

# American Federation of Government Employees

## Local 1904

(AFL-CIO)  
FORT MONMOUTH, N.J.

### Works To Keep You Working

President  
John R. Poitras

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**STATEMENT OF FACTS AND DOCUMENTATION  
SUBMITTED BY  
AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES  
LOCAL 1904  
FORT MONMOUTH, NEW JERSEY 07703**

**AUGUST 8, 2005**

1. Section 2913(e) of the BRAC Statute requires DoD to consider the costs that will be incurred by non-DoD agencies present on installations identified for closure. The requirement is that a complete profile of the entire costs to the Government related to a recommended BRAC action be obtained (**EXHIBIT A**).
2. The recommendation to close Fort Monmouth was based upon missing data (**EXHIBIT B**). The failure to consider non-DoD agencies is in direct violation of Section 2913(e) as enacted by Congress to insure consideration of all costs to the Federal Government that will be incurred as a result of a BRAC Closure Recommendation.
3. Fort Monmouth includes five non-DoD agencies, specifically the U.S. Post Office (PO), Department of Justice (DoJ), General Services Administration (GSA), Veterans Administration (VA) and the Federal Emergency Management Agency (FEMA). While the recommendation acknowledges the presence of the PO, DoJ and GSA, it failed to address costs associated with these three agencies. More egregiously, it failed to even acknowledge the VA (**EXHIBIT C**) or FEMA (**EXHIBIT D**). These two non-DoD agencies are totally omitted.
4. Congressman Rush Holt queried DoD as to why the non-DoD agencies were not considered before the recommendation to close Fort Monmouth as required by the statute. The response by Geoffrey G. Prosch, Principal Deputy Assistant Secretary of the Army Installations and Environment, stated that since the Department did not have cost data from non-DoD agencies located on installations targeted for closure, they merely noted their presence on such installations and *assumed* they would experience some undetermined increase in costs (**EXHIBIT E**). It is clear that Mr. Prosch's response was predicated upon

**TO DO FOR ALL THAT WHICH NONE CAN DO FOR ONESELF**

the Policy Memorandum dated December 7, 2004 by the Acting Undersecretary of Defense (Acquisition, Technology & Logistics) (**EXHIBIT F**); it is indisputable that the recommendation failed to comply with the statutory mandate of Congress.

5. In summary, the PO, DoJ and GSA are merely "noted." The recommendation entirely ignores the presence of the Department of Homeland Security, FEMA Region II Contingency Operations Point, an emergency center that has been instrumental in protecting security after the 9/11 attacks. Most ironically, the recommendation to close Fort Monmouth *completely overlooks* the presence of the Veterans Administration Health Facility which services more than 10,000 veterans annually.

It is respectfully requested that the BRAC process regarding Fort Monmouth be stayed until DoD complies with Section 2913(e) of the BRAC Statute.

A handwritten signature in black ink, appearing to read 'J.R. Poitras', written over a horizontal line.

John R. Poitras  
President of A.F.G.E.  
Local 1904 (AFL-CIO)

DCN:11615

DCN:10045  
**DEPARTMENT OF DEFENSE REPORT TO THE DEFENSE BASE  
CLOSURE AND REALIGNMENT COMMISSION**

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**DEPARTMENT OF THE ARMY  
ANALYSIS AND RECOMMENDATIONS  
BRAC 2005**

**Volume III**

**May 2005**

DCN:11615

**SEC. 2913. SELECTION CRITERIA FOR 2005 ROUND.**

(a) **FINAL SELECTION CRITERIA.**—The final criteria to be used by the Secretary in making recommendations for the closure or realignment of military installations inside the United States

under this part in 2005 shall be the military value and other criteria specified in subsections (b)

and (c).

(b) **MILITARY VALUE CRITERIA.**— The military value criteria are as follows:

(1) The current and future mission capabilities and the impact on operational readiness of the total force of the Department of Defense, including the impact on joint warfighting, training, and readiness.

(2) The availability and condition of land, facilities, and associated airspace (including training areas suitable for maneuver by ground, naval, or air forces throughout a diversity of climate and terrain areas and staging areas for the use of the Armed Forces in homeland defense missions) at both existing and potential receiving locations.

(3) The ability to accommodate contingency, mobilization, surge, and future total force requirements at both existing and potential receiving locations to support operations and training.

(4) The cost of operations and the manpower implications.

(c) **OTHER CRITERIA.**—The other criteria that the Secretary shall use in making recommendations for the closure or realignment of military installations inside the United States

under this part in 2005 are as follows:

(1) The extent and timing of potential costs and savings, including the number of years, beginning with the date of completion of the closure or realignment, for the savings

to exceed the costs.

(2) The economic impact on existing communities in the vicinity of military installations.

(3) The ability of the infrastructure of both the existing and potential receiving communities to support forces, missions, and personnel.

(4) The environmental impact, including the impact of costs related to potential environmental restoration, waste management, and environmental compliance activities.

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(d) **PRIORITY GIVEN TO MILITARY VALUE.**—The Secretary shall give priority consideration to the military value criteria specified in subsection (b) in the making of recommendations for the closure or realignment of military installations.

(e) **EFFECT ON DEPARTMENT AND OTHER AGENCY COSTS.**—The selection criteria relating

to the cost savings or return on investment from the proposed closure or realignment of military

installations shall take into account the effect of the proposed closure or realignment on the costs

of any other activity of the Department of Defense or any other Federal agency that may be

required to assume responsibility for activities at the military installations.

(f) RELATION TO OTHER MATERIALS.—The final selection criteria specified in this section shall be the only criteria to be used, along with the force-structure plan and infrastructure inventory referred to in section 2912, in making recommendations for the closure or realignment

of military installations inside the United States under this part in 2005.

(g) RELATION TO CRITERIA FOR EARLIER ROUNDS.—Section 2903(b), and the selection criteria prepared under such section, shall not apply with respect to the process of making recommendations for the closure or realignment of military installations in 2005.

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***Working for America***

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**Fort Monmouth, NJ**

**Recommendation:** Close Ft. Monmouth, NJ. Relocate the US Army Military Academy Preparatory School to West Point, NY. Relocate the Joint Network Management System Program Office to Fort Meade, MD. Relocate the Budget/Funding, Contracting, Cataloging, Requisition Processing, Customer Services, Item Management, Stock Control, Weapon System Secondary Item Support, Requirements Determination, Integrated Materiel Management Technical Support Inventory Control Point functions for Consumable Items to Defense Supply Center Columbus, OH, and reestablish them as Defense Logistics Agency Inventory Control Point functions; relocate the procurement management and related support functions for Depot Level Repairables to Aberdeen Proving Ground, MD, and designate them as Inventory Control Point functions, detachment of Defense Supply Center Columbus, OH, and relocate the remaining integrated materiel management, user, and related support functions to Aberdeen Proving Ground, MD. Relocate Information Systems, Sensors, Electronic Warfare, and Electronics Research and Development & Acquisition (RDA) to Aberdeen Proving Ground, MD. Relocate the elements of the Program Executive Office for Enterprise Information Systems and consolidate into the Program Executive Office, Enterprise Information Systems at Fort Belvoir, VA.

Realign Ft. Belvoir, VA by relocating and consolidating Sensors, Electronics, and Electronic Warfare Research, Development and Acquisition activities to Aberdeen Proving Ground, MD, and by relocating and consolidating Information Systems Research and Development and Acquisition (except for the Program Executive Office, Enterprise Information Systems) to Aberdeen Proving Ground, MD.

Realign Army Research Institute, Fort Knox, KY, by relocating Human Systems Research to Aberdeen Proving Ground, MD.

Realign Redstone Arsenal, AL, by relocating and consolidating Information Systems Development and Acquisition to Aberdeen Proving Ground, MD.

Realign the PM Acquisition, Logistics and Technology Enterprise Systems and Services (ALTESS) facility at 2511 Jefferson Davis Hwy, Arlington, VA, a leased installation, by relocating and consolidating into the Program Executive Office, Enterprise Information Systems at Fort Belvoir, VA.

**Justification:** The closure of Ft. Monmouth allows the Army to pursue several transformational and BRAC objectives. These include: Consolidating training to enhance coordination, doctrine development, training effectiveness and improve operational and functional efficiencies, and consolidating RDA and T&E functions on fewer installations. Retain DoD installations with the most flexible capability to accept new missions. Consolidate or co-locate common business functions with other agencies to provide better level of services at a reduced cost.

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The recommendation relocates the US Army Military Academy Preparatory School to West Point, NY and increases training to enhance coordination, doctrine development, training effectiveness and improve operational and functional efficiencies.

The recommendation establishes a Land C4ISR Lifecycle Management Command (LCMC) to focus technical activity and accelerate transition. This recommendation addresses the transformational objective of Network Centric Warfare. The solution of the significant challenges of realizing the potential of Network Centric Warfare for land combat forces requires integrated research in C4ISR technologies (engineered networks of sensors, communications, information processing), and individual and networked human behavior. The recommendation increases efficiency through consolidation. Research, Development and Acquisition (RDA), Test and Evaluation (T&E) of Army Land C4ISR technologies and systems is currently split among three major sites – Ft Monmouth, NJ, Ft Dix, NJ, Adelphi, MD and Ft Belvoir, VA and several smaller sites, including Redstone Arsenal and Fort Knox. Consolidation of RDA at fewer sites achieves efficiency and synergy at a lower cost than would be required for multiple sites. This action preserves the Army's "commodity" business model by near collocation of Research, Development, Acquisition, and Logistics functions. Further, combining RDA and T&E requires test ranges – which cannot be created at Ft Monmouth.

The closure of Ft. Monmouth and relocation of functions which enhance the Army's military value, is consistent with the Army's Force Structure Plan, and maintains adequate surge capabilities. Ft. Monmouth is an acquisition and research installation with little capacity to be utilized for other purposes. Military value is enhanced by relocating the research functions to under-utilized and better equipped facilities; by relocating the administrative functions to multi-purpose installations with higher military and administrative value; and by co-locating education activities with the schools they support. Utilizing existing space and facilities at the gaining installations, maintains both support to the Army Force Structure Plan, and capabilities for meeting surge requirements.

**Payback:** The total estimated one-time cost to the Department of Defense to implement this recommendation is \$822.3M. The net of all costs and savings to the Department of Defense during the implementation period is a cost of \$395.6M. Annual recurring savings to the Department after implementation are \$143.7M with a payback expected in 6 years. The net present value of the costs and savings to the Department over 20 years is a savings of \$1,025.8M.

This recommendation affects non-DoD Federal agencies. These include, the U.S. Post Office, the Department of Justice and the General Services Administration. In the absence of access to credible cost and savings information for those agencies or knowledge regarding whether those agencies will remain on the installation, the Department assumed that the non-DoD Federal Agencies will be required to assume new base operating responsibilities on the affected installation. The Department further assumed that because of these new base operating responsibilities, the affect of the recommendations on the non-DoD agencies would be an increase in cost. As required by

Section 2913 (d) of the BRAC statute, the Department has taken the effect on the cost of these agencies into account when making this recommendation.

**Economic Impact on Communities:** Assuming no economic recovery, this recommendation could result in a maximum potential reduction of 9,737 jobs (5,272 direct and 4,465 indirect jobs) over the 2006 – 2011 periods in the Edison, NJ Metropolitan Division, which is 0.8 percent of economic area employment.

Assuming no economic recovery, this recommendation could result in a maximum potential reduction of 20 jobs (11 direct and 9 indirect jobs) over the 2006 – 2011 periods in the Elizabethtown, KY Metropolitan Division, which is 0.03 percent of economic area employment.

Assuming no economic recovery, this recommendation could result in a maximum potential reduction of 1,218 jobs (694 direct and 524 indirect jobs) over the 2006 – 2011 periods in the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Division, which is 0.04 percent of economic area employment.

Assuming no economic recovery, this recommendation could result in a maximum potential reduction of 63 jobs (37 direct and 26 indirect jobs) over the 2006 – 2011 periods in the Huntsville, AL Metropolitan Division, which is 0.03 percent of economic area employment.

Assuming no economic recovery, this recommendation could result in a maximum potential increase of 9,834 jobs (5,042 direct and 4,792 indirect jobs) over the 2006 – 2011 periods in the Baltimore-Towson, MD Metropolitan Division, which is 0.63 percent of economic area employment.

Assuming no economic recovery, this recommendation could result in a maximum potential increase of 422 jobs (264 direct and 158 indirect jobs) over the 2006 – 2011 periods in the Poughkeepsie-Newburgh-Middletown, NY Metropolitan Division, which is 0.1 percent of economic area employment.

Assuming no economic recovery, this recommendation could result in a maximum potential increase of 89 jobs (49 direct and 40 indirect jobs) over the 2006 – 2011 periods in the Columbus, OH Metropolitan Division, which is 0.01 percent of economic area employment.

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 revealed no significant issues regarding the ability of the infrastructure of communities to support forces, missions, and personnel. When moving from Ft. Monmouth to Aberdeen, MD, the following local area capabilities improve: Cost of Living and Medical Health. The following attributes decline: Safety and Transportation. When moving from Ft.

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Monmouth to West Point, the following local area capabilities improve: Education and Employment. The following attribute declines: Housing. When moving from Ft. Monmouth to Ft. Belvoir, the following local area capabilities improve: Employment and Medical Health. The following attributes decline: Education and Safety. When moving from Ft. Monmouth to Ft. Meade, the following local area capabilities improve: Cost of Living and Medical Health. The following attributes decline: Education and Safety. When moving from Ft. Monmouth to Columbus, OH, the following local area capabilities improved: Cost of living, Employment, and Medical Health. The following attribute declines: Safety. When moving from Ft. Belvoir to Aberdeen, MD, the following local area capabilities improve: Cost of living and Education. The following attributes decline: Employment, Safety and Transportation. When moving from Ft. Knox to Aberdeen, MD, the following local area capabilities improve: Housing, Employment, and Medical Health. The following attributes decline: Cost of Living, Safety, and Transportation. When moving from Redstone Arsenal to Aberdeen, MD, the following local area capabilities improve: Child Care, Housing, and Medical Health. The following attributes decline: Employment, Safety, Population Center, and Transportation. When moving from Arlington, VA to Aberdeen, MD, the following attributes decline: Population Center, and Transportation.

**Environmental Impact:** Closure of Fort Monmouth will necessitate consultations with the State Historic Preservation Office to ensure that sites are continued to be protected. Fort Monmouth's previous mission-related activities will result in land use constraints/sensitive resource area impacts. An Air Conformity Analysis and a New Source Review and permitting effort is required at Aberdeen, West Point, and Fort Belvoir. The extent of the cultural resources on Aberdeen, West Point, and Fort Belvoir are uncertain. Potential impacts may occur as result of increased times delays and negotiated restrictions. Additional operations at Aberdeen, West Point, and Fort Belvoir may further impact threatened/endangered species leading to additional restrictions on training or operations. Significant mitigation measures to limit releases may be required to reduce impacts to water quality and achieve US EPA water quality standards. Due to the increase in personnel there would be a minimal impact on waste production and water consumption at Defense Supply Center Columbus (DSCC), OH. This recommendation has no impact on dredging; land use constraints or sensitive resource areas; marine mammals, resources, or sanctuaries; noise; or wetlands. This recommendation will require spending approximately \$2.95 million for environmental compliance activities. These costs were included in the payback calculation. Fort Monmouth reports \$2.9 million in environmental restoration costs. Because the Department has a legal obligation to perform environmental restoration regardless of whether an installation is closed, realigned, or remains open, these costs were not included in the payback calculation. This recommendation does not impact the costs of environmental restoration, waste management, and environmental compliance activities. The aggregate environmental impact of all recommended BRAC actions affecting the installations in this recommendation has been reviewed. There are no known environmental impediments to implementation of this recommendation.

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DEPARTMENT OF THE ARMY  
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY  
INSTALLATIONS AND ENVIRONMENT  
119 ARMY PENTAGON  
WASHINGTON DC 20310-0119

Exhibit E

The Honorable Rush D. Holt  
1019 Longworth HOB  
Washington, DC 20515-3012

Dear Representative Holt:

The Department of Defense is pleased to respond to Congressional inquiries concerning the 2005 Base Realignment and Closure (BRAC) recommendations. The delegation from the State of New Jersey has expressed three particular questions about the recommended closure of Fort Monmouth and the relocation of high technology research and development functions to Aberdeen Proving Ground, MD. All the data, supporting analysis, and deliberative minutes concerning the Fort Monmouth recommendation has been provided on the OSD BRAC website at <http://www.defenselink.mil/brac/>.

**Question:** Provide data and records of discussion that considered the cost impact to non-DoD agencies resident on bases recommended for closure.

**Response:** The Department of Defense recognizes that there may be costs to the Department associated with relocating these agencies and costs to the agencies themselves for support that was previously provided by the DoD. BRAC 2005 Policy Memorandum Three states that the COBRA model cannot determine the effect of the proposed action on the costs of "any other Federal agency that may be required to assume responsibility for activities" at a closing or realigning installation because it does not include estimates of the non-DoD entity costs or savings. Independent cost and savings estimates for these agencies may be inadequate because required cost information is outside the control of the Department, and efforts to estimate these costs would be speculative. Therefore, these costs must be determined during the implementation of BRAC recommendations and no estimates were included in recommendation cost analysis. At Fort Monmouth, these agencies include the U.S. Post Office, the U.S. Department of Justice and the General Services Administration. Policy Memorandum Three may be found in Volume 1 Part 1, page E-69 of the DoD Base Closure and Realignment Report delivered to your office on May 13, 2005, as well as at [http://www.defenselink.mil/brac/vol1\\_parts\\_1\\_and\\_2.html](http://www.defenselink.mil/brac/vol1_parts_1_and_2.html).

**Question:** Page A-3 of Volume XII of the DoD BRAC Report states that the T-JCSG "estimated future excess capacity." Provide any data, briefings, draft reports, or records of discussion regarding future excess capacity especially in the technical areas of "sensors" and "information systems."

**Answer:** The Technical Joint Cross Service Group (TJCSG) developed a future force adjustment factor to apply to all capacity measures. While the term was applied to all capacity measures, the TJCSG focused on full-time equivalent manpower as the measure of technical capacity. The future force adjustment term was computed separately for research, development and acquisition, and test and evaluation for each technical area.

For Ft. Monmouth, the technical capability areas that apply are information technology and sensors. A future force adjustment term greater than one means that there should be greater capability required across the entire DoD in the future compared to today.

The future force adjustment term is actually calculated by using the change in funding in the technical area from the present to the end of the estimated program and then adjusted using expert military judgment of the future importance of a particular technical capability area. The specific terms and factors are found in the minutes. In the aggregate, the future force adjustment terms for the important technical areas were:

	Information Systems	Sensors
Research	1.09	1.28
D&A	1.07	1.04
T&E	1.09	1.15

Application of the force structure adjustment indicates that, across the DoD, the TJCSG anticipates an approximately 8% increase in capacity for information systems, and a 10-12 percent increase in sensors (funding in D&A is much larger than the other two functions). The TJCSG capacity measures applied primarily to full time equivalent manpower, so, the capacity measures mean we anticipate slightly more full time equivalent people than today.

Please reference TJCSG minutes for 15 Mar 05, 17 Mar 05, and 20 May 05, found at [http://www.defenselink.mil/brac/minutes/brac\\_minutes.htm](http://www.defenselink.mil/brac/minutes/brac_minutes.htm) and following the link for "ZipFile9" under Technical. Additionally, as stated in Volume XII of the DoD BRAC Report, Full-Time-Equivalent man years (FTEs) were adopted as the metric for all three of the technical functions and the data were captured in the TJCSG Capacity Data Calls, found at [http://www.defenselink.mil/brac/minutes/brac\\_scenario.html](http://www.defenselink.mil/brac/minutes/brac_scenario.html) and following the various "Scenario Data Calls" links under Technical.

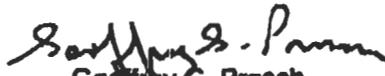
**Question:** During development of the Land C4ISR center recommendation by the TJCSG, the payback period dropped from 20 years to 4 years, and finally settled to 6 years. There is no explanation for the significant drop that occurred during the period April 1 to April 15, 2005. Provide all data, analyses, assumptions, and records of discussion that address the significant changes in payback period for the Land C4ISR center.

**Answer:** The difference in payback periods is due to the packaging of the various actions associated with establishing the C4ISR center. The first Land C4ISR center candidate recommendation included realignments of organizations from several installations including Ft. Monmouth, NJ, Adelphi Laboratories, MD, and Ft. Belvoir, VA. The relocation of these research and development organizations required a large amount of costly construction. In addition, the original candidate recommendation, with a 20 year payback, did not propose to close any installations. One of several interim versions of the recommendation closed Ft. Monmouth, but did not relocate any of the organizations on Adelphi Laboratories or Ft. Belvoir. The actions at Adelphi and Ft. Belvoir were instead included in a different candidate recommendation producing a shorter payback period of four years for the Ft. Monmouth recommendation.

The final version recommended the closure of Ft. Monmouth, included several organization relocations from Ft. Belvoir and other sites, but left the Adelphi organizations in place. The addition of the Ft. Belvoir relocations to the Ft. Monmouth closure analysis increased the payback period from four to six years. References for interim versions of this recommendation may be found at [http://www.defenselink.mil/brac/minutes/brac\\_scenario.html](http://www.defenselink.mil/brac/minutes/brac_scenario.html), by following the links for "Inactive Draft Recommendations Scenario Data Calls and Other Data " under Technical. The early versions were analyzed by the TJCSG and are found in files containing "TECH-0035" in the filename. The final version is found at [http://www.defenselink.mil/brac/minutes/brac\\_scenario.html](http://www.defenselink.mil/brac/minutes/brac_scenario.html), by following the links for "Army Recommendations" and "Recommendation COBRA Files" under Department of the Army. In addition, the deliberative minutes for the TJCSG are located at <http://www.defenselink.mil/brac/minutes/minute-files/TECH/tech9.zip> with related discussion in the files named 3/21, 3/23, 4/01, 4/05, 4/12, 4/13, 4/14, 4/15, 4/19, 4/20, 4/22, 4/25, 4/28 and 5/3. Army deliberative briefing notes may be found at <http://www.defenselink.mil/brac/minutes/minute-files/ArmyMinutes.zip>, with related discussion shown in files named for SRGs 30, 31, 33, 34, 35, 36, and 38. The Infrastructure Steering Group deliberative minutes are located at [http://www.defenselink.mil/brac/minutes/brac\\_iso.html](http://www.defenselink.mil/brac/minutes/brac_iso.html), with related discussion shown in the file dated 24 Mar. The Infrastructure Executive Council deliberative minutes are located at [http://www.defenselink.mil/brac/minutes/brac\\_iec.html](http://www.defenselink.mil/brac/minutes/brac_iec.html), with related discussion shown in files dated 7 Feb, 23 Feb, 10 Mar, 25 Apr, 2 May, 9 May, and 10 May.

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 staffs as the BRAC process moves forward.

Sincerely,



Geoffrey G. Prosch

Principal Deputy Assistant Secretary of the Army  
Installations and Environment

cc: Chair, Senate Committee on Homeland Security and Governmental Affairs  
Ranking Member, Senate Committee on Homeland Security and Governmental Affairs  
Chair, Senate Committee on Armed Services  
Ranking Member, Senate Committee on Armed Services  
Chair, House Committee on Armed Services  
Ranking Member, House Committee on Armed Services

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ACQUISITION,  
TECHNOLOGY  
AND LOGISTICS

## THE UNDER SECRETARY OF DEFENSE

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WASHINGTON, DC 20301-3010

DEC 7 2004

MEMORANDUM FOR INFRASTRUCTURE EXECUTIVE COUNSEL MEMBERS  
INFRASTRUCTURE STEERING GROUP (ISG) MEMBERS  
CHAIRMEN, JOINT CROSS-SERVICE GROUPS (JCSG)SUBJECT: Transformation Through Base Realignment and Closure (BRAC 2005) Policy  
Memorandum Three - Selection Criterion 5Background

The Secretary of Defense's memorandum of November 15, 2002, established the authorities, organizational structure, goals, and objectives for the Department's development of BRAC 2005 recommendations. Policy Memoranda One and Two provided further guidance on implementing BRAC 2005. This memorandum is the third in a series of Under Secretary of Defense for Acquisition, Technology and Logistics (USD(AT&L)) policy memoranda implementing BRAC 2005. The USD (AT&L) will issue additional policy guidance, as necessary, throughout the BRAC process.

Purpose

This memorandum describes how BRAC selection criterion 5, *"The extent and timing of potential costs and savings, including the number of years, beginning with the date of completion of the closure or realignment, for the savings to exceed the costs"* will be implemented during the BRAC process. Selection criterion 5 will be assessed against all scenarios considered during the BRAC scenario analysis process. This memorandum applies to the Military Departments and Joint Cross-Service Groups (JCSGs).

Policy Memorandum One, dated April 16, 2003, directed the Military Departments and the JCSGs to use the Cost of Base Realignment Actions (COBRA) model to calculate costs, savings, and payback (formerly known as return on investment) of proposed realignment and closure actions. Policy Memorandum One also directed the Department of the Army to take the lead in recommending improvements in the COBRA model and in revising standard cost factors used with the model.

COBRA provides a uniform methodology for estimating and itemizing projected costs and savings associated with BRAC closure and realignment scenarios. This guidance, applicable to the Military Departments and the JCSGs, establishes policy and procedures for use of the updated COBRA model when evaluating BRAC selection



critterion 5. It includes policy, responsibilities, and procedures for COBRA use, and discusses how the model's outputs will be used to support the overall BRAC 2005 process. Additionally, this memorandum specifies how the Department will comply with the requirement to take into account the effect of a proposed closure or realignment on the costs of any other activity of the Department of Defense or any other Federal agency that may be required to assume responsibility for activities at an affected military installation.

### Policy Guidance

#### **General**

The Military Departments and JCSGs, hereafter referred to as the "scenario proponents," are required to use the COBRA model in assessing proposed realignment and closure scenarios during their selection criterion 5 assessments. To perform these assessments, proponents must load scenario-specific data into the COBRA model. This data, used in combination with model algorithms and standard cost factors already developed and pre-loaded into the model, will result in an estimate of costs, savings, and payback for the proposed closure/realignment scenario. The COBRA model uses a Windows format and is easily tailored to provide a variety of reports and information, including payback year, one-time costs, 6-year costs and savings, annual recurring costs and savings, and 20-year net present value (NPV).

Due to the complexity of the COBRA model, four documents will be issued that supplement the policies and procedures in this memorandum. To ensure consistent implementation of the COBRA model in support of selection criterion 5 assessments, all users of the model should become familiar with the content of these documents:

- COBRA Users Manual
- COBRA Algorithm Documentation
- COBRA Analyst Template
- COBRA User Checklist

To obtain needed COBRA data input, scenario proponents will develop COBRA related questions that will be included in scenario data calls. These COBRA-related questions focus exclusively on data not previously gathered concerning specific losing and receiving installations. Scenario data calls will be prepared by the scenario proponents and collected by the appropriate Military Department or Defense Agency.

COBRA results may suggest minor changes in the scenario that would reduce costs or improve long term savings. Comparative assessments of COBRA results for scenarios may enable Military Departments and JCSGs to eliminate scenarios that are inferior to others from a cost perspective.

## **Responsibilities**

Proponents will maintain a list of all scenarios evaluated by COBRA as well as a COBRA summary sheet on each scenario evaluated during the deliberative process. COBRA results and recommendations will be presented in the format provided herein.

Because the updated COBRA software contains many pre-loaded base characteristics and standard cost factors designed to simplify BRAC analysis, access to the COBRA model is restricted to internal Department of Defense use until the release of final recommendations.

## **Key Terms and Procedures**

The following guidance provides instructions on key COBRA calculations. More complete and detailed guidance is provided to COBRA users in the four documents listed in the General section above. A review of these documents is required before using the model.

**Losing Installation:** An installation from which missions, units or activities would cease or be relocated pursuant to a closure or realignment recommendation. An installation can be a losing installation for one recommendation and a receiving installation for a different recommendation.

**Receiving Installation:** An installation to which missions, units or activities would be relocated pursuant to a closure or realignment recommendation. An installation can be a receiving installation for one recommendation and a losing installation for a different recommendation.

**Close:** Any action that ceases or relocates all current missions of an installation and eliminates or relocates all current personnel positions (military, civilian and contractor), except for personnel required for caretaking, conducting any ongoing environmental cleanup, or property disposal. Retention of a small enclave, not associated with the main mission of the base, is still a closure. (To ensure the application of a specific COBRA algorithm, users are instructed to use a "deactivate" button for closures where an enclave is going to be maintained).

**Realign:** Includes any action that both reduces and relocates functions and civilian personnel positions, but does not include a reduction in force resulting from workload adjustments, reduced personnel or funding levels, or skill imbalances.

**Proposal:** A description of one or more potential closure or realignment actions that have not been declared as a scenario for formal analysis by either a JCSG or a Military Department. Normally includes detail on the transfer of units, missions or other

work activity; facilities or locations that would close or lose such effort; facilities or locations that would gain from the losing locations; tenants or other missions or functions that would be affected by the action. A proposal can come from ideas or options derived from Optimization Tools. Proposals must be catalogued at the JCSG or MilDep level for tracking

**Scenario:** A proposal that has been declared for formal analysis by a Military Department/JCSG deliberative body. The content of a scenario is the same as the content of a proposal. The only difference is that it has been declared for analysis by a deliberative body. Once declared, a scenario is registered at the ISG by inputting it into the ISG BRAC Scenario Tracking Tool.

**Scenario Analysis:** The process to formally evaluate a scenario against all eight selection criteria.

**Candidate recommendations:** A scenario that a JCSG or Military Department has formally analyzed against all eight selection criteria and which it recommends to the ISG and IEC respectively for SecDef approval. A JCSG Candidate Recommendation must be approved by the ISG, IEC, and SecDef before it becomes a Recommendation. A Military Department Candidate Recommendation must be approved by the IEC and SecDef before it becomes a Recommendation.

#### **Payback (formerly known as "return on investment")**

Scenario proponents will calculate payback (in years) for each proposed closure or realignment recommendation. In accordance with guidance herein, all costs and savings attributable over time to a closure or realignment scenario must be calculated, including costs and/or savings at receiving locations. Costs or savings elements that are identified, but determined insignificant, need not be reported in the recommendation. However, scenario proponents must maintain a record of these determinations with each scenario file to document that these cost or savings elements have been considered during the scenario analysis.

#### **Discount and Inflation Rates**

OMB establishes a discount rate for government-wide use in February each year, to be used for the succeeding twelve months. Based on the most current guidance provided in OMB Circular A-94, dated February 2004, COBRA will use the average of the 10-year real discount rate and the 30-year real discount rate to create the required 20-year rate. This average rate is presently 3.15 percent and is already pre-loaded into the COBRA model. If a significant change in the real discount rate is realized in 2005, the OSD BRAC Office will update COBRA standard factors and forward them to scenario proponents to be used to update COBRA results.

Costs and savings data entered into the COBRA model during the scenario analysis process must be entered in fiscal year 2005 dollars. When data is in other than fiscal year 2005 dollars, it must be converted using the table below. To convert then-year dollars to fiscal year 2005 dollars, multiply the then-year dollar by the appropriate adjustment factor. For example, to convert 1999 or 2008 dollars to 2005 dollars, multiply those amounts by 1.163 and 0.929, respectively.

**Table for Converting Then-Year Dollars to 2005 Dollars\***

	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
<b>Factor</b>	1.191	1.163	1.133	1.100	1.069	1.044	1.020
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Factor</b>	1.000	0.977	0.953	0.929	0.906	0.88	0.86

\* Derived from the "National Defense Budget Estimates for FY 2005," Office of the Under Secretary of Defense (Comptroller), March 2004, Table S-5, Total Column.

### Medical Costs

COBRA already incorporates discrete cost assumptions based upon a variety of factors including the type of patient population served and the non-DoD medical care options such as TRICARE and MEDICARE available to the DoD-served population. Scenario proponents must manually enter any costs or savings from hospital contracts.

### Homeowners Assistance Program (HAP)

The US Army Corps of Engineers will provide a list of installations that have a reasonable possibility of having a HAP program approved if the installation is selected for closure or realignment. That list will be incorporated into the COBRA model algorithms and HAP costs for these installations will automatically be included in COBRA calculations.

### Land Purchases

If scenario proponents plan a land purchase to support a scenario option, this estimated expense must be manually entered as a unique one-time cost.

### Force Structure and Manpower Changes

The costs or savings associated with force structure changes are not included in the COBRA calculations because they were previously identified in the Force Structure Plan and are not associated with the BRAC action to close or realign an installation. To

do otherwise would be to inappropriately credit costs or savings to the BRAC action. The manpower costs or savings associated with the BRAC action, however, should be included in the COBRA calculations because they are a direct result of the BRAC recommendation and are not the result of previously identified force structure changes.

### **Military Construction**

When a scenario requires new construction or renovation of an existing facility, scenario proponents will input anticipated construction requirements in terms of facility analysis category (FAC) code, square footage, and other known requirements. The model uses this input to project a military construction cost.

### **Military Construction Cost Avoidance**

When a scenario affects a losing installation where recapitalization resources for an existing facility are programmed, the savings associated with this facility are already captured by the model's recapitalization calculation. Therefore, scenario proponents will not enter any construction cost avoidances (savings) for this type of military construction.

When a scenario affects an installation at which there is a military construction project, authorized and appropriated in Fiscal Year 2005 or earlier, for a new facility that creates new footprint or supports new missions, such that the project is no longer required due to the BRAC action, scenario proponents must manually enter the construction cost avoidance (savings) associated with that project.

### **Designation of Receiving Bases**

When a scenario involves the relocation of 100 or more personnel (any combination of military or civilian), scenario proponents must identify a specific receiving base for that scenario. For scenarios involving relocation of less than 100 personnel, scenario proponents may, but do not have to identify a specific receiving site. If they do not identify a specific receiving location, they must establish a generic "base x" within the COBRA model to act as the surrogate receiving base for these smaller units or activities. The COBRA Users Manual referenced previously highlights the detailed information that must be entered in the model to characterize the BRAC closure or realignment action as it impacts both losing and receiving installations.

### **DoD Tenants and Enclaves**

Scenario proponents (Military Departments and JCSGs) will consider the impact of a scenario on each tenant or supported activity occupying an installation, including Reserve Component organizations, regardless of Military Service. All costs associated with relocating tenants affected by the scenario to receiving sites should be included in

the COBRA calculations. In some cases, the scenario may specify the creation of an installation enclave to avoid the transfer of tenant/supported activities. If an enclave is specified, scenario proponents must enter into COBRA each FAC code for a facility to be included in the enclave, along with required construction and any other costs to outfit the enclave. The candidate recommendation must include an explanation of any planned enclaves, including affected units/activities.

### **Unemployment Costs**

Military Departments and Defense Agencies annually budget unemployment contributions to the Federal Employees Compensation Account for DoD military and civilian employees. COBRA automatically calculates this cost based on the DoD employees whose unemployment is directly attributed to closures and realignments.

### **Standard Factors for COBRA**

All of the standard factors used in COBRA algorithms reflect standard rates which will be applied consistently in all closure and realignment scenario calculations. A single COBRA standard-factors file will be issued with the COBRA model and will not be changed without OSD approval.

### **Environmental Restoration Costs**

Restoration costs are expenses associated with clean up and reclamation of environmentally contaminated areas. Since the Department of Defense has a legal obligation to perform environmental restoration regardless of whether a base is closed, realigned, or remains open, environmental restoration costs at closing bases are not to be considered in the cost of closure calculations. The Department will consider the impact of costs related to potential environmental restoration in its Selection Criterion 8 analysis, through the review of certified data regarding pre-existing, known environmental restoration projects at installations that are identified during scenario development as candidates for closure or realignment. More detailed information on the consideration of environmental restoration costs within BRAC analyses is provided in separate policy guidance.

### **Other Environmental Costs**

Environmental compliance, pollution prevention, and conservation expenses are already captured in the COBRA model through the installation Base Operating Support costs. Other environmental costs that are capacity-related, such as costs associated with increases or changes in the environmental carrying capacity of an installation, must be manually added to the COBRA model. For instance, if a scenario would exceed the capacity of the wastewater treatment plant at the receiving site, then the scenario

proponent must decide whether to upgrade the old facility or build a new wastewater treatment plant to accommodate the scenario. Likewise, the scenario proponent must calculate the impact on landfills, other waste treatment facilities, and pollution control equipment. Scenario proponents will enter such expenses as construction or rehabilitation costs.

### **BRAC 2005 Effects on other Department of Defense Activities or other Federal Agencies**

Section 2913(d) of the Defense Base Closure and Realignment Act of 1990, as amended, requires the Department's cost and savings criteria to *"take into account the effect of the proposed closure or realignment on the costs of any other activity of the Department of Defense or any other Federal agency that may be required to assume responsibility for activities at the military installations."*

By estimating the costs and savings to the Department of Defense associated with a proposed closure or realignment action, the COBRA model takes into account the effect of the proposed closure or realignment action on the costs of all DoD activities, satisfying the requirements of Section 2913(d) with respect to activities of the Department of Defense.

The COBRA model cannot determine the effect of the proposed action on the costs of "any other Federal agency that may be required to assume responsibility for activities" at a closing or realigning installation because it does not include estimates of non-DoD entity costs or savings. Furthermore, independently estimating the costs and savings to these agencies may be inadequate because such information is outside the control of the Department and therefore any effort to estimate these costs would be highly speculative. Additionally, the non-DoD agency may choose to relocate rather than remain and assume base operating responsibilities, potentially achieving savings that would skew any DoD cost estimates. Consequently, the Department cannot rely on the COBRA model or undertake independent estimates of the costs and savings to these agencies in order to take into account the effect on these costs and satisfy the requirements of Section 2913(d) with respect to non-DoD Federal agencies.

In order to satisfy the requirements of Section 2913(d) with respect to non-DoD Federal agencies, when a scenario directly impacts a non-DoD Federal agency, the scenario proponent will first assume that such agency will be required to assume responsibility for base operating activities on the military installation. The scenario proponent will further assume that because such agency will be required to assume base operating responsibilities it did not have before the proposed action, the effect of the action will be to increase that agency's costs. The scenario proponent will document these effects for consideration by decision makers as further described below.

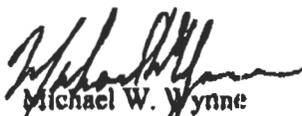
**BRAC 2005 COBRA Results and Recommendations**

The following format will be used to display scenario COBRA payback projections for each BRAC 2005 candidate recommendation:

The total estimated one-time cost to the Department of Defense to implement this recommendation is \$ \_\_\_\_\_. The net of all costs and savings to the Department during the implementation period is a cost of \$ \_\_\_\_\_. Annual recurring savings to the Department after implementation are \$ \_\_\_\_\_ with a payback expected in \_\_\_\_\_ years. The net present value of the costs and savings to the Department over 20 years is a savings of \$ \_\_\_\_\_.

If a proponent's BRAC 2005 scenario affects another Federal agency, the following additional paragraph will be added to the candidate recommendation:

"This recommendation affects \_\_\_\_\_, a non-DoD Federal agency. In the absence of access to credible cost and savings information for that agency or knowledge regarding whether that agency will remain on the installation, the Department assumed that the non-DoD Federal agency will be required to assume new base operating responsibilities on the affected installation. The Department further assumed that because of these new base operating responsibilities, the effect of the recommendation on the non-DoD agency would be an increase in its costs. As required by Section 2913(d) of the BRAC statute, the Department has taken the effect on the costs of this agency into account when making this recommendation."



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