Mass DTI Massachusetts Defense Technology Initiative

DCN: 10077

HANSCOM AIR FORCE BASE:

A VISION FOR THE FUTURE

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Hanscom Air Force Base

A Vision for the Future

Mass DTI Massachusetts Defense Technology Initiative

Executive Summary

- Hanscom AFB is the ideal location from which to develop and manage joint C4ISR systems
- The Commonwealth of Massachusetts has an innovative plan to expand the DoD's mission capacity at Hanscom by 125%
- This capacity expansion plan will be financed entirely by the Commonwealth
- Mission expansion at Hanscom will improve mission effectiveness and dramatically lower per employee costs

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CRITICAL MASS:

Hanscom Air Force Base is the Ideal Place for the C4ISR Technology Mission

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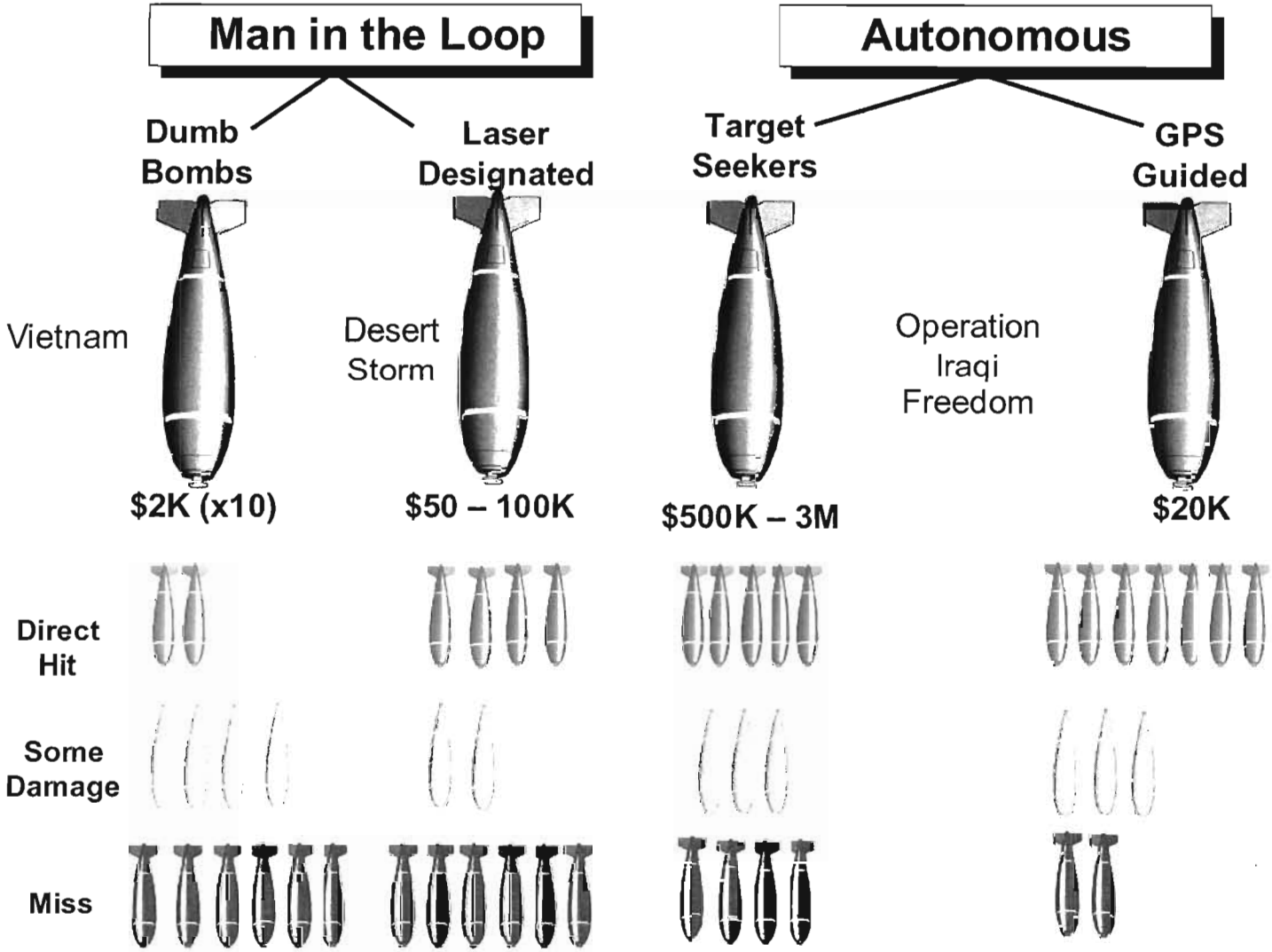
Key OIF Lesson: C4ISR Critical to Success



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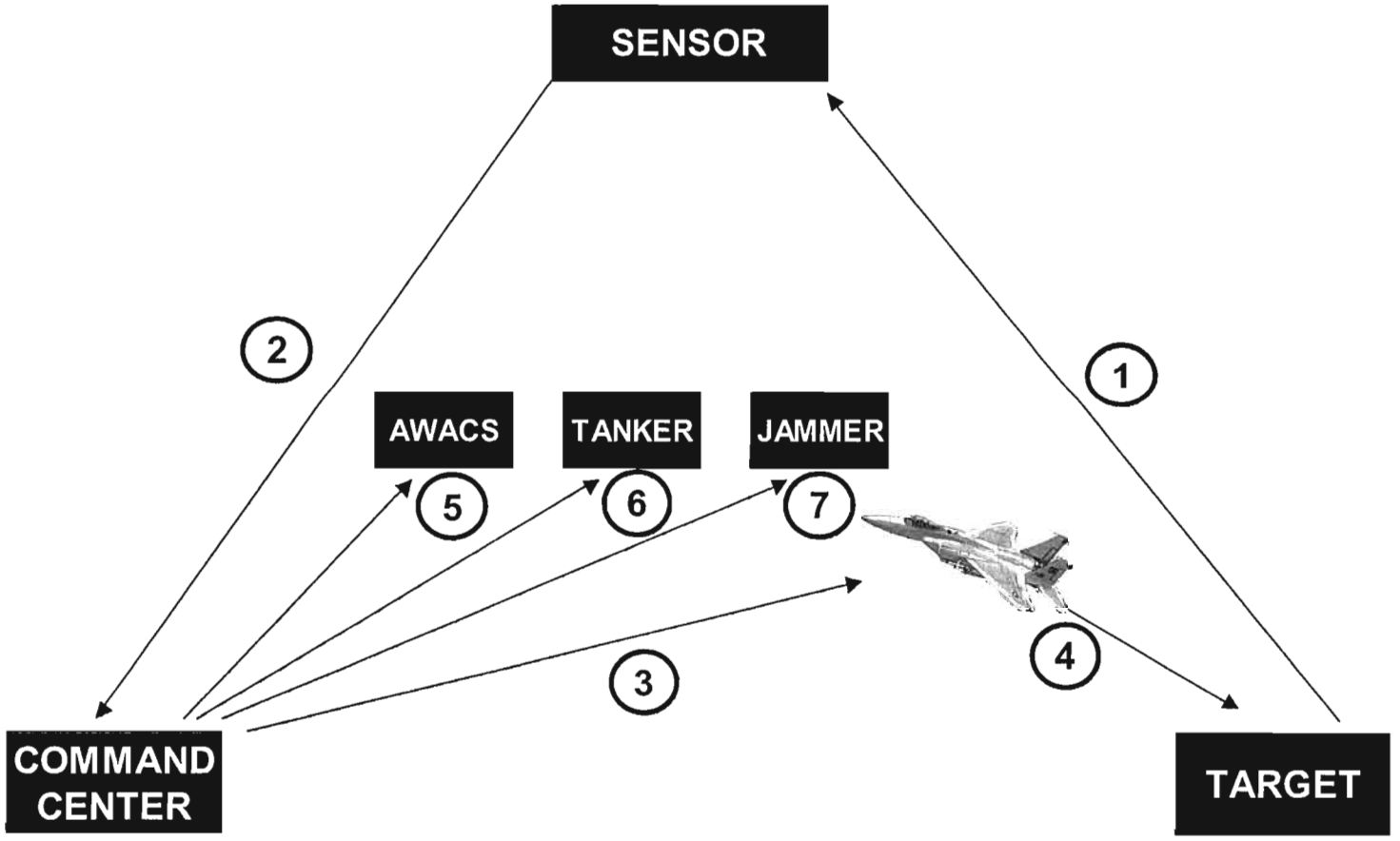

72 HOURS	→	24 HOURS	→	6 HOURS	→	20 MINUTES

Desert Storm **Iraqi Freedom**

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Hanscom Air Force Base

Ideal Location for C4ISR Development

The development of C4ISR systems is dependent on a "Critical Mass" of skilled personnel, industrial & academic partners, and institutional experience

Massachusetts has:

- ✓ A highly educated and experienced workforce that is not readily relocated or replaced elsewhere
- ✓ Cutting-edge academic research capability
- ✓ A critical mass of high-tech industrial partners to conduct research and other (C4ISR) mission requirements
- ✓ Superlative economic environment conducive to industrial expansion

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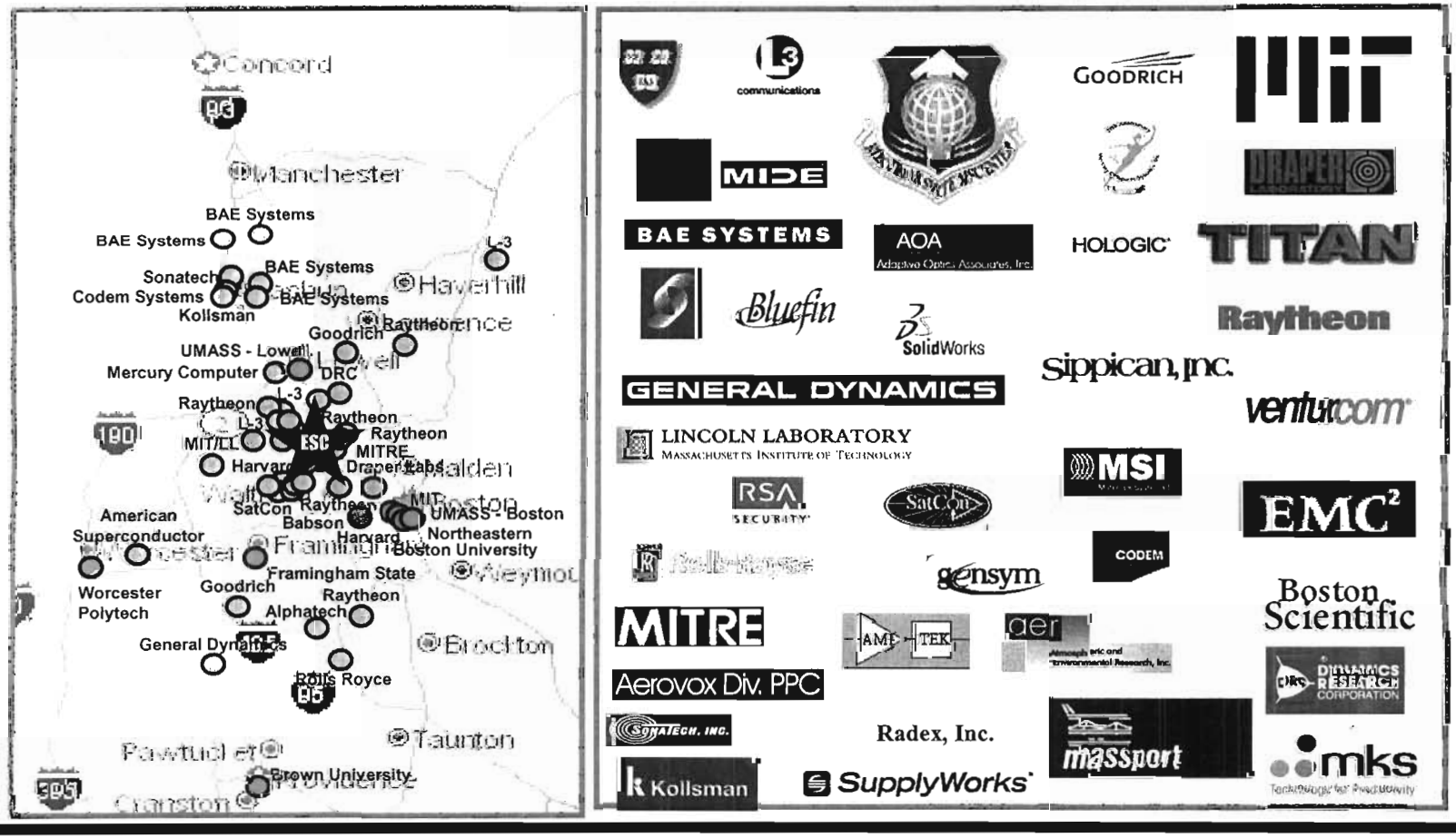
The New England Technology Cluster

A Wealth of Resources

"All this corporate knowledge does not move -- we have our feet firmly planted in Massachusetts."
— William F. Flanagan, vice president and general manager of the Systems Management Services Division of Titan Corporation.

Critical mass of academic and high-tech R&D partners



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The New England Technology Cluster

A National Leader

State Science & Technology Rankings

State	Rank (2004)	Rank (2002)	Score (2004)
Massachusetts	**1**	**1**	**84.34**
California	2	3	78.86
Colorado	3	2	78.77
Maryland	4	4	78.19
Virginia	5	5	72.27
Washington	6	6	69.87
New Jersey	7	7	69.03
Minnesota	8	10	67.49
Utah	9	9	66.49
Connecticut	**10**	**8**	**66.26**
Rhode Island	**11**	**21**	**64.01**
New Hampshire	**12**	**13**	**64.01**
New York	15	12	60.66
Ohio	24	27	54.18

Ranking Criteria:

- **R&D inputs**
- **Risk capital & entrepreneurial infrastructure**
- **Human capital investment**
- **Technology and science workforce**
- **Technology concentration and dynamism**

Source: Milken Institute State Technology and Science Index (March 2004)

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The New England Technology Cluster

Importance of Geography

"Innovation and commercialization of new technologies take place disproportionately in clusters – geographic concentrations of interconnected companies and institutions in a particular field"
— Michael Porter, Harvard University

- **Reconstitution** of C4ISR Center elsewhere will take **decades** to accomplish
- **Rebuilding** Air Force-academic-high-tech industry cluster elsewhere in the U.S. will be **incalculably costly**
- **Retention** of key scientists, engineers and academics will be **very low**
- **Disruption** of highly-technical development programs would be **immediate and costly**
- **Delays** in improving existing systems and fielding new systems will be **lengthy**

Given the pace of technological change in today's warfighting, closure and reconstitution of ESC is inherently more risky than an operations installation

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MISSION CAPACITY EXPANSION PLAN:

Providing the DoD a State-of-the-Art Facility for Joint C4ISR

The Commonwealth of Massachusetts proposes to expand the capacity and improve the infrastructure at Hanscom Air Force Base. This plan will enable the DoD to meet its goals for C4ISR technology.

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Our Proposal

The State of Massachusetts proposes an innovative plan that would provide the DoD with increased capability at Hanscom AFB

- ✓ 1.25 Million SF of additional mission related space
- ✓ Ability to accommodate 4000 additional personnel
- ✓ 800 additional housing units and 5000 parking spaces
- ✓ 120 Acres of additional land available in the immediate vicinity
- ✓ State will improve access to Hanscom AFB through improved roads, intersections and mass transportation
- ✓ State will contribute adjacent and nearby land as necessary for Military Family Housing

This plan will give the Department of Defense a 125% increase in mission space over current capacity

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Expansion Capability

- **Vertical expansion on existing site**
  - Multi-level office and R&D spaces – 1,250K sq ft
  - Multi-level garages – 5,000 spaces
  - Military family housing – 800 additional units

- **Additional acreage ready for use**
  - Adjacent state land – 24 acres
  - Other state land along Route 62 – 45 acres
  - Navy property NW of HAFB – 48 acres
  - Mass Highway land along Hanscom Dr – 3 acres

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Expansion Plan

- On existing 8 Acres of paved land
  - Construct 500,000SF of C4ISR space, and
  - Construct 2000 parking garage spaces
- On existing 18 Acres of land near MIT Site
  - Construct 750,000SF of C4ISR space,
  - Construct 3000 parking garage spaces, and
  - Demolish approx 30,000 SF of existing single story facilities
- Adjacent to Hanscom AFB
  - State will assist to improve roads and other transportation access to the base to support additional traffic

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Our Investment

The Commonwealth of Massachusetts is willing to invest 100% of the expansion development cost

PROJECTED MASSACHUSETTS FUNDING

Mission/Infrastructure	**$242 M**
Housing (Financing recouped through BAH)	**$168 M**
Total Projected State Funding	**$410 M**

The Commonwealth's leadership, including the Governor, Speaker of the State House and President of the State Senate have committed to this plan

Cost Saving Highlights

- **Federal Government will not fund mission expansion**
  - State Contribution of 100% of Mission Development ($241M for mission facilities $169M for housing)
- **Once implemented, the expansion plan will dramatically lower operating costs of facilities on a per employee basis**
  - 125% greater mission on the same support structure equals a competitive base operating budget
- **Ongoing, planned initiatives will further reduce Operations and Support costs: outsourcing, housing privatization, streamlining ESC operations**

Summary

- As the nation's high-technology leader, Massachusetts is the ideal host community for C4ISR development
- Hanscom should be measured based on on what it can provide in the future
  - Our expansion plan provides maximum mission value at a competitive cost
- Expansion of Hanscom AFB meets DoD's strategic objectives
  - Allows the C4ISR development mission to be conducted in the most effective location possible
  - Allows for cost reduction to the DOD by State funding $240M for 1.25M Sq Ft of additional mission space
  - Achieves annual recurring savings in operational costs (O&M) through expansion of mission.

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Back-Up Slides

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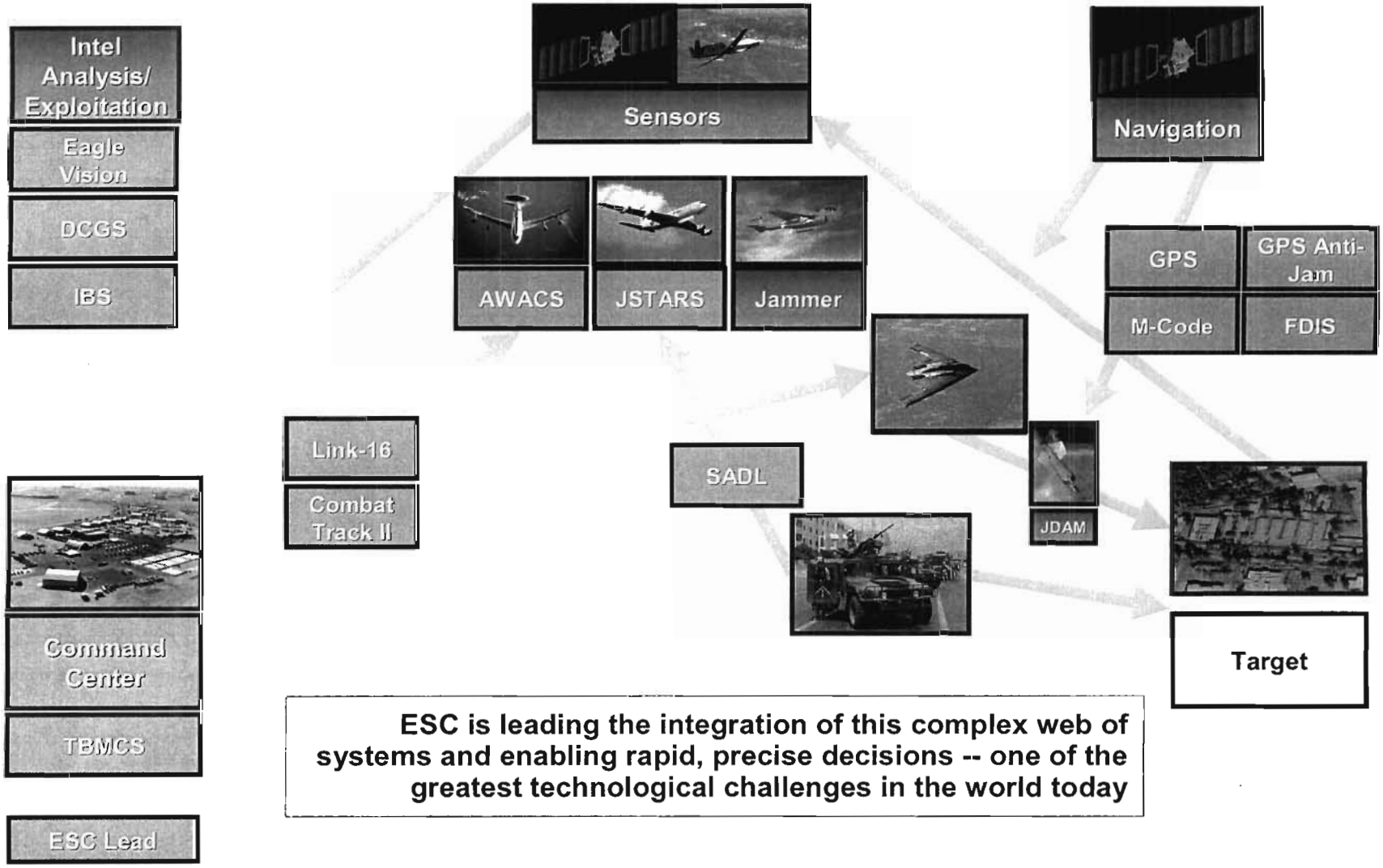
Hanscom Air Force Base

ESC's Central Role in C4ISR



ESC is leading the integration of this complex web of systems and enabling rapid, precise decisions -- one of the greatest technological challenges in the world today

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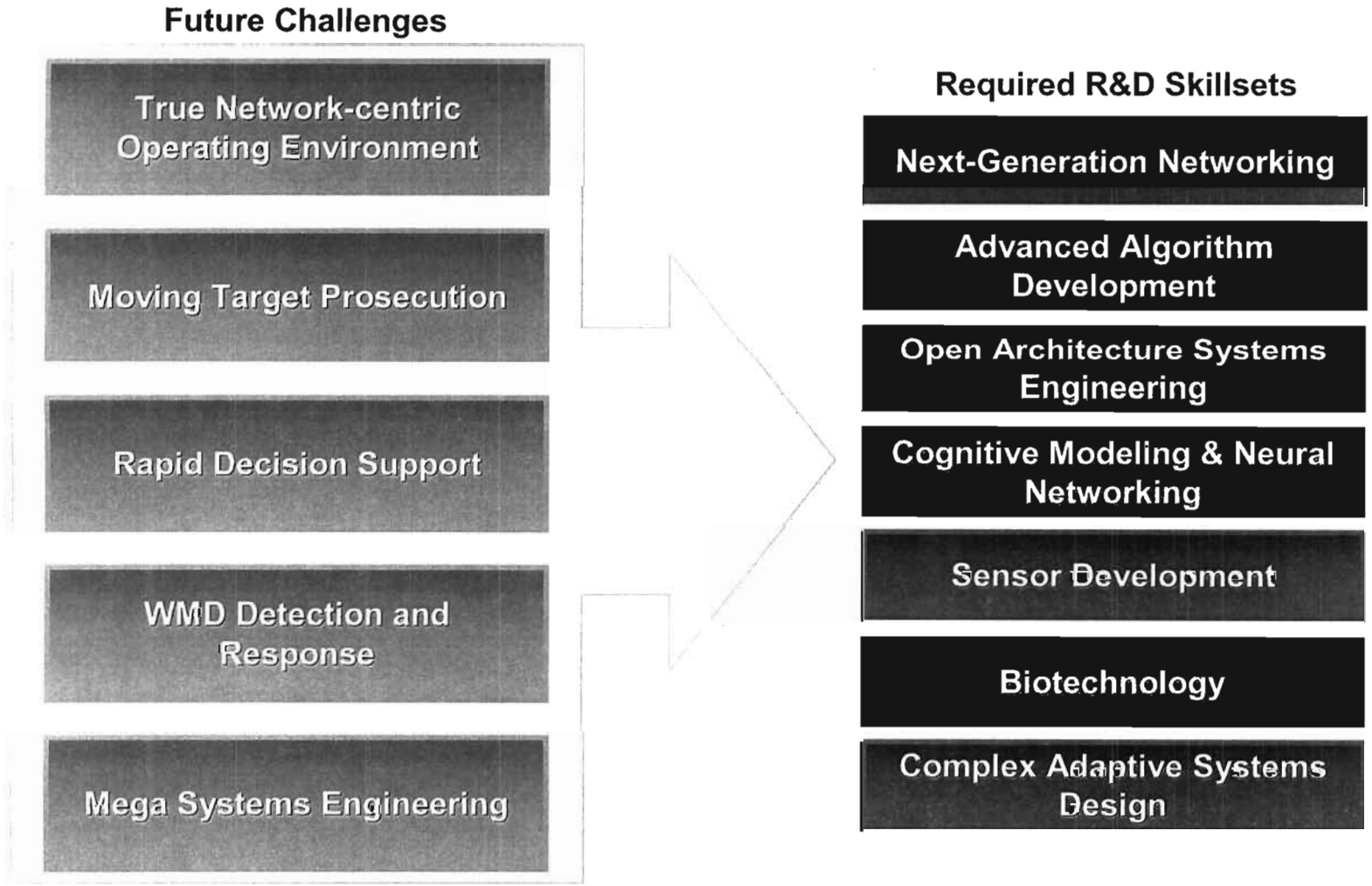
Electronic Systems Center

Need for Intellectual Capital



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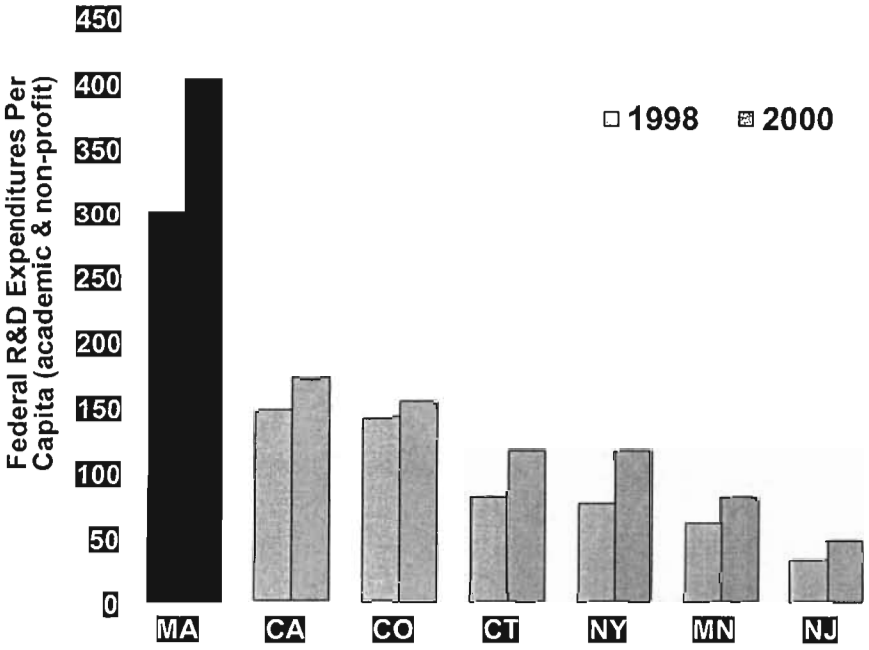
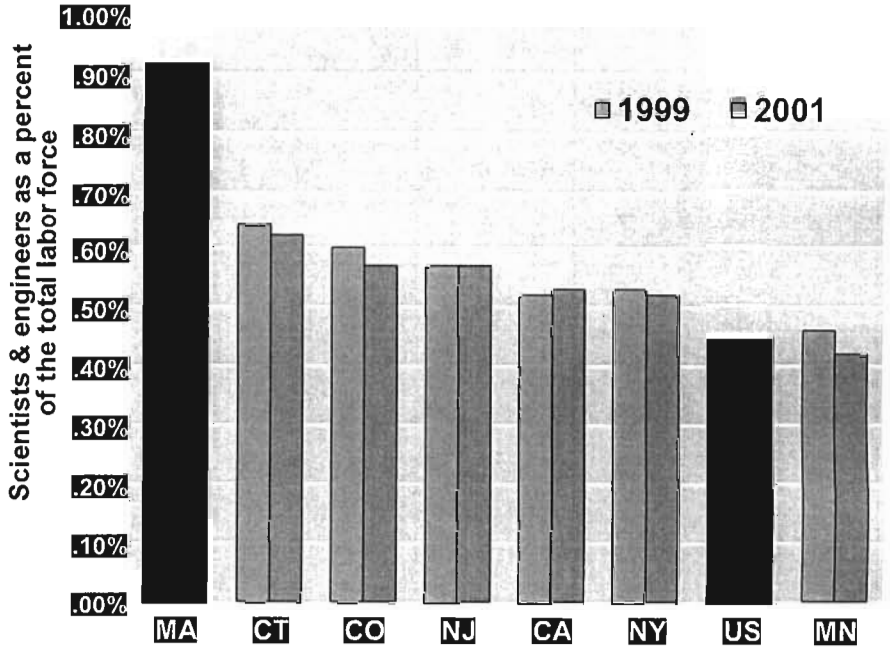
The New England Technology Cluster

Cutting Edge R&D Capability

National Leader in R&D



Highly-Skilled Workforce



"Our mission is technology in support of national security. The regional high-tech cluster and Hanscom AFB have been, and continue to be, critical to our success." — ***Dr. David Briggs, Director, MIT Lincoln Labs***

Cost Saving Highlights

- Cost Saving Initiatives Through 2004
  - ESC moves into unutilized spaces on-base
  - Mitre personnel move into former BX/Commissary space
  - Outsource some base operations
  - Recovery of BAH in excess of privatization requirements
- Future Cost Saving Initiatives (Base Expansion)
  - Additional square feet
  - Additional employees
  - Additional housing

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Project Investment

FUNDING REQUIREMENT	
Housing (BAH funded)	$168.2 M
Mission/Infrastructure	$241.6 M
Total Project Cost	$409.7 M

FUNDING SOURCES	
Basic Allowance for Housing	$168.2 M
State Funding	$241.6 M
Federal Funding (MILCON)	$0.0 M

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Operational (O&M) Cost Savings

- **BRAC 95**
  - Cost per Square Foot $9.42
  - Cost per Person $10,217
- **Before Expansion (Includes Current Cost Saving Initiatives and BAH Realignment Initiative)**
  - Cost per Square Foot $9.31
  - Cost per Person $4,478
- **After Expansion (Includes Cumulative Savings Before Expansion and Expansion Initiative)**
  - Cost per Square Foot $8.52
  - Cost per Person $3,285

Summary

- Closure or relocation of Hanscom/ESC runs the risk of disrupting key programs
- Reconstitution of HAFB regional defense technology cluster is an impossible task
- The New England Defense Technology Cluster is ideally placed to play a central role in meeting future joint C4ISR challenges
- Concept of expansion is possible to support 5,000 additional personnel
- Cumulative savings from all accomplished and proposed initiatives reduces cost per person notably lower than that of competing bases

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Hanscom Air Force Base

Ideal Location for C4ISR

1. A highly educated and experienced workforce
2. Cutting-edge academic research capability
3. A critical mass of high-tech industrial partners to conduct research and other Command, Control, Communications, Computer, Intelligence, Surveillance & Reconnaissance mission requirements
4. Superlative economic environment conducive to industrial expansion
5. An experienced military organization to bring these components together

The development of C4ISR systems is dependent on a critical mass or "cluster" of skilled personnel, industrial/academic partners and institutional experience

Mass DTI Massachusetts Defense Technology Initiative

Electronics Systems Center

The Foundation of Success

"Hanscom is a collection of intellectual knowledge that gives the nation and the military a critical mass to what they are doing" — ***Raytheon Senior Vice President former Hanscom AFB commander Charles E. Franklin***

1

A highly educated and experienced workforce

- Unparalleled human capital & two federally funded research and development centers (FFRDCs) – Mitre Corporation, Lincoln Labs

2

Cutting-edge academic research capability

- High density concentration of world-class colleges and universities (Harvard, MIT, Boston University, Boston College and 45 other institutions within 50 miles)

3

A critical mass of high-tech industrial partners

- Large concentration of locally-based high tech companies & leading software development centers

4

Superlative economic environment conducive to industrial expansion

- Robust regional high-technology economy and commerce-friendly business environment

5

An experienced military organization to bring these components together

- Air Force Center of Excellence for C4ISR with 80 years of success in the region

Mass DTI Massachusetts Defense Technology Initiative

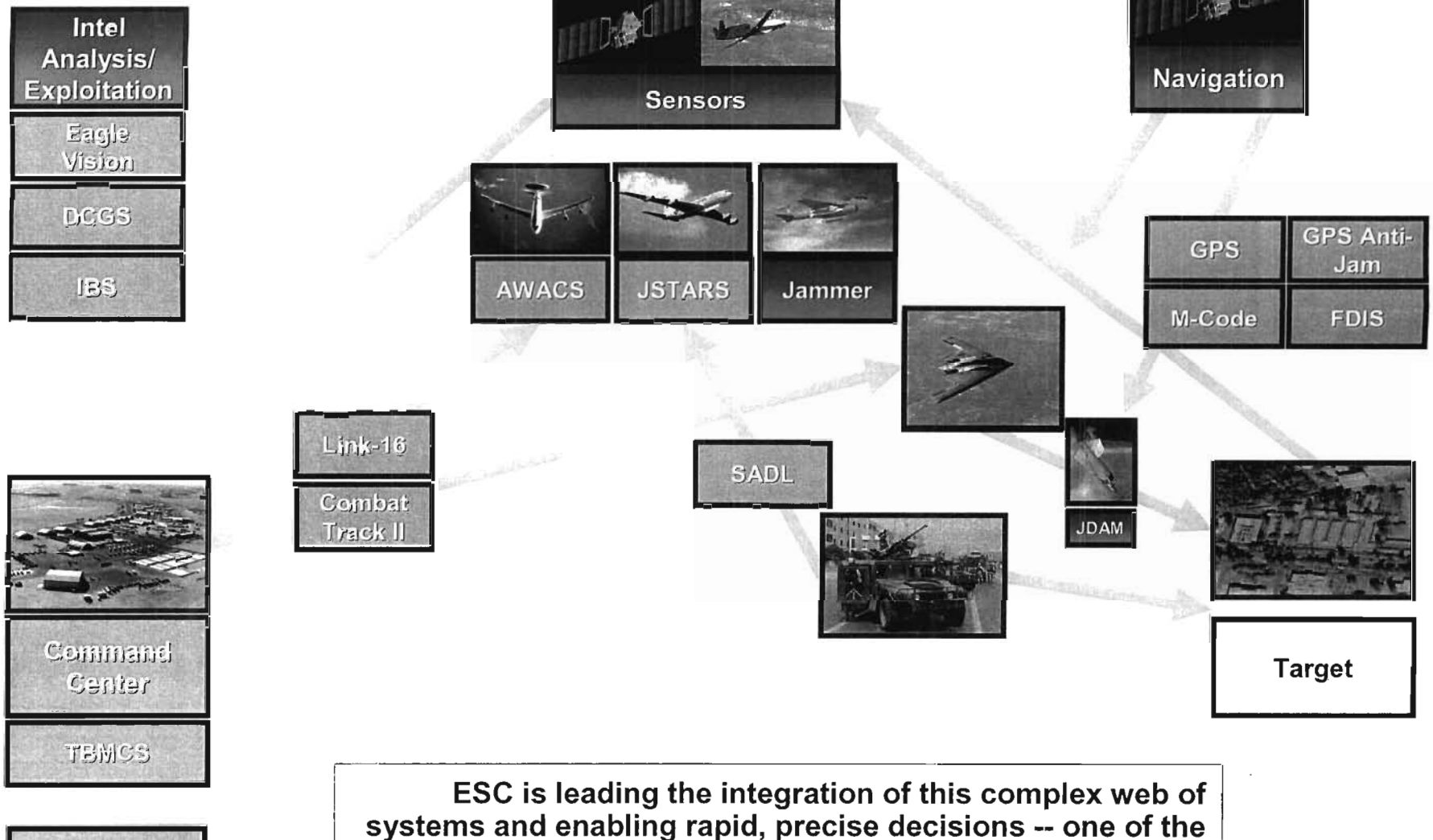
CRITICAL MASS

Hanscom Air Force Base:

The Ideal Place for a Critical Mission

Hanscom Air Force Base

ESC's Central Role in C4ISR



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Critical Mission Requirements

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Electronic Systems Center

Need for Intellectual Capital

Future Challenges

- True Network-centric Operating Environment
- Moving Target Prosecution
- Rapid Decision Support
- WMD Detection and Response
- Mega Systems Engineering

Required R&D Skillsets

- Next-Generation Networking
- Advanced Algorithm Development
- Open Architecture Systems Engineering
- Cognitive Modeling & Neural Networking
- Sensor Development
- Biotechnology
- Complex Adaptive Systems Design

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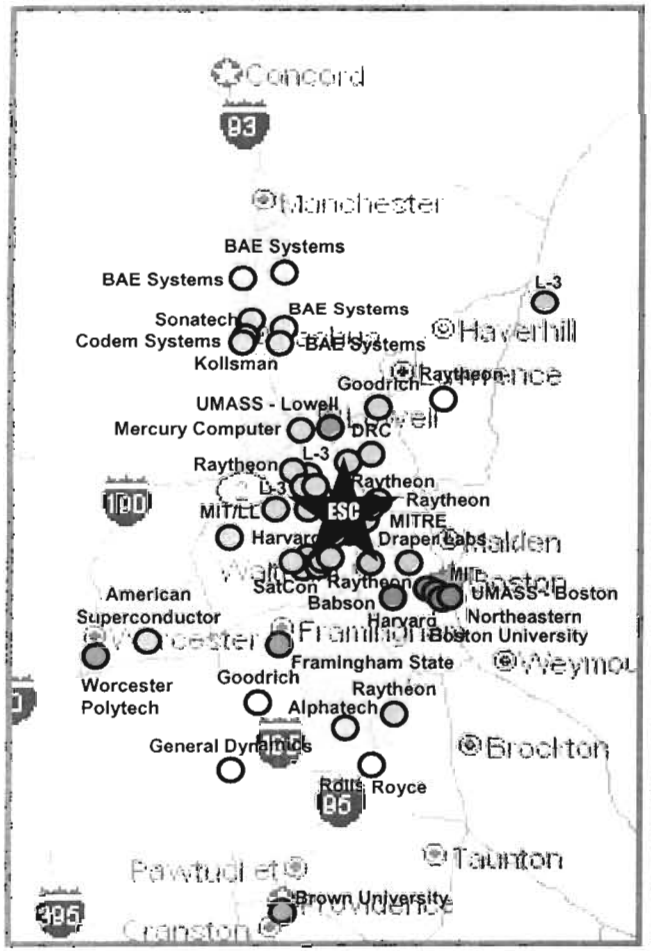

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The New England Technology Cluster

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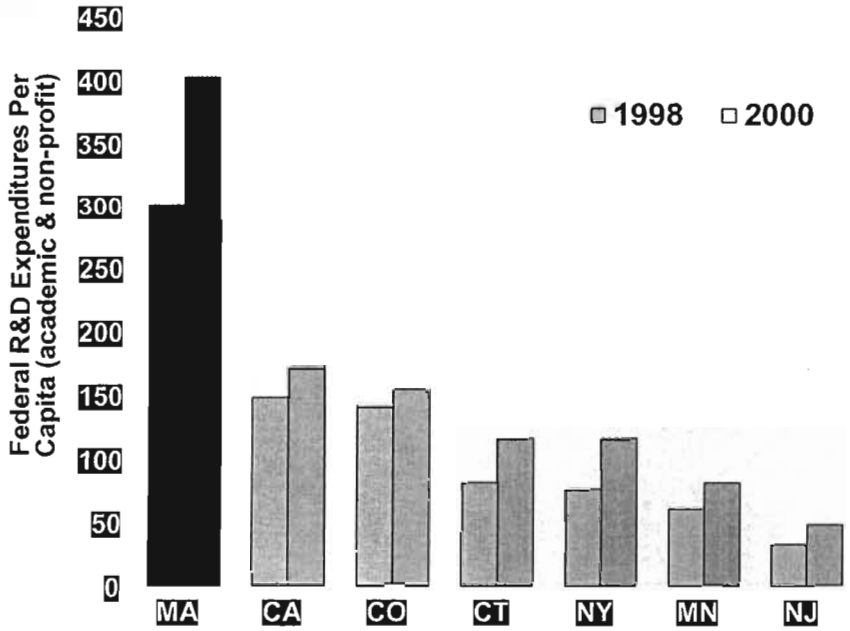

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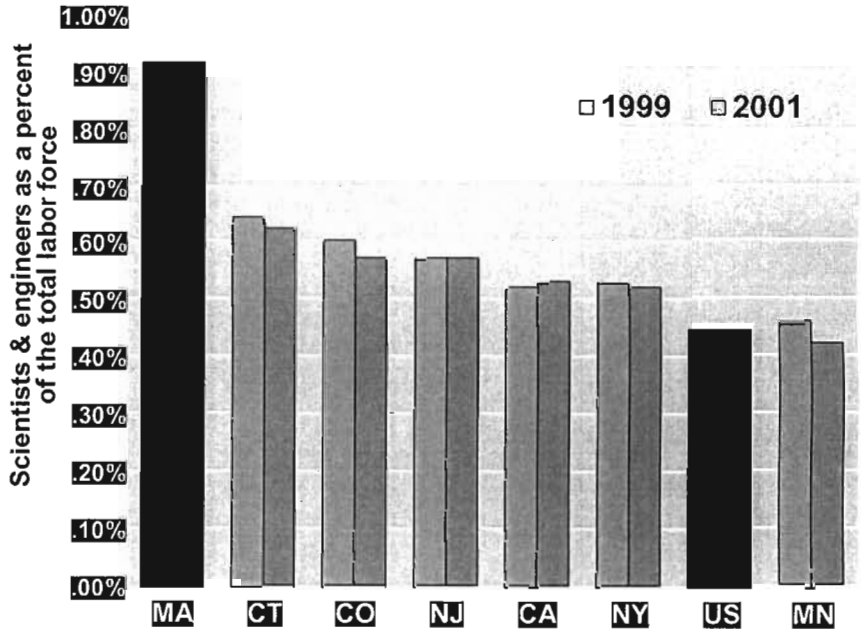

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Summary

- C4ISR is and will continue to be a key component of U.S. warfighting capability
- Hanscom/ESC plays a critical role in the C4ISR systems that enable U.S. dominance in a complex and evolving security environment
- The secret to our success is a defense technology cluster consisting of unparalleled human and institutional resources that have developed over 80 years
- Closure or relocation of Hanscom/ESC runs the risk of disrupting key programs
- Reconstitution of our regional defense technology cluster is an impossible task
- The New England Defense Technology Cluster is ideally placed to play a central role in meeting future joint C4ISR challenges

Hanscom AFB Mission Capacity Expansion Plan

Massachusetts recognizes the need to develop a creative and flexible plan to enable Hanscom AFB to absorb additional mission capacity. After months of significant planning, the state has endorsed a $410 million plan that utilizes existing undeveloped acreage and underused parking surfaces for future development – allowing Hanscom to accommodate 1.25 million square feet of state-of-the-art additional R&D/office space and 800 new housing units. The new R&D space would be housed in new 3-5 story buildings and would include energy efficient systems and environmentally friendly design. New 3-5 story vertical parking structures would create 5,000 conveniently-located parking spaces. The base could also achieve additional future mission capacity expansion by developing adjacent, undeveloped state-owned parcels.

Hanscom Air Force Base consists of approximately 830 acres in the towns of Lincoln, Bedford, and Lexington, with Minute Man National Historical Park (MMNHP) to the south, LG Hanscom field to the north, and Route 128 to the east. It consists of the Electronic System Center, Air Force Research Areas, MIT Lincoln Labs, and the MITRE facility. The AFB possesses many elements of a small town, including amenities and services for military personnel. The base currently has more than 800 existing residential units and more than 3.5 million square feet of office, R&D, and other facilities. The base also has substantial areas of open space along its edges, screening it from other adjacent uses.

The Hanscom AFB Mission Capacity Expansion Plan was designed to:

- Provide maximum flexibility in design to accommodate current and future military needs;
- New development will not impact existing or future military mission at the base and minimize impact to existing structures and infrastructure.
- Develop a plan that recognizes community concerns and the MMNHP.
- Utilize smart growth principles, energy efficient and environmentally sensitive design.

Of the 1.25 million square feet new development, 500,000 square feet of R&D/office space and 2,000 parking spaces would be located opposite the Air Force Research area on a seven acre parcel (four of which are paved parking areas). An additional 750,000 square feet of R&D/office space and 3,000 parking spaces would be located on an 18 acre parcel (which is predominately underutilized parking lots) across from MIT Lincoln Labs. These facilities can be developed incrementally based on existing or future mission needs. This area, in conjunction with existing facilities, becomes an R&D campus. The new housing units have also been strategically located.

The concept builds upon the idea of a central core and campus-type setting, in which users can easily walk to their destinations. By increasing the density of development, this also will promote the use of transportation demand management systems and will make it possible to have an internal shuttle bus system which can connect to public transportation at the base gates.

To accommodate this additional development there will need to be transportation infrastructure improvements. These include:

- Hartwell Avenue will become four travel lanes with signals Wood St. and McGuire Rd.
- The 4/225 jug handle will be improved to include a grade separated connection from 4/225 to Hartwell Avenue.
- Hanscom Drive will be realigned to provide approximately four acres of area for additional housing and allow new storage and stacking capacity at the Vanderburgh gate.
- Realignment of the main base roadway to improve internal vehicular circulation.

The concept plan recognizes the needs of the military while balancing the concerns of the surrounding communities, the Minuteman National Historic Park, and the region.

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Hanscom AFB Mission Capacity Expansion Plan

Summary

GUIDING PRINCIPLES:

- For technology-focused missions, proximity to relevant intellectual capability is critical to military capability. Therefore, the preservation and enhancement of Hanscom Air Force Base (Bedford, MA) is critical to maximizing the military capability of technology-focused missions, such as C4ISR.
- Hanscom AFB can expand its footprint cost effectively to accommodate additional missions and become the "cross-service center of excellence" for the development of the next generation of C4ISR and other military technologies.

KEY FEATURES:

New Mission Focused Space	1,250,000 SF	125% increase
New Employees *(direct mission-related positions)*	4,000	91% increase
New Housing Units	800	94% increase
Infrastructure Improvements	Hartwell Ave. traffic mitigation	$4.1 million
Total Project Cost	$409.7 million	

CONCLUSIONS:

- This mission capacity expansion plan allows Hanscom to meet two key Department of Defense goals: improvement of installation infrastructure to expand mission capacity and to maximize military value by creating a joint, cross-service center of excellence for developing the next generation of U.S. military technology.
- The new vision for Hanscom would enable the US military to strengthen its already significant ties to one of the world's premier defense technology clusters.
- The mission capacity expansion plan enjoys strong political and financial support from the local communities, the Massachusetts Legislature, the Congressional delegation and Governor Romney.

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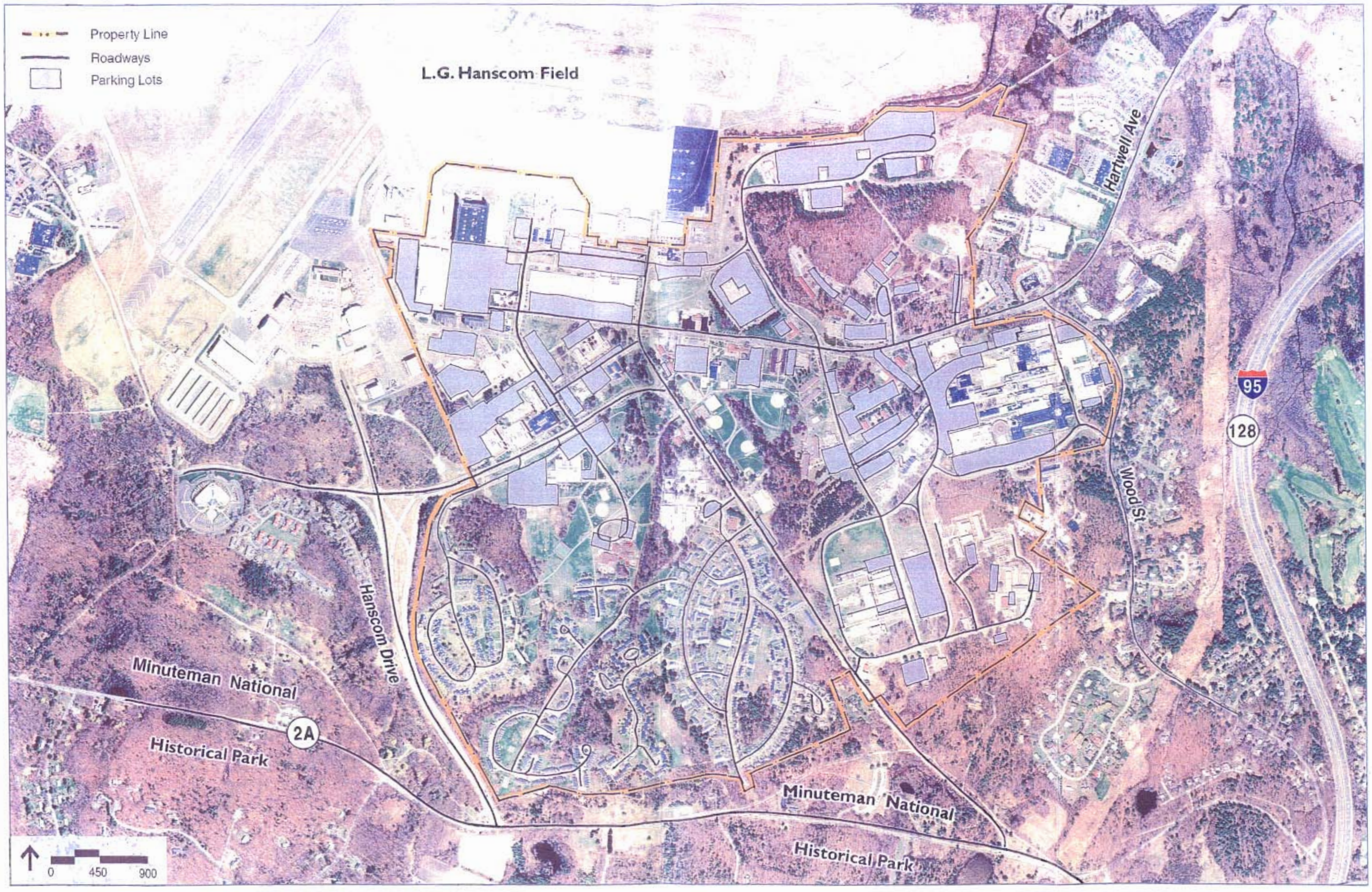
Existing Roads and Parking



Concept Plan: 1.25MSF New R&D/Office and 800 New Housing Units

Hanscom BRAC Evaluation
Financial Summary - Enhance Uuse Lease Development
Detailed Assumptions and Calculations

8/26/2004

Preferred Concept Plan	
SF of New Office/R&D Space	**1,250,000**
Structured Parking Spaces	**5,000**
Employees	**4,000**
Indirect Employment (statewide)	*6,400*
New Housing Units	**800**

Mission Enhancement Components

Office (SF)		1,000,000	SF
R&D (SF)		250,000	SF
Structured Parking		5,000	Spaces
Development Unit Costs			
Office		$ 132	per SF
R&D		$ 168	per SF
Structured Parking		$ 10,000	per Space
Total Development Costs			
Office		$ 132,000,000	
R&D		$ 42,000,000	
Structured Parking		$ 50,000,000	
Other Infrastructure Costs		$ 14,000,000	
Off-site Traffic Improvements		$ 4,000,000	
On-base displacement mitigation		$ 5,000,000	
Electric System improvements		$ 5,000,000	
Subtotal		$ 238,000,000	
Financing Costs			
Construction		$ 238,000,000	
Issuance Costs	1.50%	$ 3,570,000	
Total Cost		$ 241,570,000	
Rate		5.50%	
Term (years)		30	
Debt Service		($16,500,000)	
Future Value (Total Cost)		($495,000,000)	
Cash Flow (Massachusetts)			
Number of Direct New Jobs		4,000	
Tax Revenue Per Job		$ 3,700	
Total New Direct Tax Revenue		$ 7,400,000	
Number of Indirect New Jobs		*6,400*	
Tax Revenue per Job		*$ 2,789*	
New Indirect Tax Revenue		*$ 17,800,000*	
Total Direct/Indirect Taxes - new		*$ 25,200,000*	
Net Revenue (cash subsidy)		$ (9,100,000)	
Tax Savings - Existing HAFB Jobs		$ 15,200,000	
Tax Savings - Indirect Jobs		*$ 25,700,000*	
Total Existing Income Tax		*$ 40,900,000*	
Total HAFB Direct Tax Revenues	new	$ 22,600,000	
Less Debt Service		$16,500,000	
Surplus (Deficit)		$6,100,000	
Cash Subsidy Required		$ (9,100,000)	
return ratio		1.4	

Housing Component

Development Assumptions			
Housing (Units)			800
Housing Cost ($/Unit)		$	183,750
Total Development Costs			
Housing (Units)		$	147,000,000
Other Infrastructure Costs	10.00%	$	14,700,000
Subtotal		$	161,700,000
Financing Costs			
Construction		$	161,700,000
Issuance Costs	4.00%	$	6,468,000
		$	168,168,000
Rate			6.50%
Term			25
Debt Service			($13,700,000)
Revenue			
BAH - Per Unit		$	2,000
Total BAH - Month		$	1,600,000
Total BAH - Year		$	19,200,000
Revenue		$	19,200,000
Less Utilities Costs	8.0%	$	1,536,000
Less Housing Management	15.0%	$	2,880,000
Less Debt Service		$	13,700,000
Total Costs for Housing		$	18,116,000
Surplus (Deficit) per Year		$	1,084,000
Combined State Cash Flow		$	(8,016,000)
Combined State Surplus (Deficit)			7,184,000
Total Project Cost		$	409,738,000

The following table provides a line by line description of the key variables used in the analysis of the impact of mission enhancement at Hanscom, and provides the assumptions used in the calculations of space, employment and tax revenues.

Key Financial Assumptions		
Key Variable	**Comments/Assumptions**	**Source**
Mission Enhancement - Development Components		
Space Use	Office/R&D lab space mix estimated at 80%/20% based on current observed building use at HAFB	RKG
Structured Parking	Based on need for 1 space per 250 sf of gross building area or approximately one space per 1.4 employees. This density allows for visitors and potential expansion	MassPort
Development Unit Costs		
Office/R&D space	Cost estimate for 1-4 story "Good" Class C and/or "Average" Class A office space adjusted for local cost factors. Final cost range $132-$168 psf includes typical soft costs but not land or off-site infrastructure required to support building. Low end of range assumed for office space (80%) and high end used to accommodate potential need for extraordinary R&D lab costs, resulting in blended rate of $140.	RKG using Marshall Valuation Service; Section 15, Use 244 (Office Bldgs); 11/03
Structured Parking	Structured parking costs based on estimated cost to construct an average quality 2-3 level detached facility with limited amenities	MassPort/VHB estimate based on current industry cost standards
Total Development Costs		
Office/R&D	Square feet times unit rate	
Structured Parking	Number of spaces times unit cost	
Other Infrastructure Costs	Includes local traffic system improvements (estimated at $0.5 million for initial 500,00 0SF expansion, and additional $3.6 million for a grade separation of the Hartwell Ave/4-225 intersection plus on-site replacement of buildings due to roadway re-configuration at 750,000SF, and widening of Hartwell to 4 lanes at 1.25 million SF. Also includes on-site utility upgrades ($5 million) required to improve efficiency, which reduces base operating costs by $400,000 per year .	CTPS analysis of regional transportation needs; VHB, NSTAR system analysis
Financing Costs		
Construction	Assumes 100% financing via State-backed General Obligation bond issued by appropriate state agency	
Issuance Costs	Typical underwriting fees of 1.5% of bond face value	MassDev staff
Rate	5.5% estimated annual interest rate	"
Term (years)	30 years	"
Debt Service	Bi-annual payments (rounded)	
Cash Flow (Massachusetts)		
Number of Direct New Jobs	Based on assumed missions moved to HAFB, 50% of employees assumed to be active duty military and will not pay state income tax (relocated missions may range from 20% to 50% military vs. civilian employees).	
Tax Revenue Per Job	Based on average salary of $76,500 ($69,600 taxable) and 5.3% tax rate. FY02 average HAFB salary of $72,126 was increased by 6% to 2004 levels and multiplied by 91% (taxable salary factor) and by 5.3% state tax rate.	
Total New Direct Tax Revenue	Number of new jobs times tax revenue per job. Assumes all civilian employees pay Mass. income taxes (rounded)	

Number of Indirect Jobs	Based on a *multiplier* of 1.6 and represents the number of jobs elsewhere in Massachusetts that are supported by the employment at Hanscom as a result of the base's payroll turning over in the economy.	RIMS II input/output model as reported in Hanscom Databook
Tax Revenue – Indirect Jobs	Based on the statewide median annual salary ($52,600) times the number of jobs times 5.3%	
Net Revenue (cash subsidy)	New income taxes collected less debt service for bond. Represents the Commonwealth's out-of-pocket expense to bring new employment to Hanscom.	MassDOL
Tax Savings - Existing HAFB Jobs	Represents the current amount of income taxes paid by Hanscom employees that would be lost if HAFB is closed. Based on the reported total FY02 employment of 9,166 jobs and total payroll of $616.8 million. It is assumed that all employment would leave Massachusetts except for MIT/Lincoln Labs (2,728 employees/$180.1 million per year payroll), 25% of MITRE (406/$35.5 million) and ARNG/Reserves (284/$2.7 million). A total of 5,748 jobs and $398,385 in annual payroll would leave Massachusetts costing $15.2 million per year in lost income tax revenue.	Hanscom FY02 Databook; discussions with MIT and MITRE officials; DOR tax tables
Total HAFB Direct Tax Revenues	Existing income tax revenue plus new tax revenue from mission enhancement	
Surplus (Deficit)	Total tax revenues less debt service on bond	
return ratio	Ratio of each $1 spent by Commonwealth to total potential direct tax revenue surplus	
Housing Component - Development Assumptions		
Housing (Units)	Number of housing units based on expected mission size. Assumes approximately 50% of new employment is active military and of those, 50% - 60% are assumed to desire on-base housing. Existing HAFB housing (850 units) currently has waiting list from military families (both those employed on base as well as other military stationed in the region).	
Housing Cost ($/Unit)	Based on average unit size of 1,750sf (gross) at an average cost of $105psf, which includes typical soft costs but no off-site or extraordinary cost items. Average size reflects other new military housing construction which includes mix of 1,2 and 3 bedroom units.	Marshall Valuation Service for good quality Class C,D row/town homes adjusted for local cost factors
Total Development Costs		
Housing (Units)	Number of units times average per unit cost	
Other Infrastructure Costs	Additional costs for improvements to base roads, recreational amenities, utility upgrades and other amenities associated with housing development.	
Financing Costs		
Construction	Assumes 100% financing via state-backed Revenue Bond issued by appropriate state agency	
Issuance Costs	Typical underwriting fees of 4% of bond face value	MassDev staff
Rate	6.5% to 7.0% per year	"
Term	25 years	"
Debt Service	Bi-annual payments (rounded)	
Revenue		
BAH - Per Unit	Average current Basic Allowance for Housing paid to military at HAFB. Rates depend on rank and family size and currently range from $1,623 to $2,775, including allowance for utilities.	

Total BAH – Month	Unit rate times number of units	
Total BAH Revenue - Year	Above time 12 months. Assumes that entire BAH is paid directly to sponsor	
Less Utilities Costs	Based on average of $160/month per unit	BAH, RKG based on typical market standards
Less Housing Management	Based on average of $300/ month per unit	Based on typical market standards for new construction
Total Costs for Housing	Total revenue less costs	
Surplus (Deficit) per Year	Total costs less debt service on bond	
Combined State Cash Flow	Surplus (deficit) from office/R&D and housing combined. Represents total out-of-pocket cost to State to take on entire project	

The information presented in the evaluation is based on data provided from a variety of sources believed to be accurate. The direct military and civilian employment and payroll data for Hanscom Air Force Base, as presented in the FY02 Databook represents staffing levels that have changed somewhat over the past two years. However, the conclusions drawn in the analysis are believed to be valid and represent the magnitude of the impacts that may occur if Hanscom is closed or if it's mission is expanded as a result of BRAC decisions and the Commonwealth elects to invest in that process.

Several variations of the above scenario are possible, depending on the missions acquired and the needs of the Department of Defense and its primary contractors. One alternative would be for the co-development of office and R&D space for the military along with space for major contractors who would pay the full cost of the space they occupy. Depending on the space occupancy needs of the tenants, this could potentially reduce the total cost to Commonwealth.

Hanscom Mission Capacity Expansion
Financial Summary – Possible EUL Development Scenarios
Detailed Assumptions and Calculations

In order to evaluate the potential costs and impacts associated with expanding the mission capability of Hanscom Air Force Base, several alternatives, representing various sizes and stages of enhanced activity, have been analyzed regarding the required investment levels and corresponding increases in state revenues. The following paragraphs describe the assumptions used in developing the accompanying comparative scenario spreadsheet.

The financial evaluation includes only the direct, measurable impacts associated with the potential closure of Hanscom and the benefits associated with its continued operation and expansion. The data presented below indicates that if HAFB is closed through the BRAC process, the Commonwealth will suffer an immediate loss of at least $15.2 million dollars per year in income tax revenue currently generated by the civilian employees involved with the day to day operations of the base and the research and development activity that is centered there. This figure does not include the indirect, or "spin-off" employment that is supported by the federal expenditures at Hanscom, which has been estimated at nearly 14,000 jobs throughout the Massachusetts economy (Hanscom Data Book FY02). Furthermore, the direct fiscal impact described below has been estimated very conservatively – for example, it assumes that none of the 1,400-plus active-duty military payroll, reported in FY02 to be on the order of $110 million per year, pays any state income tax[1]. It also assumes that MIT's Lincoln Laboratory will not be affected by the potential closing of Hanscom and that up to 25% of MITRE's on-base employment will remain in the area[2]. The analysis also does not include the thousands of jobs at hundreds of high-tech companies located throughout the greater Boston area that receive funding from Hanscom and which, in theory, could follow the Air Force research missions to wherever they are relocated as a result of BRAC.

The concept plan assumes that the Commonwealth will fund the construction of office and R&D space for direct Air Force (or perhaps other military department under DoD's joint-forces initiatives), providing the space at no cost. The federal tenants will pay for the costs of operating the facilities (heat, utilities, electric, maintenance, etc.), realizing significant cost savings over current budget levels.

[1] Military personnel can often select the state in which they are domiciled for IRS reporting purposes. These personnel typically choose a state without a state income tax in order to minimize their taxable income.
[2] Based on conversations with representatives of MIT and MITRE.

THE COMMONWEALTH OF MASSACHUSETTS
EXECUTIVE DEPARTMENT
STATE HOUSE • BOSTON 02133
(617) 725-4000

MITT ROMNEY
GOVERNOR

KERRY HEALEY
LIEUTENANT GOVERNOR

September 17, 2004

Dr. James G. Roche
Secretary
United States Air Force
The Pentagon
Washington, DC 20301

Dear Secretary Roche:

We, as senior elected leaders in the Commonwealth of Massachusetts, are writing to convey our strong support for our state's two technical military facilities, Hanscom Air Force Base and the Natick Army Soldier Systems Center. Specifically, we wholeheartedly endorse the proposed Hanscom mission expansion plan, as crafted by the Massachusetts Defense Technology Initiative. The plan will enable the Department of Defense (DoD) to transform Hanscom into a cross-service center of excellence for developing the next generation of U.S. military technology.

Hanscom is a critical component of our regional economy and the nation's defense infrastructure. Activities at the base generate $3 billion in economic impact and support over 30,000 jobs in Massachusetts. Additionally, our region offers Hanscom, and the DoD, immediate access to our state's world-renowned intellectual capital and technology firms. In short, we offer the best place in America for the DoD to conduct military research, development, and acquisition of C4ISR systems to preserve our nation's defense.

We are committed to supporting Hanscom's long-term presence and growth in Massachusetts. Toward that end, we will provide up to $242 million in state investments that will improve the transportation infrastructure around the base and create up to 1.25 million square feet of new mission space, to attract new DoD technical military missions. The Commonwealth is also committed to supporting the construction of up to 800 housing units for military personnel on the Hanscom footprint. We offer this investment on the condition that the DoD commit to bringing new technical military missions to Hanscom.

Massachusetts residents relish our historic role as the birthplace of the American Revolution, and as the site where the nation's first independent militia courageously struck back at tyranny. It is our hope that our commitment to invest in Hanscom's infrastructure will ensure that our nation continues to benefit from our unparalled strengths in intellectual capital and technology.

Sincerely,

Mitt Romney
Governor

Robert E. Travaglini
President of the Senate

Thomas M. Finneran
Speaker of the House

TOWN OF LINCOLN

LINCOLN TOWN HALL
16 LINCOLN ROAD / PO BOX 6353
LINCOLN, MA 01773
781/259-2600
FAX 781/259-1677

September 20, 2004

The Honorable Edward M. Kennedy
317 Russell Senate Office Building
Washington, DC 20501

Dear Senator Kennedy:

As Chair of Hanscom Area Towns (HATS), I am pleased to provide the following materials to support your efforts to insure Hanscom Air Force Base remains our valued neighbor.

Attached you will find the following:

1.) A letter from HATS reporting the recent vote to support the Mass. DTI concept plan for mission enhancement and expansion at Hanscom Air Force Base.
2.) Letters from each of the four HATS communities, Bedford, Concord, Lexington and Lincoln, reporting votes of the Boards of Selectmen in support of the above mentioned concept plan.
3.) Copies of The HATS communities Town Meeting and/or Board of Selectmen motions and votes in support of Hanscom Air Force Base.

Finally, you should be aware that Concord, Lincoln and Bedford, at the request of HATS have recently adopted policies by their respective Housing Commissions and Authorities, to give active duty Hanscom military personnel priority placement for our affordable housing. Lexington is revlewing its policies to insure that they are consistent with the other HATS communities. As there are over 1300 state certified affordable units in our communities, we can make a considerable contribution to meet the housing needs of our Hanscom military personnel.

We appreciate the work you our doing to support Hanscom Air Force Base and we look forward to continuing the collaboration we have enjoyed as partners in the Mass. DTI

Sincerely,

Sara Mattes, Chair
HATS
Lincoln Board of Selectmen

TOWN OF LINCOLN

LINCOLN TOWN HALL
PO BOX 6353
LINCOLN, MA 01773
781/259-2600
FAX 781/259-1677

September 17, 2004

The Honorable Edward M. Kennedy
317 Russell Senate Office Building
Washington, DC 20510

Re: Defense Technology Initiative (DTI):
Hanscom Air Force Base

Dear Senator Kennedy:

On September 8, 2004, Hanscom Area Towns (HATS) unanimously voted to endorse the concept plan presented by the Mass. DTI to advance the campaign to enhance Hanscom Air Force Base and insure its continuation as a valued partner and neighbor for years to come. In addition, HATS voted to recommend that each of the four Boards of Selectmen that comprise HATS take separate votes to support this approach. The vote followed a presentation to an audience of more than forty area elected officials and residents and was greeted by enthusiastic support.

HATS looks forward to a continuation of the successful collaboration and partnership with the Mass. DTI that has brought forward this innovative and sensitive approach to securing Hanscom Air Force Base's future in our communities.

Sincerely,

Sara A. Mattes
Chair, HATS
Member, Lincoln Board of Selectmen

CC: Senator Susan C. Fargo
Senator Robert A. Havern, III
Representative Susan W. Pope
Representative Thomas M. Stanley
Representative Jay R. Kaufman
Representative Charles A. Murphy
Representative Cory Atkins
Boards of Selectmen, Bedford, Lexington and Concord

TOWN OF LINCOLN

LINCOLN TOWN HALL
PO BOX 6353
LINCOLN, MA 01773
781/259-2600
FAX 781/259-1677

September 17, 2004

Governor Mitt Romney
State House
Room 360
Boston, MA 02133

Re: Defense Technology Initiative (DTI):
Hanscom Air Force Base

Dear Governor Romney:

The Board of Selectmen voted on Monday, September 13, 2004, to support the recommendation of HATS to endorse the concept plan presented by the Mass. DTI on Wednesday, September 8, 2004.

While the Town of Lincoln has particular concerns regarding schools and housing, the Lincoln Board of Selectmen appreciate the acknowledgement of the Mass. DTI of impacts of expanded development on Lincoln and the other HATS communities. We look forward to continued collaboration to both support Hanscom Air Force Base and to mitigate, as best as possible, these impacts.

The Town of Lincoln would like to thank the members of the Mass. DTI for their creative approach to demonstrating our region's willingness and ability to host enhanced and expanded missions at Hanscom Air Force Base.

We look forward to continued participation in and collaboration with the Mass. DTI as this important work moves forward.

For the Board of Selectmen,

Sara A. Mattes
Selectman

CC: Senator Susan C. Fargo
Representative Susan W. Pope
Boards of Selectmen, Bedford, Concord and Lexington

OLD NORTH BRIDGE

TOWN OF CONCORD

BOARD OF SELECTMEN'S OFFICE
22 MONUMENT SQUARE - P.O. BOX 535
CONCORD, MASSACHUSETTS 01742

TELEPHONE (978) 318-3001
FAX (978) 318-3002

September 20, 2004

His Excellency Mitt Romney
State House 360
Boston, MA 02133

Dear Governor Romney:

The Concord Board of Selectmen endorses and champions the smart growth concept proposed for Hanscom Air Force Base. The initiative spearheaded by the Leadership Steering Committee lead by Senator Edward Kennedy and Governor Mitt Romney, provides the opportunity for expansion of the mission at the Base by providing increased housing for personnel and 1.25 million square feet of additional research and development activity on the Base.

Expanding the Base will increase the capacity for new missions that will fully utilize the local technology confluence that includes the universities and established industries who are members of the Massachusetts Defense Technology Initiative Structure (DTI). We are fully aware that the best technology must be pursued by the military at all times, and most especially at this time in support of our military personnel and our security at home. The Commonwealth of Massachusetts is to be congratulated for the positive steps taken to support an expansion of military missions at the Base and to create thousands of new jobs in Massachusetts and to retain the enormous annual economic impact the Base provides to the region, Commonwealth and nation.

A special meeting of the Hanscom Area Town Selectmen (HATS) which includes Concord, Bedford, Lexington and Lincoln has endorsed this concept. Local comment was solicited and received toward this concept. The Concord Board of Selectmen endorses and champions this initiative because of its sincere concern for its nation, region, Commonwealth and Town.

Very truly yours,

Anne D. Shapiro

Anne D. Shapiro
Board of Selectmen

cc: US Congressman Marty Meehan
Senator Susan Fargo
Rep. Cory Atkins
HATS Selectmen

TOWN OF BEDFORD
BEDFORD, MASSACHUSETTS 01730

10 Mudge Way
Bedford, MA 01730-2144
781-275-1111

September 17, 2004

To Whom It May Concern:

On September 8, 2004, the Hanscom Area Towns Selectmen (HATS), in open meeting, voted unanimously to endorse the concept plan presented by the Massachusetts DTI to advance the campaign to enhance Hanscom Air Force Base and to insure its continuation as a valued partner and neighbor for years to come. In addition, HATS voted to recommend that each of the four surrounding towns Board of Selectmen take separate votes to support this approach.

Accordingly, the Bedford Board of Selectmen also addressed this issue in open meeting and also voted unanimously to support the DTI plan. The Bedford BOS are confident that issues involving school populations, infrastructure capability, etc. will be resolved positively and with the support of Bedford residents and its municipal leaders.

Bedford residents look forward to continued successful collaboration and partnership with the Hanscom AFB and its Electronic Systems Center and we fully endorse the innovative and sensitive approach put forth by the DTI intended to secure Hanscom Air Force Base's future in our community and surrounds.

Sincerely,

Mark Siegenthaler

Mark Siegenthaler
Chair, Bedford Board of Selectmen
Bedford, MA

Town of Lexington, Massachusetts

OFFICE OF SELECTMEN

DAWN E. McKENNA, CHAIRMAN
JEANNE K. KRIEGER
WILLIAM P. KENNEDY
PETER C. J. KELLEY
RICHARD PAGETT

TEL. (781) 862-0500 X208
FAX: (781) 863-9468

September 20, 2004

His Excellency the Governor Mitt Romney
State House
Room 360
Boston, MA 02133

Dear Governor Romney:

At their meeting September 13, 2004, the Board of Selectmen of the Town of Lexington unanimously endorsed the conceptual plan for expansion of the mission of Hanscom Air Force Base proposed by the Massachusetts Defense Technology Initiative (MassDTI.)

The Town of Lexington supports the Air Force initiatives at the Base and recognizes that Hanscom Air Force Base is ideally positioned for military research and development due to its proximity to the intellectual capital of nearby academic institutions and associated industry. We wholeheartedly support this proposal as we understand and appreciate the role the military serves in keeping our nation safe. Lexington has always partnered with the base on a variety of issues. In addition, we annually honor the role of the military at our town celebrations of Patriot's Day, Memorial Day, and Veteran's Day.

This proposal provides the necessary expansion capability by ensuring that a foot print is available for increased research and development effort at the base, that the physical plant and associated traffic controls are in place to accommodate growth. One of the key factors in reaching consensus on this proposal has been the involvement of HATS at every step in the process. We join the other Hanscom Area towns and HATS in supporting the MassDTI initiative and seek continued collaboration with state and federal agencies, as this conceptual plan becomes reality.

1625 MASSACHUSETTS AVENUE • LEXINGTON, MASSACHUSETTS 02420
email selectmen@ci.lexington.ma.us

Article Last Updated: 6/05/2005 04:32 AM

[redacted]31M Hanscom expansion planned

Pentagon eyes new construction, creation of 1,300 jobs

By TOM SPOTH, Sun Staff
Lowell Sun

Three weeks after recommending that it be spared from a massive round of base closures around the country, the Pentagon has released a plan that calls for spending $131.3 million to expand Hanscom Air Force Base.

The proposed expansion calls for adding about 1,300 new jobs at the Bedford base, and includes construction of a new administration building as well as two smaller structures for electronics and communications operations, according to Department of Defense documents released yesterday. The projects would take place in 2006 and 2007.

That spending may only be the tip of the iceberg, according to state and federal officials.

While details have yet to be hammered out, officials expect Hanscom to be the beneficiary of a massive infusion of state and federal money, as well as private investment. The base's expansion would create thousands of jobs in the region and provide a huge boost for the local economy.

U.S. Rep. Marty Meehan estimated that between 3,000 and 5,000 private-sector jobs would be created as well.

"It will maintain Massachusetts as a technology center for the Defense Department, and the future economy of Massachusetts will be technology-driven," the Lowell Democrat said yesterday.

State Sen. Susan Fargo, a Lincoln Democrat whose district includes Bedford and several surrounding communities, said those private-sector positions could be with anything from military subcontractors, "even down to a lunch place in Bedford."

[redacted]Fargo said her constituents are excited about the economic boom that could result from a larger Hanscom. "It's a real dynamite asset for the state," she added.

The Pentagon's recommendations have been forwarded to a nine-member commission for Base Realignment and Closure. The commission will make its recommendations to President Bush by Sept. 8.

The Pentagon's plan would close 33 major bases nationwide and realign another 29, for a projected savings of $48.8 billion over 20 years.

Massachusetts officials such as Meehan, U.S. Sen. Edward Kennedy and Gov. Mitt Romney have lobbied hard to save Hanscom, arguing the base plays a unique role in advancing military innovation and technology. The Pentagon recommended that Hanscom assume the duties of several bases slated to be closed.

Meehan said Hanscom's expansion is still not a done deal and legislators will continue to lobby for approval of the Pentagon's recommendation.

"We're optimistic, but we'll be watching it closely," he said.

The release of details is a good sign, said Chris Anderson, president of the Massachusetts Defense Technology Initiative, which is led by Kennedy and Romney and helped craft the expansion plan.

"They're obviously thinking about very specific needs that fit within the strategy," Anderson said. "Clearly, these are plans that are well under way."

[redacted] report includes material from the Associated Press.

Tom Spoth's e-mail address is tspoth@lowellsun.com.

boston.com

Hanscom expansion is planned

Pentagon eyes new missions, $131m upgrade

The Boston Globe

By Matt Viser, Globe Staff | June 4, 2005

The Pentagon envisions a huge expansion of Hanscom Air Force Base, adding three buildings at an estimated cost of $131.3 million in military construction to accommodate new missions at the base, Defense Department documents released yesterday show.

Construction would take place in 2006 and 2007 and would add 615,292 square feet to a base that currently has 240 buildings and 3.7 million square feet, according to the Pentagon plans described in the documents. The bulk of the construction would be on a 570,000-square-foot general administrative building; two smaller buildings would be used for electronics and communications.

The expansion at Hanscom is part of a restructuring plan that would consolidate at two bases the Air Force technology research now being done at six. Hanscom would conduct research and development for the Air and Space Informations Systems Research wing. Edwards Air Force Base in California would test and evaluate the new equipment developed at Hanscom.

The added work -- which Hanscom would take over from Wright-Patterson Air Force Base in Ohio, Maxwell Air Force Base in Alabama, and Lackland Air Force Base in Texas -- makes the new buildings necessary, according to the documents released yesterday.

The Pentagon plans to add nearly 1,300 new jobs to Hanscom by 2008 and close Otis Air National Guard Base in Bourne by same year.

Planners at the Pentagon ranked Hanscom first in the Air Force and fifth in the military overall in developing information systems technology, fitting into the Defense Department's overarching goal of a leaner, more agile military that favors innovation over manpower.

The documents, dated May 5, are part of the Pentagon's underlying reasoning for its plans to close 33 major bases and reshape dozens of others nationwide. The plans are being reviewed by a nine-member Base Realignment and Closure Commission that will send its recommendations to President Bush in September.

A Pentagon spokeswoman declined yesterday to comment on the documents, saying she could not discuss proposals for specific bases.

The construction costs for Hanscom are built into an overall $254.4 million one-time expenditure that the military would have to make in order to consolidate the Air Force technology research centers.

Over the next 20 years, the Pentagon estimates the restructuring would save $238 million by eliminating jobs and consolidating infrastructure.

It is unclear who would pay for the Hanscom construction. The Legislature in February approved $242 million in bonds to expand Hanscom. The bond money was enough to add 1.25 million square feet of research and development office space and was meant to show the military that Hanscom had enough room to expand and enough state support to foot the bill if the base stayed off the closings list.

The state's expansion plan also includes a provision for 800 units of housing at a cost of $168 million, funded by a private developer.

"Whether it's funded by the bond bill or whether it is an Air Force or Department of Defense investment, that's to be

determined," said Cort C. Boulanger, vice president of the Massachusetts Defense Technology Initiative, which is led by Senator Edward M. Kennedy and Governor Mitt Romney and helped craft the expansion plan.

"From the surface of it, the expansion plan from the Air Force seems to jibe with the plan that the state put together," said Steven Wolfe, a Washington-based consultant who has been working closely with the state over the past three years on the military realignment process. "And it seems to make initial sense, but we need more data to figure out what the Air Force's intentions are."

He said it appeared as though the Air Force is planning to fund the expansion without state money.

The base, which opened in 1941 as a traditional air base training fighter squadrons, currently houses the US Air Force Electronic Systems Center, which develops command and control systems that gather information and track potential military targets. The center spends all but $137 million of the base's $4 billion annual budget.

The 846-acre base also houses a separate Air Force research laboratory that investigates sensors and space vehicles and MIT's Lincoln Laboratory, a federally funded defense research center.

Hanscom's proposed expansion is part of a plan released on May 13 by Secretary of Defense Donald H. Rumsfeld that calls for closing 33 major bases to save $48.8 billion over the next 20 years.

The independent commission has until Sept. 8 to send a final proposal to President Bush. Over the past four rounds of base closings, the commission has kept about 85 percent of the Defense Department's recommendations.

Included in the closing recommendations are Portsmouth Naval Shipyard in Kittery, Maine; New London Naval Submarine Base in Groton, Conn.; and Otis, a 3,500-acre base on the upper Cape.

Under the current plan, New England would suffer the largest cuts in base employment of any region, losing nearly half of the 29,000 jobs that would be eliminated nationwide.

The Pentagon estimates that closing Otis and combining its mission with facilities in Florida and New Jersey would eliminate 505 direct jobs and 322 indirect jobs and would save $336.1 million over the next 20 years.

Romney and Kennedy have criticized those figures for not taking into account money that would later have to be spent by the Coast Guard and an Army National Guard post, which together with Otis make up the 22,000-acre Massachusetts Military Reservation in Sandwich, Mashpee, Falmouth, and Bourne.

Under Rumsfeld's proposal, the 102d Fighter Wing at Otis would be transferred, but the 253d Combat Communications group and the 267th Communications Squadron would remain there.

Matt Viser can be reached at maviser@globe.com. ■

OFFICE OF THE UNDER SECRETARY OF DEFENSE
3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

ACQUISITION
TECHNOLOGY
AND LOGISTICS

OCT 8 2004

The Honorable Duncan Hunter
Chairman, Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

This is in response to your request for consideration of proposals to invest future resources to improve or expand base infrastructure and their consideration within the BRAC process.

While the Department welcomes any actions that improve military-community relationships and the quality of life for our nation's armed forces, it will not include such promised considerations within the BRAC process. The statute authorizing the BRAC process requires that the Department review all military installations equally based on approved, published selection criteria and a force structure plan. The statute also requires that military value be the primary consideration in making recommendations for the closure or realignment of military installations using certified data. Proposals from the public do not constitute certified data that our analysis relies upon.

I trust you find this information helpful.

Sincerely,

Raymond F. DuBois
Deputy Under Secretary of Defense
(Installations and Environment)

cc: The Honorable Ike Skelton
Ranking Member

(j) A few commentors wanted to ensure that, as the Department considers the ability of community infrastructure to support the military, DoD view that ability as evolving, and consider the willingness and capacity of the community to make additional investments. The infrastructure provided by the communities surrounding our installations is a key component in their efficient and effective operation. As the BRAC legislation has established a stringent timetable for the Secretary to arrive at recommendations, the Department must focus on the existing, demonstrated ability of a community to support its installation, especially as potential investment actions may not translate into reality.

(k) One commentor requested clarification that criterion eight – environmental impact – includes consideration of the impact of the closure or realignment on historic properties. As has been the case in prior rounds of base closure, the Department will consider historic properties as a part of criterion eight.

(l) Several commentors stated that the criteria should consider the effect of closures and realignments on the quality of life and morale of military personnel and their families. The Department agrees that the quality of life provided to its military personnel and their families significantly contributes to the Department's ability to recruit and retain quality personnel. Military personnel are better able to perform their missions when they feel comfortable that their needs and those of their families are taken care of. Quality of life is captured throughout the criteria, particularly criterion seven.