



DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
2521 South Clark Street, Suite 600
Arlington, VA 22202
Telephone: 703-699-2950

September 19, 2005

The Honorable Charles E. Grassley
135 Hart Senate Office Building
United States Senate
Washington, DC 20510-1501

Dear Senator Grassley:

Thank you for your letter of September 12, 2005, requesting clarification of the Commission's decisions as they affected Rock Island Arsenal, Illinois. Your questions with responses are provided below.

1. Please confirm whether this [document provided with the letter] is the COBRA run used by the BRAC staff in making its analysis and recommendation to the Commission. If not, please provide a copy of the COBRA run that was used by the Commission.

Answer 1: The complete COBRA run used by the Commission in its analysis and formulation of a recommendation regarding Rock Island Arsenal, which consisted of 165 pages, is enclosed (Attachment 1). Any assessment or evaluation of the costs and savings of this recommendation, or a specific action within the recommendation, must be made using the complete COBRA run. This ensures an appropriate contextual framework is maintained during the evaluation of the costs and savings. Mr. Bob Cook, Deputy Director, Review & Analysis, is available to provide assistance in navigating through and better understanding Attachment 1.

2. Based on the data used by the BRAC staff for its analysis, what is the cost or savings of the move of TACOM Rock Island to Detroit Arsenal considered separately from the 10 other components of the Depot-Level Repairable Management Consolidation recommendation and the move of inventory control point functions to DLA?

Answer 2: The cost (in terms of 20-Year Net Present Value) of the move of TACOM from Rock Island to Detroit Arsenal, when considered separately from the other components of the Depot-Level Repairable Management Consolidation recommendation and the move of inventory control point functions to DLA, is \$128.23 million.

3. In the public deliberations of the BRAC Commission, why did the BRAC staff omit the community's concerns about the net long-term cost of the TACOM move?

Answer 3: The Commission considered the community's concerns regarding the net

Chairman: Anthony J. Principi

Commissioners: The Honorable James H. Bilbray, the Honorable Philip E. Coyle III, Admiral Harold W. Gehman Jr., USN (Ret), the Honorable Jim Hansen, General James T. Hill, USA (Ret), General Lloyd Newton, USAF (Ret), the Honorable Samuel K. Skinner, Brigadier General Sue Ellen Turner, USAF (Ret)

Executive Director: Charles Battaglia

long-term cost of the TACOM move and in fact presented an issue regarding this concern (Attachment 2). However, the impact of the move on the net present value was minimal and the Commission's recommendation, as a whole, will increase military value (as described in selection criteria 1-4) and support transformation.

4. When asked by Commissioner Skinner about the payback for the TACOM move, why did the BRAC staff not reply with the payback for that specific action taken by itself?

Answer 4: Commissioner Skinner's question did not address the costs/savings of the specific action of the relocation of TACOM from Rock Island to Detroit Arsenal, but rather the impact of the increased military construction costs on the overall payback. Commissioner Skinner's response to the analyst's assessment of the impact confirms that the intent of the question was to ensure the revised military construction requirements were accounted for and did not have a significant impact on the payback of the recommendation, as confirmed in the transcript of the August 24, 2005, BRAC Commission hearing, afternoon session. A copy of the relevant portion of the transcript is enclosed (Attachment 2, page 119).

5. What information, if any, was provided to the Commission about the specific cost of the TACOM move before the vote on that issue? With your response, please provide a copy of the briefing paper given to the commissioners that included that TACOM Rock Island move.

Answer 5: Only verbal briefings were provided to the Commissioners prior to final deliberations and the briefings covered all issues associated with a given recommendation. These briefings always included the cost implications, as depicted within the COBRA model, for the recommendation as a whole. This approach was done for TACOM as part of the overall BRAC recommendation 176, Depot Level Reparable Procurement Management Consolidation (S&S 7).

6. On what basis did the Commission conclude in its report to the President that ". . . the overall Rock Island portion of this recommendation remained sound from a military value standpoint, as well as being cost effective"?

Answer 6: The Commission supported DoD's reasoning for this action since the impact of the move on the net present value was minimal and the recommendation, as a whole, will increase military value (as described in selection criteria 1-4) and support transformation.

7. In light of these facts, was DFAS Rock Island considered as one of the DFAS sites to remain open or gain personnel?

8. Why did the BRAC staff ultimately decide not to recommend DFAS Rock Island as a receiving site?

Answers 7 and 8: All of the DFAS Rock Island information provided to the Commission was considered in the final analysis. However, ultimately, DFAS Rock Island was not selected as a receiving site based on a determination guided by the final selection criteria and force structure plan.

9. Did the Commission receive any revised numbers for Depot Level Maintenance at Rock Island?
10. Was the Commission staff aware that the Army had revised numbers available?
11. If the Commission staff was aware of the revised numbers, why was this not mentioned in response to questions from commissioners?

Answers 9, 10, and 11: The Commission received revised answers to data call questions obtained from installations by DoD; however, this information updated the depot level maintenance workload only. The DoD recommendation addressed personnel numbers associated with capacity and capability, not just workload. The Commission considered all information received and attempted to address it appropriately.

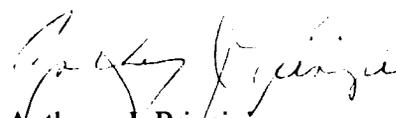
12. Why was the same logic and reasoning used for the Rock Island Arsenal CPOC recommendation not applied to the other recommendations that were made when it was assumed that the Rock Island Arsenal was going to close?

Answer 12: Each of the actions cited was developed and briefed by separate Joint Cross Service Groups supporting different initiatives. The Commission carefully considered the military value (as described in selection criteria 1-4) of the Rock Island Arsenal compared to other potential gaining installations throughout the process of review, analysis, and consultation.

Please note that the final report, hearing transcripts, briefing books and all correspondence received by the Commission may be reviewed in their entirety on our web page, www.brac.gov. Prior to the actual deliberations, the Commissioners received detailed information about Rock Island Arsenal and other military installations being considered for closure or realignment. This information came through DoD certified sources, base visits, regional hearings and meetings with Community members. Additionally, each Commissioner was fully informed regarding the major issues in each recommendation through multiple exhaustive consultations with BRAC staff analysts.

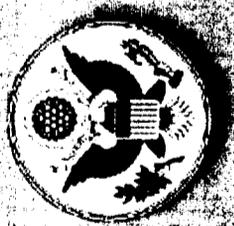
I trust you will find this information responsive to your request and useful in your evaluation of the Commission's recommendations. We remain available and look forward to the opportunity to be of continuing assistance to you.

Sincerely,


Anthony J. Principi
Chairman

Attachment:

- 1) COBRA run ICW Recommendation 176
- 2) Final deliberation briefing slide
- 3) Excerpts from Aug. 24, 2005 BRAC Commission Final Deliberations



Sec. 176: Depot Level Reparable Procurement Management Consolidation Issues

- C1.
 - Rock Island Arsenal Military Value higher than gaining site Detroit Arsenal
 - Discrepancies in number of positions DoD recommended to transfer from TACOM-Rock Island to Detroit Arsenal
 - Cryptologic Systems Group (CPSG) at Lackland AFB will be disestablished under four separate recommendations including Sec. 176
 - Taken separately the recommendations do not capture the mission value of the CPSG
- C2.
 - Concerns on the availability of buildable space at Detroit Arsenal
- C3.
 - RIA Community concern Detroit Arsenal unable to meet force protection requirements
- C4.
 - CPSG at Lackland AFB
 - Taken separately the recommendations do not represent fairly the costs associated with the support of the collective functions of CPSG
- C5.
 - Cost underestimated based on discrepancy in number of positions identified to transfer from Rock Island Arsenal
 - CPSG at Lackland AFB
 - The extent and timing of potential costs outweigh potential savings with no payback of investment



UNCERTIFIED

DEFENSE BASE REALIGNMENT AND CLOSURE COMMISSION

AFTERNOON SESSION

Wednesday, August 24, 2005

1:02 PM

Regency Room C

Hyatt Regency Crystal City

2799 Jefferson Davis Highway

Arlington, Virginia

COMMISSIONERS:

HON. ANTHONY J. PRINCIPI, presiding

JAMES H. BILBRAY

HON. PHILIP E. COYLE

ADMIRAL HAROLD W. GEHMAN, USN-Ret.

JAMES V. HANSEN

GENERAL JAMES T. HILL, USA-Ret

GENERAL LLOYD W. NEWTON, USAF-Ret.

SAMUEL K. SKINNER

BRIGADIER GENERAL SUE TURNER, USAF-Ret.

CHAIRMAN:

ANTHONY PRINCIPI

MS. SARKAR: I'm sorry. I'll correct the vote, I'm sorry, Mr. Chairman.

CHAIRMAN PRINCIPI: Thank you.

MR. VAN SAUN: Thank you, Mr. Chairman. That completes chapter 6 of the industrial Cross Service Group. I'd like to move to one small chapter for one more item to finish this out for today. That item is in chapter 9 from the supply and storage cross-service group, 176 of the bill, depot level reparable procurement management consolidation.

(Slide.)

This recommendation proposes the consolidation of DLR procurement and the management of consumable items into one DOD agency, Defense Logistics Agency, DLA. There are 11 specific realignments and you see that on this slide and the next slide.

(Slide.)

We lost the slide. I will lead the realignments. Realign Lackland Air Force Base, Texas; realign Soldier Systems Center, Natick, Massachusetts; realign Detroit Arsenal, Michigan; realign Rock Island Arsenal, Illinois; realign Fort Huachuca, Arizona; realign Naval Support Activity Mechanicsburg, Pennsylvania; realign Marine Corps Base, Albany, Georgia; realign Naval Support Activity, Pennsylvania; Tinker Air Force Base, Oklahoma; Hill Air

Force Base, Utah; and Robins Air Force Base, Georgia;
realign Redstone Arsenal, Alabama; realign Wright Patterson
Air Force Base, Ohio; realign Fort Belvoir, Virginia.

Next slide.

(Slide.)

This proposal moves select inventory control
point functions to DLA. A number of the inventory control
functions will remain by the services to maintain the
appropriate critical mass to perform requirements and
engineering.

I'd like to introduce Valerie Mills again to
further discuss this item.

MS. MILLS: Thank you, Dave.

The Department of Defense justified this
recommendation on the basis of assigning the responsibility
for consumable and depot level repairable item management
across the Department of Defense to a single DOD agency.
COBRA represents a one-time cost of \$127 million to
implement this recommendation. The net present value of
this recommendation through 2025 is \$1,889.6 million.

This recommendation eliminates approximately 130
positions.

Slide.

(Slide.)

This slide summarizes the key issues developed

during analysis of this recommendation and are grouped by their associated selection criteria. Rock Island issues. The installation was concerned that Detroit Arsenal's military value was lower and the number of positions to transfer from Rock Island was incorrect. The Commission staff found there were discrepancies in the number of positions identified and the costs associated. A rerun of COBRA reduced the total recommendation net present value by 3 percent.

Lackland issues. Lackland issues involving the Cryptology Systems Group were previously discussed under section 161.

Mr. Chairman, this concludes my prepared presentation. The staff is prepared to answer any questions you may have prior to any motions you might have.

CHAIRMAN PRINCIPI: Thank you.

Any discussion, any questions for staff?
Secretary Skinner.

COMMISSIONER SKINNER: Yes. Ms. Mills, you visited Rock Island and I think you also visited Detroit Arsenal. At least I did, and I think you've been there.

MS. MILLS: Yes, sir.

COMMISSIONER SKINNER: As you know, there's other recommendations to move from Rock Island to the Detroit Arsenal. The buildable space issue, maybe you can explain

that. It's my understanding that in the other recommendation that we'll probably get to tomorrow it deals with moving the surface, the vehicle combat -- not the combat vehicles, but the motor vehicles.

What is the exact situation as is currently proposed and will be proposed tomorrow as it deals with the Detroit Arsenal and its capacity, because that was an issue when we visited Rock Island together?

MS. MILLS: Yes, sir. What you have just explained affects this recommendation right here. That was also one of the concerns, was did Detroit have enough buildable space to accommodate the additional people moving from Rock Island to Detroit. We visited Detroit and we were -- it was confirmed by the installation that they do have the required space to accommodate the 1100 people that would be moving in from Rock Island.

As a result, we did rerun COBRA. There are additional military costs associated with those additional 300 people moving.

COMMISSIONER SKINNER: Well, it's my understanding that when we say they have space, they have land inside a perimeter that they're going to have to build a new building.

MS. MILLS: That's correct, sir.

COMMISSIONER SKINNER: One or more buildings.

MS. MILLS: Yes, sir.

COMMISSIONER SKINNER: And this is tied indirectly. Without that new building, they don't have enough space for this.

MS. MILLS: That's correct.

COMMISSIONER SKINNER: With this new building and the tank efforts that are moving there, they will have additional space to build a new building. But all I'm saying is that if they don't build a new building and we don't approve the one tomorrow, then there won't be any space to move in there and that's not on the agenda. So that's one of these things that kind of ties in, because it almost has to be conditional disapproval on this aspect of it -- Rock Island has to be conditional on approval of the one tomorrow that will allow them to build that new building. Is that correct or am I misunderstanding it?

MS. MILLS: The one that you're referring to is this particular recommendation right here. This is the recommendation that has Rock Island to move originally 740 people to Detroit. This is the recommendation here.

COMMISSIONER SKINNER: And this is now -- and we also thought there was maybe 900 instead of 700. There was some kind of a disconnect on people.

MS. MILLS: That's correct, sir. There are an additional 300 people that are moving. The entire TACOM

Rock Island organization is moving, or proposed.

COMMISSIONER SKINNER: Would you -- with the new numbers that you've put in there for the cost of the new building, which was about twice, as I recall, what they initially had in there, how does that come out from a payback viewpoint?

MS. MILLS: Karl, would you like to answer that?

MR. GINGRICH: Commissioner Skinner, military construction costs are about 45, just under \$46 million at the new revised military construction, and it does affect the net present value, but insignificantly. Payback with the new scenario, new MILCON, is \$1.8 billion savings over 20 years, still a large saving.

COMMISSIONER SKINNER: Okay, good. I just want to make sure that we got that new cost structure, which was twice. What you're saying is, given its personnel savings, it really doesn't affect the payback in the long run.

MR. GINGRICH: Commissioner Skinner, that's a correct statement.

COMMISSIONER SKINNER: Okay.

CHAIRMAN PRINCIPI: General Hill.

COMMISSIONER HILL: Sir, I have a motion based upon the cryptological unit that I'd like to submit. I move that the Commission find that when the Secretary of Defense made supply and storage Joint Cross Service

recommendation 7, depot level reparable procurement and management consolidation, he substantially deviated from Final Selection Criteria 1, 3, 4, and 5, and the Force Structure Plan; that the Commission -- I read the wrong thing, excuse me -- that the Commission strike paragraph A, chapter 9, section 176 of the bill; and that the Commission find this change and the recommendation as amended are consistent with the Final Selection Criteria and Force Structure Plan.

CHAIRMAN PRINCIPI: Is there a second?

COMMISSIONER NEWTON: Second.

CHAIRMAN PRINCIPI: Secretary Skinner?

COMMISSIONER SKINNER: I just have a question.

Could you explain the economics of the removal of paragraph A, similar to what you did? Maybe General Hill's going to address that. But I didn't see in your presentation a lot of discussion about this. I did see a lot about Rock Island. I may have missed it.

MS. MILLS: What happened when we removed Lackland from out of this recommendation, it affected the net present value overall by 3 percent, I think it was, either 3 or 1 percent. It was a really small percent that was affected from this recommendation.

COMMISSIONER SKINNER: And the basis for that?

MS. MILLS: Was because that was the cryptology

section that was --

COMMISSIONER HILL: The basis of that is that this unit needs to stay together.

MS. MILLS: Yes.

COMMISSIONER HILL: It makes no sense to do any of us anywhere but within that cryptological unit.

COMMISSIONER SKINNER: Now I understand. I got that now. Thank you.

CHAIRMAN PRINCIPI: Is there any further discussion?

(No response.)

CHAIRMAN PRINCIPI: Are there any recusals on this motion?

(A show of hands.)

CHAIRMAN PRINCIPI: There are two recusals.

All in favor of the Motion 176-3a, so indicate.

(A show of hands.)

CHAIRMAN PRINCIPI: All opposed?

(No response.)

MS. SARKAR: Thank you, Mr. Chairman. The vote is seven nays, zero nays, two abstentions. The motion carries. It's adopted.

With your indulgence, Mr. Chairman, I'd like to report back on two previous votes for the sake of clarity of the record, if that would be all right. The previous

vote to accept Motion 163 as amended was adopted -- that concerns Deseret -- at 7-1-1, meaning 7 yeas, 1 nay, and 1 abstention. With regard to previous Motion 165 as amended, it has been adopted by a vote of 7 yeas, zero nays, and 2 abstentions.

Thank you, Mr. Chairman.

CHAIRMAN PRINCIPI: Thank you for the clarification.

On this recommendation, are there any further motions to amend?

(No response.)

CHAIRMAN PRINCIPI: Hearing none, we vote to -- we are voting to approve the Secretary's recommendation as amended and find that it is consistent with the Final Selection Criteria and the Force Structure Plan. Is there a second?

COMMISSIONER NEWTON: Second.

CHAIRMAN PRINCIPI: All in favor?

(A show of hands.)

CHAIRMAN PRINCIPI: All opposed?

(No response.)

MS. SARKAR: Mr. Chairman, the vote is seven yeas, zero nays, and two abstentions. It carries. Thank you.

CHAIRMAN PRINCIPI: Thank you.

Are there any further recommendations to come before the Commission?

MR. VAN SAUN: Mr. Chairman, just as a quick summary, we completed today Joint Cross Service Group chapter 6 for industrial chapter 7 for intel, chapter 9 for supply and storage. Tomorrow morning we'll address chapter 4, education and training; chapter 5, support activities; chapter 8, medical; and chapter 10, technical.

CHAIRMAN PRINCIPI: Thank you very much. My thanks to the entire Joint Cross Service Team for their presentation and their hard work.

Before we recess for the day, I want to alert all interested communities that we may take up the Air Force recommendations as early as tomorrow afternoon, Thursday. We had previously announced Friday as the Air Force start date and on Thursday morning, as Mr. Van Saun indicated, we will begin and hope to complete our deliberations on the Joint Cross Service Group recommendations.

Are there any other matters Commissioners wish to bring before the Commission today?

(No response.)

CHAIRMAN PRINCIPI: We'll stand in recess until 8:00 a.m. tomorrow.

(Whereupon, at 4:38 p.m., the Commission was recessed, to reconvene at 8:00 a.m. on Thursday, August 25,

2005.)