

# GAO Highlights

Highlights of [GAO-14-82](#), a report to congressional committees

## Why GAO Did This Study

In 2006, the United States and Japan planned to relocate 17,600 U.S. Marines and dependents from Japan to Guam. However, in 2012, representatives from the countries developed a revised plan under which 6,300 Marines and dependents would relocate to Guam.

The Conference Report accompanying the National Defense Authorization Act for Fiscal Year 2013 mandated that GAO evaluate what Guam public infrastructure projects are needed to support DOD's plans. This report (1) describes Guam's public infrastructure; (2) describes the types of assistance DOD generally provides and other funding sources that have been used to fund Guam projects; (3) assesses DOD's efforts to revalidate Guam projects under the revised realignment plan; and (4) assesses the cost estimate for Guam's public water and wastewater infrastructure improvements used to support DOD budget requests. To address these objectives, GAO reviewed policies, technical studies, and budget requests. GAO also interviewed DOD and other relevant federal officials as well as visited Guam and met with Guam officials.

## What GAO Recommends

GAO recommends that DOD take actions to revalidate public infrastructure needs on Guam based on the revised realignment size and ensure best practices are used to develop future cost estimates. DOD partially concurred with GAO's recommendations and identified future plans. However, GAO believes further opportunities exist as discussed in the report.

View [GAO-14-82](#). For more information, contact Johana Ayers at 202-512-5741 or [ayersj@gao.gov](mailto:ayersj@gao.gov).

## DEFENSE MANAGEMENT

### Further Analysis Needed to Identify Guam's Public Infrastructure Requirements and Costs for DOD's Realignment Plan

#### What GAO Found

Some investments have been made to improve Guam's public infrastructure in recent years, but many deficiencies and regulatory compliance issues continue to exist. The reliability, capacity, and age of much of the public infrastructure—especially the island's utilities—indicate a need for additional upgrades to be able to meet current and future demands related to the realignment. Further, some infrastructure sectors, such as water and wastewater, face issues complying with federal regulations. Other sectors, such as the fire and police departments, are experiencing staffing and other shortages that affect their ability to serve Guam's current population.

The majority of the Department of Defense's (DOD) support to defense-affected communities has been historically to provide technical assistance and support community planning and coordination efforts. However, in a few instances DOD has provided public infrastructure funding to communities where proposed basing decisions would generate significant public infrastructure needs that the communities could not support. Generally, DOD's position is that communities should be largely responsible for obtaining funding for public infrastructure requirements related to DOD basing decisions. This funding can come from other federal programs or communities can raise the funds on their own. In the case of Guam, however, some challenges related to limited government revenues and debt capacity has been identified as affecting its ability to do so.

Despite the reduction of Marines and dependents relocating to Guam, DOD has not yet revalidated the public infrastructure requirements based on the revised realignment plan or differentiated between requirements needed to address long-standing conditions and those related to the realignment. This revalidation is not expected to be completed until 2015. Even so, DOD has requested over \$400 million for Guam public infrastructure projects in its budget requests since fiscal year 2012. It is unclear if all of these projects are necessary to the same extent given the reduction in forces. For example, if DOD decides to locate the Marines on the naval base that handles all of its own water/wastewater needs, public water/wastewater improvements would not be needed to support the Marines. Congress has placed limitations on the use of funding, in part until certain information is provided related to the realignment. Without revalidating and differentiating between requirements, DOD cannot clearly identify what Guam public infrastructure requirements are needed to directly support the realignment.

The \$1.3 billion cost estimate for improvements to Guam's water and wastewater systems that DOD has used to support budget requests for fiscal years 2013 and 2014 is not reliable. GAO assessed that the estimate minimally met the best practice criteria for three of the four key characteristics—comprehensive, well documented, and accurate—for a reliable cost estimate as identified in the GAO *Cost Estimating and Assessment Guide* and did not satisfy best practice criteria for the fourth characteristic of being credible. GAO determined that officials adhered to some best practices for a reliable estimate but did not, for example,

- include all relevant costs,
- sufficiently explain why certain assumptions and adjustments were made,
- incorporate any actual costs or inflation adjustments, or
- adequately address risk and uncertainty.