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DCN: 11565

State of Indiana

Submission to the  
2005 Defense Base Closure  
and Realignment Commission

Washington, D.C. Hearing Regarding  
Defense Finance and Accounting Service Indianapolis

August 10, 2005

*216 Hart Senate Office Building  
Washington, DC*

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**State of Indiana**  
**Submission to the**  
**Defense Base Realignment and Closure Commission**  
**DFAS Indianapolis Hearing**

Table of Contents

August 10, 2005

DFAS Indianapolis White Paper .....	Tab 1
U.S. Senator Richard G. Lugar .....	Tab 2
- Prepared Statement	
- Biography	
Indiana Governor Mitch Daniels.....	Tab 3
- Prepared Statement	
- Biography	
U.S. Representative Dan Burton .....	Tab 4
- Prepared Statement	
- Biography	
U.S. Representative Julia Carson.....	Tab 5
- Prepared Statement	
- Biography	
Indianapolis Mayor Bart Peterson .....	Tab 6
- Prepared Statement	
- Biography	
<i>Additional background materials:</i>	
Letter from Senator Evan Bayh .....	Tab 7
Letter from University of Indiana President Beverly Pitts.....	Tab 8
2005 BRAC Recommendation for DFAS .....	Tab 9
Department of Defense Letter to Senator Richard Lugar.....	Tab 10
DFAS BRAC Commission Update, August 3, 2005 .....	Tab 11
Department of Defense Supporting Information for BRAC DFAS Recommendation.....	Tab 12
1997 Memorandum of Agreement between GSA and Department of Defense.....	Tab 13
2003 Occupancy Agreement between DFAS and GSA .....	Tab 14
GSA Information Paper on Lease Costs, June 15, 2005 .....	Tab 15
Labor Force Around Fort Benjamin Harrison .....	Tab 16
2005 Federal Pay Tables, Office of Personnel Management.....	Tab 17
Cost of Living Comparisons, Bureau of Labor Statistics.....	Tab 18
Department of Defense Memorandum to BRAC Commission Staff, July 25, 2005.....	Tab 19

DCN: 11565

**STATE OF INDIANA**  
**WHITE PAPER-BRAC 2005**  
**DFAS Consolidation**

As part of the 2005 BRAC process, the Headquarters and Support Activities Joint Cross-Service Group recommended the consolidation of Defense Finance and Accounting Service (DFAS) operations to DFAS Indianapolis and two other sites (Columbus and Denver). DFAS Indianapolis, located within the Major General Emmett J. Bean Federal Center in Lawrence, Indiana, is ideally positioned to assist in the efforts to consolidate and transform DFAS operations.

***DFAS transformation and consolidation***

Since its creation in 1991, the Defense Finance and Accounting Service has been in a state of transformation, consolidating over 300 installation-level finance and accounting offices to the current 26. In fact, the original DFAS consolidation effort had intended to result in no more than five facilities, but ultimately was expanded to 26 for a variety of reasons.

However, the organization remains committed to overall transformation, and has recognized that its current footprint is still too big. The need for such transformation is acknowledged in evaluations both by the Department of Defense and by outside organizations, including the Government Accountability Office. In particular, the inefficiency and ineffectiveness resulting from the many current systems within DFAS and other Defense business operations have left the Department of Defense vulnerable to billions of dollars in waste, fraud and abuse annually.

The BRAC represents an important step in this transformation effort by completing the DFAS consolidation effort begun in 1991. The proposed BRAC consolidation would accomplish the major facilities reduction and business line mission realignment that DoD has determined is the best way to restructure the agency for the future. It reduces excess capacity and achieves manpower savings through the consolidation and elimination of strategic functions.

In its effort to determine the optimal consolidation outcome, DoD utilized an optimization model to ensure that its consolidation would maintain strong military value while utilizing excess capacity to minimize construction costs.

The final DoD recommendation for DFAS consolidation would provide an optimal facilities configuration and complete DFAS reorganization, allowing the agency to benefit from economies of scale and synergistic efficiencies while retaining strategic redundancy. It eliminates redundant operations at geographically diverse locations. The consolidation reduces the number of DFAS Central and Field Operating Locations by merging and combining business line operations to the maximum extent possible. It also

DCN 11565  
balance requirements for an environment that meets DoD antiterrorist and force protection standards, and strategic business line redundancy. It considers area workforce availability, and provides an anchor entity for each business line to retain necessary organizational integrity to support DoD consumer needs.

DoD has confirmed that a three site scenario for DFAS locations provides the optimal structure for future DFAS operations. Adding locations back will reduce the opportunities to achieve economies of scale and cross-utilization of skills. Maintaining additional facilities beyond the necessary core operations, even those which seem to operate at low cost, inhibits this transformation process by promoting the local specialization of function that has exacerbated DFAS' current inefficiencies. While some of these facilities appear to have low operating costs, this calculation does not take into account the overall costs to the DFAS system resulting from the inefficiencies created by these additional facilities.

The monetary savings resulting from DoD's DFAS consolidation recommendation are clear. DFAS consolidation to the three sites will result in net savings of \$158.1 million during the five-year implementation period, with annual savings of \$120.5 million in following years. As a result, the net present value of the consolidation proposal over 20 years is \$1.3138 billion.<sup>1</sup>

Perhaps more important, DoD believes the anticipated efficiencies resulting from this operational restructuring will yield cost savings beyond this \$1.3 billion estimate. However, DoD has warned that adding facilities above the recommended three would reduce the benefits achieved through economies of scale and cross-utilization of skills, thereby limiting unit reductions to the Department. More importantly, DoD has stated that additional locations would "reduce DFAS's ability to effect necessary operational changes and will, in the long term, continue to burden DFAS with infrastructure not needed, which will divert scarce resources from the warfighter."<sup>2</sup>

### ***Capacity analysis***

The Bean Federal Center is the United States' second largest military facility behind the Pentagon, and houses the largest DFAS facility in the nation. DFAS Indianapolis has the greatest number of DFAS personnel, with over 2,500 permanent employees and an additional 400 temporary contractors. DFAS Indianapolis currently utilizes 1.1 million of the 1.6 million square feet in the Bean Federal Center, by far the largest DFAS footprint nationwide. DFAS Indianapolis also has 60 percent of the nation's entire usable square footage for DFAS safes, vaults and financial systems, and the only DFAS area for classified data.

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<sup>1</sup> *Final 2005 BRAC Report, Volume VII (Headquarters and Support Activities, Joint Cross Service Group); Recommendation #HSA0018 – Defense Finance and Accounting Service (Tab 9).*

<sup>2</sup> Department of Defense letter to Senator Richard Lugar, August 2, 2005 (Tab 10).

DCN: 11565 Even more important, DFAS Indianapolis has the greatest ability of any DFAS facility to accommodate additional business, corporate and administrative DFAS functions. Despite its status as the largest current DFAS facility, DFAS Indianapolis also has the most overall capacity and excess capacity. DFAS Indianapolis currently has roughly 800 vacant workstations within its current space.<sup>3</sup> In addition, the Bean Federal Center can accommodate a total of over 900 additional DFAS employees through expansion into currently available excess space and space being vacated as a result of other BRAC recommendations.<sup>4</sup>

These expansions, combined with the current DFAS permanent and contractor staff of nearly 3,000, would allow for a total workforce of more than 4,700 employees at DFAS Indianapolis. In fact, additional permanent DFAS employees could be accommodated within the Bean Federal Center through a variety of other actions, such as adjustments to current space configurations and the transfer of contractors to off-site locations with existing computer connections to the Bean Federal Center. DoD has previously estimated that the Bean Federal Center could accommodate as many as 6,000 DFAS employees, and proposed moving nearly 3,500 positions to DFAS Indianapolis as part of the formal 2005 BRAC recommendation.

DFAS has also planned for additional parking and commuting options to accommodate the increase in workers while ensuring compliance with federal setback requirements. DFAS has proposed building new parking lots on unused space adjoining the Bean Federal Center, which would bring the total number of parking spaces to 4,000. In addition, DFAS can take advantage of current community parking options adjacent to the Bean Federal Center. The City of Lawrence also has pending proposals to expand on this parking, which could eventually provide as many as 2,500 new parking spaces. The bus transit system, IndyGo, already provides bus service directly to the Bean Federal Center and is prepared to expand service to meet the Center's needs.

### *Military Value*

In addition to its capacity strengths, DFAS Indianapolis offers existing capabilities that rank among the highest in the nation. While DFAS Indianapolis ranked 9<sup>th</sup> in the DFAS Military Value scoring plan, the primary reason for this ranking was its location outside a Department of Defense owned installation with a controlled perimeter. Similarly, its location also affected its ranking by impacting its terrorist threat assessment ratings. Nonetheless, the facility does meet the DoD Antiterrorism/Force Protection (AT/FP) standards. As a result, without the location criteria, DFAS Indianapolis would have ranked among the top three DFAS facilities nationwide.

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<sup>3</sup> *DFAS BRAC Commission Update*, DFAS Indianapolis Site Visit, August 3, 2005, page 17 (Tab 11).

<sup>4</sup> *Department of Defense, Supporting Information to Recommendation #HSA0018 - Defense Finance and Accounting Service* (Tab 12). The Bean Center currently has 100,000 usable square feet in excess space available for DFAS expansion. The transfer of the U.S. Army Enlisted Records and Evaluation Center under a separate BRAC recommendation will provide an additional 76,740 usable square feet in space. Using DoD's 160 usable square feet space standard for leased space, these expansions would allow up to 1,100 new workstations.

Ironically, the reason DFAS Indianapolis is no longer on a DoD owned installation is the closing of the surrounding installation (Fort Benjamin Harrison) as a result of the 1991 BRAC proceeding. Yet, while this previous BRAC process closed the rest of the installation, it preserved the Major General Emmett J. Bean Federal Center given its significant value.

As noted below, the other criteria utilized in the Military Value scoring plan provide additional evidence of DFAS Indianapolis' worth.

- *Facility condition:* DFAS Indianapolis received a green facility condition rating, reflecting its location on a GSA site with all renovation and maintenance costs included under the GSA lease. Furthermore, the DFAS Indianapolis facility at the Bean Center is in excellent condition, with a \$123.7 million renovation recently completed in November 2003. This renovation was the result of an innovative agreement that essentially pre-paid a portion of the DFAS lease to provide funding for the renovation, in exchange for a locked-in lease rate that includes a \$7.00 per square foot rebate.<sup>5</sup> As a result of this renovation, the Bean Center is a state of the art facility, with no anticipated maintenance costs expected beyond those required to accommodate the additional positions being added as part of the BRAC process.
- *Hiring time:* DFAS Indianapolis ranks 5<sup>th</sup> in hiring time, currently requiring an average of just over 13 days to fill vacancies. This quick hiring time will be critical given the number of incoming positions that will likely need to be filled with local workers. Of note, this hiring time is just four days longer than the DFAS facility with the top-ranked hiring time (which is located in a smaller community with fewer employment options) and is significantly above the 26 day average hiring time among all DFAS facilities.
- *Local workforce pool:* Indianapolis ranks 10<sup>th</sup> among all DFAS facilities in the size of its workforce pool, well above the average size. In total, the Indianapolis region has more than one million workers, including 590,000 residents between the ages of 25 and 44.<sup>6</sup>
- *Locality pay:* DFAS Indianapolis ranks 13<sup>th</sup> among all DFAS operations in locality pay rate. However, DFAS Indianapolis' locality pay rate of 11.11 is well below the 13.79 average among all DFAS facilities. In particular, DFAS Indianapolis has the lowest locality pay rate among the five major DFAS areas (Columbus, Cleveland, Denver, and Kansas City), a key consideration given the importance of payroll in overall DFAS costs.<sup>7</sup> At the same time, Bureau of Labor

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<sup>5</sup> 1997 Memorandum of Agreement between GSA and DoD (Tab 13) and 2003 Occupancy Agreement between DFAS and GSA (Tab 14). Also provided is a June 15, 2005, GSA Information Paper that compares the lease costs of Indianapolis and Cleveland DFAS facilities (Tab 15)

<sup>6</sup> Indiana Business Research Center, Labor Force Around Fort Benjamin Harrison (Tab 16)

<sup>7</sup> Office of Personnel Management, 2005 Federal Pay Tables (Tab 17).

DCN: 11565 statistics show that the overall cost of living in Indianapolis is also lower than in all other major DFAS cities.<sup>8</sup>

- *Operating costs:* According to recent GSA data for June 2005, DFAS Indianapolis has an operating cost of just \$9.35 per square foot. This represents the lowest operating cost of the five major DFAS facilities, despite the fact that several of these other facilities are located on military installations and thus have no lease or separate security costs.<sup>9</sup>
- *One-of-a-kind corporate process applications:* Given DFAS Indianapolis' skilled local workforce, it currently handles 8 unique corporate process applications. Furthermore, the BRAC report notes that DFAS Indianapolis has the potential to evolve into a separate Business Line Center of Excellence and further enhance "unit cost" reductions beyond the BRAC facilities/personnel savings aspect.
- *Defense Information Systems Network Point of Presence:* DFAS Indianapolis has access to DISN-POP backbone nodes on site.

### ***Community strengths***

DFAS Indianapolis is located in the city of Lawrence, near Indianapolis. This area, often referred to as the "Crossroads of America," offers convenient interstate and air access to the entire Midwest. In addition, the community boasts a high quality of life, with excellent schools, ample affordable housing, and abundant cultural opportunities.

These qualities have helped the area attract a top caliber workforce. Of particular importance is the ability of the area to provide highly skilled workers, as noted in the Military Value scoring. One of the key reasons for this is the numerous accredited colleges and universities in central Indiana, including world class research universities like Indiana University and Purdue University. These universities share a campus in downtown Indianapolis that is referred to as Indiana University-Purdue University at Indianapolis (IUPUI). IUPUI currently ranks among the top 15 in the nation in the number of first professional degrees it confers. The campus offers more than 185 academic programs including business, finance and accounting, which are essential fields to Defense Finance and Accounting Service operations. More than 29,000 students attend IUPUI, representing 49 states and 122 countries. Altogether, these universities awarded more than 7,000 business degrees in 2002, including MBAs, with nearly 40,000 business students enrolled.

Additionally, the state's community college, Ivy Tech State College, operates a branch campus in Lawrence, adjacent to the Emmett Bean Center. Ivy Tech already works very closely with DFAS Indianapolis, especially in providing continuing education programs for the workers to enable them to improve their skills. These employee

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<sup>8</sup> Bureau of Labor Statistics, Cost of Living (Tab 18).

<sup>9</sup> DoD Memorandum for BRAC Commission staff, July 25, 2005 (Tab 19).

DCNed1565  
Educational initiatives will be important in meeting the training needs of new workers at an expanded DFAS Indianapolis facility.

***Conclusion***

DFAS Indianapolis provides a unique opportunity to consolidate DFAS operations in support of the DFAS transformation initiative. The Major General Emmett J. Bean Federal Center offers unmatched capacity for growth, and the existing DFAS Indianapolis operation ranks among the premiere DFAS facilities nationwide. This combination of capacity and capability make clear that DFAS Indianapolis represents the optimal choice for DFAS consolidation and transformation.

More importantly, we believe it is critical that the BRAC process allow the proposed DFAS consolidation to move to completion. The Department of Defense has long studied the best way to transform DFAS operations, and has determined that consolidation to three major facilities is a critical step toward achieving this transformation objective. Any effort to re-evaluate this consolidation recommendation should include a full accounting of the impact of such changes. In particular, this review must consider not just the operating costs of individual facilities, but the overall costs to the DFAS system and how any changes will affect the Department of Defense's efforts to transform DFAS operations.

DCN: 11565

DCN: 11565

**Statement for the Record  
Senator Richard G. Lugar  
The Base Realignment and Closure Commission  
Regional Hearing  
August 10, 2005  
Washington, District of Columbia**

**On behalf of the State of Indiana, thank you for holding this hearing on the impact of Secretary Rumsfeld's 2005 Base Realignment and Closure recommendations for the Defense Finance and Accounting Service (DFAS) facility located at the Major General Emmett J. Bean Federal Center in Lawrence, Indiana. I am pleased to join with our Governor, Mitch Daniels, Congressman Dan Burton, Congresswoman Julia Carson and Indianapolis Mayor Bart Peterson in sharing our**

**support for the Secretary's recommendations.**

**Mr. Chairman, I am already on record before this commission in support of the BRAC process to eliminate excess physical capacity, to be a path for transformation, to rationalize infrastructure with our national defense strategy, and to reconfigure our military infrastructure in a manner that will maximize our war-fighting capability and efficiency for the next twenty years. It is paramount that we implement prudent cost-cutting measures throughout the Department of Defense, and indeed in all sectors**

**of our government, using practical business models and proven solutions.**

**Consideration of these facts and hard-core analyses should incorporate the unique assets and distinctive qualities of the Bean Federal Center facility, the town of Lawrence and the larger Indianapolis community that our witnesses will speak about today. My good friend, Governor Mitch Daniels, who worked to improve the management and efficiency of our federal bureaucracy during his tenure as President Bush's Director of the Office of Management and**

**□ Budget, is here to speak to these issues in greater depth. He has asked our additional distinguished witnesses to provide detailed information regarding the Fort Benjamin Harrison facilities that members of the Commission visited last week and Indiana's unique qualifications to support Secretary Rumsfeld's suggested course of action.**

**I believe the original plan to consolidate 3,495 DFAS jobs at the former Fort Benjamin Harrison facility are in direct accord with the overall BRAC objectives. It supports our nation's next generation military strategy, the Department of**

**Defense's business consolidation efforts, and the DFAS transformation strategy.**

**Mr. Chairman, for many years Congress and its investigative arm – the General Accountability Office (GAO) – have harped on the inefficiencies embodied in the dissimilar pay and accounting systems that each of the services operate. It is appropriate for the Commission to review ways to forge a better pay system for all the men and women in uniform and the many others whose compensation flows through the twenty-six DFAS facilities.**

**The mobilization of tens of thousands of Reservists over the past few years offers a very real glimpse into some of the challenges that DFAS continues to face in modernizing, despite the investment of billions of taxpayer dollars. For instance, a mobilizing reservist can expect a latency of several days in order to move from a reserve duty pay roster to an active duty pay roster - with an expectation that the same delay will confront them on the way home. These lost days of productivity cost of millions of dollars to the taxpayer. Similar pay issues cause significant**

**financial hardships to our service men and women and their families. These challenges are not new. Reservists reported identical problems in 1991 and in March of 2003 a GAO report found that DoD was investing more than \$1 billion to modernize and \$18 billion a year to operate 1,731 disparate business systems. I support the Secretary's effort to address these problems through the BRAC process.**

**In closing Mr. Chairman, I would like to point out that Hoosiers are proud of their military heritage. With 590,000 veterans in a state of 6.2**

**million people, and tens of thousands in uniform today, Hoosier veterans not only speak with pride and patriotism, but serve the cause of freedom with valor. This is equally true of the talented and experienced civilian work force that populates the military installations in the State of Indiana. As a former Mayor of Indianapolis, I am proud to advocate the qualities of my home city and to offer any further assistance I can in your weighty endeavors over the next few weeks.**

# Biography of Senator Dick Lugar

Dick Lugar is an unwavering advocate of U.S. leadership in the world, strong national security, free-trade and economic growth.

This fifth generation Hoosier is the longest serving U.S. Senator in Indiana history. He is the Chairman of the Foreign Relations Committee and a member and former chairman of the Agriculture, Nutrition and Forestry Committee. He was first elected to the U.S. Senate in 1976 and won a fifth term in 2000, his third consecutive victory by a two-thirds majority.

Lugar graduated first in his class at both Shortridge High School in Indianapolis and at Denison University in Granville, Ohio. He attended Pembroke College at Oxford University as a Rhodes Scholar, studying politics, philosophy and economics.

Lugar manages his family's 604-acre Marion County corn, soybean and tree farm. Before entering public life, he helped manage with his brother Tom, the family's food machinery manufacturing business in Indianapolis.

As the two-term mayor of Indianapolis (1968-75), he envisioned the unification of the city and surrounding Marion County into one government. Unigov, as Lugar's plan was called, set the city on a path of uninterrupted economic growth. As Mayor, Lugar served three terms on the U.S. Advisory Commission on Intergovernmental Relations, including two terms as the Vice-Chair of the Commission, and served as President of the National League of Cities.

Richard Lugar has been a leader in reducing the threat of nuclear, chemical and biological weapons. In 1991, he forged a bipartisan partnership with then-Senate Armed Services Chairman, Sam Nunn (D-Ga.), to destroy these weapons of mass destruction in the former Soviet Union. To date, the Nunn-Lugar program has deactivated over 6,300 nuclear warheads that were once aimed at the United States.

As Chairman of the Agriculture Committee, Lugar built bipartisan support for 1996 federal farm program reforms, ending 1930s era federal production controls. He has promoted broader risk management options for farmers, research advancements, increased export opportunities and higher net farm income. Lugar initiated a biofuels research program to help decrease U.S. dependency on foreign oil. He also led initiatives to streamline the U.S. Department of Agriculture, reform the food stamp program and preserve the federal school lunch program.

Lugar has promoted policies that spur economic growth, cut taxes, lead to job creation, eliminate wasteful government spending and reduce bureaucratic red tape for American businesses.

His Hoosier commonsense has been recognized many times including such awards as Guardian of Small Business, the Spirit of Enterprise, Watchdog of the Treasury, and 38 honorary doctorate degrees from colleges and universities in thirteen states and the District of Columbia. He was the fourth person ever named Outstanding Legislator by the American Political Science Association.

Richard Lugar and his wife, Charlene, were married September 8, 1956, and have four sons and nine grandchildren.

DCN: 11565

Base Closure and Realignment Committee Hearing  
August 10, 2005

I would like to express my appreciation to Indiana's senior Senator Richard Lugar for being here today. He has set an example to all of us by consistently placing the needs of America's security – and the men and women who defend it – above any other consideration in evaluating the outcome of the decisions made through the BRAC process.

Let me next thank all of you for your willingness to undertake this most difficult of responsibilities. I have always been a supporter of the BRAC process, as has the state of Indiana. Even though we have taken some pretty significant hits in earlier rounds, we have not been part of efforts to delay or derail the current process.

As a practical matter, a BRAC round often affords the only opportunity to make badly needed changes to the DoD infrastructure. Senator Lugar has said our paramount goal must be to collect the most accurate and relevant information on which to base these key decisions.... and that has certainly been our approach during this BRAC round.

In all of our dealings with the Commission, we have been guided by this standard. In a matter unrelated to these proceedings today, we have had some useful and productive dialogue with commission staff regarding ways to maximize the benefits resulting from the adjustments being made at the Crane Surface Naval Warfare Center. While this has not been a high profile matter, I am pleased to report that these discussions are being conducted in a highly professional fashion by both sides and our suggestions appear to be receiving the most thoughtful consideration. We remain hopeful that this dialogue will lead to optimum results for the installation and the warfighters it serves so well.

DCN: 11565

Like any enterprise, the federal government should seek out opportunities for well-planned consolidation as a means to increase efficiencies and generate cost savings. And it is precisely such efficiencies and cost-savings that prompt DoD's recommendation to consolidate DFAS activities to the three sites, including Indianapolis.

In Section 5 of its recommendations, DoD notes that "The consolidation of Civilian Personnel Offices within each Military Department and the transactional functions among the Defense Agencies reduces excess capacity, reduces the use of leased facilities, and achieves manpower savings through consolidation and elimination of duplicate functions. This recommendation supports the Administration's urging of federal agencies to consolidate personnel services." (Page 20)

I note that final sentence with some interest. As Director of the Office of Management and Budget in 2001, I directed agencies to pursue the consolidation of personnel services, including payroll and accounting.

To its credit, the Department of Defense took that direction seriously, and DFAS emerged as an early leader in the federal government. In August 2002, the Office of Personnel Management conducted an internal competition for consolidated payroll processing providers, and approved a partnership between DFAS and the General Services Administration to move forward.

As I wrote the Defense Department and other agencies in January 2003, this effort was designed to "enable agencies to operate more efficiently, thereby enabling the federal government to dedicate a greater share of its resources to the ultimate mission of serving the citizen."

DCN: 11565  
View DOD's recommendations for realignment of DFAS into the three locations as accomplishing exactly that end: applying resources to the ultimate mission of serving the citizen through a stronger national defense.

In an August 2, 2005 letter to Senator Lugar, DoD has confirmed that a three-site scenario for DFAS locations provides the optimal configuration for future DFAS operations. To quote this letter directly, "changing or adding locations will reduce DFAS's ability to effect necessary operational changes and will, in the long term, continue to burden DFAS with infrastructure not needed, which will divert scarce resources from the warfighter."

The whole idea behind the proposed consolidation is to eliminate redundant operations at geographically diverse locations. It will allow DFAS to strengthen and standardize business processes, simplify training delivery and support, and improve oversight and control.

The monetary savings resulting from DOD's DFAS consolidation recommendation are clear. DFAS consolidation to the three sites will result in net savings of \$158 million during the five-year implementation period, with annual savings of \$120 million in following years. As a result, the estimated net present value of the DFAS consolidation proposal over 20 years is \$1.3 billion. In fact, DoD believes the anticipated efficiencies resulting from this operational restructuring will yield cost savings even beyond this estimate.

Let me talk for a few moments about the criteria used to determine the optimal consolidation recommendation, and address a few of the reasons why Indianapolis clearly fits these criteria.

The goal of the optimization proposal as stated by DoD was to ensure strong military value while reducing the number of DFAS Central and Field Operating Locations by merging and combining business line operations to the greatest extent possible. The

DCN: 11565  
Optimization model also sought to balance requirements for an environment that meets DoD antiterrorist and force protection standards, strategic business line redundancy, area workforce availability, an anchor entity for each business line to retain necessary organizational integrity to support DoD customer needs, and available facility space or buildable acres.

Our DFAS facility in Indianapolis certainly meets these goals. As you all know, DFAS Indianapolis is the Pentagon's largest DFAS facility, with over 2,500 permanent employees, as well as an additional 400 temporary contractors. DFAS is located in the Major General Emmett J. Bean Federal Center, on the grounds of the former Fort Benjamin Harrison. Although Fort Harrison was closed in a prior BRAC process, the Bean Federal Center's obvious value led the Pentagon to maintain significant operations there, most importantly making the Bean Federal Center home to one of DFAS' anchor locations.

I know that Secretary Skinner and General Newton came out and toured the Bean Center last week, but we'd like to underscore some of the unique benefits offered by Indianapolis for those of you who did not see it in person. Congressman Burton and Mayor Peterson will address many of these benefits in their testimony, and we are submitting a white paper which provides specific details about the Indianapolis facility. But I'd like to take a few moments and mention just a few key points:

First, and perhaps most importantly, let me talk about capacity issues. The Bean Federal Center is the second largest building in the Pentagon inventory, with over 1.6 million square feet of space. Of this immense total, DFAS currently operates in 1.1 million square feet. Thus, there is still significant space for additional expansion of DFAS activities within the Bean Center.

At last week's site visit, DFAS stated that there are currently around 800 vacant workstations in its existing space that are available for immediate use. In addition to this, DFAS says it can accommodate nearly 1,000 additional workers by both expanding

DCN: 11565

into currently unused space in the Bean Center, and by using space that will soon become available through other BRAC realignments. Beyond this, we could also secure space for additional permanent employees by moving contractors off-site to nearby buildings that share DOD connectivity.

Thus, there is easily space for at least 4,700 permanent employees at DFAS Indianapolis. Beyond this, DoD's formal BRAC recommendation proposed putting as many as 6,000 DFAS employees in Indianapolis. Whatever the experts decide is ultimately the right number for our facility, I am confident that we can accommodate it.

I also want to stress that both the State and our local governments are fully committed to ensuring the success of this consolidation effort, and we will provide the full resources of the state's Department of Workforce Development and the Indiana Economic Development Corporation to that end.

Another key advantage of Indianapolis is our low cost of operation. Due to a number of factors, including the operating agreement we have with GSA and the low locality pay rate in our area, Indianapolis' operating costs rank below all other major DFAS facilities – even those which are located on military bases and thus do not pay rent or security costs!

I also want to touch on an issue that was raised by Secretary Skinner during the site visit last week. Indianapolis has a very short hiring time – one of the shortest in all of DFAS. Our local DFAS operation is able to fill job openings in an average of just 13 days, compared to the average time among all DFAS operations of nearly 30 days. The credit for this certainly goes to our strong local workforce and educational system, as Mayor Peterson will discuss.

In sum, it is simply good business and sound public policy to build upon the recent investment of almost \$124 million in the Bean facility to continue the ongoing consolidation of DFAS. A

DCN:11565  
decision to add facilities back diminishes the potential savings that this initiative offers to our warfighters, and may push the date for ultimate completion well back into the future.

Again, my deep gratitude to commissioners and staff for the task you have undertaken and the diligence and professionalism you bring to it. I commend to you the balance of our presentation and will be happy to respond to any questions you may have.

# Mitchell E. Daniels, Jr.

## Governor of Indiana

On January 10, 2005, Mitchell E. Daniels, Jr. was sworn in as the 49th Governor of the State of Indiana with the same Bible used to inaugurate President Benjamin Harrison. Surrounded by his family, his mentor and friend U.S. Senator Richard Lugar (R-Indiana), school children, and thousands of other Hoosiers, Governor Daniels asked the people of this great state to join together as neighbors to "raise a new barn" in Indiana.



Daniels exited that ceremony at the historic Indiana State Fairgrounds to immediately begin raising that barn. Governor Daniels promised Hoosiers he would get right to work reforming state government to create jobs, restore the public's trust, and aim higher at a critical moment of change in Indiana. On day one he proposed the most aggressive legislative agenda in recent history. A week later during his State of the State Address, Governor Daniels proposed the state's first honestly balanced budget in ten years. Three weeks later, he signed into law a major overhaul of Indiana's economic development efforts.

The idea of getting right to work plays a constant theme in the life of Governor Daniels. He learned that life lesson from his father, Mitch Sr., and young Mitch has applied that philosophy through decades of service to our state and our nation in business, government, politics, and the non-profit sector.

Mitch Daniels came to Indiana when he was in grade school, and he's been a Hoosier ever since. In 1967, when Mitch graduated from North Central High School in Indianapolis, President Lyndon Johnson named Indiana's future Governor a Presidential Scholar - the state's top male high school graduate that year. Daniels went on to earn a bachelor's degree from the Woodrow Wilson School of Public and International Affairs at Princeton University in 1971.

DCN: 11565

**BRAC COMMISSION HEARING  
Washington, District of Columbia  
August 10, 2005**

**Testimony of  
The Honorable Dan Burton [IN-05]**

Mr. Chairman and distinguished Commissioners, I thank you for convening this important and timely hearing to examine the Department of Defense's (DoD's) Base Realignment and Closure (BRAC) recommendations.

As I have stated in my previous two submissions to this Commission, I want to – once again – express my sincere appreciation for the vote of confidence bestowed upon the great State of Indiana in the DoD's initial round of BRAC recommendations. For the first time in the history of the BRAC process, Indiana is positioned to achieve a net gain after losing most of our active federal military installations in the previous BRAC rounds. It is heartening that Indiana will be able to significantly contribute to the future security and prosperity of the United States.

To be certain, I fully understand that yours is a difficult and daunting task – to efficiently and effectively integrate and consolidate United States military bases into more valuable and resourceful units – and I applaud the progress that the BRAC Commission has made since beginning its work. Mr. Chairman, as you and your fellow BRAC Commissioners begin to make final recommendations, I respectfully request that you consider the value – from a business perspective – of the consolidation plan and why Indianapolis' DFAS Center should and will play an integral role in the success of the proposed consolidation.

While I have the utmost respect for my colleagues in the United States Congress, it is unfortunate that some of those colleagues have made public statements demeaning the great work being accomplished at the Major General Emmett Bean Federal Center (the Center). Moreover, they have also attacked our credibility, by claiming that the innovative plan that Senator Dan Coats, Under-Secretary John Hamre, Mayor Steve Goldsmith and I helped to initiate was somehow unfair and ultimately inequitable. This plan essentially "pre-funded" the DFAS obligation to the General Services Administration (GSA) to lock-in the rate at the facility for up to 20 years. The July 1997 Memorandum of Agreement specifically called for DoD to "plan to provide funding to GSA for the planning, design and renovation of the building over five years (1997-2001)" in return for an agreement that, upon completion of the DoD funded renovation, GSA and DoD would agree upon what was called the post-renovation rate, which included a provision for annual security costs, less a \$7.00 per usable square foot "rebate" that would remain in effect "until such time [as the amount of] the 'rebate' equals the total DoD level of investment."

DCN: 11565

Far from being an unfair advantage or subsidy, this was an innovative and sound decision that benefited the GSA, the DoD, DFAS, and the taxpayers, by allowing the DoD to essentially pre – fund its rent obligation and lock down a lower fixed cost for the facility that could be planned and budgeted for; this ultimately led to real savings. It is fair to say that the GSA received a building that was not only a substantial benefit to their own inventory and in great condition, but a building that was designed to house long-term tenants; moreover, Indianapolis DFAS has a lower operating cost, which can be leveraged to provide a value—added to their customers through lower transaction costs. As important, the ability to expand and consolidate particular business operations at the center has – and will continue to have – an impact on future savings by driving efficiencies from economies of scale and skill, as well as, the benefits of improving technology and the efficiency gained through automation of their systems. This is a real success story and one that makes the Indianapolis Center stand out among the rest. And, it will continue to be a success story well beyond the termination of the “lease rebate” in 2022.

In its current capacity, the Center and the surrounding Cities of Lawrence and Indianapolis have demonstrated the ability to effectively facilitate large scale DoD operations, as well as provide cost-efficient and family-friendly communities that embrace the dedicated men and women who represent the human capital of our Armed Forces. No matter what the number that eventually consolidates into this facility, and by whatever measure you may choose – the cost per employee, the systemic savings, the cost of doing business – I am confident that any rational and realistic analysis, such as my staff and others have done, will lead you to the same conclusion. This rationale is based on solid business decisions and the compelling success of an innovative funding mechanism that we continue to believe resulted in a win—win for the government, the military, and the taxpayer. To suggest anything else is disingenuous.

I have included in my written testimony, as attachments, the July 1997 Memorandum of Agreement (Tab 13) and the 2003 Occupancy Agreement between GSA and DFAS (Tab 14) for your information. I am confident that your analysis will lead you to the same conclusion that mine does. I have also included a comparison of costs between two Centers (Tab 15) as an example of the positive outcome achieved by this innovative and unique mechanism. I trust your comparative analysis will yield a similar conclusion.

The State of Indiana – in conjunction with the Cities of Indianapolis and Lawrence – welcomes the opportunity presented at the Major General Emmett Bean Federal Center. The Lawrence community views the announcement of the proposed consolidation at the Center as confirmation of the success at historic Fort Harrison. While we are sensitive to the losses that other communities face in the light of recent announcements, Fort Harrison and the City of Lawrence have “walked a mile in their shoes.” I am sure that there are fine people doing good work in every facility. You face an unpleasant and difficult task in this decision—making process. It is my hope that we have made a part of that decision easier, and will continue to provide you and your staff with whatever assistance and information you might require.

DCN: 11565

Once again, I want to thank you for allowing me the opportunity to share my testimony. I wish you the best as you move forward with your final recommendations, and I stand ready to answer any questions you may have with regard to the specific funding mechanism or my role in securing the same for the Major General Emmett Bean Federal Center.

## **BIOGRAPHY:**

DCN: 11565

Dan Burton is currently serving his twelfth term as a United States Representative from Indiana's Fifth Congressional District. His first term in Congress began in January of 1983. The Fifth District lies in the heart of central Indiana and includes all of Tipton, Grant, Miami, Wabash, Huntington, Hamilton, and Hancock Counties, as well as parts of Marion, Shelby, Howard and Johnson Counties.

When Congressman Burton assumed the Chairmanship of the House Committee on Government Reform in the 105<sup>th</sup> Congress, he became the first Hoosier Republican to Chair a full House Committee in more than sixty years. The last was Congressman William Robert Wood, who chaired the Committee on Appropriations during the 71<sup>st</sup> Congress (1929-1931). Congressman Burton currently serves as Chairman of the House International Relations Subcommittee on the Western Hemisphere.

Dan Burton was born on June 21, 1938, in Indianapolis, Indiana. He graduated from Shortridge High School in 1957, and attended Indiana University and the Cincinnati Bible Seminary. Congressman Burton received the Honorary Degree of *Doctor of Humanities* from Capital University of Integrative Medicine on December 17, 2000. As a proud veteran of our Armed Forces, Dan served in the U.S. Army and the U.S. Army Reserves (1957-1962). Before his election to Congress, Mr. Burton held office in the Indiana State Senate (1969-70 and 1981-82), as well as in the Indiana House of Representatives (1967-68 and 1977-80). The Burton family resides in Indianapolis, Indiana.

## **GROWING THE ECONOMY:**

Since the devastating terrorist attacks of September 11<sup>th</sup>, which shook our financial institutions, the ever-determined American workforce has been fighting back. And we are continuing to see real signs of hope and prosperity. Congressman Burton has worked diligently with President Bush to implement effective and forward-looking economic policies that will ensure Hoosiers the opportunity for financial growth and prosperity. The *Jobs & Growth Tax Reconciliation Act of 2003*, which Congressman Burton is working to make permanent this year, is driving the strong improvement in our economy. Just look at the facts:

- Nationwide, the economy has created over **3 million** new jobs over the last **22 straight months**, including **110,000** last month alone.
- **Homeownership rates** are at their **highest level ever**, with new home construction at its **best level in 25 years**.
- **American companies** are reporting **historic levels of growth**; in fact business investment growth is at its **best level in 7 years**.

Congressman Burton shares President Bush's belief that American tax dollars must be spent wisely or not at all. He is committed to expanding our economic growth, while instilling fiscal discipline as Congress debates new budget proposals. Congressman Burton believes that in order to keep our economy growing we must reform our antiquated tax code, eliminate wasteful or inefficient government programs, and continue to promote the development and expansion of small businesses.

## **STRENGTHENING SOCIAL SECURITY:**

DCN: 11565  
One of the most important issues being debated on Capitol Hill right now is the need to strengthen our Social Security system. Congressman Burton believes that we must act now to responsibly reform Social Security in a way that strengthens the system by allowing younger workers to invest a portion of their contribution in personal retirement accounts, while still protecting – and leaving entirely untouched - the benefits for current or near recipients age 55 or older.

Congressman Burton believes younger workers should absolutely have the option to invest a portion of their contribution in personal retirement accounts, just like every Member of Congress and Federal employee already has access to with the TSP (Thrift Savings Plan). And as we move forward, we must remember that the issue at hand is retirement security. In little over a decade from now, Social Security is going to spend more than it takes in. And while benefits are secure for today's retirees, Social Security will soon be unable to pay the benefits promised to our future generations. We are clearly facing a challenge and we need to find a solution. I strongly believe that President Bush – as he has stated numerous times – is committed to considering all options as we begin this important debate.

## **ADVOCATING FOR GREATER PERSONAL HEALTH:**

Although Congressman Burton no longer chairs the Government Reform Subcommittee on Human Rights & Wellness (2003-2004), he remains deeply committed to making sure all Americans receive the best health care possible. As a Senior Member of Congress, Representative Burton continues to be a tireless advocate on a wide range of health issues, including affordable prescription drugs for seniors, medical liability tort reform, and mercury-free vaccines. Congressman Burton will shortly reintroduce his Dietary Supplements Tax Fairness Act.

**As Chairman of the full House Government Reform Committee (1997-2002) and the House Government Reform Subcommittee on Wellness and Human Rights, Congressman Burton boldly launched an investigation into the autism epidemic and the dangers of mercury-containing childhood vaccines. During his tenure, Chairman Burton held no fewer than 20 investigative hearings to give voice to the more than 1.5 million individuals afflicted with some type of autism spectrum disorder. At his urging, the White House convened the first-ever autism summit last year, bringing together leading scientists, medical researchers, government officials, and family advocacy groups to discuss the status of autism research and the possibilities for finding a cure. In addition, Chairman Burton has secured millions of dollars in federal funds for autism research and treatment facilities, including the state-of-the-art Christian Sarkine Autism Treatment Center at Riley Children's Hospital in Indianapolis, IN.**

### **▪ *The National Vaccine Injury Compensation Program Improvement Act (H.R. 1297)***

The Vaccine Injury Compensation Program (VICP) was designed back in 1988 to be a non-adversarial alternative to civil litigation. Seventeen years later, the reality is that the system has become quite litigious and there are some serious problems with the program. Congressman Burton re-introduced this important legislation to address the fairness and accessibility issues vaccine-injured families are facing.

The *National Vaccine Injury Compensation Program Improvement Act of 2005* is tri-partisan legislation - currently with a dozen co-sponsors - that builds upon recommendations to improve DENV11565 outlined by the Center for Disease Control and Prevention's (CDC's) Advisory Commission on Childhood Vaccines. Specifically, H.R. 1297 seeks to amend the current VICP rules by extending the statute of limitations, increasing the base amount of funding available to those injured, and providing a critical two-year look back provision for families who previously missed the filing deadlines.

### **GUARDING OUR INTERESTS IN THE WESTERN HEMISPHERE:**

Earlier this year, Congressman Henry Hyde (R-IL), Chairman of the House International Relations Committee (HIRC), selected Congressman Burton to serve as Chairman of the Subcommittee on the Western Hemisphere for the 109<sup>th</sup> Congress. Congressman Burton previously served as Chairman of the Western Hemisphere Subcommittee for the 104<sup>th</sup> Congress (1995-1997), before taking the gavel at the full House Committee on Government Reform and Oversight (1997-2002).

During his previous tenure as Chairman of the Subcommittee on the Western Hemisphere Congressman Burton introduced the *Cuban Liberty and Democratic Solidarity Act* (H.R. 927, also known as *the Helms-Burton Act* or *the LIBERTAD Act*) in response to decades of deplorable actions and egregious human rights violations by Cuba's brutal dictator, Fidel Castro. *The Helms-Burton Act* placed trade sanctions on the Castro government, as well as outlined a plan for the support of a transitional government that would eventually lead to a democratically elected Cuban government.

Stated Chairman Burton, "I am very proud and eager to return to my post as Chairman of the Western Hemisphere Subcommittee. Notwithstanding our critical work to secure freedom and democracy for Iraq, there are many pressing issues right here in our own backyard, which requires our immediate attention. I have the utmost respect for Chairman Hyde and I am looking forward to working with him as we move forward in the new Congress."

The Subcommittee will have jurisdiction over approximately 38 countries throughout the North, South, and Central Americas, as well as the Caribbean Basin. Chairman Burton plans to renew his investigation of the U.S. war on drugs, specifically the illegal trafficking in Colombia and other areas in the Americas. In addition, Chairman Burton will address the ongoing threat of communism and other oppressive regimes in the region.

For more information regarding the Subcommittee's previous legislative and investigative efforts, please visit the HIRC website at [www.house.gov/international\\_relations](http://www.house.gov/international_relations).

### **WINNING THE WAR ON TERROR:**

As in other times, Americans are serving and sacrificing to keep this country safe and bring freedom to others. After the attacks on September 11, 2001, this nation resolved to take the fight to the terrorists wherever they dwell. Since that time, the U.S. has been leading the way in the Global War on Terror, and we are winning.

### **SUCCESS IN THE GLOBAL WAR ON TERROR:**

- The U.S. led Coalition - **31 countries strong** - has overthrown two terrorist regimes, **rescued two nations**, and **liberated 50 million people**.
- The Coalition has **disrupted terror cells on almost every continent**, and has **frozen or seized over \$200 million in terrorist assets**.
- The Coalition has **captured or killed close to two-thirds** of the known senior Al-Qaeda operatives.
- The Coalition has **captured or killed 46 of the 55 most wanted in Iraq**, including Saddam Hussein, who is now sitting in a prison cell while he receives the justice he denied to so many Iraqis during his brutal dictatorship.
- After decades of repression and torture, Afghanistan and Iraq have successfully held their first free and democratic elections to choose their own representative governments.
- The NATO Alliance, the European Union, and the United Nations are all standing behind the newly liberated people of Afghanistan and Iraq.

The good people of Iraq and Afghanistan are taking on more and more responsibility each day for building and securing their own future. But what is critically important for their long-term stability in the region is that they can count on America. We have promised to help deliver them from tyranny, to restore their sovereignty, and to set them on the path to democracy. And when America gives its word, America keeps its word.

#### **SUPPORT THE TROOPS:**

Congressman Burton encourages all Hoosiers to continue praying for the well-being and safe return of our courageous men and women in uniform. Representative Burton joins the Department of Defense (DoD) in urging the public to log on to the new **America Supports You – Our Military Men and Women** - website to show your support and learn how you can help:

- On-line thank you cards, care packages, and other support for the troops:  
<http://www.americasupportsyou.mil/>.

#### **KEEPING THE HOMELAND SAFE:**

Homeland security means maintaining the quality of our homeland just as much as it means protecting it from potential disasters and threats. Congressman Burton has supported several legislative efforts to keep all Hoosiers safe from terrorist attacks by giving government agencies the tools they need to do their jobs more effectively and efficiently.

#### **PREPARING OUR FIRST RESPONDERS:**

- **\$26.7 billion** has been allotted to first responders for terrorism preparedness since 2001 to ensure that they have the equipment, training, and coordination they need to save lives.

#### **BATTLING BIOTERRORISM:**

- **Project BioShield** – Congressman Burton voted for President Bush’s initiative to invest \$5.6 billion in the development of countermeasures against weapons of mass destruction.

#### **SECURING OUR SKIES:**

- **Cockpit doors have been reinforced** on all commercial airplanes.
- **All checked bags** are either searched or other wise screened for explosives.
- **50,000 Federal screeners** have been hired by TSA to conduct safety checks of passengers and baggage.
- **\$10 million** has been designated to hire an additional **100 air cargo inspectors** for inspection and enforcement activities throughout our nation's airports

#### **PROTECTING OUR PORTS:**

- **Terrorism vulnerability assessments** have been conducted at every major U.S. port.
- The **Container Security Initiative** has been implemented to protect the global trading systems by screening high-risk cargo overseas before it arrives in the U.S.
- **Radiation detectors** are being used at U.S. seaports, as well as air and land checkpoints to inspect for nuclear weapons, and radioactive materials that could be used to make "dirty bombs."

#### **COMMITTEE ASSIGNMENTS:**

##### **INTERNATIONAL RELATIONS ([www.house.gov/international\\_relations](http://www.house.gov/international_relations))**

*Senior Member*

Subcommittee on the Western Hemisphere, Chairman

Subcommittee on Asia and the Pacific, Vice Chairman

##### **GOVERNMENT REFORM ([www.reform.house.gov](http://www.reform.house.gov))**

*Former Chairman (1997 – 2002)*

Subcommittee on National Security, Emerging Threats, and International Relations

Subcommittee on Criminal Justice, Drug Policy, and Human Resources

##### **VETERANS' AFFAIRS (<http://veterans.house.gov>)**

#### **CAUCUS MEMBERSHIPS:**

- **Speaker's Task Force for a Drug Free America**
- **Republican Study Committee (RSC) – Co-Founder**
- **National Guard & Reserve Components**
- **Insurance**
- **Automotive**
- **Real Estate**
- **Immigration Reform**
- **Human Rights**
- **Indonesia – Co-Founder and Co-Chairman**
- **Pakistan – Co-Founder and Co-Chairman**
- **Serbia – Co-Founder and Co-Chairman**
- **Complimentary Alternative Medicine (CAM) – Co-Chairman**
- **Autism**

## AWARDS:

DCN: 11565  
Congressman Burton has received special recognition from several organizations for his voting record and leadership in Congress. His honors include:

- 2005 **National Foundation for Women Legislators (NFWL) Leadership Award** on behalf of the NFWL for Congressman Burton's tireless work on health care issues.
- 2004 **True Blue Award** presented by the Family Research Council for Congressman Burton's 100% voting record on behalf of American families.
- 2004 **Benjamin Franklin Award** from the 60 Plus Association for efforts to permanently repeal the estate tax, more commonly referred to as the death tax.
- 2004 **Friend of the Farm Bureau Award** from the American Farm Bureau Federation for voting to protect the interests of our nation's farmers.
- 2004 **Small Business Advocate Award** from the Small Business Survival Committee for voting to help keep small businesses stay strong, innovate, invest, and create jobs.
- 2004 **Friend of the Shareholder Award** from American Shareholders Association for demonstrating an avid commitment to protecting Indiana shareholders and enhancing economic growth in America.
- 2004 **Hero of the Taxpayer Award** from Americans for Tax Reform for siding with taxpayers on crucial tax and economic issues in the 108<sup>th</sup> Congress.
- Twenty **Spirit of Enterprise Awards**, including for 2004, from the U.S. Chamber of Commerce for voting in support of free enterprise and a strong economy.
- Twelve **Golden Bulldog Awards** from the Watchdogs of the Treasury for voting to cut wasteful Federal spending and reduce taxes.
- Twelve **Taxpayers' Friend Awards** from the National Taxpayers Union for fiscal responsibility.
- Ten **National Security Leadership Awards** for supporting a policy of peace through strength. The American Security Council, the Veterans of Foreign Wars, and the Reserve Officer Association give the awards jointly.
- Eight **Guardian of Small Business Awards** from the National Federation of Independent Business for supporting small business.

DCN: 11565

Members of the Commission, I am pleased to be here with a distinguished cast of Indiana's leaders to bring the case for our Finance Center.

Our Finance Center is an important part of our community and its work has paid great dividends in terms of the opportunity, the production, the skill, the pride and the diversity of its workforce. These are qualities, and values that will transfer well to new workers joining our DFAS workforce as they join into the community of the facility and its mission.

Mr. Burton has given you especially good evidence as to the measures we have employed over time to see to it that this is a strong and efficient facility, all in anticipation of a time like this, of a decision like the one you must now reach.

You have heard a great deal in great detail and have even more evidence provided in written form to consider so I'll not belabor

DCN: 11565

nor repeat but simply associate myself with the record as you have it, with the remarks of my Indiana colleagues and the evidence offered.

May you appreciate the wisdom, the good business and human sense of Indianapolis as a great workplace for the DFAS workforce. Thank you for your attention to all that we have to offer.

DCN 11565  
**Representative Julia Carson**

Former Congressman Andy Jacobs eloquently introduces the story of his successor, Julia Carson: "The only thing some people learn from oppression is hatred and revenge. Others learn compassion and empathy. From the physical pain of material poverty and the mindlessly cruel persecution of nitwit racism, Julia Carson made her choice, a choice of hard work, compassion and a pleasing sense of humor."

The result of Julia Carson's choice has been an extraordinary career of public service. Before she made history in 1996 by becoming the first woman and first African-American Indianapolis has ever sent to Congress, Julia Carson served 18 years in the Indiana General Assembly and 6 years as Center Township Trustee.

In those offices, she distinguished herself as the rare elected official who demonstrates both compassion and common sense. As a State Representative and Senator, Julia Carson sponsored legislation to encourage in-home health care and ease the collection of child support, while also serving as a no-nonsense fiscal watchdog member of the Senate Finance Committee. While a member of Indiana's citizen legislature, she also found time to work as a human resources executive at Cummins Engine and to operate her own small business.

In 1990, Julia Carson successfully ran for election to the post of Center Township Trustee of Marion County. She did so against the advice of many who feared the political quagmire of a poor relief office that was \$20 million in debt. Julia Carson's fiscal acumen and management skill lead to her being named for the second time as the Indianapolis Star's Woman of the Year. Her budget-balancing feat earned bi-partisan admiration, including that of Republican County Auditor John Von Arx, who said, "Julia Carson wrestled that monster to the ground."

In 1996, Julia Carson was elected to the United States Congress. As a member of the Financial Services Committee and the Committee on Transportation Infrastructure, Congresswoman Carson has helped sponsored legislation directed toward the most pressing needs of our community.

As she listens to her constituents' concerns, Congresswoman Carson is able to draw on her own extraordinary life history for insight. As a woman who has spent a lifetime scaling the barriers imposed by poverty as well as by racism and sexism, Congresswoman Carson speaks with unique credibility on these issues and to the young people of Indianapolis who she challenges to follow her lead over these barriers. Julia Carson pledges to continue to help build a safe, caring and responsible community.

DCN: 11565

**TESTIMONY OF THE HONORABLE BART PETERSON  
MAYOR OF INDIANAPOLIS, INDIANA**

**Base Closure and Realignment Commission Hearing  
August 10, 2005**

Mr. Chairman and distinguished Members of the Commission, thank you for the opportunity to be here this morning. My name is Bart Peterson and I am the Mayor of the City of Indianapolis, Indiana. I am here today speaking for the City of Indianapolis and for Mayor Deborah Cantwell, the Mayor of Lawrence, Indiana, who, regrestfully, could not be here today. On behalf of both cities, I would like to offer our enthusiastic support for the Secretary of Defense's recommendations as they relate to the consolidation of Defense Finance and Accounting Service functions from around the country and to answer any questions or concerns the Commission may have with respect to our community.

Before I begin speaking about our wonderful cities and all their amenities, I would like to extend my sincere thanks and appreciation to Commissioner Skinner, General Newton and Marilyn Wasleski for their visit to Indianapolis last week. We appreciated the opportunity to showcase our

DCN: 11565

world-class DFAS facility, which is housed in the recently renovated Major General Emmett J. Bean Federal Center.

Over the last few weeks, I have enjoyed the opportunity to meet with the Chairman, Members of the Commission and staff to express my strong support for consolidating DFAS business line functions in Indianapolis. After each meeting, I came away impressed at how seriously the Commission takes its responsibility to conduct a thorough review and analysis of the Pentagon's base closure and realignment recommendations. This is an extremely difficult but important job, and I commend all of you for your willingness to undertake this process. I also appreciate how open and accessible the Commission has been in responding to questions and to receiving input about our community. I want to assure the Commission today that the City of Indianapolis, the City of Lawrence and the State of Indiana are working collectively to ensure that DFAS and the MG Emmett J. Bean Federal Center have the necessary resources to accommodate thousands of new jobs to our community.

This morning, I would like to share with all of you why Indianapolis and Lawrence are the logical place for DFAS to consolidate its accounting

DCN: 11565

operations from other sites around the country and abroad. As Mayor, I take great pride in calling Indianapolis home to the military's largest finance and accounting operations center in the world, that, among other things, processes the pay for our soldiers in the United States Army. As our men and women in uniform put their lives at risk to keep us safe at home, it's comforting to know that almost 3,000 Hoosiers help ensure that our military families are provided for by the accurate and timely disbursement of their paychecks.

If you are familiar with downtown Indianapolis, you will understand the depth of our City's patriotism and support for the nation's military. The heart of the downtown is marked by the 284 foot tall Soldiers' and Sailors' Monument and a few blocks away stands the Indiana World War Memorial, which takes up an entire city block. And, the national headquarters for the American Legion is located in Indianapolis. In addition, our city is second only to Washington, D.C. in the number of memorials and monuments dedicated to our nation's military service. It goes without saying that our community is very proud of our men and women who have, and continue to serve our nation's armed forces.

DCN: 11565

As you may know, Indianapolis is now the 12<sup>th</sup> largest city in the United States and has made remarkable strides in recent decades. Indianapolis offers a vibrant and growing local economy, recently captured in a headline in The Wall Street Journal about Indianapolis that read: "Economic Engines are Really Revving." We are known as the Crossroads of America because Indianapolis is served by more interstate highway segments than any other city and is the most centrally located city to the top 100 U.S. markets. We are home to a broad array of major corporate headquarters including pharmaceutical giant Eli Lilly and Co; Simon Property Group, the largest publicly traded retail real estate company in North America, and Wellpoint (formerly Anthem), the nation's largest health insurance company.

The City of Lawrence also is a lively active community, made up of both historic and modern residential neighborhoods. It has a popular, award winning school system and offers a superb quality of life. Lawrence prides itself as the "Home of Youth Soccer" with nearly 3,000 players participating in spring and fall leagues, playing on the 21 soccer fields adjacent to the Emmett Bean Center. The City is also proud of its police and fire departments that can provide quick response to any emergency at

DCN: 11565

the federal center. The Lawrence Police Department includes a SWAT team as part of its special capabilities that trains regularly with Homeland Security teams. As Mayor Cantwell stressed during the site visit last week, the City has created a dynamic community that is poised and ready to welcome the additional DFAS employees.

The proposed expansion of DFAS Indianapolis is one of the most significant economic development opportunities that has presented itself in recent years and we believe that we offer compelling reasons for locating here. For example, Indianapolis offers access to an affordable housing market, competitive wages, a highly qualified talent pool and 24 accredited universities and colleges. You may be interested to know that Indianapolis was recently named the most affordable city over one million people (2004) by the National Association of Homebuilders. The Indianapolis region has more than one million workers, including 590,000 residents between the ages of 25 and 44. In addition, Indianapolis has a great business climate, low cost of living and doing business, and is a low tax state (12th according to one recent report). Given the importance of payroll costs to DFAS operations, we want to note that Indianapolis has the lowest federal locality pay rate among any cities with major DFAS operations. At the same time,

DCN: 11565

Indianapolis also has the lowest costs of living of any of the major DFAS communities. As a result, the dollar goes farther in Indianapolis, both for the federal government and for Indianapolis employees.

In addition to offering a friendly and affordable business climate, DFAS and other major community employers enjoy access to a highly educated, skilled labor pool thanks to the numerous accredited colleges and universities in central Indiana, including world class research universities like Indiana University and Purdue University, who even share a campus in downtown Indianapolis that is referred to as Indiana University-Purdue University at Indianapolis or IUPUI. IUPUI has developed into one of the nation's great urban universities. IUPUI currently ranks among the top 15 in the nation in the number of first professional degrees it confers. The campus offers more than 185 academic programs including business, finance and accounting, which are essential fields to Defense Finance and Accounting Service operations. More than 29,000 students attend IUPUI representing 49 states and 122 countries. Altogether, these universities awarded more than 7,000 business degrees in 2002, including MBAs, with nearly 40,000 business students enrolled.

DCN: 11565

Additionally, the state's community college, Ivy Tech State College, operates a branch campus in Lawrence, adjacent to the Emmett Bean Center. Ivy Tech already works very closely with DFAS Indianapolis, especially providing continuing education programs for the workers to enable them to improve their skills. The convenience of the campus and the commitment of DFAS to supporting ongoing employee educational initiatives will be important in meeting the training needs of new workers at an expanded DFAS--Indianapolis facility.

One of the reasons that DFAS-Indianapolis ranks so high in comparison to other installations around the country is due largely to the talent pool in Central Indiana. According to the Department of Defense's (DoD) data, DFAS-Indianapolis ranks 5<sup>th</sup> in time-to-hire, currently requiring an average of just over 13 days to fill vacancies. Having access to a highly skilled workforce and the ability to fill positions in a timely manner, will be essential to DFAS as they seek to replace or transition thousands of jobs from around the country to Indianapolis. You will be pleased to know that I have been in frequent contact with university presidents from around our state who are willing and committed to working with DFAS-Indianapolis to

DCN: 11565

ensure that our higher education institutions produce graduates who have the skills needed to meet the Department's demands.

As the Department seeks new and innovative ways to improve its operating capabilities, Mayor Cantwell and I want to stress that DFAS-Indianapolis is more than capable of meeting the military's demands to consolidate like finance and accounting operations from the around the country. The MG Emmett J. Bean Federal Center, which also happens to be the third largest facility in the federal government's inventory, has the capacity to accommodate thousands of new employees for a price that is competitive or cheaper than any other DFAS community. You may also be to interested to know this facility recently underwent a \$123 million renovation that was completed in November of 2003. In addition to the building's impressive attributes, I think it also important to note that DFAS consolidation will help produce over \$1.3 billion in costs savings to the Department. While there is an estimated \$282 million up front cost associated with the recommended realignment of DFAS facilities, there is an immediate payback within the first year.

DCN: 11565

While I understand the Commission has some reservations about DoD's proposal to consolidate 26 DFAS facilities down to 3 installations, I also want to assure members of the Commission here today that all of us here today are eager to work with you and your staff to address any concerns you may have with respect to the Federal Center. For example, during a recent meeting with the Commission, some concerns were expressed with regard to available parking at the MG Emmett J. Bean Federal Center, and the facility's ability to accommodate as many as 3,500 new employees. As was discussed at the site hearing, the current facility can easily be modified to add more than a 1,000 new parking spaces and to accommodate security setback requirements. Additionally, my office, along with the City of Lawrence and the State of Indiana, have put together a plan to take advantage of current community parking options adjacent to the Federal Center and to expand on them to add as many as 2,500 new parking spaces. Lastly, our bus transit system, IndyGo, already provides bus service directly to the DFAS—Indianapolis facility and is prepared to expand service to meet the Center's needs.

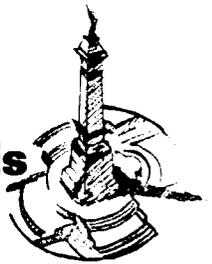
Mr. Chairman, in closing, Mayor Cantwell and I want to assure you that we are committed to working with the Department of Defense to

DCN: 11565

ensure a smooth transition of DFAS functions to our great city. Our cities are convenient and accessible, our workers are dedicated, our community is marked by pride and a strong sense of voluntarism, and our educational institutions are world renowned. On behalf of local government leaders in Central Indiana, I want to encourage you to support the recommendation of the Department of Defense to consolidate DFAS operations at the finance center in Indianapolis. Thank you for allowing me to be here today and please know grateful the people of Indianapolis are for your continued service to our country.



City of  
**Indianapolis**  
*Bart Peterson, Mayor*



## **Bart Peterson**

*47<sup>th</sup> Mayor of Indianapolis*

**Bart Peterson** was elected the 47<sup>th</sup> mayor of the City of Indianapolis, the State of Indiana's capital and the nation's 12<sup>th</sup> largest city, on November 2, 1999, and again on November 4, 2003. He first took office on January 1, 2000.

During his 1999 and 2003 campaigns for mayor, he presented *The Peterson Plan*, a bold and detailed vision for leading Indianapolis in the new millennium. Since taking office, he has focused on fulfilling the goals articulated in his blueprint: strengthening the economy and creating jobs, fighting crime aggressively, improving neighborhood quality of life, lifting up public education, making Indianapolis a cultural destination and celebrating the community's diversity.

Before running for office, Mayor Peterson had a distinguished career in the private sector, as well as in public service.

With his family, he built The Precedent Companies, a conglomerate of 11 development and financial services companies that created hundreds of good paying jobs in central Indiana. He served as president of The Precedent Companies from 1995 to 1999.

From 1989 to 1995, he was a member of Indiana Governor Evan Bayh's leadership team, first as his aide for environmental affairs, and later, as chief of staff.

Mayor Peterson is a lifelong resident of Indianapolis. He graduated from North Central High School, Purdue University and the University of Michigan Law School. He is a board member of the Indiana Nature Conservancy and the Regenstrief Foundation and has been actively involved in other community organizations.

He and his wife, **Amy Minick Peterson**, are the parents of a 16-year old daughter, **Meg**. Mrs. Peterson is president of Minick Peterson, a firm dedicated to strategy, marketing and communications consulting. She also serves on the boards of several community organizations.

*For more information: Steve Campbell or Jo Lynn Garing, [317] 327-NEWS*

2/05

### **Office of the Mayor**

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STATEMENT BY SENATOR EVAN BAYH  
BRAC COMMISSION HEARING — WASHINGTON, D.C.  
AUGUST 10, 2005

I want to thank the Base Realignment and Closure (BRAC) Commission for holding this hearing today and for giving me, Senator Lugar, Representative Carson, Representative Burton, Governor Daniels, Mayor Peterson, and others, the opportunity to discuss further the Commission's recent decision to add DFAS-Indianapolis to the list of installations to be considered for realignment or closure. I regret that I am not able to deliver my testimony in person today. Unfortunately, a long-planned family vacation prevented me from attending today's hearing. However, I am grateful for the chance to make a statement in support of DFAS-Indianapolis. If I am able to be of further assistance as you continue your important work, please do not hesitate to contact me.

As I said following the release of the Pentagon's BRAC Recommendations in May, and in previous testimony to the Commission, I strongly support the Pentagon's plan to move nearly 3,500 jobs to DFAS-Indianapolis. I am concerned about the prospect of fewer jobs moving to DFAS-Indianapolis, but I understand that the addition of DFAS-Indianapolis to the list was necessary in order for the Commission to determine the optimal number of DFAS sites. I commend the Commission's efforts to be thorough and to do its best to get it right.

The situation involving DFAS-Indianapolis was discussed during a meeting Senator Lugar and I had with Chairman Principi last month regarding Indiana installations and the 2005 BRAC round. Senator Lugar and I both made the case for the realignment of jobs to DFAS-Indianapolis, highlighting the facility's many attributes and recent renovation. I was encouraged by Chairman Principi's comments during that meeting that he did not expect the Commission to unravel the Pentagon's BRAC Recommendations.

Indiana is very proud of the work performed at DFAS-Indianapolis. The excellent work done there continues a long Hoosier tradition of supporting our Armed Forces. DFAS-Indianapolis is a first class facility, having recently undergone a \$123 million renovation. Perhaps more importantly, DFAS-Indianapolis, which is the largest DFAS facility nationwide, is capable of accommodating additional work without extensive military construction. On behalf of the more than 3,000 Hoosiers who work at DFAS-Indianapolis, I encourage you to support the Pentagon's BRAC recommendation to move almost 3,500 jobs to DFAS-Indianapolis as part of the DFAS consolidation plan.

I want to thank you for the critical work you are doing and wish you the best throughout this process. Again, if I can be of assistance, please do not hesitate to contact me.

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**UNIVERSITY of  
INDIANAPOLIS.**  
August 1, 2005

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The Honorable Anthony J. Principi  
Chairman  
Defense Base Closure and Realignment Commission  
2521 South Clark Street, Suite 600  
Arlington, VA 22202

Dear Chairman Principi:

As President of the University of Indianapolis, I am writing you in strong support of the recommendations of the United States Department of Defense to the Commission regarding consolidation of Defense Finance and Accounting Service (DFAS) employees to Indianapolis.

Founded in 1902, U of I is a comprehensive institution of higher education with a faculty and student body representing diverse faiths, nationalities, and racial and ethnic heritages. We offer a personal approach to education and a commitment to academic quality. In addition to the challenging undergraduate, master's and doctoral programs, students benefit from the close proximity to the city and our strong community partnerships. I am confident that U of I can offer a nurturing and diverse learning environment in support of a growing DFAS workforce.

While realizing the value of the traditional classroom learning experience, U of I also is committed to facilitating opportunities for students to learn about the external environment in which they will work. Our students are encouraged to apply their knowledge to real world situations through internships, active learning in the classroom, and community service. The process of consolidating the number of employees of this magnitude in Indianapolis will offer a multitude of opportunities for our students to gain such important knowledge.

Finally, the University's Institute for Emerging Careers is uniquely positioned to support the development of skills integral to the success of the DFAS operation. The Institute's mission is to identify new career paths for students and developing the curriculum and experiences students need to be well-prepared for professional life in these fields. We would welcome the opportunity to discuss how the Institute might serve DFAS.

In closing, I can appreciate the magnitude of the decision before you and am grateful for the Commission members service to our country. Please know that the University of Indianapolis stands ready to support a decision to consolidate the DFAS operations in Indianapolis.

Sincerely,



Beverley J. Pitts  
President

DCN: 11565

### Defense Finance and Accounting Service

**Recommendation:** Close the Defense Finance and Accounting Service (DFAS) sites at Rock Island IL; Pensacola Saufley Field, FL; Norfolk Naval Station, VA; Lawton, OK; Pensacola Naval Air Station, FL; Omaha, NE; Dayton, OH; St. Louis, MO; San Antonio, TX; San Diego, CA; Pacific Ford Island, HI; Patuxent River, MD; Limestone, ME; Charleston, SC; Orlando, FL; Rome, NY; Lexington, KY; Kansas City, MO; Seaside, CA; San Bernardino, CA; and Oakland, CA. Relocate and consolidate business, corporate and administrative functions to the Defense Supply Center-Columbus, OH, the Buckley Air Force Base Annex, Denver, CO, or the MG Emmett J. Bean Federal Center, Indianapolis, IN.

Realign DFAS Arlington, VA, by relocating and consolidating business, corporate, and administrative functions to the Defense Supply Center-Columbus, OH, the Buckley Air Force Base Annex, Denver, CO, or the MG Emmett J. Bean Federal Center, Indianapolis, IN. Retain a minimum essential DFAS liaison staff to support the Under Secretary of Defense (Comptroller)/Chief Financial Officer, Military Service Chief Financial Officers, and Congressional requirements.

Realign DFAS Cleveland, OH, by relocating and consolidating business, corporate, and administrative functions to the Defense Supply Center-Columbus, OH, the Buckley Air Force Base Annex, Denver, CO, or the MG Emmett J. Bean Federal Center, Indianapolis, IN. Retain an enclave for the Military Retired and Annuitant Pay Services contract function and government oversight.

Realign DFAS Columbus, OH, by relocating up to 55 percent of the Accounting Operation functions and associated corporate and administrative functions to DFAS Denver, CO, or DFAS Indianapolis, IN, and up to 30 percent of the Commercial Pay function and associated corporate and administrative functions to DFAS Indianapolis, IN, for strategic redundancy.

Realign DFAS Denver, CO, by relocating up to 25 percent of the Accounting Operation functions and associated corporate and administrative functions to DFAS Columbus, OH, or DFAS Indianapolis, IN, and up to 35 percent of the Military Pay function and associated corporate and administrative functions to DFAS Indianapolis, IN, for strategic redundancy.

Realign DFAS Indianapolis, IN, by relocating up to 10 percent of the Accounting Operation functions and associated corporate and administrative functions to DFAS Columbus, OH or DFAS Denver, CO, and up to 20 percent of the Commercial Pay function and associated corporate and administrative functions to DFAS Columbus, OH, for strategic redundancy.

**Justification:** This action accomplishes a major facilities reduction and business line mission realignment, transforming the current DFAS organization into an optimum facilities configuration, which includes strategic redundancy to minimize risks associated with man-made or natural disasters/challenges. All three of the gaining sites meet DoD Antiterrorism/Force Protection (AT/FP) Standards. The current number of business line operating locations (26) inhibits the ability of DFAS to reduce unnecessary redundancy and leverage benefits from economies of scale and

DCN: 11565

synergistic efficiencies. Overall excess facility capacity includes approximately 43 percent or 1,776,000 Gross Square Feet (GSF) in administrative space and 69 percent or 526,000 GSF in warehouse space with many locations lacking adequate threat protection as defined in DoD AT/FP Standards. Finally, the three locations have potential to evolve into separate Business Line Centers of Excellence and further enhance "unit cost" reductions beyond the BRAC facilities/personnel savings aspect.

The three gaining locations were identified through a process that used Capacity Analysis, Military Value, Optimization Modeling, and knowledge of the DFAS organization, and business line mission functions. The Military Value analysis, of 26 business operating locations, ranked the Buckley AF Base Annex, CO, the Defense Supply Center-Columbus, OH, and the MG Emmett J. Bean Federal Center, Indianapolis, IN, as 3, 7, and 9 respectively. The Optimization analysis not only included the factors of available capacity and expansion capability, but also included business line process and business operational considerations in identifying the three-location combination as providing the optimal facilities approach to hosting DFAS business line missions/functions.

Subject matter knowledge of DFAS's three business line missions and its operational components, along with business process review considerations and scenario basing strategy, was used to focus reduction of the 26 locations and identification of the three gaining locations. The scenario basing strategy included reducing the number of locations to the maximum extent possible, while balancing the requirements for an environment meeting DoD Antiterrorist and Force Protection standards, strategic business line redundancy, area workforce availability, and to include an anchor entity for each business line and thus retain necessary organizational integrity to support DoD customer needs while the DFAS organization relocation is executed.

**Payback:** The total estimated one-time cost to the Department of Defense to implement this recommendation is \$282.1M. The net of all costs and savings to the Department during the implementation period (FY06-FY11) is a savings of \$158.1M. Annual recurring savings to the Department after implementation are \$120.5M, with an immediate payback expected. The Net Present Value of the costs and savings to the Department over 20 years is a savings of \$1,313.8M.

**Economic Impact on Communities:** Assuming no economic recovery, this recommendation could result in the maximum potential job reductions (direct and indirect) over the 2006-2011 period, as follows:

Region of Influence	Direct Job Reductions	Indirect Job Reductions	Total Job Reductions	% of Economic Area Employment
Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Division	408	308	716	Less Than 0.1
Charleston-North Charleston, SC Metropolitan Statistical Area	368	607	975	0.3
Cleveland-Elyria-Mentor,	1,028	847	1,875	0.1

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<b>Region of Influence</b>	<b>Direct Job Reductions</b>	<b>Indirect Job Reductions</b>	<b>Total Job Reductions</b>	<b>% of Economic Area Employment</b>
OH Metropolitan Statistical Area				
Dayton, OH Metropolitan Statistical Area	230	195	425	Less Than 0.1
Kansas City, MO-KS Metropolitan Statistical Area	613	549	1,162	Less Than 0.1
Lawton, OK Metropolitan Statistical Area	233	207	440	0.7
Lexington-Fayette, KY Metropolitan Statistical Area	45	27	72	Less Than 0.1
Aroostook County, ME	241	150	391	1.0
Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area	314	435	749	Less Than 0.1
Oakland-Fremont-Hayward, CA Metropolitan Division	50	41	91	Less Than 0.1
Omaha-Council Bluffs, NE-IA Metropolitan Statistical Area	235	259	494	Less Than 0.1
Orlando, FL Metropolitan Statistical Area	209	205	414	Less Than 0.1
Honolulu, HI Metropolitan Statistical Area	206	199	405	Less Than 0.1
Lexington Park, MD Metropolitan Statistical Area	53	70	123	0.2
Pensacola-Ferry Pass-Brent, FL Metropolitan Statistical Area	637	1,100	1,737	0.8
Davenport-Moline-Rock Island, IA Metropolitan Statistical Area	235	206	441	0.2
Utica-Rome, NY Metropolitan Statistical Area	291	275	566	0.4
San Antonio, TX Metropolitan Statistical Area	335	367	702	Less Than 0.1
Riverside-San Bernardino-	120	122	242	Less Than 0.1

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Ontario, CA Metropolitan Statistical Area				
San Diego-Carlsbad-San Marcos, CA Metropolitan Statistical Area	240	257	497	Less Than 0.1
Salinas, CA Metropolitan Statistical Area	61	62	123	Less Than 0.1
St Louis, MO-IL Metropolitan Statistical Area	293	318	611	Less Than 0.1

The aggregate economic impact of all recommended actions on these economic regions of influence was considered and is at Appendix B of Volume I.

**Community Infrastructure Assessment:** A review of community attributes indicates no issues regarding the ability of the infrastructure of the communities to support missions, forces, and personnel. There are no known community infrastructure impediments to implementation of all recommendations affecting the installations in this recommendation.

**Environmental Impact:** This recommendation has no impact on air quality; cultural, archeological, or tribal resources; dredging; land use constraints or sensitive resource areas; marine mammals, resources, or sanctuaries; noises; threatened and endangered species or critical habitat; waste management; or wetlands. An air conformity analysis may be needed at Buckley AF Base Annex. This recommendation will require spending approximately \$0.01M for environmental compliance activities. This cost was included in the payback calculation. This recommendation does not otherwise impact the costs of environmental restoration, waste management, and environmental compliance activities. The aggregate environmental impact of all recommended BRAC actions affecting the bases in this recommendation has been reviewed. There are no known environmental impediments to implementation of this recommendation.

### **Defense Finance and Accounting Service**

**Recommendation:** Close the Defense Finance and Accounting Service (DFAS) sites at Rock Island IL; Pensacola Saufley Field, FL; Norfolk Naval Station, VA; Lawton, OK; Pensacola Naval Air Station, FL; Omaha, NE; Dayton, OH; St. Louis, MO; San Antonio, TX; San Diego, CA; Pacific Ford Island, HI; Patuxent River, MD; Limestone, ME; Charleston, SC; Orlando, FL; Rome, NY; Lexington, KY; Kansas City, MO; Seaside, CA; San Bernardino, CA; and Oakland, CA. Relocate and consolidate business, corporate and administrative functions to the Defense Supply Center-Columbus, OH, the Buckley Air Force Base Annex, Denver, CO, or the MG Emmett J. Bean Federal Center, Indianapolis, IN.

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DC

REPLY TO  
ATTENTION OF

DEPARTMENT OF THE ARMY  
DEPUTY CHIEF OF STAFF, G-8  
700 ARMY PENTAGON  
WASHINGTON DC 20310-0700  
HSA-JCSG-D-05-475

August 2, 2005

The Honorable Richard Lugar  
United States Senate  
306 Hart Office Building  
Washington, DC 20510

Dear Senator Lugar:

The Department of Defense is pleased to respond to Congressional inquiries concerning the 2005 Base Realignment and Closure (BRAC) recommendations. Five questions were asked about the recommendations related to the Defense Finance and Accounting Service (DFAS) to glean the overall impact and benefit of the consolidation plan. Each question, with our response is listed below.

1. We are aware that the relative costs and benefits of the DFAS initiative were run through both the Optimization and COBRA models. Can you explain the role and weight each had in the decision to settle on three DFAS sites?

Further, can you indicate the weight that should be assigned to each location and the relationship they should have with each other in determining the overall value of this decision to both DoD and the national security strategy?

Response:

The HSA JCSG used both the Optimization and COBRA models as part of a larger analytic strategy for the development of BRAC recommendations. After a thorough capacity and military value analysis on the 26 original DFAS locations, optimization was conducted in order to maximize military value subject to various constraints based not only on capacity analysis, but also on functional considerations unique to the mission and organization of DFAS.

According to BRAC law, military value is required to be the primary consideration in the development of not only this, but any, BRAC recommendation. Military value reflects the ability to perform the finance and accounting function at a particular site; these numeric military value scores reflect a location's value relative to the others under consideration. The optimization was conducted in direct support of Scenario Development and served to identify the feasibility of possible BRAC moves. In the case of DFAS, computer based optimization confirmed that the DFAS functions and business lines could not only be achieved in a three site scenario, but that such a scenario maximized military value within the given set of constraints. After Scenario Development, COBRA was used to assess the relative economic worth of the DFAS proposal.

2. How will the proposed DFAS consolidation affect the entire organization's cost per transaction?

Response: The Department of Defense (DoD) recommended closures and realignments are closely tied to business operational actions that must be accomplished to effect economies of scale and cross-utilization of skills; to create centers of excellence; and to eliminate burdensome infrastructure. All of these actions are necessary to reduce unit costs to the DoD. Changing or adding locations will reduce DFAS's ability to effect necessary operational changes and will, in the long term, continue to burden DFAS with infrastructure not needed, which will divert scarce resources from the warfighters.

3. What other benefits will result from DFAS consolidation?

Response:

a. The DoD's recommended consolidation will enable DFAS to achieve a long-term goal of eliminating redundant operations at geographically separated locations. This will bring the Agency in line with benchmark accounting and finance operations in the private sector. Consolidating DFAS at three locations will allow DFAS to implement critical transformation initiatives that leverage the long-term benefits of economies of scale and economies of skill. Consolidating at the three specific locations in the DoD's recommendation will allow DFAS to develop Center of Excellence at each location, enabling the Agency to strength and standardize business processes, simplify training delivery and support, and improve oversight and control. DFAS believes that the anticipated efficiencies resulting from this operational restructuring will result in reducing the Agency's workforce below the 10,000 personnel projected in the current FY 2011 POM and provide additional cost savings beyond the BRAC 2005 estimate.

b. The DoD recommendation supports the creation of strategic redundancy to minimize the affects of potential human and natural disasters and/or challenges.

c. The execution of finance and accounting has changed significantly; during the past decade personnel and space requirements continue to decrease. This trend will continue. Ignoring the future will only create burdensome business operational costs and negatively affect DFAS's dedicated workforce. Closures of DFAS locations outside of BRAC have historically proven to be impossible. BRAC does provide an umbrella of programs to assist employees in retaining federal jobs or to be retrained for other positions that are not normally available when personnel reductions are driven by budget or changes in workload.

4. While the specific impact of any changes to the DFAS consolidation proposal depend on the new configuration, generally speaking, will these benefits be reduced if DFAS consolidation occurs at a level higher than 3 facilities?

Response:

a. Some of the benefits will be lost. The one-time cost to implement will increase because of required new military construction or renovation, as well as costs to move more personnel, records, files, and furniture.

b. A critical business consideration is that approximately 45% of the entire DFAS workforce is located at Columbus, Denver, and Indianapolis Central Operating Locations. Individually they have the largest workforces of the five central operating locations, and by the nature of their business line functions are home to the largest segment of the DFAS professional workforce. Disruption of the large professional workforce could render serious consequences for the Department and its warfighters.

What specific benefits could be lost or reduced if DFAS retains more than 3 facilities?

Response:

a. Changes to the DFAS Consolidation proposal would result in less than optimal use of DFAS facilities. DFAS leadership indicates current FY2011 (BRAC end-state) personnel projections will be reached by FY2008/2009. Changes in finance and accounting execution during the past decade have driven decreases in personnel and space requirements. The trend will continue.

b. Closures of DFAS locations outside of BRAC have historically proven to be impossible. The Agency will be burdened with excess infrastructure not needed to accomplish the DFAS mission, which will divert scarce resources from the warfighters.

c. Adding locations will reduce opportunities for economies of scale and cross-utilization of skills, thereby limiting "unit cost" reductions to the Department.

5. How will DoD ensure adequate space at DFAS Indianapolis to accommodate the employees being realigned to this location?

Response:

a. There is sufficient capacity at the Indianapolis center to support the workforce of the future, which will be based on DFAS transformation efforts, implementation of new systems, improved processing, and reduced workforce requirements.

b. Including current vacant workstations within the current DFAS footprint, adding the US Army Enlisted Records and Evaluation Center (EREC) space potentially available, and available unassigned space in the building, DFAS will have space for staffing of more than 4,700 personnel.

What specific steps will DoD undertake to secure the necessary additional space at DFAS Indianapolis?

Response: DFAS has maintained open communications with the General Services Administration (GSA) regarding additional space requirements.

What is the timetable for undertaking each of these steps?

Response:

a. Upon approval of the BRAC 2005 recommendation, DFAS will begin the process of consolidating work teams into contiguous space that will generate large blocks of vacant workstations that are user ready. These areas will be available by the time the first groups begin relocating, approximately June 2006.

b. DFAS has contacted GSA regarding the space currently occupied by EREC. Availability of some EREC space is dependent upon the relocation of EREC. There is currently unused space available with the EREC assigned space that could be reassigned to DFAS.

c. The unassigned, excess space within the building requires wiring, ceiling, carpet, and workstation configuration. Approximately six-months will be required to create user-ready space in this area.

The Department is continuing to address information requests and is committed to providing timely and accurate information regarding BRAC recommendations to the Congress and the BRAC Commission. We will continue to provide support and assistance to Congressional and Commission staff as the BRAC process moves forward.

Sincerely,



Donald C. Tison  
Assistant Deputy Chief of Staff, G-8  
Chairman, Headquarters & Support  
Activities JCSG

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## DFAS BRAC Commission Update

Mark E. Gaddy

Director, Defense Finance  
and Accounting Service

Steve Bonta

Site Director, Indianapolis

August 3, 2005



- Transformation roadmap and successes
- BRAC and DFAS
  - ✓ Current environment
  - ✓ Future business operations
- Footprint and capacity
- Summary
- DFAS at a glance
- DFAS customer service matrix and organization
- DFAS success stories
- DFAS Indianapolis information
- The road ahead



# DFAS Transformation

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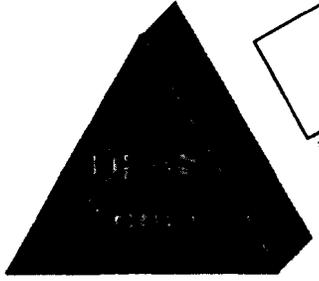
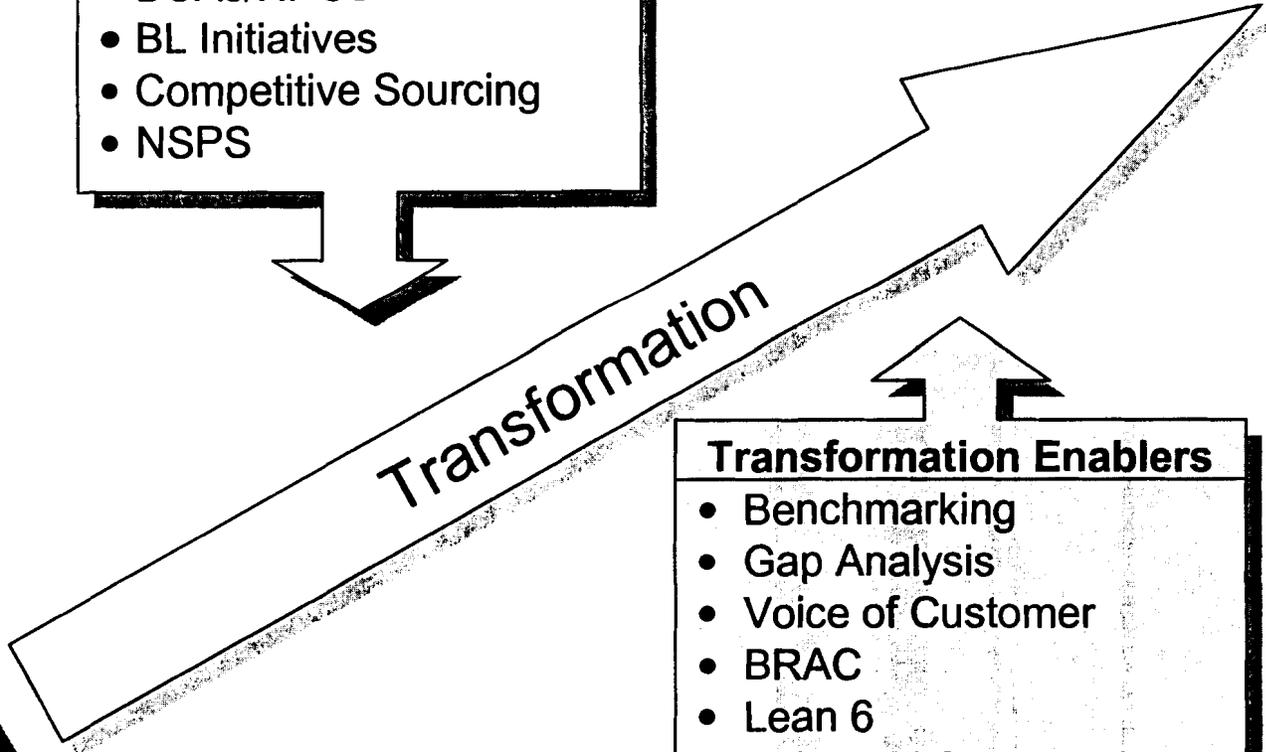
- DFAS transformation strategy designed to realize vision – “Best-value” for our customers through continuous process improvements
  - ✓ Best possible performance
  - ✓ Reduced cost
  - ✓ Great quality
- Business case analysis and enabling tools ensure fact-based decisions determine the best transformation alternative
- All transformation alternatives garner significant savings
  - ✓ People
  - ✓ Processes
  - ✓ Systems

# Transformation Roadmap



- Transformation Initiatives**
- Strategic Targets
  - BCAs/HPOs
  - BL Initiatives
  - Competitive Sourcing
  - NSPS

- Transformation Enablers**
- Benchmarking
  - Gap Analysis
  - Voice of Customer
  - BRAC
  - Lean 6
  - Balanced Scorecard



## Proof of Concept: DFAS Transformation Successes



- A-76 Competitions
  - ✓ 7 major competitions with an average 37% FTE reduction
- Business Case Analyses (BCAs)
  - ✓ 9 BCA studies completed, analyzing critical DFAS segments
- High Performing Organizations (HPOs)
  - ✓ 2 HPO plans complete and beginning implementation
  - ✓ 6 HPO development plans currently ongoing
- Benchmarking
  - ✓ Contract with Deloitte & American Productivity and Quality Center (APQC)
  - ✓ Benchmark on key quality, service, and cost dimensions--execute business initiatives to close performance gaps
- Europe Transition
  - ✓ Realignment of DFAS Europe workload (458 work-years) as directed by OSD to CONUS DFAS sites
  - ✓ Left storefront operations of 107 work-years, with 171 work-years transitioned to CONUS DFAS sites
  - ✓ Realized efficiencies of 180 work-years as a result of successful transition, \$10.4M per year, consolidated operations from 4 buildings to 1



- DFAS will operate from fewer locations
  - ✓ Reduced footprint
  - ✓ Lower operating costs
  - ✓ Streamlined operations
  - ✓ Closer to customer base
  - ✓ Optimal distribution of workload within a coast to coast environment
- The Future: Create Centers of Excellence
  - ✓ Continuously improve with economy of scale and skill
  - ✓ Strengthen and standardize business operations
  - ✓ Simplify training delivery and support
  - ✓ Improved oversight and control

# DFAS Opportunity Leveraging BRAC



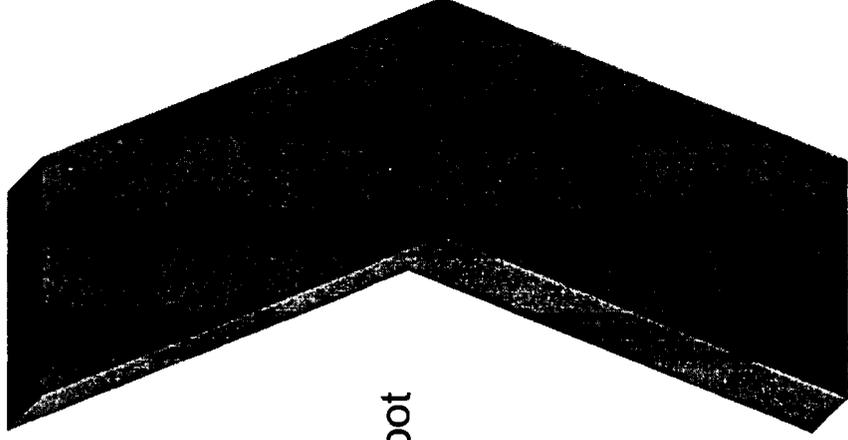
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## DFAS Today

Arlington  
Charleston  
Cleveland  
Cleveland Bratenahl  
Columbus  
Dayton  
Denver  
Europe  
Indianapolis  
Japan  
Kansas City  
Lawton  
Lexington  
Limestone  
Norfolk

Oakland  
Omaha  
Orlando  
Pacific  
Patuxent River  
Pensacola NAS  
Pensacola Saufley  
Red River Army Depot  
Rock Island  
Rome  
San Antonio  
San Bernardino  
San Diego  
Seaside  
St Louis

## BRAC



## DFAS 2011\*

Arlington Liaison  
Cleveland Enclave /  
Cleveland Bratenahl  
Columbus  
Denver  
Europe  
Indianapolis  
Japan  
Red River Army Depot

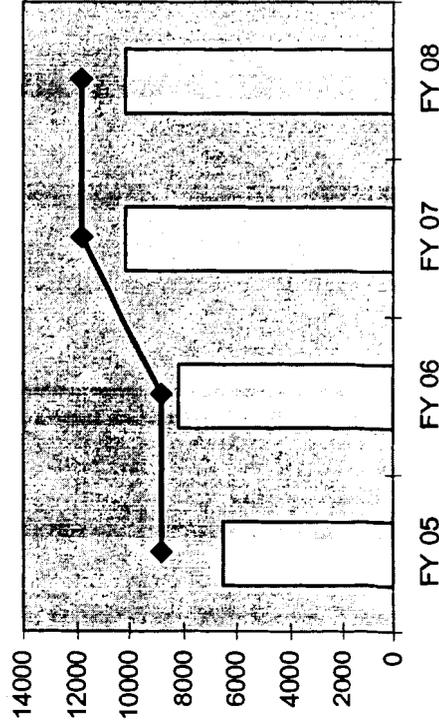
\*Based on May 13, 2005 BRAC Recommendations

# Capacity analysis: DFAS CO, DE and IN

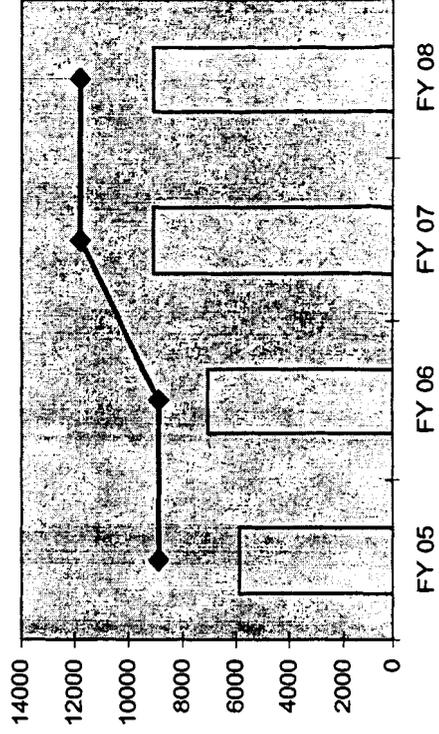


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**DFAS CO, DE, and IN Site Capacity**  
*(includes Contractors)*



**DFAS CO, DE, and IN Site Capacity**  
*(excludes Contractors)*



- Occupancy projections based on notional schedule
- Schedule will be upgraded based on implementation of Transformation timelines
- Strength calculated using the notional schedule and current contractor personnel (excluding Cleveland R&A and non-consolidated sites) and assumes:
  - Contractor population remains constant through FY 08 – conservatively high, and
  - All DFAS personnel occupy office space as currently configured

# DFAS Transformation Footprint



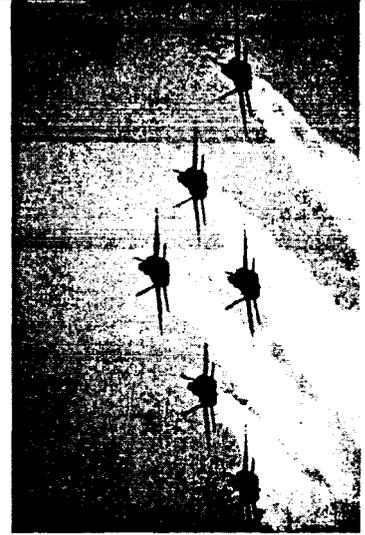
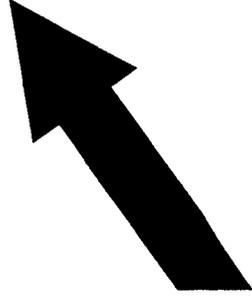
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## Today's Footprint

- 30 locations \*
- 14,290 FTEs
- 110 systems
- \$1,776M cost/execution authority
- **70% technicians / 30% professional**
- Aging workforce
- General Schedule Pay System

## FY 2011 Footprint

- Fewer locations
  - ✓ 8 shown on May 13, 2005\*
- <= 10K FTEs
- < 50 systems
- \$1,337M cost/execution authority
- **70% professional / 30% technicians**
- Right employees with right skills
- Optimum number and mix of civilians/contractors
- Pay for performance under NSPS



BRAC provides opportunity to implement site consolidations, streamline DFAS operations, and support our goal to provide best value to the warfighter

\* Includes Europe & Japan

# BRAC Offers Maximum Employee Assistance



- Employee transition options include
  - ✓ Move with Work
    - ✓ DFAS will pay PCS costs for permanent employees who move with their work
  - ✓ Early PPP Registration
  - ✓ Retirement Seminars
  - ✓ VERA/VSIP
  - ✓ Severance Pay
  - ✓ Other Federal Agencies
  - ✓ Resume and Interviewing Assistance
  - ✓ Private Sector Employment
- Realignments outside of BRAC (to reduce footprint or other) may not provide the same comprehensive transition options

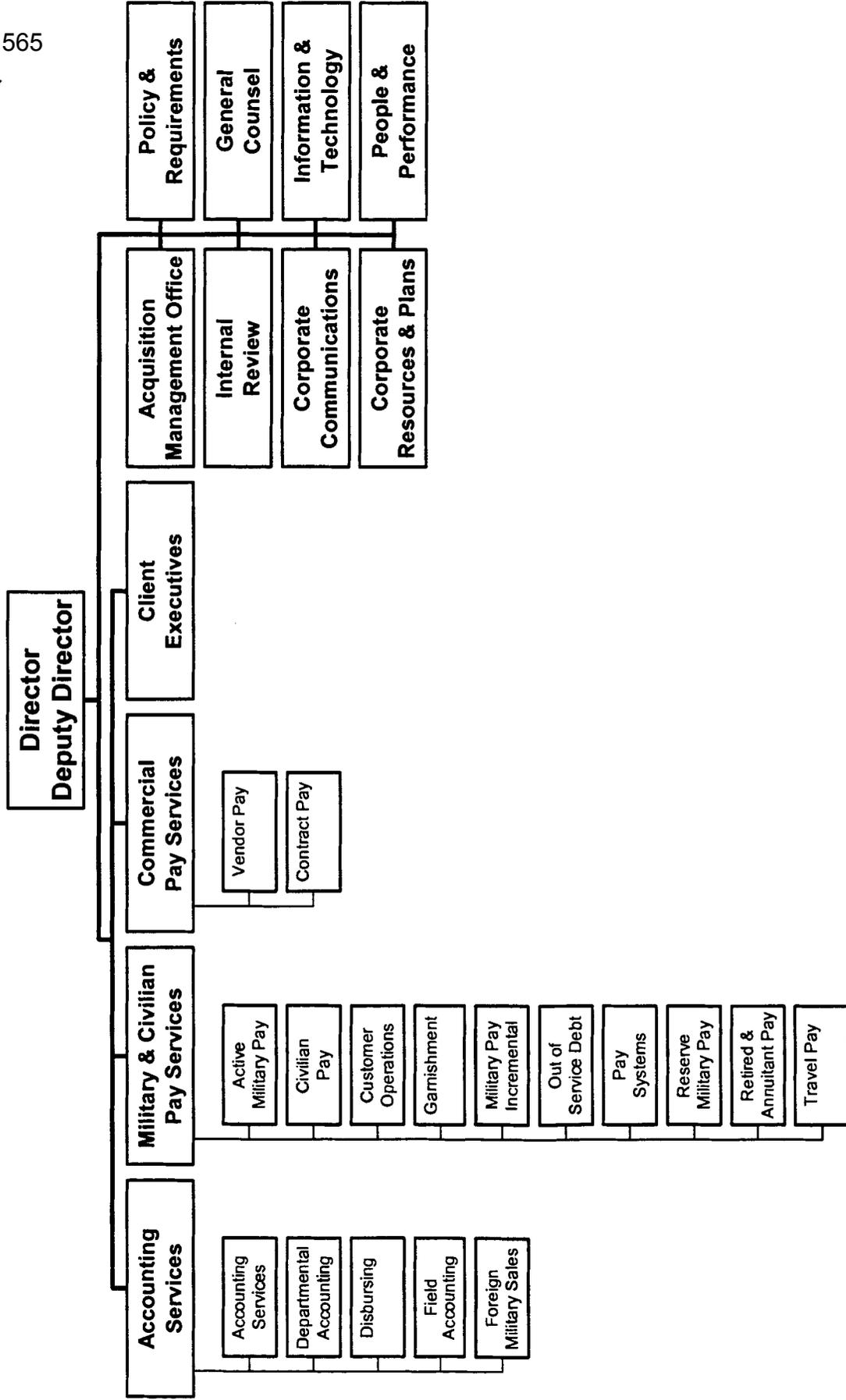


- Benefits include:
  - ✓ Mission Operations: Superior operational capability at anchor sites
  - ✓ Workforce
    - ✓ Demonstrated performance of existing workforce
    - ✓ Positive local labor source; demographic favorable for hiring the right skills for the future
  - ✓ Reduced footprint/infrastructure and transformation initiatives deliver a positive effect on customer rates
  
- Discussion of site specific successes, DFAS Indianapolis
  - ✓ Steve Bonta, Site Director, Indianapolis

# DFAS Organizations at Indianapolis



565



Note: Business Lines and Product Lines highlighted in yellow are specific to DFAS Indianapolis.

## **DFAS Customers Served**

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- Office of the Secretary of Defense
- Joint Chiefs of Staff
- U.S. Army
- Misc. other Agencies and Department of Defense Field Activities
- Department of the Treasury
- Audit Agencies (e.g., DODIG, GAO, AAA)
- Health and Human Services
- Active, Reserve and National Guard military members for Air Force, Army Navy and Marine Corps
- Military Retirees and Annuitants for Air Force, Army, Navy and Marine Corps
- Military Spouses and Former Spouses
- DOD Civilian Employees
- Foreign Nationals

## **DFAS success stories – Local victories**

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565

- Assisted Army Finance Units deployed in Iraq and Kuwait in establishing connectivity to Treasury's CASHLINK II system
- Completion of the development and deployment of the Deployable Disbursing System (DDS) into Europe, Iraq, Kuwait, and Afghanistan
- Asserted to Army that the Fund Balance with Treasury (FBWT) for general funds is auditable
- Completed the legislative write-off of Army's suspense accounts
- Assisted the Defense Threat Reduction Agency and Office of the Inspector General in achieving their clean audit opinions for FY 2004
- ELPA/ELFA and Summer Intern Programs - Currently 115 external hires from college and university campuses.



- Implementing the Air Force Case Management System for the Army customer which provides a better way to track pay inquiries and improves customer service.
- Developed and tested Web-based Military Pay Profile Implementation of the Defense Military Pay Office (DMPO) Imaging System at 26 sites.
- Initiated ELAN Reengineering for implementation in March 2006.
- Successfully consolidated 17 External Army Vendor Pay locations into DFAS Indianapolis
- Successfully transferred Disbursing workload from DFAS Europe to Central Disbursing Services

# DFAS Indianapolis Personnel Statistics



1565

## • DFAS Business Lines and Number of On Site Personnel

(HR Flash Report - EOM May 2005)

✓ Total Number Employees - 2,514

- Accounting Services
- Military/Civilian Pay Services
- Information & Technology
- Corporate Organizations
- Commercial Pay Services
- Corporate Resources
- Acquisition Mgmt

✓ Total Contractor Personnel – 420

(Contractors – March 2005)

## • Status of Retirement Eligible Employees as of May 31, 2005

✓ Eligible For Retirement - 1,123 - 45%

- Optional - 472 -19%
- Early - 651 - 26%

## **DFAS Indianapolis Facilities Statistics**



565

- DFAS is a tenant in the Major General Emmett J. Bean Federal Center
  - ✓ Property owned and managed by General Services Administration, Chicago Region
  - ✓ Building renovation completed 2003
- DFAS assigned space - 1.1M square feet<sup>1</sup>
  - ✓ Includes administrative and warehouse space plus an external warehouse facility
- Excess space available
  - ✓ Vacant workstations - approx 800
  - ✓ Vacant, excess space within the building - 600 seats
  - ✓ US Army Enlisted Records and Evaluation Center – 300 seats
  - ✓ Total capacity - 4,700 seats
- Robust guard force support with appropriate equipment under Federal Protective Service management

<sup>1</sup> DFAS Facilities Database - Effective 31 May 2005

## Summary

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- Transformation has been a key part of Agency strategy since DFAS was established in 1991
- DFAS transformation is based on BCA and accepted process improvement methodology (Lean 6)
- BRAC is an integral part of transformation strategy
- DFAS transformation will continue during and beyond BRAC 2005
- May 13, 2005 recommendation provides the optimum business solution

DCN: 11565

DCN: 11565

**Supporting Information to  
Recommendation #HSA0018  
Defense Finance and Accounting Service**

**Competing recommendations:** Defense Supply Center-Columbus, OH, integration results indicate that recommendations initially identified as competing for space can be accommodated within available vacant space. Thus any space requirements beyond building 21 (DFAS' occupied building) will be identified in COBRA as a renovation (amber) to account for funding required to reactivate building space previously mothballed.

**Enabling Scenarios/Efforts:**

a. Indianapolis, IN: HSA-0006 proposes the realignment of Human Resource Command-Indianapolis (former EREC) out of the MG Emmett J. Bean Federal Center, Indianapolis, IN, which will free up 76,740 USF.

b. Indianapolis, IN: Additionally, DFAS coordination with GSA has identified, with a 99% confidence factor that approximately 100,000 USF is or will be available.

**Force Structure Capabilities:** This recommendation has been constructed to accommodate current and surge requirements. In that surge requirements will be handled by over-time and/or additional shifts, such that additional capacity (space and equipment) above that identified in the recommendation will not be required. DFAS transformation initiatives define the finance and accounting capabilities necessary to support both the current and future force structure. Those initiatives associated with and supported by the elimination of excess facilities; the realignment and consolidation of business, corporate and administrative functions; the elimination of redundancy; and the reduction of manpower can not be executed to the maximum extent possible without approval of this BRAC recommendation.

**Military Value Analysis Results:** The average military value prior to optimization was .5941 for the 26 locations analyzed. As a result of optimization three locations were retained to host the realigned/collocated business, corporate and administrative functions. The average military value for the three gaining locations is .7141.

DCN: 11565

a. The following table provides an array of the military value scores for the 26 DFAS facilities/locations.

1. Rock Island, IL	(.8455)	14. San Diego, CA	(.5692)
2. Pensacola Saufley Field, FL	(.8050)	15. Pacific Ford Island, HI	(.5690)
3. Denver, CO	(.8030)	16. Patuxent River, MD	(.5648)
4. Norfolk NAS, VA	(.7871)	17. Limestone, ME	(.5484)
5. Lawton, OK	(.7869)	18. Charleston, SC	(.5457)
6. Pensacola NAS, FL	(.7196)	19. Rome, NY	(.5415)
7. Columbus, OH	(.6882)	20. Orlando, FL	(.5397)
8. Omaha, NE	(.6732)	21. Lexington, KY	(.5322)
9. Indianapolis, IN	(.6510)	22. Kansas City, MO	(.4507)
10. Dayton, OH	(.6250)	23. Seaside, CA	(.4326)
11. St Louis, MO	(.6117)	24. San Bernardino, CA	(.4285)
12. Cleveland, OH	(.5869)	25. Arlington, VA	(.3128)
13. San Antonio, TX	(.5861)	26. Oakland, CA	(.2427)

b. Scenario Results Military Values. The following provides an array of the military value scores for the three retained DFAS facilities/locations.

1. Denver, CO	(.8030)
2. Columbus, OH	(.6882)
3. Indianapolis, IN	(.6510)

**Capacity Analysis Results:** Results for the 26 locations are provided on the two attached spreadsheets. Surge capacity requirements will be handled by over-time and/or additional shifts, such that additional capacity (space or equipment) will not be required.

2 Attachments

**DFAS Central and Field Sites  
Administrative Space**

DCN: 11565

**DFAS Central and Field Sites**

Admin Footprint (USF)	Total Authorized Personnel (includes contractor)	Current Capacity	Maximum Potential Capacity	Current Usage	Surge Capacity Requirement	Excess (Shortage)
Arlington	496	102,979	102,979	79,360	0	23% 23,619
Charleston	410	108,580	108,580	65,600	0	40% 42,980
Cleveland	1657	306,801	306,801	265,120	0	14% 41,681
Columbus	2328	558,542	558,542	372,480	0	33% 186,062
Dayton	313	81,605	81,605	50,080	0	39% 31,525
Denver	1746	292,991	292,991	279,360	0	5% 13,631
Indianapolis	2712	682,885	682,885	433,920	0	36% 248,965
Kansas City	1064	219,203	219,203	170,240	0	22% 48,963
Lawton	276	64,725	64,725	44,160	0	32% 20,565
Lexington	60	20,056	20,056	9,600	0	52% 10,456
Limestone	279	68,428	68,428	44,640	0	35% 23,788
Norfolk Naval Station	351	73,144	73,144	56,160	0	23% 16,984
Oakland	58	14,620	14,620	9,280	0	37% 5,340
Omaha	370	63,375	63,375	59,200	0	7% 4,175
Orlando	364	53,211	53,211	58,240	0	-9% (5,029)
Pacific (Ford Island)	250	40,461	40,461	40,000	0	1% 461
Patuxent River	77	9,553	9,553	12,320	0	-29% (2,767)
Pensacola (N)	457	68,814	68,814	73,120	0	-6% (4,306)
Pensacola (S)	278	48,142	48,142	44,480	0	8% 3,662
Rock Island	381	42,035	42,035	60,960	0	-45% (18,925)
Rome	338	82,736	82,736	54,080	0	35% 28,656
San Antonio	468	64,417	64,417	74,880	0	-16% (10,463)
San Bernardino	231	30,033	30,033	36,960	0	-23% (6,927)
San Diego	352	46,448	46,448	56,320	0	-21% (9,872)
Seaside	70	23,122	23,122	11,200	0	52% 11,922
St Louis	428	78,902	78,902	68,480	0	13% 10,422
<b>TOTAL</b>	<b>15814</b>	<b>3,245,808</b>	<b>3,245,808</b>	<b>2,530,240</b>		<b>22% 715,568</b>
* 160 USF Std						

Current Capacity = Assigned square footage as of 30 Sep 03, except as indicated in note above.

Current Usage = Square foot requirement based on personnel assigned as of 30 Sep 03.

DCN: 11565

**DFAS Central and Field Sites  
Government Owned Storage/Warehouse Space (GSF)**

**DFAS Central and Field Sites**

<b>Storage, Warehouse and Specialized Equipment</b>	<b>Gov't Owned Storage/ Warehouse (GSF)</b>	<b>Leased Storage/ Warehouse (USF)</b>	<b>Safe, Vaults, Financial Systems (USF)</b>
Arlington	0	2,252	34
Charleston	0	62,778	375
Cleveland	0	52,518	2,810
Columbus	101,199	0	1,024
Dayton	0	15,826	220
Denver	66,452	0	3,831
Indianapolis	0	52,468	18,804
Kansas City	33,933	0	542
Lawton	23,731	0	196
Lexington	0	940	64
Limestone	15,384	0	159
Norfolk	11,077	0	57
Oakland	0	2,448	16
Omaha	12,675	0	1,607
Orlando	0	10,329	10
Pacific (Ford Island)	5,576	0	443
Patuxent River	0	52	0
Pensacola (N)	7,013	0	612
Pensacola (S)	3,854	0	19
Rock Island	39,776	0	16
Rome	147,198	0	6
San Antonio	0	3,630	238
San Bernardino	8,608	0	23
San Diego	0	5,260	193
Seaside	3,889	0	4
St Louis	17,935	0	12
<b>TOTAL</b>	<b>498,300</b>	<b>208,501</b>	<b>31,315</b>
<b>Note:</b> Installations/activities which have no entries do not have any storage, warehouse or specialized equipment to report.			

DCN: 11565



DCN: 11565

Upon completion of the DoD funded renovation, GSA and DoD will jointly determine the post-renovation FAR rate using sound principles of appraisal. DoD will pay GSA a rental rate equal to the post-modernization FAR rate plus annual security charges outlined below, less a \$7.00 per square foot rent 'rebate' until such a time that the 'rebate' equals the total DoD level of investment.

The rental rate is subject to the following adjustments:

Annual building security charges will be added to the post-renovation FAR rate. This annual security charge has two components - a nationally computed charge for surveying and Federal Protective Service response, and a building specific charge. DoD will be consulted prior to the implementation of additional building specific security measures that will affect the rental rate.

The rental rate will be adjusted annually for inflation, based on the CPI.

Future rental rates will be adjusted, after mutual agreement by DoD and GSA, for any additional capital improvements funded by GSA.

The extent of renovation will be determined by the total amount of funding transferred. Should the funding level be insufficient to fully modernize the building, GSA and DoD will mutually reevaluate the housing situation, and determine the appropriate course of action.

#### IV. AMENDMENT

This Memorandum of Agreement may be amended by mutual agreement of both parties at any time. All changes shall be made in writing and attached to this originating document.



DAVID J. BARRAM  
Administrator  
General Services Administration



JOHN J. HAMRE  
Under Secretary of Defense  
(Comptroller)  
Department of Defense

7-14-97

Date

7-17-97

Date

#### ATTACHMENT A

Project Payback at Various Occupancy Levels in 1997 Dollars

Federal Recycling Program  Printed on Recycled Paper

DCN: 11565

ATTACHMENT A

PROJECT PAYBACK AT VARIOUS OCCUPANCY LEVELS IN 1997 DOLLARS

Scenario 1 96%		Post Modernization Rent Rate \$22.00 psf	Rent rebate of \$7.00 psf	Adjusted Annual Rental	Payback Term
	sf				
DFAS	800,000	\$17,600,000	\$5,600,000	\$12,000,000	
Other DoD	<u>275,000</u>	<u>\$6,050,000</u>	<u>\$1,925,000</u>	<u>\$4,125,000</u>	
Total	1,075,000	\$23,650,000	\$7,525,000	\$16,125,000	15.55 years
Scenario 2 80%		Post Modernization FAR Rate \$22.00 psf	Rent Rebate of \$7.00 psf	Adjusted Annual Rental	Payback Term
	sf				
DFAS	700,000	\$15,400,000	\$4,900,000	\$10,500,000	
Other DoD	<u>200,000</u>	<u>\$4,400,000</u>	<u>\$1,400,000</u>	<u>\$3,000,000</u>	
Total	900,000	\$19,800,000	\$6,300,000	\$13,500,000	18.57 years
Scenario 3 72%		Post Modernization FAR Rate \$22.00 psf	Rent Rebate of \$7.00 psf	Adjusted Annual Rental	Payback Term
	sf				
DFAS	600,000	\$13,200,000	\$4,200,000	\$9,000,000	
Other DoD	<u>200,000</u>	<u>\$4,400,000</u>	<u>\$1,400,000</u>	<u>\$3,000,000</u>	
Total	800,000	\$17,600,000	\$5,600,000	\$12,000,000	20.89 years

Assumptions:

All figures shown in 1997 dollars, and are not adjusted for inflation

Post Modernization Office FAR rate of \$22.00.

\$117 million DoD funded renovation.

DCN: 11565

DCN: 11565

**OCCUPANCY AGREEMENT**  
**between**  
**DEFENSE FINANCING & ACCOUNTING SERVICE (9727)**  
**and**  
**GENERAL SERVICES ADMINISTRATION**

DEFENSE FINANCING & ACCOUNTING SERVICE (Code 9727) will occupy 800066 usable (1071648 rentable) square feet of space and 0 structured parking spaces and 0 surface parking spaces in the MAJOR GENERAL EMMETT J. BEAN, 8899 EAST 56TH STREET, INDIANAPOLIS, IN, for a period of 231 months commencing on or about 01-MAY-03.

The DEFENSE FINANCING & ACCOUNTING SERVICE (Code 9727) will pay the General Services Administration rent in accordance with the attached page(s). The rental will be adjusted annually for operating cost escalations.

DEFENSE FINANCING & ACCOUNTING SERVICE (Code 9727) will pay the General Services Administration additional rent for prorated share of joint use space associated with this location, if any.

Additional/reduced services are shown on the attached Occupancy Agreement Financial Summary.

1. Paragraphs 1 to 4 apply to federal OA's only and include subparagraphs A to D. These replace the former lease/federal paragraphs.

A) While this occupancy agreement (OA) addresses financial terms that cover multiple fiscal years, the parties agree that:

The tenant agency may relinquish space upon (4) months' notice. Thus, at any future time, the tenant agency's financial obligation can be reduced to four (4) months of Rent, plus the unamortized balance of any tenant improvements financed through PBS, plus any rent concession not yet earned. Any free Rent or other concession given at the beginning of the occupancy term must be allocated on a pro-rata basis over the entire OA term, and the unearned balance repaid to PBS.

The tenant's financial obligations for years beyond the current year do not mature until the later year(s) are reached. Thus, there is no requirement that the tenant agency certify that current year funds are available to defray future year obligations.

The tenant's obligation to pay Rent in future years is subject to the availability of funds, but the tenant agrees to make a good faith effort to meet its obligations as they arise.

B) In the case of Federal construction, the parties agree that PBS is responsible for providing the funds necessary to acquire land (if appropriate), design and construct the building shell, and fund the tenant agency's tenant improvement allowance. The tenant agency is responsible for any tenant improvement costs in excess of the tenant improvement allowance. The parties further agree that savings or cost over-runs on the acquisition of land or the design and construction of building shell will not result in increases or decreases in the tenant allowance amount, except in the case of prospectus level projects, where bids for the construction of the shell are over the approved budget. In this case, it is permissible to lower the tenant allowance in order to increase the shell budget, but only with approval of the tenant.

DCN: 11565

The tenant agency can appeal to the PBS asset manager in cases in which the agency's assigned tenant improvement allowance is inadequate to provide basic functionality for the space.

C) Building services to be provided are outlined in the PBS Real Property Customer Guide. Additional or upgraded services beyond those identified are provided by PBS or the lessor on a reimbursable basis. Charges for certain recurring reimbursable services may be billed on the PBS Bill. Recurring charges for Overtime Utilities, Enhanced Custodial Services, Mechanical O&M HVAC, Mechanical O&M Other and Additional Guard Services are eligible for billing on the PBS Bill provided the tenant agency has been designated as a "participating agency". The charges must be initiated by the tenant agency and renewed annually. The recurring RWA processing fee will be assessed against each service billed.

D) Federal rental charges will consist of a shell rent plus amortized tenant improvements, if applicable. There may be additional charges for operating expenses, security, joint use, parking and other space items such as antennas.

Regardless of the OA term, the shell rate or "as is" rate is set for periods up to but not beyond 5 years. For OA's with terms beyond 5 years, the shell or "as is" rent will be re-appraised every 5 years. In the case of buildings priced on a "Return on Investment" approach, shell rents will be locked for the duration of the OA.

Charges for operating expenses, joint use space, parking, security and real estate taxes may be adjusted on an annual basis.

3. B) The tenant agency's obligation to pay Rent for the space governed by this OA commences upon the date the space is ready for occupancy, typically the substantial completion date. Substantial completion is signaled by PBS acceptance of the space as substantially complete.

"Substantially complete" and "substantial completion" means that the work, the common and other areas of the building, and all other things necessary for the Government's access to the premises and occupancy, possession, use and enjoyment thereof, as provided in the construction contract, have been completed or obtained, excepting only such minor matters as do not interfere with or materially diminish such access, occupancy, possession, use or enjoyment.

For large projects where phased occupancy of space assigned to a tenant in a Client Billing Record (CBR) occurs, the rent start date is set to be the one date that is the adjusted, weighted midpoint of all the individual blocks...a composite rent start date. The actual occupancy date of the individual blocks of space in the CBR should be used to calculate the weighted midpoint rent start date of the CBR. If phased occupancy by CBR occurs, the rent start date for each CBR will be when the space associated with it is substantially complete.

If there is a substantial punch list for the space, GSA may offer a rent discount to the tenant while the punch list work is being completed to compensate the tenant for inconvenience caused by having a significant amount of construction occur in their space during business hours. If, for security purposes, after hours work is required, GSA will ensure adequate security is provided while the contractor is in the tenant's space.

GSA does not provide tenant agencies a grace period before rent start to accomplish the physical move into the space or for installation of personal property such as phones, furniture, computers, etc.

3. F. In the event the space covered by this OA involves a tenant agency move, once a design and construction schedule has been established it must be incorporated into this OA. Once part of this OA, the schedule becomes binding upon the tenant agency as well as upon FBS.

Delay in project completion caused by either a) tenant agency failure to meet the review and approval times provided in the construction schedule, or b) tenant changes to project scope, will be borne by the tenant agency. As a consequence of tenant caused delay, FBS may decline to postpone the scheduled substantial completion date (thereby advancing Rent commencement for the space) by the duration of the tenant-caused delay, on a day to day basis; this may result in rent charges at two locations simultaneously for the tenant. Additional direct expenses caused through tenant-caused delay or changes in project scope are chargeable against the tenant allowance; in the event the tenant allowance has been exhausted, the tenant must pay the lump sum cost by RWA. In summary, the tenant is responsible for the delay claim of the affected contractor and for rent that GSA budgeted to start on the date included in the Occupancy Agreement. If partial occupancy of the building is not possible due to one agency change, that agency is liable for the other tenant's rent who are unable to occupy their space on the date contained in their Occupancy Agreement.

The rent start date should be adjusted for delay of occupancy caused by FBS failing to deliver the real property on time. The rent start date should not be adjusted for delay of occupancy caused by a contractor failing to install personal property on time with one exception. For those personal property items that have been included in the general construction contract, such as telephone and data systems, or audio video systems, and the systems are not ready, the rent start date should be adjusted. Delayed furniture delivery and installation, which is not part of the general construction contract, is not reason for delaying the rent start date.

In its role as building owner, FBS may also be the cause of delay. Expenses associated with FBS-caused delay incurred by the tenant, for such things as additional storage for furniture, re-procurement expense, or additional consulting fees, will be credited against the tenant's rent obligation to FBS for the new space.

In the case of excusable delay (e.g., force majeure or any other delay the cause of which is beyond the reasonable control of either FBS or the tenant agency), neither FBS nor the tenant agency may pursue the other for the consequence of the delay.

G) The parties hereby agree that iterations of OA's prepared before completion of a building design, and before final security/joint use charges are provided, contain preliminary financial terms only. Financial terms in preliminary OA's are not binding on either party; they are estimates for budgeting purposes.

Accordingly, tenant agency signature on preliminary OA's does not bind the agency to specific financial terms in the OA; rather, execution by the tenant agency constitutes that agency's commitment to the project. Until site purchase or contract award to a design architect, the tenant agency has the right to cancel the proposed project without financial obligation.

4. H) The services that PBS provides to its customers, are listed on the PBS website:  
[http://www.fsa.gov/portal/content.pubs\\_content.jsp?contentCID=122833&contentType=11](http://www.fsa.gov/portal/content.pubs_content.jsp?contentCID=122833&contentType=11)  
 or the March 2002 edition of the Pricing Desk Guide. Unless PBS provides otherwise in writing, the cost of these services is included in PBS's rents and fees. Any service beyond those identified in the Pricing Desk Guide are provided by PBS for an additional charge.

I) The tenant agency agrees that it will undertake no alterations to the real property governed by this CA without prior approval from PBS.

J) The tenant agency must pay for tenant improvements in excess of the allowance by RWA. The tenant agency also has the right to pay lump sum for tenant improvements below the allowance threshold. The ability to make lump sum payments below the allowance threshold is only available at assignment inception, and only for the customization component of the allowance in new space. In backfill or relief space, if the tenant can accept existing tenant improvements "as is" or with modifications, the tenant can elect to waive all or part of the general allowance. Further, once the tenant allowance is set, if the agency then wishes to make a lump sum payment for improvements which are charged against the allowance, PBS cannot accept payments below the allowance threshold by RWA.

K) At the end of this CA term, if the tenant cannot remain in the space covered by this CA, the tenant is responsible for funding the physical move to new space. In the event PBS displaces or allows another user to displace the tenant before the expiration of the CA term, PBS must fund, or require the new user to fund, the tenant's physical move, and relocation of the tenant's telecommunications equipment. PBS must also reimburse or require the new user to reimburse, the tenant for the unappreciated value of any lump sum payments the tenant made toward tenant improvements and the Rent differential at the new location until the displaced agency has time to budget. The Rent differential is calculated on all elements of Rent except the amortized tenant improvement cost.

L) The parties agree that PBS is amortizing through a specific charge in Rent the portion of the tenant improvement allowance the tenant elects to use. The tenant has funding responsibility for replacement, renewal or alteration of tenant improvements. PBS is responsible for replacement and renewal of all building shell elements.

Additional Clauses: None.

Tenant Specific Clauses: None.

Ad Hoc Clauses:

1. There are no tenant improvements financed through the General Services Administration, Public Buildings Service as part of the Emmett J. Bean Federal Center renovation. Per the MOA dated July 17, 1997, GSA & DoD agreed that they would "jointly determine the post-renovation FAR (Fair Annual Rental) rate using sound principles of appraisal." GSA and DoD agree that \$3.27 per usable square foot shall be added to the shell rate in order to arrive at the post modernization FAR rate for both the shell and interior improvements. The \$3.27 shall not be charged to the agency or otherwise included in the FAR rate after a period of 231 months.

DCN: 11565

DPAS - Post-renov. & Re-measuring OA SIGNED	Version 2
CA021397	08/21/03
	Page: 5 of 5

2. This Occupancy Agreement contains a \$7.00 per usable square foot rent credit to conform to the Memorandum of Agreement Between the General Services Administration (GSA) and the Department of Defense (DOD), signed and agreed to by both parties in July, 1997. This credit will remain in effect until the total amount transferred to GSA from DOD to provide for the planning, design and renovation of the Major General Emmett J. Bean Federal Center has been refunded to DOD.

I agree to the initial terms with the understanding modifications will be made over time.

Approved:

*Audrey L. Robert, Dir, Admin Serv* 1/7/04  
 Agency Representative Title Date

Approved:

*Peggy Jones* 2/13/04  
 GSA Representative Title Date

< End of Report >

Occupancy Agreement Financial Summary

Fiscal Year

Printed On 04-FEB-2004 15:38

Page 1 of 20

DCN: 11565

DFA5 - Post-renov. & Re-measuring CA

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Version 2

Created 21-AUG-2003

9727 DEFENSE FINANCING & ACCOUNTING SERVICE

Period Start Date 01-MAY-2003 End Date 30-SEP-2003

	Factors	Factors	Cost	Cost/5F
1. Shell Rental Rate				
General Use (rentable square footage)		1,071,648	\$3,340,276	\$7.48188
2. Operating Costs *			\$1,803,482	\$4.13257
* Market Rent Subtotal		1,071,648	\$5,143,758	\$11.51988
3. Security Services				
Basic			\$133,958	\$3.00000
Building Specific			\$422,228	\$9.45660
Building Specific Amortized Capital			\$4,394	\$0.00984
4. Extra Services		1,071,648		
Rent Credit (\$7.00 per s.g.f.)			-\$2,333,526	
5. Rent Charges for other space				
ANTENNA			\$5,908	
*** Agency Rent Subtotal		1,071,648	\$3,376,720	\$7.58230
6. Joint Use Space				
Joint Use Rentable Space	61544		\$293,873	
*** Total Annual Rental		1,071,648	\$3,670,533	\$8.22044
* Operating Costs Escalation Applies				
Customization Term		2		
Amortization Term (in months)		231		

Occupancy Agreement Financial Summary

Fiscal Year

Printed On: 04/22/2004 15:31  
 DCN: 11565

Page 2 of 21

SIGNED

OFAS - Performance & Accounting DA

OAG21397

Version: 2

Created 21-AUG-2003

9727 DEFENSE FINANCING & ACCOUNTING SERVICE

Period Start Date: 01-OCT-2003 End Date: 30-SEP-2004

	Factor1	Factor2	Cost	Total SF
1. Shell Rental Rate				
General Use (rentable square footage)	1,070,648		58,046,661	17,48000
2. Operating Costs *			54,162,462	11,00000
Market Rent SubTotal	1,070,648		510,359,122	611,00000
3. Security Services				
Basic			6321,450	10,00000
Building Protection			60,015,345	11,00000
Building Security Allocated Capital			510,565	11,00000
4. Extra Expenses	1,070,648			
Rent Credit (97.00 per sq.ft.)			-59,400,462	
5. Rent Charged for other space				
ANTENNA			600,178	
*** Agency Rent SubTotal	1,070,648		58,156,220	11,60000
6. Joint Use Space				
Joint Use Rentable Space	01816		5700,292	
*** Total Annual Rental	1,070,648		59,845,526	69,20000
Operating Costs Allocation Applies				
Transmission Fees			2	
Antenna Rental (L1, 20000)			290	

Occupancy Agreement Financial Summary

Fiscal Year

Printed On: 01-SEP-2004 15:36  
 DCN: T1565

Page 3 of 20

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DEAS - INFORMATION & ADMINISTRATION CA

CA10009

Version: 3

Created On: 07-SEP-2003

9727 DEPARTMENT FINANCING & ACCOUNTING SERVICE

Period Start Date: 01-OCT-2004 End Date: 30-SEP-2005

	Factors	Factors	Cost	Cost SF
1. Shell Rental Rate				
General, non-identifiable square footage:		1,071,648	\$8,016,661	\$7.48088
2. Operating Costs *			\$4,513,938	\$4.20214
* Market Rent Subtotal		1,071,648	\$12,530,599	\$11.68302
7. Security Deposits				
General			\$321,599	\$3.00000
Leasehold Specific			\$1,113,349	\$1.04061
Building Specific Addressed Leases			\$10,545	\$0.00984
8. Extra Services		1,071,648		
Rent Credit (3.00% per sq. ft.)			-\$3,600,462	
10. Rent Changes for other space				
ANTENNA			\$24,079	
*** Agency Rent Subtotal		1,071,648	\$8,289,705	\$7.72547
20. Costs for space				
Other Use Related Agency	0.543		\$103,284	
*** Total Annual Rental		1,071,648	\$8,994,599	\$8.39361
* Operating Costs Exclusion Applies				
Customization Fees		2		
Advertisement Deal with vendors		231		

Occupancy Agreement Financial Summary

Fiscal Year

DCN: 11565  
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DFAR - Postgraduate & Accounting CA

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Version: 2

Created 01-A-1-2003

9727 DEFENSE FINANCING & ACCOUNTING SERVICE

Period Start Date 01-OCT-2005 End Date 30-SEP-2006

	Factors	Factors	Cost	Cost %
1. Shell Rental Rate				
General Use (rentable square footage)	1,070,648		\$8,006,461	81.42166
2. Operating Costs *			\$6,849,583	69.33500
Market Rent Subtotal	1,070,648		\$14,856,044	150.75667
Security Services				
Basic			\$321,499	3.28000
Building Protection			\$1,015,348	10.34800
Building Protection Authorized Capital			\$10,540	0.10756
3. Extra Services	1,070,648			
Rent Escrow (07.00 per sq.ft.)			-\$5,802,480	-58.80248
4. Rent Changes for other space				
ANTENNA			\$14,179	0.14379
*** Agency Rent Subtotal	1,070,648		\$8,475,123	85.96174
5. Joint Use Costs				
Joint Use Rentable Space	4,800		\$705,234	7.14334
*** Total Annual Rental	1,070,648		\$9,180,417	92.85557
Operating Costs Escalation Applied				
Customization Fees		2		
Amortization (over 120 months)		231		

Occupancy Agreement Financial Summary

Fiscal Year

DCN: 14565

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DATE

Version

Created 21-APR-2007

9727 DEGREE FINANCING & ACCOUNTING SERVICE

Period Start Date 01-OCT-2006 End Date 30-SEP-2007

	Factor	Factor	Cost	Cost SF
1. Rent Rental Note				
General Fee (rentable square footage)		1,070,648	\$8,026,661	\$7.49164
2. Operating Costs *			\$4,788,834	\$4.48834
Market Rent SubTotal		1,070,648	\$12,815,495	\$12.00014
3. Operating Expenses				
Admin			\$320,193	\$0.30020
Building Security			\$1,013,348	\$0.94860
Building Security Amortized Capital			\$10,545	\$0.00984
4. Extra Services		1,070,648		
Rent Credit (1000 per sq.ft.)			-65,600,460	
5. Rent Escrow (for other space)				
ANTENNA			\$14,074	
*** Agency Rent Subtotal		1,070,648	\$6,364,604	\$5.94444
6. Rent Fee SPAT				
Rent Fee Rentable Space	60.44		\$708,294	
*** Total Annual Rental		1,070,648	\$9,265,894	\$8.69117
* Operating Costs Association Applies				
Customization Fee		2		
Amortization Fee (24 months)		232		

Occupancy Agreement Financial Summary

Fiscal Year

Printed DGN: 14565

Page 6 of 20

SIGNED

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Version: 1

Created 21-APR-2008

9727 DEFENSE FINANCING & ACCOUNTING SERVICE

Period Start Date 01-OCT-2007 End Date 30-SEP-2008

	Factors	Factors	Cost	Cost EF
1. Shell Rental Rate				
General Use (Special A Square Footage)		1,070,648	\$6,026,681	\$7,48068
2. Operations Costs *			\$4,932,499	\$4,93270
Market Rent Subtotal		1,070,648	\$7,959,180	\$10,41338
3. Vacancy Allowance				
Basic			\$321,499	\$1,31000
Building Specific			\$1,010,348	\$1,010360
Building Specific Amortized Capital			\$6,251	\$1,01074
4. Vendor Services		1,070,648		
Rent Credit - \$100 per sq.ft.			-\$5,622,460	
5. Rent Charges for Other Space				
ANTHANA			\$14,179	
*** Agency Rent Subtotal		1,070,648	\$6,703,875	\$8,12250
6. Joint Use Space				
Joint Use Rentable Space	6,540		\$705,294	
*** Total Annual Rental		1,070,648	\$5,408,169	\$6,9109
* Operations Costs Exclusion Applied				
Contingency Fees		2		
Amortization Fees (24 months)		331		

Occupancy Agreement Financial Summary

Fiscal Year

Contract **DCN 44565**

Page 7 of 20

SYNOPSIS

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Version 1

Created 21 AUG-2008

9727 DEFENSE FINANCING & ACCOUNTING SERVICE

Period Start Date 01-OCT-2008 End Date 30-SEP-2009

	Factors	Factors	Cost	Cost/PS
1. <b>Agency Rental Rate</b>				
General Use Rentable Space		1,070,648	\$8,026,640	\$7.49008
2. <b>Operating Costs *</b>			\$8,090,470	\$7.49008
<b>Market Rent Subtotal</b>		1,070,648	\$16,091,135	\$14.98016
3. <b>Security Services</b>				
Basic			\$321,470	\$2.99000
Building Security			\$1,003,348	\$9.34000
4. <b>Extra Services</b>		1,070,648		
Perk Credit (5000 per sq.ft)			-\$5,000,000	
5. <b>Rent Charges for other space</b>				
AGENCY			\$24,000	
*** <b>Agency Rent Subtotal</b>		1,070,648	\$8,640,699	\$8.05008
6. <b>Joint Use Space</b>				
Joint Use Rentable Space	47044		\$705,294	
*** <b>Total Annual Rental</b>		1,070,648	\$9,345,993	\$8.60008
7. <b>Operating Costs Facilitation App Fee</b>				
Customization Fee				
Amortization Term fee credits				

DCN: 11565

Occupancy Agreement Financial Summary

Fiscal Year

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Version 1

Created 21-AUG-2003

9727 DEBTOR FINANCING & ACCOUNTING SERVICE

Period Start Date 01-OCT-2009 End Date 30-SEP-2010

	Factors	Factors	Cost	Cost %
1. Basic Rent - Base				
Includes and includes square footage	1,070,648		\$8,018,881	51.49168
2. Operating Costs *			\$8,730,985	54.89301
** Market Rent Subtotal	1,070,648		\$13,249,869	87.10670
3. Rentality Services				
Rent			\$321,499	20.20000
Outgoing Traffic			\$1,013,348	63.94851
4. Extra Services	1,070,648			
Rent Charge - 5000 per month			-\$5,600,461	
5. Rent Charge for other space				
ANTENNA			\$14,179	
*** Agency Rent Subtotal	1,070,648		\$8,998,123	56.59650
6. Joint Use Space				
Joint Use Rentable Space	61544		\$705,294	
*** Total Annual Rental	1,070,648		\$9,703,407	62.08468
* Operating Costs Exclusion Applies				
Distribution Fee		3		
Amortization Term 12 months		131		

Occupancy Agreement Financial Summary

Fiscal Year

DCN: 11565

Printed On 04-28-2004 15:38

Page 9 of 22

SYNALS

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Version: 2

Created 21-AUG-2003

9727 DEFENSE FINANCING & ACCOUNTING SERVICE

Period Start Date 01-OCT-2010 End Date 30-SEP-2011

	Revenue	Expense	Net	Cost
1. Space Rental Rate				
General Use (rentable square footage)	1,070,648	58,016,487	56,945,839	1,490,000
2. Operating Costs *		55,389,875	55,389,875	1,102,850
*** Market Rent SubTotal	1,070,648	113,406,362	112,335,714	2,592,850
3. Security Services				
Rent		50,000,000	50,000,000	10,000,000
Security Services		50,000,000	50,000,000	10,000,000
4. Extra Services	1,070,648			
Test Products (1.00 per sq.ft.)		-55,600,488	-55,600,488	
10. Rent Charges for other space				
ANTANNA		604,175	604,175	
*** Agency Rent Subtotal	1,070,648	59,395,700	58,325,052	
11. General Use Space				
Joint Use Rental of Space	60848		60848	
*** Total Annual Rental	1,070,648	113,802,062	112,731,414	2,592,850
* Operating Costs Each Action And/Or				
Customization Cost		2	2	
Amortization Term (in months)		231	231	

DCN: 11565

Category	Amount	Subtotal	Total
1. State Agency Rate	\$8,076,661	\$8,076,661	\$8,076,661
2. Operating Costs	\$9,580,271	\$9,580,271	\$17,656,932
3. Agency Rate Subtotal	\$17,656,932	\$17,656,932	\$17,656,932
4. State Agency Rate	\$1,071,648	\$1,071,648	\$18,728,580
5. Operating Costs	\$1,071,648	\$1,071,648	\$19,800,228
6. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$21,943,524
7. State Agency Rate	\$1,071,648	\$1,071,648	\$23,015,172
8. Operating Costs	\$1,071,648	\$1,071,648	\$24,086,820
9. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$26,230,116
10. State Agency Rate	\$1,071,648	\$1,071,648	\$27,301,764
11. Operating Costs	\$1,071,648	\$1,071,648	\$28,373,412
12. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$30,516,708
13. State Agency Rate	\$1,071,648	\$1,071,648	\$31,588,356
14. Operating Costs	\$1,071,648	\$1,071,648	\$32,659,004
15. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$34,802,300
16. State Agency Rate	\$1,071,648	\$1,071,648	\$35,873,948
17. Operating Costs	\$1,071,648	\$1,071,648	\$36,945,596
18. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$39,088,892
19. State Agency Rate	\$1,071,648	\$1,071,648	\$40,160,540
20. Operating Costs	\$1,071,648	\$1,071,648	\$41,232,188
21. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$43,375,434
22. State Agency Rate	\$1,071,648	\$1,071,648	\$44,447,082
23. Operating Costs	\$1,071,648	\$1,071,648	\$45,518,730
24. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$47,661,624
25. State Agency Rate	\$1,071,648	\$1,071,648	\$48,733,272
26. Operating Costs	\$1,071,648	\$1,071,648	\$49,804,920
27. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$51,948,464
28. State Agency Rate	\$1,071,648	\$1,071,648	\$53,020,112
29. Operating Costs	\$1,071,648	\$1,071,648	\$54,091,760
30. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$56,235,004
31. State Agency Rate	\$1,071,648	\$1,071,648	\$57,306,652
32. Operating Costs	\$1,071,648	\$1,071,648	\$58,378,300
33. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$60,521,596
34. State Agency Rate	\$1,071,648	\$1,071,648	\$61,593,244
35. Operating Costs	\$1,071,648	\$1,071,648	\$62,664,892
36. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$64,809,188
37. State Agency Rate	\$1,071,648	\$1,071,648	\$65,880,836
38. Operating Costs	\$1,071,648	\$1,071,648	\$66,952,484
39. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$69,095,780
40. State Agency Rate	\$1,071,648	\$1,071,648	\$70,167,428
41. Operating Costs	\$1,071,648	\$1,071,648	\$71,239,076
42. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$73,382,020
43. State Agency Rate	\$1,071,648	\$1,071,648	\$74,453,668
44. Operating Costs	\$1,071,648	\$1,071,648	\$75,525,316
45. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$77,668,612
46. State Agency Rate	\$1,071,648	\$1,071,648	\$78,740,260
47. Operating Costs	\$1,071,648	\$1,071,648	\$79,811,908
48. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$81,956,856
49. State Agency Rate	\$1,071,648	\$1,071,648	\$83,028,504
50. Operating Costs	\$1,071,648	\$1,071,648	\$84,100,152
51. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$86,243,448
52. State Agency Rate	\$1,071,648	\$1,071,648	\$87,315,096
53. Operating Costs	\$1,071,648	\$1,071,648	\$88,386,744
54. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$90,531,640
55. State Agency Rate	\$1,071,648	\$1,071,648	\$91,603,288
56. Operating Costs	\$1,071,648	\$1,071,648	\$92,674,936
57. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$94,819,880
58. State Agency Rate	\$1,071,648	\$1,071,648	\$95,891,528
59. Operating Costs	\$1,071,648	\$1,071,648	\$96,963,176
60. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$99,106,472
61. State Agency Rate	\$1,071,648	\$1,071,648	\$100,178,120
62. Operating Costs	\$1,071,648	\$1,071,648	\$101,249,768
63. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$103,393,464
64. State Agency Rate	\$1,071,648	\$1,071,648	\$104,465,112
65. Operating Costs	\$1,071,648	\$1,071,648	\$105,536,760
66. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$107,680,004
67. State Agency Rate	\$1,071,648	\$1,071,648	\$108,751,652
68. Operating Costs	\$1,071,648	\$1,071,648	\$109,822,900
69. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$111,926,148
70. State Agency Rate	\$1,071,648	\$1,071,648	\$112,997,796
71. Operating Costs	\$1,071,648	\$1,071,648	\$114,068,444
72. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$116,212,840
73. State Agency Rate	\$1,071,648	\$1,071,648	\$117,284,488
74. Operating Costs	\$1,071,648	\$1,071,648	\$118,355,136
75. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$120,478,380
76. State Agency Rate	\$1,071,648	\$1,071,648	\$121,549,028
77. Operating Costs	\$1,071,648	\$1,071,648	\$122,619,676
78. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$124,763,972
79. State Agency Rate	\$1,071,648	\$1,071,648	\$125,835,620
80. Operating Costs	\$1,071,648	\$1,071,648	\$126,906,268
81. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$129,019,516
82. State Agency Rate	\$1,071,648	\$1,071,648	\$130,091,164
83. Operating Costs	\$1,071,648	\$1,071,648	\$131,161,812
84. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$133,275,008
85. State Agency Rate	\$1,071,648	\$1,071,648	\$134,346,656
86. Operating Costs	\$1,071,648	\$1,071,648	\$135,417,304
87. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$137,530,600
88. State Agency Rate	\$1,071,648	\$1,071,648	\$138,602,248
89. Operating Costs	\$1,071,648	\$1,071,648	\$139,672,896
90. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$141,786,144
91. State Agency Rate	\$1,071,648	\$1,071,648	\$142,857,792
92. Operating Costs	\$1,071,648	\$1,071,648	\$143,928,440
93. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$146,041,636
94. State Agency Rate	\$1,071,648	\$1,071,648	\$147,113,284
95. Operating Costs	\$1,071,648	\$1,071,648	\$148,184,532
96. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$150,268,028
97. State Agency Rate	\$1,071,648	\$1,071,648	\$151,339,676
98. Operating Costs	\$1,071,648	\$1,071,648	\$152,410,324
99. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$154,523,620
100. State Agency Rate	\$1,071,648	\$1,071,648	\$155,595,268
101. Operating Costs	\$1,071,648	\$1,071,648	\$156,666,416
102. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$158,759,712
103. State Agency Rate	\$1,071,648	\$1,071,648	\$159,821,360
104. Operating Costs	\$1,071,648	\$1,071,648	\$160,892,008
105. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$162,985,256
106. State Agency Rate	\$1,071,648	\$1,071,648	\$164,056,904
107. Operating Costs	\$1,071,648	\$1,071,648	\$165,127,552
108. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$167,220,496
109. State Agency Rate	\$1,071,648	\$1,071,648	\$168,292,144
110. Operating Costs	\$1,071,648	\$1,071,648	\$169,353,192
111. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$171,436,436
112. State Agency Rate	\$1,071,648	\$1,071,648	\$172,508,084
113. Operating Costs	\$1,071,648	\$1,071,648	\$173,578,732
114. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$175,671,928
115. State Agency Rate	\$1,071,648	\$1,071,648	\$176,743,576
116. Operating Costs	\$1,071,648	\$1,071,648	\$177,814,224
117. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$179,917,820
118. State Agency Rate	\$1,071,648	\$1,071,648	\$180,989,468
119. Operating Costs	\$1,071,648	\$1,071,648	\$182,059,516
120. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$184,122,760
121. State Agency Rate	\$1,071,648	\$1,071,648	\$185,194,408
122. Operating Costs	\$1,071,648	\$1,071,648	\$186,264,556
123. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$188,307,800
124. State Agency Rate	\$1,071,648	\$1,071,648	\$189,379,448
125. Operating Costs	\$1,071,648	\$1,071,648	\$190,439,096
126. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$192,522,344
127. State Agency Rate	\$1,071,648	\$1,071,648	\$193,594,992
128. Operating Costs	\$1,071,648	\$1,071,648	\$194,606,040
129. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$196,649,280
130. State Agency Rate	\$1,071,648	\$1,071,648	\$197,720,928
131. Operating Costs	\$1,071,648	\$1,071,648	\$198,691,676
132. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$200,734,572
133. State Agency Rate	\$1,071,648	\$1,071,648	\$201,806,220
134. Operating Costs	\$1,071,648	\$1,071,648	\$202,776,868
135. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$204,820,116
136. State Agency Rate	\$1,071,648	\$1,071,648	\$205,891,764
137. Operating Costs	\$1,071,648	\$1,071,648	\$206,861,412
138. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$208,914,800
139. State Agency Rate	\$1,071,648	\$1,071,648	\$209,986,448
140. Operating Costs	\$1,071,648	\$1,071,648	\$210,956,096
141. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$213,019,144
142. State Agency Rate	\$1,071,648	\$1,071,648	\$214,090,792
143. Operating Costs	\$1,071,648	\$1,071,648	\$215,060,440
144. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$217,123,836
145. State Agency Rate	\$1,071,648	\$1,071,648	\$218,195,484
146. Operating Costs	\$1,071,648	\$1,071,648	\$219,165,132
147. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$221,218,320
148. State Agency Rate	\$1,071,648	\$1,071,648	\$222,289,968
149. Operating Costs	\$1,071,648	\$1,071,648	\$223,259,616
150. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$225,273,260
151. State Agency Rate	\$1,071,648	\$1,071,648	\$226,344,908
152. Operating Costs	\$1,071,648	\$1,071,648	\$227,314,556
153. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$229,308,452
154. State Agency Rate	\$1,071,648	\$1,071,648	\$230,380,100
155. Operating Costs	\$1,071,648	\$1,071,648	\$231,350,748
156. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$233,373,840
157. State Agency Rate	\$1,071,648	\$1,071,648	\$234,445,488
158. Operating Costs	\$1,071,648	\$1,071,648	\$235,420,136
159. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$237,433,320
160. State Agency Rate	\$1,071,648	\$1,071,648	\$238,505,068
161. Operating Costs	\$1,071,648	\$1,071,648	\$239,474,716
162. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$241,468,400
163. State Agency Rate	\$1,071,648	\$1,071,648	\$242,539,048
164. Operating Costs	\$1,071,648	\$1,071,648	\$243,509,196
165. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$245,522,344
166. State Agency Rate	\$1,071,648	\$1,071,648	\$246,593,992
167. Operating Costs	\$1,071,648	\$1,071,648	\$247,563,640
168. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$249,547,280
169. State Agency Rate	\$1,071,648	\$1,071,648	\$250,618,928
170. Operating Costs	\$1,071,648	\$1,071,648	\$251,588,576
171. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$252,632,160
172. State Agency Rate	\$1,071,648	\$1,071,648	\$253,703,808
173. Operating Costs	\$1,071,648	\$1,071,648	\$254,673,456
174. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$256,656,700
175. State Agency Rate	\$1,071,648	\$1,071,648	\$257,728,348
176. Operating Costs	\$1,071,648	\$1,071,648	\$258,698,096
177. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$260,716,440
178. State Agency Rate	\$1,071,648	\$1,071,648	\$261,788,088
179. Operating Costs	\$1,071,648	\$1,071,648	\$262,757,736
180. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$264,770,520
181. State Agency Rate	\$1,071,648	\$1,071,648	\$265,842,168
182. Operating Costs	\$1,071,648	\$1,071,648	\$266,811,816
183. Agency Rate Subtotal	\$2,143,296	\$2,143,296	\$268,783,980
184. State Agency Rate	\$1,071,648	\$1,071,648	\$269,855,628
185. Operating Costs	\$1,071,648	\$1,071,648	\$270,785,476
186. Agency Rate Subtotal	\$2,143,296		

Occupancy Agreement Financial Summary

Fiscal Year

Printed on 04-Feb-2013 15:55  
 DCN: 11565

Page 11 of 20

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DRAS - Plantation & Seaside/Orange LA

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Created 21-AUG-2012

9727 DEFENSE FINANCING & ACCOUNTING SERVICE

Period Start Date 01-OCT-2012 End Date 30-SEP-2013

	Factors	Factors	Cost	Total \$
1. 0001 Rental Rate				
General Use (rentable square footage)	1,070,648		\$8,000,600	\$8,48108
2. Operations Costs *			\$8,708,028	\$7,73888
*** Market Rent Subtotal	1,070,648		\$10,781,778	\$10,80068
3. Security Expenses				
Agency			\$320,444	\$1,30700
Outgoing Director			\$1,018,348	\$1,04880
4. Extra Expenses	1,070,648			
Rent Credit (1700 per sq.ft)			-\$1,400,460	
5. Rent Changes for other space				
Agency			98,270	
*** Agency Rent Subtotal	1,070,648		\$9,477,491	\$8,81579
6. Joint Use Space				
Joint Use Rentable Space	61514		\$705,294	
*** Total Annual Rental	1,070,648		\$10,192,725	\$10,00190
* Operations Costs Calculation Assumptions				
Depreciation Rate			2	
Administrative Cost (per month)			450	

Occupancy Agreement Financial Summary

Fiscal Year

DCN: 11565

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Page 12 of 20

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TRAC - Fort-Rendon, a Subsidiary of

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Created 01-AUG 2001

0000 DEFENSE FINANCING & ACCOUNTING SERVICE

Period Start Date 01-OCT-2013 End Date 30-SEP-2014

	Factor1	Factor2	Cost	Cost/21
1. Fixed Rental Rate				
Lease and Incentive Square Footage	1,070,448		\$8,226,44	\$7.73269
2. Operating Costs *			\$5,959,000	\$5.56616
Market Rent SubTotal	1,070,448		\$13,908,328	\$12.97885
3. Security Expenses				
Rent			\$301,429	\$2.81601
Provision Expense			\$1,013,246	\$9.46551
4. Lease Contingent	1,070,448			
Rent Credit (\$7.00 per sq.ft.)			-\$5,600,467	
*** Agency Rent Subtotal	1,070,448		\$9,640,104	\$9.00517
10. Joint Use Space				
Joint Use Available Space	01144		\$705,294	
*** Total Annual Rental	1,070,448		\$10,346,008	\$9.66629
7. Operating Costs Exclusion Applies				
Customization Cost		2		
Amortization Term (in months)		24		

Occupancy Agreement Financial Summary

Fiscal Year

DCN: 14565

Page 13 of 20

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DFAS - Post-Renov. & Re-measuring CA

DATE: 08/27

Version: 2

Created: 21-AUG-2007

9727 DEFENSE FINANCING & ACCOUNTING SERVICE

Period Start Date: 01-OCT-2014 End Date: 30-SEP-2015

	Quantity	Rate	Cost	Cost %
1. Sublet Rental Rate				
General Use Rentable Square Footage	1,070,648		\$8,016,681	67.43068
2. Construction Items *			\$8,068,350	67.46077
*** Market Rent Subtotal	1,070,648		\$16,085,031	207.14148
3. Monthly Allowance				
Basic			\$320,494	10.10000
Building Systems			\$1,013,348	60.96560
4. Extra Services	1,070,648			
Rent Allowance (2.00 per sq.ft.)			-\$2,601,440	
*** Agency Rent Subtotal	1,070,648		\$8,807,338	107.6100
5. Joint Use Space				
Joint Use Rentable Space	61,440		\$705,294	
*** Total Annual Rental	1,070,648		\$10,922,692	69.81906
6. Operating Costs: Estimated App. Use				
Distribution Cost			0	
Amortization Cost (in months)			23	

Occupancy Agreement Financial Summary

Fiscal Year

Printed DON: 1-15-2016 10:56:34

Page 14 of 21

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TRAC - Postscript, & Reproducing Co.

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Version 1

Created 21-AM-2015

9727 SERVICE FORWARDING & ACCOUNTING SERVICE

Period Start Date 01-OCT-2015 End Date 30-SEP-2016

	Factors	Factor2	Cost	Total SF
Build Rent Rate				
General Use Rentable Square Footage	1,070,644		\$6,000,000	5,440,000
Operating Costs *			\$6,218,362	28,820,000
** Market Rent Subtotal	1,070,644		\$12,218,362	143,820,000
Agency Services				
Basic			\$301,499	\$1,000,000
Building Specific			\$1,019,146	\$1,445,000
Extra Services	1,070,644			
Per Sq Ft. Rent per sq. ft.			\$5.600,462	
*** Agency Rent Subtotal	1,070,644		\$4,330,645	24,865,000
Common Use Space				
Joint Use Rentable Space	81,044		\$700,294	
*** Total Annual Rental	1,070,644		\$10,784,692	\$6,445,000
Operating Costs Allocation App Fee				
Customization Fees		2		
Administrative Fees (see notes)		200		

DCN: 11565

Occupancy Agreement Financial Summary

Fiscal Year

Printed On 04-FEB-2004 15:38

Page 15 of 20

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CPAE - Postgraduate & Researching CA

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Version 1

Created 21-NOV-2003

BY: OFFICE FINANCING & ACCOUNTING SERVICES

Period Start Date 01-OCT-2016 End Date 30-SEP-2017

	Factors	Factors	Cost	Cost SF
1. Total Rental Rate				
General Use (rentable square footage)	1,071,648		\$8,076,661	\$ 7.49169
2. Operating Costs *			\$8,498,790	\$8.10881
Market Rent Subtotal	1,071,648		\$14,482,459	\$ 13.43514
3. General Expenses				
Rent			6521,499	61.37117
Building Operation			21,028,949	199.24167
4. Extra Expense	1,071,648			
Rent amount (7.00 per square)			-98,600,462	
Agency Rent Subtotal	1,071,648		\$10,196,839	\$9.42877
5. Other Use Space				
Other Use (rentable space)	40344		\$708,294	
Total Annual Rental	1,071,648		\$10,892,129	\$ 10.16839
6. Operating Costs Escalation Applies				
Customization Tier		2		
Amortization Term (in months)		331		

Occupancy Agreement Financial Summary

Fiscal Year

DCN: 11565

Printed On 04-FEB-2008 19:38

Page 16 of 20

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DFAS - DefenseProcurement & Performance CA

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Report 1

Created 01-AUG 2007

9727 DEFENSE FINANCING & ACCOUNTING SERVICE

Period Start Date 01-OCT-2017 End Date 30-SEP-2018

	FY2017	FY2018	Total	Cost Eff
1. Total Rental Rate				
General Use (rentable square footage)	1,071,648	\$8,016,661	\$9,088,309	
2. Operating Costs *		\$6,628,866	\$6,628,866	
** Market Rent Subtotal	1,071,648	\$14,645,527	\$15,717,175	
3. Security Services				
Basic		\$321,499	\$321,499	
Building Specific		\$2,013,348	\$2,013,348	
4. Extra Services	1,071,648			
Area Credit (\$1.00 per sq. ft.)		-\$6,600,462	-\$6,600,462	
*** Agency Rent Subtotal	1,071,648	\$10,379,912	\$11,451,560	
12. Joint Use Space				
Joint Use Rentable Space	61844		\$700,294	
*** Total Annual Rental	1,071,648	\$10,681,208	\$11,752,856	
* Operations Costs Evaluation Applies				
Customization Fee		2	2	
Appreciation (over 12 months)		231	231	

DCN: 11565

Occupancy Agreement Financial Summary

Fiscal Year

Printed On 04-FEB-2004 15:38

Page 17 of 20

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State - Sacramento & Sacramento CA

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Version 1

Created On 04-09-2003

9727 DEBTOR FINANCING & ACCOUNTING SERVICE

Period Start Date 01-OCT-2018 End Date 30-SEP-2019

	Factors	Factors	Cost	Cost SF
1. Base Rent Rate				
General Use - rentable square footage	1,070,648		\$8,016,680	\$7.4857
2. Overhead Costs *			\$6,820,732	\$6.3304
Market Rent Subtotal	1,070,648		\$14,837,412	\$13.8161
3. Security Services				
Base			\$320,499	\$3.0110
Business Specific			\$1,013,348	\$9.4560
4. Extra Services	1,070,648			
Rent Credit (5% of net a.e.d.)			-\$5,600,462	
Agency Rent Subtotal	1,070,648		\$20,678,778	\$19.2710
5. Joint Use Costs				
Joint Use Rentable Space	10844		\$725,294	
Total Annual Rental	1,070,648		\$11,264,072	\$10.5590
6. Operating Costs - Escalated Applies				
Administrative Fees		1		
Administrative Fees - 1st Month		101		

DCN: 11565

Occupancy Agreement Financial Summary

Fiscal Year

Printed On 04-FEB-2004 15:36

Page 18 of 20

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DFAS - Defense Finance & Accounting Service

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Version 1

Created 01-AUG-2004

9720 DEFENSE FINANCING & ACCOUNTING SERVICE

Period Start Date 01-OCT-2019 End Date 30-SEP-2020

	Reverts	Features	Cost	Load %
1. Shell Rental Rate				
General Use (rentable square footage)		1,070,648	\$9,016,461	71.48108
2. Operating Costs *			\$7,030,560	64.76028
*** Market Rent Subtotal		1,070,648	\$16,047,021	116.24136
3. Common Expenses				
Water			\$30,000	\$1.00000
Building Utilities			\$1,613,348	\$1.96967
4. Lease Incentives		1,070,648		
Rent Incentive (\$700 per sq.ft.)			-\$1,600,460	
*** Agency Rent Subtotal		1,070,648	\$14,446,561	101.28099
5. Joint Use Space				
Print Use (limited space)	61046		\$700,290	
*** Total Annual Rental		1,070,648	\$15,146,801	\$1.170078
6. Operating Costs Allocation Adjusted				
Communication Tier			2	
Administration Term (40 months)			23	

Occupancy Agreement Financial Summary

Fiscal Year

DCN: 11565

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DEAF - Postage/Travel & Transportation

12/1/2021

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Created 01-11-2022

9727 - FEDERAL FINANCING & ACCOUNTING SERVICE

Period Start Date 01-OCT-2020 End Date 30-SEP-2021

	Factor1	Factor2	Cost	Cost %
1. Total Rental Fees				
General Use (variable square footage)	1,070,648		58,016,861	61.41064
2. Operations Fees			97,243,541	10.75921
* Market Rent Subtotal	1,070,648		57,960,101	6.129944
3. Variable Occupancy				
Fixed			9121,494	0.131711
Surge Area Operation			91,019,348	1.144861
4. Extra Services	1,070,648			
Rent Credit (Market Rent)			-65,810,462	
*** Agency Rent Subtotal	1,070,648		90,394,587	10.175911
5. Variable Space				
Variable Rentable Space	50041		8705,294	
*** Total Annual Rental	1,070,648		91,699,581	10.171144
6. Operations Fees Escalation Applied				
Health related fees		2		
And other related costs (in months)		231		

Occupancy Agreement Financial Summary

Fiscal Year

DCN: 11565

Printed On 04-FEB-2004 13:38

Page 20 of 20

SP000

DFAS - Post-Gen. & Re-measuring CA

04/20/07

Version: 2

Created: 21-AUG 2003

9727 DEFENSE FINANCING & ACCOUNTING SERVICE

Period Start Date 01-OCT-2021 End Date 31-JUL-2022

	Quantity	Feature	Cost	Cost DT
1. Rental Month Rate				
General Use (rentable square footage)	1,071,618		\$6,680,591	67.55143
2. Director's Office			\$6,193,980	26.23147
* Major Rent Subtotal	1,071,618		\$12,874,571	67.55143
3. Monthly Services				
Basic			\$26,918	\$1.00000
Distinctive Specific			\$814,456	10.44550
4. Extra Services	1,071,448			
Rent Credit (1000 per sq.ft.)			-\$4,861,050	
** Agency Rent Subtotal	1,071,448		\$9,301,760	81.10380
10. Rent Use Space				
Rent Use Rentable Space	61,844		\$667,760	
*** Total Annual Rental	1,071,448		\$9,909,499	81.10380
7. Operating Cost Allocation Applies				
Depreciation (100)		2		
Amortization (100 months)		231		

DCN: 11565

June 15, 2005

**SUBJECT:** General Services Administration, Rate Information

**PURPOSE:** Provide information regarding the rental rates at Defense Finance and Accounting Service (DFAS) Cleveland and Indianapolis

**DISCUSSION:**

Projected FY 2005 Rental Rate:

Cleveland: \$22.65 rentable square foot

Indianapolis: \$ 8.82 rentable square foot

The buildings occupied by Defense Finance and Accounting Service (DFAS) Cleveland and Indianapolis are owned by General Services Administration (GSA). There is no lease for the space occupied. GSA does issue Occupancy Agreements (OAs) which provide an outline of the terms and conditions of the Host-Tenant relationship and include cost estimates generally for a ten-year period. Actual costs are subject to change throughout the year based on increases/decreases to the operating costs of the facility and other factors which have a fiscal impact on the facility.

OAs are reviewed and updated every five years unless there is a major change to the conditions; i.e., reduced/gained space, increased security, added tenant improvements, etc. Every five years GSA conducts a market survey of the area and adjusts the rental rate in accordance with the results of the updated survey.

Single tenants within a building may have multiple OAs for the space occupied as a result of differing conditions, space acquired at different periods in time, or isolate areas within the tenant space at the request of the tenant. For instance, within DFAS Cleveland space occupied by our Information Technology (IT) staff is covered by its own OA. This allows DFAS to isolate the costs associated directly with the IT space.

Attached is a comparative laydown of the projections shown in the OAs and compared to the actual May 2005 billings for DFAS Cleveland and DFAS Indianapolis space. We have attempted to outline for you the component parts identified in the OA and the billings and to calculate the current cost per square foot rate for each site based on the May 2005 billing. There is one OA for the Indianapolis site and four OAs for the Cleveland site.

Calculating the cost per square foot or rental rate is painful at best. The easiest way to get to a rate on the OA is to take the annual projected cost divided by the rentable square feet. To get to the projected rental rate for FY 05, calculate the monthly cost based on the May 2005 billing, divide by the rentable square feet, and multiple by 12. In the case of Cleveland, you need to add all the OAs together and average out the rate.

DCN: 11565

Since 2004, Security has been handled directly by Department of Homeland Security rather than GSA. There are no agreements of any sort in place with the tenant agencies for this support that we are aware. Prior to that date, Security was handled by Federal Protective Service (a part of GSA) and the costs calculated in the rent bills. The costs are billed through the same system used by GSA – “Rent on the Web” and are calculated by a space factor that may or may not equate to the GSA assigned space. Security costs are factored into the rental rate at the two sites.

As for the market analysis, we cannot provide you much other than under the GSA Policy and Pricing Guides, market analysis is done every five years and the shell rental rate is adjusted at that time. You will have to solicit that information directly from GSA – copies of the market analysis and an explanation of how it was completed. Indy’s was done in late 2002 and Cleveland was done in 2003 or early 2004. Cleveland’s rate increase, as a result of the market survey, was substantial.

Prepared by: DFAS

**Occupancy Agreement Information**Indianapolis

Number of Occupancy Agreements: 1

Rental rates are calculated on the rentable square feet of space unless otherwise stated.

	Indianapolis OA	May 2005 Bill
Date Signed	January 2004	
Effective Date	May 2003	
Period	Oct 2004 - Sep 2005 (page 3)	May 2005 Bill
Rentable Square Feet	1,071,648	1,071,651
1. Shell Rental Rate		
General Use (rsf)	\$7.48068	\$7.48
3. Operating Costs	\$4.21214	\$4.17
Market Rent subtotal:	\$11.69282	\$11.65
7. Security Services		
Basic	\$0.30000	
Building Specific	\$0.94560	
Building Specific Amortized Capital	\$0.00984	\$0.2
8. Extra Services		
Rent Credit (\$7.00 per usf)	-\$5,600,462 (annual rate)	-\$466,705.17 (mo)
10. Rent Charges for other space		
Antenna	\$14,179 (annual rate)	\$375 (mo)
12. Joint Use Space		
Joint Use Rentable Space	\$705,294 (annual rate)	\$66,551.29 (mo)
Total Annual Rental	\$749,583.25 (mo)	\$642,788.75 (May 05)
Annual Cost SF	\$8.39361 rsf	\$7.19774 rsf

**Security:**

	Indianapolis OA	May 2005 Bill
Basic Security Charges	\$0.350	\$33,051.52
Building Specific Operating Security Charges	\$1.274	\$120,275.15
Annual Cost SF	\$1.62366	

<b>GSA Annual Projection (OA)</b>	<b>\$8.39361</b>	
<b>FY2005 Projection (Bill)</b>		<b>\$8.82140</b>

DCN 411565

Number of Occupancy Agreements: 4

	Cleveland #1	May 2005 Bill	Cleveland #2	May 2005 Bill
Date Signed	Unsigned		Sep 2003	
Effective Date	Oct 2003		Feb 2000	
Period	Oct 04 - Sep 05 (page 2)	May 2005 Bill	Oct 04 - Sep 05 (page 6)	May 2005 Bill
Rentable Square Feet	38,325	36,029	438,301	387,643
1. Shell Rental Rate				
General Use (rsf)	\$9.33688	\$14.30	\$7.04559	\$14.30
2. Amortized Tenant Improvements			\$1.12	
3. Operating Costs	\$11.47538	\$4.95	\$4.07180	\$5.02
Market Rent subtotal:	\$20.81227	\$19.25	\$12.23739	\$19.32
7. Security Services				
Basic	\$0.30		\$0.24	
Building Specific	\$1.45356		\$0.567	
Building Specific Amortized Capital	\$0.009	\$0.04		\$0.04
8. Extra Services				
9. Parking			\$140,102 (annual)	\$145,152 (annual)
10. Rent Charges for other space				
Antenna			\$10,338 (annual)	
11. PBS Fee				
12. Joint Use Space				
Joint Use Rentable Space	\$50,016 (annual)		\$604,757 (annual)	\$911,053.20 (annual)
Joint Use Parking			\$1,860 (annual)	\$2,870.04 (annual)
<b>Total Annual Rental</b>	<b>\$925,191</b>	<b>\$779,912.04</b>	<b>\$6,474,423</b>	<b>\$8,563,731.90</b>
<b>Annual Cost SF</b>	<b>\$24.14067</b>	<b>\$21.64679</b>	<b>\$14.77164</b>	<b>\$22.0918</b>

**Security**

	Cleveland #1	May 2005 Bill	Cleveland #2	May 2005 Bill
Basic Security Charges		\$0.350		\$0.350
Building Specific Operating Security Charges		\$1.720		\$1.720
Annual Cost SF		\$2.0702		\$2.0702

<b>GSA Annual Projection (OA)</b>	<b>\$24.14</b>		<b>\$14.77</b>	
<b>FY2005 Projection (Bill)</b>		<b>\$23.75</b>		<b>\$24.16</b>

DCN: 11565

	Cleveland #3 (Warehouse)	May 2005 Bill	Cleveland #4	May 2005 Bill
Date Signed	May 2004		July 2004	
Effective Date	March 2003		July 2004	
Period	Oct 04 - Sep 05	May 2005 Bill	Oct 04 - Sep 05	May 2005 Bill
Rentable Square Feet	37,950	40,772	4,868	4,868
1. Shell Rental Rate				
General Use (rsf)	\$4.671146	\$4.35	\$14.31000	\$14.31000
3. Operating Costs			\$4.8955675	\$4.87
Market Rent subtotal:	\$4.671146	\$4.35	\$19.2055675	\$19.18
7. Security Services				
Basic	\$0.35000	\$0.35	\$0.35	
Building Specific			\$1.262696	
Building Specific Amortized Capital			\$0.060960	\$0.04
8. Extra Services				
10. Rent Charges for other space				
Antenna				
11. PBS Fee	\$0.373691679	\$15,954.30		
12. Joint Use Space				
Building Amenities			\$10,611 (annual)	\$953.39 (mo)
Structured Parking			\$37 (annual)	\$3.00 (mo)
<b>Total Annual Rental</b>	<b>\$204,734</b>	<b>\$191,451.60</b>	<b>\$113,102</b>	<b>\$105,038</b>
<b>Annual Cost SF</b>	<b>\$5.39484</b>	<b>\$4.69664</b>	<b>\$23.233771</b>	<b>\$21.577296</b>

Security

	Cleveland #3 (Warehouse)	May 2005 Bill	Cleveland #4	May 2005 Bill
Basic Security Charges		\$0.350		\$0.350
Building Specific Operating Security Charges				\$1.720
Annual Cost SF		\$0.350		\$2.0702

<b>GSA Annual Projection (OA)</b>	<b>\$5.39484</b>		<b>\$23.233771</b>	
<b>FY2005 Projection (Bill)</b>		<b>\$5.04664</b>		<b>\$23.65</b>

DCN: 11565  
Cleveland Total:

	Cleveland #1	Cleveland #2	Cleveland #2 (Warehouse)	Cleveland #4
Rentable Space	36,029	387,643	40,772	4,868
Cost	\$779,912.04	\$8,563,731.90	\$191,451.60	\$105,038.00
Security	\$82,058.28	\$882,878.52	\$14,270.16	\$11,088.00
Total Annual Cost	\$861,970.32	\$9,446,610.4	\$205,721.76	\$116,126.00
Annual Cost per SF	\$23.72	\$24.16	\$5.05	\$23.65

**Cleveland Average Cost per SF\*:**

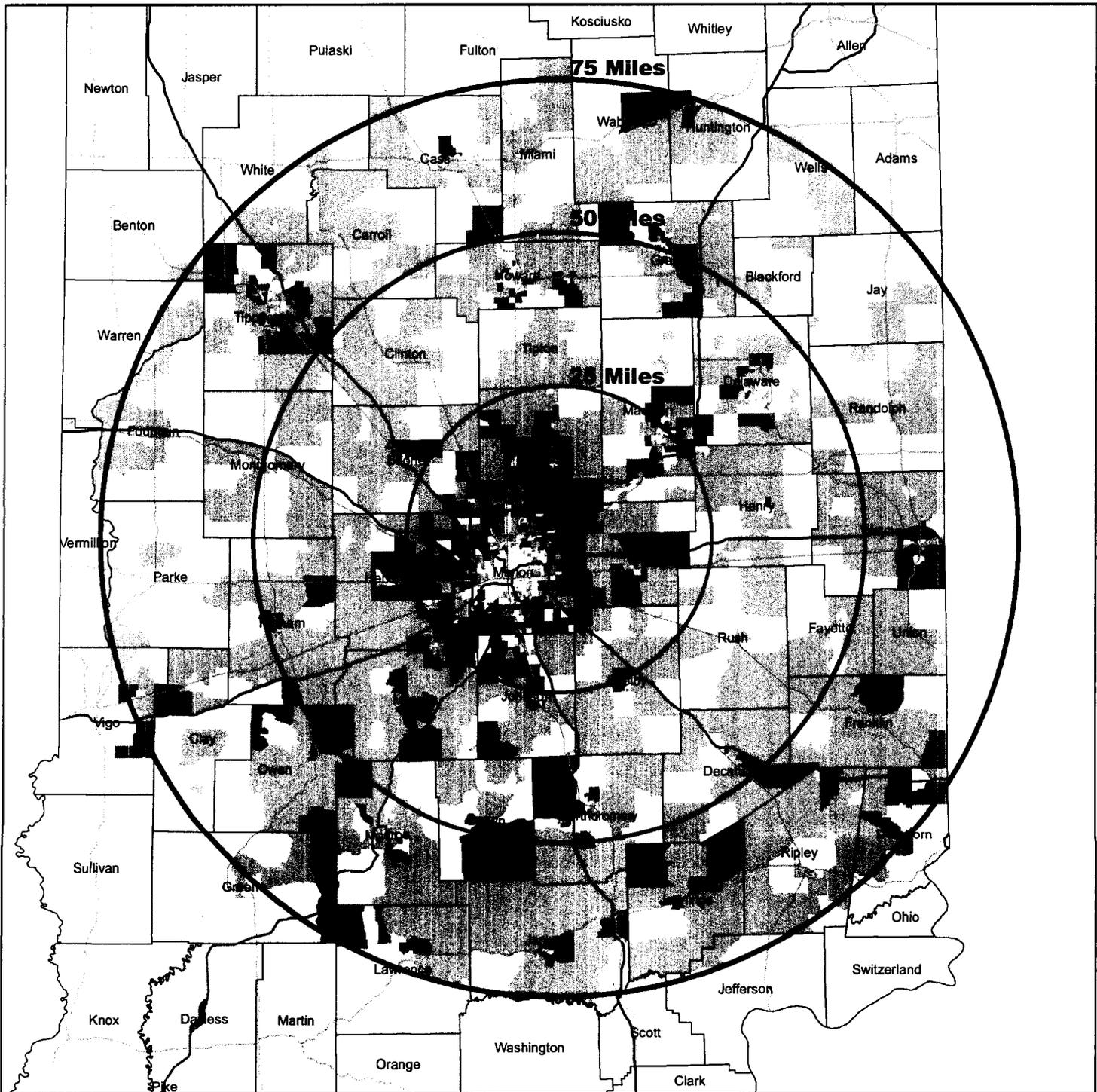
Total Rentable SF: 469,312 sf  
Total Annual Cost: \$10,630,427  
Annual Estimated Cost per SF \$22.65 sf

\*Based on May 2005 Rental/Security Billings annualized (May x 12)

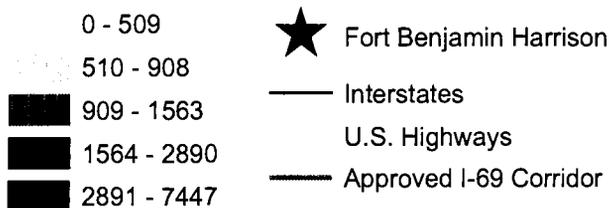
DCN: 11565

# Total Labor Force around Fort Benjamin Harrison, 2000

DCN: 11565



## Total Labor Force



Within a 25-Mile Radius: 764,944

Within a 50-Mile Radius: 1,174,356

Within a 75-Mile Radius: 1,639,432

Source: Indiana Business Research Center, using Census 2000 data

DCN: 11565

DCN: 11565

**SALARY TABLE 2005-IND**  
**INCORPORATING THE 2.50% GENERAL SCHEDULE INCREASE AND A LOCALITY PAYMENT OF 12.01%**  
**FOR THE LOCALITY PAY AREA OF INDIANAPOLIS-ANDERSON-COLUMBUS, IN**  
(See <http://www.opm.gov/oca/05tables/locdef.asp> for definitions of locality pay areas.)  
**(TOTAL INCREASE: 3.33%)**

**EFFECTIVE JANUARY 2005**

*Annual Rates by Grade and Step*

<b>GRADE</b>	<b>STEP 1</b>	<b>STEP 2</b>	<b>STEP 3</b>	<b>STEP 4</b>	<b>STEP 5</b>	<b>STEP 6</b>	<b>STEP 7</b>	<b>STEP 8</b>	<b>STEP 9</b>	<b>STEP 10</b>
GS-1	\$ 17,940	\$ 18,538	\$ 19,135	\$ 19,728	\$ 20,325	\$ 20,676	\$ 21,264	\$ 21,859	\$ 21,883	\$ 22,442
2	20,170	20,649	21,317	21,883	22,128	22,778	23,429	24,080	24,731	25,381
3	22,007	22,740	23,474	24,208	24,941	25,675	26,409	27,142	27,876	28,610
4	24,705	25,528	26,351	27,175	27,998	28,821	29,645	30,468	31,291	32,114
5	27,641	28,563	29,484	30,406	31,328	32,250	33,172	34,094	35,015	35,937
6	30,811	31,838	32,865	33,892	34,919	35,946	36,973	38,001	39,028	40,055
7	34,238	35,379	36,521	37,662	38,804	39,945	41,086	42,228	43,369	44,511
8	37,918	39,181	40,445	41,708	42,972	44,235	45,498	46,762	48,025	49,289
9	41,881	43,276	44,672	46,067	47,463	48,859	50,254	51,650	53,046	54,441
10	46,120	47,658	49,196	50,734	52,272	53,810	55,348	56,885	58,423	59,961
11	50,672	52,361	54,050	55,740	57,429	59,118	60,807	62,496	64,185	65,874
12	60,733	62,757	64,781	66,805	68,829	70,853	72,877	74,901	76,925	78,949
13	72,222	74,629	77,036	79,443	81,850	84,257	86,664	89,071	91,479	93,886
14	85,344	88,189	91,034	93,879	96,724	99,569	102,414	105,259	108,104	110,949
15	100,389	103,736	107,083	110,430	113,776	117,123	120,470	123,817	127,164	130,511

NOTE: Locality rates of pay are basic pay only for certain purposes--see "Salary Tables for 2005" cover sheet.

**SALARY TABLE 2005-KC  
 INCORPORATING THE 2.50% GENERAL SCHEDULE INCREASE AND A LOCALITY PAYMENT OF 12.36%  
 FOR THE LOCALITY PAY AREA OF KANSAS CITY-OVERLAND PARK-KANSAS CITY, MO-KS  
 (See <http://www.opm.gov/oca/05tables/locdef.asp> for definitions of locality pay areas.)  
 (TOTAL INCREASE: 3.25%)**

**EFFECTIVE JANUARY 2005**

*Annual Rates by Grade and Step*

GRADE	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 8	STEP 9	STEP 10
GS-1	\$ 17,996	\$ 18,596	\$ 19,194	\$ 19,790	\$ 20,389	\$ 20,741	\$ 21,330	\$ 21,927	\$ 21,952	\$ 22,512
2	20,233	20,714	21,383	21,952	22,197	22,850	23,502	24,155	24,808	25,461
3	22,075	22,811	23,547	24,283	25,019	25,755	26,491	27,227	27,963	28,699
4	24,782	25,608	26,434	27,260	28,086	28,911	29,737	30,563	31,389	32,215
5	27,727	28,652	29,577	30,501	31,426	32,351	33,275	34,200	35,125	36,050
6	30,907	31,937	32,968	33,998	35,028	36,059	37,089	38,119	39,150	40,180
7	34,345	35,490	36,635	37,780	38,925	40,070	41,215	42,360	43,505	44,650
8	38,036	39,304	40,571	41,838	43,106	44,373	45,641	46,908	48,175	49,443
9	42,011	43,411	44,811	46,211	47,611	49,011	50,411	51,811	53,211	54,611
10	46,264	47,807	49,350	50,892	52,435	53,978	55,520	57,063	58,606	60,149
11	50,831	52,525	54,219	55,914	57,608	59,302	60,997	62,691	64,386	66,080
12	60,923	62,953	64,983	67,014	69,044	71,074	73,105	75,135	77,165	79,196
13	72,447	74,862	77,277	79,691	82,106	84,521	86,935	89,350	91,764	94,179
14	85,610	88,464	91,318	94,172	97,026	99,880	102,734	105,588	108,442	111,296
15	100,703	104,060	107,417	110,775	114,132	117,489	120,847	124,204	127,561	130,919

NOTE: Locality rates of pay are basic pay only for certain purposes--see "Salary Tables for 2005" cover sheet.

DCN: 11565

**SALARY TABLE 2005-DEN**  
**INCORPORATING THE 2.50% GENERAL SCHEDULE INCREASE AND A LOCALITY PAYMENT OF 18.06%**  
**FOR THE LOCALITY PAY AREA OF DENVER-AURORA-BOULDER, CO**  
(See <http://www.opm.gov/oca/05tables/locdef.asp> for definitions of locality pay areas.)  
(TOTAL INCREASE: 3.73%)

**EFFECTIVE JANUARY 2005**

*Annual Rates by Grade and Step*

GRADE	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 8	STEP 9	STEP 10
GS-1	\$ 18,908	\$ 19,539	\$ 20,168	\$ 20,794	\$ 21,423	\$ 21,793	\$ 22,413	\$ 23,039	\$ 23,065	\$ 23,655
2	21,259	21,764	22,468	23,065	23,323	24,009	24,695	25,381	26,066	26,752
3	23,195	23,969	24,742	25,515	26,288	27,062	27,835	28,608	29,382	30,155
4	26,039	26,907	27,775	28,643	29,510	30,378	31,246	32,114	32,981	33,849
5	29,134	30,105	31,077	32,049	33,020	33,992	34,963	35,935	36,907	37,878
6	32,475	33,557	34,640	35,723	36,805	37,888	38,970	40,053	41,136	42,218
7	36,087	37,290	38,493	39,696	40,900	42,103	43,306	44,509	45,712	46,915
8	39,966	41,297	42,629	43,961	45,293	46,624	47,956	49,288	50,619	51,951
9	44,143	45,614	47,085	48,556	50,027	51,498	52,969	54,440	55,911	57,382
10	48,611	50,232	51,853	53,474	55,095	56,716	58,337	59,958	61,579	63,200
11	53,409	55,190	56,970	58,750	60,531	62,311	64,091	65,872	67,652	69,432
12	64,013	66,147	68,280	70,413	72,547	74,680	76,813	78,947	81,080	83,213
13	76,123	78,660	81,197	83,734	86,271	88,808	91,345	93,882	96,420	98,957
14	89,953	92,952	95,951	98,950	101,948	104,947	107,946	110,945	113,943	116,942
15	105,811	109,339	112,867	116,394	119,922	123,449	126,977	130,505	134,032	137,560

NOTE: Locality rates of pay are basic pay only for certain purposes--see "Salary Tables for 2005" cover sheet.

DCN: 11565

**SALARY TABLE 2005-COL**  
**INCORPORATING THE 2.50% GENERAL SCHEDULE INCREASE AND A LOCALITY PAYMENT OF 13.98%**  
**FOR THE LOCALITY PAY AREA OF COLUMBUS-MARION-CHILLICOTHE, OH**  
 (See <http://www.opm.gov/oca/05tables/locdef.asp> for definitions of locality pay areas.)  
**(TOTAL INCREASE: 3.26%)**

**EFFECTIVE JANUARY 2005**

*Annual Rates by Grade and Step*

GRADE	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 8	STEP 9	STEP 10
GS-1	\$ 18,255	\$ 18,864	\$ 19,471	\$ 20,075	\$ 20,683	\$ 21,040	\$ 21,638	\$ 22,243	\$ 22,268	\$ 22,837
2	20,524	21,012	21,692	22,268	22,517	23,179	23,841	24,503	25,166	25,828
3	22,394	23,140	23,887	24,633	25,380	26,126	26,873	27,620	28,366	29,113
4	25,139	25,977	26,815	27,653	28,490	29,328	30,166	31,004	31,841	32,679
5	28,127	29,065	30,003	30,941	31,879	32,817	33,755	34,693	35,631	36,569
6	31,352	32,398	33,443	34,488	35,533	36,578	37,624	38,669	39,714	40,759
7	34,840	36,002	37,163	38,325	39,486	40,648	41,809	42,970	44,132	45,293
8	38,585	39,870	41,156	42,442	43,727	45,013	46,299	47,584	48,870	50,156
9	42,617	44,037	45,458	46,878	48,298	49,718	51,138	52,558	53,979	55,399
10	46,931	48,496	50,061	51,626	53,191	54,756	56,321	57,886	59,451	61,016
11	51,563	53,282	55,001	56,720	58,439	60,158	61,876	63,595	65,314	67,033
12	61,801	63,861	65,920	67,980	70,040	72,099	74,159	76,218	78,278	80,338
13	73,492	75,941	78,391	80,840	83,290	85,739	88,189	90,638	93,087	95,537
14	86,845	89,740	92,635	95,530	98,425	101,320	104,215	107,110	110,006	112,901
15	102,155	105,560	108,966	112,372	115,777	119,183	122,589	125,995	129,400	132,806

NOTE: Locality rates of pay are basic pay only for certain purposes--see "Salary Tables for 2005" cover sheet.

DCN: 11565

**SALARY TABLE 2005-CLE  
 INCORPORATING THE 2.50% GENERAL SCHEDULE INCREASE AND A LOCALITY PAYMENT OF 14.24%  
 FOR THE LOCALITY PAY AREA OF CLEVELAND-AKRON-ELYRIA, OH  
 (See <http://www.opm.gov/oca/05tables/locdef.asp> for definitions of locality pay areas.)  
 (TOTAL INCREASE: 3.50%)**

**EFFECTIVE JANUARY 2005**

*Annual Rates by Grade and Step*

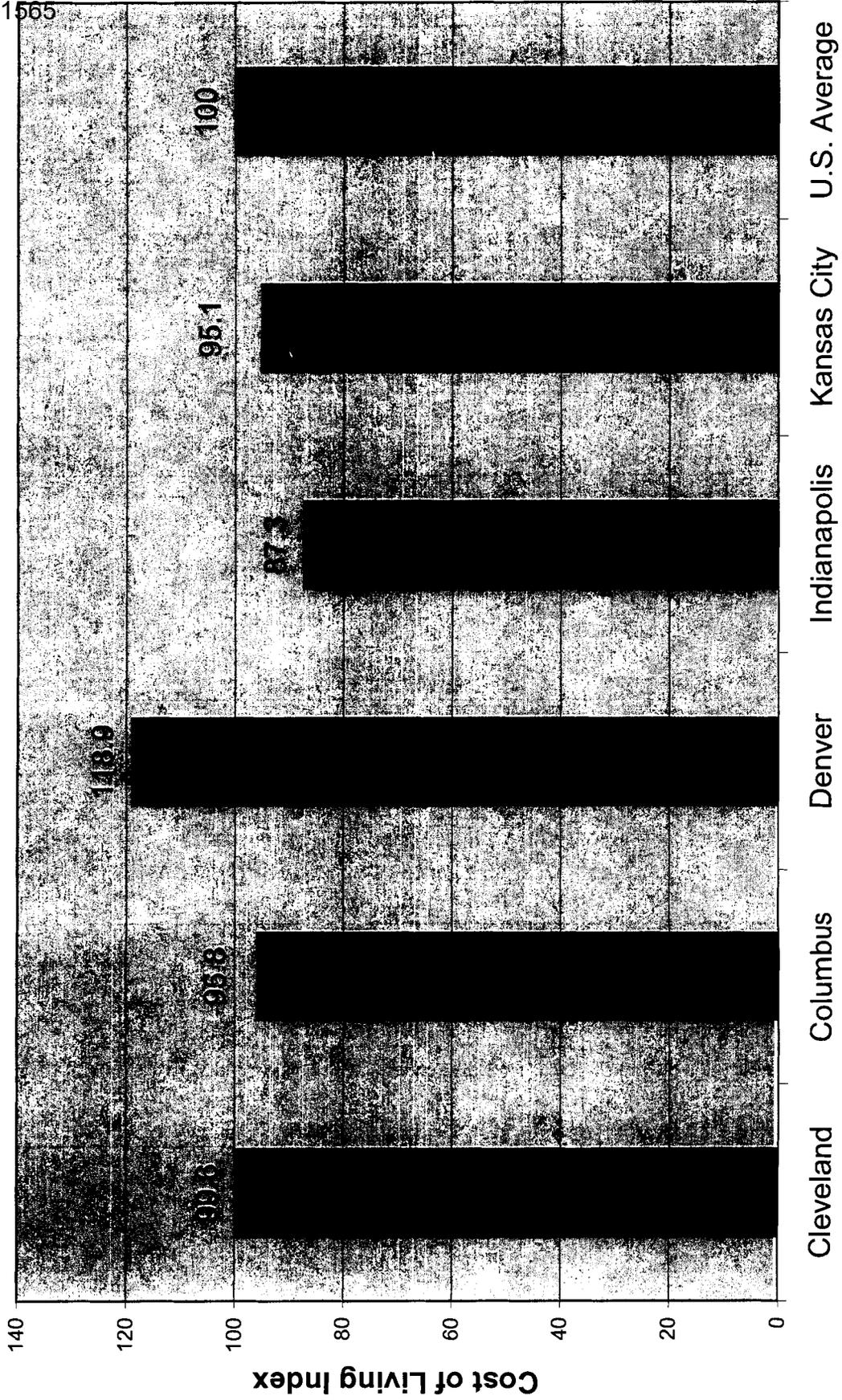
<b>GRADE</b>	<b>STEP 1</b>	<b>STEP 2</b>	<b>STEP 3</b>	<b>STEP 4</b>	<b>STEP 5</b>	<b>STEP 6</b>	<b>STEP 7</b>	<b>STEP 8</b>	<b>STEP 9</b>	<b>STEP 10</b>
GS-1	\$ 18,297	\$ 18,907	\$ 19,516	\$ 20,121	\$ 20,730	\$ 21,088	\$ 21,687	\$ 22,294	\$ 22,319	\$ 22,889
2	20,571	21,060	21,741	22,319	22,568	23,232	23,896	24,559	25,223	25,887
3	22,445	23,193	23,941	24,690	25,438	26,186	26,934	27,683	28,431	29,179
4	25,197	26,036	26,876	27,716	28,555	29,395	30,235	31,074	31,914	32,754
5	28,191	29,131	30,071	31,012	31,952	32,892	33,832	34,772	35,713	36,653
6	31,424	32,472	33,519	34,567	35,614	36,662	37,709	38,757	39,805	40,852
7	34,920	36,084	37,248	38,412	39,576	40,740	41,904	43,068	44,233	45,397
8	38,673	39,961	41,250	42,538	43,827	45,116	46,404	47,693	48,982	50,270
9	42,714	44,138	45,561	46,985	48,408	49,831	51,255	52,678	54,102	55,525
10	47,038	48,607	50,175	51,744	53,312	54,881	56,449	58,018	59,586	61,155
11	51,681	53,404	55,127	56,849	58,572	60,295	62,017	63,740	65,463	67,186
12	61,942	64,006	66,071	68,135	70,199	72,264	74,328	76,392	78,457	80,521
13	73,660	76,115	78,570	81,025	83,480	85,935	88,390	90,845	93,300	95,755
14	87,043	89,945	92,846	95,748	98,650	101,551	104,453	107,355	110,256	113,158
15	102,388	105,801	109,215	112,628	116,042	119,455	122,869	126,282	129,696	133,109

NOTE: Locality rates of pay are basic pay only for certain purposes--see "Salary Tables for 2005" cover sheet.

DCN: 11565

# Overall Cost of Living Index

DCN: 11565



Total cost of living as an index against national average, first quarter 2003. 100 as average. Source: Bureau of Labor Statistics 2003.

DCN: 11565



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REPLY TO  
ATTENTION OF

DCN 5642

DEPARTMENT OF THE ARMY  
DEPUTY CHIEF OF STAFF, G-8  
700 ARMY PENTAGON  
WASHINGTON DC 20310-0700  
HSA-JCSG-D-05-461

DAPR-ZB

25 July 2005

## MEMORANDUM FOR BRAC COMMISSION STAFF

Subject: OSD BRAC Clearinghouse Tasker 0604C - DFAS-Cleveland Lease Cost \$15.73

1. Reference E-Mail from Marilyn Wasleski, BRAC Commission Staffer, 19 July 2005.
2. Issues/Questions and Responses:

I have received information (see attached document) that shows the GSA costs at the DFAS site in Cleveland is much lower than what is in the BRAC data provided. I would like to know why your data shows the operating costs at \$29.21 sq. ft. while GSA is stating that that is not the correct costs for the DFAS site in that building at the time of data collection. GSA is stated that the cost is \$15.73 sq. ft. Where did the \$29.21 figure come from? It appears to me that someone may have provided an incorrect data point. I heard a similar point on the costs in Kansas City; however, I have not yet received an update figure at that site. Would you please verify from your end that the site provided a cost figure that was comparable to the data provided by the other sites? Maybe the wrong figure was provided because of a misunderstanding.

## Response:

Operating costs are based on the annual facilities costs. Twice a year, March and September, detailed costs are identified by the financial management specialist servicing each site. These costs include base operations, rents/leases, utilities, security, and maintenance/repairs thus reflect the total facilities-related costs necessary to operate a site.

DFAS Denver and DFAS Columbus are located on DoD-owned property; therefore, no rent is charged. DFAS reimburses the military host for support through an Interservice Support Agreement (ISA). These sites also acquire services through DFAS-managed contracts/agreements. The ISA costs are added to the DFAS acquired services to determine the total annual facilities-related costs. Total cost divided by the assigned square footage provides the fully burdened cost per square foot at the sites.

DFAS Cleveland, DFAS Indianapolis, and DFAS Kansas City are located in General Services Administration (GSA) federally-owned properties. DFAS leases space in the buildings. The GSA cost (rent) is comprised of a shell rate (represents a fair market value for the site), GSA operating costs which includes maintenance and repair, plus other charges for joint-use space, parking, antenna, etc. The rate quoted by GSA is only a portion of the monthly rent billed to DFAS. DFAS also incurs operating cost at these

DDA PR 535

Subject: OSD BRAC Clearinghouse Tasker 0604C - DFAS-Cleveland Lease Cost \$15.73

portion of the monthly rent billed to DFAS. DFAS also incurs operating cost at these facilities, which are not included in the GSA rent. Additional operating costs at the GSA sites include: communications, overtime utilities, security, and tenant-specific maintenance/repairs. GSA rent does not include Department of Homeland Security (DHS) charges. DHS security rates are charged under a separate billing but are considered a component of the facilities related costs. The DHS rates and DFAS specific operating costs are added to the GSA rent/operating costs to determine the total annual facilities-related costs. Total cost divided by the rentable square footage provides the fully burdened cost per square foot at the sites. Additional information is provided in Enclosure 1.

The following table provides the cost per square foot data by site for the month of June 2005:

DFAS Sites	GSA Shell Rate (Base)	GSA Operating Cost	Other GSA Costs	Adjustments/ (Rebates)	Amortized Tenant Improvements	Total GSA Cost
Cleveland	\$14.30	\$5.02	\$2.77	\$0.00	\$0.00	\$22.09
Columbus	NA	NA	NA	NA	NA	NA
Denver	NA	NA	NA	NA	NA	NA
Indianapolis	\$7.48	\$4.17	\$0.77	(\$5.22)	\$0.00	\$7.20
Kansas City	\$3.84	\$5.68	\$1.32	\$0.00	\$2.99	\$13.83

DFAS Sites	Total GSA Cost	DHS Cost	DFAS Operating Cost/ISA (Mar 2005)	Total Sq. Ft. Cost
Cleveland	\$22.09	\$2.07	\$6.90	\$31.06
Columbus	NA	NA	\$9.64	\$9.64
Denver	NA	NA	\$13.87	\$13.87
Indianapolis	\$7.20	\$1.62	\$0.53	\$9.35
Kansas City	\$13.83	\$1.05	\$3.78	\$18.66

3. Coordination: N/A

Enclosure  
As stated



CARLA K. COULSON  
COL, GS  
Deputy, Headquarters and  
Support Activities JCSG

DCN: 11565



June-01

June-00

June-99

June-98

Client Billing

Site  
DFAS Cleveland

DFAS Indianapolis

DFAS Kansas City

Record	Monthly Cost	Annual Cost/SF	Rentable SF
OH0016340	480,049	\$724,255.00	\$18.88
OH0016643	68,000	\$172,499.00	\$30.00
OH0052862			
OH0075870			
OH0016518	40,772	\$23,334.00	\$6.87

IN0070380			
IN0058265			
IN0061551			
IN0015324			
IN0015342	1,255,501	\$1,080,891.00	\$10.14
IN0015189	168	\$94.00	\$6.71

MO0017706	100,580	\$113,030.00	\$13.49
MO0061412			
MO0017711	22,807	\$24,039.00	\$12.66
MO0017733	383	\$442.00	\$13.85
MO0017734	8,323	\$9,367.00	\$13.51
MO0017735	72,184	\$87,446.00	\$14.54
MO0057973			
MO0067844			
MO0071116			
MO0073510			
MO0061413			
MO0054252			
MO0059826			

Record	Monthly Cost	Annual Cost/SF	Rentable SF
455,740	\$588,205.00	\$15.75	
38,325	\$32,274.00	\$10.11	
40,772	\$14,416.00	\$4.24	
455,740	\$780,625.00	\$20.03	
455,740	\$588,205.00	\$15.75	
38,325	\$32,274.00	\$10.11	
40,772	\$14,416.00	\$4.24	
124	\$97.00	\$9.39	
1,223,658	\$1,074,821.00	\$10.54	

157,757	\$168,741.00	\$12.84	
99,118	\$124,871.00	\$15.12	
382	\$474.00	\$14.89	
5,314	\$6,394.00	\$14.44	
79,823	\$103,616.00	\$15.58	

155,433	\$168,868.00	\$13.04	
97,058	\$103,821.00	\$12.85	
5,301	\$6,287.00	\$14.23	
79,720	\$59,565.00	\$8.97	
1,017	\$796.00	\$9.38	
6,864	\$3,891.00	\$8.80	

Record	Monthly Cost	Annual Cost/SF	Rentable SF
455,740	\$616,790.00	\$16.24	
38,325	\$51,298.00	\$16.06	
40,772	\$14,382.00	\$4.23	
455,740	\$616,790.00	\$16.24	
38,325	\$51,298.00	\$16.06	
40,772	\$14,382.00	\$4.23	
107,193	\$114,607.00	\$12.83	
164,788	\$176,186.00	\$12.83	
4,232	\$3,891.00	\$11.03	
945,720	\$788,879.00	\$10.14	
945,720	\$695,071.00	\$8.82	

155,433	\$168,868.00	\$13.04	
97,058	\$103,821.00	\$12.85	
5,301	\$6,287.00	\$14.23	
79,720	\$59,565.00	\$8.97	
1,017	\$796.00	\$9.38	
6,864	\$3,891.00	\$8.80	

155,433	\$168,868.00	\$13.04	
97,058	\$103,821.00	\$12.85	
5,301	\$6,287.00	\$14.23	
79,720	\$59,565.00	\$8.97	
1,017	\$796.00	\$9.38	
6,864	\$3,891.00	\$8.80	
5,297	\$8,381.00	\$14.46	
79,885	\$81,037.00	\$9.19	
1,017	\$431.00	\$5.09	
5,034	\$1,580.00	\$3.72	

Source: GSA Rent on the Web

June-02

June-03

June-04

June-05

DCN

Site	Client Billing Record	Rentable SF	Monthly Cost	Annual Cost/SF	Rentable SF	Monthly Cost	Annual Cost/SF	Rentable SF	Monthly Cost	Annual Cost/SF	Rentable SF	Monthly Cost	Annual Cost/SF
DFAS Cleveland	OH0016340	438,302	\$616,313.00	\$18.87	438,302	\$648,208.00	\$17.75	387,843	\$342,951.00	\$10.62	387,843	\$713,844.33	\$22.08
	OH0016643												
	OH0052862	38,325	\$53,371.00	\$18.71	38,325	\$55,977.00	\$17.53	36,028	\$59,661.00	\$19.87	36,028	\$64,982.67	\$21.65
	OH0073870							4,888	\$8,793.19	\$21.58	4,888	\$9,763.19	\$21.58
	OH0016518	40,772	\$16,573.00	\$4.08	40,772	\$18,770.00	\$4.64	40,772	\$16,974.00	\$5.00	40,772	\$15,854.30	\$4.70
DFAS Indianapolis	IN0070380				1,072,651	\$978,538.00	\$10.95	1,071,651	\$780,335.00	\$8.74	1,071,651	\$642,788.75	\$7.20
	IN0058265	164,788	\$178,028.00	\$12.86	164,947	\$135,285.00	\$8.86						
	IN0061551	3,434	\$4,391.00	\$15.34	3,431	\$4,097.00	\$14.33						
	IN0015324	4,225	\$4,017.00	\$11.41									
	IN0015342	944,008	\$725,938.00	\$9.23									
	IN0015189												
DFAS Kansas City	MO0017732	136,538	\$152,563.00	\$13.41	130,783	\$151,608.00	\$13.91	95,756	\$128,013.00	\$16.17	95,488	\$110,155.08	\$13.85
	MO0017706	91,263	\$95,841.00	\$12.59	91,626	\$98,503.00	\$12.90	91,627	\$97,361.00	\$12.75	92,638	\$90,389.09	\$11.71
	MO0061412	5,159	\$5,338.00	\$12.42	5,163	\$5,483.00	\$12.77	5,163	\$5,427.00	\$12.61	5,163	\$4,977.74	\$11.57
	MO0017711												
	MO0017733												
	MO0017734	4,988	\$5,918.00	\$14.21	4,922	\$5,972.00	\$14.56						
	MO0017735	86,520	\$62,147.00	\$8.62	85,117	\$63,021.00	\$8.88	77,074	\$59,918.00	\$9.33	77,074	\$64,807.08	\$10.09
	MO0057973	1,035	\$397.00	\$4.80	1,018	\$401.00	\$4.73	1,018	\$433.00	\$5.10	1,018	\$440.44	\$5.19
	MO0067844				495	\$468.00	\$11.30	495	\$485.00	\$11.76	495	\$444.42	\$10.77
	MO0071116												
	MO0073510							3,927	\$3,819.00	\$11.67	3,927	\$3,499.03	\$10.89
	MO0061412							8,044	\$8,254.00	\$9.33	8,044	\$8,702.52	\$10.00
	MO0054252							5,163	\$5,427.00	\$12.61	5,163	\$4,977.74	\$11.57
MO0039826													

DCN 5642

DCN: 11565

DCN: 11565

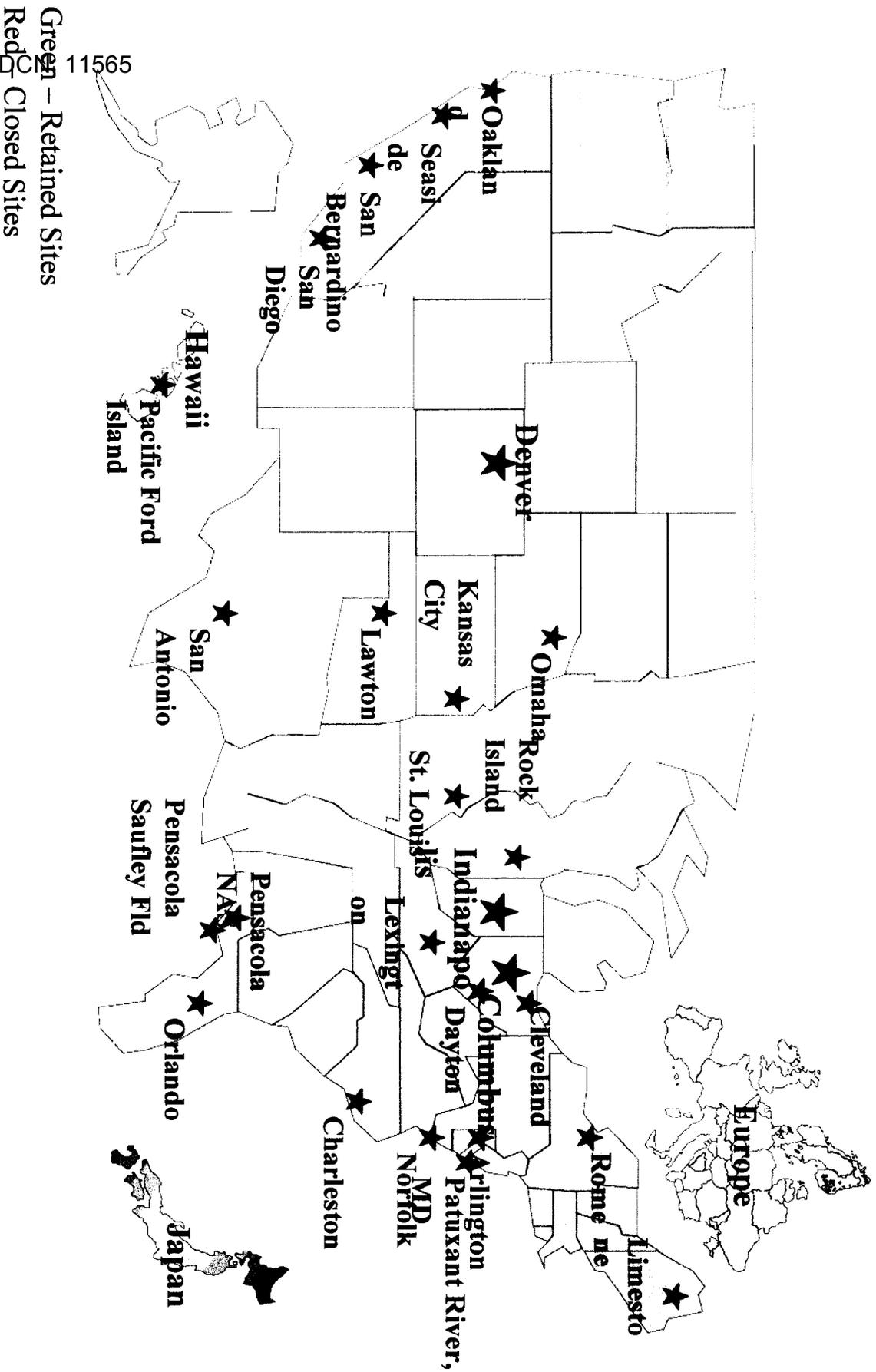


## **DFAS BRAC Commission Update**

**Shirley McConnell**  
**Director, DFAS Pensacola**  
June 15, 2005



# DFAS LOCATIONS





- *Mission:* Provide responsive, professional finance & accounting services for the people who defend America
  
- Strategic Goals:
  - ✓ Accurate and timely payment of personnel
  
  - ✓ Accurate and timely payment of vendors and contractors
  
  - ✓ Auditable financial statements
  
  - ✓ Business intelligence that enables better decision-making
  
  - ✓ Lower costs of products and services



- *Functions:*
  - ✓ Accounting
  - ✓ Vendor Pay
  - ✓ Civilian Pay
  - ✓ Systems Management
  - ✓ Infrastructure Management
- *Statistics:*
  - Accounting - 161B in Annual Funding
  - Vendor Pay - 1.7M Invoices Paid
    - 18K Vendors Paid
  - Civilian Pay - 250K Civilians Paid
    - 246K Add'l Civilians Paid in FY06
- *Customers:*
  - ✓ Navy
  - ✓ Defense Agencies
  - ✓ Air Force
  - ✓ Executive Office of the President
  - ✓ Department of Veteran's Affairs

DCN: 11565

- *People*

- ✓ 376 employees
  - 34 contractors

- ✓ Annual Salary - \$15.4M

- ✓ 77 employees with degrees
  - 12 Masters
  - 65 Bachelors

- ✓ Career Development Program
  - 8 Developmental Level Accountants
  - 3 Entry Level Accountants (ELPAs)
  - 13 CDFM certifications

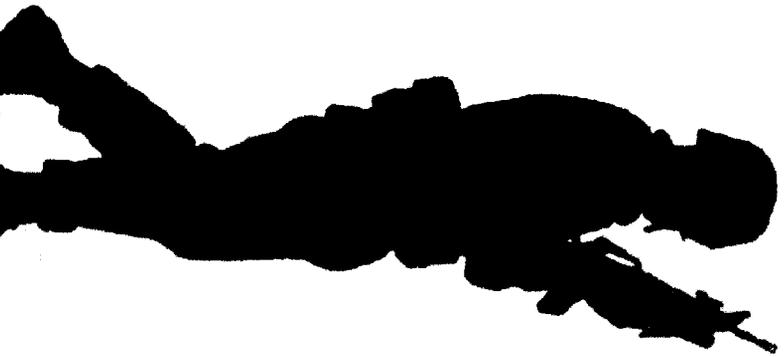
## *Demographics*

	<u>DFAS - Agency Wide</u>	<u>Pensacola</u>
■ 95% over age 30	98% (369)	
■ 83% over age 40	90% (339)	
■ 49% over age 50	51% (192)	
■ 27% age 55 and over	29% (108)	
■ 48 Average age	49.9	
■ 26% reg. retire. elig.	30% (112)	
■ 17% early retire. elig.	17% (65)	



# DFAS BRAC Commission Update

Shirley McConnell  
Director





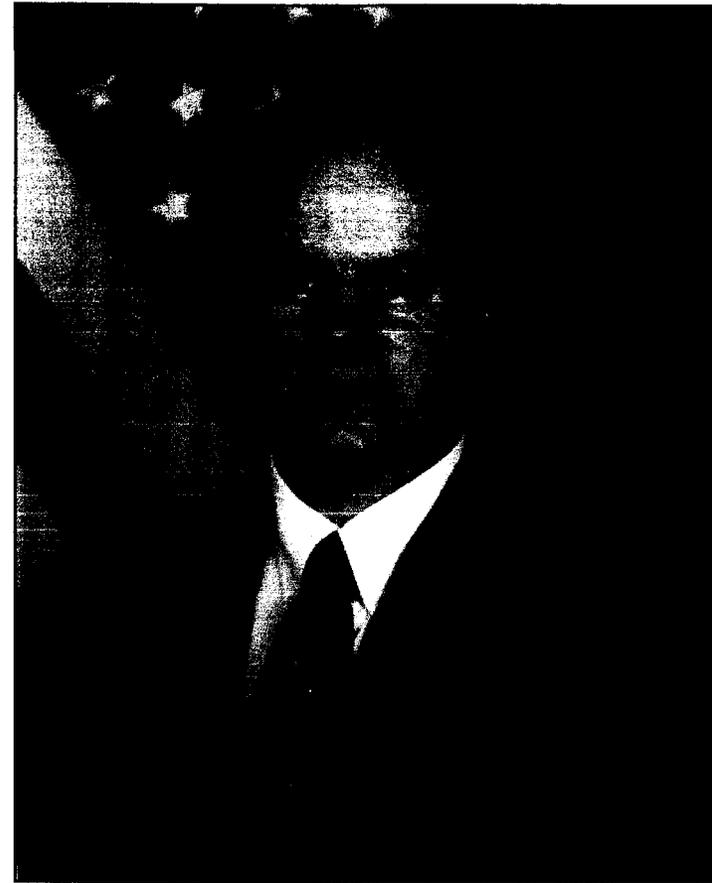
- **DFAS at a glance**
- **DFAS customer service matrix and organization**
- **DFAS success stories**
- **DFAS Pensacola information**
  - ✓ **Mission**
  - ✓ **Organization and Assets**
  - ✓ **Customers**
  - ✓ **Functions Performed**
  - ✓ **Accounting Business Line**
  - ✓ **Commercial Pay Business Line**
  - ✓ **Civilian Pay Business Line**



# DFAS at a glance -- The big picture



- Mr. Zack E. Gaddy's priorities:
  - ✓ Take care of our customers
  - ✓ Improve our operations to become world-class in all we do
  - ✓ Deliver the best value that excites our customers & motivates our employees

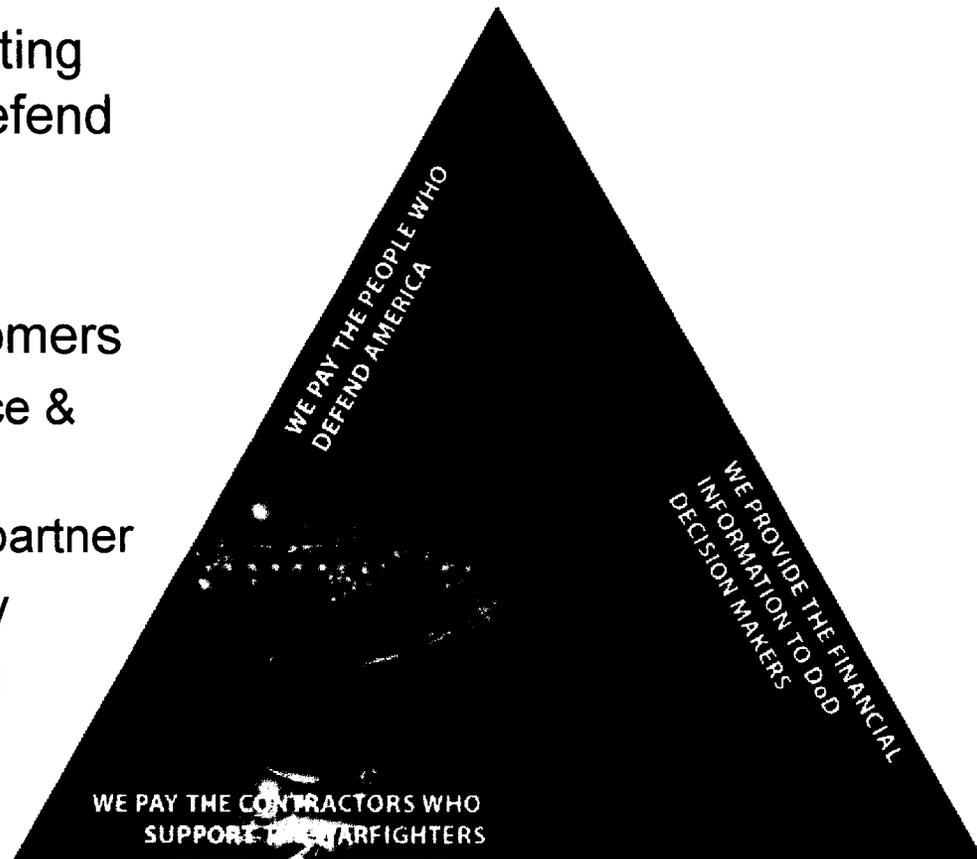


*“These are exciting times for DFAS as we continue to transform & assert our role as the finance & accounting leader in the Department of Defense & ultimately in the federal government. NOW is the time for us to make a difference. I know I can count on you.”*

# DFAS at a glance -- Our mission, vision & values



- *Mission:* Provide responsive, professional finance & accounting services for the people who defend America
- *Vision:* Best value to our customers
  - ✓ World-class provider of finance & accounting services
  - ✓ Trusted, innovative financial partner
  - ✓ One organization, one identity
  - ✓ Employer of choice, providing a progressive & professional work environment

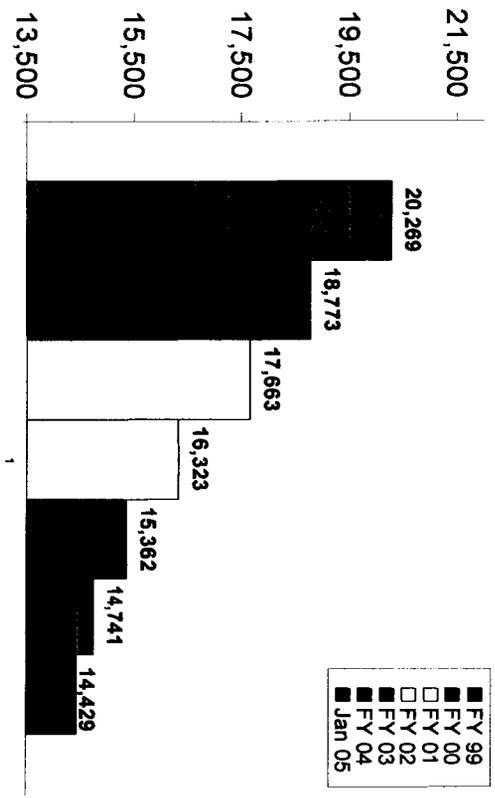


- *Values:* Integrity, Service, Innovation

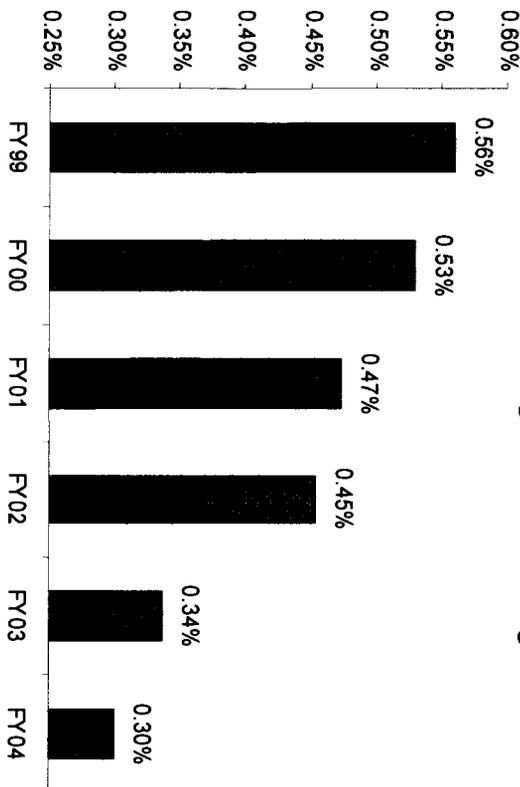
# DFAS at a glance -- The state of DFAS today



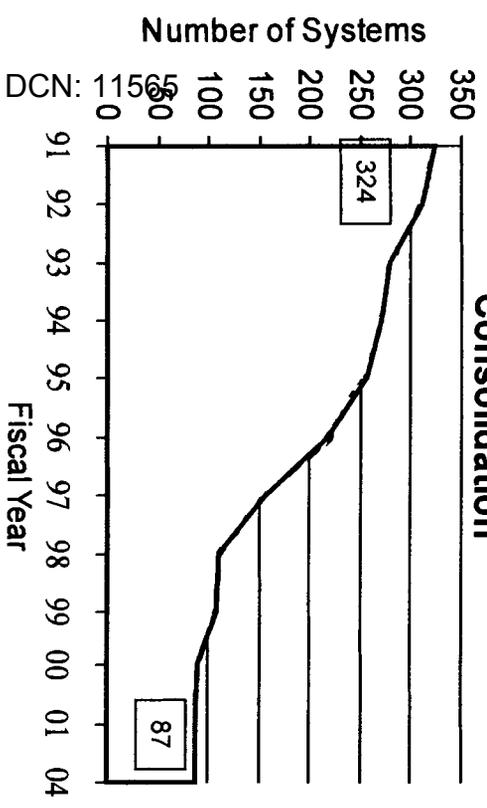
Total Work Force



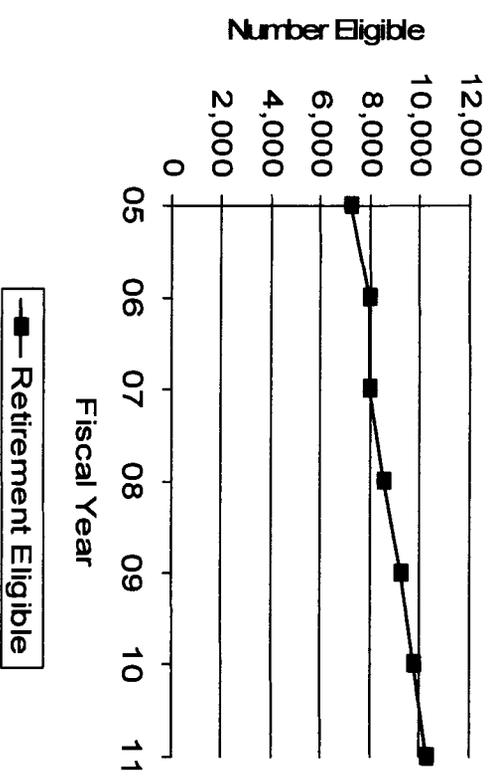
DFAS Percentage of DOD Budget



Financial Management System Consolidation



Demographics



## DFAS at a glance - Magnitude of annual operations

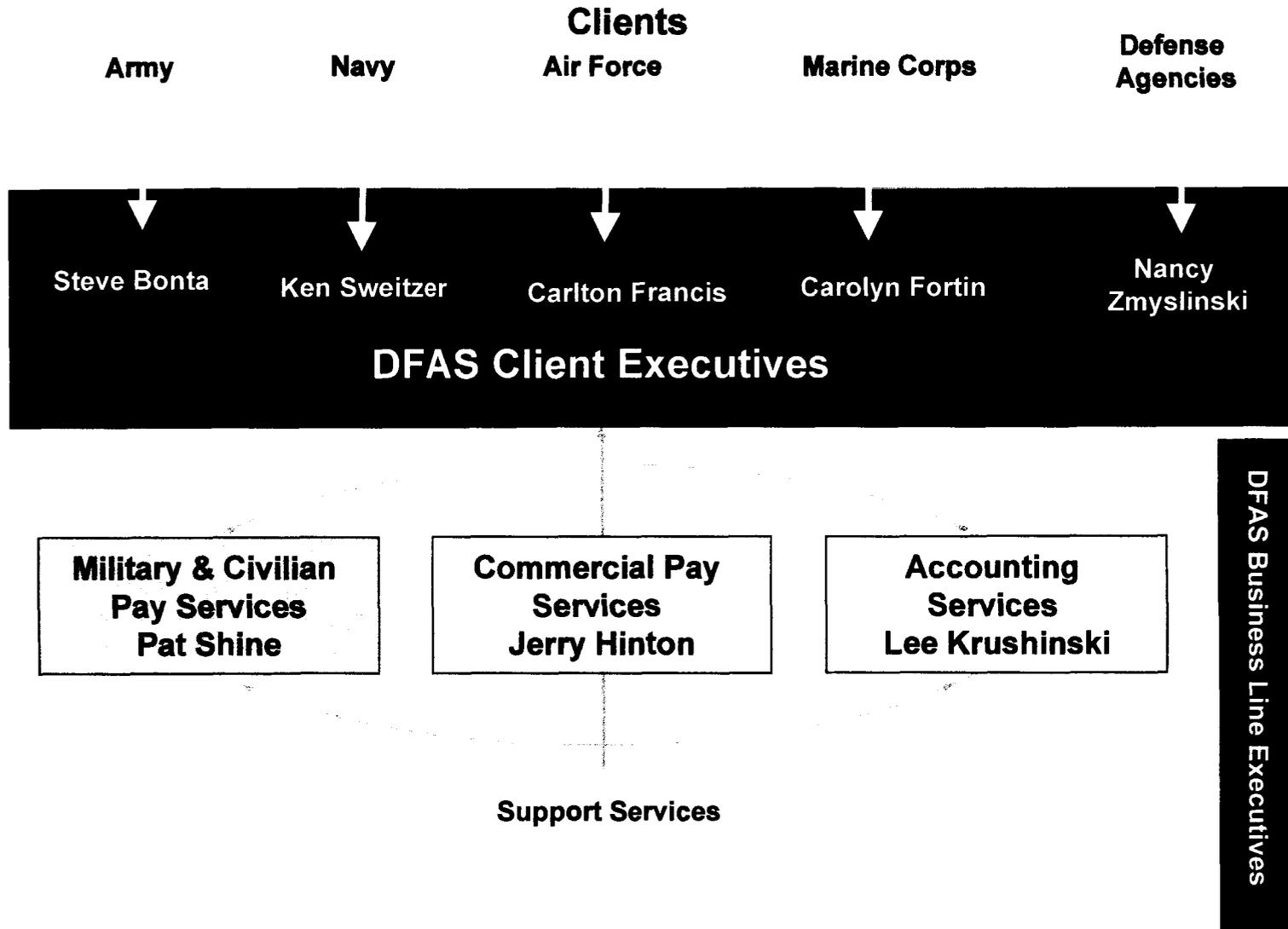


- Process 104M pay transactions to 5.9M military, civilians, retirees and annuitants
- Make 6.9M travel payments
- Pay 12.6M commercial invoices
- Process 127.3M general ledger postings
- Manage military and health benefits funds (\$234B)
- Make an average of \$455B in disbursements to pay recipients
- Manage \$13.5B in foreign military sales (reimbursed by foreign governments)
- Account for 282 active DoD appropriations

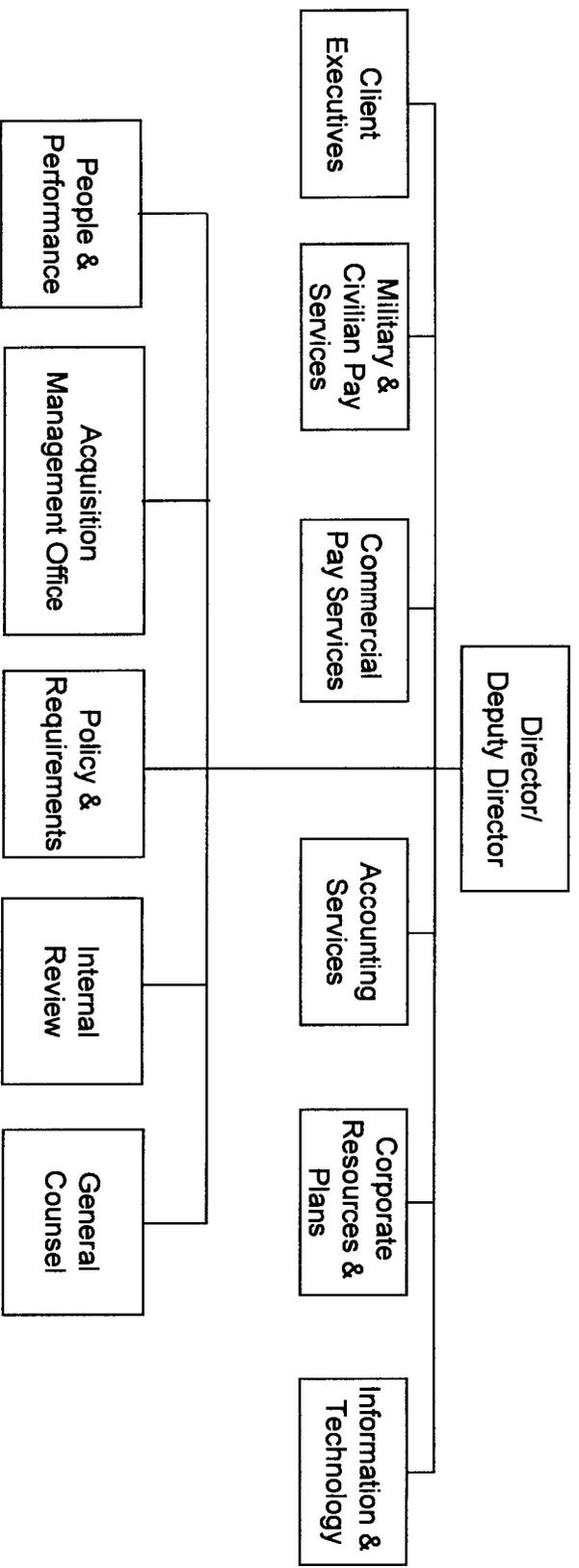
**It's about the customer!**

DCN

# Customer Service Matrix



# DFAS Organization

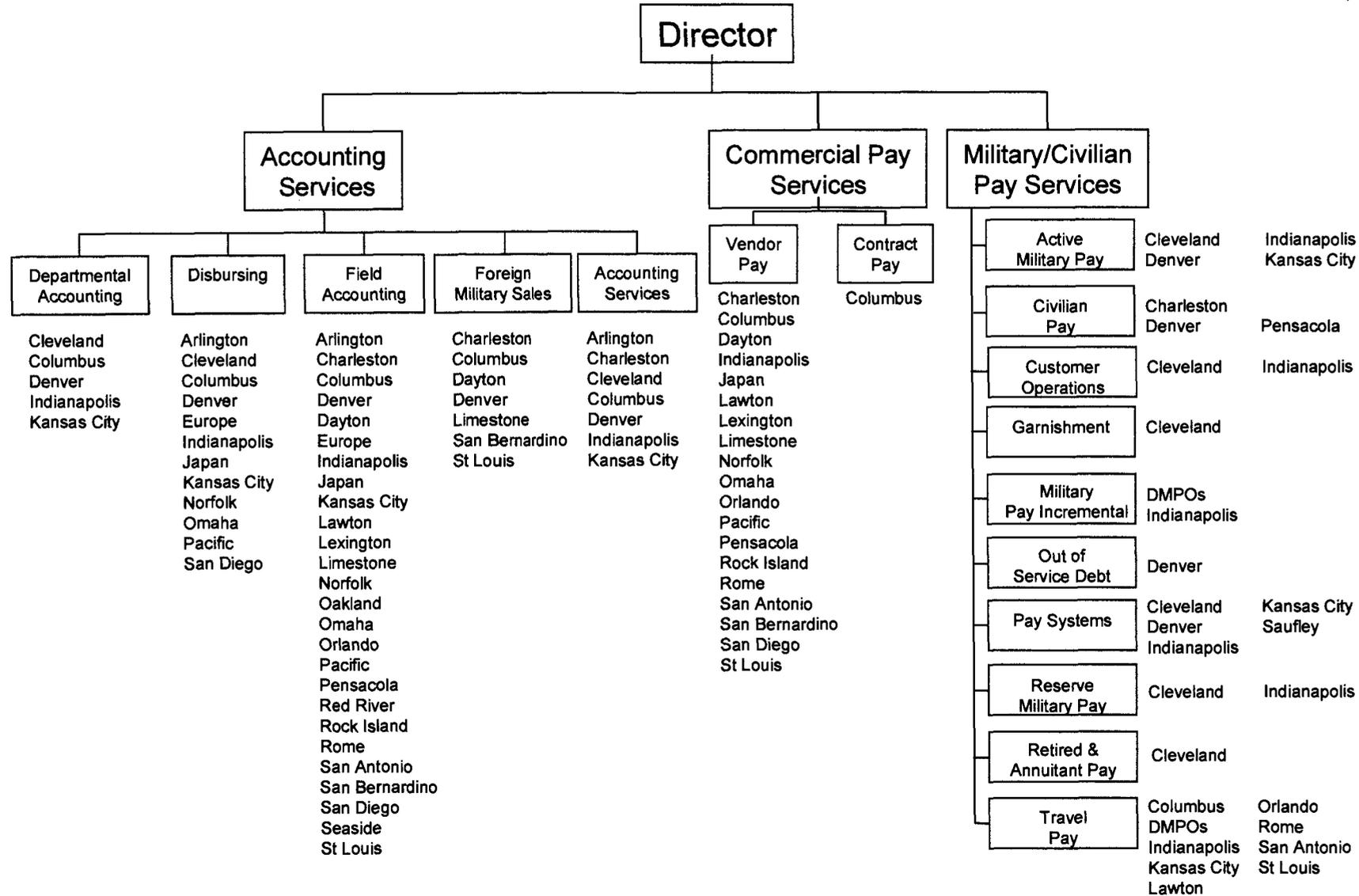


As of Feb. 28, 2005

DCN: 11565

# DFAS Product Line/Locations

DCN: 11565



## DFAS success stories



- Earned a 5<sup>th</sup> consecutive “unqualified opinion” and assisted five clients to achieve clean opinions of their own
- Reduced time to publish year-end financial statements from 80 to 45 days and reduced quarterly reports to 21 days from 45
- Reduced interest per million disbursed by 20% since July 2003
- Returned 5.19% on the \$195B Military Retirement Fund & 2.43% on \$39B Medicare-Eligible Retiree Health Care Fund
- Exceeded our FY 04 goal for NULOs by finishing \$76M below our \$171M goal
- Reduced total Unmatched Disbursements over 120 days from \$134M in FY 03 to \$23M in FY 04
- Fielded the Deployable Disbursing System to 39 deployed Army sites to automate transactions, improve internal controls & accelerate posting of financial transactions

DCN: 4458

## DFAS success stories

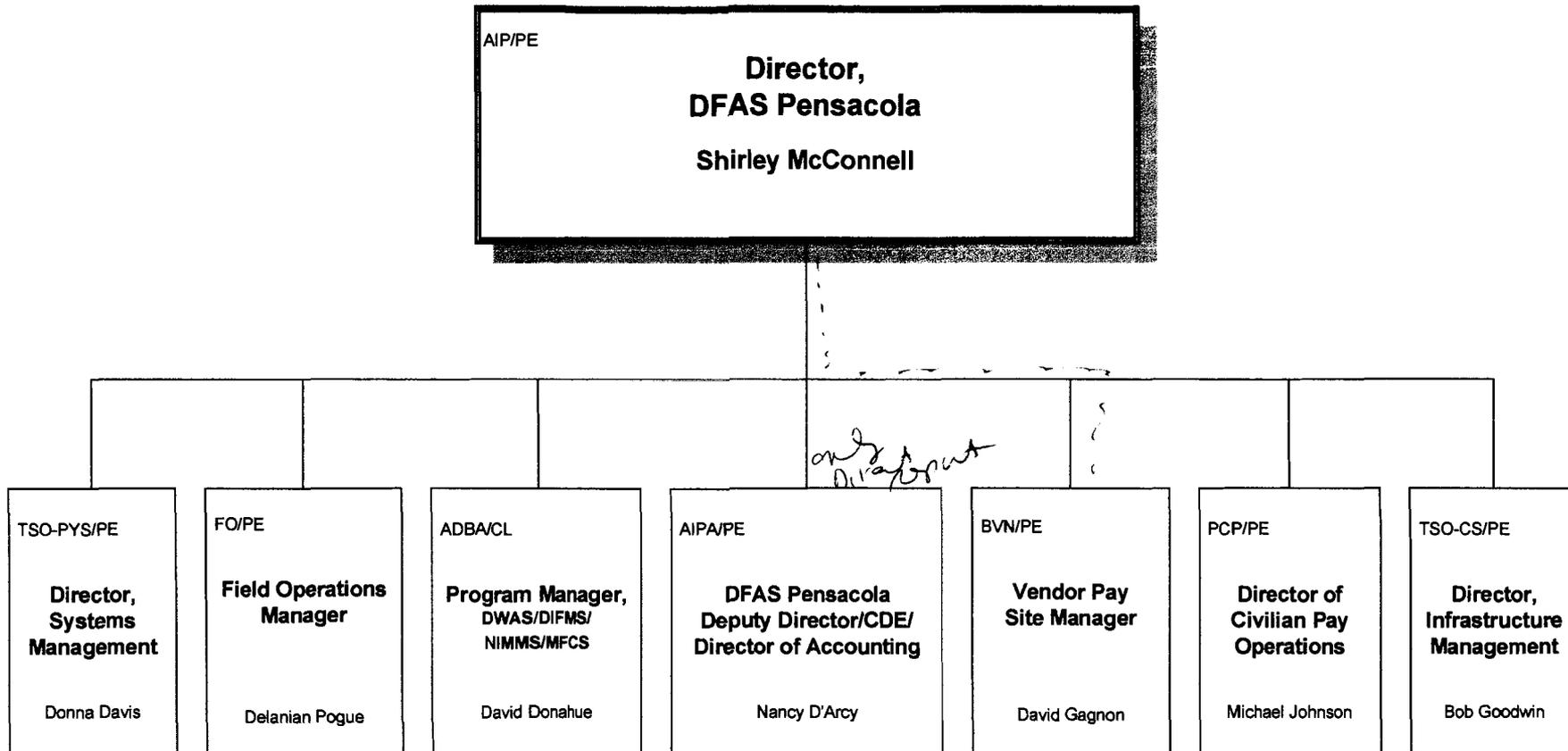


- Launched Reserve Center of Excellence
- Won national honors for innovation and excellence for myPay while expanding its customer base to 3.1M
- Earned worldwide recognition as one of the world's 10 best government intranets according to the Nielsen Norman Group
- Won the Security Assistance Accounting A-76 competition
- Achieved 100% security certification and accreditation of all essential DFAS financial management systems
- Consolidating USAF field accounting databases
- Beginning the roll out of Forward Compatible Pay to replace the existing 30-year-old military pay system

DCN-1158

# DFAS Pensacola Organization

DCN: 11565



# Work Force Demographics



## DFAS - Agency Wide

## Pensacola

■ 95% over age 30	98% (369)
■ 83% over age 40	90% (339)
■ 49% over age 50	51% (192)
■ 27% age 55 and over	29% (108)
■ 48 Average age	49.9
■ 26% reg. retire. elig.	30% (112)
■ 17% early retire. elig.	17% (65)

DCN: 11565

- People

- ✓ 376 employees
- ✓ Career Development Program
  - 8 Developmental Level Accountants
  - 3 Entry Level Accountants (ELPAs)
  - 13 CDFM Certifications
- ✓ 77 employees with degrees
  - 12 Masters
  - 65 Bachelors

## Primary Functions Performed for our Customer



- **Accounting** - To provide responsive, professional finance and accounting services and be a best value to our customers by providing Prevalidation of requests for payment, analysis and correction of abnormal conditions and reporting on results of operations and status of appropriated and revolving funds for Navy, Air Force and DOD customers serviced.
- **Vendor Pay** - The Pensacola Vendor Pay office processes payments for goods, supplies and services for the Navy, Air Force, and DOD customers. Included are Foreign Military Sales (FMS), Miscellaneous Payments (Training, Utilities etc.), Transportation, Credit Card (IMPAC) and contractual payments.
- **Civilian Pay** - The DFAS Pensacola Payroll Office provides pay and support for employees assigned to the Executive Office of the President, the Air Force, and Defense Agencies, including the Defense Contract Mapping Agency employees in Canada. We also provide required reports to Accounting entities, the Thrift Board, Office of Personnel Management and U. S. Treasury.



# Accounting Business Line

DCN: 11565

6/13/2005

Integrity - Service - Innovation

16 of 26

7/5

# Accounting Business Line



- Field-Level Accounting
  - ✓ General Fund Accounting
  - ✓ Working Capital Fund Accounting
    - DISA
    - Air Force
  - ✓ Reports & Analysis Division
    - Systems and Query Administration Team
    - Financial Services Team
    - Cost Analysis Team
    - Quality Assessment Team

**Account for \$ 161 Billion  
in Annual Funding**

## DFAS success stories



- Successfully implemented Continuity of Operation Plan (COOP) after Hurricane IVAN
- Successfully accomplished fiscal year-end closing after Hurricane Ivan
- Automated accounting processes which reduced billing hours to customers, improved efficiency, accuracy and timeliness of reports, and improved morale of employees
- Accounts Receivable Navy General Fund Center of Excellence
- Partnering with customers on Financial Improvement Plans (FIP) with a goal toward Audible Financial Statements (AFS)
- Implemented DWAS invoicing module for our Air Force customers

DC 1185

## DFAS success stories



- Reduced inflow of Undistributed Disbursements by 12K transactions per month for Bureau of Naval Personnel (BUPERS)
- Reduced IPAC rejects by 90% in last three months
- Automated billing for Telecommunication Services and Enterprise Acquisition Services (TSEAS) preventing manual input of 15K bills annually
- Advanced billed \$276M for TSEAS and DISA Computing Services (DCS)
- Reduced 12k transactions of unmatched disbursements for BUPERS annually
- Award winning implementation of DWAS for Air Force <sup>565</sup> customers



# Commercial Pay Business Line

DCN: 11565

6/13/2005

Integrity - Service - Innovation

20 0126

## DFAS Customers Served and Success stories – Local victories



*Success Stories*

- ~~Vendor Pay Highlights~~ - DFAS Pensacola
  - ✓ Unique customer processing with Defense Information Telecommunication Contracting Organization (DITCO)
    - ✓ Paying app. 1.2 million telecommunications invoices/year
    - ✓ Utilize the Financial Accounting and Budgeting System (FABS).  
Use of FABS in lieu of mainstream entitlement system allows for integrated Customer billing and cost accounting for DITCO
  - ✓ Utilize the STARS One-Pay entitlement system to pay Navy, DoD, and Air Force customers
    - ✓ Automated interfaces allow for systemic prevalidation and accounting transactions to flow without manual intervention
    - ✓ EDI and EFT participation rates are growing monthly
    - ✓ Customers can request view access to all One-Pay processes to assist them in their business operations

DCN: 11565



# Civilian Pay Business Line

DCN: 11565

6/13/2005

Integrity - Service - Innovation

22 of 26

## **DFAS Customers Served and Success stories – Local victories**



- **Customers**
  - ✓ 250,000 civilian employees every two weeks
  - ✓ Executive Office of the President
  - ✓ Air Force
  - ✓ All Defense Agencies
  - ✓ Defense Contract Mapping Canadian Employees
- **Successes**
  - ✓ Hurricane Ivan
  - ✓ Immediate Execution of Contingency
  - ✓ All Employees Paid On Time and Accurately
  - ✓ ePayroll
  - ✓ Department of Veteran Affairs
  - ✓ 246,000 Employees
  - ✓ Conversion to Begin FY06

DCN: 11565

## Our strategic challenge



- Our customers expect:
  - ✓ Accurate and timely payment of personnel
  - ✓ Accurate and timely payment of vendors and contractors
  - ✓ Auditable financial statements
  - ✓ Business intelligence that enables better decision-making
  - ✓ Lower costs of products and services
- Customers deserve a financial service partner who enhances their readiness & mission capability

DCN: 14585

## **The road ahead -- Becoming world class**

---



- We will continue our DFAS journey of excellence
- We will be guided by our core values --  
integrity, service & innovation
- We will recommit to understanding our customers
- We will practice good two-way communication to  
ensure lasting success
- We will make it an inclusive, total team effort from all DFAS  
business lines & functions

DCN: 11565

# DFAS

*Your Financial Partner @ Work*



DCN: 11565

# 2005 Base Closure & Realignment Commission

DCN: 11565



## BASE VISIT SIGN IN SHEET

Name	Title	Organization	Contact	Email
Bob Goodwin	Dir Infrastructure	DFAS - JSO Corporate Services		Bob.Goodwin@DFAS.mil
DAVID GAGNON	VENDOR Poy Site Manager	DFAS-PE	850-473-5940	DAVID.GAGNON@DFAS.mil
Michael Johnson	Dir. Civilian Poy	DFAS-PE	850-473-6020	Michael.Johnson@DFAS.mil
NANCY D'ARCY	Deputy Director Director of Acctg	DFAS-PE	850-473-5838	Nancy.DArcy@DFAS.mil
Shirley McConnell	Senior Site Director	DFAS-PE	850-473-5602	Shirley.McConnell@DFAS.mil

DCN: 11565



# DFAS BRAC Commission Update

**Larry Hauser**

**Saufley Field Site Director**

A handwritten signature in black ink, located in the bottom right corner of the page.

- **DFAS at a glance**
- **DFAS customer service matrix and organization**
- **DFAS success stories**
- **DFAS Saufley Field information**
- **The road ahead**



# DFAS at a Glance - The Big Picture



- **Mr. Zack E. Gaddy's priorities:**
  - ✓ **Take care of our customers**
  - ✓ **Improve our operations to become world-class in all we do**
  - ✓ **Deliver the best value that excites our customers & motivates our employees**

***“These are exciting times for DFAS as we continue to transform & assert our role as the finance & accounting leader in the Department of Defense & ultimately in the federal government. NOW is the time for us to make a difference. I know I can count on you.”***

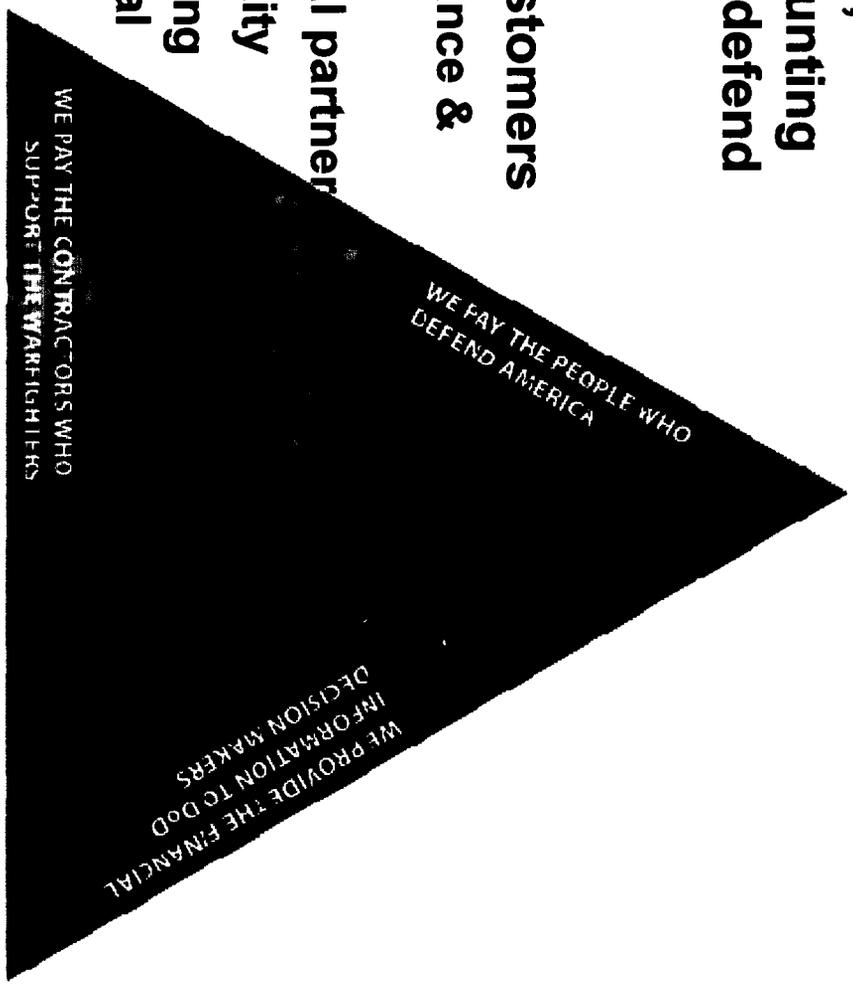


# DFAS at a Glance - Our mission, Vision & Values



- **Mission:** Provide responsive, professional finance & accounting services for the people who defend America
- **Vision:** Best value to our customers
  - ✓ World-class provider of finance & accounting services
  - ✓ Trusted, innovative financial partner
  - ✓ One organization, one identity
  - ✓ Employer of choice, providing a progressive & professional work environment
- **Values:** Integrity, Service, Innovation

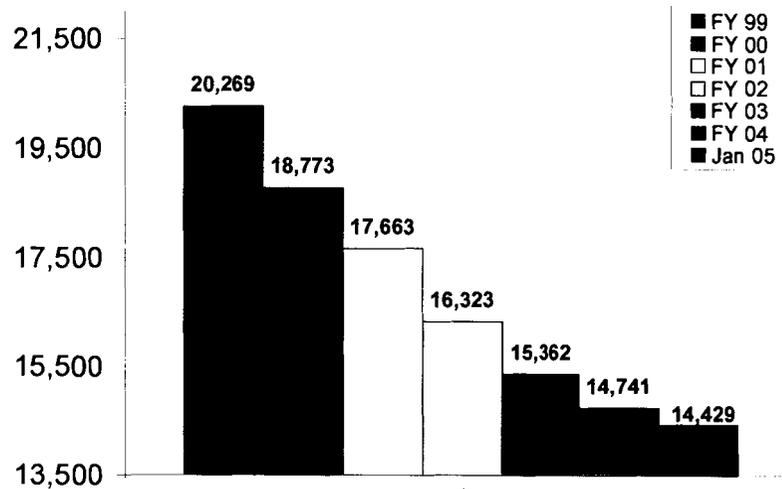
DCN: 11565



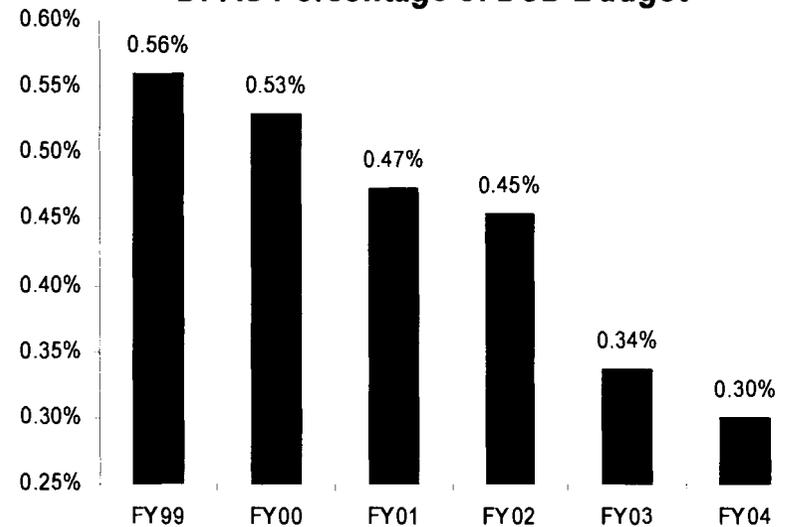
# DFAS at a Glance -- The State of DFAS Today



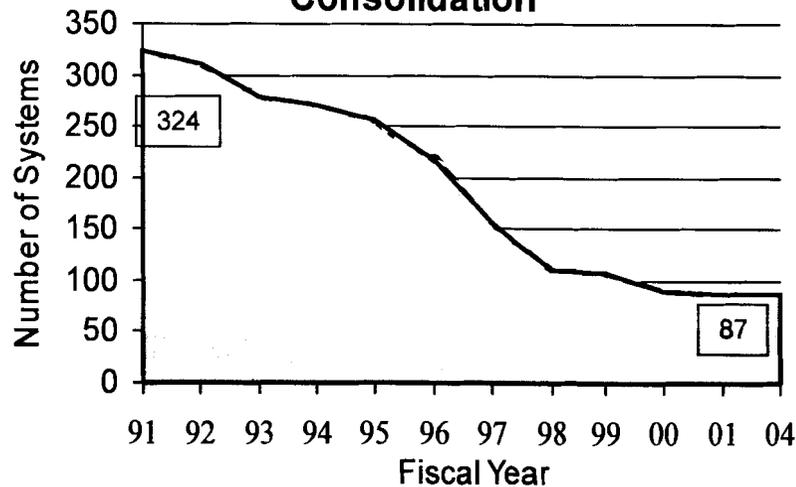
**Total Work Force**



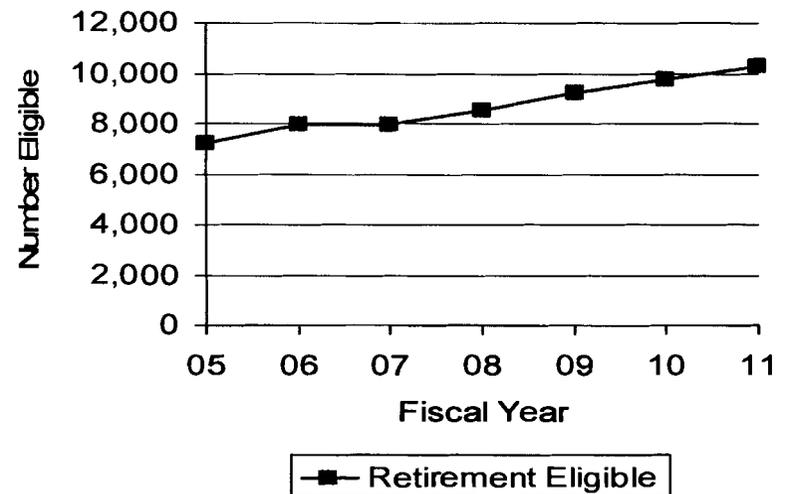
**DFAS Percentage of DoD Budget**



**Financial Management System Consolidation**



**Demographics**



## **DFAS at a Glance - Magnitude of Annual Operations** ~~DFAS~~

- Process 104M pay transactions to 5.9M military, civilians, retirees and annuitants
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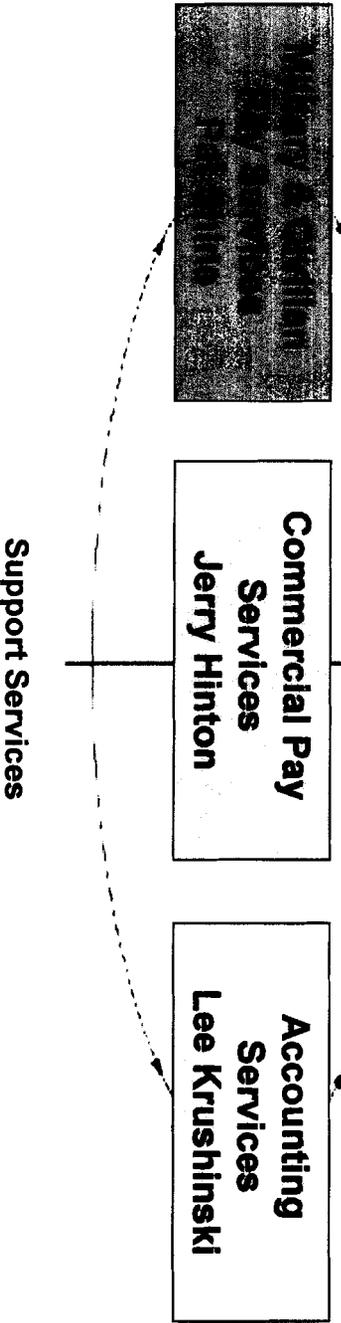
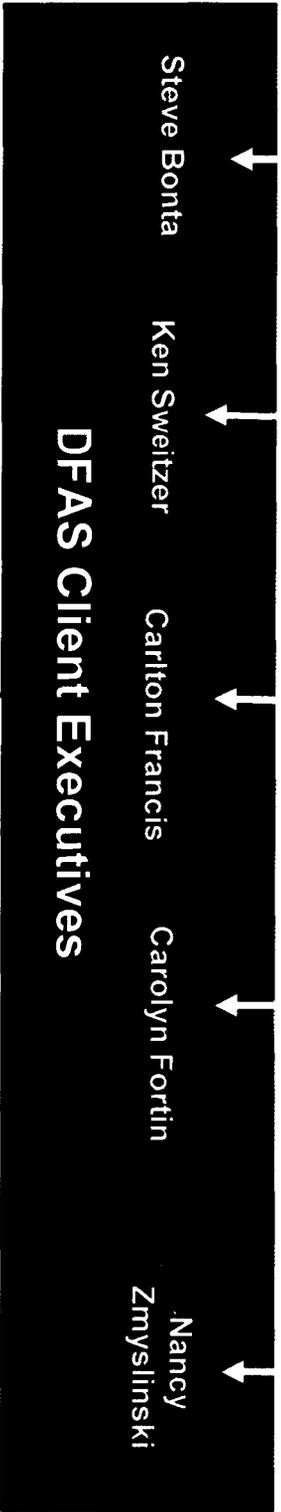
**It's about the customer!**

DC

# Customer Service Matrix



**Clients**  
 Army      Navy      Air Force      Marine Corps      Defense Agencies

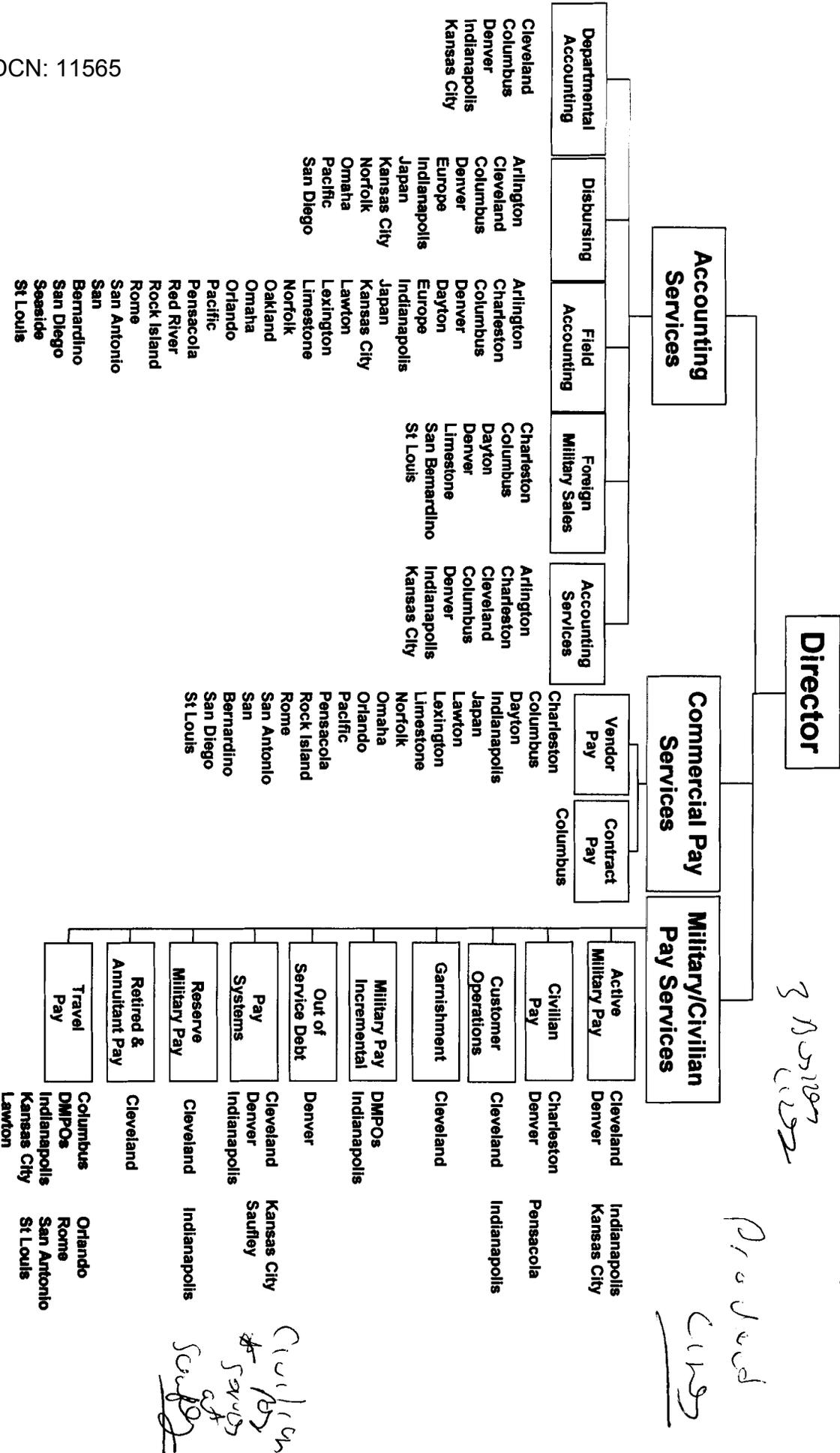


DFAS Business Line Executives

DCN: 11565



# DFAS Product Line/Locations



DCN: 11565

6/14/2005

Integrity - Service - Innovation

# DFAS Success Stories



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DCN: 11565



- **Launched Reserve Center of Excellence**
- **Won national honors for innovation and excellence for myPay while expanding its customer base to 3.1M**
- **Earned worldwide recognition as one of the world's 10 best government intranets according to the Nielsen Norman Group**
- **Won the Security Assistance Accounting A-76 competition**
- **Achieved 100% security certification and accreditation of all essential DFAS financial management systems**
- **Consolidating USAF field accounting databases**
- **Beginning the roll out of Forward Compatible Pay to replace the existing 30-year-old military pay system**

# Local Success Stories



- Disaster Recovery Plan was successfully executed to recover from Hurricane Ivan, reflecting favorably on the agency and DoD - relocated 354 employees and fully supported their needs

- Reconstituted in 4 days + relocated  
 354 people to other sites -  
 - civilian payroll not missed -  
 end of Dec

- ePayroll implementation of Department of Health and Human Services was completed - largest ePayroll implementation to date (65K accounts)

Charlotte / Direct  
 Denver / other  
 Pensacola / work

Port of work -  
 Port to Charlotte  
 Denver -

- Approximately 145,000 U.S. Air Force civilian accounts were implemented on the SmartDocs system

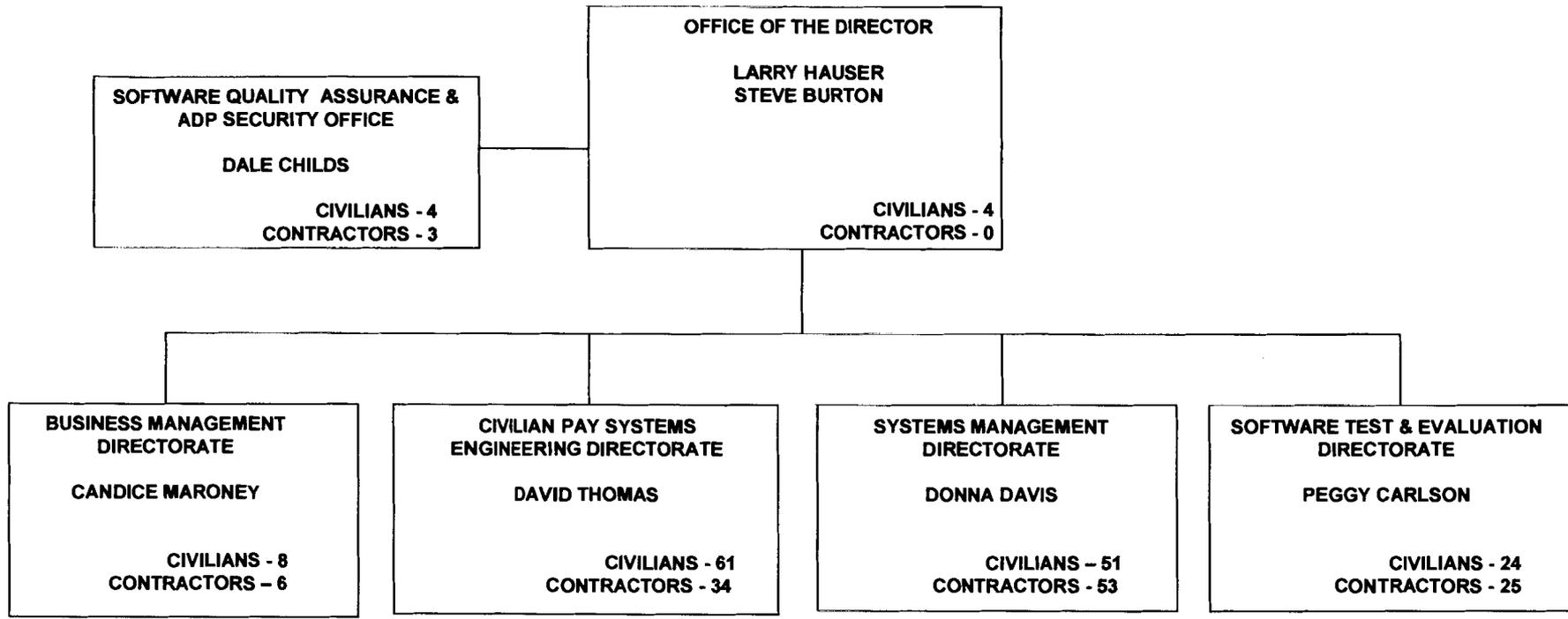
Contract Deployed a team to  
 Knoxville - to DISA New -  
 prior to storm

Loss of operation from  
 Acct's + Civ Pay  
 respective - use of Plan

Contingency Plan  
 each payroll for  
 each character position  
 office -  
 - conversion to  
 Charlotte -  
 Denver sent  
 people sent  
 15 people went  
 to the sites

- Had to stay here until  
 could power can lines  
 restored

# Technology Services Organization-Pensacola

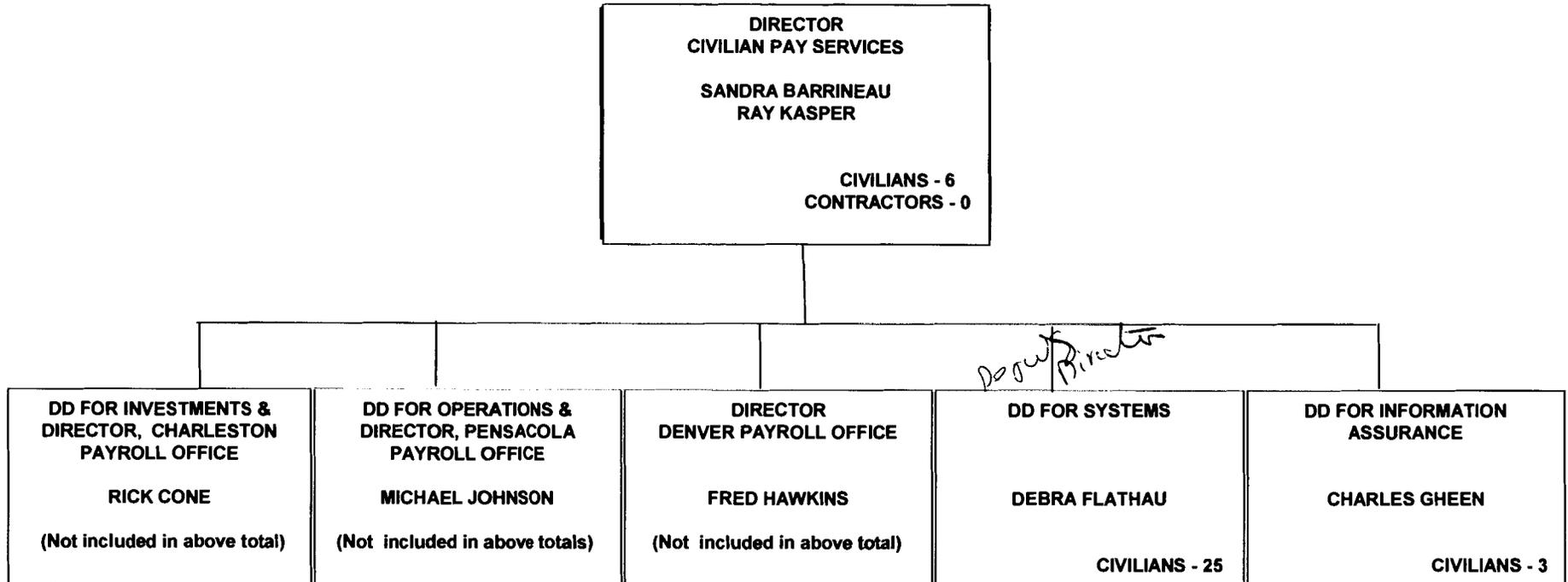


Total Civilian Staff	152
Total Contractor Staff	121 -
Total Staff	273

- Def Omnibus Contractor -  
general support services contract  
available.

system to Def Cash Dis System  
manage cash - in DD -  
almost exclusively done by contractors  
staff -  
So if looks at risk - there is a  
vulnerability, also  
Def Year Enterprise wide - acctg system

# DFAS 65 Civilian Pay Services



Total Civilian Staff	34
Total Contractor Staff	<u>0</u>
Total Staff	34

# Missions Performed at Saufley Field



- ***Provide information technology services to DFAS and non-DFAS customers***
  - ✓ Design, develop, acquire, test, deploy, operate and maintain information systems and applications that support customer defined requirements
  - ✓ Provide information technology consultation, training and operations enabling services
  - ✓ Advise current and prospective customers of available technology innovations that empower customers with flexible alternatives that encourage user access to data, as well as, manipulation and management of data
- ***Provide functional and program management services to the DFAS Civilian Pay Product Line***
  - ✓ Perform program management functions for civilian pay systems
  - ✓ Interpret, define & prioritize customer requirements associated with civilian pay systems
  - ✓ Provide information assurance and system security & audit services for the Product Line and civilian pay systems
  - ✓ Provide budgetary, personnel and other administrative support to the Product Line

DCN: 11565

# What We Do To Perform The Mission



- Operate under Defense Working Capital Fund provisions
- Provide traditional software development & maintenance (CDA) services
  - ✓ MCPS (DCPS, ATAAPS, SmartDocs, Pay Profiling, etc.)
  - ✓ Accounting (DCAS)
  - ✓ Navy (FASTDATA)
- Perform System Management functions for the Civilian Pay Product Line of MCPS (DCPS, ATAAPS and ICPS)
- Provide Requirements Management services for the Civilian Pay Product Line of MCPS (DCPS, ATAAPS and ICPS)
- Provide Enterprise Test Center services
- Provide Customer Contact Center services
- Provide production support (scheduling & operations) services
  - ✓ DCPS
  - ✓ DCD/DCW

*Contract Design Activity*  
*not to members - En Dem checks*  
*since the 2 for sess of the pers*  
*Found pay were records were every - not default*

*supports mi 1107 pay - some one*

*+ Pay Foreign Nationals*

*- help desk*

*DFAS computer data bases*

*DFAS computer warehouses*

*Plan all DFAS system with migrate to the*

*LJK*

# Uniqueness of Mission?

~~DFAS~~

*Need to be  
mitigated  
planning*

- Information Technology and Program Management services are currently performed at other DFAS locations so while the basic missions are not unique:
    - ✓ The Civilian Pay Product Line Manager & staff (and expertise) are exclusive to this location
    - ✓ The IT and subject matter expertise for the workload supported are exclusive to this location
    - ✓ The customer base supported by this Activity (primarily the non-DOD entities) is unique. Primary examples include:
      - Executive Office of the President (current)
      - Classified Agency (current)
      - Department of Energy (current)
      - Health and Human Services (current) *April on-11/2*
      - Environmental Protection Agency (future) *- March 2026*
      - Veterans Administration (future) *- phased - 1st phase Aug. 2026 - final phase*
- For these reasons, careful planning is critical to mitigate the risk associated with moving this workload.**

DCN: 11505

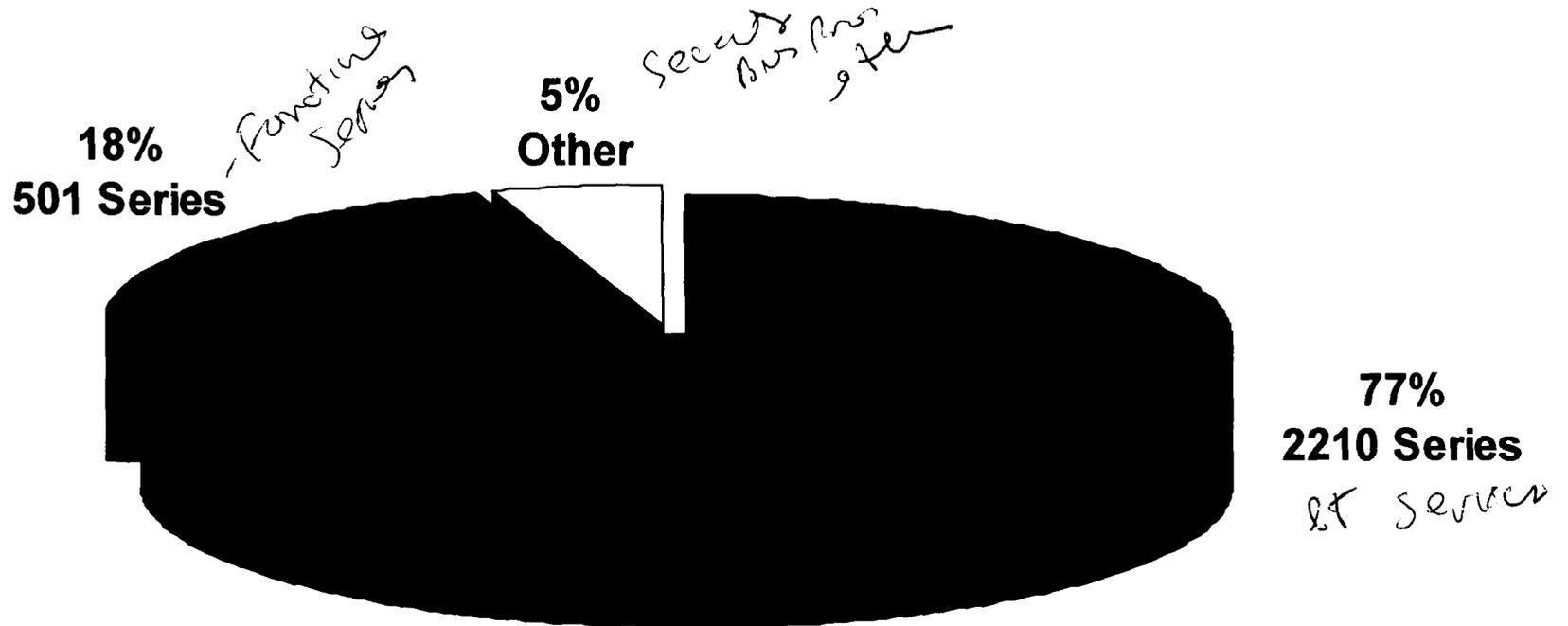
# Our People



	On Board		
	Civilians	Contractor	Total
<b>FY00</b>	<b>181</b>	<b>90</b>	<b>271</b>
<b>FY01</b>	<b>192</b>	<b>96</b>	<b>288</b>
<b>FY02</b>	<b>202</b>	<b>100</b>	<b>302</b>
<b>FY03</b>	<b>179</b>	<b>102</b>	<b>281</b>
<b>FY04</b>	<b>196</b>	<b>120</b>	<b>316</b>
<b>FY05</b>	<b>186</b>	<b>121</b>	<b>307</b>

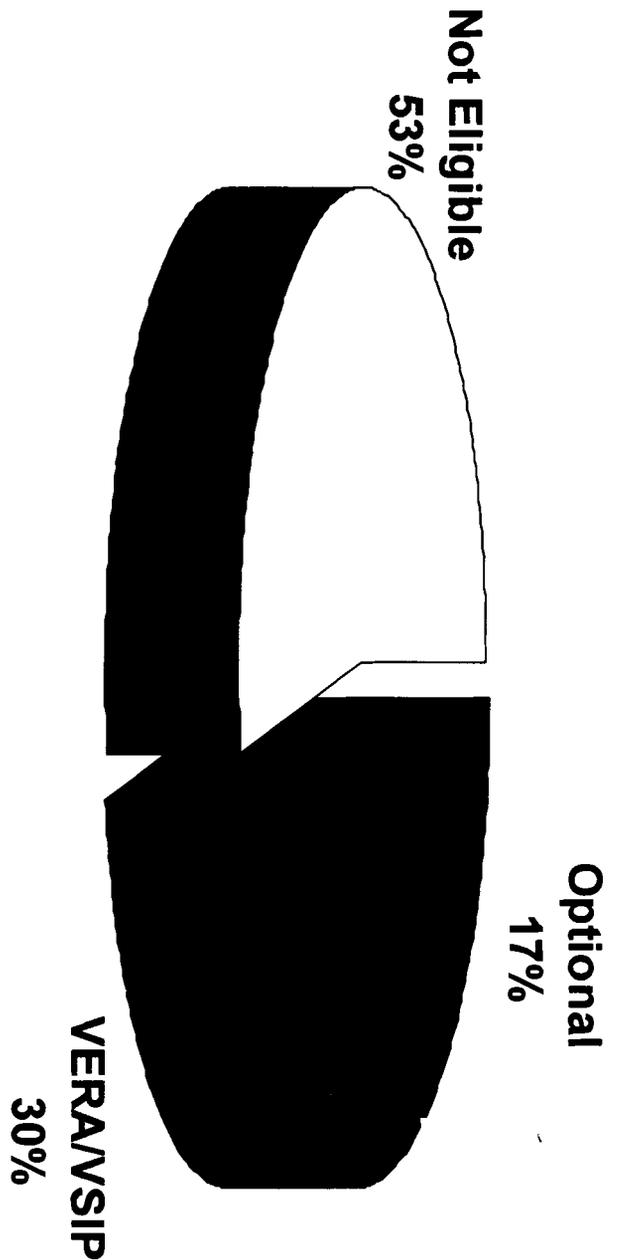
*As of May 30 2005*

# Workforce Profile – Government Personnel



**Civilians On Board - 186**  
**Average Grade - 11.7**  
**Average Age - 48.5**  
**Average Length of Service - 19.9**  
**Contractors - 121**

# Workforce Profile - Retirement Eligible Jun 05 ~~RFAS~~



**\*Civilians on Board - 186**

Optional - 32 - 17%

VERA/SIP - 56

Not Eligible - 98

DCN: 11565

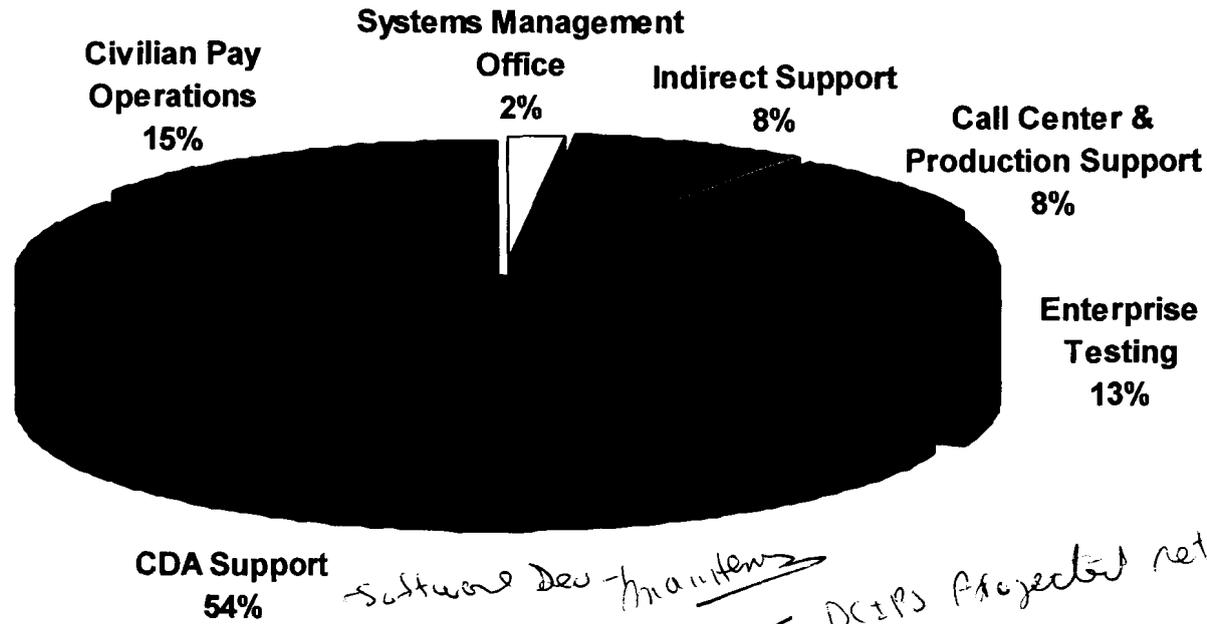
*As of June 2005*

# Workforce Profile – Transfer Eligibility



- **Agency has made commitment that all permanent employees in good standing are eligible to transfer to continuing locations**
- **100% of our employees are permanent and in good standing and therefore eligible to transfer to another DFAS location**

# What We Do – Civilian Staffing By Function

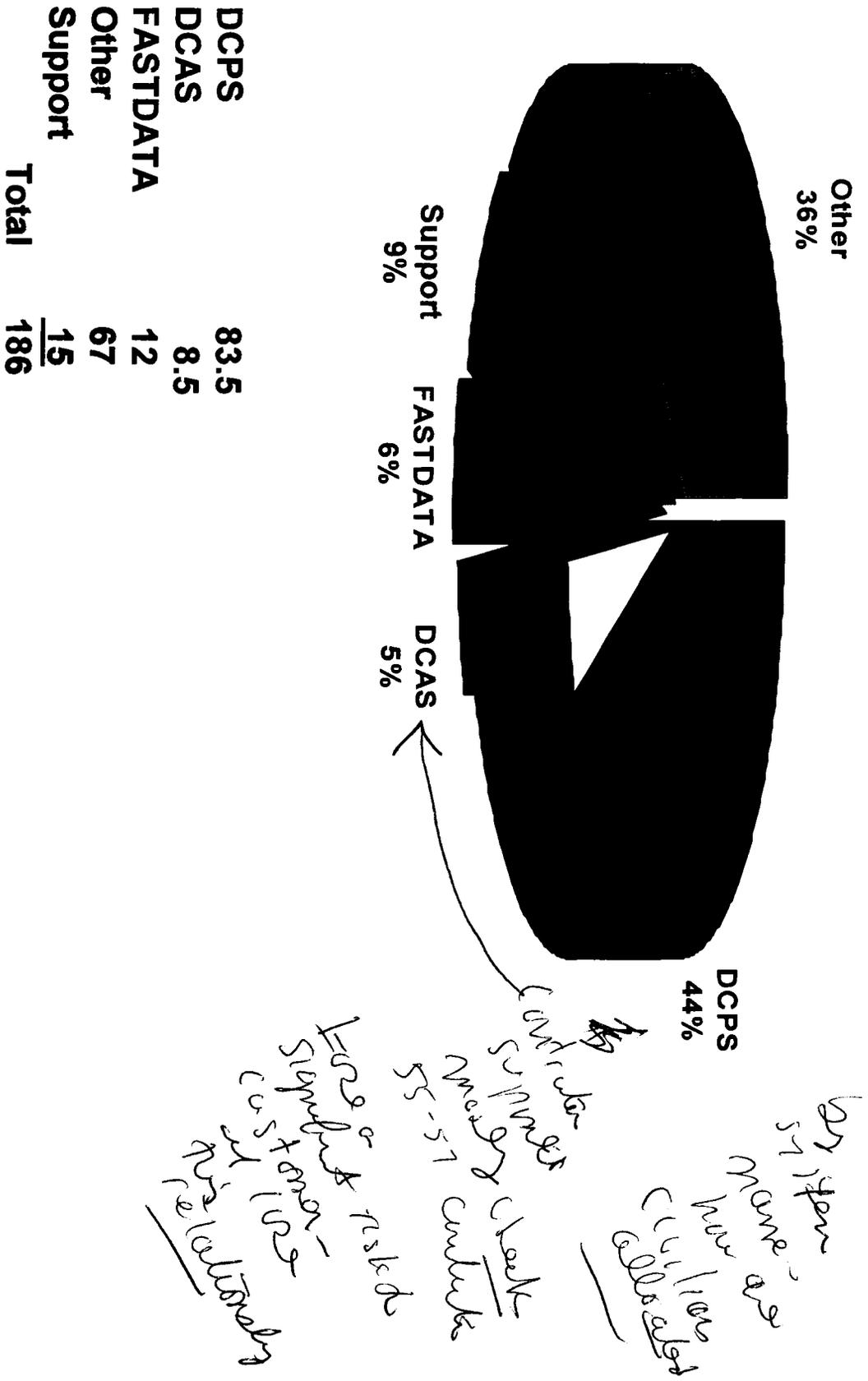


<b>CDA Support</b>	<b>100</b>
<b>Civilian Pay Operations</b>	<b>28</b>
<b>Enterprise Testing</b>	<b>24</b>
<b>Call Center &amp; Production Support</b>	<b>15</b>
<b>Indirect Support</b>	<b>15</b>
<b>Systems Management Office</b>	<b>4</b>
<b>Total</b>	<b>186</b>

# What We Do - Civilians By System



DCN: 11565



# Distinguishing Characteristics & Attributes

**DFAS**

- Support DoD and non-DoD customers
  - ✓ Largest ePayroll provider (President's Management Agenda) *largest e-payroll provider*
  - ✓ Payroll system support classified Agency *NFC - New Orleans*
  - ✓ DFAS Business Lines are the primary source of funds for DoD *GSA - 34,000 - In-house -*
- Enjoy high customer satisfaction *Customer Satisfaction*
- Committed to Software Process Improvement (only CMM Level 4 Activity in DFAS) *Process Improvement*
- Systems efforts have received DoD and national level awards *Process Improvement*
  - ✓ Nomination pending for SmartDocs *SmartDocs*
  - ✓ DCPS selected as one of Top 5 Systems nationally in 2004
  - ✓ DCAS received "Excellence in Engineering" award in 2002 *DCAS award*
  - ✓ Managing Application Performance received Government Computer News national award in 1995 *- Top 10 Best Practices in Fed Govt*
- Low turnover rate
- Good citizens with high community involvement

DCN: 1 865

# Our Strategic Challenge



- Our customers expect:
  - ✓ Accurate and timely payment of personnel
  - ✓ Accurate and timely payment of vendors and contractors
  - ✓ Auditable financial statements
  - ✓ Business intelligence that enables better decision-making
  - ✓ Lower costs of products and services
- **Customers deserve a financial service partner who enhances their readiness & mission capability**

DCN: 11585

# The Road Ahead - Becoming World Class



- We will continue our DFAS journey of excellence
- We will be guided by our core values --  
integrity, service & innovation
- We will recommit to understanding our customers
- We will practice good two-way communication to  
ensure lasting success
- We will make it an inclusive, total team effort from all  
**DFAS** business lines & functions

DCN: 11565



# Questions?

DCN: 11565

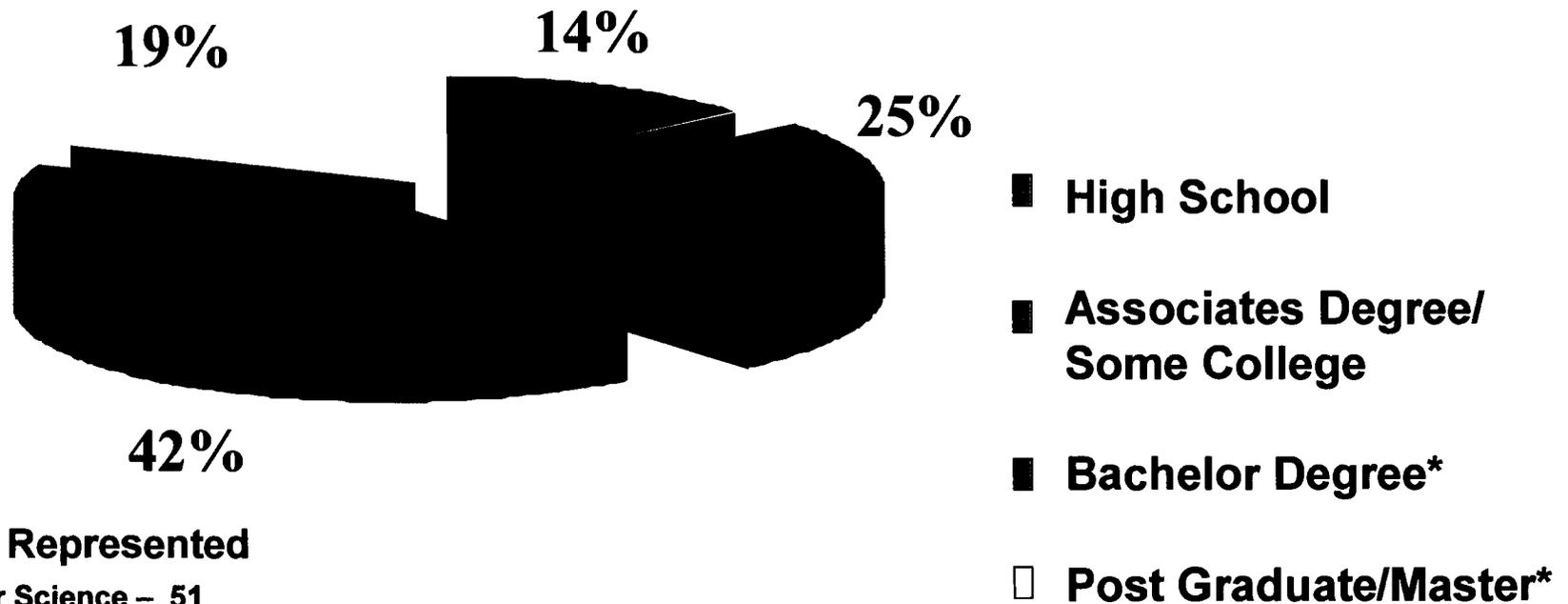
# DFAS

*Your Financial Partner @ Work*





## Civil Service



### Degrees Represented

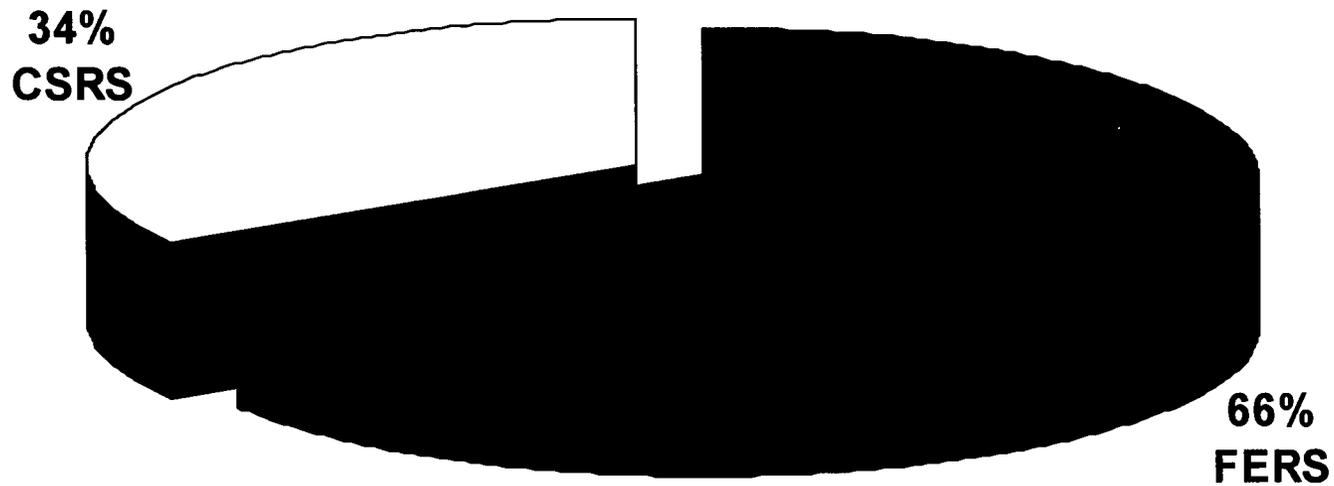
- Computer Science – 51
- Business/Public Administration – 22
- Accounting/Banking & Finance – 21
- Math/Statistics – 5
- Electrical/Industrial – 2
- Psychology/Sociology/Biology – 8
- Liberal Arts/Humanities/History - 4

### Primary Sources

- University of West Florida – 62
- Alabama A&M – 3
- University of Florida – 3
- Florida State University – 1
- South Alabama – 2
- American University of Washington DC - 1

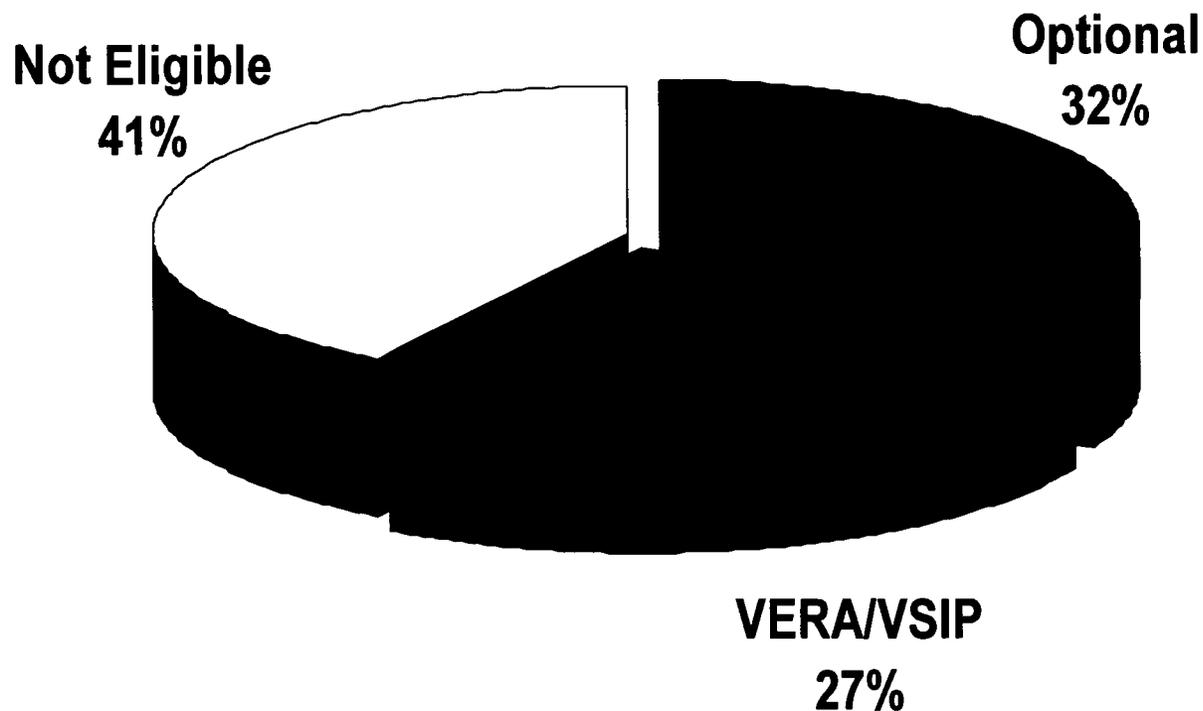
DCN 11565

# **Workforce Profile – Retirement Plan Coverage**



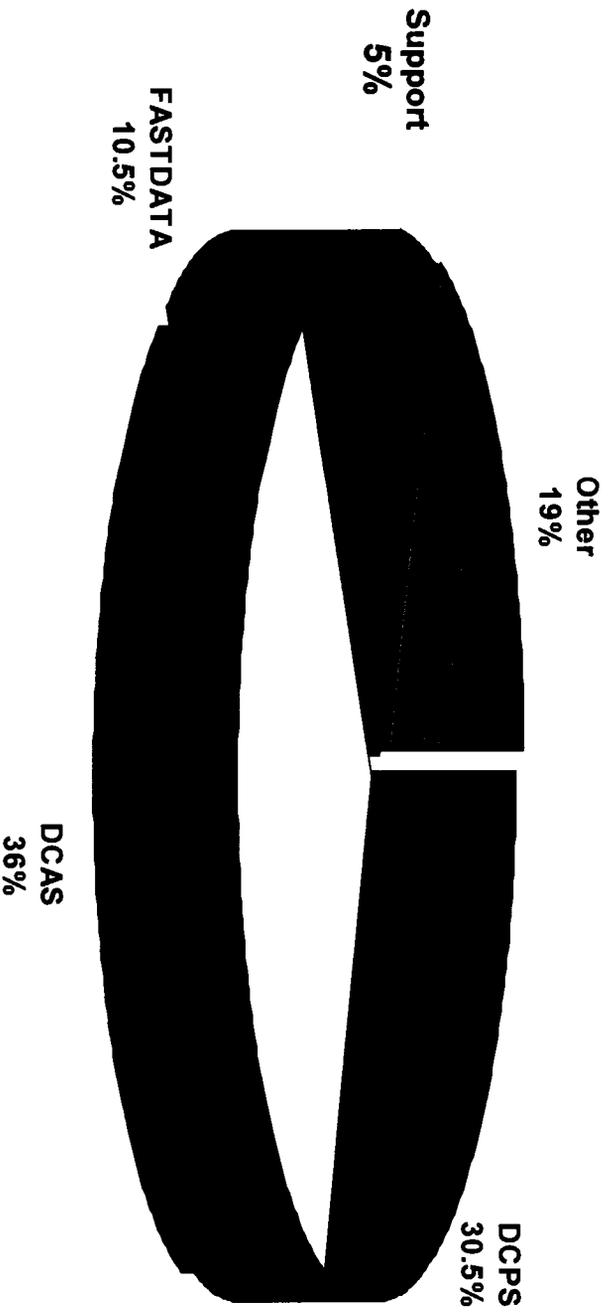
**\* Civilians On Board - 186**  
**Federal Employees Retirement System – 123**  
**Civil Service Retirement System – 63**

DCN 14565  
**Workforce Profile - Retirement Eligible Jun 08**



**\*Civilians on Board**  
**Optional 59**  
**Vera/VSIP – 50**  
**Not Eligible - 77**

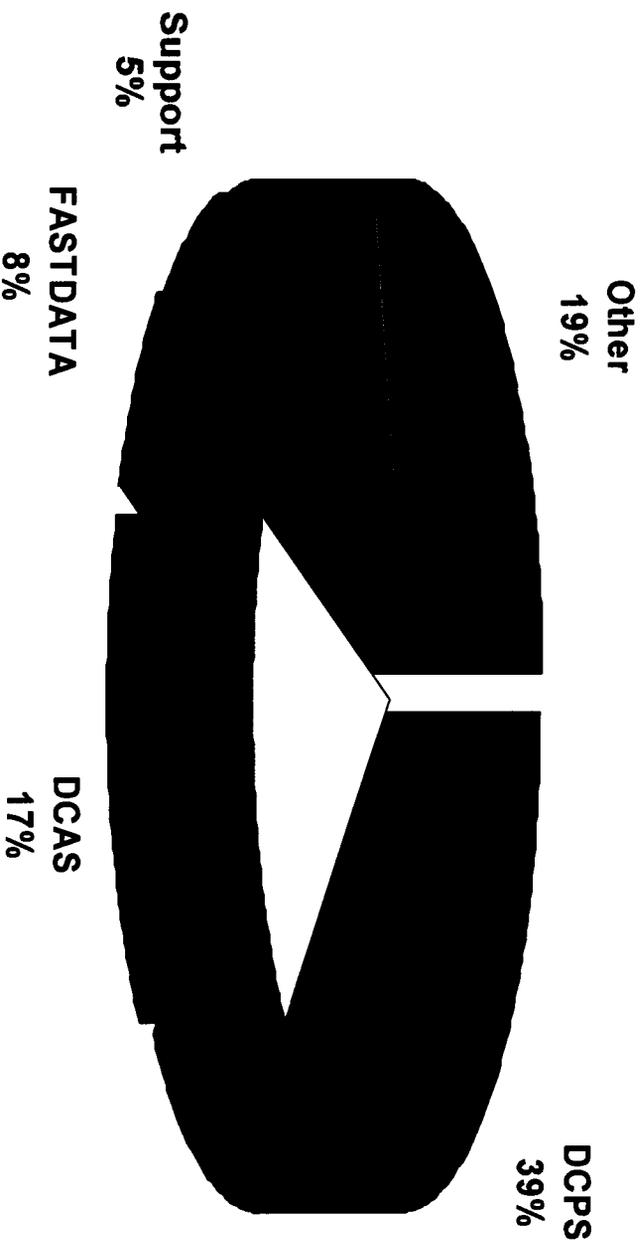
# What We Do -- Contractors By System



DCN: 11565



# What We Do – Total Staff By System



DCN: 11565

**Brief for**

**Admiral Harold Gehman, Jr., USN (Ret)  
BRAC Commissioner**

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**Wednesday, June 15, 2005  
Jackson's Restaurant**

# PRIORITY LIST

- 1. Officer Training Command Pensacola
- 2. NETC/NETPDTC
- 3. SPAWARS Detachment
- 4. DFAS (Pensacola & Saufley)
- 5. Correctional Facility – Navy Brig
- 6. NARL
- 7. NATTC Personnel to Eglin AFB (JSF)
- 8. Navy Region Gulf Coast

*Referrals  
Page 4*

*Understand  
the clutter  
data*

**OFFICER TRAINING COMMAND PENSACOLA****DoD Recommendation:**

- Relocate Officer Training Command Pensacola (OTCP) & consolidate at Naval Station Newport, RI

**Rationale:**

- Accession Training currently conducted at 3 installations:
  - Naval Academy (Midshipman Training)
  - NAVSTA Newport (NAPS & OTC)
  - NAS Pensacola (Officer Training Command Pensacola)
- Close Naval Installation, Athens GA and movement to Newport of:
  - Navy Supply Corps School and Center for Service Support
  - Disestablish Supply Corps Museum
- Consolidate Officer Training Command Pensacola and Newport at Newport - reduce inefficiencies inherent in maintaining 2 sites for similar training courses - reduces facilities requirements, personnel requirements and excess capacity.
- Create **Center for Officer Training at NAVSTA Newport.**

**Requirements:**

- \$1.9 million in MILCON required at Newport. Departure of Navy's Religious Education Training to Fort Jackson (SC) and Navy Reserve Readiness Commands to NAVSTA Norfolk will provide sufficient capacity to accommodate the move to NAVSTA Newport.

**Officer Training Command Payback:**

- One-time cost to DoD ----- \$3.6 million
- Net of costs & savings during implementation ----- \$1.4 million
- Annual savings after implementation ----- \$0.9 million
- ROI ---- 4 years

**Officer Training Command Job Losses:**

- Direct ----- 295
  - Military 67
  - Civilian 21
  - Student 207
  - Contractor 0
- Indirect ----- 380
- Total ----- 675

## **Reclama to DoD Recommendation:**

- Reverse the location and bring existing and projected schools to NAS Pensacola where available capacity exists at lower overhead costs.
- NAPS to remain in Newport
- Completes the movement to Pensacola that established Officer Training Command Pensacola

## **Justification:**

- Consolidation reduces overhead and travel costs
- Approximately 30% of officer student graduates attend follow-on training at NASP – cost avoidance
- Utilizes existing vacant infrastructure on NASP
- Lower utility costs, BAH and off base costs for student housing

## NETC & NETPDTC

### DoD Recommendation:

- Realign NAS Pensacola by relocating NETC to Naval Support Activity, Millington
- Realign Saufley Field by relocating NETPDTC to Naval Support Activity, Millington
  - *Note: These two moves are shown basically as one move in the recommendation.*

### Rationale:

- Realign NETC & NETPDTC from Pensacola to Millington to collocate with common functions:
  - Navy Personnel Command
  - Navy Manpower Analysis Center
  - Navy Personnel Research & Development Center
- Closure of the Naval Support Activity, New Orleans and movement to Millington of:
  - Navy Reserve Personnel Command
  - Navy Enlisted Placement Center
  - Navy Reserve Recruiting Command
- Create **Navy Human Resources Center of Excellence, Millington TN.**
- By relocating these Commands and Centers within the hub of naval personnel activities, the recommendation eliminates personnel redundancies and excess infrastructure capacity.

**Requirements:**

- NETC & NETPDTTC will require 50,400 gross square feet (GSF) of MILCON while utilizing 102,400 GSF of existing administrative space and warehouse space.
- MILCON will be required for construction of parking lots.
- No MILCON required for the movement of NSA New Orleans to Millington.

**NETC/NETPDTTC Payback:**

- One-time cost to DoD ----- \$33.3 million
- Net of costs & savings during implementation ----- \$23.6 million
- Annual savings after implementation ----- \$3.7 million
- ROI ----- 10 years

**NETC/NETPDTTC Job Loss:**

- Direct ----- 738
  - Military 159
  - Civilian 488
  - Contractor 91
- Indirect ----- 1,140
- Total ----- 1,878

DCN: 11565

**Reclama to DoD Recommendation:**

- Retain NETC/NETPDTC in Pensacola
- Relocate CNATRA to Pensacola as "add on"
- NAS Pensacola has higher military value base...  
55 vs 125
- Energize Joint Training initiatives

DCN: 11565

*Handwritten signature/initials*

*Handwritten mark*

## **Justification:**

- Reduced costs and lowers ROI years
- CNA TRA enhances Joint Aviation Training oversight
- Vacant infrastructure on NAS Pensacola
- Minor modification/impact to Navy plan for a Human Resources Center of Excellence, Millington TN.
- Minimizes disruption of workforce, retraining costs & enhances employee morale
- Positive impact on military value & efficiency

# **CONSOLIDATE MARITIME C4ISR RESEARCH, DEVELOPMENT & ACQUISITION, TEST & EVALUATION**

## **DOD Recommendation:**

- Realign NAS Pensacola by relocating Space Warfare Systems Center Charleston, Pensacola Detachment to Naval Weapons Station Charleston SC

## **Rationale:**

- Realignments and consolidations provide for multifunctional and multidisciplinary Centers of Excellence for Maritime Command, Control, Computers, Communications, Intelligence, Surveillance, and Reconnaissance (C4ISR).
- Reduces number of technical facilities engaged in Maritime Sensors, Electronic Warfare, and Electronics and Information Systems RDAT&E. Reduces overlapping infrastructure increasing efficiency of operations and support - an integrated approach to RDAT&E for maritime C4ISR.

- Realigns and consolidates a number of SPAWAR Detachments within the U.S. to include Washington Navy Yard, Point Loma CA, Dahlgren VA, Ventura County CA, Newport RI, San Diego CA, Norfolk VA, Jacksonville, FL, Lexington Park MD, and Charleston SC.

- These realignments and consolidations will create multi-functional and multidisciplinary **Centers of Excellence in Maritime C4ISR.**

**Requirements:**

- No MILCON requirements are identified by DoD; however with the number of moves involved MILCON will be needed and drastically changes the ROI.

**CAISR RDATA&E Job Loss:**

■ Direct -----	102
■ Military	0
■ Civilian	102
■ Contractor	60
■ Indirect -----	176
■ Total -----	338

*Customer Service Structure  
 102 Military  
 102 Civilian  
 60 Contractor  
 176 Indirect  
 338 Total*

**Reclama to DoD Recommendation:**

- Retain in area to avoid major impact to the "customer"

**Justification:**

- High risk scenario assumes Pensacola customers will be willing to relocate customer-owned equipment from Pensacola to Charleston.
- Retains most cost-productive site
- Realignment to SPAWAR Charleston involves 21 civilian billets only
  - plus 60 contractors are displaced.
- New MILCON requirements change the ROI and are not shown in the consolidation
- SPAWAR Pensacola is aboard a high military value base
- Pensacola facility costs are significantly less with no MILCON required.

# **DEFENSE FINANCE & ACCOUNTING SERVICE (DFAS)**

## **DoD Recommendation:**

- Close DFAS NAS Pensacola and DFAS Saufley Field.
- Relocate and consolidate business, corporate, and administrative functions to Columbus OH, Denver CO, and Indianapolis IN.
- 26 DFAS centers will be consolidated into 3 locations.

## **Requirements:**

- Action accomplishes a major facilities reduction and business line mission realignment, transforming current DFAS organization into an optimum facilities configuration.
- All 3 sites meet DoD Antiterrorism / Force Protection Standards.
- No MILCON required for the realignment and consolidation.

*Downer left out Denver - to see if we  
holds up -  
maybe Pensacola & Salt Lake*

- Positions at NAS Pensacola & Saufley not eliminated, but relocated in FY07 as follows:
  - Columbus, OH -228 personnel
  - Denver, CO -116 personnel
  - Indianapolis, IN -292 personnel
- DFAS Pensacola age distribution
  - 40+ - 90%
  - 50+ - 51%
  - 55+ - 29%

**DFAS Payback:**

- One time cost to DoD ----- \$282.1 million
- Net of costs & savings during implementation-----  
\$1.6 billion
- Annual savings after implementation----- \$120.5 million
- ROI---- Immediate

**DFAS Job Loss:**

- Direct----- 637
  - Military 1
  - Civilian 636
  - Contractor 0
- Indirect----- 1,100
- Total----- 1,737

- **Reclama to DoD Recommendation:**
- Delay closure for 5 years to ensure continuation of non redundant, critical payroll services.
- **Justification:**
- Assures knowledgeable workforce to support technology driven requirements in region and allows seamless transfer of DFAS work to one of the 3 new national centers
- Maintains state of the art technology services consisting of programmers, software testers, training developers, database managers & LAN designers
- Lessens impact of transitioning one of the region's largest technology based employers
- Creates more retirement eligible & early retirement options for employees & government, reducing overall realignment costs
- 50% of employees are within 10 years of retirement

- **Reclama to DoD Recommendation:**
- Delay closure for 5 years to ensure continuation of non redundant, critical payroll services.
- **Justification:**
- Assures knowledgeable workforce to support technology driven requirements in region and allows seamless transfer of DFAS work to one of the 3 new national centers
- Maintains state of the art technology services consisting of programmers, software testers, training developers, database managers & LAN designers
- Lessens impact of transitioning one of the region's largest technology based employers
- Creates more retirement eligible & early retirement options for employees & government, reducing overall realignment costs
- 50% of employees are within 10 years of retirement

## CONSOLIDATE CORRECTIONAL FACILITIES INTO JOINT REGIONAL CORRECTIONAL FACILITIES (JRCF)

### DoD Recommendation:

- Realign NAS Pensacola and NAS Jacksonville by relocating the correctional function of each to Naval Weapons Station Charleston, SC, and consolidating with the correctional function already at NWS Charleston to form a single Level II Southeastern Joint Regional Correctional Facility.
  - ***Note: Other impacted bases in addition to NASP include sixteen other military correctional facilities throughout the United States that are proposed for regional consolidations.***

### Rationale:

- DoD correctional program exists to enforce the military justice system, ensuring the safety, security, administration, and good order and discipline of its prisoners under UCMJ guidance.
- Realignment and consolidation facilitates creation of a Joint DoD Correctional system, improves Jointness, reduces footprints, centralizes joint corrections training, builds new facilities which will provide significant improvements in terms of safety, security, efficiency and costs.

- Skills and expertise developed by military correctional specialists and personnel in operating confinement facilities are critical in operating detention camps (enemy POW) during the GWOT and future military conflicts.

- Realignments facilitate creation of **Joint DoD Correctional System**.

**Requirements:**

- Recommendations discuss the need for new construction, but no MILCON identified by DoD.

**JRCF Payback:**

- One-time cost to DoD ----- \$178.8 million
- Net of costs & savings during implementation ----- \$149.4 million
- Annual savings after implementation ----- \$ 14.6 million
- ROI – 16 years

**JRCF Job Loss (Pensacola only):**

■ Direct -----	30
■ Military	17
■ Student	0
■ Civilian	13
■ Contractor	0
■ Indirect -----	44
■ Total -----	74

**Reclama to DoD Recommendation:**

- Retain Navy Brig Pensacola as Level I facility

**Justification:**

- MILCON already approved for the Brig to enlarge and become capable of incarcerating female inmates
- Given the large military student throughput and joint military population in the NW Florida region, a Level I brig facility is warranted
- Capacity, significant military presence, cost effectiveness and female compatibility

# NAVAL AEROMEDICAL RESEARCH LABORATORY (NARL)

## Dod Recommendation:

- Realign NARL to Wright Patterson AFB, OH
  - NARL is one of twelve moves related to the establishment of Joint Centers of Excellence for Chemical, Biological, and Medical Research and Development and Acquisition

## Rationale:

- Relocation to Wright Patterson AFB creates a Joint Center of Excellence for Aerospace Medicine Research.
- Increases synergy, focus on joint needs, and efficient use of equipment and facilities by co-locating Tri-Service and Defense activities performing functions in chemical-biological defense and medical RDA.
- Realignment of USAF Aerospace medical and non-medical R&D to Wright Patterson AFB, with co-location of associated education and training activities realigned in another recommendation, makes this location most suitable for a joint center for Aerospace Medical Research.

**Requirements:**

- No MILCON required for the NARL realignment

**Chem-Bio & Medical RDA Payback:**

- One-time cost to DoD ----- \$73.9 million
- Net of costs & savings during implementation ----- \$45.9 million
- Annual savings after implementation ----- \$9.2 million
- ROI ----- 7 years

**NARL Job Loss:**

■ Direct -----	40
■ Military	22
■ Civilian	12
■ Contractor	6
■ Indirect -----	55
■ Total -----	95

**Reclama to DoD Recommendation:**

- Create DoD Health Care Sciences Center of Excellence in Pensacola

**Justification:**

- Joint training area with 40,000 annual student throughput
- Wide array of health care services for military & civilians including Naval Hospital
- VA "Super" Clinic, IHMC & Andrews Orthopedic Institute
- Navy's Undersea Medical Research Center to relocate to Pensacola

## **JOINT STRIKE FIGHTER (JSF) INITIAL JOINT TRAINING SITE**

### **DoD Recommendation:**

- Realign NAS Pensacola by relocating to Eglin AFB a sufficient number of front-line and instructor qualified maintenance technicians and logistics support personnel to stand up the DoN's portion of the JSF Initial Joint Training Site established at EAFB.
  - ***Note: Other impacted bases in addition to NASP include Luke AFB AZ; MCAS Miramar CA; NAS Oceana VA; and Sheppard AFB TX.***

### **Rationale:**

- Recommendation establishes Eglin AFB as the Initial Joint Training Site that teaches entry-level aviators and maintenance technicians how to safely operate and maintain the JSF/F-35 aircraft;
  - JSF delivery scheduled to begin 2008
- Joint basing arrangement allows Inter-service Training Review Organization (ITRO) process to establish a DoD baseline program in a consolidated/joint school with curricula that permit services latitude to preserve service unique culture and a faculty and staff that brings a "Train as we fight; Jointly" national perspective to the learning process.
- Realignments facilitate creation of the **JSF Initial Joint Training Site at Eglin AFB, Florida.**

### **Requirements:**

- No MILCON at the Training Site identified by DoD.

- NAS Pensacola – Eglin AFB Joint basing arrangement
- Parallel 8,000 X 200 ft runways at NAS Pensacola
- FCLP capable 8,000 X 150 ft auxiliary airfield at Choctaw NOLF
- Air-to air training area
- Low-level routes
- Multiple air-to-ground ranges
- Ideal weather
- Deep water port to support carriers operating in Gulf

**JSF Initial Joint Training Site Payback:**

- One-time cost to DoD ----- \$199.1 million
- Net of costs & savings during implementation ----- \$209.6 million
- Annual savings after implementation ----- \$ zero
- ROI-None— Annual recurring costs to DoD are \$3.3 million with no payback expected.

**JSF Initial Joint Training Site Job Loss (Pensacola only):**

■ Direct -----	392
■ Military	85
■ Student	299
■ Civilian	8
■ Contractor	0
■ Indirect -----	496
■ Total -----	888

**Enhancement to DoD Recommendation:**

- Maintain training for this function using existing facilities and infrastructure aboard NAS Pensacola.
- The organizational structure recommended by DoD is a sound business, training and readiness decision.
- Regionally, this recommendation creates a Joint Center for JSF training (aviators and maintainers) with the potential to absorb additional joint service training.

## **CONSOLIDATE NAVY REGIONS**

### **DoD Recommendation:**

- Realign NAS Pensacola by consolidating Navy Region Gulf Coast, with Navy Region Southeast at NAS Jacksonville.
- Realign NAS Corpus Christi by consolidating Navy Region South with Navy Region Midwest at NS Great Lakes and Navy Region Southeast at NAS Jacksonville

### **Rationale:**

- Consolidation will reduce number of Installation Management Regions, streamlining regional installation management structure.
- Sufficient Installation management capabilities reside in the eight remaining regions.
- Realignment and consolidation supports DoN establishment of Commander, Navy Installations to align shore assets in support of Navy requirements, to find efficiencies through common business practices, and to provide consistent shore installation services allowing operational commanders and major claimants to focus on their primary missions.
- Consolidations allow for more consistency in span of responsibility and better enables Commander, Navy Installations to provide operational forces support, community and base support, and mission support to enhance the Navy's combat power.

**Requirements:**

- Consolidation as proposed would require renovated facilities; however, no MILCON or minor construction needs are identified by DoD.

**Navy Region Payback:**

- One-time cost to DoD ----- \$ 3.2 million
- Net of costs & savings during implementation ----- \$ 8.9 million
- Annual savings after implementation ----- \$ 2.7 million
- ROI – 1 year

**Navy Region Job Loss (Pensacola only):**

- Direct ----- 24
  - Military 0
  - Student 0
  - Civilian 24
  - Contractor 0
- Indirect ----- 41
- Total ----- 65

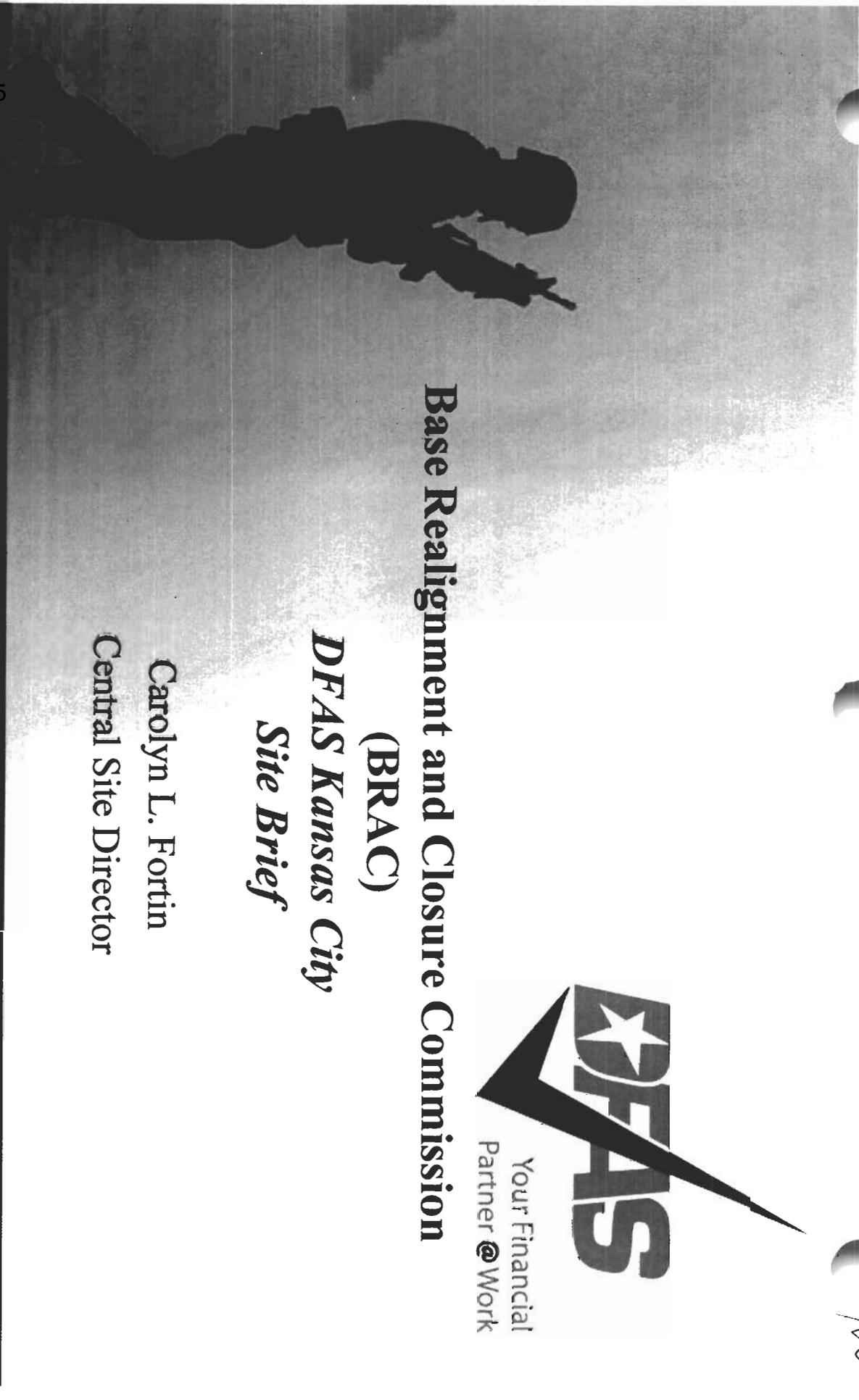
**Reclama to DoD Recommendation:**

- Consolidate Pensacola, Meridian & Corpus Christi shore training assets into Navy Gulf Coast Region

DCN 11565

# TODAY'S SUMMARY

- Enhancements represent sound business plan
- More joint, capable cost effective fighting force
- Military Value remains priority



**Base Realignment and Closure Commission**

**(BRAC)**

***DFAS Kansas City***

***Site Brief***

**Carolyn L. Fortin**

**Central Site Director**

DCN: 11565

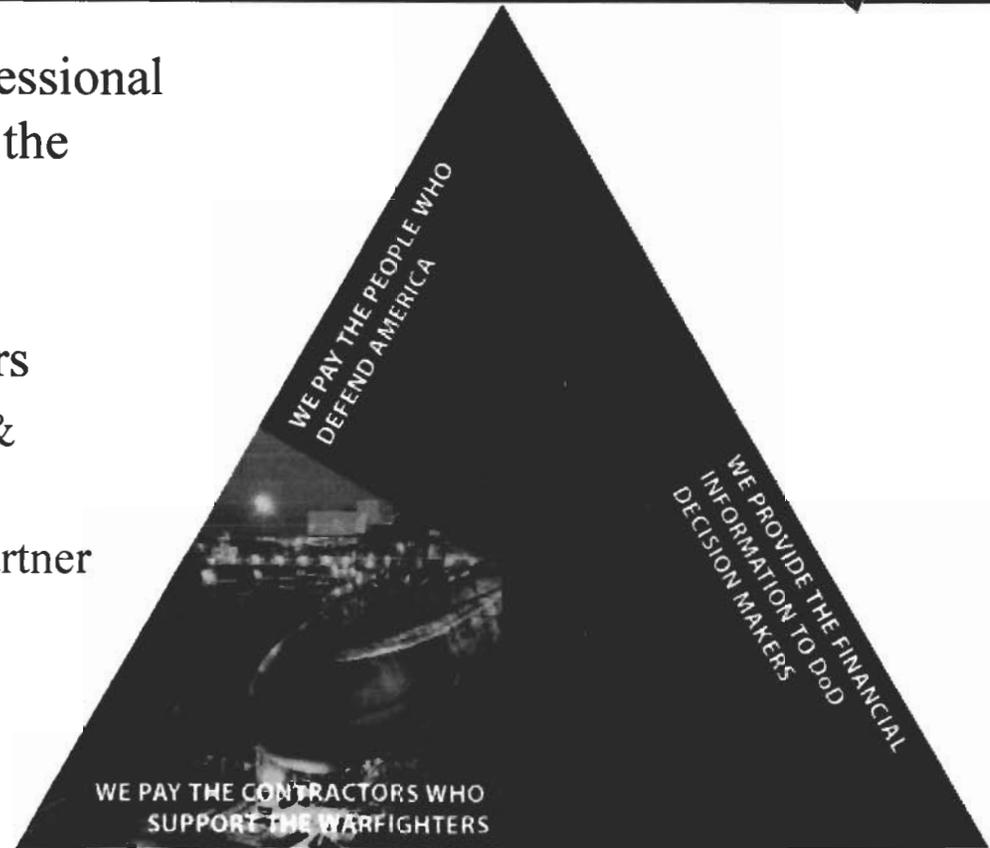


- Defense Finance and Accounting Service (DFAS) Overview
- DFAS Kansas City Organizational Structure
- DFAS Kansas City Operations
- Summary

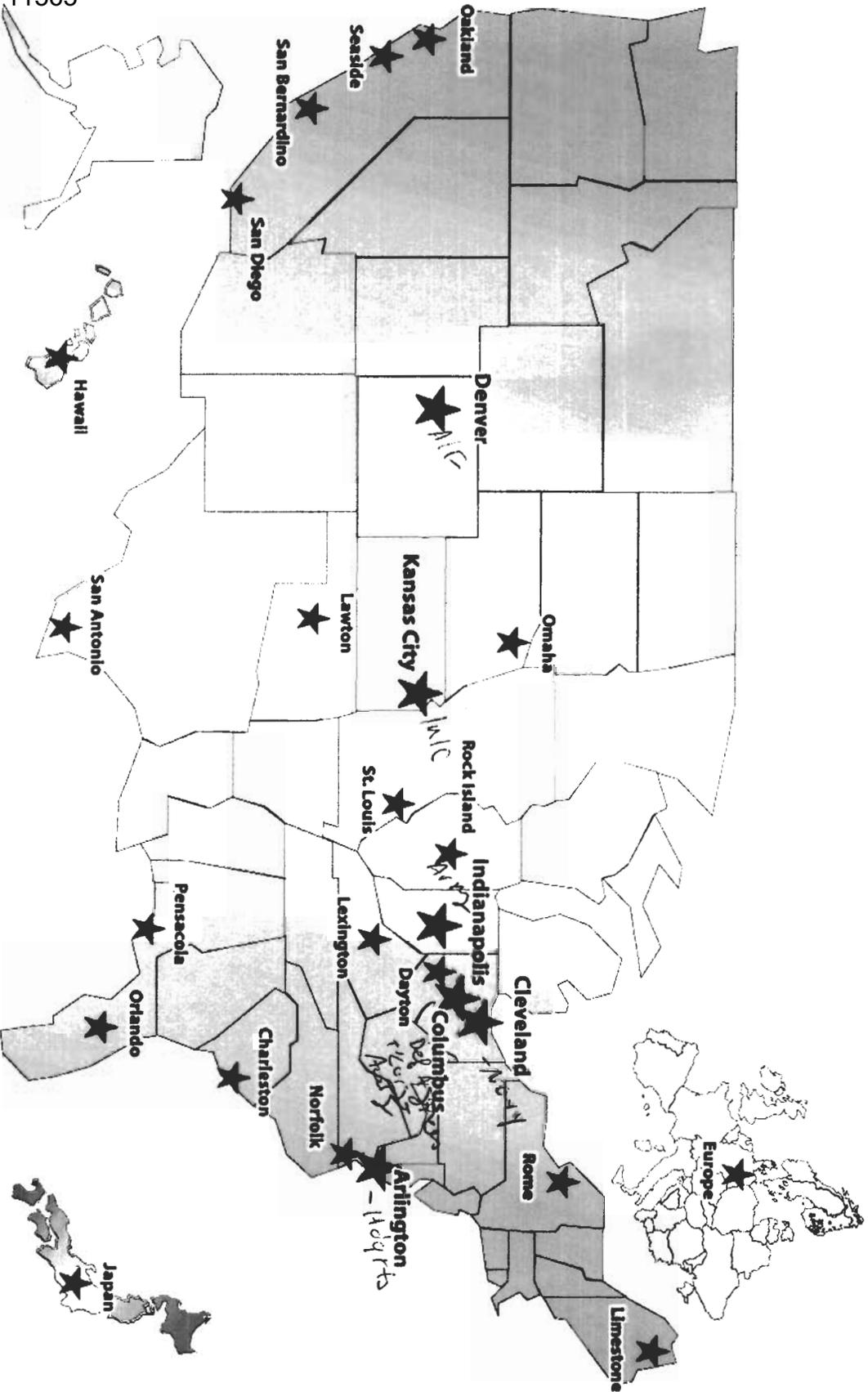
# DFAS at a glance -- Our mission, vision & values



- *Mission:* Provide responsive, professional finance & accounting services for the people who defend America
- *Vision:* Best value to our customers
  - World-class provider of finance & accounting services
  - Trusted, innovative financial partner
  - One organization, one identity
  - Employer of choice, providing a progressive & professional work environment
- *Values:* Integrity, Service, Innovation



# The state of DFAS today -- Locations



DCN: 11565

# The DEAS Story



- *How We Got Here: Our Transformation Journey – Part I*
- *Our Strategy for the Future: Transformation Journey – Part II*

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## DFAS Transformation Journey – Part I (FY99–04)



*Consolidated  
Standard Process  
Centralized*

- Successful use of early strategic toolset including:
  - Site consolidation (330 sites to 26 sites)
  - Elimination of redundant/aging systems
  - 9 competitive sourcing actions
  - Complete organization restructure (DFAS Business Evolution)
  - Adoption of best/standard practices and formal benchmarking
  - Introduction of new/COTS-based capabilities
  - Workload re-alignments
- Formal transformation strategy/roadmap approved FY 2002
  - 90-day Business Case Analysis Identifies best transformation path
    - Formal A-76 competition
    - High-Performing Organization (HPO = Internal MEO)
  - Expect 25% savings from either transformation action
  - Aggressive FAIR Act inventory (over 80% of all positions competent)

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# DFAS Transformation Journey Tool-Set (FY05-11)

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- NSPS
  - DFAS volunteered & selected as part of Spiral I
- BRAC
  - Shed excess infrastructure
  - Better align our Business Lines / end-to-end processes
  - Planning ahead to implement BRAC as quickly as possible
  - Stabilize post-BRAC operations
- Continue Business Case Analyses on remaining DFAS functions
  - HPO or
  - Competitive Sourcing
- Lean6 Process Methodology *- process improvement - how elements work - hands do process better*
- Portfolio Management for IT Investments
- Support Business Management Modernization Program & Customer Driven COTS Capabilities (DEAMS, etc.)
- DoD Financial Management Work Force Development Working Group

*Critical to stabilize workforce*

*- process improvement - how elements work - hands do process better*

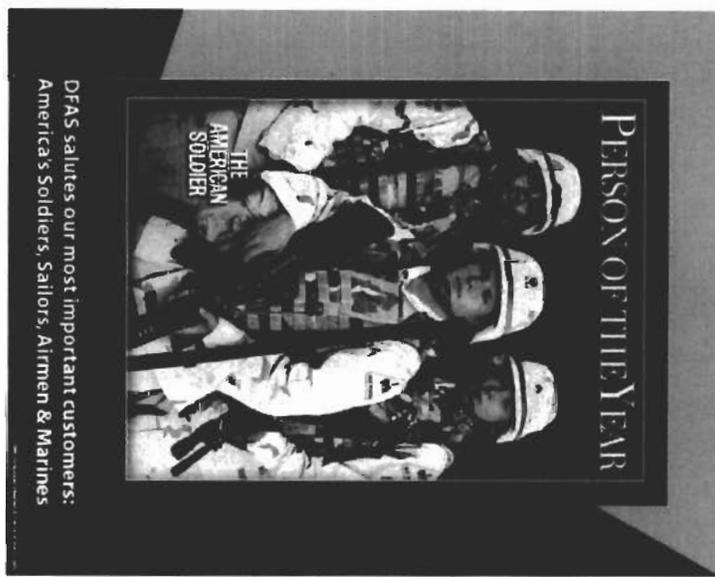
# Thoughts for Our Road Ahead



- External forces are transformation opportunities
  - President's Management Agenda
  - BRAC
  - NSPS
  - BMMP
  - Systems modernization
  - Operational mission needs
- Internal DFAS culture driven to excel
  - Accountable & agile
  - Dedicated & professional work ethic
  - Right skills at right place at right time (at a fair price)
- Transformation is about finding the "big leap" forward that allows us to accomplish tomorrow what we can't even imagine today.

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*Handwritten notes:*  
- Internal  
- Right skills at right place at right time (at a fair price)  
- Transformation



# Our Strategic Challenge



Our customers expect:

- Accurate and timely payment of personnel
- Accurate and timely payment of vendors and contractors
- Auditable financial statements
  - Roll up all out-bills on a monthly basis - hard back of disburse practices - Me - Finance the eye of a clean Fin. opinion
  - Financial mgt. Reports -
- Lower costs of products and services
  - Customers want 5.11 to go down.
- Customers deserve a financial service partner who enhances their readiness & mission capability

Improve the customer process  
Improve the vendor process  
Improve the contractor process  
Improve the subcontractor process  
Improve the supplier process  
Improve the service provider process  
Improve the support process  
Improve the maintenance process  
Improve the repair process  
Improve the replacement process  
Improve the disposal process  
Improve the recycling process  
Improve the waste management process  
Improve the environmental process  
Improve the safety process  
Improve the security process  
Improve the compliance process  
Improve the regulatory process  
Improve the legal process  
Improve the insurance process  
Improve the risk management process  
Improve the crisis management process  
Improve the business continuity process  
Improve the disaster recovery process  
Improve the information security process  
Improve the data protection process  
Improve the network security process  
Improve the system security process  
Improve the application security process  
Improve the database security process  
Improve the server security process  
Improve the storage security process  
Improve the backup security process  
Improve the recovery security process  
Improve the monitoring security process  
Improve the logging security process  
Improve the alerting security process  
Improve the incident response security process  
Improve the forensics security process  
Improve the malware security process  
Improve the ransomware security process  
Improve the phishing security process  
Improve the social engineering security process  
Improve the insider threat security process  
Improve the data breach security process  
Improve the identity security process  
Improve the access security process  
Improve the authentication security process  
Improve the authorization security process  
Improve the accounting process  
Improve the auditing process  
Improve the reporting process  
Improve the analysis process  
Improve the visualization process  
Improve the collaboration process  
Improve the communication process  
Improve the documentation process  
Improve the knowledge management process  
Improve the learning process  
Improve the innovation process  
Improve the research process  
Improve the development process  
Improve the testing process  
Improve the deployment process  
Improve the operations process  
Improve the support process  
Improve the maintenance process  
Improve the repair process  
Improve the replacement process  
Improve the disposal process  
Improve the recycling process  
Improve the waste management process  
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Improve the access security process  
Improve the authentication security process  
Improve the authorization security process

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# DFAS Kansas City



*Are M...  
C...  
C...*

*Some # of people  
work on systems  
solutions*

*1/15 report -  
of service out  
providing*

Carolyn L. Fortin  
Director DFAS Kansas City  
A  
Audrey Eckhart  
Deputy Director

Client Solutions  
ADC

Business Integration and  
Support Office  
ADB

Director Accounting Products  
& Operations  
Audrey Eckhart

Disbursing  
ADD

Systems  
ADS

Departmental  
Accounting  
ADR

Field  
Accounting  
ADF

Military and Civilian  
Pay Services

MCTFS  
LtCol Eric Kessler

Statistical Analysis Office  
Congressionals  
Frank Lucas

Military Pay  
Carrie Brooks

DFAS CTO  
William G. Head, Director  
Clint Swett, TK  
TSO -KC

MCDOS  
Mike Spahaski

MCFEAT  
Dave Garza

On-Site HQ/Support  
Svcs

Internal Review  
Patricia Dickerson

EEO  
Dohn Farley

M&CPPD  
AMO Project Office  
Roger Peterson

Fin Svcs & Disbursing  
David Wheeler

Admin. Svc  
Jack Maib

Resource Management  
Ken Kleffner

Barbara Wischropp  
HR/CSU

Charles Stinger GA  
Asst General Counsel

*5-12pm  
6:00-6:30*

*social time  
5:00-5:30*

*Chell...*

*Mike Spahaski  
Disbursing  
Operations  
Mike Spahaski  
Fin Svcs  
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Asst...*

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DFAS*

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# *DFAS Kansas City By Business Line*



	Civilians	Military	Contractors	TOTAL
Accounting Services	242	30		272
Military/Civilian Pay Services	122	5	11	138
Technology Services Office	205	32	125	362
Corporate and Support Services:				0
Corporate Elements (IR, AMO, EEO, DSDS, OGC)	54		1	55
Support Services (HR, RM, ASO, Admin Svcs)	46			46
<b>TOTAL</b>	<b>669</b>	<b>67</b>	<b>137</b>	<b>873</b>

DFAS KC Retirement Eligibility by Business Line



	On Board	9/30/2006	9/30/2007	9/30/2008
<b>Accounting Services-Marine Corps</b>	242			
Retirement Eligible		61	70	77
Early Retirement Eligible		56	61	65
<b>TOTAL</b>		<b>117</b>	<b>131</b>	<b>142</b>
<b>Corporate Elements</b>	54			
Retirement Eligible		15	19	23
Early Retirement Eligible		15	15	17
<b>TOTAL</b>		<b>30</b>	<b>34</b>	<b>40</b>
<b>Military and Civilian Pay Services</b>	122			
Retirement Eligible		40	47	52
Early Retirement Eligible		45	42	44
<b>TOTAL</b>		<b>85</b>	<b>89</b>	<b>96</b>
<b>Support Services</b>	46			
Retirement Eligible		12	17	18
Early Retirement Eligible		14	15	16
<b>TOTAL</b>		<b>26</b>	<b>32</b>	<b>34</b>
<b>Technology Services Organization</b>	205			
Retirement Eligible		35	49	59
Early Retirement Eligible		55	45	46
<b>TOTAL</b>		<b>90</b>	<b>94</b>	<b>105</b>
<b>GRAND TOTALS</b>	<b>669</b>	<b>348</b>	<b>380</b>	<b>417</b>

## DFAS Kansas City - Magnitude of Annual Operations

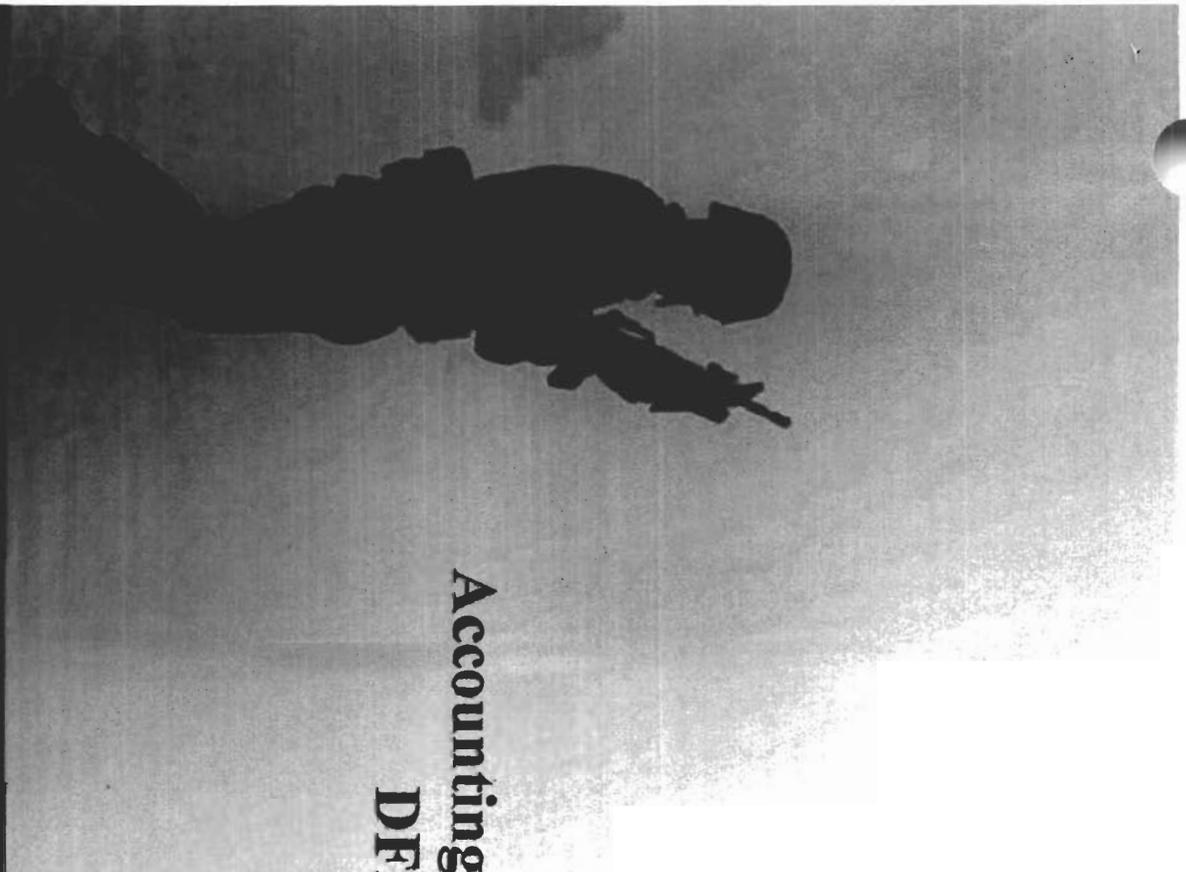


- Process 7.3M pay transactions to 231K Active Duty & Reserve Marines
- Make 280K Travel payments
- Pay over 165K Commercial Invoices
- Process over 1M accounting transactions each month
- Account for 37 active DoD appropriations and allotments that average approximately 480 monthly reports

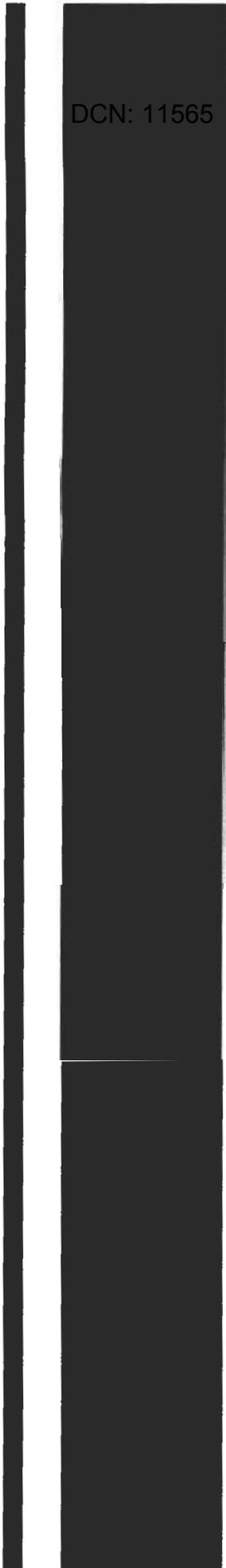
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**Accounting Services-Marine Corps  
DFAS Kansas City**



DCN: 11565



# Accounting Services-Marine Corps



## Accounting Services Mission:

Provide responsive, professional finance and accounting service to the DoD by making payments and collections, recording financial events, classifying, summarizing, and reporting the results of business transactions in financial (monetary) terms.

## Accounting Services Includes:

- Accounting for appropriated and working capital funds for the USMC
- Disbursing
- Departmental reporting and Financial Statements
- Financial management and accounting analysis services to customers
- Systems Delivery and Support

*+ support monitor  
+ support center  
USMC  
M/C*

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# DFAS Kansas City - Who We Serve



## U. S. Marine Corps

Marine Expeditionary Forces	3
Marine Expeditionary Brigades	4
Active Battalions	52
Reserve Battalions	21
Active Strength	177,338
Reserve Strength	39,963
Reserves Activated	12,986

DCN: 11565

4  
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# Accounting Services - Marine Corps Top 7



- Support the Marine Corps Financial Improvement Initiative
  - Improve Accounts Receivable/Accounts Payable
- Assert Funds Balance with Treasury
- Develop Management Reports From SMARTS - *Cost and Financial Reports - Newer Basis*
- Implement the Standard Financial Information Structure (SFIS) - *Standards for Accounts*
- Resolve Problem Disbursements Inflow
- Implement Wide Area Workflow (WAWF) - *Acct Review*
- Develop End-to-End MCTFS-SABRS - *Help Acct on Migration*

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DCN: 11565



# Military and Civilian Pay Services

## Operational Review & Performance Assessment Office



Your Financial  
Partner @ Work

# Operation Review & Performance Assessment- M&CPS

DCN: 11565



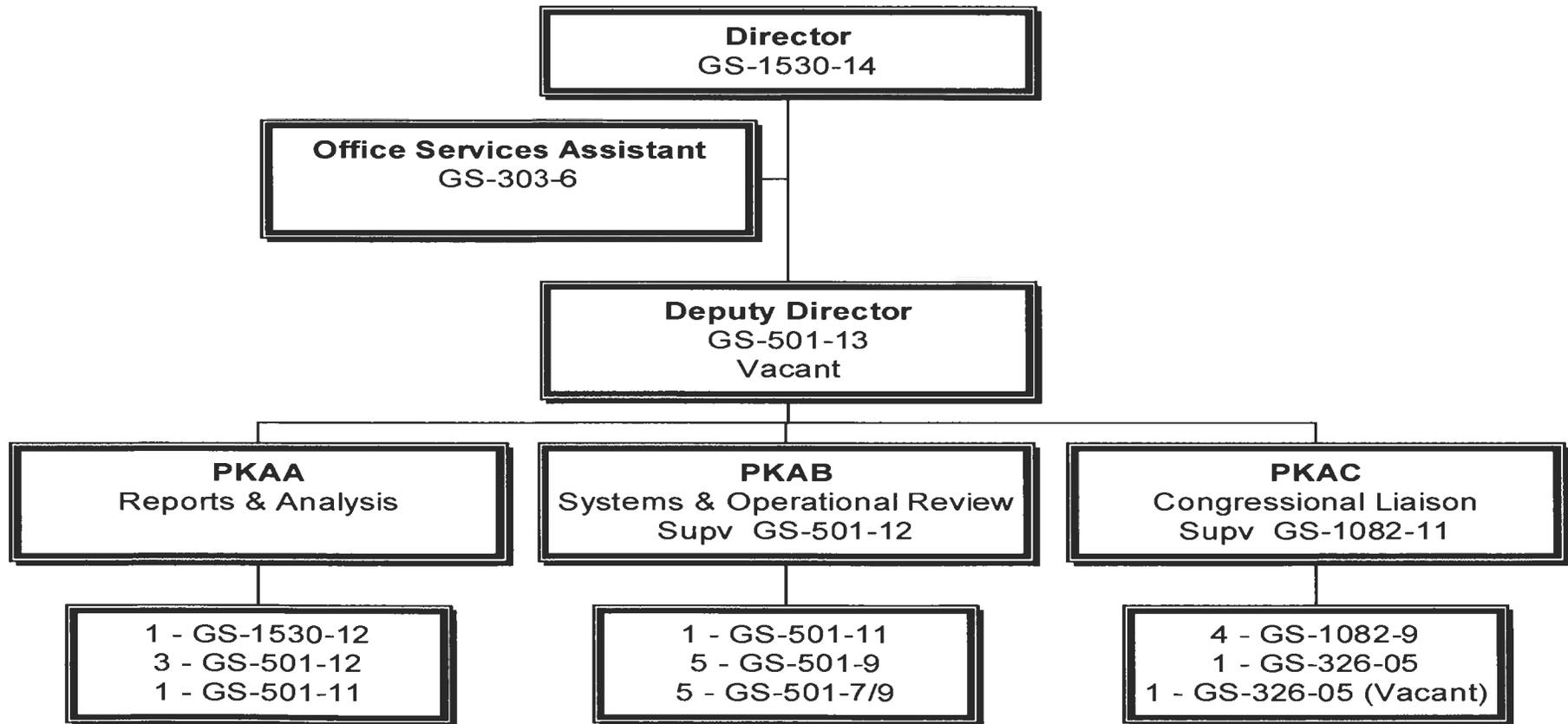
- Provide Oversight and management for coordinating Management Control Program (FMFIA and ASA reporting)
- Oversight and management of the High Risk Assessment for the M&CPS. Business/Product Line assistance with risk mitigation & identification of material and non-material weaknesses
- Perform operational ( validation) reviews of product line processes to ensure compliance with management control program and high risk assessment procedures. Identify weaknesses and deficiencies and report to management for corrective action.
- Develop statistical sampling and review plans and analytical procedures
- Perform monthly random pay system review of military and civilian pay accounts, by service component, in support of the Improper Payments Information Act.
- Congressional Liaison office: responsible for management and oversight of responses to all congressional inquiries, White House, Office of the Secretary of Defense, special interest and Hot Line requests on matters relating to the M&CPS business line

*Activities Pay Business*

*same  
DAR  
DAB*



**OPERATIONAL REVIEW  
and  
PERFORMANCE ASSESSMENT OFFICE (PKA)**



Total Authorized: 27  
Total On Board: 25



**Military and Civilian Pay Services**  
**DFAS Kansas City**



DCN: 11565

## Marine Corps Military Pay Operations and Systems



Pay Marines what they are entitled to when they are entitled to it.

- Develop System change requirements based on new legislation Marine Corps mission requirements.
- Maintain and validate Marine Corps Total Force System (MCTFS) performance through continuous monitoring.
- Certify pay vouchers.
- Process garnishment transactions, final casualty payments, separations, appellate leave, allotments, bonuses, TSP, and other Marine Corps military pay transactions.

DCN: 11565

# Marine Corps Military Pay Operations and Systems



**FY04**

- Number of Marine Customers - 203, 766 Active

27,938 Reserve

231,704 Total

- Total Entitlements Disbursed - \$6,856,956,634 Active

310,556,561 Reserve

\$7,167,513,195 Total

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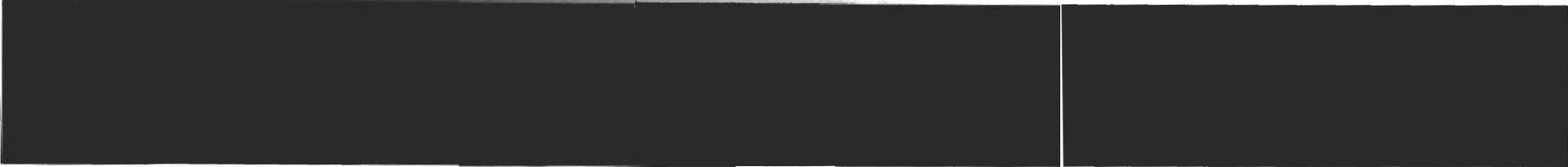
DCN: 11565



Military & Civilian Pay Program Division

Kansas City Project Office

DFAS Kansas City





**Military & Civilian Pay Program Division**

**Kansas City Project Office**

- Supports Development of Forward Compatible Payroll (FCP) System
  - FCP is the replacement military pay system for the Army, Air Force and Navy and is approaching initial deployment
  - The DFAS-KC Project Office staff are the DFAS experts for development (Program, Unit Test, and Implementation) of the FCP military pay eligibility rules engine
  - The Kansas City staff provides expert knowledge/interpretation of military pay and allowance entitlement rules and regulations.

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DCN: 11565



Your Financial  
Partner @Work

**Technology Services Organization (TSO)  
DFAS Kansas City**



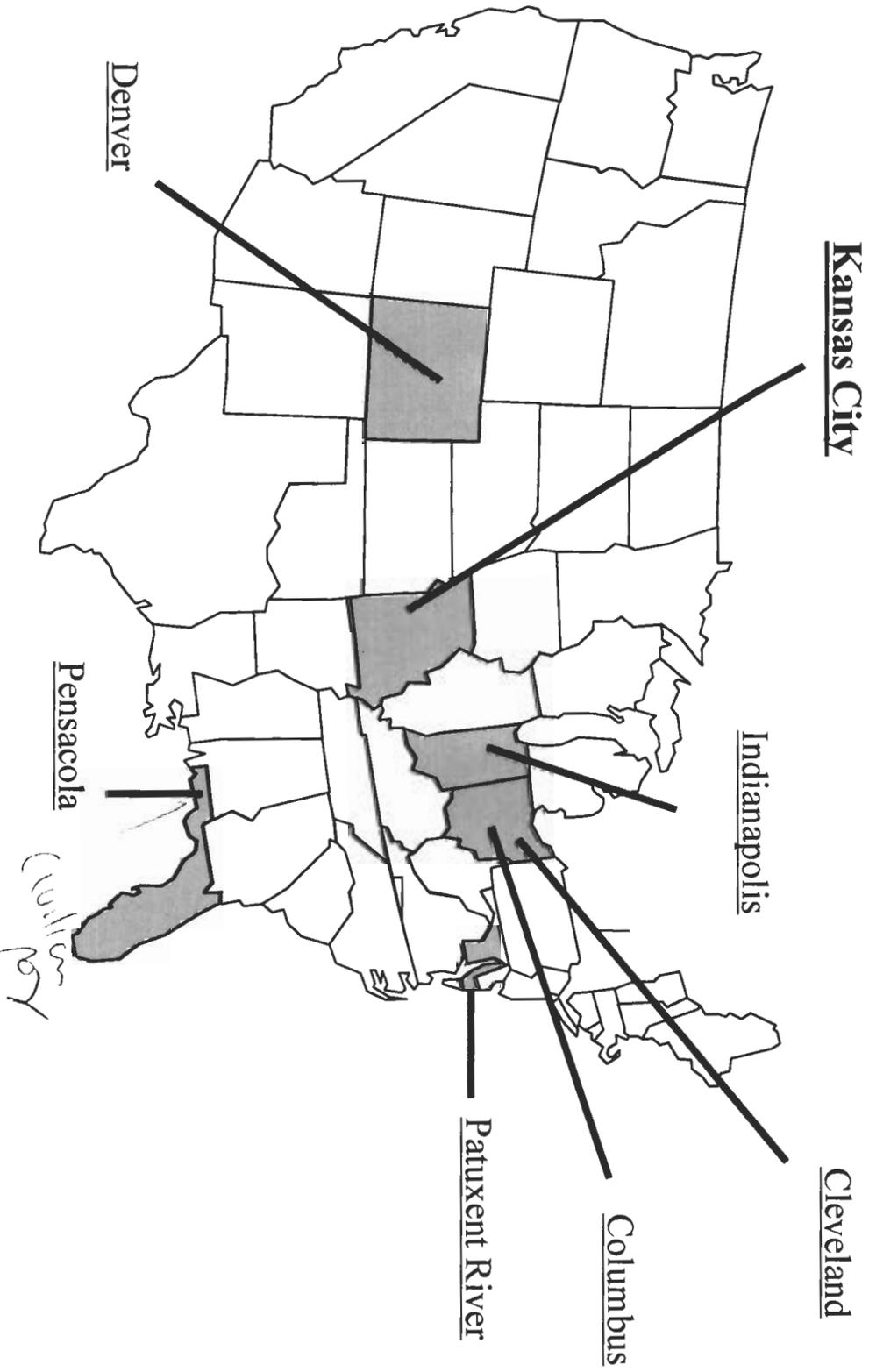
# Chief Technology Officer (CTO)

DCN: 11565



- Dual hatted:
  - Director, Technology Services Organization
  - DFAS Chief Technology Officer - Advises Mr. Godley -
- Located at DFAS-KC Center
- Mission:
  - Directs 7 TSO Organizations
  - Serves as Chief Technical Advisor for DFAS
  - Directs DFAS Infrastructure activities and initiatives
  - Oversees all Software Engineering Initiatives
  - Maintains 130+ Software Systems across TSO

# TSO Locations



DCN: 11565

5/24/2005

Integrity - Service - Innovation



- Provides Information Technology Support and Systems Development for:
  - Marine Corps
  - Navy
  - Air National Guard
  - Air Force Reserve
  - DFAS

## TSO - Kansas City Site



- Navy and Marine Corps Systems
  - Marine Corps Total Force System (MCTFS)
  - Standard Accounting, Budgeting & Reporting System (SABRS)
  - Total Force Administrative System/Marine onLine (TFAS/MOL)
  - Unit Diary/Marine Integrated Personnel Systems (UD/MIPS)
  - Operational Data Store Enterprise (ODSE)
  - USMC Reserve Order Writing System (MROWS)
  - Navy Reserve Order Writing System (NROWS)
  - Automated Career Retention System (ACRS)
  - Official Military Personnel File onLine (OMPF)
- Air National Guard System
  - ANG Reserve Order Writing System (AROWS)
- Air Force Reserve System
  - AF Reserve Order Writing System (AROWS-R)

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## TSO Kansas City Site

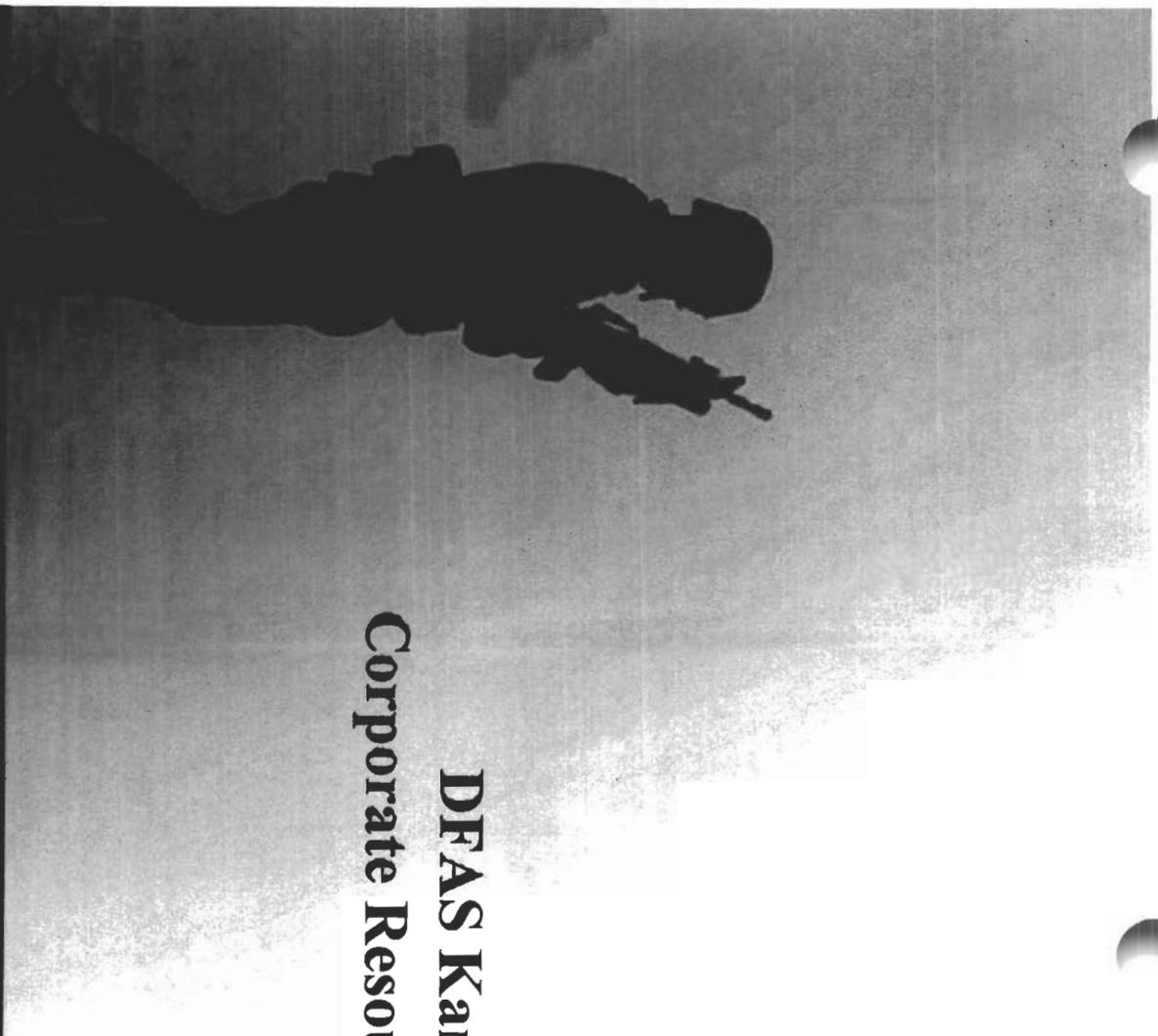


- DFAS Systems
  - On behalf of the USMC
    - Marine Corps Total Force System (MCTFS)
    - Standard Accounting, Budgeting & Reporting System (SABRS)/SMARTS
    - Remote Access Pay Transaction Reporting System (RAPTRS)
    - Marine Corps Automated Settlement Sheet Process (MCASSP)
    - Document Tracking Management System (DTMS)
  - DFAS Corporate Database (DCD)
  - myInvoice/Vendor Pay Inquiry System (VPIS)
  - Record Tracking System (RTS)

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**DFAS Kansas City  
Corporate Resources/Elements**



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*- Not sure  
KC - but  
all cases DFAS*



- Provide responsive, professional and objective services
- Internal Audit
  - Performance Audits
  - Systems Audits
- Investigations
- Risk Management
- Audit Follow-up
- Audit Liaison
- Financial Integrity Services Team (FIST)
- DoDIG Hotlines
- Process Improvement
- Partner with DFAS management in its efforts to improve programs and services

## Human Resources



- Serves as the primary strategic HR partner and adviser to the DFAS Technology Services Organization (TSO).
  - Provides HR guidance and support for TSO initiatives
  - Analyzes workforce strategies
  - Provides workforce shaping and succession planning assistance
- Performs all labor relations functions for the TSO
  - Advises management regarding labor regulations and agency past practices
  - Prepares management responses to grievances and unfair labor practices
  - Represents local and TSO needs in DFAS labor policy development
- Maintains the DFAS Delegated Examining Unit, the only OPM-sanctioned authority for external staffing and recruitment activities for the agency.
  - Also performs external recruiting functions for other DoD entities
- Provides basic administrative human resources support to the DFAS-Kansas City workforce

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5/24/2005

Integrity - Service - Innovation

## Office of General Counsel



- Organized by subject matter areas
- Agency-wide Mission:
  - Litigation Director in Kansas City provides all litigation support nationwide for agency
  - Attorneys at DFAS Kansas City provide accounting, disbursing, ethics, labor, real estate, facilities and information technology support agency-wide

*Handwritten notes:*  
H  
DFAS  
→

DCN: 11565

## Resource Management



- Management Support to Technology Services Organization
- Customer Support
  - Financial Management Support to Marine Corps Client Executive
- Fiscal Services Office
  - Support to Kansas City Site
  - Processes Fiscal Transactions
  - Resolves Payroll Inquiries
  - Annual Audits

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5/24/2005

Integrity - Service - Innovation

# Financial Services Policy Branch

*Center for Financial Services*



## Mission:

- Develop and Promulgate Standard DoD Disbursing Guidance and Procedures
- Develop and Implement Efficient and Cost Effective Policies, Procedures, Techniques, Mechanisms, and Practices to Improve Cash Management in DoD
- Provide DSSN Management Oversight and Operational Assistance to DoD Disbursing Offices
- Provide Management Oversight and Appropriate Actions on DoD Losses of Funds

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22 Employees providing the following Services:

- Facilities Management and Oversight
- Logistics Management
- Telecommunications
- Safety and Occupational Health
- Copier and Printing Program
- Security
  - Personnel, Physical and Information
- Special Programs
  - Government Travel Card Program
  - DoD Common Access Card and Uniformed Services Identification Card Issuing Site

DCN: 11565

# Administrative Services



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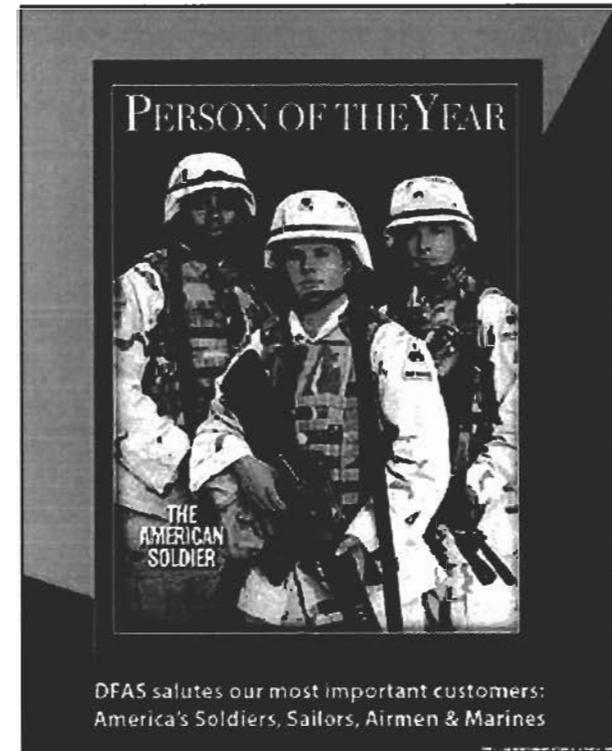
- Threat and Anti-Terrorism (Assessment based on DoD Joint Staff Integrated Vulnerability Assessment (JSIVA) standards conducted May 17-20 2005 and all security stand off requirements can be met with minor internal movement of personnel.

*Just need to  
meet i low in budget  
meet. STOS.*

- **General Administration**

- Mail Services
- Records Management/Maintenance (to include maintaining and providing financial records to individual Marines. Kansas City provided over 146,000 records in calendar year 2004).
- Sole Source and Official Records Manager for Marine Corps Financial Records

- A more efficient DFAS that delivers better value to our customers & focuses on delivering the right products & services in the best way
- A DFAS committed to continually improving & anticipating changes in customer needs to better meet their mission
- A DFAS that is the government leader in finance & accounting services



*Customer-Focused, Strategy-Based, Metrics-Driven*

Kansas City  
K SAS City

DCN: 11565

**Classification: FOR OFFICIAL USE ONLY**

classified piece  
not  
included  
see  
status



**Site Assessment Visit  
Out Brief  
May 17-19, 2005**

Name: Hugh Wiley  
Title: AT/FP Program Manager  
Defense Finance and Accounting Service



# Overview

DCN: 11565



- Purpose of Assessment
- Assessment Overview
- Team Membership
- General Comments
- Terrorist Options
- Security Operations
- Structural/Infrastructure Engineering
- Operations Readiness
- Safety and Occupational Health
- Questions/Discussions

# Purpose of Assessment



- Regulatory Requirement: Mandated by DoD Instruction 2000.16 (DoD Antiterrorism Standards), Standard 26, and U.S. Northern Command AT policy
  - Type of assessment: Higher Headquarters (HHQ) Vulnerability Assessment with Safety Program Review
  - Recurring requirement: HHQ Assessments required every three years
- Provide information and assistance to site personnel in the areas of Force Protection
- Assessment, not an inspection; however, plans and programs will be reviewed to determine regulatory compliance.

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## Team Membership and Functional Areas

---



- Team Lead/Terrorist Options: Hugh Wiley
- Security Operations: Marvin Lewis
- Structural and Infrastructure Engineering: James Rea
- Operations Readiness: Jim Compson
- Safety and Occupational Health: Sally Higgins
- DFAS Assessment Coordinator: Codie Smith

DCN: 11565

## General Comments



- Excellent Administrative and Logistical Support.
- GSA and FPS provided outstanding support - Great Staff!
- Site Manager is AT Level II trained, proactive and involved!
- Outstanding Level I AT Awareness training program
- Construction Standards can be easily met through movement of personnel within the facility

DCN: 11565

BUSINESS_LINE	Population	Over_40	Percent Over 40	Over_50	Percent over 50	Over_55	Percent Over 55	Over_30	Percent over 30	AvgOfAge	EARLY	OPTIONAL
Accounting Services	242	199	82.23%	108	44.63%	60	24.79%	230	95.04%	47.91	59	40
Acquisition Management	9	9	100.00%	3	33.33%	1	11.11%	9	100.00%	49.79	5	1
Corporate Organizations	45	39	86.67%	23	51.11%	14	31.11%	43	95.56%	49.53	13	8
Corporate Resources	46	42	91.30%	22	47.83%	14	30.43%	45	97.83%	50.67	12	7
Information Technology	205	150	73.17%	82	40.00%	37	18.05%	190	92.68%	46.37	62	20
Military/Civilian Pay Services	122	117	95.90%	71	58.20%	40	32.79%	122	100.00%	51.70	49	27
<b>Total</b>	<b>669</b>	<b>556</b>	<b>83.11%</b>	<b>309</b>	<b>46.19%</b>	<b>166</b>	<b>24.81%</b>	<b>639</b>	<b>95.52%</b>	<b>48.45</b>	<b>200</b>	<b>103</b>