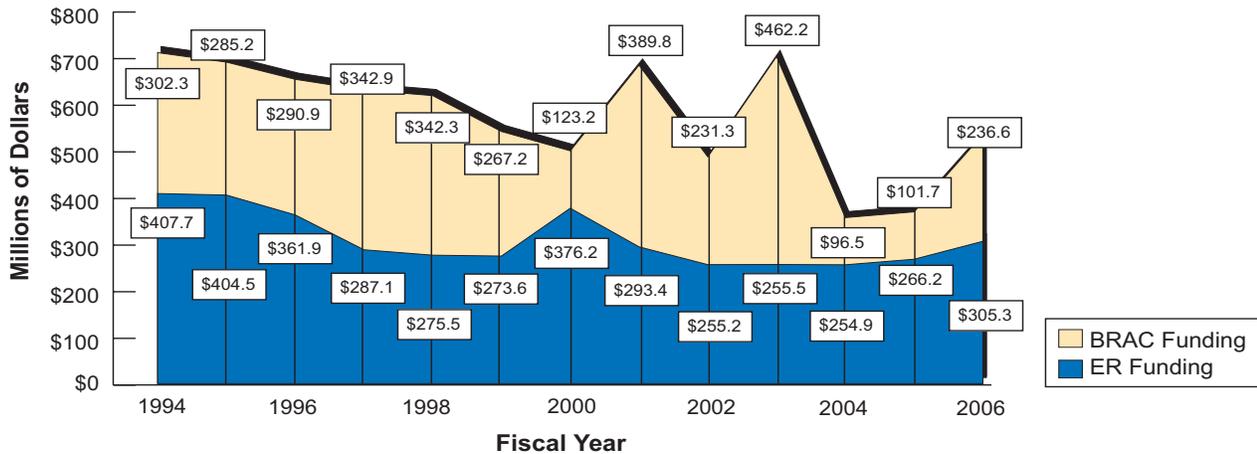
[†] Funding shown includes all IRP, MMRP, and management and support costs. Due to rounding, category subtotals may not equal fiscal year totals.

Approximately 60 percent of Environmental Restoration funds in FY2004 were obligated for design work, interim or final cleanup actions, and operations and maintenance. DON spent only 39 percent of funding on investigation activities and management. DON expects these proportions to remain approximately the same in FY2005. DON spent over 89 percent of the project funds on high relative-risk projects including RA-O and long-term maintenance actions.

DON's obligations for environmental restoration work at BRAC installations totaled \$140.4 million of FY2003 dollars in FY2004 and \$7.8 million of FY2004 dollars in FY2004. DON will obligate the remaining \$105.8 million of FY2004 appropriated dollars in FY2005. Figure I-17 details DON active and BRAC funding trends.

DON has continued to reduce environmental liabilities and the related IRP cost-to-complete (CTC) estimates. In this regard, \$24 million was transferred from the active base CTC estimate to the BRAC CTC estimate for the closure of the former Naval Station, Roosevelt Roads, Puerto Rico. DON currently estimates the cost of completing IRP activities at both active and BRAC installations for the DON will total \$2.99 billion, not including program management costs of \$394 million. DON projects MMRP completion costs at both active and BRAC installations for the DON will total \$521.6 million, not including program management costs of \$80.0 million.

**Figure I-17
Environmental Restoration and BRAC Environmental Restoration Funding Trends***



*Does not include BRAC environmental compliance and planning funding.

Program Initiatives and Improvements

DON's ERP has continued to focus on the development of a balanced and diversified acquisition strategy to meet program requirements. DON intends to increase acquisition options and flexibility, minimize risk exposure, and meet policy and legislative contracting mandates. In addition to goals for greater small business participation and increased use of fixed-price contracts, the strategy increases the emphasis on the implementation of performance-based contracting techniques to reduce risk to the government and encourage innovation.

Looking Forward

DON continues to make substantial progress toward completing the cleanup program despite the challenges presented by such a complex and dynamic program. DON is on target to meet DoD's environmental restoration goal of completing all IRP environmental restoration by 2014.



AIR FORCE ENVIRONMENTAL RESTORATION PROGRESS

Air Force Environmental Restoration at a Glance

Total DERP Sites			
	IRP*	MMRP	Totals*
Active	5,234	293	5,527
BRAC	1,714	126	1,840
Totals	6,948	419	7,367

*Includes 32 BD/DR sites.

Total Completed† Sites			
	IRP**	MMRP	Totals**
Active	3,173	52	3,225
BRAC	1,073	0	1,073
Totals	4,246	52	4,298

† Completed refers to those sites that have achieved response complete (RC) status.

**Includes 12 BD/DR sites.

In FY2004...

- The Air Force addressed a total of 7,367 sites at 300 installations.
- The Air Force had 1,997 sites in investigation phases, 1,072 sites with cleanup underway***, and 452 sites with long-term maintenance underway.
- The Air Force prepared 4,356 BRAC acres for transfer and transferred 8,033 BRAC acres.
- The Air Force spent a total of \$574.3 million on DERP environmental restoration activity, of which \$381.2 million was ER funding and \$193.1 million♦ was BRAC environmental restoration funding.

Through FY2004...

- The Air Force prepared a total of 74,464 BRAC acres for transfer and transferred a total of 58,410 BRAC acres.
- The Air Force spent a total of \$7.3 billion on DERP environmental restoration activity, of which \$5.1 billion was ER funding and \$2.2 billion was BRAC environmental restoration funding.
- The total cost for completing the remaining 3,069 sites was estimated at approximately \$6.5 billion♦♦.

*** Cleanup underway includes sites that have achieved remedy in place (RIP).

♦ Does not include BRAC environmental compliance and planning funding.

♦♦ Does not include management and support costs.

The Air Force Environmental Restoration Program (ERP) transformed in 2004 from a process-based restoration effort to a goal-driven enterprise focused on optimizing environmental parameters to support mission capability. In the built infrastructure (facilities) product area, the Air Force has, for several years, directed planning, programming, budgeting, and execution efforts toward sustaining, restoring, and modernizing facility assets based upon current and forecasted mission needs. Using the same model, environmental restoration and management actions will be scoped and prioritized to best leverage the full continuum of environmental infrastructure assets to sustain and improve support to mission requirements. This approach incorporates all previous facets of Air Force restoration and compliance programs, but places them within the context of their effects on, and support to, mission operating parameters.

While program goals have historically focused on completing investigations, putting remedies in place, and completing needed cleanup requirements at sites, the program is being aligned to focus on restoring natural infrastructure to meet mission requirements in accordance with our Infrastructure Capability and Requirements Management (ICRM) policy. Meeting applicable environmental requirements is considered a standard element of that policy. The new policy encompasses the Air Force's ongoing implementation of a Performance Based Management (PBM) approach. This approach leverages over 20 years of environmental management experience and is intended to foster a shift in program emphasis from "process" to "results and improved performance."

The new policy requires strong and continuing collaboration with the regulatory community, with ongoing outreach and education. Within this policy, active installations are managed by the Headquarters U.S. Air Force's Environmental Restoration Branch, and installations that have been closed or realigned in accordance with the base realignment and closure (BRAC) statutes are managed by the Air Force Real Property Agency (AFRPA). At BRAC properties, the mission requirement and ultimate goal is property transfer; therefore, AFRPA is focused on cleaning the property to a level sufficiently protective for future use. The Air Force is focused on meeting these goals in the most efficient and cost-effective manner possible to ensure that the property is suitable for reuse for mission activities or reuse by a transferee.

This major policy initiative supports the 2004 Defense Installations Strategic Plan, in which the Deputy Under Secretary of Defense (Installations and Environment) directed "a capabilities-based process for identifying needs, creating choices, developing solutions, and providing installation capabilities to support joint war fighting needs," with a specific environmental mandate to "manage our land, water, and air space resources to preserve range and operational capabilities, preventing encroachment."

Site Status and Progress Toward Program Goals

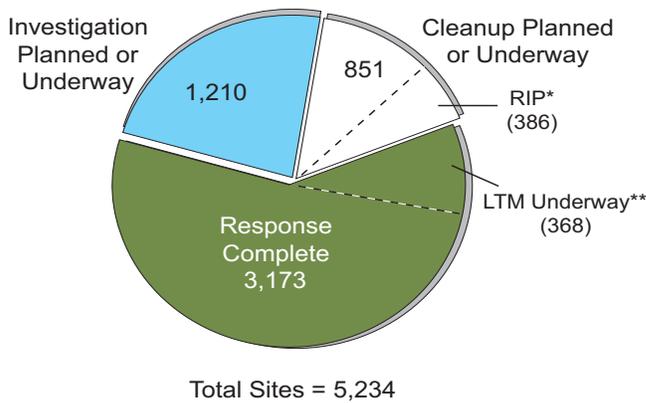
The Air Force continued to make progress toward accomplishing program goals in the Installation Restoration Program (IRP) and Military Munitions Response Program (MMRP) during fiscal year (FY) 2004 for both active and BRAC installations. Future land use is incorporated into risk-based cleanup strategies, ensuring the Air Force expends the appropriate resources to clean up to the appropriate level. Success stories are highlighted at http://derparc.egovservices.net/Derparc_FY04.

Installation Restoration Program

The Air Force manages cleanup activities at 273 active installations for 5,234 IRP sites. The Air Force has achieved response complete (RC) status at 3,173 of these sites, or 61 percent. A total of 2,109 sites at active installations achieved RC directly from site investigation processes; the remaining sites achieved RC or no further action status as a result of completing restoration activities. As of the end of FY2004, response actions continued at 2,061 sites. See Figure I-18 for the Air Force active IRP site status, illustrating 1,210 sites under investigation and 851 undergoing remedial action.

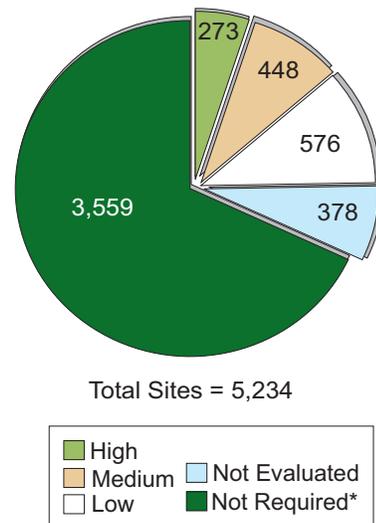
For its active installations, at the end of 2004, the Air Force projected that 97 percent of high relative-risk sites will achieve remedy in place (RIP) or RC by the end of FY2007, 97 percent of medium relative-risk sites will achieve RIP/RC by FY2011, and 98 percent of remaining sites will achieve RIP/RC by FY2014. However, the ongoing shift to performance-based contracting (PBC) is expected to bring 100 percent of the program within the cleanup goals. FY2004 relative-risk status for active installations is shown in Figure I-19. The number of Air Force sites in the high relative-risk category has been decreasing consistently since FY1996. To date, approximately 61 percent of all Air Force IRP sites have achieved RC status and approximately 30 percent of all Air Force installations (90 out of 300 installations) have achieved RIP/RC at all IRP sites. Figure I-20 illustrates the progress of active installations toward achieving final RIP/RC.

Figure I-18
FY2004 Active IRP Site Status[†]



[†] Includes incidental munitions work (i.e. non-MMRP) as of September 30, 2004.
^{*} Remedy in Place (RIP) includes sites where remedial action operations are underway. RIP is a subset of Cleanup Planned or Underway.
^{**} Long-term maintenance (LTM) occurs at a subset of the sites that have achieved response complete.

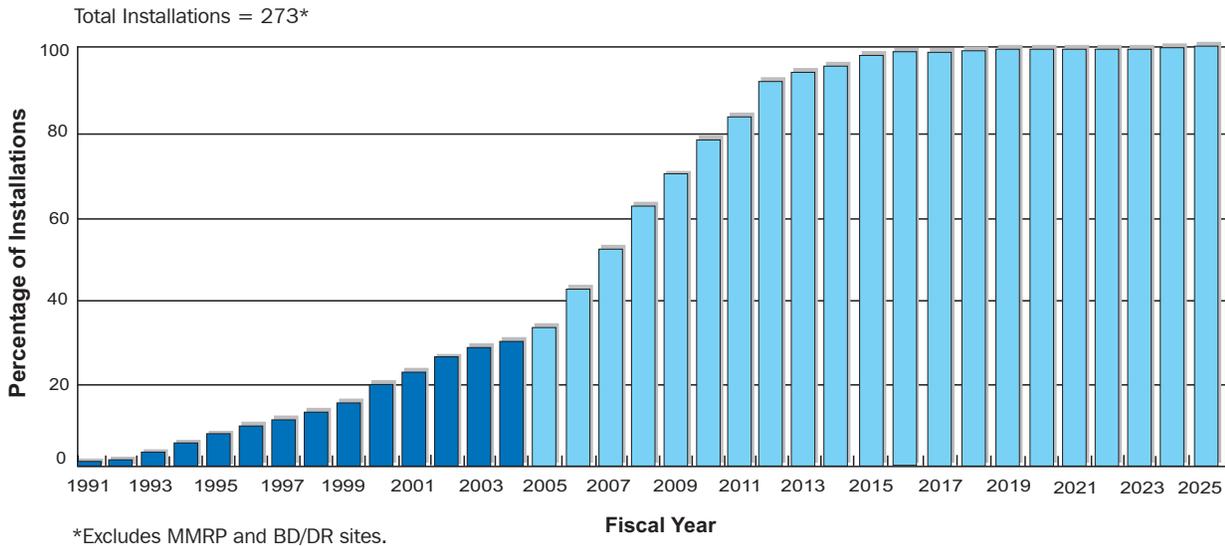
Figure I-19
Relative Risk Ranking for Active IRP Sites in Progress



* Not required includes sites that have already achieved RIP or RC and BD/DR sites.

AFRPA is focused on its property transfer mission and addressing environmental issues that impact transfer. Currently, AFRPA manages the cleanup activities for 1,714 IRP sites at 30 Air Force BRAC installations. Figure I-21 illustrates the Air Force's BRAC IRP site status. AFRPA added 43 new sites in FY2004, bringing the site total from 1,671 to 1,714. The Air Force has achieved

Figure I-20
Active Installations Achieving Final Remedy in Place or Response Complete at all IRP Sites
 (Cumulative and projected, FY1991 through completion)



RIP status at 1,240 of these sites, or 72 percent. Of the remaining 474 sites that have yet to achieve RIP, 289 are associated with the former McClellan Air Force Base, which is currently scheduled to reach the last RIP milestone in FY2015. By the close of FY2004, 58,410 acres, or 66 percent, of the property in the BRAC inventory has been deeded. Figure I-22 illustrates Air Force BRAC acreage that is suitable for transfer or lease by non-Department of Defense parties.

Figure I-21
FY2004 BRAC IRP Site Status[†]

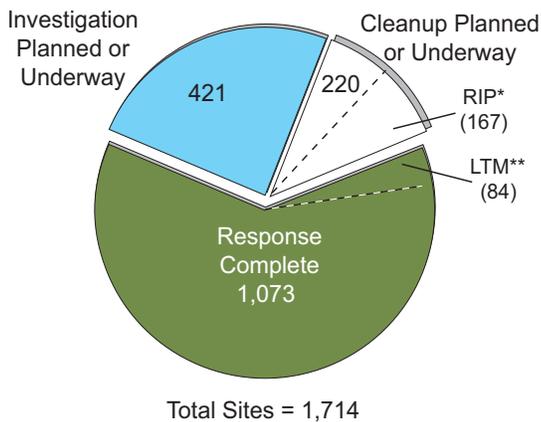
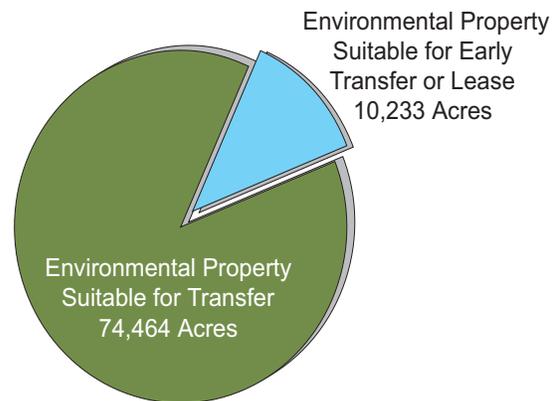


Figure I-22
Environmental Condition of BRAC Property



[†] Site status as of September 30, 2004. Includes incidental munitions work (i.e. non-MMRP).
 * Remedy in Place (RIP) includes sites where remedial action operations are underway. RIP is a subset of Cleanup Planned or Underway.
 ** Long-term maintenance (LTM) occurs at a subset of the sites that have achieved response complete.

Military Munitions Response Program

As of the end of FY2004, the Air Force identified 293 MMRP sites at 75 active installations. The Air Force is dedicated to protecting human health and the environment by making MMRP sites safe to reuse. The Air Force will initiate investigations at MMRP sites beginning in FY2005 in furtherance of the goal to have preliminary investigations complete by FY2007 and site investigations complete by FY2010 for all active MMRP sites. The Air Force has formally identified 126 BRAC sites requiring response under the MMRP. The Air Force continues to evaluate available documentation to identify any additional qualifying sites to support the goal of completing RIP/RC at all BRAC MMRP sites by FY2009.

The Air Force continued to implement a PBM approach in the development of the MMRP. Using lessons learned from 20 years of environmental restoration experience, the Air Force is streamlining MMRP site investigation from the traditional methodology, reducing the need for open-ended investigation and analysis of multiple response alternatives. Munitions response sites fall into several well-defined “cohorts,” within which responses and remedies are generally very similar, such as for small arms ranges. The Air Force is working closely with regulators to develop and adopt presumptive remedies to speed decision processes and accelerate response where requirements can be adequately delineated for specific cohorts.

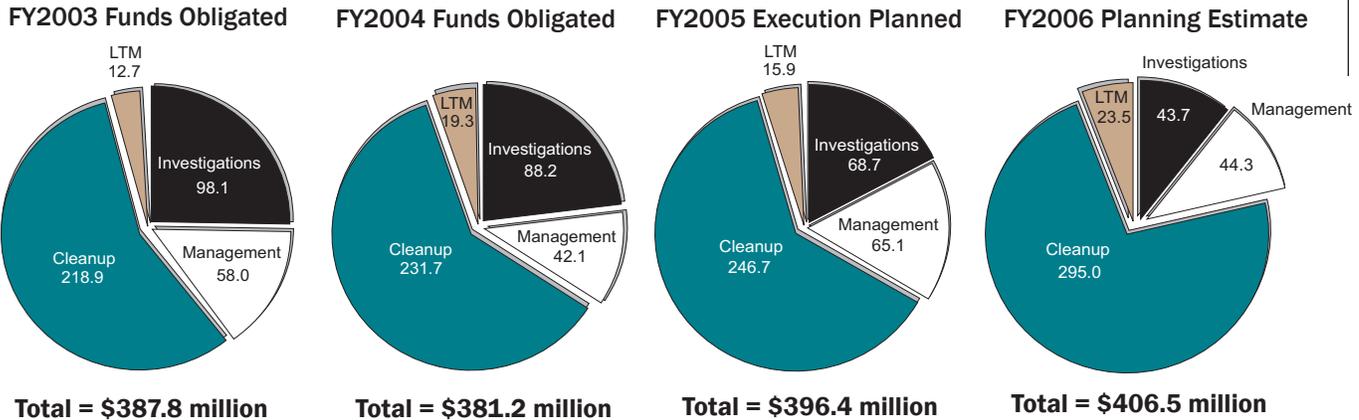
Financial Management

In planning and conducting cleanup activities, the Air Force relies on receiving predictable funding from year to year. The Air Force is constantly examining ways in which to fulfill its cleanup goals in the most efficient manner possible. Performance-based contracts, consistent incorporation of practical land use considerations, performance-based records of decision (RODs), and use of new technologies are delivering improvements in efficiency and quality. The Air Force is also making efficient program decisions (e.g., realignment of its BRAC program to focus on land transfer) and executing those decisions efficiently.

The Air Force obligated \$574.3 million for installation environmental restoration activities in FY2004. Active obligated funds totaled \$381.2 million, while BRAC obligated funds totaled \$193.1 million. Figure I-23 illustrates Air Force’s planned and obligated funding for active installations. As the ERP matures, a larger percentage of funds are spent on cleanup activities, rather than on investigation.

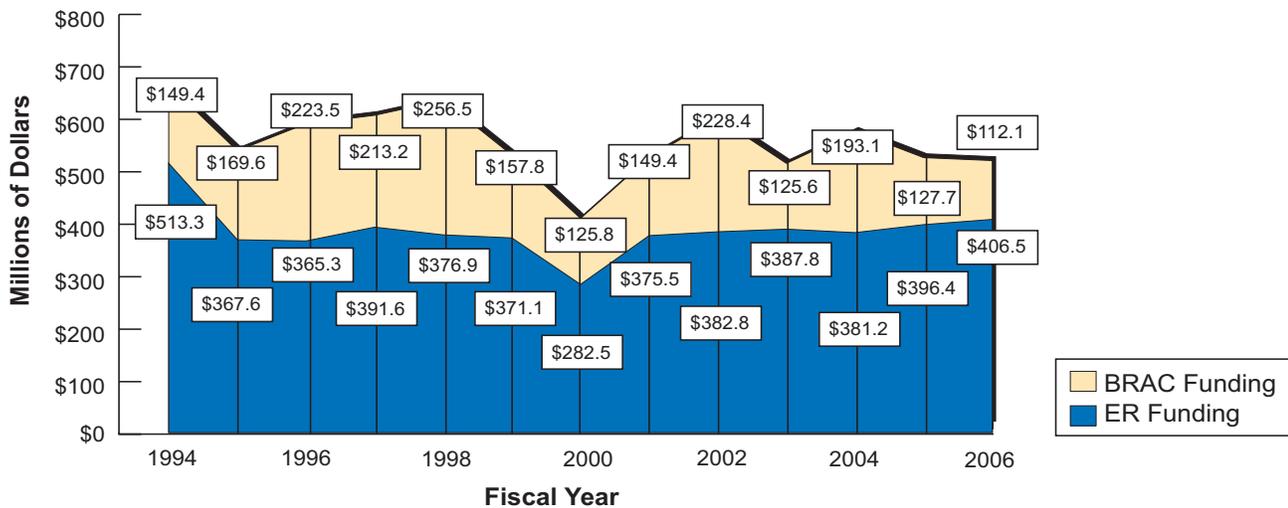
Appropriate funding is essential for the Air Force to reduce the cost to complete (CTC) for site restorations and future environmental liability. As of the end of FY2004, the Active Air Force’s site-level CTC for the IRP was approximately \$3.8 billion, a decrease of \$301 million from FY2003. In addition, Air Force reduced its BRAC site level CTC for IRP by \$394 million in FY2004. The active and BRAC IRP reductions are attributable both to a change in accounting for CTC (i.e., limiting estimates of long-term maintenance to five years) and to significant progress in reducing costs. This trend will encounter the new challenges with emerging contaminants of concern, and tighter regulatory standards. The funding trends for active and BRAC are shown in Figure I-24. The overall Air Force CTC increased over \$191 million due to newly identified MMRP requirements. Additional MMRP requirements of \$1.3 billion were identified in FY2004 using the new MMRP Remedial Action Cost Engineering Requirements cost estimating tool specifically designed for MMRP-category expenses.

Figure I-23
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 equal fiscal year totals.

Figure I-24
Environmental Restoration and BRAC Environmental Restoration Funding Trends*



* Does not include BRAC environmental compliance and planning funding.

Program Initiatives and Improvements

In FY2004, The Air Force launched an ICRM initiative. Through this initiative, the Air Force will manage air, land and water resources as “natural infrastructure,” explicitly managing these infrastructure elements as essential components of weapon system operation. In planning, programming, budgeting, and executing appropriate response actions, the Air Force is focusing on providing sufficient operational capability of the air, land, and water components of the natural infrastructure. This focus will ensure that natural infrastructure sustains base development and mission support at active installations and that natural infrastructure is rendered suitable for appropriate reuse at BRAC installations. Natural infrastructure will be sustained and restored to obtain their most effective Air Force use, ensuring maximum support to current and future Air Force and joint missions.

In accordance with the initiative, current and reasonably anticipated future resource use designations must be assigned for all cleanup program sites. While cleanup response actions will continue to protect human health and the environment, the standards for such response actions must be cost-effective, risk-based, and implementable. To ensure response actions meet these qualifications, the Air Force will create and utilize: (1) a knowledge base of best practices, and (2) a process optimization strategy to guide project design, cleanup response action selection and execution, and investment strategies.

PBC and alternative acquisition strategies will be utilized to the greatest extent possible. The Air Force continues to increase its use of performance-based contracts in order to maximize savings by allowing competition to drive bids below the independent government estimate. Such contracts allow the Air Force to harness the technologically innovative approaches of the private sector at increased cost savings.

In FY2004, the Air Force continued working closely with the U.S. Environmental Protection Agency (EPA) to convert the execution and oversight of land use controls to a results-oriented basis. The resulting agreement has streamlined and standardized RODs and enhanced the Air Force and EPA's efforts to emphasize performance over process.

Looking Forward

Looking forward, the Air Force strategic plan will continue to be based upon performance-based cleanup and the ICRM policy, increasing cost savings through optimization, using alternative cleanup standards or remedies where the applicable requirement is technologically infeasible, applying best practices of the private sector to expedite cleanup and transfer of BRAC properties, increasing visibility of sustaining investments occurring through operationalized spending, and applying lessons learned to the upcoming BRAC 2005 round.

The Air Force continually faces new challenges in conducting cleanup. These challenges range from new and unregulated contaminants, uncertain regulatory requirements, and new programs such as the MMRP. Despite continuing advances in streamlining and performance-based restoration, factors such as increasing public expectations, more stringent regulations, and escalating requirements to manage perchlorate, naphthalene, 1,4 dioxane, RDX, and other contaminants of concern drive expectations that the Air Force CTC will not decrease significantly in future years. Rather, as the cleanup sites identified during the past 20 years are successfully restored to beneficial use, they will be replaced with new and different requirements.

While the Air Force has adopted methods of addressing these challenges using the best available science and the best practices available, predictable funding for future fiscal years is necessary to buy out existing requirements and meet these new challenges. The Air Force's performance-based approach to cleanup is akin to that of the private sector and implements the President's Management Agenda, resulting in a more rapid cleanup that is more supportive to the Air Force mission and at a lower cost to the public.



DLA ENVIRONMENTAL RESTORATION PROGRESS

DLA Environmental Restoration at a Glance

Total DERP Sites			
	IRP	MMRP	Totals
Active	377	0	377
BRAC	164	0	164
Totals	541	0	541

Total Completed [†] Sites			
	IRP	MMRP	Totals
Active	333	0	333
BRAC	153	0	153
Totals	486	0	486

[†] Completed refers to those sites that have achieved response complete (RC) status.

In FY2004...

- DLA addressed a total of 541 sites at 18 installations.
- DLA has 9 sites in investigation phases, 46 sites with cleanup underway*, and 19 sites with long-term maintenance underway.
- DLA prepared 293 BRAC acres for transfer and transferred 111 BRAC acres.
- DLA spent a total of \$28.8 million on DERP environmental restoration activity, of which \$19.0 million was ER funding and \$9.8 million[◆] was BRAC environmental restoration funding.

Through FY2004...

- DLA prepared a total of 558 BRAC acres for transfer and transferred a total of 111 BRAC acres.
- DLA spent a total of \$396.1 million on DERP environmental restoration activity, of which \$312.9 million was ER funding and \$83.2 million was BRAC environmental restoration funding.
- The total cost for completing the remaining 46 sites underway was estimated at approximately \$225.5 million**.

* Cleanup underway includes sites that have achieved remedy in place (RIP).

◆ Does not include BRAC environmental compliance and planning funding.

** Does not include management and support costs.

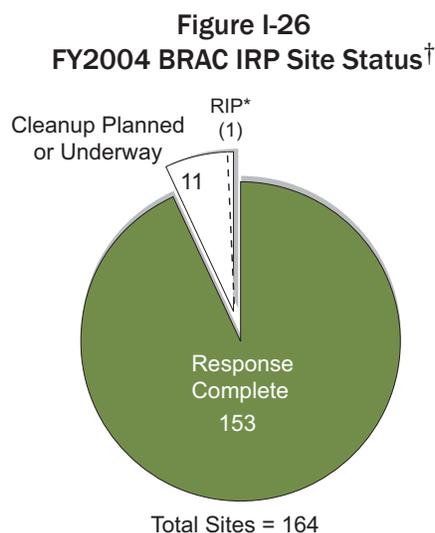
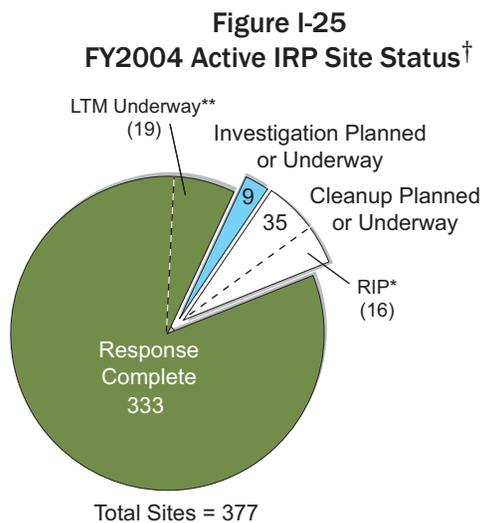
The Defense Logistics Agency (DLA) is a combat support agency responsible for providing the Department of Defense (DoD) and other Federal agencies a variety of logistics, acquisition, and technical services, including: inventory management; procurement, warehousing, and distribution of spare parts, food, clothing, medical supplies, construction materials, and fuel; and reutilization and disposal of material that is obsolete, worn out, or no longer needed.

DLA has a staff of 319 environmental specialists located throughout the world, who ensure that the agency's activities are conducted in full compliance with applicable environmental requirements. DLA employs 261 staff members that work on Defense Reutilization and Marketing Service missions, which give the agency special opportunities to provide services and support that are critical to the environmental programs of DLA's Military Component customers. Under DLA's Defense National Stockpile Program, unique environmental issues are addressed in relation to the storage, disposal, and sale of materials such as asbestos, lead, mercury, thorium and nitrate.

DLA is also involved in the environmental restoration process at active third-party sites where improper disposal or transfer of DoD hazardous wastes led to contamination. The U.S. Army Corps of Engineers assists the DLA environmental restoration program by providing administrative contracting support and technical oversight at several key DLA locations. Other Component offices, such as the Air Force Center for Environmental Excellence, also assist the DLA environmental restoration program by providing peer reviews of DLA remediation systems through implementation of a remedial process optimization (RPO) program.

Site Status

DLA has 541 Installation Restoration Program (IRP) sites as part of the Defense Environmental Restoration Program: 377 active IRP sites at 16 installations, and 164 IRP sites at DLA's two base realignment and closure (BRAC) installations. Figures I-25 and I-26 show the status of DLA's active and BRAC IRP sites. To date, DLA has identified no Military Munitions Response Program sites.



[†] Site status as of September 30, 2004.

* Remedy in Place (RIP) includes sites where remedial action operation are underway. RIP is a subset of Cleanup Planned or Underway.

** Long-term maintenance (LTM) occurs at a subset of the sites that have achieved response complete.

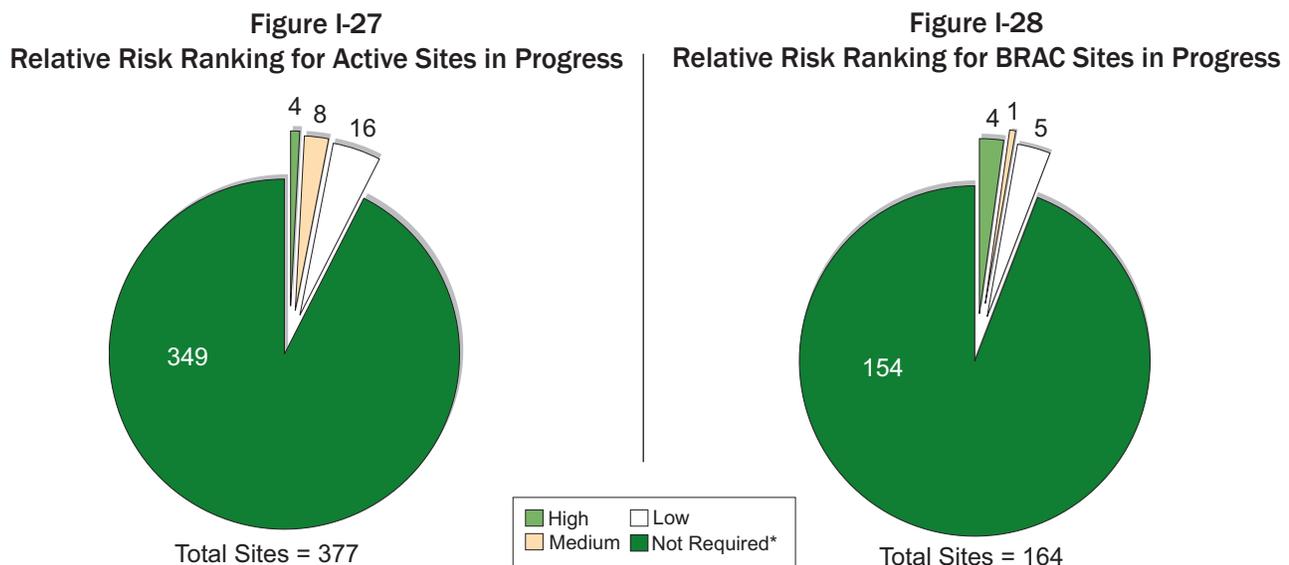
Investigations have been completed at 532 sites and nine are underway. DLA has completed remedial action-construction and remedial action-operation at 186 IRP sites, with 35 sites at active installations with cleanup activities currently underway or planned for the future. DLA has achieved response complete (RC) through investigation activities at 185 active installation sites and through cleanup activities at 148 active installation IRP sites. DLA currently has 19 sites in long-term maintenance (LTM) at active installations, with 31 additional IRP sites planned for LTM in the future.

Four DLA installations were closed or realigned from the fiscal year (FY) 1993 and FY1995 BRAC rounds. Two of these locations, the Former Defense Electronics Supply Center and the Defense Distribution Depot Ogden were previously transferred to the Air Force and the Army, respectively. Of the 164 sites at DLA's two remaining BRAC installations, environmental restoration work is complete at 153 sites. Investigations have been completed at all 153 sites and cleanup actions are planned or underway at the 11 remaining sites.

Progress Toward Program Goals

DLA continued to make excellent progress toward reaching DoD's management goals for completing environmental restoration actions at sites on active and BRAC installations. In accordance with DoD goals, DLA applies the Relative Risk Site Evaluation (RRSE) to expedite cleanup and reduce risk to human health and the environment. Figures I-27 and I-28 show progress made at DLA sites based on the RRSE.

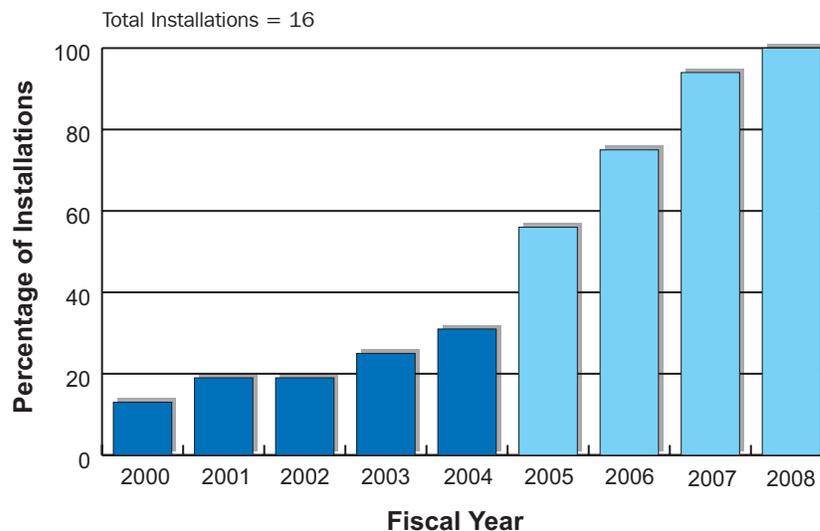
Progress is also demonstrated as sites move through the investigation process and into cleanup phases. A designation of remedy in place (RIP) indicates that the selected remedy is in place and is operating properly and successfully, while RC is achieved when all cleanup objectives for the site are met. DLA has achieved RIP/RC at seven of 16 active installations, or 43 percent, and one out of two remaining BRAC installations, or 50 percent. This percentage does not include the two BRAC installations that were previously transferred to the other services as mentioned above. If these two installations were included, DLA would have achieved RIP/RC at 75 percent of its installations.



* Not Required includes sites that have already achieved RIP or RC.

At the end of FY2004, DLA had just four high relative-risk sites remaining at active installations. DLA expects to achieve RIP or RC at all high relative-risk sites by the DoD management goal of FY2007. DLA is also ahead of schedule to complete all environmental restoration requirements for the two remaining active installation goals, to achieve RIP/RC at all medium relative-risk sites by FY2011 and at all low relative-risk sites by FY2014. The new RIP/RC date for the last DLA BRAC installation is FY2007. Although RIP/RC at this installation will miss the FY2005 BRAC goal, DLA believes that this science-based schedule delay will result in reduced closure and long-term operations and monitoring costs. Figure I-29 shows DLA's progress toward final RIP/RC at active installations.

Figure I-29
Active Installations Achieving Final Remedy in Place or Response Complete at all IRP Sites
 (Cumulative and projected, FY2000 through completion)



Program Initiatives and Improvements

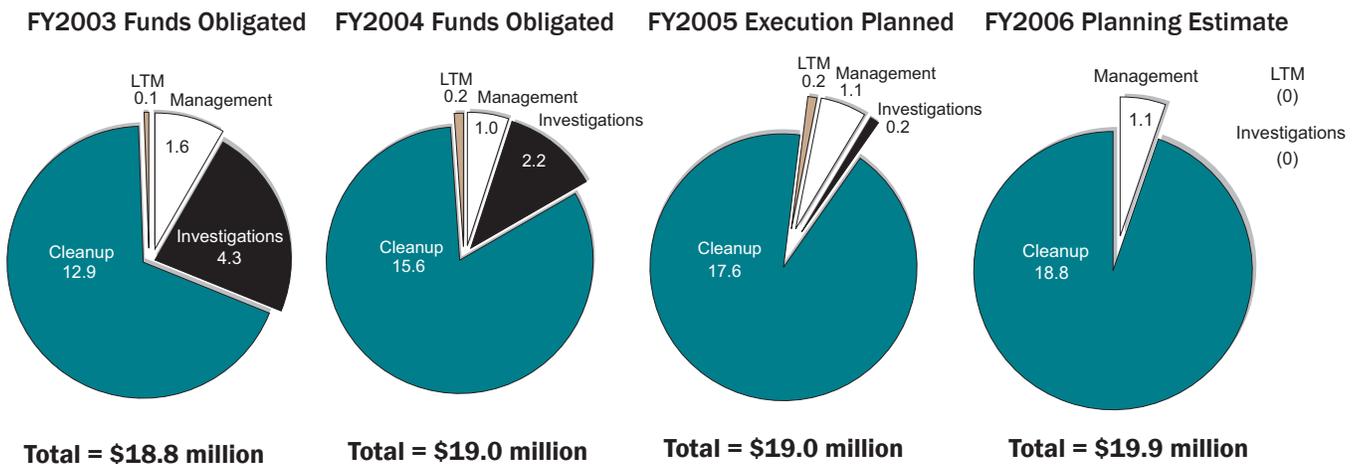
DLA continues to use RPO and science-based exit strategies to improve remediation system effectiveness and reduce overall cleanup costs. The keystone to this process is to ensure that DLA Records of Decision (RODs) contain contingencies that allow for process corrections during cleanup. DLA has also made significant progress toward attaining an unqualified audit of the environmental liabilities financial statement. To move toward the DoD goal of attaining an unqualified audit by FY2007, DLA used the Remedial Action Cost Engineering and Requirements (RACER) model to prepare standardized cost estimates for all DLA environmental liabilities. Although the RACER cost-to-complete (CTC) estimates were significantly higher than expected at several locations, a certified public accounting firm has reviewed the process and is performing an auditability assessment. Simultaneously, DLA is improving the estimation process and reconciling previous cost estimates with funds and project execution in an on-going effort to meet the unqualified audit goal. These initiatives highlight the success of DLA's cleanup program.

Funding

During FY2004, DLA obligated a total of \$19.0 million in FY2004 for active installation restoration, with \$15.6 million for cleanup activities and \$2.2 million for investigation actions. The remaining funding was obligated for remedial design and program management. DLA continues to keep management costs low, at roughly 7.5 percent of total dollars spent. Planned funding for active installations is \$19.0 million and \$19.9 million for FY2005 and FY2006, respectively. Figure I-30 illustrates DLA's profile for obligated and planned funds.

For the BRAC program, DLA obligated \$9.8 million during FY2004, of which \$8.5 million was obligated for cleanup, and just over \$1.3 million was obligated for program management. DLA anticipates obligating funding amounts of \$6.7 million in FY2005 for BRAC installation activities.

Figure I-30
Environmental Restoration Funding Profile*
 (in millions of dollars)

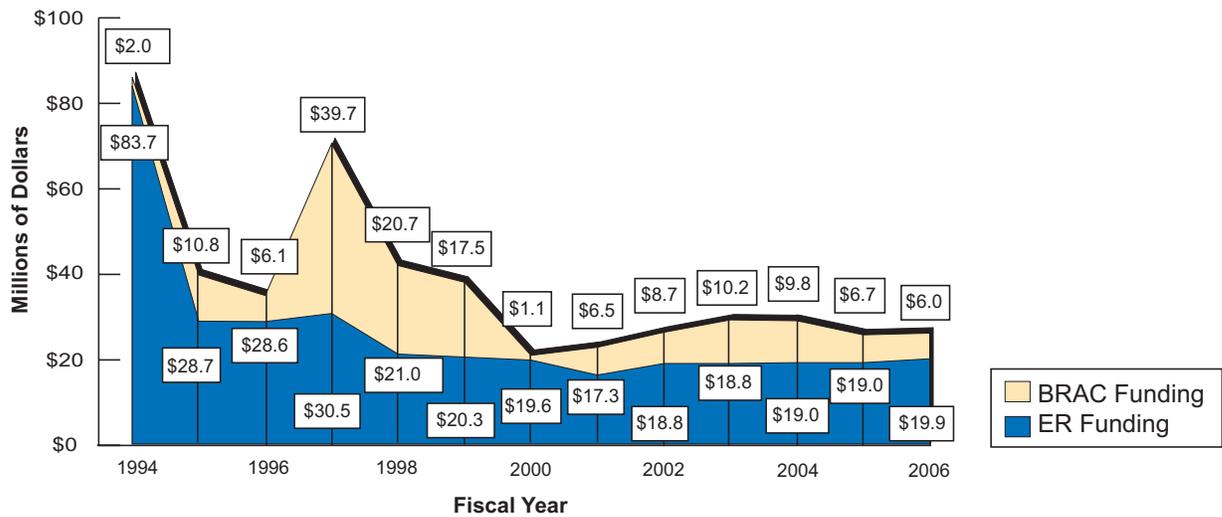


* Due to rounding, category subtotals may not equal fiscal year totals.

DLA continues to receive stable funding for both active and BRAC environmental restoration, and does not anticipate any requirement for increased funding. In fact, as a result of performance-based RODs and the exit strategy approach, DLA may realize a decrease in required program funding and overall program length. DLA's environmental restoration funding trends are displayed in Figure I-31.

CTC estimates and site progress are based on the reasonable expectation that adequate funding will be provided. Without such assurances, current and planned schedules cannot be realized, resulting in extended cleanup schedules, stretching over additional years at additional costs. At BRAC installations, a lack of funding would extend cleanup time requirements and inhibit property transfer for reuse, slowing job creation and economic recovery in the areas most affected by base closings.

Figure I-31
Environmental Restoration and BRAC Environmental Restoration Funding Trends[†]



[†] Does not include BRAC environmental compliance and planning funding.

* Prior year unobligated balance available for execution in FY2005.

Looking Forward

DLA expects to remain a DoD leader in the environmental restoration program until cleanup at all DLA sites is completed. DLA is currently ahead of schedule and anticipates that all current sites will reach RIP/RC by FY2010. By continuing to apply science-based exit strategies to negotiate performance-based decision documents, DLA expects to reduce its CTC estimates and overall environmental liabilities. The continued use of the RACER model and a standardized estimation process should also enable DLA to receive an unqualified environmental liabilities audit in FY2007.



FUDS ENVIRONMENTAL RESTORATION PROGRESS

FUDS Environmental Restoration at a Glance

Total DERP Sites			
IRP	MMRP	BD/DR	Totals [†]
2,446	1,773	451	4,871

[†] Totals do not equal all categories because some Potentially Responsible Party (PRP) sites exist in the FUDS inventory and are not shown above.

Total Completed ^{††} Sites			
IRP	MMRP	BD/DR	Totals [†]
1,410	804	346	2,676

^{††} Completed refers to those sites that have achieved response complete (RC) status.

In FY2004...

- FUDS addressed a total of 4,871 sites at 2,943 properties*.
- FUDS had 1,668 sites in investigation phases, 527 sites with cleanup underway**, and 96 sites with long-term maintenance underway.
- FUDS spent a total of \$284.2 million on DERP environmental restoration activity.

Through FY2004...

- FUDS spent a total of \$2.8 billion on DERP environmental restoration activity.
- The total cost for completing the remaining 2,195 sites was estimated at approximately \$18.1 billion, including management and support costs.

* There are 9,730 total properties in the FUDS inventory.

** Cleanup underway includes sites that have achieved remedy in place (RIP).

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 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 must evaluate information about the origin and extent of contamination, land transfer issues, past and present property ownership, and program policies before it considers a property eligible for the FUDS program. At FUDS-eligible properties, USACE conducts environmental restoration activities under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). 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 organizations, which consist 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.

Site Status and Progress Towards Program Goals

The scope and magnitude of the FUDS program are significant, with 9,730 properties identified for potential inclusion in the program, as shown in Figure I-32. Figure I-33 illustrates that as of the end of fiscal year (FY) 2004, USACE has evaluated 9,260 properties and determined that no response is required at 6,312 of those properties.

Figure I-32
FY2004 Program Eligibility Status of Potential FUDS Programs*

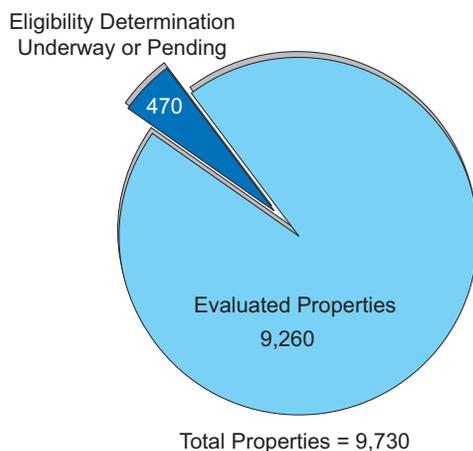
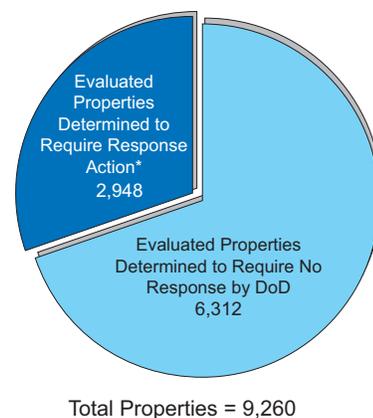


Figure I-33
FY2004 Response Action Status at Evaluated FUDS Properties*

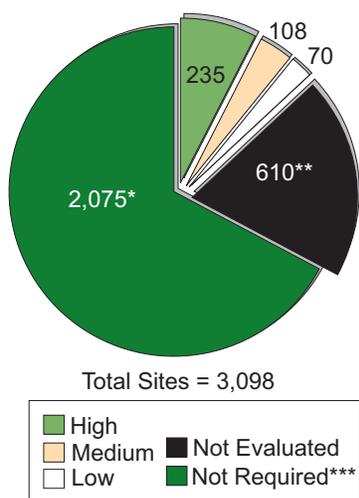


*Status as of September 30, 2004.

New properties and sites are continually being discovered by USACE and added to the FUDS program. USACE has identified 9,730 properties for potential inclusion in the program, with 2,943 or 30 percent, of those properties and sites 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. USACE continues evaluating potentially FUDS-eligible sites as well as completing investigation and cleanup requirements to meet DoD management goals.

Installation Restoration Program

Figure I-34
Relative Risk Ranking



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

USACE strives to evaluate as many Installation Restoration Program (IRP) category sites as possible, including containerized HTRW, to assess the relative risk to human health and the environment for IRP and the Military Munitions Response Program (MMRP) category projects along with other management factors, such as stakeholder concerns, to aid in sequencing work during FUDS planning, programming, budgeting, and project execution.

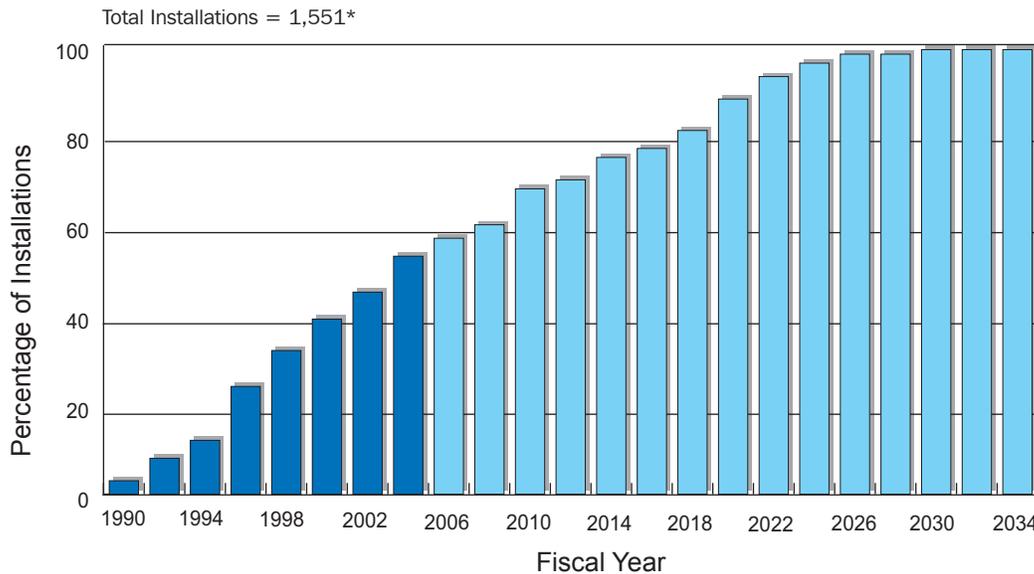
USACE currently has 3,098 IRP category sites in the FUDS program, an increase of seven sites from FY2003. Of the 3,098 FUDS sites, 67 percent, or 2,075 sites, do not require a relative-risk ranking. The relative-risk ranking chart in Figure I-34 illustrates USACE’s progress in reducing risk at FUDS properties as of the end of FY2004. Project execution figures for FY2004 demonstrate that the FUDS program continues to make significant progress. As of the end of FY2004, 1,885 FUDS sites had reached the remedy in place or response complete (RIP/RC) milestone. Eighty-seven percent

of FUDS properties are predicted to achieve RIP/RC by the DoD goal of FY2020, as shown in Figure I-35.

Military Munitions Response Program

USACE also evaluates 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, explosive ordnance disposal incidence reports, field observations, interviews, and physical site measurements. Of the 1,773 eligible MMRP sites in the FUDS program, 804 have already achieved RC status, as shown in Figure I-36. USACE has assigned Risk Assessment Codes for 764 of the remaining 969 MMRP sites to indicate their potential hazard to human safety. The Army focuses its current efforts on meeting the FY2007 goal for the completion of preliminary assessments and the FY2010 goal for the completion of the site inspections (SIs) for sites identified in the FY2004 MMRP Inventory.

Figure I-35
Properties Achieving Final Remedy in Place or Response Complete
 (Cumulative and projected, FY1990 through completion)*



* Excludes BD/DR and potentially responsible party sites, locations without environmental restoration sites, and locations with only MMRP contamination.

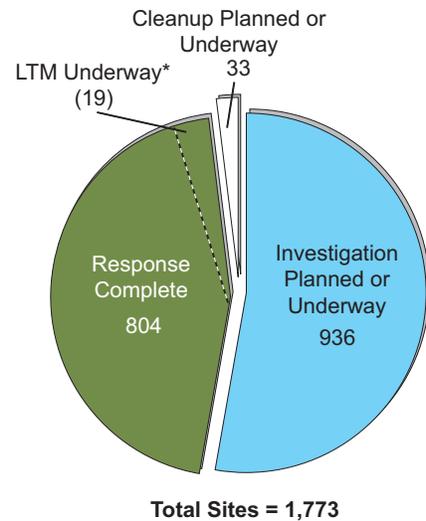
Financial Management

In FY2004, USACE obligated \$284.2 million for environmental restoration activities at FUDS properties. Figure I-37 illustrates the FUDS Environmental Restoration funding levels for FY2003 through FY2006. USACE is planning for \$265.9 million for environmental restoration activities in FY2005, 84 percent designated for investigations and cleanup actions. The Army estimates that it will obligate \$124.7 million for cleanup-related activities in FY2005. The FUDS environmental restoration funding trends are illustrated in Figure I-38.

Program Initiatives and Improvements

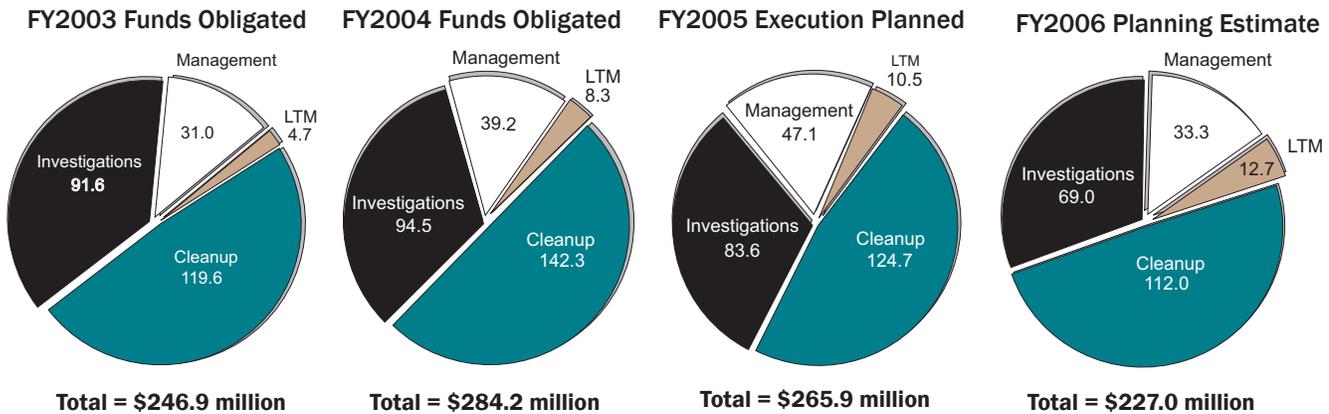
The FUDS Forum, a group consisting of representatives from DoD, the U.S. Environmental Protection Agency (EPA), states, and the Army identified the need to revise the FUDS manual. USACE revised the manual, converted it to an Engineering Regulation (ER 200-3-1), and published it during FY2004. The FUDS ER 200-3-1 addresses comments from DoD, EPA, the Association of States and Territories Solid Waste Management Officials and the Government Accountability Office. The ER 200-3-1 will enhance coordination and consultation with all the stakeholders and regulators along with ensuring

Figure I-36
FY2004 MMRP Sites Status



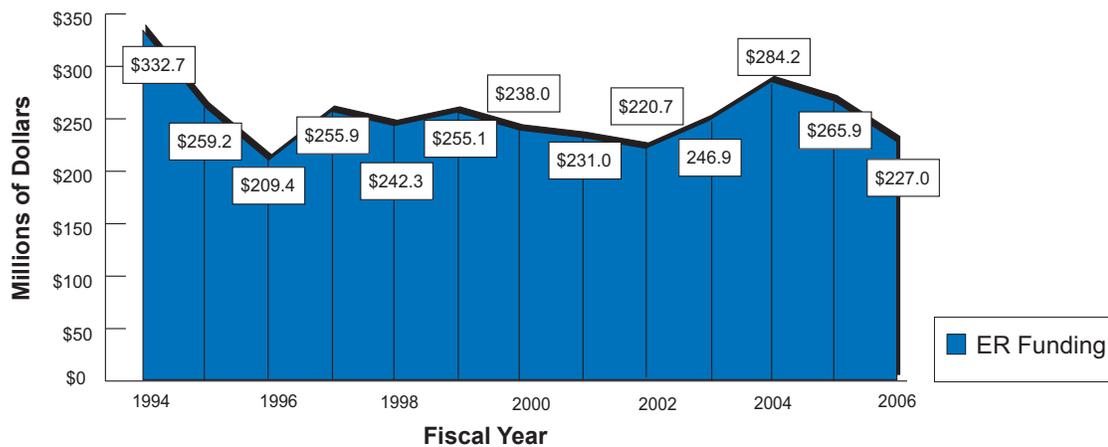
* Long-term maintenance (LTM) occurs at a subset of the sites that have achieved response complete.

Figure I-37
FUDS Environmental Restoration Funding Profile*
 (in millions)



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

Figure I-38
FUDS Environmental Restoration Funding Trends



that USACE executes the FUDS Program in accordance with CERCLA, the National Contingency Plan and the Environmental Management Guidance.

Another initiative established by the FUDS Forum was the development of 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 statewide 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 FY2004, USACE has completed 17 statewide MAPs and 22 statewide MAPs are underway or proposed for development.

In FY2004, USACE completed the fieldwork investigations for its Chemical Warfare Materiel (CWM) Scoping and Security Study. This is the first nationwide effort to ensure site safety and security at sites where historical documentation indicates that DoD used, produced, stored, or tested CWM.

In an effort to address internal and external audit documentation deficiencies, USACE initiated the FUDS Information Improvement Plan (FIIP). The goal of the FIIP is ensure property and project documentation before FY2004 be retrofitted to the current standards outlined in ER 200-3-1. Specific objectives include ensuring adequate documentation to support decisions, ensuring nationwide consistency in project file content and organization, capturing and archiving documentation electronically, corroborating FUDS Management Information System data by property and project files, and ensuring Division certification of the completeness of the property and project files.

Looking Forward

USACE is committed to achieving program progress and meeting the challenges the FUDS program will face in FY2005. During FY2005, \$10 million is planned for the SI efforts at MMRP sites. The total estimated amount required to complete MMRP SI effort by the end of FY2010 is approximately \$125 million. The objective of the MMRP SI effort is to collect sufficient information to determine whether or not a remedial investigation and feasibility study are required at a site, whether the site needs an immediate response, or whether the site qualifies for no further action. The property-wide SI will address munitions and explosives of concern hazards, including unexploded ordnance and discarded military munitions, as well as munitions constituents issues for eligible MMRP sites. The secondary goal of this effort is to collect information to complete the Site Prioritization Protocol and develop better cost-to-complete estimates for the eligible MMRP sites. The Army is developing an optimum MMRP SI funding profile to balance funding allocated between the goals for the IRP and the MMRP.