2005 BRAC COMMISSION REGIONAL HEARING

FRIDAY, JULY 22, 2005

NEW ORLEANS, LOUISIANA

PARTICIPATING STATES:

MISSISSIPPI

LOUISIANA

FLORIDA

COMMISSIONERS:

SUE TURNER

PHILIP E. COYLE

JAMES T. HILL

PRESIDING COMMISSIONER:

JAMES T. HILL

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P R O C E E D I N G S

COMMISSIONER HILL:

Good morning again. My name is Tom Hill. I'll be the chairman of this Regional Hearing on this Defense Base Closure and Realignment Commission. I am also pleased to be joined by my fellow Commissioners, Philip Coyle and Sue Turner, for today's session. As this Commission observed in our first hearing, every dollar consumed and redundant, unnecessary, obsolete, inappropriate design or located infrastructure is a dollar not available to provide the training that might save a Marine's life, purchase the munitions to win a soldier's fire fight or fund advances that insure the continued dominance of the air or the seas.

The Congress entrusts our armed forces with vast but not unlimited resources. We have a responsibility to our nation and the men and women who bring the Army, Navy, Air Force and Marine Corps to life to demand the best possible use of limited resources. Congress recognized that fact when it authorized the Department of Defense to prepare a proposal

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to realign or close domestic bases; however, that authorization was not a blank check.

Members of this Commission accepted the challenge and necessity of providing an independent, fair and equitable assessment and evaluation of the Department of Defense's proposals and the data and methodology used to develop that proposal. We committed to the Congress, to the president and to the American people that our deliberations and decisions will be open and transparent and that our decisions will be based on the criteria set forth in statute.

We continue to examine the proposed recommendations set forth by the Secretary of Defense on May 13th and measure them against the criteria for military values set forth in law, especially the need for surge, manning and homeland security. But be assured, we are not conducting this review as an exercise in sterile cost accounting. This Commission is committed to conducting a clear-eyed reality check that we know will not only shape our military capabilities for decades to come but will also have profound effects on our

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communities and on the people who bring our communities to life.

We also committed that our deliberations and decisions would be devoid of politics and that the people in the communities affected by the BRAC proposals would have, through our site visits and public hearings, a chance to provide us with direct input on the substance of the proposals and the methodology and assumptions behind them.

I would like to take this opportunity to thank the thousands of involved citizens who have already contacted the Commission and shared with us their thoughts, concerns and suggestions about the base closure and realignment proposals. Unfortunately, the volume of correspondence we have received makes it impossible for us to respond directly to each one of them in the short time with which the Commission must complete its mission. But we want everyone to know the public inputs we receive are appreciated and taken into consideration as a part of our review process, and, while everyone in this room will not have an opportunity to speak, every piece of

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correspondence received by the Commission will be made part of our permanent public record as appropriate.

Today, we will hear testimony from the states of Mississippi, Louisiana and Florida. Each elected delegation has been allotted a block of time determined by the overall impact of the Department of Defense's closure and realignment recommendation on their area. The delegation members have worked closely with their communities to develop agendas that I am certain will provide information and insight and will make up a valuable part of our review.

We would greatly appreciate it if you would adhere to your time limits. Every voice today is important, and I now request our witnesses for the State of Mississippi to stand for the administration of the oath required by the Base Closure and Realignment Statute. The oath will be administered by Rumu Sarkar, the Commission's designated Federal officer.

(Oath administered).

COMMISSIONER HILL:

Governor Tuck, the time is yours.

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LT. GOV. TUCK:

Good morning, Commissioners, General Hill, General Turner and Secretary Coyle. I am Amy Tuck, Lieutenant Governor of the State of Mississippi. Governor Haley Barbour had planned to attend but regrets that the postponement of this hearing did make that impossible. At his request, I respectfully offer these remarks on behalf of myself and the governor.

It is my honor this morning also to represent our two United States Senators, Thad Cochran and Trent Lott. They also regret they cannot be present today; however, Representatives Gene Taylor and Chip Pickering are present and will testify.

I would also like to acknowledge the presence of the man known in the halls of Congress as Mr. Veteran, former representative G.V. "Sonny" Montgomery.

(Applause).

LT. GOV. TUCK:

Chairman, in your briefing books is a joint statement from Senators Cochran and Lott, and I respectfully request their statement

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be included in the record of today's hearing. And I have the originals here.

COMMISSIONER HILL:

Thank you. We'll do that.

LT. GOV. TUCK:

Let me begin by thanking each of you for the extraordinary and distinguished service you and your fellow Commissioners are providing by serving on this important Commission. Thanks also to Admiral Harold Gehman for visiting Keesler Air Force Base and the naval station at Pascagoula.

The Commission received seven recommendations from Secretary Rumsfeld concerning closures and realignments in Mississippi. Mississippi does not contest three of these. The closure of the Army Reserve Center in Vicksburg is not contested; the realignment of the Naval Technical Training Program at Naval Air Station Meridian is not contested; the closure of the Army Ammunition Plant at Stennis Space Center is not contested; however, we do request that you review and comment on the projected costs for mitigation of the existing environmental and safety concerns

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at the ammunition plant. With input from NASA, our preliminary review suggests these costs will be substantially higher than the Pentagon projected.

In regard to the other four recommendations, Mississippi requests that you give close scrutiny to each one. I will discuss these briefly. The communities will address them thoroughly.

The Naval Human Resource Service Center at Stennis Space Center in Hancock County: We agree that the Northeast and Southeast Naval Human Resource Service Centers should be combined. However, the community will show you that service quality, cost and scrutiny data indicate the new combined center should be at the top-rated Naval Human Resource Service Center, which is our center in Mississippi.

Just recently, Mississippi competed against ten other states to locate a similar centralized service center for NASA. The winning site, based on cost and performance, was Stennis Space Center. When you compare the critical factors regarding the proposed Naval Human Resource Service Center consolidation, we

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feel confident that you also will select Stennis Space Center.

On behalf of the governor and the community, I invite you or a member of your staff to visit this top-rated facility as part of your decision-making process.

The 186th Air National Guard Air Refueling Wing, Key Field, Meridian, Mississippi: Former President Bush likes to tell the story of flying to Meridian and seeing the name G.V. "Sonny" Montgomery from the horizon. His name on the 186th hangar is huge.

What is really huge, however, is the role the 186th has played in supporting our missions in Kosovo, Afghanistan and Iraq. Highly rated, highly competent, highly efficient and highly necessary for mission readiness in the Gulf, the 186th should not be realigned or enclaved but maintained as a vital component of our Air National Guard.

Mississippi Adjutant General, Major General Harold Cross is here today to answer questions you may have when Meridian makes its presentation. But let me say that neither he or Governor Barbour was consulted

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about the proposed realignment of the 186th, nor do they believe the homeland security consequences of this proposal were seriously considered. Governor Barbour has informed Secretary Rumsfeld that he does not approve or provide his consent to this realignment. A copy of this letter is also in your briefing book behind these remarks.

Again, on behalf of the governor and the community, I also invite you or a member of your staff to visit the outstanding facility in order to see firsthand its efficient and modern design, to consider the lack of cost savings in this recommendation and to understand its critical mission.

Next, the Naval Station at Pascagoula: It is hard for our military and Congressional leaders in Mississippi to imagine no active duty U.S. Navy ships home ported in the Gulf of Mexico. National defense as well as homeland security surely must require at least one strategically located home port in the Gulf. If the Commission ultimately agrees with this strategic necessity, then we are confident that you will also agree that military value and cost

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factors dictate Naval Station Pascagoula should be that Gulf home port.

When the USS COLE was hauled to Northrop Grumman Shipyard in Pascagoula for repairs, a major issue was where to offload live missiles and other weaponry. The proximity of the unencroached Naval Station Pascagoula across the channel from the shipyard with weapons-handling capability maximized efficiency and safety. This proximity to one of our major shipyards has strategic value not properly recognized in the Pentagon's recommendation.

Next, the Keesler Air Force Base Medical Center: The recommendation to eliminate in-patient care at the Keesler Air Force Base and convert its medical center to a clinic is a bad idea. The community's presentation will show you that this is bad for the active duty war fighters and their families, but the governor and I also want you to know that it will be terrible for Mississippi, much more so than the Pentagon's BRAC report reveals.

Mississippi's difficulty -- Mississippi has difficulty attracting and retaining physicians, particularly in

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high-demand specialities. The graduate medical education program at Keesler brings physicians with those specialities to the Gulf Coast to provide needed care for our increasing numbers of active duty military, military dependents and retirees. The Pentagon misleadingly implied in its recommendation that the graduate medical education program would remain and, therefore, did not consider the significant impact its closure will have on the medical care for our war fighters, their families and the community, substantial deviations from Base Closure Criteria 1 and 6.

When Hurricane Ivan threatened last year, over one hundred Alzheimer patients had to be relocated. Keesler Medical Center took over half and married each one with a resident to take care of them.

Washington is closing our VA Hospital in Gulfport and says it can do so because Keesler Medical Center can help pick up on that specialty care load. The military retiree community on the coast is growing because it has access to top quality care at Keesler Medical Center. Each of these

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situations depended or depends upon in-patient care, coupled with the specialities provided at Keesler through the graduate medical education program. Unfortunately, the mission of medical care was underrated in the military valuation of Keesler Medical Center. So Governor Barbour and I ask you to scrutinize this recommendation with great care and focus on the military care mission and its importance to our war fighters, their families and our community.

In conclusion, we understand that closing and realigning bases is a thankless but a terribly important job. President Bush placed his confidence in you to conduct this process thoroughly and fairly, and so do we. Thank you once again for your service, for your dedication and for your willingness to listen to these patriots here today as they sincerely raise questions about the recommendations before you.

I would like to now turn the podium over to Congressman Gene Taylor, a senior member of the House Armed Services Committee who represents the three Gulf Coast communities with missions and facilities at risk.

Congressman Taylor?

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(Applause).

REPRESENTATIVE TAYLOR:

Thank you, Governor.

General Hill, fellow Commissioners: I have got to admit, General Hill, that I liked it better when you were testifying and I was listening, but I am testifying and you're listening, but thank you for coming here.

I have the privilege of representing South Mississippi, the home of several key military installations, three of which are included in these base closures. As you probably know, I strenuously opposed another round of BRAC because past round's projected savings were really never realized and several bases were closed that the services later realized that they needed. Naval Air Station Cecil Field is probably the perfect example of this. After seeing some of these recommendations, I think my continued opposition to BRAC is well founded.

As Commissioners, you have a unique opportunity to take a hard look at the DoD's recommendations. I urge you to question

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everything; take nothing for granted. With proper scrutiny, I'm certain that you will reach the same conclusions the people of South Mississippi have. I'm hopeful you will take action to correct the gross mistakes made in these recommendations. The evidence that my fellow Mississippians and I will present will demonstrate the DoD recommendations were enormous and substantial deviations from the BRAC criteria took place and, in some instances, went well beyond the scope of authority provided by the BRAC statute.

The proposal to eliminate in-patient care at the Keesler Medical Center is the most outrageous of them all. The DoD made an inexcusable error in calculating Keesler's military value. An incorrect figure on the spreadsheet resulted in Keesler receiving zero points for the condition of the facility when it should have received 11.25 on a scale of twelve and a half.

After we pointed this out, the Secretary of the Medical Joint Cross Service Group admitted the error verbally, but we're still waiting for a written response. The DoD's

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shoddy work caused Keesler's medical center to rank forty-four places lower on the health care services than its correct place. The poor ranking was cited as the major justification for closing the hospital, so, essentially, the DoD has proposed to close Keesler hospital, cripple the graduate medical education program, force military personnel, their families and retirees off base where there is a severe shortage of physicians, all because somebody in the Pentagon apparently punched the wrong key.

Keesler should be the model for military health care. The medical center fulfills every major requirement for military health care. It contains outstanding medical care for active duty personnel, helping to insure readiness. It provides comprehensive care to their families. It contributes to the quality of life that is so important for recruitment and retention. The medical center has excellent medical education programs that train surgeons, specialists and other military personnel. Keesler fulfilled the military's promises of medical care for thousands of retirees. And, as you know, General, half of

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our nation's military retirees potentially retire near a base so they can use those hospitals.

Keesler Medical Center has benefited from excellent leaders who have carefully established a permanent mix of patient mix that matches the graduate medical evaluation, education and resources of the 81st Medical Group. The elimination of in-patient services would destroy the graduate medical education programs and would decimate the medical care for more than fifty-six thousand military personnel and their families.

There is no civilian medical capacity to absorb so many new patients. As a matter of fact, South Mississippi has a severe shortage of primary care and specialty care physicians. The Biloxi/Gulfport Metropolitan Area has only 72 percent of the U.S. average of specialists per population and only 64 percent of the U.S. average.

The VA medical facility, as the governor cited, has no excess capacity for personnel to treat the thousands of retirees who would be thrown out of Keesler. In fact, the VA

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CARES Commission, of which Chairman Principi was chairman, proposed a reorganization that was heavily dependent on the promise of expanding the cooperative arrangements with Keesler and local hospitals. But the Joint Medical Cross Service Group made no attempt to communicate with the VA, made no attempt to communicate with any local hospital or any local physicians about capacity or the availability of surgery and specialty care.

After hosting -- the proposal of the Medical Joint Service Group to eliminate in-patient services is the product of a seriously flawed process using incorrect and misleading data. It is clear the Air Force is using the BRAC process to close hospitals and eliminate graduate medical education well beyond the authority of the BRAC statute.

Back in 2004, the Air Force Surgeon General tried to get the Medical Joint Cross Service Group to approve transformational options that included a goal to, and I'm quoting, close all hospitals, retain clinics, outsource GME. The representatives from the other services correctly objected that the

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proposals exceeded their authority under the BRAC law.

After the questionable military value formula was placed on the military hospitals at risk for closure or realignment, the other services had several facilities removed from the list over concerns about civilian capacity, medical education and maintaining control of trainees, all factors that are present at Keesler. The Air Force representatives, in contrast, showed little concern for the efforts -- the effects the hospital's closure would have on the medical care, medical education and training.

The Air Force obviously hopes to dump its medical responsibilities onto TRICARE, the VA and the local community without regard for the consequences. Any reasonable rating based primarily on the quality of medical care and the medical education programs would award very high marks to Keesler, but the military value formula used by the Medical Joint Service Group is horribly flawed.

It gives little credit to the graduate medical education programs which are an

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essential part of any accurate accounting of true military value. It gives no credit for the treatment of retirees and it -- and despite the fact treating those retirees is essential to provide the complex cases for training surgeons, and the formula gives very little weight to the actual medical care provided at Keesler. The flawed process tries to compare comprehensive medical centers like Keesler that receive complex cases from other hospitals with much smaller hospitals that transfer their serious cases to hospitals like Keesler. They compounded this mistake by assuming that the treatment of retirees would cost the same per patient as active duty personnel despite overwhelming evidence to the contrary.

We're a nation at war. The Pentagon has had to increase bonuses and other incentives to try to recruit surgeons and other military professionals, yet the DoD is proposing to decimate the kind of program that has proven to be of value in recruitment and retention of military doctors. And almost every study of military medical care has documented the desire of military physicians to perform a full range

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of medical procedures with their specialities.

The GAO report on the implementation of the Medical Subvention Demonstration Project found that treating seniors helps indirectly with readiness in treating more complex cases, indirectly adds to the retention and recruitment of doctors. Another GAO report observed that the services, GME, as a primary pipeline for developing and maintaining the required mix of medical provider skills to meet wartime and peacetime needs. They also viewed GME as important to successful recruitment and retention. The need to match a diverse mix of patients with medical education and training requirements of military personnel is a substantial factor in military readiness but was completely ignored by the Medical Cross Service Group.

I was especially bothered by the manner in which the Keesler facility was presented to the full group. The background information presented by the Air Force staff contained major misstatements of fact.

Keesler is described as having one hundred fifty-four beds when it actually has

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ninety-five. Worse, the VA is described as having five hundred fifty-two beds with an average daily census of three ninety-four. These figures give the impression of excess capacity at Keesler and enormous in-patient capacity at the VA; however, this is how the Department of Veterans Affairs describes the facilities in Biloxi and Gulfport: The Biloxi VA is a forty-eight bed acute medical and surgical in-patient, providing intensive care. The Biloxi VA provides health care for one hundred twenty-four nursing home and intermediate care beds, one hundred seventy-one domiciliary beds. The Gulfport VA serves an in-patient psychiatric care unit of one hundred forty-four operating beds. The Gulfport VA has fifty-six nursing home beds.

The VA has forty-eight acute care beds, not five hundred fifty-two as suggested by the Air Force presentation. The other beds are psychiatric beds, nursing home beds and domiciliary beds.

I believe that the Air Force representatives knew or should have known that they were including nursing home beds and

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domiciliary beds in the VA capacity when they implied they would be available for active duty personnel, their families and retirees. The Air Force and the Cross Services Group should have known VA plans to close the Gulfport facility, but the plan is contingent on expanding collaborative arrangements with Keesler and a new VA Biloxi.

Although I disagree with the VA's decision to close the Gulfport facility, I do appreciate that the CARES Commission under Secretary Principi made site visits to the VA facilities and to Keesler, held open hearings, made the reorganizational proposal contingent on assurances that patients would be treated at a Keesler facility. The DoD recommendation is with total disregard for the obligations to the military, their families and retirees. I implore the Commission to disapprove this recommendation.

The decision to close Naval Station Pascagoula is another example of significant deviation from BRAC criteria. You and I know the recommendations are biased completely in favor of the megabases. Naval

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station Pascagoula is no Norfolk or Mayport. Rather, it is precisely what the Navy's strategic home ports were intended to be -- strategically located in relation to the Navy's area of operations, dispersed from large fleet concentrations, lean, efficient and cost efficient.

The body considered only two scenarios regarding Naval Station Pascagoula, neither of which considered retaining the facility. This very limited approach prevented proper evaluation of its military value.

Let me be clear. If the DoD's BRAC recommendation remains unchanged, there will be no Navy presence in the Gulf of Mexico. As you know better than anyone, General, abandoning the Gulf of Mexico will create a big gap in the United States national security and homeland defense capability. This is of strategic importance.

How important is the Gulf of Mexico? 63 percent of all U.S. commercial shipping transits through the Gulf. The Gulf is home of fourteen of the twenty-five top ports in the U.S. and represents 35 percent of our

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nation's coastline. The coast is populated with thousands of critical infrastructure sites, including oil and gas production platforms, with vital sea lanes, important elements of the U.S. defense capability. Knowing all this, what is the military value of losing the last pier on the last home port on the Gulf of Mexico compared to adding one more pier on the Atlantic?

We must not forget that the Gulf of Mexico is the major gateway to Latin America and the Caribbean. By retaining Naval Station Pascagoula, the nation will continue to have a permanent naval presence in that area.

Thank you.

My final point is that closing this facility -- and this is getting back to your initial remarks -- will not save any money. In response to my inquiry about purported cost savings from the closure, the Navy responded that the COBRA report, by saying that, and I'm quoting, we are incurring net savings estimated from this recommendation as a result of military and civilian personnel cost and the sustainment, recapitalization and base operation savings, it

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is almost entirely offset by the annual recurring cost of per diem for precommissioning units that use the facility. One of the Navy's primary justifications for having another round of BRAC was to reduce excess capacity in military infrastructure and to direct savings to other defense priorities.

As you may be aware, a report released by the GAO on the DoD's BRAC process and recommendations raised similar concerns. According to their report, much of the projected net annual recurring savings is associated with eliminating jobs currently held by military personnel. However, rather than reducing the end strength levels, DoD indicates the positions are expected to be reassigned to other areas. In summary, Naval Station Pascagoula is the Navy home port in the Gulf of Mexico; it is a value to the taxpayer and closing it saves no money.

Lastly, I would like to address the DoD's recommendation to relocate the Navy Human Resource Service Center-Southeast from Stennis Space Center. The decision is rife with flaws that easily meet the standard of substantial deviation.

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The Navy's personnel center is located within a secure federal installation, NASA's Stennis Space Center. The activity is in a building that was originally built by the U.S. Army to support the production of one fifty-five rounds. The site was completely renovated in 1999.

Despite being a new facility in a safe and ideal location, the DoD made an error in assessing the cost and military value. In its July, 2000 report on the BRAC processes and recommendations, the GAO found that the Navy did not consider whether the existing leases at Stennis met force protection standards. This led the Navy to apply a two million dollar cost avoidance when, in fact, Stennis Space Center is as secure as any military installation. The total acreage of Stennis Space Center is 138,000 acres. The Stennis Space Center's nearest entrance to the Human Resource Center is over 1 mile from its gate. There has been over 20,000 jobs being relocated from Alexandria for force protection reasons. This is force protection for our people. This is a secure facility by any standard.

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And the landlord of Stennis, NASA, is willing to allow the Navy's use of existing facilities and to accommodate adjacent expansion. Nevertheless, the Navy did not consider consolidating the Human Resources Centers at Stennis which has a nearly rent-free agreement with NASA.

I think it is worthwhile from a military point of view to look at other things that are there: The Navy Personnel Centers co-located with three major naval activities, the Navy Meteorology and Oceanographic Command, the Navy Oceanographic Office, the Navy Research Center. Additionally, they have two special operations commands activities, Special Team 22 and NAVSCIATTS, which used to be in Panama.

I urge you to look carefully at the information my fellow Mississippians and I have provided today and implore you to remove the realignment of in-patient care at Keesler, the closing of Pascagoula, the relocation of the Navy Resources Center. These Mississippi recommendations do not save the money claimed; rather, they weaken our national security, ignore the emerging mission of homeland defense

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and deviate significantly from the BRAC criteria.

Thank you for being here today.

COMMISSIONER HILL:

Thank you, Congressman.

LT. GEN. GRIFFITH:

General Hill, General Turner and Commissioner Coyle: I have with me today the mayor of Biloxi, Mississippi, Mayor A.J. Holloway, where Keesler Air Force Base is located, and we appreciate the opportunity to present additional information to you concerning the realignment of the Keesler Air Force Base Medical Center.

As you know, the BRAC recommendation is to disestablish the in-patient mission of the 81st Medical Group, converting the medical center to a clinic with an ambulatory surgery center. This statement comes directly from Page Med-12 of the Medical Joint Cross Service Group which I will refer to as the Medical Group throughout this briefing in their report. We underlined the term medical center to highlight the fact that Keesler is the only medical center to be realigned and not

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consolidated into a similar local institution. The other eight are either hospitals or clinics. As a medical center, Keesler is much larger and has an much more diversified and multifaceted mission, which includes a large medical education program.

A quick review of Keesler Air Force Base and specifically the Keesler Medical Center will provide all of us with a common baseline knowledge of what Keesler provides to our military forces. Keesler Air Force Base is the home of the 81st training wing, one of the largest technical training wings in the Air Force. Their primary mission is technical training of over forty-four thousand students per year.

The Keesler Medical Center is the second largest hospital in the Air Force. It provides medical care for the 81st Wing, its students and all branches of our military services throughout our region. It is a major contributor to our nation's medical readiness team.

It also has the most diverse medical staff in the Gulf Coast region. This

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staff is the backbone of the superb medical access and care provided for our military members, their families, veterans and retirees in a four-state Gulf Coast area. The circles shown here are major installations, agencies and bases that Keesler provides some medical care to. The small dots indicate other eligible populations that also receive care, like veterans and retirees.

Here is what goes on at the Keesler Medical Center on an average day. These are daily averages from 2004 and reflect the high tempo, the diversity and complexity of the Keesler mission. Many of these procedures are the toughest medical challenges that we know. For example, Keesler Medical Center provided or performed a hundred twenty-eight open heart surgeries last year.

Keesler also has an outstanding graduate medical education program. It is recognized across the country as one of the best. It maintains full accreditation by the American Medical Association and the graduates have set records in passing board certifications throughout the last ten years. You can see from

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these numbers on this chart that -- of the medical value of these programs. Also, the excellence of this program is documented in Tab 1 of your book.

As stated earlier, the Keesler Medical Center is an important component of operational readiness. The Keesler deployment teams support our war fighters with front line medical care. One thousand and sixty-eight medical specialists have deployed through Keesler in the last five years for a combined total of ninety-five thousand five hundred and eighty-one deployment days.

Secondly, the Keesler Medical Center is the focal point for major medical access and care for the entire Gulf Coast area. It is the hospital where the Army, the Navy, the Marines, the Air Force, the Coast Guard, the National Guard and Reserves refer their most severe medical problems, and, in your book in Tab 2, you will see letters from the commanders of these people that attest to this fact. This is certainly true for the forty-four plus -- forty-four thousand plus students of the 81st training wing. Over 70 percent of these

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students are right out of basic training. They do not have permanent base assignments, nor do they have established off-base medical care programs. The Keesler Medical staff provides all of their care.

During the BRAC decision process, two training base hospitals were removed from the realignment list due to the service concerns for medical care of their students. This same rationale was not applied to Keesler.

How, then, could the BRAC report recommend closing such a vital part of the DoD military medical system? We asked the local commanders, and no one knew because they had not been included, nor had the people in the command above them or in the headquarters in San Antonio. So we went to the top.

The mayor and I asked to see Lieutenant General George P. Taylor, the chairman of the Medical Joint Cross Service Group who developed the recommendation. He came to Biloxi and replied that they used fiscal year 2002 numbers submitted by each base to determine the military value of each medical facility. These numbers were fed into a computer model and

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scored according to the weighting used in the model. The results were reviewed for anomalies such as remote location, lack of medical facilities locally, but they did not talk to the local commanders, the local communities, the local hospitals, the Veterans' Administration or the Homeland Security Agency.

The key, therefore, seemed to be the score Keesler received for military value. We looked at that formula in great detail. The health care services military value weighting factors are shown on this slide. I know it is a very busy slide and will give you a headache; however, we highlighted two key areas that affected the Keesler military value score. As you see in the middle of this chart, the age and condition of the facility counts for 25 percent of the formula. Total care, in-patient, outpatient together, is only 20 percent.

After this review, it is readily apparent that the military value formula was not developed to rate a comprehensive medical center like Keesler. Therefore, we strongly believe the military value analysis done to develop this recommendation is seriously flawed. The logic

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behind the formula is backwards.

When asked what we mean by this, I relate this fact that applies in combat and in peacetime: If somebody is about to put their hands into your stomach or your chest cavity or your head to pull out shrapnel or bullets or just plain open heart surgery, I don't think you're going to look at them and ask, what is the age and condition of the building you came from? You're not concerned for that. What you're concerned about is what kind of -- when is the last time you performed this procedure and how many times did you do that? For that reason, our point is clear. When you determine medical -- or military value of a medical center, health care needs to be the driving force, not the age and condition of a building.

There are other errors in that formula. It only has marginal value in determining the quality and efficiency of medical care provided; it does not adequately consider the value of graduate medical education on patient care; and it does not adequately consider the value of treating the retiree and veteran populations to train and retain clinical

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skills. Congressman Taylor covered that very clearly.

We also found the math was wrong, and, as he mentioned, calculations show that zero points were given to Keesler for facility condition. This should be 11.25, and this moves Keesler up to 50.65 in military value, which puts it right at the cut-off line. There is only two small hospitals that are above them by less than two points, one at the Air Force Academy, the other at Naval Great Lakes that they're going to realign and take their in-patients out.

The average daily patient load at the Air Force Academy is six. The average daily patient load at Great Lakes is 13.5. The average daily patient load at Keesler is sixty, much larger, much more diverse, and, also, Keesler, as I already mentioned, has the graduate medical school too.

There are also seven other facilities with lower military value scores that are not being realigned, and they all have much lower average daily patient loads than Keesler.

The second flaw of the Med

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Group's report is masked, but it is very real. It destroys the Keesler graduate medical education program. As stated earlier, all they put in writing is to discontinue the in-patient care. However, it was clear to the Medical Group that the loss of the graduate medical education program was inevitable.

You can't run a GME program without patients, so why didn't they state this up front? And we looked at this very closely and we believe that, early on, Secretary -- Undersecretary Mike Wynne had reviewed some imperatives that would insure the military value analysis made good sense. Let's take a second or two and read what Secretary Wynne said in his July the 2nd, 2004 memo. He basically says don't come to the secretary with closure/realignment recommendations that eliminates the capability to conduct graduate medical education.

Now, these imperatives were not included. They were replaced by some loosely worded principles that allowed wide interpretation by the group, but, in a second memo on September the 28th, 2004, you see what

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Secretary Wynne says: While the imperatives should not be mandatory constraints on the BRAC analytical process, the ideas expressed therein are appropriate considerations in the decision-making process.

So, since the Medical Group knew that taking the patients away would shut down the Keesler graduate medical education program, why didn't they do the proper analysis to ascertain the effects? They certainly should have determined where it will go, what are the costs, how does it affect readiness, how does it affect accreditation, how does it affect the local community. No such analysis was done. We consider this a major deviation from BRAC rules.

The Medical Group apparently believed that closing the Keesler GME program would not be a problem since it could be absorbed locally. They knew that this would be very hard, and General Taylor stated that in his meeting with the mayor. If they did -- if this didn't happen, however, General Taylor told us all that he, as the Air Force Surgeon General, at a later date, after BRAC is done with, would have to move this GME to other locations.

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As stated earlier, this was not studied in the Med Group's deliberation and none of the local hospitals were consulted, and we have written statements from all the CEOs in the local hospitals that are in your book in Tab 5 saying that they do not have the capacity nor resources to take over this graduate program.

So here is what the Medical Group's recommendation really does: It stops in-patient care. No patients, no graduate medical program. It also has to affect the outpatient care. The bottom line is, it affects readiness by drastically reducing medical care and medical access for our military warriors.

The Medical Group report stated that the local economy could absorb the Keesler case load. In fact, the BRAC report includes the following statement on Page Med-14 under community infrastructure assessment: A review of community attributes indicates no issues -- and I repeat, no issues -- regarding the ability of the infrastructure of the community to support the mission forces and personnel. Civilian in-patient capacity exists in the area to provide services to the eligible population.

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There are no known community infrastructure impediments to implementations of all recommendations affecting the installation of this recommendation.

Again, these assessments were derived from using national Medical Association figures with no inputs with the actual facilities themselves. We visited every hospital that -- within a 40-mile area that takes TRICARE, and we found significant differences throughout. For example, there is a distinct difference between a licensed bed and a staff bed. And this is done with all hospitals. General Turner, I know you're very familiar with this because a licensed bed is what the State says that you can have, but staff beds is what -- they take what is called the average daily patient load or average census and, then, staff their hospital accordingly, because, if -- they don't want to carry a large extra staff when their patient load doesn't demand that.

For example, the Biloxi Regional Hospital has one hundred fifty-three licensed beds and they have an average daily census of eighty-five patients. Their staff bed capacity,

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therefore, is ninety, which eighty-five are full. They got five extra beds versus the one fifty-three that they used in the Med Group deliberations. This is true in all the hospitals across the area. We have a chart in Tab 3 of your book that outlines each hospital's response.

Additionally, the various specialities offered at Keesler do not exist within the required 40-mile area. Comparisons of those not available are shown in Tab 4 of your book. In our discussions with the CEOs, one hospital didn't have forty-five of these specialities, another hospital didn't have twenty-seven, another didn't have twenty, so, collectively, they can't cover the specialities that we have at Keesler.

Last but not least -- and this is very important -- there is a very negative view by the local hospitals to sign up to the TRICARE system. Four out of eleven are in this system and only 20 percent of the providers necessary to administer the medical care for military members, their families, veterans and retirees are in the TRICARE system and located within the

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40-mile area that is required. This is true today and will certainly be worse when you add the Keesler case load to this requirement.

The majority of the physicians dislike TRICARE since the fees paid are lower than other insurance companies. This is exacerbated by the fact that current law calls for additional cut-back of the fees by 26 percent over the next six years.

Bottom line: The BRAC recommendation forces our military members, their families, veterans and retirees into a civilian medical network that does not have the capability to take it, that does not have the specialty care they receive on base and in an environment where hospitals environment and providers dislike TRICARE since the fees are lower of other insurance companies, and no local hospital wanted to accept the Keesler graduate medical education program. Again, these are documented in the CEO's replies in Tab 5 of your book.

Now, let's look at savings. The recurring savings for removing in-patient service for Keesler is reported to be thirty

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million dollars annually. We were first told twenty-three. Now they're saying thirty.

However, we already know this figure is ten million dollars wrong. It is ten million dollars less since we found that the Med Group used four thousand three hundred fourteen dollars and twenty-five cents for the cost per admission of an in-patient versus the nationwide cost for admission of sixty-seven ninety, and we believe that, if anything, Keesler, with its complex medical case loads, like open heart surgery, neonatal care, high-risk pregnancies, et cetera, they should be higher than the national average, but using the national average, the Med Group's response to our requirement -- and we have included this in Tab 6 of your book -- they said that the annual savings would be reduced by ten million.

Secondly, the GAO recently reported that the BRAC savings were questionable. They took personnel savings with no cut in end strength. And that is exactly what happened here. We also believe there are significant additional charges that will be leveed by Humana, who runs TRICARE, as they must

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expand their TRICARE operations to accommodate our military members going Downtown. While a figure could not be ascertained from Humana, we know they submitted a considerable bill of 4.5 billion dollars in the mid '90s for a similar contract adjustment. One thing for certain: This is not going to be free.

In summary, we believe what the Med Group has done is wrong, how they arrived at it is wrong and the result is clearly wrong. The recommendation is wrong since it doesn't just eliminate in-patient services of the second largest medical center in the Air Force, it also eliminates the second largest medical education program in the Air Force.

Some will say this can be can be absorbed within other medical facilities. That is an opinion. There is no data that supports this anywhere in the Med Group's minutes or process. This loss of medical care affects the active duty military members and their families the most. You see the figure on the slide. This results in decreased readiness and jointness across our Gulf Coast region and our nation.

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How the recommendation was derived is also wrong. Old data was fed into a computer model that was biased toward age and condition of buildings instead of military personnel health care. There were significant math errors that should take Keesler out of any consideration for realignment. There was no interaction with local commanders, local community leaders, local health care agencies or other governmental agencies. Clearly, the results were wrong in that it doesn't have recurring savings of thirty million a year as they reported. As I mentioned, they have already adjusted that by ten million a year.

The GAO is questioning their personnel savings, and we know there will be a significant increase in TRICARE costs that will offset any remaining savings. The job loss is also grossly understated. In their report -- and I have seen several different figures for this, but, in their report, it says you will lose three hundred fifty-two jobs by eliminating the in-patient services. We were told through a Congressional inquiry that the loss of the in-patient services and the graduate program and

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some effects on the outpatient sectors would bump this figure up tremendously. We don't know what that figure is, but if you make a comparison of some hospitals that they have done this to over the last few years -- and the one that comes my mind is Maxwell Air Force Base in Montgomery, Alabama, it used to be a rather large military hospital. Today, they have three hundred and ten people in it. Can you imagine taking Keesler from twenty-two hundred down to three hundred ten? I can't. The worst part of this, no analysis has been done to evaluate any such loss to our military forces served by Keesler.

In addition, our face-to-face meeting with local health care teams also point out that the local medical establishments are stretched thin due to a shortage of physicians. We have a 2004 study by AmeriMed Consulting that highlights existing physician shortages in our area. The executive summary of this study is found in Tab 8 of your book.

Also, the Biloxi/Pascagoula/Gulfport area is already behind in physicians according to the

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Congressional Research Service, and Congressman Taylor covered this very well. As he said, our community only has 72 percent of the U.S. average of specialty care physicians, only 64 percent of the U.S. average of family and general practice physicians, and 75 percent of the U.S. average of dentists per population. This coupled with the difference we show between licensed beds and staff beds says that the capacity for the local community to pick up the Keesler case load is severely limited. Add to these shortages the reluctance of the hospitals and the providers to take TRICARE results in significant decrease in the medical access and medical care of our military members, their families, the veterans and retirees.

I know we're running out of time, so I'll close very quickly here. The other effects on the community, such as the loss of emergency services during disasters, loss of medical personnel recruitment for the coast, loss of retirees on the coast and the loss of synergies with the Veterans' Administration and the Downtown facilities are all included in Tab 9 of your book. None of these realities were

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considered by the Medical Group in their recommendation.

All of us know, in the military, when you complete a mission, you go back and you take a look at what were the objectives of that mission. What were the targets? Did we hit our target? And the debrief of the Medical Joint Cross Service Group recommendation, such a debrief is very revealing.

On Page 1 and 2 of their report, they come out very clearly and say here are the targets that our group is going to achieve. Let's look at those.

Does it support the war fighter and their families in garrison and deployed? No, it decreases medical access and care.

Does it maximize military value while reducing infrastructure footprint while maintaining adequate surge capability? Absolutely not. It emphasizes buildings and not health care, and it decreases our surge capability.

Maintaining and approving access, does this maintain and improve access to care for all beneficiaries, including retirees, using

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a combination of direct care and TRICARE systems? No, it does not. It does the opposite. It decreases access.

Does it enhance jointness and take full advantage of the commonality in the services' various functions? No, it eliminates existing jointness that you see every day in the Keesler Medical Center.

Does it identify and maximize synergies gained from collaboration and consolidation opportunities? No, it disregards existing synergies with the Veterans' Administration and Downtown facilities.

Does it examine outsourcing opportunities that allow DoD to better leverage the large U.S. health care investments? No, it does not. It doesn't even give us credit for existing outsourcing we have already done.

In every case, they missed their own stated objectives and targets because realigning the Keesler Medical Center is not the right thing to do. We know you will look closely at all of these facts that were gained through actual discussions with the people and facilities involved. In our opinion, there is

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no comparison what the Med Group's one-size-fits-all computer model shows and what is reality. Therefore, we ask you to support our warriors, their families, our veterans and our retirees and remove the Keesler Medical Center from the realignment list.

Thank you very much, and I would be glad to take any questions.

COMMISSIONER HILL:

Thank you, General Griffith. That was an excellent presentation and we will take all of that into consideration. We will, as Congressman Taylor said today, ask for a relook at the value -- we will run our own analysis of that and also ask the Air Force to do the same.

I have no questions for you.

General Turner?

COMMISSIONER TURNER:

Just the one. Just one quick question. I'm not sure who made the comment. Did I hear a reference to new VA hospital?

LT. GEN. GRIFFITH:

New VA Hospital, what the CARES Commission -- one of the recommendations from

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the CARES Commission -- they have been doing this with on-site, by the way, on-site visits down to the coast. One of their recommendations is a consolidation, and the consolidation because, as you're well aware of, we have a VA hospital in Gulfport and also have one in Biloxi. What they were going to do is to consolidate the Gulfport hospital into the Biloxi one and create a larger, if you will, and, quite frankly, world-class improvement that, and that is not a new, although there will be some new buildings that -- to absorb that over in Biloxi, there will be buildings, but not a new VA as such.

And, Congressman Taylor, you might want to add to that, sir.

REPRESENTATIVE TAYLOR:

As I recall, the Secretary for Mississippi as the head of the VA proposed for Mississippi the closing of Gulfport VA, which is primarily psychiatric, Alzheimer's, combat distress disorder. Biloxi VA is more your traditional medical needs, but he was counting on Keesler to pick up a lot of that load when he shut down the Gulfport VA.

So the irony is is one hand of

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the government is saying we're going to close down this hospital but this is going to pick it up; another hand of the government is saying we're going to close this hospital. It certainly leaves the veterans and the retirees on the Mississippi Gulf Coast in a bind.

COMMISSIONER TURNER:

Got it, thank you.

COMMISSIONER HILL:

Commissioner Coyle?

COMMISSIONER COYLE:

Thank you, Mr. Chairman.

General Griffith, I have two what may be dumb questions, so I apologize. I don't have the medical background that General Turner has. I have never been to Keesler, and you've pointed out that the DoD gave it zero points for facility condition, which could make you think that it is a, you know, falling-down, run-down place.

What kind of condition is it in?

LT. GEN. GRIFFITH:

Sir, I was a commander of Keesler, and I would say it is in fine condition. We would not do one hundred

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twenty-eight open heart surgeries in a less-than-satisfactory building. I know Admiral Gehman went through that when he visited, and I think, if I read his comments correctly, it was this is a fine installation and they do absolutely wonderful work.

So our building is in good shape. We have renovated it. There are some things that need to be done. As you get a backlog of projects that become unfunded -- and this has happened to all of us in our military career -- and, yes, Keesler Medical Center has got a backlog of unfunded renovations in that nature. They have a really old dental facility. It is separate from the hospital, but that is one that, yes, we need to go on and fix and we will do that as soon as we can get it funded, but I had trouble when I was looking through this. What does the age and condition of the dental facility have to do with taking the in-patients out of the hospital? I mean, the dental facility is six blocks away. So there is some question there.

To answer your question directly, our building is in fine shape, and I will

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guarantee you, you walk in there, if you needed open heart surgery, you would say, I would do it right here.

COMMISSIONER COYLE:

Thank you, and in one of your briefing charts, you quote Secretary Wynne's guidance that the military departments and Joint Cross Service Group will not recommend to the secretary any closure or realignment recommendation that eliminates the capability to conduct graduate medical education.

LT. GEN. GRIFFITH:

Yes, sir.

COMMISSIONER COYLE:

Is it physically possible to conduct graduate education without these patients?

LT. GEN. GRIFFITH:

No, sir. You cannot have a teaching situation without patients. It is just impossible. Now, one thing that General Taylor mentioned to us, in the Air Force, there are some communities -- and he quoted Wright Patterson and they link up with a civilian institution called Wright State, and they have

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the graduate medical education program Downtown, and so he said, you know, in the community Downtown Biloxi, they can do the same thing. And I checked on the Wright Pat graduate program up there, and, quite frankly, it is a failure from my estimation, and it's a failure because, right now, about the only people they can find to come into there is foreign students on work visas, and I have talked to several commanders that have had these graduates come out, and about the first year, the first thing you got to do is teach them how to be an officer because they're not placed into a military environment and they come out and they are captains and soon to be majors, and they have got to lead and they have been in a schoolhouse environment in a civilian institution and they are not very good.

COMMISSIONER COYLE:

Thank you.

LT. GEN. GRIFFITH:

Yes.

COMMISSIONER HILL:

Thank you again, General Griffith, for the excellent presentation.

LT. GEN. GRIFFITH:

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Thank you, sir.

COMMISSIONER HILL:

I assure you, we will take all your arguments and we will give them some very close scrutiny.

LT. GEN. GRIFFITH:

Thank you, General Hill.

(Applause).

MR. BROOKS:

Good morning, Commissioners, ladies and gentlemen: My name is Jim Brooks. I'm a citizen of Jackson County, Mississippi and a volunteer member of our committee to address DoD and the Navy's recommendation to close Naval Station Pascagoula, a new naval station located on an island within Pascagoula, Mississippi, about a hundred miles to the east of here on the Central Gulf Coast. I look forward to speaking with you this morning.

Our message today is strategic, it's straightforward and it is intellectually sound, and it is the DoD's recommendation to close Naval Station Pascagoula and Naval Station Ingleside abandons the Gulf of Mexico and leaves a huge national security and homeland defense

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gap.

It is that the strategic presence in the Gulf of Mexico is critical to national security and homeland defense. We saw frequent mention in the Navy's report of, quote, both coasts, referring to the East and West Coast. This nation has three coasts and not two, and we believe that this third coast is of at least equal strategic value to our nation and our homeland, and our message is that the military value of Naval Station Pascagoula globally, regionally and locally fills the void. Naval Station Pascagoula is the right choice for anchoring the U.S. Navy in the Gulf of Mexico.

The criteria and the weighting used by DoD and the Navy in calculating military value are perfectly valid for yesterday's missions and threats, not tomorrow's. Had the algorithms used by DoD and the Navy in calculating military value reflected the missions, threats, economic realities and policies of today, we would not be here. Let me explain.

DoD's recommendation is to close Naval Station Pascagoula and Naval Station

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Ingleside, to move all of their assets outside of the Gulf of Mexico and to achieve strategic presence in the Gulf of Mexico by relying on available piers at Naval Air Stations Pensacola and Key West. Since Naval Station Pascagoula and Naval Station Ingleside are the only two U.S. Navy home ports remaining in the Gulf of Mexico, and removal of their assets and personnel to megabases outside the Gulf of Mexico will leave a huge national security and homeland defense gap in the Gulf.

Let me summarize the contribution of the Gulf of Mexico to this nation's commerce, to its trade, to its infrastructure, to its economy and to its well being: 35 percent of the U.S. tidal coastline is represented in the Gulf of Mexico. 63 percent of U.S. import and export trade by volume flows into and out of the Gulf. Fourteen of the top twenty-five ports in the United States are in the Gulf, and two of the top seven ports in the world are in the Gulf of Mexico. Five major cruise ship terminals are on the coast of the Gulf of Mexico, nine major shipyards. Ship repair and offshore structure fabricators are located within reach of the Gulf

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of Mexico, including Northrop Grumman Ship Systems, producer of over 50 percent of this nation's surface combatants and amphibious ships and the most modern non-nuclear shipyard in the country. Critical sea lanes transit, enter and exit the Gulf.

25 percent of this nation's oil production is generated from these near shore and offshore fields. 93 percent of this nation's offshore oil is produced from the Gulf of Mexico and 30 percent of U.S. reserves are in the Gulf. The oil produced by the Gulf region is equivalent to the oil pumped from the Emirate of Kuwait. Consider the headlines recently when a tropical threat in the Gulf of Mexico region caused oil futures worldwide to jump close to two dollars a barrel and you can appreciate the impact of this region not only on the United States but on the world.

30 percent of U.S. natural gas production is generated from the Gulf of Mexico. The world's thirteenth largest natural gas field and the United States' largest is located in the Gulf.

Thirty major oil refineries rim

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the Gulf Coast, including Chevron's largest refinery in Pascagoula. Twenty liquefied natural gas terminals are in place or planned for the Gulf.

Our Gulf contains 33,000 miles of pipelines and over four thousand rigs, including some megarigs capable of producing nearly 10 percent of the Gulf's oil output from a single rig. The top two U.S. states in oil production border the Gulf of Mexico. Twelve nuclear power plants are within a hundred miles of the Gulf shores, and, finally, other critical assets, too many to show, rim the Gulf, including fisheries. 80 percent of the U.S. total in fish and shellfish production is from the Gulf.

Other critical defense infrastructure, defense industrial base facilities and chemical storage facilities, including thirty-six chemical storage facilities located in population centers of a million people or more in states along the Gulf. The magnitude of these statistics compel this nation's attention and the attention of our adversaries, and these assets must compel this

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nation's protection. This infrastructure is critical to this nation's economy, its commerce, its trade, its defense and well being, but is also potentially in the crosshairs of those who may mean or wish to do us harm.

This slide summarizes the magnitude of what I just covered.

Although we, as a community, are not privy to the classified threat analyses in the Pentagon and in Washington, we can't imagine that, looking southward, they don't mention areas such as Central and South America and Caribbean Basin and hot spots such as the Panama Canal and foreign interests in the Canal, Columbia, Venezuela and Cuba. And looking towards the homeland, we cannot imagine that these same threat analyses do not mention many of the infrastructure elements that I just mentioned.

At a time when this threat to the homeland is becoming much more apparent and the U.S. Navy's role in addressing it is becoming clearer, we are removing the U.S. Navy's strategic presence from the Gulf of Mexico. We're not talking about whether a single

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commercial airport or a port is adequately defended. We're talking about whether the U.S. Navy and this nation are adequately protecting the Gulf. The U.S. Navy and this nation maintains a strategic presence in the key hot spots throughout the world, including the Persian Gulf on the Island of Bahrain. They must do so as well in our own Gulf.

On June 24th, after months of preparation, debate and refinement, DoD completed and signed off on its strategy for homeland defense and civil support. DoD now has a basis for organizing its forces, defining missions, threats and scenarios and developing its weapons around the mission of homeland defense. There are some key quotes related to our discussion this morning and to the overall recommendation to close Naval Station Pascagoula that I would like to read. And they are:

Securing the U.S. homeland is the first among many priorities outlined in the national defense strategy.

Terrorists seek to attack the U.S. and its centers of gravity at home and abroad and may attempt to use commercial vessels

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to transport terrorists or weapons to the United States.

Homeland defense and civil support missions require rapid response, often measured in hours and not days.

And, finally, the department can no longer think in terms of the home game and the away game.

Let me discuss how we view strategic presence. It is a full-time, permanent physical presence, twenty-four-hour availability and full coverage in the region, anchoring the Navy and its ships to the operating area. It is complete integration with regional and local government agencies and with the defense critical infrastructure and industrial base, along with it, the benefits of joint training, familiarity, unit cohesion and oneness at the deck plates in order to fight like we train, and it is an ability to respond in hours and not days, with proximity to all critical assets, central location and an ability to rapidly accommodate contingencies in the region, and it is an intimate and sustained familiarity with geography, ports, channels and

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other sea lanes and probable terrorist targets.

Strategic presence is not deploying ships and crews to the region on a part-time and rotating basis, stopping for fuel and shore leave at convenient times and piers and trailing along logistics trail to points outside the Gulf. It is not interacting with the interagency home team on a periodic basis from a distance and it is not occasionally relying on a convenient pier space at Naval Air Stations. A virtual presence is an actual absence.

We strongly believe that Naval Station Pascagoula is the right solution for maintaining a U.S. Navy strategic presence in the Gulf. If you were given this map and the mission profile of homeland defense and asked to ideally locate a strategic presence for the U.S. Navy's Gulf of Mexico home port, absent an island in the middle of the Gulf, you would likely locate it within miles -- just within miles of where Naval Station Pascagoula is today.

Consider that Naval Station Pascagoula is in the perfect location,

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equidistant from all coastlines in the Gulf and at the center of gravity of the Gulf's critical infrastructure and assets. Naval Station Pascagoula is 625 miles from the Texas/Mexico border, 650 miles from the Yucatan Channel, 640 miles from the Florida Straits and the Florida Keys and less than 1600 miles to the Panama Canal.

Naval Station Pascagoula is also 200 miles or a half a day's steaming time closer to the Panama Canal than Naval Station Ingleside, 300 miles or more than a half a day's steaming time closer to the Panama Canal than Mayport, 500 miles or a full day's steaming time closer to the Eastern Gulf Coast than Naval Station Ingleside and 400 miles or a full day's steaming time closer to the oil rich Central and Western Gulf than Naval Air Station Key West.

These differences translate into critical hours to respond, which translate into an increased level of preparedness, responsiveness, presence and national security, and this can only be achieved from Naval Station Pascagoula's central location.

Today, Naval Station Pascagoula

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is also the central U.S. Navy -- is also the node for the U.S. Navy's network centric operations in the Gulf. It is the single ForceNet node in the Gulf for integrating all sensors and surveillance systems focused on the Gulf, on the Gulf's littorals from the coasts to the Panama Canal. It is charged with developing this data into a coherent picture and distributing it to all users. Naval Station Pascagoula today is home port for ForceNet.

Quoting again from DoD's policy for homeland defense: Homeland defense and civil support missions require a rapid response, often measured in hours and not days. In the Gulf region, to meet this charge, there is no other strategic site as ideal as Naval Station Pascagoula.

Reducing elevation to the regional level, Naval Station Pascagoula is ideally located to continue to be a strong participant in the interagency team. Key players included on this team include U.S. Coast Guard New Orleans, Gulfport, Pascagoula and Mobile, Naval Air Station Pensacola, Eglin, Keesler, and Tyndall Air Force Bases, Camp

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Shelby, the Seabee Combat Readiness Training Center in Gulfport, Northrop Grumman Ship Systems, the instrumented air and sea training ranges spanning the Northeast Gulf of Mexico and numerous Federal and State agencies, including Customs, DEA, FBI and local law enforcement.

The area is also rich in critical defense infrastructure and industrial base facilities, including Northrop Grumman Ship Systems, as I have mentioned, Rolls Royce Marine, this nation's sole supplier of aircraft carrier propellers, and Northrop Grumman's premier UAV manufacturing facility in Southern Mississippi. A shipyard and supplier base with significant potential to share assets and services with Naval Station Pascagoula is within yards of the naval station.

We have discussed the benefits of an entrenched full time and daily interagency cooperation when we defined strategic presence. These benefits simply cannot be attained from a distance, by remote access or with part-time interaction.

To cite another quote from DoD's homeland defense policy: The department can no

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longer think in terms of the home game and the away game. There is no substitute for living, eating, breathing and practicing with the home team. Naval Station Pascagoula must remain a part of this home team.

I will now briefly focus on some of the many fine attributes of Naval Station Pascagoula today. Pictured here on this slide is Naval Station Pascagoula, immediately adjacent to Northrop Grumman Ship Systems just to the north. Naval Station Pascagoula is located within the City of Pascagoula. Surrounding Jackson County embraces the naval station from the east, the west and the south.

Naval Station Pascagoula, material condition is C-1. The base is in prime condition. It is a relatively new base, quoting Admiral Clark from just a few weeks ago.

It is a geographically secure 437-acre island with single-point access within a protected sound and with an unrestricted deep-water channel, 11 miles to open water.

It has a very low facilities cost of operation and a low cost of living community, the lowest of all candidates evaluated by the

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Navy in the Gulf of Mexico region.

And, as I have mentioned, the Naval Station is co-located with Northrop Grumman Ship Systems with the potential to leverage and share shops, facilities, drydocks, people, training, hazardous material disposal and other facilities. A drydock with 45,000 ton lift capacity, enough to lift today's amphibious ships, sits within yards of Naval Station Pascagoula, a factor for which Naval Station Pascagoula received no military value, and today it is sharing facilities, piers and infrastructure with four ships and three hundred personnel of U.S. Coast Guard Station Pascagoula. In fact, as we speak, the Coast Guard is constructing new and additional facilities on the island.

Naval Station Pascagoula is a fully capable home port, not just a pier in another DoD facility. In its report, the Navy stated that it could achieve presence along the Gulf Coast by utilizing the piers at Naval Air Stations Pensacola and Key West. Putting aside Key West and its disadvantageous strategic location in the far southeast corner of the

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Gulf, far away from the Gulf's center of gravity, Naval Air Station Pensacola shares some benefits of strategic central location with Naval Station Pascagoula but, comparing Naval Station -- Naval Air Station Pensacola to Naval Station Pascagoula is comparing a pier to a fully capable home port.

25 percent of Pensacola's piers were judged substandard by the Navy. There is no ship maintenance activity to handle repairs from minor to major, such as an urgent change-out of a ship's gas turbine engine. There is no co-located Coast Guard; there is no adjacent shipyard or drydock; there is no pierside ordnance handling capability; there would be no permanence or assimilation with the homeland defense team. The question is not why not Pensacola but why Pensacola.

Although these characteristics are important, I submit that the debate should first form around strategy, policy, requirement and threats. Then, if it's determined that such malleable characteristics as pier size, quay wall length, channel depth and shorter distances to East and West Coast ports are more important

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than strategic and central location, jointness, network centricity, flexibility and response time, so be it.

Today, Naval Station Pascagoula is excelling in its mission in performing its role in home porting ships, supporting ships as an interagency partner in homeland defense and as Gulf of Mexico's home port for ForceNet. This is exactly the role it should be playing today and well into the future.

Its central and secure locations and its new facilities are ideal for home porting the Navy's surface combatants today, and, tomorrow, Naval Station Pascagoula would be the ideal home port for surface combatants and the Navy's new small and fast littoral combat ships, which, according to the Navy's own plan, will be prepositioned in strategic locations throughout the world. The LCS will rely on speed, prepositioned and reconfigurable mission modules and limited endurance to respond quickly to regional threats, tailor made for the central location of Naval Station Pascagoula.

The naval station is right sized now but has an additional hundred acres above

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ground for growth and one hundred thirteen submerged acres available for growth in pier space and quay wall length, and it would require minimal investment to accept additional growth in the U.S. Navy's homeland defense mission. In supporting ships, it has shown its mettle by participating in battle damage repair of the USS COLE, and, today, the naval station is providing housing on the island, at the adjacent lakeside facility and in surrounding Jackson County, for up to eight hundred fifty members of precommissioning crews from ships in construction at Northrop Grumman Ship Systems, a number that will grow to over fifteen hundred in the near future, and that was significantly underestimated by the Navy in its analysis.

As the landlord for the U.S. Coast Guard and as representative on the interagency team, Naval Station Pascagoula is also ideally facilitized and positioned for supporting growth in the Coast Guard integrated deep-water mission. This role could not be reconstituted if the naval station were to close.

It is right sized for the mission

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it is performing today but it also has the flexibility and growth capacity for the future. Giving up this opportunity, this site and this station would significantly reduce the ability of our nation to reconstitute it when and not if it is needed.

Naval Station Pascagoula and the surrounding community that makes up Jackson County, Mississippi epitomizes the home port concept. It is hard to see where the Naval Station ends and the community begins. The naval station is totally assimilated within Jackson County. The community of Pascagoula and Jackson County have expanded and wrapped themselves around the facility over the years. And this community has responded efficiently, quickly and thoroughly to emerging needs of the naval station with new schools, new housing and large hospitals and other needs. We have grown together and we hope to continue to do so in the future.

The direction given to the Navy in developing their recommendations required that they, quote, use military value and other criteria as specified and also provide a force

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structure plan based on the assessment of probable threats to national security.

The Navy's own force structure plan as submitted states: Areas in Central and South America have provided havens for terrorists, criminals and insurgents and other groups that threaten global security. Irregular challenges in and from these areas will continue to grow more intense over time and are likely to challenge the security of the U.S. for the indefinite future. We do not dispute this direction but we do dispute the findings.

Had the algorithms developed and utilized by DoD and the Navy in implementing this direction and calculating military value included the policies, missions and threats of today, we would have had a different outcome. The principal premise used by the Navy in evaluating military value was to place the most weighting on East and West Coast presence, on megabases, on a forward deployed mission and projecting power abroad, on a proximity to a nuclear capable shipyard, on the ability to berth nuclear aircraft carriers and home port ballistic missile submarines, on distance to the

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50-fathom curve and on sheer acreage, throughput and pier space. These criteria and weighting are perfectly valid for yesterday's missions, as I said earlier, and threats, not tomorrow's.

Had these algorithms instead evaluated the strategic value of the Gulf of Mexico to the U.S., Naval Station Pascagoula's strategic value above its acreage, response time in the Gulf over real estate, distance to critical assets versus distance to the 50-fathom curve, ranked the U.S. Navy's homeland defense mission at least equal in value to being forward deployed, recognized that this country has three critical coasts and not two, measured proximity to homeland assets and fully capable shipyards over proximity to nuclear capable shipyards and ranked the value of strategic presence and location above pierspace, we would not be here today. As I stated earlier, we do not dispute the direction, but the algorithms, weightings, the criteria used were focused on the wrong threats, missions and policies.

Following are quotes taken directly from the evaluation criteria used in scoring and assessing military value. We have

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performed our own assessment on the impact of closing Naval Station Pascagoula and on military value using the criticality of the Gulf, the mission of homeland defense and the threats of today. I will emphasize three of the most critical areas and they are as follows: Closing Naval Station Pascagoula results in the reduced current and future mission capabilities and reduces operational readiness by removing assets and treating the Gulf of Mexico as a part-time obligation in favor of East and West Coast presence and by utilizing convenient piers in the Gulf. It eliminates the benefits of central location and it significantly increases time to respond to threats in the Gulf region by adding critical hours or days. Closing Naval Station Pascagoula would significantly hamper joint war fighting, training and readiness for all the reasons mentioned prior in this presentation by being a part-time member, at best, of the interagency team, and this nation's ability to accommodate contingencies, to rapidly mobilize in the Gulf and to meet future force level requirements in performing the homeland defense mission would be reduced with the removal of the

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strategic presence of the U.S. Navy in the Gulf gained through the central location of Naval Station Pascagoula.

The cost analysis performed by the Navy analyzes costs between Naval Station Pascagoula and Naval Station Mayport. Our differences between the Navy's analysis and our own could be cited here and debated, but, in the scope of things, they're relatively minor. Stripping away personnel cost savings, which could be realized whether this particular base were closed or not and which represented about 85 percent of the total savings, the operating costs of Naval Station Pascagoula are less than eight million dollars a year: A small amount to maintain, retain and grow the U.S. Navy's strategic anchor in the Gulf.

Realistically and honestly, the true and correct cost analysis that should have been performed would be the cost of maintaining Naval Station Pascagoula versus the cost of maintaining a part-time presence in the Gulf by rotating ships and crews deploying from Mayport or points beyond, trailing a logistics tail to points outside the Gulf and relying on

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convenient piers at naval air stations within the Gulf. Using even today's gas prices, this would have resulted in a different outcome.

As I stated earlier, the debate should first form around strategy, policy, requirements, missions and threats, and feasible candidates for anchoring the Navy in the Gulf should be compared and analyzed. Then we're confident that Naval Station Pascagoula will emerge as the most viable solution for this region and for this nation.

This analysis should have included the Gulf of Mexico in its field of view, looking through the lens of the mission of homeland defense with proper focus on the strategic value of Naval Station Pascagoula.

In conclusion, I would like to restate the point I made at the outset of this presentation and that is the DoD's recommendation abandons the Gulf and leaves a huge national security and homeland defense gap, and Naval Station Pascagoula fills the void. As DoD stated in their homeland defense policy, securing the U.S. homeland is first among many priorities. Globally, Naval Station Pascagoula

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is geographically central to the Gulf's assets. Regionally, Naval Station Pascagoula is entrenched with the interagency home team today and can leverage its proximity to Northrop Grumman Ship Systems and is sharing overhead with the Coast Guard, and, locally, Naval Station Pascagoula is a new and secure facility, right sized and totally assimilated within the community.

We understand that this process is about making very hard decisions, decisions that impact communities, lives, jobs and, as we have shown, homeland defense, national security and our nation's assets. We also understand it is about saving taxpayers money and right sizing the DoD footprint. But we also believe the process is about making the right decisions, forward looking and proactive decisions that recognize today's and tomorrow's missions and realities and that will have an impact on national security and the homeland defense, and, unfortunately, we are regularly reminded that a well coordinated threat to our nation's infrastructure and to our homeland is very real.

For the reasons we discussed this

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morning, the decision to recognize our third coast, to recognize the ideal strategic location of Naval Station Pascagoula and to keep the naval station open and thriving as a strategic asset anchoring the U.S. Navy in the Gulf of Mexico is the right decision.

Included as backup to this presentation is some additional material on our community, copies of the material provided to you during your visit to Naval Station Pascagoula last month, a copy of DoD's strategy for homeland defense and civil support and a transcript of my remarks.

Thank you very much for your time and attention. The team and I would be happy to take any questions that you have.

COMMISSIONER HILL:

Thank you, Mr. Brooks. That was another excellent presentation, and several of us in other hearings have discussed this same issue of the strategic value of the Gulf of Mexico and the fact that, in point of -- we are, in fact, if we take all the recommendations, moving out of there. And we find that of great concern. I personally find that of great

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concern.

Do we have any questions? Mr. Coyle?

COMMISSIONER COYLE:

Thank you, Mr. Chairman.

Mr. Brooks, when I was in the Pentagon, I was involved in several very realistic joint training exercises that took place right in your backyard that brought together the Army from Camp Shelby, the Air Force from Eglin Air Force Base and Tyndall, and the Navy in the Gulf.

In your view, in the scoring for this BRAC round, did Naval Station Pascagoula get proper credit for this joint training capability?

MR. BROOKS:

I don't recall any specific criteria that addressed the joint training with the other services in the region, other than recognized specific distances to training facilities, so -- and I'll ask anybody on my team for additional support here, but I don't recall, in looking through the criteria, and I have been through it fairly detailed, that there

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was specific credit given for training with either -- any of the -- you mentioned but also with the Coast Guard.

COMMISSIONER COYLE:

Thank you very much.

COMMISSIONER HILL:

Thank you.

MR. BROOKS:

Thank you.

(Applause).

COMMISSIONER HILL:

Please go ahead. I'm sorry.

UNIDENTIFIED SPEAKER:

Commissioner Hill, I notice Commissioner Turner --

COMMISSIONER HILL:

She will be right back.

MR. HARRAL:

Thank you very much, Commissioner Hill and Commissioner Coyle, and, in her temporary absence, Commissioner Turner, for this opportunity to address the issue with regard to the Department of the Navy Human Resources Service Center-Southeast, which is located at the NASA Stennis Space Center in Hancock County,

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Mississippi.

Now, Stennis Space Center is a Federal installation, a unique and secure environment located on over 14,000 acres in South Mississippi, and that fact is critical to the analysis which we're asking you and your staff to make of the Department of Defense's recommendation.

My name is John Harral. I serve on the Board of Directors of Partners for Stennis, a group of community leaders from Mississippi and Louisiana who support Stennis Space Center. Joining me today is the chairman of Partners for Stennis, Mr. Chuck Benvenutti, a CPA and regional community business leader. We are both volunteers, as are all members of Partners for Stennis.

What is the Navy Human Resources Service Center-Southeast? It is one of six Navy HR centers in the United States. Its one hundred fifty employees serve almost thirty thousand Navy and Marine Corps civilian employees in ten southeastern states, Puerto Rico and Cuba.

DoD has recommended that the

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Navy's HR Center-Northeast in Philadelphia and the HR center at Stennis be realigned and consolidated at a new -- and I emphasize new -- facility to be constructed at the Naval Support Activity in Philadelphia, Pennsylvania. That, of course, is the Old Naval Shipyard in South Philadelphia.

Consolidation is, indeed, needed to streamline our military services, just as consolidation is needed in the civilian business world. We recognize that. Indeed, we believe that consolidation of the Navy's Human Resources Centers, Northeast and Southeast, is a good idea which will achieve significant savings in the Navy's HR operations. However, DoD's recommendation to locate the new, consolidated HR center is the wrong recommendation for the wrong reasons, reached by relying on inaccurate information or failing to consider relevant and material facts. Today, we will present to you a compelling case for consolidating the Navy Human Resources Centers-Southeast and Northeast at Stennis Space Center in Mississippi.

Mr. Benvenutti will make the case.

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MR. BENVENUTTI:

Good morning.

I served in the U.S. Navy for three and a half years active duty and, then, several years active reserve. I worked for the Treasury Department as an IRS agent for three and a half years. I opened my own CPA practice in 1982.

I understand costs and the need to provide quality service. I also understand the need to base our decisions on correct information.

We respectfully submit the Department of Defense recommendation to move Human Resource Service Center-Southeast is wrong and based on false assumptions. The DoD assumes that Southeast is the typical leased installation: It is lower in quality; it's unavailable for expansions; it's less attractive in terms of jointness and synergy. DoD also assumes that Human Resource Service Center-Southeast needs additional force protection, two million dollars. The flawed assumptions, therefore, make Human Resource Service Center-Southeast appear to be more

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costly, less secure than a proposed facility that would be located at Naval Support Activity, Philadelphia.

The recent GAO analysis, Page 159 of their report, agrees with us. There is a flawed assumption.

Human Resource Service Center-Southeast is not a typical leased installation. DoD owns the installation. It is co-located with five other Navy installations. The facility base has a Level 1 security rating, and the Navy installation is rent free. The Navy does pay its share of the operating costs, currently twelve dollars and fifty-three cents a square foot, which is among the lowest in the nation. This is approximately 50 percent lower than the proposed Philadelphia site.

The facts: Human Resource Service Center-Southeast is less costly, more secure and has a higher military value than the proposed new site at Philadelphia. DoD did not consider current, accurate and complete data about Human Resource Service Center-Southeast during its BRAC deliberations. That data clearly demonstrates that the recommendation to

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move Southeast substantially deviates from the BRAC selection criteria.

These are the facts we would ask you to consider. The building at Stennis, Human Resource Service Center-Southeast, is an outstanding, state-of-the-art facility completely renovated in 1999. It has high-density storage space; it is located on a Federal secure property; and there are no rental charges.

This is an aerial of the 14,000 acres. Human Resource Service Center-Southeast is situated on this 14,800-acre Federal facility surrounded by a 125,000-acre buffer zone, and, in the picture that you've got over here, that is the full 125,000 acres, and, then, the facility is actually in the middle of that.

Stennis is located on the Mississippi Gulf Coast near New Orleans, 40 miles to the east from here. It is America's largest rocket test complex. Stennis is a unique federal and commercial city comprised of NASA, the Navy Oceanography Command, more than thirty Federal, State and academic private

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organizations and numerous technology-based companies.

If you look at the slide on the Power Point, the green space is the available space for expansion. That is 14,000 acres -- 14,800 acres, and there are thousands of acres of expansion availability there.

Consolidating Southeast and Northeast at Stennis is more cost effective. The COBRA models -- and that is where we get most of our information -- show that the Navy plans the renovation of a former warehouse in Philadelphia to the tune of 8.7 million dollars. For three million dollars, we can expand the current location. That is a savings of 5.7 million.

This is a picture of the top-rated center in the Navy, based on their own scoring. Human Resource Center-Southeast currently has one hundred fifty personnel, but the building was designed for two hundred thirty. It can handle two hundred thirty today. That means eighty of the Northeast group could be moved in today. It also means that, with a 20,000 square foot addition, three million

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dollars, we can bring the rest of them in.

What does this do for the Navy? It will improve the human resource performance during the consolidation. There again, the Navy is planning on moving to Downtown Philadelphia to the new Naval Support facility, all right; then they're planning on moving Stennis up to Philadelphia. This keeps the top-rated Navy Human Resource Center in operation during this time. We have got room for eighty of the people, and it works -- it makes sense.

Cost is not the only factor in favoring Human Resource-Southeast's Stennis location. Military value scores: Southeast has the highest military value score. It is higher than Northeast; it is almost double the score of Northeast, and, then, if we take a real important factor in, this leased space problem that the Navy has, and if you adjust that and recompute the numbers, it kicks our score up even higher, quality installation.

Force protection: Stennis, the NASA facility, is a Level 1 security rating. It is 14,000 acres. It can't get any more secure. That is the 14,000 acres in the middle, the

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125,000 acres around it.

Jointness and synergy: Human Resource Service Center-Southeast is located with several other naval tenants. Some are the Special Boat Team 22, the Naval Seals, also the Navy Small Contract Instruction/Technical Training School. Both of those groups belong to the Special Operations Command. Stennis also just won a national competition for the new NASA Shared Service Center, the new human resource service center for all of NASA, a competitive bid. Stennis is now -- will be the national consolidation site for all the administrative activities for all of the NASA locations and headquarters at Stennis.

MR. HARRAL:

In summary, I would like to say the DoD's recommendation to consolidate the two HR service centers in Philadelphia substantially deviates from three major selection criteria because DoD did not properly consider current, accurate and complete data. First, DoD failed to consider the superior force protection and joint operations of the Stennis Center, resulting in a substantial deviation from

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Criteria No. 1.

2, DoD failed to consider the superior availability of land for expansion and the excellent condition of the existing facilities at Stennis, resulting in a substantial deviation from Selection Criteria No. 2.

And, 3, DoD failed to consider accurate data on both costs of operations and the costs of realignment, resulting in a substantial deviation from Selection Criteria Nos. 4 and 5.

HR-Southeast is currently located in an outstanding facility that offers high military value, offers operating costs among the very lowest in the nation and provides greater security than the proposed site at NSA Philadelphia. As Mr. Benvenutti demonstrated, consolidation is the right decision, and HR-Southeast is the right location for the newly consolidated HR Center because of lower consolidation and operating costs, better existing -- significantly better existing infrastructure, greater expandability at lower costs and superior force protection.

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NASA Stennis Space Center is the most cost effective and secure location to consolidate the Navy's Southeast and Northeast Human Resource Centers. The Navy saves at least 5.7 million dollars off the top by not renovating an old warehouse in South Philadelphia. Now, that is real money; that is immediate savings. Add that to the savings over the future operations of the center and that money could be used to train our military forces, protect our soldiers and sailors in combat.

In addition, the Navy will maintain higher levels of performance by having its No. 1 HRC facility stay on line and fully operational at all times during the consolidation. Now, Mr. Benvenutti and I are in the enviable position of saying that you don't have to take our word for it. As was pointed out by Mr. Benvenutti, GAO's report shows the substantial deviations by DoD. As Lieutenant Governor Tuck pointed out and Mr. Benvenutti pointed out, NASA's recent decision to locate its shared services center, and they made that decision in a very, very tight competition. The

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short list included facilities in Ohio and in Alabama and Florida, and NASA decided to locate its shared services center at Stennis for many of the same reasons that you should decide to locate the Navy HR Center at Stennis: Greater security, significantly lower costs, first-class infrastructure. And Stennis won a hotly contested competition, and you don't have to take our word for it: Ask GAO and ask NASA.

I would say that, frankly, the evidence is so compelling that it makes you ask how DoD could miss the boat on this. And I suppose that, compared to the closing of old bases or closing down air wings, consolidation of two centers is a small matter, but I know that we all agree that, large or small, DoD must follow its own procedures, must follow the law without deviation and consider all relevant facts. We don't think the DoD did that in this case, and we think, upon your review, you will agree with us.

In conclusion, we ask the Commission to fairly and fully review the DoD recommendations in light of the facts we have presented to you today. Such a review will lead

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you to the inevitable conclusion that DoD has deviated substantially from its own criteria. As a result, DoD's recommendation should be rejected, and the Commission should substitute for that recommendation the decision to consolidate the Navy's Northeast and Southeast HR Centers at Stennis Space Center in Mississippi.

We thank you, and we would be happy to take any questions you have.

COMMISSIONER HILL:

Thank you again. That was an excellent presentation.

Yes, sir.

MR. BENVENUTTI:

Commissioner Hill, if you will, we tried to cut our presentation down but, in the brief, there is a bit more details in there.

COMMISSIONER HILL:

Okay. We will take all that on and --

MR. BENVENUTTI:

Appreciate it.

COMMISSIONER HILL:

-- one of the staff passed me a

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note. We will look into our legal ability to do the recommendation that you have discussed. I'm not sure that it is there at this point.

MR. HARRAL:

Thank you.

MR. BENVENUTTI:

When we looked at what were our options, it made sense for the Navy to consolidate, that made sense but, then, what were the options from coming from Stennis from our end. To say to don't consolidate didn't make sense from a cost situation; it makes sense to consolidate. So our only other option that we could come up with was to compare the two.

COMMISSIONER HILL:

I understand. I understand exactly what you're doing. Thank you very much.

MR. HARRAL:

Thank you, sir.

(Applause).

REPRESENTATIVE PICKERING:

To all the Commissioners, I want to thank you for your presence and for listening and for your service, and I know that this is not an easy mission, and you do not receive

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combat pay, but I know, as you go across the country, the emotions are high and the stakes are even higher. Your responsibilities sober me. Our responsibilities are sobering as we try to make the best decisions to structure our military so that we can be ready and we can respond to the threats of the future.

I am very proud today to be part of a team representing the 186th Air Refueling Wing in Meridian, Mississippi at Key Field. I am very proud to serve with a great team of leaders in Mississippi, from Governor Barbour to Lieutenant Governor Amy Tuck, Gene Taylor and the rest of the congressional delegation, Trent Lott and Thad Cochran. You know, Sonny Montgomery represented the district before I did, and just up the road, in Dekalb, Mississippi, John Stennis, the father of the modern Navy. You could say that Sonny Montgomery is the father of the modern National Guard and Reserve.

One of the Commissioners mentioned a while ago how many facilities we have in our state, from Camp Shelby, Keesler, Home Port Pascagoula, the shipbuilding. We

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train about 60 percent of all the pilots who fly in Afghan and Iraq at Columbus Air Force Base in NAS Meridian. We do have a great tradition of military support, patriotism and delegations that do everything they can to invest in the finest facilities for our men and women in the services, so it is in that context that we seek to follow the examples of Sonny Montgomery and John Stennis.

We serve in their shadows. If you know about SEC football, it is kind of like trying to follow Bear Bryant and John Vault at the same time. It is not easy but it does give a very high standard.

The Key Field at 186th, I don't know if you know this, it is the birthplace of air refueling. The Key Brothers, in 1935, set the long-distance record which still stands today of twenty-seven days aloft. They were flying in a little plane called the Spirit of Ole Miss and they ran a garden hose from one plane down to the other. And it has not been broken, it was not -- you can only say that, until we went into space and we began to orbit the earth, the long-distance record was not

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broken and we would say, in the traditional sense, we still hold the record, so it is with that heritage and in that context that our mission is so loved and supported by the community.

Now, our community today, you will hear from a team of volunteers that represent over two hundred years of military experience. I want to thank my staff, Mike Lipski (phonetically spelled) and all the staff that worked to present you the information.

I decided to stay seated at this table so that I could look directly and you did not have to crane your neck because I see us as on the same team. It is not that -- you're independent -- so your objectivity is compromised. But our mission, yours and ours, is to give you the best information so you can make the best decision in the national interests and, in the case of the 186th representatives, the BRAC recommendations, we believe flawed analysis led to a flawed recommendation, and what we want to do is fill in the blanks. If there is long-distance intelligence of satellites and aerial, what we're going to give

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you is on the on-the-ground eyes and ears of those who know best what is happening in the mission that we provide from the 186th.

There is several things I want you to remember. If you're looking from a refueling principle, that is, getting energy and fuel to our men and women who serve to carry out their missions, and whether it is on the ground or in the air, there is one principle that has always guided refueling strategies military, and that is optimal proximity, and if there is nothing else that you take from this gathering today, remember optimal proximity.

What does that mean? That you are the closest to the mostest at the lowest.

What does that mean? If you take a 250-mile radius, which is the Air Force standard, and you count how many units that will receive the refueling from the 186th, nowhere else in the country will you have more units or more clients to receive the fuel than the circle around the 186th. That is a BRAC and Air Force standard that has been violated in this particular case.

If you look at the ratios, the

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optimal ratio is 1 refueler to 5.5 receivers. If you follow these recommendations, the southeast will go to one unit -- one refueling unit to 17.7 receivers. It is the most imbalanced region in the country. Everywhere else, the northeast, the Midwest, the northwest, the southwest, are either at that standard and below. The southwest is the one exception, 9 to 1, so out of -- as imbalanced in a 3 to 1 ratio.

We have the most optimal facilities, most optimal location, most optimal facilities that, thanks to Sonny Montgomery and others, were specifically constructed for the KC 135s and the refueling mission. We are the only place that has a hangar for two KC 135s.

We can upgrade our facilities to meet the optimal size of sixteen that the Air Force has set at the lowest cost -- let me repeat that -- we can do it at the lowest cost according to the Air Force's own numbers. The other three places that they are recommending to move, they are either at a forty-five million, a thirty-five million or a seventeen million, if I remember my numbers correctly -- excuse me -- at twenty-seven million, and the upgrade military

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construction cost at Meridian would only be eleven million. So we can upgrade at the lowest cost.

We meet a mission of the most receivers of anywhere else in the country, and there is a saying in real estate: Location, location, location. We're the midpoint of the south, the fastest growing region in the country; we are the crossroads of the south, but, from a military point of view, we are the strategic center of being able to fly the missions, whether it is to refuel our fighter pilots in training or the other missions that are so critical. We have the highest op tempo personnel in the country and the fifth in operations, so we are a very effective unit with the best facilities and the best location in the country, and it is a critical mission with a critical heritage and critical and vital legacy, loved by the community and supported by the community. And we can build and grow that better at a lower price than anywhere else in the country.

We want to make sure that you look at what the community has put together, and

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I am proud to introduce the person who is going to tell the story and present the facts and the numbers that I believe will allow you to make the very best decision for our national security. I would say that, if you look at the Pentagon's own numbers, over a twenty-year period, it is only two million dollars in savings.

What you will hear today is that there are tens and millions of dollars that were not accurately reflected in fuel differential cost, in MilCon cost, in training costs and in other costs it would take to relocate key equipment that were not considered. It costs more; it leaves a military value strategic gap in the fastest growing region in the country. Just like we leave a gap in security with the Pascagoula home port, in the refueling mission, we would leave a strategic gap across the southeast.

I hope that you consider the information that we present. Our staffs and the team here are willing to work with you in any way, provide you with information so that you can make the very best decision.

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And, now, I would like to turn the presentation over to Langford Knight. He will be the presenter. He is a lieutenant colonel, recently retired, and he has served as airman in the 186th for thirty-four years. He has accumulated over ten thousand hours flying jets on both ends of the boom and was Detachment Commander for the 186th during the Afghan war. He has been enthusiastically chosen as the spokesman for our team today. And I think that, as you listen to what he will present and you consider the heritage and the mission and the numbers of the costs that we would be sacrificing for other, more pressing military needs and the fact that we can carry out with the highest military value in the best strategic way, that the 186th should continue with its current mission.

Thank you very much.

(Applause).

LT. COL. KNIGHT:

Thank you, Congressman Pickering. Good morning, Commissioners.

Today, we will show that the Air Force tanker basing proposal substantially

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deviates from BRAC criteria, how much these deviations will cost and we will offer a simple solution to fix it. Much of this presentation will focus on air refueling training for pilots of receiver aircraft. Properly basing tankers to efficiently support this training saves money and enhances readiness. The Air Force calls this optimal proximity.

Let's open with a practical, customer-oriented approach to tanker basing. If you were deciding where to place a tanker force, you would first want to know where the receivers or the customers are, how many there are and what their requirements will be. This chart shows the location and total number of active duty Air Force, Guard and Reserve fighters, bombers and air lift proposed in the DoD plan.

Then, you would want to place your tankers in optimal proximity to those receivers. DoD defined optimal proximity as airspace within 250 miles of your base. This blue ring shows how much range is covered by that distance. Ideally, you would like to take off, climb to altitude and start refueling. Any additional time spent in transit is not

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training; it is driving. It is not readiness; it is waste. That is why proximity matters.

In a perfect world, you would like to distribute your tankers to provide complete coverage with minimal overlap, and the number of tankers in any geographic location would match the receiver requirements. Even though we don't live in a perfect world, we should strive for efficiency.

Here is what the DoD proposed as their tanker basing plan. Notice here that some regions have not only inefficient, overlapping coverages but also far too many tankers for the small number of customer training requirements while other areas are not covered at all.

Nationally, you can see the ratio of tankers to receivers is 1 to 5.5. Let's break that down by region. In the northeast, the ratio is one tanker for every two and a half customers. In the Midwest, the ratio is a tanker for 1.4 receivers. In the northwest, the ratio is 1 to 4.2. In the southwest, the ratio is one tanker for every 9 receivers. But here in the southeast, the ratio is 1 to 17.7. In other words, there are twelve times more tankers

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per receiver in the Midwest than there are here in the southeast.

Compounding this southeastern tanker-to-receiver imbalance is the DoD proposal to increase the number of refueling customers by 12 percent to make use of the Gulf Coast training areas. This decision follows Air Force Basic Principle No. 1 that, once again, emphasizes proximity to training areas.

In the DoD proposal, many southeast units will robust, and Eglin Air Force Base has been chosen as the home for Joint Strike Fighter training for the Air Force, Navy and Marines. You will also notice that carrier battle groups will be using the Gulf Coast ranges and airspaces for training since Vieques, Puerto Rico has closed. Although we do not specifically here discuss the increased Navy/Marine Corps air refueling requirements in the region, they should be a factor in any tanker basing plan. Currently, tankers are based at Key Field, Birmingham, Warner Robbins, Knoxville, Seymour Johnson and MacDill to service this region.

But here is what DoD proposes.

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Instead of increasing the number of tankers in the region to support a 12 percent growth in receivers, there is a 23 percent loss in air refueling assets. This gap in coverage substantially deviates from BRAC criteria by negatively impacting training and operational readiness.

Even during time of war, most units' resources are spent on training and readiness. Since 9-11, approximately 70 percent of our own unit's funding was used on training, and that is where we should demand efficiency. We will deploy wherever and whenever for contingencies, but contingencies are unpredictable. Training, that is the one area where we can predict and control costs. This is where we must apply the Air Force principles of optimal proximity.

In addition to the geographic flaws in the DoD tanker basing proposal, their plan substantially deviates from Military Value Criteria No. 4, the cost of operations and manpower implications. Let's focus on some of the costs that were not considered in the proposal to realign Key Field.

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The first and largest is the fact that the shortage of tankers in the southeast will dramatically increase the number of flight hours and the amount of fuel burned per sortie to the coastal training areas. According to the Systems Program Office at Tinker Air Force Base, the cost of operating a KC 135R model is nine thousand dollars an hour. Flying missions from bases that are twice as far away as Key Field will average at least one extra flight hour per sortie. Remember, this extra transit time is not readiness; it is waste.

Last year, Key Field tankers flew three hundred sixty local training sorties. Three hundred and sixty sorties times an extra hour per sortie equals 3.2 million dollars a year or sixty-four million dollars over the twenty-year payback period. That is a big number, but the actual cost savings in the future will be even greater due to the addition of the Joint Strike Fighter training and the carrier battle groups training in the region.

Even if the next closest tanker unit at MacDill could absorb half of our requirements, who would fulfill the hundreds of

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sorties flown each year by Birmingham and Warner Robbins? Simply put, adding four more tankers at MacDill will not offset the loss of twenty-nine tankers in Mississippi, Alabama and Georgia.

By comparison, the DoD plan estimates that consolidating Key Field tankers to larger bases would save only two and a half million dollars over twenty years. The fact that the projected savings will never exceed the costs is a substantial deviation of Selection Criteria 4 and 5.

But even more important than fuel or flight hour costs, realigning Key Field's tankers would mean the loss of most of its combat-experienced aircrews and maintenance personnel. Our average pilot has over forty-three hundred flight hours and thirteen years of aviation experience. Our average boom operator has eleven years and twenty-six hundred hours of experience and our average maintenance technician has been working on aircraft for sixteen years.

While the Air Force assumed that Guard pilots would follow their realigned

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airplanes, only eleven of our thirty-eight pilots fly for the airlines. The rest live and work in our local community, and it is unlikely they would travel to Bangor or Milwaukee for a part-time job at their own expense. Since it costs over four million dollars to train a pilot, the loss of just one of our thirty-eight pilots would nullify the DoD's proposed savings over the twenty-year payback.

In addition to the costs of fuel, flight hours and manpower losses, let's look at military value ratings. We believe the process used to arrive at military value ratings asked the wrong questions which led to illogical conclusions.

For instance, when scoring infrastructure, the DoD data call asked how many square yards of apron do you have, but what they really needed to know was how many airplanes can you taxi in and out and park, how much contiguous ramp space do you have. No consideration was given to a ramp specifically designed for the tanker and its mission.

In the BRAC data calls, proximity to airspace supporting mission accounted for

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39 percent of the total tanker score, three times more than any other single factor. Bases were awarded maximum points for refueling tracks within 250 miles. These refueling tracks are primarily used by heavy airplanes, but no credit was given for fighter refueling space or airspace, even though two-thirds of our customers are fighters. The data call should have asked how many receivers are within optimal proximity and how many other tanker units already serve that same area. Had they asked those questions, they would have found that Key Field is in optimal proximity to more receivers than any other Guard, Reserve or active duty tanker base in the country.

The weakness in the DoD tanker proposal and the costs associated with it are clear. The solution is as well. Not only is Key Field closer to more receivers than any other tanker base in the nation but, today, twelve KC 135s can taxi in and out of our ramp, requiring no towing or runway crossings, and five more can be parked on the site. If right sizing is what the Air Force wants, you could fly three more jets to Key Field tomorrow

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morning and have an operational twelve aircraft squadron in the afternoon with minimal costs. And the Air Force price to cost to robust our facility to the supposed optimal squadron size of sixteen jets at eleven million dollars. Compare that to the twenty-seven million, the thirty-two million and the forty-five million dollars it is going to cost to robust the bases where our jets are being realigned.

Our lease is one dollar a year through 2047. We have no encroachment, no noise complaints and plenty of room to grow, as shown here. Our full visual, full-motion simulator, one of only four in the Air National Guard, would cost in excess of three million dollars to relocate. This additional cost was not included in the COBRA computations and is a substantial deviation of Criteria 4 and 5, exceeding the projected twenty-year savings.

Two KC 135s can park side by side fully enclosed in our two-bay hangar, which is the only one of its kind in the Air National Guard. Our fuel cell corrosion control facility won the American Consulting Engineer's Council Award given by the Air Force's Chief Engineer.

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Key Field's fire station was designed to support the increased number of fire fighters and equipment necessary to handle large aircraft emergencies.

We have the right sized facilities, but, more importantly, we have them in the right location at the right price, and we welcome a visit from your Commission. Keeping tankers at Key Field would improve training and readiness, help fill the gap in the southeast and save money. That is why we ask is it practical to serve your customers from further away at a greater cost, to have so much overlap in some regions of the country while others are left with no training or homeland defense coverage at all. Is it reasonable to move jets away from bases specifically designed for the tanker to send to other bases that don't have the room to park them and would cost more to robust, and does it make sense to lose -- to risk losing hundreds of maintenance personnel and dozens of combat-experienced aircrews on a plan where the savings will never exceed the costs?

These deviations from BRAC

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criteria are costly, they are unnecessary and they are avoidable. We need more tankers in the southeast, not fewer. And optimal proximity does matter. Proximity basing enhances readiness and saves money. Now is the time to make a difference in the cost of training and preparation for the next war. That, Commissioners, is why we respectfully ask you to remove Key Field from the realignment list.

Thank you, and we welcome your questions.

(Applause).

COMMISSIONER TURNER:

I have one question.

It might be annoying but, on the rotating slides that you showed us, we could clearly see seventeen tankers parked there. I'm looking at the hardcopy here, though, and maybe it is my imagination, but I'm counting nineteen.

LT. COL. KNIGHT:

You're counting how many?

COMMISSIONER TURNER:

Nineteen.

COMMISSIONER HILL:

There are two C-17s parked --

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REPRESENTATIVE PICKERING:

It makes our point even better. Thank you for pointing that out for us.

(Applause).

LT. COL. KNIGHT:

Thank you. One of the important factors was surge capabilities. That is why we put the two C 17s in there as well.

COMMISSIONER HILL:

Do you have a summary, anything in summary, Lieutenant Governor Tuck?

LT. GOV. TUCK:

No. We just, once again, thank you for the hard work that you're doing and we once again ask for your serious consideration of the presentations that have been made today, and we thank you again for your service and for your dedication.

COMMISSIONER HILL:

We thank you, and I know I speak for Commissioner Coyle and Commissioner Turner about the excellence of all your presentations. We will take all of that on board, and, as I said in the beginning, we will take a hard look at all of these matters. So thank you very

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much.

We'll take about a ten-minute break to bring in the Louisiana folks.

(Applause).

(Brief recess taken).

COMMISSIONER HILL:

We would like to welcome the members of the Louisiana delegation to this Regional Hearing. I'm not going to repeat my opening statements from this morning, but I would like to assure all of you in more succinct form, what we discussed this morning was this is a very important part of the process, the process that, so far, we have heard one side of the story; now, we're hearing the other side of the story, and this Commission took an oath and we are living by that oath to be fair and independent. We are no one's blank check or rubber stamp, and we eagerly await your expert testimony this morning, Senator and Governors -- Senators, but what I would ask you now is if you would please stand for the administration of the oath required by the Base Closure Realignment Statute. The oath will be administered by Rumu Sarkar, the Commission's designated Federal

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officer.

(Oath administered).

COMMISSIONER HILL:

Thank you. Senator Landrieu, the two hours are yours, now.

SENATOR LANDRIEU:

I wish, Mr. Commissioner. Thank you very much, but we have got a wonderful panel prepared for you this morning and, hopefully, very informative, and it is my pleasure to welcome the Commissioners to this great State of -- great City of New Orleans and great State of Louisiana. Thank you for the time that you have put into this most important endeavor before our nation, and we are facing many challenges and you are up to the task with the tremendous experience you have brought to the table. So let me thank you and extend our warmest welcome.

The president and Congress have entrusted you, as I've said, with a very important task, and we're about that task this morning. You will hear testimony from our governor, from our colleagues in the Congressional delegation and you will hear a

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great deal about the proud military tradition here in Louisiana, the Algiers Naval Base and the remarkable success of our Defense Information Systems Agency in Slidell. You will hear about the longstanding military tradition in New Orleans that dates back not a few years, not a few decades but literally to the beginning of the United States of America, right here. You will hear a great deal about the support the military has had dating back to the Louisiana Purchase, and I'm sure, after spending any time here at all, you will have a sense of the overwhelming pride that our State shares in our military families and infrastructure present throughout our State.

In World War II, Commissioners, you might want to know -- I'm sure you do -- that the boats that landed at Normandy, the Higgins Boats were built here in New Orleans. That made the D-Day invasion possible. And, today in Iraq, the armored security vehicles that keeping our men and women safe and alive while they patrol the very dangerous areas of Afghanistan and Iraq are being built here in Louisiana.

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The leaders who will address you today are passionate about the facilities in question, but the passion we have for the military facilities in our state is no doubt no different than you have heard from other leaders. But I hope that, with the sober and dispassionate assessment of the facilities that we're going to make today, we can convince you that some of the material that has been presented or that you have heard was based on faulty information, and our goal this morning is to give you more correct, accurate information so that we can make a better decision.

I am a member of the Senate Appropriations Committee, I'm a former member of the Armed Services Committee and I am a firm believer in trying to find efficiencies where we can in our military so that we can take those dollars we save and invest them back in our military so that it continues to be the strongest and finest in the world, but the system that we begin today should only go forward if, in fact, savings can be achieved, if, in fact, efficiencies can be achieved. Otherwise, it is counterproductive.

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The reason we're here today is to explain in no uncertain terms that the analysis in the 2005 BRAC report that concluded that the Secretary of Defense should close the Navy Support Agency in Algiers and the Defense Information Agency was flawed. We hope that you will see in the course of this presentation a more accurate analysis that will lead us to a different conclusion. Those of us that are here today are convinced that that will be what our presentation provides for you: Some thoughtful information that, with deliberate thought, you will arrive at the same conclusions we have, so we're very interested and anxious to start our presentation.

I again welcome you here. I thank you for the contribution you are making to the nation, but we're very proud of the presentation that we're going to put on for you this morning.

Governor Blanco?

(Applause).

GOV. BLANCO:

Good morning, Mr. Chairman and Commissioners. Welcome to New Orleans. I hope

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that last evening was a good evening for you and that the hospitality of our people demonstrated to you their warmth and commitment to this project, and I want to thank you for your hard work on this Commission and for your service to our nation.

On behalf of the people of Louisiana, I'm grateful that you are taking the time to learn more about the importance of our military resources, our citizens' commitment to the military and the vital role that these Louisiana-based assets play in our nation's defense. Louisiana has long been important to our nation's defense and security, and we're committed to continuing our service to America.

Thomas Jefferson wanted his young nation to control the strategically located City of New Orleans and, thus, commerce on the Mississippi, and that led to the Louisiana Purchase. Today, two hundred years later, Louisiana and New Orleans are even more important to Louisiana -- to Louisiana's economy and to America's economy and to its security.

A significant portion of America's oil and gas is produced both on and

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off our shores, is refined in our plants and is shipped through our pipelines. The Louisiana portion of the Mississippi River is one of the busiest waterways in the world and home to four of America's ten busiest ports. Much of this nation's capacity to refine oil and manufacture chemicals resides on the banks of the Mississippi River here in Louisiana. These energy and industrial assets are vital to America and, especially in these troubled times, need military protection.

Louisiana understands the need for national defense, and we have been enthusiastic backers of the military. We have long supported the contributions to America's defense made by Barksdale Air Force Base, Fort Polk and other installations in Louisiana, like the Defense Information Systems Agency in Slidell.

In Louisiana, we do more than talk about a strong U.S. military. We work on a strong U.S. military. On a per capita basis, we have contributed more of our sons and daughters to the current war effort than any other state. Right now, our National Guard troops are

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distinguishing themselves and their nation in the war to protect a young democracy in Iraq.

We're also investing in America's defense right here in Louisiana. Earlier this year, the Army transferred the old Louisiana Army Ammunition Plant near Minden, Louisiana to the State of Louisiana. We're making a significant investment in that site. The Louisiana National Guard is transforming it into a premiere training site to ready our fighting forces for the new and shifting challenges that they face across the world.

We also have a legacy of making financial commitments to the military here in Louisiana. That is legacy that continues to this day, a legacy that we are willing to expand.

Well before the current round of base closures began, the State and the City began investing in the Federal City project here in New Orleans. We have committed seven hundred and fifty thousand dollars over the last few years to developing this concept.

Upon completion, this State-funded, state-of-the-art facility will be

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home to a number of national security agencies. This plan would save two hundred million dollars more than the expected BRAC savings and do so eighteen months sooner. The legislature and I have guaranteed funding for the Federal City project. Along with the City of New Orleans, we have committed from fifty million to one hundred million dollars for this project.

That means a move-in-ready facility will be built at no cost to the Federal government. The joint nature of Federal City also means that participating agencies can share operating costs, including administrative functions, energy bills and force protection.

Potential tenants include the Marines, Navy, Army, Coast Guard and the Department of Homeland Security. This innovative project will allow each of these agencies to plan and train jointly at one of the critical points in our nation's economy and defense, the Lower Mississippi River.

As you will clearly see from witnesses who will follow me in a moment, Louisiana is eager and stands by ready to continue our legacy of supporting our national

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defense.

We have a very eloquent and persuasive team here today. You've already heard from Senator Mary Landrieu. You will now hear from Senator David Vitter, and I understand Congressman Bill Jefferson is trying to get here. You will hear from the mayor and others with more detail. Each will share with you their thoughts on specific aspects of Louisiana's important role in the defense of our nation.

So I want to thank each of them for everything they have done to support the State's effort to tell our story to you, the Commissioners, and to the Congress. I believe you will be persuaded by their presentations that our national defense stands to gain considerably by the proposal that we are making to you. I speak for the political leadership of this state when I say that our proposals are widely supported by both the public and the State Legislature, and we hope that we can convince you to allow us to make this investment, and we believe it will be a very fine, important investment for our nation's

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security for many years to come.

Thank you.

(Applause).

SENATOR LANDRIEU:

Mr. Chairman, it is my role to just briefly introduce, but the new partner -- new partner in the Senate, and a new senator, but not new to Congress and most certainly not new to advocacy for the military, Senator David Vitter.

SENATOR VITTER:

Commissioners, thank you so much for your public service, and thank you specifically for being here at the hearing today, and I also want to thank your staff, who has done an enormous amount of work as part of this process.

It is my strong belief that both the Naval Support Activity, NSA, and DISA Slidell will play an important role in the future of the Department of Defense. I think both Governor Blanco and Senator Landrieu fully described the crucial role Louisiana plays in the nation's defense and security and economy as well as the proud history of military support

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and involvement, points that are also clearly illustrated by the turnout in the audience today, but I do want to be clear about the core of today's hearing.

Our support for both of these facilities is not just an emotional plea. We, as a bipartisan coalition, strongly believe that the Department of Defense's decision to list NSA and DISA on the recommended closure list was based on flawed data. At the end of today, I believe you will agree that it is based on flawed data, incorrect facts, and it is those flawed data and incorrect facts which led to the recommendation.

The Department of Defense 2005 BRAC report used a dramatic expectation of savings for closing NSA of approximately two hundred and seventy-six million dollars over twenty years in its justifications. It used a comparably huge savings for DISA Slidell.

As you will hear from both Major General Mize, head of the Mayor of New Orleans' Military Advisory Board, and Mayor Ben Morris of Slidell, our analysis of the same report will concretely illustrate those savings to be

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grossly, grossly inflated.

The 2005 BRAC report categorized DISA, DCTF, as a headquarters when, in fact, it is a testing facility. Even more erroneous, the COBRA models used for DISA cite lease costs of sixteen dollars and thirty-eight cents per square foot when, in reality, it only costs the government one dollar a year. The proposed movement of DISA from Slidell to Fort Meade cite MilCon costs of 12.5 million dollars to construct a new laboratory. Now, I'm not a Department of Defense accountant, so excuse me, but, in my humble opinion, one dollar a year is a lot better deal than over twelve million dollars for a new facility.

Lastly, the report on DISA states that the facility does not meet the antiterrorism force protection standards. Mayor Morris will, in detail, illustrate how DISA, in every way, meets these needed force protection standards.

Comprehensive analysis of the BRAC report savings on NSA New Orleans is also chock full of miscalculation. Examples that General Mize will lay out include using a recap

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budget savings that is not -- I repeat not -- based on actual prior year NSA New Orleans recap numbers, a twenty-one million dollar miscalculation in annual savings based on end of strength reductions.

The 2005 BRAC report also understates the number of civilians and contractors employed by NSA New Orleans, leading to incorrect conclusions on the negative economic impact and reducing the total expected cost for the move. I believe that recent news on escalating costs to move troops from overseas just generally highlights how the BRAC report has made those types of mistakes and how costly they can be in the end. And we're really, now, understanding that many BRAC moves will be much more costly than expected.

Further complicating the issue of economic impact, the report does not evaluate economic data after 2002, fully three years ago now. As a result, total potential loss of eighty-five hundred jobs in the region due to decreased Federal spending is not even considered because that is more recent than 2002.

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Lastly, the report ignores the possibility of a one-hundred-and-twenty-five-million-dollar legal precedent in Staten Island that would obligate the Federal government to compensate the public/private venture that owns and maintains military personnel housing at NSA New Orleans because that is a concrete, solid obligation of the government. This, along with the above-mentioned issues, would make the BRAC savings much lower than the original number. This alone, in our mind, is reason enough to remove the base from the BRAC closure list.

The simple fact that six of the eight BRAC criteria were incorrectly applied speaks volumes. But, in addition to all that, there is something else, and that is the 2005 BRAC report for NSA does not, in any way, take into consideration our Federal City proposal.

It is important to note that this concept, as the governor mentioned, was put into motion long, long before this 2005 BRAC process even began and was put in mind having nothing to do with BRAC to greatly improve the effectiveness and efficiency of basing for

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military operations, so I think that is very important and an additional reason for you to consider that pre-BRAC proposal very carefully.

To date, the City, State and local communities have spent nearly seven hundred and fifty thousand dollars to further the Federal City concept, and we're excited about its potential. This alternative, compared to the BRAC report, will offer more savings to the Department of Defense and improve joint readiness capabilities. As Governor Blanco has already confirmed, the State has committed between fifty and one hundred million dollars in addition to general obligation bond funding to cover the gap between lease payments and total cost development to make this Federal City concept a reality for everyone, meaning this move-in-ready facility would be built at no cost to the Federal government.

If that didn't make this offer attractive enough, we estimate that Federal City would save two hundred million dollars more than the expected BRAC savings and do so at least eighteen months quicker. Upon completion, this facility will be State funded, state of the art,

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a complex at NSA that will be home to a number of national security agencies with an option on the table that will result in improved cost savings and increased mission efficiency. We believe the BRAC Commission owes it to all U.S. citizens and taxpayers to study that carefully and, in the end, allow that Federal City project to proceed, and, please understand, in this regard, we are not asking you to remove NSA from the BRAC list altogether but, rather, to consider it a realignment versus a closure.

Again, I want to thank all of you for being here, the Commissioners, all of your staff and for holding this very important hearing. I am confident that, after today's presentation, you will fully understand the benefits of both NSA and DISA Slidell for the Department of Defense's future force structure and you will fully understand the errors made in the 2005 DoD BRAC recommendation. As you can see from the panel of witnesses today, the political support, the audience support, we certainly stand united in support of Louisiana bases.

Thank you very much.

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(Applause).

COMMISSIONER HILL:

Thank you, Senator.

SENATOR LANDRIEU:

Commissioners, our next presenter will be Congressman William Jefferson, who has represented this district for many years. Prior to his service in Congress, he represented this area in the Louisiana Senate, and so he comes with many years of experience and a great advocate and understanding the military infrastructure in this area.

Congressman Jefferson?

(Applause).

COMMISSIONER HILL:

Congressman, before -- the BRAC statute requires that all testimony be under oath so, if you will, please.

(Oath administered to Congressman Jefferson).

COMMISSIONER HILL:

Thank you, Congressman.

CONGRESSMAN JEFFERSON:

Thank you. The last time I said I do was thirty-five years ago in a marriage

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ceremony to my wife.

Good morning. To my colleagues who are here and those who make up this audience and to this Commission and its membership, I -- we are in session in Washington today and I'm missing a very important vote on NASA, and NASA is very important to our area, but I'm here because this is even more important, I believe, than that facility, although we don't want to make a choice between the two.

Nonetheless, I want to underscore how important this is to all of us and to this whole area, so I join my fellow State, local and Congressional colleagues who are addressing the Commission today to urge full reconsideration of the proposed recommendations to include Naval Support Activity New Orleans, NSA, on the preliminary list of base closures.

Now, the speakers who have preceded me have spoken eloquently and persuasively as to why the proposed closure of the NSA is not in the best interests of our nation's military mission, how the analysis that has led to the current DoD recommendation is flawed and how the military security of our

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region would be compromised by implementing the NSA on the preliminary list of base closures. So these things have already been covered and I don't want to redo them.

But I want to speak to another issue that I have been asked to talk about, and I think it is cognizable as an issue by this Commission in its deliberations, and that is the vital connection between NSA, the well being of our community, and the quality of life of the military personnel who live and work in our area. There has been discussion that I just heard Senator Vitter complete about the proposed Federal City concept. And this recommendation would prove not only beneficial to the Navy and the Marine Corps and, of course, I join him in that recommendation, and would also maintain something else: It would maintain the longstanding and vibrant partnership between the Navy Air Logistics Command headquartered at NSA, participated in the life of our community and has for quite a long time.

Just recently, as recently as this past weekend, the Navy Air Logistics Command headquartered at the NSA participated in

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the Habitat for Humanity program. Previously, service members from NSA have also actively supported the American Cancer Society's Relay for Life event as well as numerous breast cancer research events.

Local schools have also benefited from the generosity of the service members in the community. According to the New Orleans Times-Picayune, Navy and Marine personnel have also aided students at William Fisher Elementary School with their academic pursuits, even accompanying them to school and to many functions there when parents were not available to do so. Sailors also helped to install wiring in the schools on their own time so that students could enjoy air conditioning while in class.

Continuing actions like these highlight the longstanding, mutual friendship, good will and support between the people of New Orleans and the servicemen and women of NSA who have worked and lived in our city for years. We as a community are benefiting from their good works and the morale -- the high morale of the NSA personnel is served by their presence here.

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Currently, there are over four thousand six hundred military and civilian workers operating at NSA. This figure does not take into account the numerous contracted workers who would also be greatly affected by the base's closure. Under the Department of Defense's recommendations, over two thousand six hundred military and civilian jobs would be lost from the New Orleans area if NSA is closed and its occupants are realigned elsewhere in the country.

While every job in the community is inherently valuable, the loss of Navy and Marine personnel would have a particularly detrimental effect on the economy of our area. Over two hundred homes occupied by military families would suddenly become vacant, flooding the housing market in Algiers and the surrounding neighborhoods.

Also, surrounding areas in both Algiers and Bywater rely on the presence of the military as a stable anchor. Local businesses which serve the needs of the occupants of the base would suddenly lose reliable customers. Taken together, these results would constitute a

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critical blow to the fragile New Orleans economy.

The proposed Federal City project presents a unique opportunity for the Department of Defense to take advantage of state-of-the-art facilities that would replace current facilities in Algiers at no Federal cost. As we have said, Louisiana stands ready, as our governor has said and as others have said, to develop the facilities at Federal City and allow Department of Defense to utilize the benefits for well below market costs.

Consolidation of the military facilities in New Orleans onto one site would immediately yield huge savings to the DoD in security, in maintenance and utility expenses, all of which would be centralized. In the longer term, the Federal City would incorporate forces from the Navy, Army, Marine Corps, Coast Guard and potentially the Homeland Security Department, thereby becoming a valuable joint facility, that will greatly increase cooperation between the services.

The State of Louisiana has already spent over seven hundred fifty thousand

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dollars so far funding the establishment of Federal City and has committed to do much, much more. With our continued support, we feel that the Navy and Marine Corps would have a bright and successful future in New Orleans and maintain that beneficial relationship with the neighborhoods and people of our city and it with them.

I thank you for this opportunity to make this presentation to the Commission. I look forward to a good discussion here and, at the end of the day, a favorable conclusion.

Thank you very much.

(Applause).

COMMISSIONER HILL:

Congressman Jefferson, I want to -- just one quick comment: I really appreciate your comments on the great work done in the community by military personnel and their families and their impact on the community. It is that way all across this great nation on every post, camp and station, and I greatly appreciate you for recognizing that.

Thank you.

(Applause).

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SENATOR LANDRIEU:

Commissioners, our next presenter is Mayor Ray Nagin of the City of New Orleans. Mayor Nagin is in his first very successful term as mayor of our City. He comes from the corporate sector and, as president of one of the communications enterprises here in the City, he has brought a lot of expertise in that regard in terms of management, and he has some thoughts that he would like to share with you about the report before us.

Mayor Nagin?

(Applause).

MAYOR NAGIN:

To the BRAC Commissioners, to my colleagues, we want to welcome you Commissioners to New Orleans, and we want to welcome Ms. Turner back to New Orleans. She was here not too long ago and we were able to do some preliminary work.

I want to thank you for the opportunity to testify today on behalf of the Naval Support Activity here in New Orleans. As stated, I am Mayor C. Ray Nagin, the mayor of the City of New Orleans, and I'm here to

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strongly encourage you to take a closer look at the Department of Defense rationale for closing the base and our plan for an alternative.

We value the military here in New Orleans. I have a Mayor's Military Advisory Committee that is made up of some of the best and the brightest in this region. We also have a dedicated tax increment financing district that is already set up to deal with the alternative plan that I will be talking about, and well before the 2005 BRAC process, we were locally working on a concept that you have heard that we are calling the Federal City plan.

It is much more than a concept. It is an implementation plan that is ready to be rolled out once you give us the word. Most of our speakers have mentioned this plan because this effort has been widely supported by both regional Louisiana leaders at all levels of government. We are proud that we have produced a plan that has out-BRACed the DoD's BRAC plan for the Naval Support Activity.

(Applause).

MAYOR NAGIN:

You're free to use that quote

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later if you need it.

When you consider the objectives of the Base Realignment and Closure effort, Federal City achieves all of these same goals much more effectively. It is more transformational; it is more joint; it is more efficient; it closes all unneeded facilities and saves a lot more money than the DoD's recommended plan. And our savings are in real, actual dollars that the Department of Defense will be able to use for new priorities.

I would like you to take a closer look at the numbers and criterias used to justify closing our bases. From what I have seen, the numbers just don't add up, and I have an accounting degree.

The DoD analysis overstates specific areas. For personnel cost, the number of employed civilians seem to be minimized. The recapitalization budgets was based on what many would consider to be inflated expectations. The local economic impact ignores important recent factors and minimizes the blow to our community.

In addition to employing more than three thousand regular and drilling reserve

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military personnel, NSA also hires more than eight hundred full-time contract workers. These are good jobs that our community cannot afford to lose if NSA closes. This is a net loss that New Orleans will have a difficult time absorbing.

Please remember that, in terms of military value, supposedly the most important category in the 2005 BRAC analysis, the Department of Defense ranked NSA in the top 15 percent of all bases that provide headquarter functions. We're in the top 15 percent, based upon the top ranking.

As you perform your own analysis, please consider that the Greater New Orleans community and the State of Louisiana have created a compelling alternative to base closures with our Federal City plan. As you review the plan, you will see that it will save the Federal government over one hundred and eighty million dollars -- over one hundred eighty million dollars more than the actual recalculated savings from the DoD recommendation to close NSA New Orleans. I believe this is one of the -- of those few projects that is truly a

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win/win proposal. In fact, it creates a new model for national security, and it makes good economic sense for the Federal government and the City of New Orleans and all citizens of this great nation.

Now, all -- not all great ideas -- excuse me -- come from Washington. Many do. We ask that you help the big bureaucracy in Washington apply some good common sense and adopt a program that is better for this country, better for the DoD and better for Louisiana.

In closing, I urge you to reconsider or consider the impact that closing NSA New Orleans would have on our entire nation. I encourage you to give the Federal City plan that full attention it deserves. It's an implementation plan, and if you just give us the word -- and you can do that before you leave would be very nice --

(Applause).

MAYOR NAGIN:

-- and we will start building this wonderful complex that will be a new model that will yield over one hundred eighty million

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dollars in savings beyond what your current recommendation has, and, as I close, I will just tell you this: We have done everything in our power to make sure that the military understands just how valuable they are. As a matter of fact, we have done such a good job that, when the military -- most of the military people retire, they end up moving back to New Orleans. That should tell you something.

(Applause).

MAYOR NAGIN:

So I thank you for your attention and I thank you for your reconsideration.

SENATOR LANDRIEU:

Thank you, Mr. Mayor.

Our next presenter is General David Mize, who has helped us put this project and proposal together and leads the Mayor's advisory team. He's a retired U.S. Marine, used to be head of operations in his last siting at Camp Lejeune in North Carolina but, from his time at the U.S. Naval Academy to his most recent Deputy Director of Operations under European Command, the experiences that he's had as an operations officer, he's brought to bear

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on this operation, this very important operation that we have underway before you today.

(Applause).

MAJOR GEN. MIZE:

Mr. Chairman, Commissioners: I am honored to be able to appear before you today and to represent our wonderful New Orleans community. I am a senior vice president for an IT services company, Apogen Technologies, that is in the local area here, but I come before you today in my role, my volunteer role of the Chairman of the Mayor's Military Advisory Committee, and I am also very proud to be front man for all those volunteers who have helped the quality of life and the operational ability of our bases and have helped put together this proposal that we're going to present to you today.

From 1998 to 2001, I was the commander of the Marine Corps Reserve, and I lived and worked on the Naval Support Activity, so I'm very familiar with all the military bases here in the New Orleans area, and I can tell you, after thirty-eight and a half years in uniform, that, if I didn't believe that what we

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present to you today is a better solution for the DoD, the military and the community, I would not be standing before you.

I also am proud about the support we have in Louisiana for this project. As you can see by the wonderful delegation support throughout the elected leadership, it is strong. Folks in the audience, I have never seen an issue in Louisiana that has so united the community. You get a lot of support, as you mentioned, General Hill, around the country for the military but, here in the deep south, I can tell you, having been stationed around the country, there is no better support for the military anywhere than in this region.

(Applause).

MAJOR GEN. MIZE:

To make an informed decision about our base, I think it is important you know the geography of what we're talking about, and so I would like to orient you with some maps here, good military technique. New Orleans is situated on the south shore of Lake Pontchartrain. On the north shore of the lake, there is a heavy concentration and probably

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nearly half of our military married folks live in that area because of the low cost of housing and because the schools are arguably the best in Louisiana in that region. NSA is located here.

The next map. You see from this map, Naval Support Activity New Orleans is in the center of the metropolitan area for New Orleans. Other bases we'll be talking about is the Navy SPAWARs ITC Center here on the Lakefront, the Downman Army Reserve Center, also the Lakefront, and then the Naval Air Station Joint Reserve Base New Orleans at Belle Chase down in this location. So you can see the relative distances and locations of our bases here.

It is also particularly important to point out that NSA is on both sides of the Mississippi River. That split campus is a significant part of the inefficiency and the challenges of running that in a first-class way.

And the last slide mapwise. Again, we show you NSA's location. And you see the benefits here of being in the middle of the metropolitan area for people who are assigned here. It is close to business and recreational

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opportunities and contacts. It is also close to all of the many New Orleans higher education opportunities for off-duty education for the troops. It is close to the interstate grid and it's -- particularly for these national headquarters, it is only about twenty-five minutes from the airport, which is extremely convenient.

As we start off the presentation, I think it is worthwhile to go over what the recommendations were by the BRAC Commission. They have essentially recommended we relocate our major tenants out of NSA and, because the tenants are relocated, there is no need to keep the base open and to close it. What the recommendations are for the bulk of the Navy command, Naval Reserve Forces is to go to Norfolk, Naval Support Activity there; the Reserve personnel elements of the Reserve command would go to Millington, Tennessee, Naval Support Activity Midsouth; the Eighth Marine Corps Recruiting District would go to the Joint Reserve Base in Fort Worth, and probably we would acknowledge that is the, we think, maybe the one legitimate issue here. The Marine

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Reserve Headquarters, they moved their whole entire area outside Louisiana, so they're now located not inside their recruiting headquarters, and so there is a pretty legitimate argument, probably, in that case. And then the last recommendation was to send the Marine Forces Reserve about 14 miles down the road to the Belle Chasse area as pointed out here.

What I want to do now is give you the themes I want to cover in the briefing. Three basic elements here, we'll try to recur those through the briefing and try to explain to you why we think that the DoD recommendations don't achieve the expectations, the goals of BRAC but that we have another alternative that you have heard about already, our Federal City, which we think achieves all of the objectives of BRAC and then some.

The first of those themes is military value, the most important criteria. By DoD's own calculations here, our Naval Support Activity New Orleans ranks very high in military value. The Second theme is that the data and the calculations the DoD did in making the

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recommendations to close the Naval Support Activity are inflated, and grossly inflated, as it turns out, and, if we had the true figures, they don't, in any way, justify the expense or the effort to close the base, and, then, our last theme is, even though that doesn't accomplish the goals of BRAC, we, in fact, have a Federal City objective here that we think more than accomplishes what the DoD is trying to achieve here with the BRAC criteria.

Our first theme -- we'll get into detail now on each one of these themes. The first point we would like to emphasize here is what Secretary Rumsfeld testified before your Commission back in May, and that was the primacy of military values in determining retention issues and decisions. Those were his words. As you know, DoD collected a mountain of data from all the bases, they did a lot of analysis, they developed their criteria and came out with a ranking, in this case, for all headquarters and admin support bases, and we came up extremely high on this ranking, top 15 percent, forty-one out of three hundred thirty-seven, and you would think then, with that kind of a high ranking for

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military value, that there must be some great justifications it would take to turn around DoD's own calculations in that area, so let's look at what were the justifications in the DoD report for closing down our bases.

First of all, we have talked about moving, relocating the Naval Reserve Forces, and it gave two primary justifications for doing that. The first one here, as you see, was to produce reduction in forces by, you know, making a -- eliminating to get more efficiencies by consolidation. But let's look at this from the overall perspective.

There are over four thousand people assigned at NSA that would have to be moved. By DoD's calculations, they save a total of two hundred fifty-three billets. Now, we actually think that, because those are, all but sixty, are active duty billets, that we really don't have any savings. We'll talk about that in a minute. So you really save a small number.

I think we all know from running organizations and whatnot, if you have a four thousand person organization and you spend a hundred ninety-two million dollars, which are

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the COBRA model costs that it would take to make these moves, that you only save 1 to 5 percent of the people, that is just not worth the effort. Specifically, when we talk about where the bulk of the Navy people go, to Norfolk, there is only twenty-two people that are claimed to be saved by that move there, so the contentions here of savings just don't seem to hold any water and don't seem to really support the BRAC criteria.

The second rationale given for the Navy moving here was that they will enhance operability inside the Navy with the Reserves and the active duty locations. Again, when we analyze the rationale there, you know, we have some concerns.

The receiving bases for the Navy are Naval Support Activity Norfolk, which is rated seventy-seventh on the military value list, Millington NSA Midsouth was rated sixty-eighth on the list, well below how NSA New Orleans was rated.

Also, when you talk about why are they doing this, the Navy is not using their Reserves nearly as much as the other services

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are in this time and situation. The other services are not seeing the need to co-locate their Reserves with their senior regular headquarters here, so that rationale doesn't seem to apply jointly across what DoD is doing in other places.

Also, the Navy now has a philosophy here about net centric warfare where what they are trying to do, what they need to do is collaborate but not be co-located to do that. And that is the style of warfare and how they're fighting and how they're thinking. The Navy -- Department of the Navy has spent a whole lot of money on the Navy Marine Corps internet to have that kind of capability to do that, and so the need to put people physically together, it seems like that is not in the mainstream line of what the Navy is thinking about in the rest of their service.

Also, there is another significant factor here in jointness. Right now, the headquarters of the Marine Corps Reserve and the headquarters of the Navy Reserve are co-located at Navy Support Activity New Orleans. There is a whole lot of daily

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interoperability interaction that goes on there because the Navy provides, as you're aware, all of the doctors and corpsmen and the dentists and the dental technicians, the chaplains and the chaplain's assistants, and so there is daily efforts on here on recruiting and training and mobilizing and figuring how to work that together.

Also, all of the money for the Marine Corps Aviation in the Reserve comes through the Navy Reserve. So, on a daily basis, they're figuring out the budget requests for aviation, how to split the money up, how to make that all work, and a lot of heavy interaction goes on there. So, by pulling apart the Navy and Marine Corps Reserves, you're definitely having a loss here of joint interoperability in the joint sense, so, again, we think, if you really analyze this, this may meet some, you know, some long-time service plans that have been worked on, but it certainly doesn't seem to match up with the published BRAC criteria.

For the Marine Corps Reserve, Marine Forces Reserve, there were two rationales also given for moving that command. They were,

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first of all, that they would -- this location at Belle Chasse would increase the joint service interoperability. Well, that, we think, is an extremely weak argument.

Already, at Naval Support Activity, there are forty-eight attendant commands of all the services, so you have got as good a joint smorgasbord as you're ever going to have if you just want to say there are a lot of different service units there. If MarForRes goes to Belle Chasse, the units there are operational units headed by 05 and 06, mainly aviation units of the Air Guard, the Navy, Army and Coast Guard. There is going to be no operational interaction between MarForRes, the Three Star Force Commander and the other tenants of the base. As a matter of fact, you will lose some joint interoperability, as I mentioned before, because you're separating the Navy Reserve Headquarters and the Marine Corps Reserve Headquarters which are pier partners here, doing actions every day.

So, when you add that together and we get into the overall justification for closing the base, again, their rationale was,

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since both of the main tenants have relocated -- sorry, I missed one.

The second reason to relocate the Marine Corps was because they were as a central location for a national command here. Obviously, moving 14 miles makes no difference in the national sense of being able to accomplish that objective, but the cost of doing that is very expensive.

So, when you roll all of this together and see what the justification is for closing the NSA, again, they say, well, because the tenants have all moved away, there is no reason to have a base, so we'll go ahead and close it. Again, we think the justification for moving the Navy is very weak, the justification for moving Marine Corps Reserve is really nonexistent. Particularly when you compare that with the strong military value rating that the base has overall, that doesn't add up to the BRAC criteria as to what you ought to do with the base, so retention, we think, is what is supported by the facts here.

The next category I want to get into, the next theme, is the evaluation of the

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DoD BRAC data as they went through and looked at the Naval Support Activity. First of all, we want to look at personnel costs and drill down a little bit on that.

You have heard some of our other speakers before talk about the contractor situation. At the Naval Support Activity, every year, they put out a -- down here they call it a stakeholders report that tells the community how many jobs they have in the area that are related to the service activity, both military people, drilling Reserve people as well as contractors. In the last report which they gave us, which was January of '04, they listed over fifteen hundred contractors. They haven't given us a report since then because they said BRAC didn't allow them to share that kind of information with the community, so, even though we have asked, we haven't gotten any updates on what the status is, so there haven't been any major changes in that, that is the best information we have got.

When we reviewed the BRAC data and COBRA, only six hundred fifty civilians showed up in the analysis and all the reports. So we asked, after the data came out, the

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Command why was that. They said they were told not to submit contractor numbers in their data calls, and so they specifically were told that and did not.

We then asked the Department of Navy folks, well, why was that? And they said a calculation was made, at least in this case, that a contractor is a contractor. They will have the same number of contractors in the receiving bases they go to as they had in the current bases and so it is a wash, no need to go through the analysis.

We think that is both disingenuous and also it's not accurate. There was a lot of publicity about how many jobs were lost that came out with the BRAC criteria. It was a little under twelve hundred total jobs for the New Orleans area. It did not include those contractors. If you add those contractors, it is more like two thousand jobs that are lost in reality here, so that is not accurate.

Also, when you look at the idea of are the contractor costs the same everywhere, being a contractor now, I know our pricing is very sensitive to the location where you are.

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If you look at the Bureau of Labor standards, they tell us that both the Norfolk and Millington areas are much more expensive pricewise than is New Orleans. If you apply those higher numbers to the number of contractors we have there, that is about four million dollars a year more than staying in the same situation that are increased costs that are not calculated into the Navy's costs of what it would cost to move NSA to the other different places.

Also, when you're in long-term contracts and you move contractors, there are some liabilities that potentially come out of that that are, again, not included in the Navy costs for moving here.

The next issue is an important one and kind of interesting for us is how they went about this. Obviously, the goal of BRAC in the cost-saving area is to generate savings so the Department of Defense has some new money that they can now put to acquisitions and other important priorities as they look at the challenges in the future years when acquisition costs are obviously great. So the goal, as we

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understand it, is to have savings that are truly usable in the future.

When we look at the savings here that they claimed, the main savings that come out of closing the Naval Support Activity is the salaries you save out of the two hundred fifty people that are closed here, but, when we look at that, are those savings? I know, from the Marine Corps perspective, they have no plans to reduce end strength, either on the military or civilian sides, so there were forty-four Marines in here. And so, once this BRAC is done, one way or the other, there is still going to be the same number of Marines and civilians in the Marine Corps and they're still going to have to pay that, and to count that as savings that you think you might be able to apply to something later on just makes no sense.

In the Navy situation, it's a little more complicated, but the situation is, in the end, exactly the same. The Navy is taking some what they call transformational savings, as you're aware, by building smarter ships that require less people to man them and doing smart things that way. In their future

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year's defense plan, they have taken out thirty-five thousand sailors out of their end strength numbers and out of their budget. So that money is already gone. That is calculated for. So any savings the Navy is going to get out of this are going to help pay for that thirty-five thousand man bogie that they have in the budget here, so no matter what happens in BRAC, whether NSA stays here and the units stay here or you send them someplace else, those billets are still going to be gone and there is going to be no money that the Navy has in addition to apply to something else out of this, so we really think that these are false savings.

Now, to be as fair as possible here, out of the two hundred fifty-three total savings, sixty of them are civilians. So we assume that the sixty civilian billets may go away, although I know the Marine Corps' slice of those, for sure, won't go away, and so we calculated about eighteen million dollars annually of savings that the Navy has claimed here that is not money that the DoD will ever get to buy anything new or different, and that totally skews the equation, as we'll see here.

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The next issue here is base operating support kind of costs, kind of categories. We want to focus on the recap, recapitalization costs. Those are costs that you have to renovate, to modernize facilities on a base.

Unfortunately, that is also one of the pots of money that commanders can go to when things get tight to use it to spend on other things outside of base operating support areas. If a small base like Naval Support Activity in New Orleans had gotten three and a half million dollars a year to do modernization and renovation, we would have the Taj Mahal over there.

I lived on the base three years. I can guarantee you the money was not there when I was there. Talking to the base commanders, as I do frequently now, they're having difficulty finding the money to cut the grass. And so to assume that you're going to have three and a half million dollars of savings every year when you never have spent the money to begin with, again, that is money that DoD is not going to have in future years to buy new things.

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It is similar to that in the rest of the BOS budget. But we wanted to highlight one that we were very confident on, but we have stated again here, we'll give you a million dollars of costs that you spend on that each year, so the savings would be two and a half million, I mean, would be a million dollars but you add that two and a half times that five or six-year period here and the savings they've claimed that you're really out there is easily fifteen million dollars.

I want to talk next about the public/private venture housing that is on the Naval Support Activity. We have an unusual situation here in that we have one PPV contract that covers both bases, and we have about seven hundred twenty-six houses on the Naval Air Station Joint Reserve Base at Belle Chasse, we have about two hundred twenty houses under that contract at the Naval Support Activity, all together, one contract.

Now, many of the contracts, apparently, PPV have been written with a BRAC clause in them so, if the BRAC closes the base, there is no liability for the government. Our

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contract does not have that. I have talked to the private partner here that had their lawyers go over the contract twice. There is a closure discussion in there. In the closure discussion, according to the private contractor and their lawyers, the government still has liability in this issue. Again, these were not considered in any of the Navy costs or calculations in closing the base at all.

Also, on a practical basis, at the Naval Support Activity, it has five flag officer quarters which all have been recently renovated at high cost. It has got the entire stock of 06 quarters in this community. If you close Naval Support Activity, there will be no more 06 quarters, and there is no plan to build any more 06 quarters in this area and you would have to rebuild some flag quarters at Naval Air Station, in fact, if you did that.

When we looked back here, there is precedence for this. When the Navy closed Staten Island in the past and had the forerunner of the PPV housing, they ended up having to pay a one hundred twenty-five million dollar liability to the private contractor up there.

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We calculate, here, that with the houses being between 20 and 25 percent of the PPV, total PPV, that, if we close it, the Navy has somewhere between a nine and eleven million dollar liability that somehow they would have to take care of. That is not included in the closing costs. We didn't include that in our calculations either because we wanted to be conservative, but this is a legitimate issue, here again, that has significant money to it that is not included in their calculations.

Next slide, please? Also, we believe that the local economic impact of the base closing is very understated here in the -- and underconsidered in the DoD reports and recommendations. Most of the bases that have done well after the bases closed have been places they have had a good chance to attract new businesses and they have had a growing economy.

Unfortunately, despite a whole lot of efforts, that is not the case in New Orleans right now. Over the last five years, we have had a flat zero job growth, so we would have difficulty attracting things, but,

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potentially, even more difficult than that for us is our major Federal employers here that have some potential vulnerabilities here in the near future.

At NASA Michoud, here, we build the external fuel tanks for the space shuttle. The space shuttle is about to stop. There is no new confirmed work and there is a gap in there before the new programs come, so we're concerned about two thousand great, high-paying jobs at Michoud that are threatened here in the near future.

Also, in the shipbuilding industry, the Navy has decided to go from twelve to nine LPDs. If, in fact, that happens, there will be thirty-five hundred jobs will be lost in our shipbuilding industry over the next couple of years.

In addition to that, when you look at what is happening at the closure at NSA, the reality versus what is in the DoD report, again, the DoD report indicates about twelve hundred job losses. As I mentioned, they did not include the eight hundred mission support contractors that they chose not to analyze here

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that will be lost, but also because these are the national headquarters of the Reserves, there are almost a thousand drilling Reserves assigned to headquarters here. At any given time, there is about two hundred of those, minimum, are on active duty, fleshing out and supporting those headquarters. They're not calculated, so part-time workers or even the full-time residual you have out of those two hundred are not calculated in the report there, so you underestimated the impact that you have.

So, when you look at that all together, of the potential job losses that we have, the impact on our economy is much more than stated.

Part of the problem with the DoD analysis is they cut off all data configuring in 2002. So they don't look forward; they only look at what happens in the rear. So we have some significant concerns and, as I said, we think it is very understated, the impact on the New Orleans economy if the Naval Support Activity were to close and the units were to be transferred other places.

So, to kind of give you a wrap-up

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here on this section, we think the bottom line is that NSA has been highly rated for military value, the justifications to move the units don't overcome that high-rated value, the expected net cost savings are much lower than what DoD says and the BRAC report is flawed and doesn't support the decision they made to close it.

Just to give you some figures now, and I'll give a graph later that will show this, the expected DoD savings over the twenty-year period was supposed to be two hundred seventy-six million dollars. When you take out those salary costs and those base operating costs that I showed you, what you are really getting over that period is a cost saving of twenty million dollars, and, again, for that kind of savings, you certainly wouldn't justify the decision to close the base and have the one hundred ninety-two million dollar dislocations costs that comes with moving four thousand plus people.

Now, our concern would be that, then, the DoD has not accomplished the BRAC objectives and so, you know, what now? The New

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Orleans community definitely understands that we have to have change in the military. We have to find a way to be more transformational, more effectively joint and much more efficient. And, in fact, the community has been working on that in a partnership with the military and the community for about the last eight years.

The kind of culmination of that was the Federal City project which we thought we were on track to do, and we were moving well along until the BRAC Commission -- I mean the BRAC process required the bases to not communicate and work with the communities anymore. So a little over a year and a half ago, that happened; and that has slowed down the development. Otherwise, we would think we would be on track.

So what we would like to do is go through in more detail now the Federal City to show you what kind of savings, what kind of benefits we directly think come out of that effort. What we had, as I mentioned, the community and military did a partnership about eight years ago that started to figure out how we could improve the bases, the quality of life,

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the benefit to the community, the whole package here.

The first thing that was done was to look at the State and local officials. How could you help some of those quality-of-life things that we have a problem with here in New Orleans? And so there has been a wonderful track record with the State Legislature and the local City Council and Mayor's efforts here: In-state college tuition, automobile insurance -- we're particularly proud of that. This State has one of the highest automobile insurance rates in the whole country. It was really, when junior enlisteds would come down here particularly and they would have to pay this extremely high rate, it would really hurt them. The State Legislature has passed a law that active duty military now get a 25 percent cash rebate on their automobile insurance rate to bring it in line with other communities.

Also, this is a property rights state, and you know how difficult that is to tell people what to do, but the legislature has come up with some legislation that begins to protect the encroachment process around the

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bases, and that has been put into effect, which is a very strong and important measure. The governor mentioned the sixty-five million dollars of loan guarantees that she's put out there to build housing around the military bases. The local community here has given a tax incremental financing fund here of ten million dollars over five years that the primary purpose of is to support NSA infrastructure around the Naval Support Activity New Orleans.

So the first part of the plan, the State and the community has really stepped up to support the military. The second part of our long-term plan was to -- in the first phase of it was put together the SPAWARs ITC complex out at the Lakefront, and this collected several commands that were here in the New Orleans area. The State then built four state-of-the-art IT capable buildings out on a very valuable piece of property at the Lakefront at UNO, and you saw the location earlier here, and then charges the Navy a dollar for rent for those facilities. It has complete security around the building; all the maintenance and whatnot is taken care of in a partnership-type arrangement. It is a

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wonderful situation, a great place to work and a rousing success, here, the partnership between the State and the military.

The next phase of our effort was go after Naval Air Station Joint Reserve Base New Orleans at Belle Chasse and to really upgrade that facility. We looked, in talking with the commanders out there what needed to be done, we lobbied to get things into the regular budget, the delegation worked and we got plus-ups, we got local money involved here, we worked to get morale and welfare and recreation money and really have done a dramatic turnaround out there.

We have the PPV we talked about earlier. We think it is one of the -- we think the most successful in the Department of Navy. On the website for the Department of Navy, Department of Defense, this was the poster child for years. I'm not sure if it still is, I haven't looked recently.

It is a great, great project out there. We built five hundred twenty-six new houses; we did a total renovation on the other two hundred houses out there, a wonderful

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community to live in. They extended the runway, so, now, it will take any kind of plane in the U.S. inventory in any weather, refurbished the hangar, new BEQs, new child-care facilities, there is a new PX and commissary major complex that is on the books to start any day to break ground on that issue.

And the other thing we're really proud of out there is there is a one-of-a-kind situation out there with a charter school that is on board the naval air station here. It is a State school, again, built with State and private funding, as you do a charter school here. It is 90,000 square feet; it has nine hundred fifteen military dependents. The charter is written so it is for military family members no matter where they live in the area. If we have enough people after BRAC and we keep about the same number of people, there are plans that are on the shelf ready to go to build a middle school campus out there. It is kindergarten through eighth grade now. We have about one hundred ten on the waiting list at this point. And we're all set to build a middle school so we would be able to accommodate all

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the military family members who would like to attend, a great school, getting better every year, getting great test results out there.

So we really have made a difference. We're still ongoing on that, but tremendous turnaround at the base there with this community/military compromise plan and working together.

The last phase and what was going to be our crown jewel was the Federal City, where we would take and really make things better at Naval Support Activity and modernize and get those kind of efficiencies we've talked about. We've already heard, we've already spent three-quarters of a million dollars on it. If all the units stay and whatnot, it is about a total complex of two hundred million dollars and, if we hadn't had BRAC, we think we would have started construction right about now.

When you look at all these, the State and community here really has a proven track record of stepping up, supporting the military, following through in the things that they say they're going to do, and there is really a great situation down here between the

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military and the community.

Let me give you a few more details what Federal City really is and is all about here. What we're doing, we want to consolidate onto the West Bank part of the Naval Support Activity all those military units that are not on one of the major bases now. So that means taking the Army Reserve unit up there at the Lakefront I showed you, moving them on there, closing that facility and having that available for local reuse. It takes the Eighth Coast Guard Headquarters which is now in an office building in Downtown New Orleans, at the intersection of a busy street, no security, they're trying to run an operations center on the twelfth floor of a high-rise building there, bringing them over. We bring the Navy and Marine Corps Reserve Headquarters from the East Bank across to the West Bank, and, then, hopefully, if they'll decide on Homeland Security Regional Headquarters, we think we are very competitive to get one of those headquarters, and we would add those into the mix.

We would take that East Bank

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Complex, which is very inefficient, as I mentioned, with the warehouse kind of buildings that are not fully occupied, very energy inefficient, we close those. We also have had to maintain in the past a very expensive boat shuttle service to connect the two bases which would go away, and again, we would reuse that locally. Already, we have plans underway to put cruise ship terminals on the dock there, and there has been a lot of interest from developers to develop that location, which is at the connection of the Intracoastal Canal and the Mississippi River for from retirement centers to high-priced waterfront condominiums, but a lot of interest there.

So that is our basic concept, what we would do. What we have done is we have taken the requirements from the military to figure out what needs to be done. This has been a partnership. As a matter of fact, the military has pushed for this more than the community has. So the process over the last several years, we have had a great partnership with Mathes Brierre, an architect team here that has worked with us to get those requirements

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from the military, conceptualize them, put them into blueprints and bring them alive so we kind of bring the whole thing alive for you here and show you what we're really talking about as we have gone from ideas to requirements to blueprints to, as the mayor says and governor said, something that we're really ready to implement.

This is what Federal City would look like. What I would like to do now is kind of take you through each of the buildings here to show you what is involved here and why we think -- we're so excited about what it portends for the tenant units and the community here.

First of all, it is going to have great security, not just, you know, the DoD fence-line kind of thing but all of these would be new buildings built to the latest force protection standards, and so we would really have that knocked. It has parking garages which also are put into the force protection plan here. You see they are buffered, the office buildings from the outer part of the compound.

Of course, we've got a Marine unit there, we've got to have a parade ground as

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a central part of the location. So we have taken good care to make sure that is well in the plans. The Eighth Coast Guard would be at this location right on the waterfront. The Regional Homeland Security Headquarters would be next to it. And, then, our Joint Command Headquarters for the services would be in this location.

Now, you can see these buildings are modular so they're with a lot of flexibility built in. If we need more space or less space, we can add floors and take them off. And, again, you have a -- they're all connected, so you have got a joint space, but each service has their own kind of headquarters, so you have a good feeling in that sense.

Again, I want to emphasize here that this has been a collaborative effort all along. The military units have given us the requirements for what they want. That is what this has been generated on. There has been a lot of excitement about this. I can talk, of course, most specifically about the Marines. The active duty folks are in a position right now where they have got to support the DoD recommendations, but the Marine Forces Reserve,

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I know, is dying to get over here.

In your package, you have a letter from all the retired generals who have been the leaders of the Marine Corps Reserve over the last few years, and they all make a case to you about the military value and the benefits to the Marine Forces Reserve are really strong, and the great choice here is to be a part of the Federal City and to have this headquarters located on the West Bank of NSA.

Now, we've also had the opportunity to brief this to the Secretary of Homeland Security at the time, Secretary Ridge, who said this is exactly the kind of innovative thing that we need to do, we need to be doing this a lot of places, I'm all for this concept. In addition, we had the chance to detail the concept and give the briefing to Admiral Keating, who is the Commander of Northern Command. He said, this is exactly what I need, it would help me put together homeland defense/homeland security. So everybody we briefed the concept to has been all for it. Kind of the fallout is we have got to wait and see what happens out of BRAC, and, then, we're

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ready to move. So a real collaborative effort.

To finish up here, then, we have got a conference center. When you have all these national headquarters and regional commands, one thing that is really valuable to the gatherings you get is to have a first-class, state-of-the-art conference room. It would have a major auditorium as well as a lot of meeting rooms, again, something that would really enhance the capability.

Again, as I mentioned, if you're depending on BRAC funds to build something and particularly the plans for this -- if DoD recommendations are carried out are to go in 2010. If you go to that point, the chances of you getting more than 70 percent of your dollar in MilCon BRAC money are slim. Then you take a lot of years trying to get other MilCon to bring you up to speed. This way, early on here, we get first-class facilities for the military.

Now, what will it be? One of the things we're most excited about is the transformational thing here where you're combining homeland defense and homeland security on one complex. Now, what particularly works

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out well is Marine Forces Reserve is the Marine Component Commander for the Northern Command, and so he has the responsibilities for doing, you know, homeland defense. So the chance here to have a Regional DHS Headquarters, the Eighth Coast Guard District, who is the designated Federal officer who would lead the Federal response to a disaster or a terrorist incident here in the Gulf region, to have them matched up with the Component Commander for Northern Com, so they could work out procedures of how DoD could reinforce, support, work with, join something of a DHS responsibility here is really an exciting possibility.

Also, the Navy and Marine Corps Headquarters are the ones who provide the emergency preparedness liaison officers of each State to interface DoD with State and Federal disaster relief, and so, again, to marry them up with the homeland security folks, I think, is a really exciting possibility here that we think is truly transformational. Also, to have this kind of partnership at this strategic location in the country. As the governor has mentioned here, most of the agricultural exports from this

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country come down the Mississippi River. You've got 40 percent of the natural gas the country consumes goes through this area. You've got a high concentration of refineries, oil refineries as well as chemical manufacturing plants here. To have this partnership together in this area, we think would be very valuable.

Also, we get the facility that has state-of-the-art force protection now, which is increasingly important. We think that will attract even more military and Federal agencies over time because we can provide just what everybody is looking for by way of protection for their forces. We also have state-of-the-art brand new headquarters buildings designed to their specifications so we have command centers and IT kind of capabilities exactly as a modern force needs.

Also, this is an attractive vehicle for enhanced use leasing. I will talk about that in a little more detail in the next slide but a great opportunity to maximize that capability that DoD has. And then we also think there are going to be dramatic cost savings because, now, when you put more agencies, and we

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now have the Coast Guard, the Army Reserve and the Homeland Security coming on board to share the cost of what was just the Marine Corps and the Navy before, a lot of these common costs now can be shared over a lot more tenants, and you get some significant savings here.

Now, let me just talk a minute about enhanced use leasing. This is a capability the law has now given DoD to do where they can take Federal DoD land, they can lease it to a contractor who can then build something and lease it back to the military. The military gets the cash or a value flow, it can be cash or in-kind contributions for the price of the land part of it.

And what happens when you do this? You get a faster project. On the projects they have done, they have been 30 to 40 percent cheaper than MilCon. When you look specifically, we have talked with some developers here how would they apply that to the situation here, and we look at the time line. We have talked about being able to do this a lot faster. When you look at the time line here, if we got a BRAC decision that retained our base

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here in January, if we took a year to negotiate with the Department of the Navy to get the right kind of agreements in place, if we developed a master builder that could begin construction in January of 2007 and they guarantee us they could have initial occupation coming in July of 2008, so, again, the current BRAC recommendations, you know, have the process being completed in 2011.

Now, one of the concerns may be, well, you know, this is an idea and a concept. Is it really going to happen? Well, you've heard the governor and the mayor and the delegation make pretty strong commitments, but we also have -- you may not be aware, the State legislature did a unanimous proclamation this year supporting the funding of the Federal City. That is in your package that we delivered to you, so you have a copy of that. We also have the letter, a very strong letter that the governor sent the Secretary of Defense guaranteeing the funding of the Federal City project. That is also in the package that we have submitted to you.

As you have heard several times, we have already spent three-quarters of a

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million dollars so we have put our money where our mouth is kind of thing. And we, again, have guaranteed over and over, no, zero construction costs to the Federal government, and so we really think, with our proven track record, what we have done in the past, in a similar situation to SPAWARs, ITC Lakefront that I have shown you, that we really have as strong a case as I think you could make that we intend to and are committed to following this through if we get the opportunity.

To summarize, what are the savings now in the Federal City? A hundred and twelve million dollars in MilCon construction costs to the receiving commands to build the facilities to keep these new units that would move out if you close down NSA, you would save that; we eliminate the East Bank portion of NSA; we would reduce the fence line; we would take away all those expensive boat operations, all the inefficient headquarters buildings over there; we would also have a combination here with the extra tenants where we would share the common costs. Also, these new buildings would be run by private facilities, the maintenance

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kind of things. Similar experiences like this out in Monterey where they have done that documented a 41 percent savings in base operating costs when they do that.

Next slide. We also saved the moving costs of this except for the Kansas City move which they will come down, but all the other moving costs except for some computer costs that have to be done for moving from East Bank to West Bank are all saved. It takes full advantage, as I indicated, of the enhanced use leasing which we think would save us time and money.

The other issue here is there has been some concern about DoD going into leased spaces as opposed to owned spaces. Just before the prohibition of dealing with communities, we were on the verge of getting the word from the base, NSA, what it costs them to run their current facilities. They told us it was over twenty dollars a square foot. They were refining that. We never got the final costs. So, to own space, it was costing them, because of inefficiencies over there, about twenty dollars a square foot.

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For the new capabilities, on the new, efficient leased spaces, including the lease and all utilities, it is only going to cost about fifteen dollars a square foot, so there is about a 25 percent savings of the leased over the current owned facilities, so that is part of savings and, again, a better deal for the Department of Defense.

Let me go over quickly the chart here to kind of wrap up all these savings and put them in a way you can understand them. This is the DoD, what the recommendations were as printed. This is what we say are the adjusted recommendations, and we have had a lot of real experts go over this and we are confident and would like to discuss this if you want any more. These are all taken off this certified data. We have just adjusted it.

This is what the Federal City recommendations lead to, and this is the benefit of the State as you get to the Federal City concept. The first one is the one time cost that it takes. The second is the net cost by 2011. This is the difference between what it cost you to make these moves between now and

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2011 versus the savings that occurred during that period, and this is the -- you know how you get your ROI, obviously, you got your annual recurring savings that -- you know, into which your net cost here to get your ROI and, then, you've got your twenty-year net present savings here, and, again, there are dramatic benefits here and particularly because we can get Federal City implemented by 2008, 2009, even if you're extremely conservative, we start getting our savings before and we get savings even before the 2011 period starts, and so that is what leads to the dramatic savings that you get with the Federal City concept.

Next slide. So putting this graphically for you, and this is the total difference that you get with the DoD -- I mean the -- our Federal City recommendation.

Next slide. To review, then, the criteria for retaining or closing bases was the eight criteria that, by law, DoD has to follow. Let's do a quick review of those.

Criteria 1 through 4 were military value. By DoD's own calculations, we are very high, we ranked well above the receiving base

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locations where they're sent to. The justifications to overcome that, we surely think, are not there.

Criterion 5 was cost savings. We just showed the Federal City cost savings are way more than what the DoD actual cost savings are.

Criteria 6 was local impact on the economy, and, again, we've shown where that was very -- we think very much understated in DoD recommendations.

No. 7 is what is the potential impact on receiving or existing costs. By having to put a hundred twelve million dollars of MilCon in there, obviously, that is very much in the retain and save favor.

The last criteria is environmental impacts. We don't have enough information to know what the impacts are. There could be costs if you tried to close a base, NSA, say, particularly, the East Bank, that has been there and had a lot of industrial tanks and trucks and all that that it's held for many years. So, if you look at seven of the eight criteria in the DoD standards here, they don't -- they reinforce retention of NSA, and the -- kind of the bottom

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line, the DoD recommendation to close, we don't think is consistent at all with the BRAC data.

Again, just quickly to close with my themes here, what we tried to lay out here was there is a high military value for Naval Support Activity New Orleans which is, by DoD's own evaluation, the No. 1 criteria, and there is no strong criteria to overcome that high value that we see. The savings that DoD claimed, we believe, are grossly overstated here because they're talking about savings that are really not going to accrue, that the DoD can't spend on something later on. Our savings are true savings that is going to be available to DoD to put into other procurement or other priority programs that they want to do. And, then, we think that our Federal City alternative is -- as the Mayor said, outBRACs the BRAC solution here. It is a strong contender, it is exactly what BRAC is trying to accomplish but in a way that is very, very win/win with the community and the locale.

So what we end up here with, the analysis does not support closure, and we have a far better idea here with our Federal City

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concept.

Kind of the bottom line is the money in all this. So a quick review of what the money really says here: In actuality, we're totally convinced that the DoD savings that they have recommended are just not there and, then, if you compare the real DoD savings in their recommendations versus the Federal City concept, DoD gets some true savings here that can make a real difference in helping with our procurement situation. So, as we end up, what we think we offer to you is a situation and a case here that gives you exactly what BRAC is looking for. The Federal City is more transformational; it is more truly joint; it closes unneeded facilities; it provides you much bigger cost savings.

I would be delighted to take any questions that you have about our presentation.

COMMISSIONER HILL:

Mr. Coyle?

COMMISSIONER COYLE:

Thank you, Mr. Chairman. Actually, I have a short comment and a question.

You mentioned the experience in California, which I'm well familiar with, where

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the Naval Post-Graduate School and the Defense Language Institute turned to the City of Monterey to provide base support, and I know that they feel that it is the smartest thing they ever did, not only in terms of saving money but also in getting rid of a bunch of headaches. You mentioned in your comments about long-term service plans being inconsistent with the BRAC criteria, and I want to ask you if you understand what -- the motivation for those long-term service plans.

For example, since New Orleans has lower contractor costs than Norfolk or Millington, and since NSA New Orleans has higher military value than Millington or Norfolk and since your Federal City project would save more money than the DoD BRAC proposal and would return valuable East Bank land to the City of New Orleans, what is it that those long-term service plans are trying to accomplish? Why do those services have those long-term plans which are so different from what it is that you're proposing?

MAJOR GEN. MIZE:

Again, I would be -- I am

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speculating somewhat, but I will try to answer the question to the best of my knowledge. I think ask the Navy, obviously, would be the best way to get at that issue.

Over the last several years, there have been some ongoing efforts in the Navy to figure out kind of in a service stovepipe way how could they try to be more efficient, how could they work better together inside that particular service. So, for several years, they have been working on some initiatives how they might do that within their singular service context, so I think they saw, if you had your operational headquarters, the Fleet Command that is now in Norfolk and you had your Reserves there close by, you could save some people, and it is a pretty attractive concept at the beginning that they could work closely together.

Reality, as I pointed out, they only save twenty-two people by consolidating in Norfolk. So what is a good idea, you might think, generally, working the details and trying to figure out what can I really save, what spaces do I have to put them into, you know, do I have to really build something new, the

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reality of the situation doesn't often match, you know, what you kind of generally would think would be a good idea, and, again, I'm taking this off of the numbers in the COBRA data, but that is my guess of why, you know, they were going down that line thinking generically. But when you get down to really doing the hard analysis and you look at it in a joint context, you come up with a different answer.

COMMISSIONER HILL:

Thank you, General Mize. That was, again, an excellent presentation and a very intriguing recommendation.

If I could ask the governor one question, if the BRAC Commission were to accept this proposal versus the DoD Commission -- I mean the DoD recommendation, and understanding that, in your testimony today and understanding the Legislature behind it and all of that, there are still things that could fall out down the road and not be able to implement. If we were to do this and add language in here that says that, if the money wasn't forthcoming within two years or whatever we would work out, then the DoD recommendation would immediately go into

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effect and the Naval Station would be done, as the current recommendation offers, would you be agreeable to that kind of language?

GOV. BLANCO:

We believe that we could certainly assure the money in a shorter period of time, but the two-year stipulation would be fine with us.

COMMISSIONER HILL:

Okay. Thank you very much.

(Applause).

SENATOR LANDRIEU:

General, thank you very much for the time and attention and excellent presentation. I would be hard pressed to think that this Commission may hear a finer presentation in their tours around the country, and we're very proud that you've led this team.

Our final presenter, briefly, is Mayor Ben Morris of the City of Slidell. Besides being a dynamic leader of a fast-growing city, he also is a graduate of the U.S. Army Command General Staff College Army Logistics Course and the Institute of Finance and Basic Agents School for the U.S. Department of

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Justice, so he brings particularly excellent credentials to the discussion this morning.

Mayor Morris?

MAYOR MORRIS:

Thank you. Thank you very much, Senator Landrieu.

I -- this is going to be a very hard act to follow, General, but I would like to thank the Commission, Governor Blanco, Senator Landrieu, Senator Vitter, Representative Jindal, who couldn't make it here today, and Representative Jefferson for giving me the opportunity to convince you that the DISA Slidell should not be closed, and that is the DCTF -- I will refer to it as DISA Slidell because I have been calling it that for years, so if I missappoint, I'm referring to DISA Slidell for the most part.

Just being here in the midst of these State and National leaders and you, the Honorable Commissioners, makes this humble and obscure midsize city mayor feel somewhat like a mouse making his last kind gesture at the elephant who has just stepped on his head.

Ladies and gentlemen of the

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Commission, you were presented in this report two pictures relative to the disposition of the DISA facility at Slidell: The demographics of our City and St. Tammany Parish and the other of the facility. Both are wrong. In fact, it is rife with misinformation resulting from what I believe to be questionable staff work.

I will take a few minutes and walk us through the rationale used by DoD justifying the closure of DISA Slidell and point out to you why DISA Slidell should not be closed but, in fact, expanded both in mission and personnel. I will begin with the demographics of the City of Slidell and St. Tammany Parish by showing you the corrected version, because the information presented to you in DoD's report describes a city and a parish that was a figment of someone's imagination.

First slide, please? Excuse me. My leg went to sleep.

This is the corrected version of what DoD presented to you relative to our community, and, as the mayor, I felt that I had to straighten it out. And I'm not going to read every one of them to you, but the population was

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wrong. The median income, they indicated, was about thirty-nine thousand. In fact, it is almost fifty-two. Home values, I think they had at ninety or ninety-five. It is actually one hundred eighty-nine.

What was most distressing was the issue on our schools. The St. Tammany Parish Public School System was rated one of the top one hundred nationally accredited school systems by Money Magazine, and that was in 1996.

(Applause).

MAYOR MORRIS:

The report indicated that our graduation rate was .9 percent when, in fact, it was 92 percent. Crime levels in Slidell -- oh, by the way, the St. Tammany Parish School System, Public School System remains the top in the State of Louisiana, and it has been that way for several years.

Crime levels in the City of Slidell are below 1994 levels, and we have a nationally accredited police department.

The report stated that there was no universities, no access to Master's or Ph.D programs, and I don't know where that

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information came from but Slidell has three regional campuses: UNO, SLU, Delgado. I taught the -- in the Master's program at Southern University, and I was picking away at a Ph.D at the University of New Orleans. However, my wife told me to not do that anymore, and I took her advice.

In Slidell, we are currently developing a 100-acre University of New Orleans Center and Technical Park. This, we have just finished the master plan on that and, hopefully, will begin construction sometime within the next twelve to fifteen months. 55 percent of our citizens twenty-five years and older have at least two years of college.

Our work force supports many diverse high-tech industries. We have NASA and the Stennis Space Center which is 12 miles from Slidell. Included at Stennis is the National Oceanographic Office, Naval Research Lab, and we also have the National Finance Center that I believe is at NASA Michoud, we have the Michoud Assembly, we have the UNO Tech Park which is located at the UNO Campus in New Orleans and we have DISA, DCTF, and the Strategic Petroleum

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Reserve folks right there at Slidell. Textron just moved into Slidell with the completion facility for the new armored security vehicle. We're certainly proud to have them.

Next slide, please. Talk a little bit about the facility that DISA Slidell or DCTF is housed in. It was built in the 1960s as a NASA computing facility. This was at the height of the cold war. That building was built to withstand a nuclear blast should one occur -- sorry, Ray -- either in the City of New Orleans or at the port. It was turned over to the City of Slidell in 1994, and we leased it to DISA for one dollar a year in 1995.

Since that building was taken over by DISA, fifteen million dollars of taxpayer money has been spent redoing the building. It is constructed -- the computer portion of the building is constructed of reinforced concrete, 18 to 20 inches thick and that is from the basement to the roof. In fact, it is most probably the only building in South Louisiana that has a basement. The windows in the administrative building are protected by storm screens and Mylar. And the building space

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is 110,000 square feet. There is redundant power, redundant telecommunications, including NIPRNET and SIPRNET, auxiliary power generator UPS, it's elevated 15 feet above the hundred-year floodplain and all computer equipment is on the second and third floor.

Next slide, please. This is a view of the facility. You can see it has a perimeter fence that surrounds it. It sits on 16 acres of land, and it's high value land. The facility and the land is worth somewhere in the vicinity of about sixty million dollars. Right across the street from DISA is the Slidell Memorial Hospital which is a full service hospital in the event that anyone needed it, in the event of an attack or something of that nature.

Next slide, please. The BRAC recommendations regarding the DISA support activities, they recommended closing the Skyline Drive or Skyline 7 leased facility in Falls Church, Virginia and DISA Slidell, the DCTF, and move them to DISA headquarters at Fort Meade, Maryland. Their recommendation justification indicates that would consolidate headquarters

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components. Well, neither DISA Falls Church or DISA Slidell is a headquarters component. They are activities, have testing and evaluation activities.

Some of the additional justification, it says leased space, which is historically higher in overall cost than government-owned facilities, generally does not meet antiterrorism force protection standards as prescribed in UFC 04 and DISA's current leased locations are not compliant with current force protection standards. These are wrong as they apply to DISA Slidell.

First of all, consolidating the two testing activities, I think, is a great idea. I think it should be done in Slidell. We'll get to that a little bit later.

The leased space cost. Well, I'm sorry, folks, where are you going to find a Class A facility like we have here, 110,000 feet, sitting on 16 acres and get that for one dollar a year? That is very difficult to beat.

The report goes on to say that DISA's current leased locations are not

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compliant with current force protection standards. I will get into that in just a minute, but that is absolutely not correct when it is applied to DISA Slidell.

Economic impact, potential reduction of two hundred ninety-six jobs, one hundred fifty-one direct and one hundred forty-five indirect jobs. Keep in mind that most probably 25 or 30 percent of the people that work at Naval Support Activity, that work at Stennis, that work at NASA live either in Slidell or St. Tammany Parish. So the impact of what you do relative to NSA and DISA is going to be huge on our community.

Next slide, please. The justification and supporting COBRA cost model is flawed.

Next slide, please.

SENATOR LANDRIEU:

Ben, go a little faster.

MAYOR MORRIS:

I'm sorry?

SENATOR LANDRIEU:

We have only nine minutes left, Ben.

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MAYOR MORRIS:

Go a little faster, you said? All right. I'll do my best.

DCTF is a testing organization reporting to the Director of Testing. The mission is as written. I won't read it to you. There are three testing organizations associated with the Director of Testing. TE 1 and TE 2 are set to move to Fort Meade, and the other will remain at Fort Huachuca. These organizations support the specific test requirements for DoD programs and will not go away with the closure of DCTF. The Director of Testing has indicating that testings are not functions that gain efficiency through co-location with headquarters components.

Next slide, please.

Justification 2: Leased space has historically higher overall costs. Well, we already talked about the one dollar a year for a hundred thousand square foot building. The BOS costs for DCTF or DISA Slidell are 1.9 million annually. And the COBRA model cites the cost at DCTF or the leased cost at sixteen dollars and thirty-eight cents per square foot. Recommended

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sites: Recommendation, all sites, MilCon costs at 12.5 million to construct a 52,000 square foot lab that would be in Maryland. DCTF is twice the size of the RDT and E laboratory recommended by the DoD and can be leased using the COBRA funds cost data for 7.6 years using the MilCon costs without accounting for the new facility BOS costs which we could not find but I would assume they would be in the ten to twelve dollar range.

Next slide, please.

Justification 3: Generally does not meet antiterrorism force protection standards as prescribed by UFC 4. This facility meets or exceeds all applicable criteria defined by UFC 4, Appendix B. That is the DoD Minimum Antiterrorism Standards for New and Existing Buildings. The diagram on the right of the screen is DoD's recommendation or it is the UFC 4 diagram that would be the best utilized for terrorism protection of a building. If you lay that over the current Slidell DISA, you will find that it meets all of the criteria. Not only that, it exceeds it.

Next slide. This is a list of

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some of the force protection highlights that are currently in place at DISA Slidell and, certainly, I am not going to read that whole laundry list to you since Mary has the be-quiet button.

SENATOR LANDRIEU:

It's theirs, not mine.

MAYOR MORRIS:

But it's secure; it has a secure perimeter fence and it is reinforced with two three-quarter inch aircraft arresting cables. Interestingly enough, the compound is elevated above the current roadways. All visitor controls are located away from the main building. The majority of the facility does not have windows, and that is the computer complex that was built by NASA. The administration building has some, but they're all covered with steel shutters or have the ability to close with steel shutters, and they're protected windows, protected with Mylar. Pan/tilt/zoom cameras and motion detectors are located on the facility. Parking distances is well in excess of standoff standards and there are twenty-four X seven armed guards on the property.

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Next slide, please. DoD recommendation oversights: The COBRA model does not contain costs for relocation of facility computing assets. There is most probably -- and this is an estimate -- twenty-five to thirty million dollars worth of computers in that building. I'm an old LINUX guy, so I have an idea of what DISA does.

The COBRA model does not contain costs for personnel to support direct program training at Fort Meade. Basically, if all the people at Slidell go away, which is what the recommendation was, and all these programs shift to Fort Meade, who is going to do them? They're going to have to hire people from the local area to do that because the forty-three people that would be coming from TE 1 out of Falls Church aren't going to be able to pick up the -- all the programs that was being run by DCTF.

The cost of living difference is about 20 percent higher at Fort Meade.

The COBRA model contains contractor costs -- this is really the disturbing part of it -- indicated that the savings for forty-eight full-time equivalents

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are two hundred thousand each or 9.6 million per year. DCTF actual bill rate is fifty-five dollars an hour, and the actual cost for the forty-eight FTEs located at DISA Slidell is 4.8 million. DoD recommendation fails to account for all known cost activities associated with closure of DCTF and the recurring savings relative to contractor costs is inflated by 100 percent.

Next slide, please. This is the workload that is currently being done at DISA Slidell. There is one in there that you should pay close attention to because I think most of you are all aware of the DIMHRS project that is being tested. That is the new Defense Integrated Military Human Resources system. And that is an ACAT 1A program. We have national security agency programs and troop support programs.

Just because they close DISA does not mean that these programs go away. They have to go to Fort Meade, Maryland, so the testing and support of these programs will have to be accomplished at the new facility and are not included in the COBRA cost model.

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In addition to that, between Falls Church and DISA Slidell, there is approximately 125,000 square feet of office space that is being used. The 12.5 million dollars MilCon costs at Fort Meade used to build a 55,000 square foot building -- I'm not quite sure how they're going to get all those personnel and equipment to run all these programs into a 55,000 square foot building.

Next slide, please. Some critical oversights relative to the DIMHRS project: DCTF is testing that right now. It is the largest COTS human resources system in the world. It will support 3.1 million active Reserve National Guard service members, support full mobilization and support eight hundred and sixty-nine military personnel in paid locations worldwide. It will accommodate eighty thousand concurrent users, process ninety-three billion annually in paid allowance and subsume approximately eighty legacy systems. No costs were provided to account for the relocation and schedule impacts of this critical joint ACAT 1A program that is both a hardware and a software program.

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When DISA shuts down, that program has to shut down. The associated equipment with it and software are going to have to be moved to Fort Meade. This is a very critical program that has been in the works a long time. Those delays have to be accounted for.

Next slide, please. And we, hopefully, will offer a better solution.

Next slide. Excuse me. We will -- recommendation is to consolidate TE 1, Falls Church, Virginia and TE 2 to existing DCTF spaces in Slidell. This will reduce the DoD consolidation costs by 3.9 million for closure of DCTF, avoid the 12.5 million MilCon costs for the new lab at Fort Meade, relocate forty-three TE 1 personnel now in reduced lease cost at the NCR. DCTF will have sufficient space to accommodate TE 1 when the COOP mission expires in October of '05. Current leased space at Skyline 7 is thirty dollars per month foot for approximately 35,000 square feet, that is, almost if not one million dollars a month. Achieve consolidation efficiencies outside the National Capitol region and certainly at lower

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cost to personnel and provide immediate force protection for TE 1 personnel.

Summary: Forty-eight million for Skyline 7 lease would be saved by bringing TE 1 to Slidell; we would save 12.5 million for MilCon, that is the new lab at Fort Meade; and 3.9 million for closure costs, which certainly are not the full costs, as we've already pointed out, so we have an immediate savings of approximately 64.4 million dollars, and that is to close the leased facility that only costs one buck a year.

Ladies and gentlemen, I think that there should be little doubt of what decision should be made here, but, then again, sometimes I think logically, or illogically, but I think we have a lot to offer the Federal government, the personnel at DISA, not only with our community but with this absolutely outstanding lease, so please keep DISA in Slidell. We'll be more than happy to accept the TE 1 folks.

Thank you very much.

(Applause).

COMMISSIONER HILL:

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Thank you, Mayor.

SENATOR LANDRIEU:

Thank you so much, Mr. Mayor, for that excellent presentation.

Commissioners, if you will allow me a two-minute closing -- before I do, do you have any questions to any of our leaders here? We have our governor, mayor, congressional delegation, our Department of Economic Development's representative, many local elected officials. Are there any questions from any of the Commissioners?

COMMISSIONER HILL:

Not from the Commissioners, but -- I'll let you have the last word. I'll jump in right in front of you. Those were all wonderful presentations and I would congratulate your team.

(Applause).

SENATOR LANDRIEU:

Commissioners, we thank you for your time, for your attention, and we could tell, looking at your faces as we presented this material, that you were really focused on what we were presenting to you because you take your

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job very seriously, but this leadership team in Louisiana is united. We have studied this issue carefully and we believe that the recommendation that has been made to you is not a good one.

We believe the recommendation that we have made to you this morning is far superior. Not only does it give our military what it needs and puts the nation's security first; it puts the military families in a very good position which we need to support them. We have a volunteer force. We don't have a mandatory draft. Our military families are happy here. The community is unified, and we believe, most importantly, I guess, from your perspective, that the alternative that we have presented saves more money than the DoD recommendation and that money, every dollar saved can go to make our military stronger and better, and God knows that we have serious challenges before us.

We ask you to take a closer look. We ask you to look, as you have been asked, with a sober, dispassionate review of what has been stated. We believe the savings of the report before you have been overstated, the costs have

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been understated, the impacts to our community have been understated and that this is really an excellent presentation.

In closing, let me say that, as a member of the MilCon Committee and having formerly served on the Armed Services Committee, I'm very familiar with the reports, proposals, discussions, subcommittee meetings and reports that go into a lot of the military construction. I have never seen myself a better presentation by anyone in the nation before the Military Construction Committee of which I sit on, and I think that the Chairman and the Commissioners --

(Applause).

SENATOR LANDRIEU:

-- will agree, so I just want to thank our dynamic leadership team. I thank our governor for her excellent leadership, and we commend this material to you for your careful consideration.

God bless you all.

(Applause).

COMMISSIONER HILL:

Thank you. We stand adjourned for thirty minutes.

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(Lunch recess taken).

COMMISSIONER HILL:

Governor Bush and the other members of the Florida delegation, we welcome you to this Regional Hearing. In my opening statement this morning, which I will not read for all of you all, I will condense it to a few words and that is that these regional hearings and our previous visits, both staff and Commissioners, to the affected installations is a very important part of the process, and, at this point, we have been listening to and looking at one side of the issue and that one point of view and, now, we're hearing the other, and what the Commission promises you and the citizens of Florida is an independent, fair assessment of what the secretary's recommendations were, and I think that we're backed up by a wonderful staff. We've got some great analysis going, and so, with that, we'll go ahead and have you and the other members, Governor, of the Florida delegation to please stand for the administration of the oath which is required by the Base Closure and Realignment Statute.

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The oath will be administered by Rumu Sarkar, the Commission's designated Federal officer.

(Oath administered).

COMMISSIONER HILL:

All right, Governor, the time is yours.

GOVERNOR BUSH:

Thank you.

General?

ADMIRAL NATTER:

Thank you, Sirs. Good afternoon. I'm Robert J. Natter, Admiral, U.S. Navy Retired.

Our schedule for today's hearing is shown on this slide. Absent from our presentation due to this hearing's time constraints are representatives from Miami, Orlando and Tyndall Air Force Base. They have each prepared a report for your consideration that I would ask the Commission to accept as an official input from those communities.

COMMISSIONER HILL:

So accepted.

ADMIRAL NATTER:

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Thank you, sir.

I am here to provide a brief introduction for the State of Florida's presentations before the 2005 BRAC Commission. I will be followed in turn by, one, Jacksonville/Mayport, who will outline how the Department of Defense addressed the BRAC mandate, calculating the military value, costs and return on investment for the Jacksonville military complex. Then we will continue with the same assessment in relation to military value, cost and return on investment for, 2, Space Coast and, 3, Pensacola. Finally, Senators Nelson and Martinez and Governor Bush will complete our presentation.

By way of introduction, I'm here representing the State of Florida as a result of Governor Bush and his Florida BRAC Council's request that I assist the State in these important military deliberations. Prior to my retirement from active duty about a year and a half ago, I had the honor and responsibility to be Commander of the U.S. Atlantic Fleet and Fleet Forces Command to determine if, where and how the Atlantic fleet and the Fleet Marine

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Forces might conduct its combat training as a result of the Navy's exit from Vieques and other training and support facilities in Puerto Rico.

As part of the Atlantic Fleet staff's work in this regard, potential sites were studied and visited from the West Coast of Africa to the Panama Canal and from Canada and Scotland to the equator, and, of course, at many sites throughout the United States. Our study and visits validated the excellent military value of Florida's various bases and facilities, ashore and over and in the waters surrounding the State.

The Navy's decision, of course, was to close Puerto Rico and move most of our training and operations to Florida as part of the Navy's training resource strategy. In addition to military value and encroachment protection, there is obviously the important element of community support.

As part of my examination throughout the State of Florida, I visited each and every community where we would be conducting our training, along with our Air Force, Marine Corps and Army partners. Those visits

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reiterated to me the great support throughout the State for what we were attempting to do. We, in essence, had to explain to the communities why they ought to support having Marines invade their communities and having bombs dropped nearby their communities. I can tell you that I think their reaction is best summed up by an article in the newspaper down at Avon Park following my visit there, when one of the local citizens was interviewed and quoted as saying: They can come and drop as many bombs as they want here as long as they drop one on Osama Bin Laden, and I think that best illustrates the support throughout the State of Florida for what the military has to do to be well prepared and the best fighting force in the world.

As you can see from this slide, the bases in Florida are well located and relevant in their own right, but, when taken together, they offer a joint military value that exceeds the sum of their parts. The air, land and water space from the Gulf of Mexico to the Atlantic Ocean provides outstanding joint and individual service training and weapons testing opportunities. Carrier strike groups have

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completed deployment training in the Atlantic and Gulf of Mexico. Soldiers and Marines have executed amphibious landings, maneuver and weapons training ashore at Eglin Air Force Base.

Air Force and Navy pilots have flown joint strikes into Eglin just as they go to war today, and all our services have utilized the critical bombing and artillery ranges at Pinecastle, Avon Park and Eglin Air Force Base, and, in my view, the services can do a lot more joint training and weapons testing in and around these important bases all the way from Key West to the south to Pensacola, Whiting Field, Eglin, Tyndall and Jacksonville/Mayport to the north. As an example, you can look at our Northwest Florida bases, Tyndall, Hurlburt, Eglin Air Force Base, NAS Pensacola and Whiting Field among others that have been actively protected from encroachment for years by the State and those bases' surrounding communities. The true value for the Department of Defense is not in the concrete constructions on these bases but the priceless unencumbered air, unencroached upon land and expansive water maneuver space that comes with these bases.

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With respect to available water and land space, I would like to address two final points in my remarks. The first concerns the security and operational resilience of the Navy's Atlantic Fleet. Specifically as part of this BRAC Commission's role is a responsibility and authority to take the Department of Defense's Base Realignment and Closure Recommendations and to insure that they provide for our nation's combat force structure of the future.

To this point, the Navy's aircraft carrier fleet today is dispersed to four ports in the Pacific Ocean and to only two in the Atlantic. In the Atlantic, these two ports are Norfolk and Mayport, the only two major fleet concentration areas in the Atlantic. I feel strongly about this because of the lessons I hope we all have learned as citizens from the attack at Pearl Harbor and the big lesson I learned personally when my Atlantic Fleet ship, USS COLE, was attacked in '00 at their most vulnerable place, in port, not underway.

Today, Mayport is the only Navy

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fleet concentration area not capable of home porting a nuclear carrier because, up to now, it has accommodated only conventionally powered carriers and does not have certain upgrades necessary to accommodate the nuclear carriers. We would respectfully request that the Commission add a realignment requirement that the Navy upgrade Mayport to nuclear status. This is not an effort to move carriers around, because I know that is not part of the BRAC Commission's responsibility, but, more importantly, it is simply a strategic imperative to be able to support the fleet's dispersal. That rationale for this is that the Atlantic Fleet's current infrastructure is simply inadequate for its all-nuclear carrier fleet of the near future.

As can be seen from this picture, Norfolk, which is a very capable Navy port, should not be the only location where our entire Atlantic Fleet carrier force is located. Both the Secretary of the Navy and the Chief of Naval Operation have testified to this point before Congress as recently as this year.

Both Norfolk carrier piers, as

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seen in the picture, are adjacent to one another and, as seen in this slide, the Norfolk Ship Channel is a relatively long and restrictive three and a half hour transit out of port. This single port infrastructure issue, in my opinion, seriously endangers a big part of our nation's combat power.

By adding Mayport as a potential host for our carrier force, we can see in this picture that we get a second port that is away from commercial shipping lanes and, as seen in this next chart, Mayport provides a very quick thirty minute transit to the open sea. So, by adding this important infrastructure realignment to your decisions, you can insure that the Navy's combat power in the Atlantic is dispersed just as it is in the Pacific and, as a result, is more secure.

The second issue that I would like to mention is that of -- that the Commission has added to their list NAS Oceania. As a former commander of the Atlantic Fleet, I can tell you that I'm well aware of the details of the encroachment problems surrounding NAS Oceania. I'm well aware of the potential

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outlying field in North Carolina. I am the one who recommended that to the Navy as a site for an outlying field. I know the problems associated with that.

I can tell you that we have discussed this issue with Mayor Peyton, Governor Bush and our entire Congressional delegation, and we would like to consider adding Cecil as an option as a potential replacement for Oceania.

Cecil Field has terrific infrastructure. I think, as you know, it was a master jet base. There has been relatively little encroachment since it was turned over to the City, and we think, for these reasons and the close proximity to the Atlantic waters where the ships operate, that it would be a viable possibility. We obviously know that there would have to be a lot looked into with respect to the City's interests, the State's concerns and with respect to the Navy's interests and concerns, but this is an issue that we would like to have considered.

Before I close, let me reiterate that Florida's bases provide our nation with military training and testing and operating

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facilities with the highest of military value. The Pentagon recognized this in their BRAC recommendations, and I know it personally, after looking extensively throughout the Western Hemisphere for alternate sites to train and to test weapons.

With that, it is my honor to pass the microphone to our Jacksonville delegation led by Congressman Andrew Crenshaw and Mayor John Peyton.

REP. CRENSHAW:

Thank you, and good afternoon to you all. On behalf of our community, the Mayor of Jacksonville and I would like to express our appreciation for the outstanding work being done by your Commission. Realigning DoD infrastructure to meet national security needs for the next two decades is certainly a daunting and complex task which forces difficult decisions. Jacksonville knows this firsthand because we digested the closure of NAS Cecil Field during previous BRAC round.

MAYOR PEYTON:

Good afternoon. I'm John Peyton. I wanted also to tell you, we appreciate this

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opportunity and the tedious, time-consuming effort you're making to learn more about BRAC.

The City of Jacksonville has enjoyed a long and proud partnership with Department of Defense, especially the Navy. Jacksonville has demonstrated a military friendly commitment again and again. That really started back in 1939. While America was still recovering from the Great Depression, the citizens of Jacksonville floated a 1.1 million dollar bond issue to establish Naval Station Jacksonville and Naval Station Mayport. That was an unprecedented action then, and these bases enjoy the special distinction of having been created by direct gifts from our community.

The local military presence has steadily grown since World War II. We now have become a fleet concentration area with regional air, ship and submarine facilities, depot level maintenance support, a logistics staging facility, an outstanding landing field, aerial bombing ranges, civil air patrol, medical facilities and ground combat training area from which critical defense missions are conducted.

The State and City have

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aggressively protected these military facilities from encroachment, and there is strong community support. Jacksonville treats men and women in uniform as special citizens.

In January, our Jacksonville City Council approved a property tax rebate for military personnel serving on combat duty. Over eight hundred military personnel residing in the Jacksonville area have qualified for a seven hundred fifty thousand dollar property tax relief. We will continue this program in 2006.

This extraordinary community support combines with a high quality of life, an affordable housing market, no State income tax and State laws designed to be military friendly. That is why Jacksonville is a favorite duty station. In fact, I read this week that the USS JOHN KENNEDY has the highest career retention in the United States Navy.

We have also made major infrastructure investments to support our military, most recently a one hundred forty-five million dollar investment in a road called Wonderwood Expressway, a four-lane bridge over the Intracoastal Waterway that feeds directly to

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Naval Station Mayport.

REP. CRENSHAW:

Concurrent with local efforts, many global developments have enhanced the military value of Greater Jacksonville's bases and missions. Closure of naval facilities in Puerto Rico, including the Vieques Training Range, have made Florida the major East Coast air, sea, submarine and missile training area. The Blount Island Port Facility has emerged as the premier logistics staging area for military cargo headed for Afghanistan and Iraq. The recent relocation of the Naval Force South Command has placed them next door to the Navy Region Southeast Command, making Jacksonville the gateway for all operations to the south.

All this has occurred as the volume of shipping activity in the Caribbean, South America and the Panama Canal has risen dramatically, along with the increased threat of narcoterrorism throughout the region. The BRAC proposals for Greater Jacksonville recognize these new realities and the corresponding enhanced military value. We join with our community in enthusiastically embracing these

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recommendations which were the product of detailed data collection and analysis.

We would like to use our time to focus on three specific issues which fall within your purview and are fully consistent with the intent and missions of BRAC and the U.S. defense posture. This first slide, you can see that we talk about Point 1, the capability of the Jacksonville community to absorb and support additional military personnel and families, and I might add, as has been pointed out earlier, when the issue of an alternative to Oceania comes to mind, Cecil Field, which was closed in an earlier BRAC round, was a premier jet base in the '80s and the '90s, would have had a little bit of encroachment and if the Navy would like to discuss a new use for that, our community would be more than happy to sit down and work in any way we can to assist the Navy in that.

Point 2 we would like to talk about, you can see on this slide the realignment of the P 3 squadrons and the Naval Facilities Command to NAS Jacksonville, and the third point we would like to talk about is the optimal utilization of Naval Station Mayport.

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MAYOR PEYTON:

Speaking of the capabilities of the Greater Jacksonville area to support additional military families, this chart reflects the military concentration in our area beginning in the north with the submarine base in King's Bay and Moody Air Force Base, extending to the west to Camp Blanding and south to the Florida Headquarters in St. Augustine. All points within this region are readily accessible to Downtown Jacksonville and Jacksonville International Airport and contain residential communities which serve all of our military facilities.

The population of the military community in Greater Jacksonville has steadily declined in the last two decades proportionate to the downsizing of the fleet. In the 1990s, the ship count at Mayport was twenty-six, with two carriers, squadrons of fighters jets operating from Cecil Field and we had S 3s and P 3s and helicopters. In 1997, the Navy Region Southeast Commander reported nearly fifty-seven thousand personnel in the area. That number is now below fifty thousand.

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While the military communities shrank, our city grew, however, to be the thirteenth largest community in the U.S. Residential neighborhoods, schools, libraries and parks abound. This year, Money Magazine ranked Jacksonville as one of the top seven best cities to live in the U.S. and we were one of the few selected that has a major military presence.

The BRAC recommendations proposed adding fifty-five hundred military billets to the area. Although it's been suggested the proposed realignments will overwhelm the community infrastructure of Greater Jacksonville, the facts demonstrate otherwise. The actions recommended by the Secretary of Defense would, at most, restore military population to 1997 numbers in a city that has enjoyed strong, managed growth in the interim.

The citizens of Jacksonville approved a half cent sales tax to invest in infrastructure, leaving a city that recently hosted a Superbowl easily able to absorb these additions.

Also relevant to this issue is

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the fact that additional reductions are already scheduled for the military bases in Greater Jacksonville. The ship, plane and submarine count in the area will decrease over the next five years due to the decommissioning of older platforms. Most notably, the retirement of the S 3s will reduce the population at NAS Jax by five squadrons and more than a thousand personnel.

Thus, the actions proposed by the Secretary of Defense for our area would effectively result in no change. I'm certain that any defense realignment approved by this Commission would well be within the capacity of infrastructure of our area.

Focusing specifically on King's Bay, the Navy has reported that at least 20 percent of personnel at King's Bay live in the Jacksonville area and make the commute to the -- make the commute in order to take advantage of our social and cultural amenities. The ongoing development of affordable housing, infrastructure both north and west of Jacksonville International Airport will be attractive to those assigned to the bases in

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Southern Georgia and make their absorption into our community even easier.

And I want to reflect on what Admiral Natter has said and Congressman Crenshaw. The prospect of Cecil Field being a solution or remedy to the Oceania challenge is something our city is certainly open to visiting, along with the governor, as a possibility to solve that challenge.

REP. CRENSHAW:

I would like to address the realignment of P 3 aircraft at the Navy Facilities Command at NAS Jacksonville. The Secretary of Defense has recommended to the BRAC Commission that the remaining P 3 assets on the East Coast be relocated to NAS Jacksonville. This recommendation includes the consolidation of all related maintenance functions into the new Fleet Readiness Center Southeast in Jacksonville, Florida.

The rationale presented in the BRAC report for such a realignment is to lower costs and improve P 3 training, maintenance and operations. The Navy's sole P 3 training squadron, VP 30, including all the simulators

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used for aircrew training, are at NAS Jacksonville. VP 30 is the largest squadron in the Navy, with more than sixteen hundred personnel, half of which are transient students.

Co-locating operational P 3 squadrons on the East Coast with a training squadron would generate substantial cost savings and less personnel disruption. Placing all P 3 intermediate and depot level maintenance at the renamed Fleet Readiness Center Southeast, also at NAS JAX, completes the alignment of P 3 maintenance at the most logical and cost effective single site.

P 3 operations will also benefit from this realignment. P 3 squadrons are primarily used for rotational overseas deployment and for counterdrug operations in the Caribbean and in South America. Since the rotational deployments are for extended periods abroad, their home base site is not a critical factor. However, the drug missions are of shorter duration and are conducted during squadron training cycle. In this case, locating P 3 squadrons near the counterdrug operational areas has important strategic and cost benefits.

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NAS Jacksonville presents a one-stop shopping opportunity which improves efficiency, lowers costs and adds to crew satisfaction. The Department of Homeland Security's Bureau of Customs and Border Protection stages two air wings, including one wing of P 3s from Jacksonville because they have found it to be the ideal strategic location for drug interdiction and homeland security operations to the north and to the south.

There are additional justifications for the realignment proposed: Temperate year-round weather conditions at NAS Jacksonville translate into better operating and training conditions and lower costs to fly. Realignment to one base also creates inherent savings over the present two-base model. Reduction in P 3 squadrons, active and reserve, since the end of the Cold War now has the same number of squadrons spread over two bases that were located at a single base 15 years ago. That is a very costly, inefficient operating model.

Now, here is another slide I would like you to look at taken directly from

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the Department of Defense, and it presents the final and most important factor supporting the realignment of P 3s in the Atlantic. When all Navy and Marine Corps aviation installations were analyzed for military value, NAS Jacksonville ranked No. 1.

The Department of Defense's recommendations also proposed moving the Regional Engineering Activity, commonly referred to as NAVFAC, to NAS JAX, where it will be co-located with Navy Region Southeast Command. This command is responsible for fourteen facilities, supports seventy-five thousand personnel and has budget authority of more than seven hundred million. This co-location not only saves money but it aligns the management responsibilities for engineering design, environmental concerns and public works throughout the Southeast Region. The recommendation of the Secretary of Defense to realign P 3 operations and the regional engineering function at NAS Jacksonville is consistent with military value, saves precious defense dollars and improves readiness.

Now, I would like to address an

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area that has been recently discussed by many in Navy circles, including the Chief of Naval Operations and the Secretary of the Navy, and that is how can Naval Station Mayport be best utilized for the Navy and for the national security of our country.

The downsizing of the Atlantic Fleet has reduced the number of ships at Mayport to twenty. If you look at this protected port, look at this slide, you will see that it provides direct and immediate blue water access to the Atlantic Ocean with a buffer between military and commercial shipping lanes. Mayport can support thirty-four ships and has the capacity to home port multiple carriers and big-deck amphibious ships.

The local community is comprised of nationally acclaimed ship repair companies with the capacity to perform all levels of maintenance. The Navy has so much confidence in these companies that, in 2003, the largest aircraft carrier overhaul ever performed outside a Navy shipyard was completed by these contractors at Mayport. The Navy has utilized this local maintenance expertise to dock and

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repair ships from Mayport and other naval stations in the Gulf.

As a result, realigning additional combatants at Mayport as recommended by the Secretary of Defense will improve operational and ship repair efficiency. The United States Navy has long insisted that it must provide sufficient deep-water ports in the Atlantic and Pacific Oceans to protect and disperse its fleet, particularly its aircraft carriers and other strategic assets.

After a series of previous base closures and consolidations, the Atlantic Fleet has just two carrier home porting sites remaining: That is Norfolk and Mayport. Of these, Norfolk is the only Atlantic Fleet port capable of supporting nuclear powered carriers. When the USS JOHN F. KENNEDY is decommissioned, the remaining five Atlantic Fleet carriers will be based at two adjacent piers at Naval Station Norfolk.

As was pointed out, the historic lessons of Pearl Harbor, refreshed by the attack on the USS COLE and the events of 9-11 serve as a powerful reminder that dispersing our Atlantic

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carrier fleet on the East Coast is a strategic and security imperative. Upgrading the facilities at Mayport to allow the home porting of a nuclear carrier is the logical and cost effective response to that strategic imperative.

As home port to aircraft carriers for the past fifty years, Mayport already has most of the unique and heavy maintenance capability in place to support one or more CVNs. Earlier this year, the nationally respected engineering company BHR Arcadis completed a comprehensive review of the remaining steps necessary to make Mayport CVN capable. This study indicates that all necessary upgrades can be completed within three to five years at a cost of approximately one hundred and thirty-seven million dollars, a shorter timeframe and a lower cost than might have been expected.

The 2005 BRAC Commission has been instructed by Congress to initiate infrastructure realignments that will be critical to national security over the next two decades. We hope that the Commission will consider upgrading Naval Station Mayport to

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nuclear carrier capable status. In doing so, you will expedite the completion of the important infrastructure required for the future of a nuclear carrier fleet.

MAYOR PEYTON:

As we wrap up, I would like to reemphasize the fact that the infrastructure in the Greater Jacksonville area can readily absorb the gains proposed that will strengthen the fleet in the concentration area. Jacksonville is the largest city geographically in the continental U.S. and the thirteenth largest in population. It is also a major intermodal transportation hub located at the intersection of two interstate highways with easy and well developed access to air, sea and rail.

Further development of this area as a military concentration center balances the Atlantic Fleet. Our low cost of living, favorable climate and quality of life make us a favorite for military personnel. It is no mystery why we continue to be among the top requested duty stations in the United States Navy. We continue to welcome the military families and honor their service through our

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innovative State and local programs.

The gains in military personnel that have been proposed for Jacksonville will not exceed the numbers we hosted in the 1990s. Our city is experiencing record growth, but it is well managed growth. We still have plenty of capacity for future growth to support the current and future defense missions.

Greater Jacksonville is ideally suited by geography and infrastructure to host those directing and managing our national security interests. We welcome the chance to continue to play a key role in our nation's defense.

REP. CRENSHAW:

The Greater Jacksonville military complex has emerged as a vital strategic defense locale for joint operations, training, maintenance and staging missions. The BRAC recommendations of the Secretary of Defense seek to reduce excess infrastructure while producing long-term savings. The military value criteria adopted for this analysis was very carefully drafted and the product of numerous Congressional hearings in which I participated.

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The GAO has just published their review of the Department of Defense BRAC selection process and has determined it to be logical, reasoned and well documented. The BRAC recommendations which impact Greater Jacksonville reflect the significant military value of this region. The realignment proposed for our area will result in savings of two and a half billion dollars over twenty years, funding which can be better utilized in other areas of the Department of Defense, so we thank you for giving us the opportunity to testify today and will be happy to respond to any questions.

Thank you.

COMMISSIONER HILL:

Do you have anything?

I have just a couple of questions. Mayor, you said -- and I want to make sure I had the number right -- the number of people that commute from Jacksonville to King's Bay, I thought I heard you say about 20 percent of the people that work up there.

Is that what you said?

MAYOR PEYTON:

That's correct.

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COMMISSIONER HILL:

What is the commute time?

MAYOR PEYTON:

I would say it's around thirty minutes, twenty-five, thirty minutes.

COMMISSIONER HILL:

Okay, thank you very much.

REP. WELDON:

Members of the Commission, I am Congressman Dave Weldon. I represent Florida's Fifteenth Congressional District, which includes Florida's Space Coast. We have Kennedy Space Center, Cape Canaveral Air Station there, and I'm here to address the secretary's recommendation to move the Naval Ordnance Test Unit or NOTU, which is located at Port Canaveral right there at Cape Canaveral, up to King's Bay.

The location is there, and it's been there for decades because of the presence of the Eastern Test Range which supports the launch operations at Cape Canaveral and the civilian launches, the NASA launches of the shuttle, and this goes back decades. It's been there since the early Poseidon launches, and the main issue that I would like to stress before I

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introduce Retired Captain Borger, who was formerly the commander of this facility, is, just a few months ago, the Navy completed a two-year analysis of this very question of moving the facility from Port Canaveral to King's Bay, and this was a very thorough analysis that included the mission critical questions, it included the cost benefit, it included the safety analysis, and, after a two-year analysis, the Navy concluded that they were going to keep NOTU where it was and they were actually going to grow the operation, and, indeed, we had a big announcement and brought in all the employees, and they were, of course, all quite pleased that their jobs were not going to be relocated up to King's Bay, and, then, for the people who work there, and obviously for us in the community, we were very shocked and surprised to see the Secretary's office, just a few months later, make an announcement that they were going to move, and I -- so I would highly encourage you to look at that analysis the Navy did and concluded the exact opposite of what the secretary's office recommended.

The facility is very strongly

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supported by the community, and there are a lot of issues associated with moving this type of an operation to another location, and, with that, I would like to go ahead and turn over the microphone to Captain Borger, who will go into more of the details of this issue with you.

CAPT. BORGER:

Members of the Commission, we thank you for this opportunity to provide our reasoned perspective on the Secretary of Defense's recommendation to realign the Naval Ordnance Test Unit to King's Bay, Georgia. I submitted my full statement for the record and would like to summarize it for you here today.

I'm Captain Bill Borger, United States Navy, Retired, former commanding officer of the Naval Ordnance Test Unit. I am pleased to speak to you today on behalf of and as a member of the Space Coast community.

Let me begin by noting that we stand united as a community that strongly supports the nation's war fighters, as we do the Secretary of Defense's effort to transform our national defense establishment into an efficient, effective force shaped to meet the

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challenges of a dynamic world environment. While we strongly support the Department's efforts, our analysis indicates oversights occurred in the proposed realignment of NOTU to King's Bay.

I want to highlight some of these oversights and reflect deviations from the Department's own criteria. We believe these deviations produced a flawed recommendation that actually reduces military value, degrades antiterrorism force protection and eliminates jointness.

First, as you will note on this slide, NOTU is not a stand-alone activity as characterized in the DoD report; it is a true test organization supporting U.S. Naval war fighter requirements operating from Cape Canaveral Air Force Station in close joint cooperation with its Air Force host, 45th Space Wing. Its test mission is interwoven with the Air Force's test, safety and command and control of the Eastern Test Range which overlays the Atlantic Ocean. The port facility it utilizes is one of only three capable of accommodating Trident submarines on the East Coast.

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The second oversight I would call to your attention is the number of direct mission support personnel impacted by the proposed realignment, a number in excess of seven hundred fifty, some five hundred thirty-two of which are contractor members of the team, not the one hundred ninety-five reflected in the secretary's report. I'll expand on these points momentarily.

The rationale supporting the Department's proposal to realign NOTU's test and evaluation mission to King's Bay is based on increased military value. This military value appears to center on antiterrorism force protection and synergy gain from combining a test mission with a strategic mission. The rationale appears to assume that these missions can be combined to take advantage of support elements and critical missile and flight test expertise resident on the Cape can be found in rural Georgia. The real questions are to what degree, if at all, is military value increased, is force protection enhanced; will effectiveness be increased by the proposed move, or will the mission suffer and at what cost. It is our best

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judgment the Commission will find that the mission would suffer, that force protection would not be increased and that joint cooperation between the two services essential to this mission's success would be diminished.

Today, NOTU provides a full spectrum of submarine launched ballistic missile test and evaluation capabilities from testing of missile support equipment to ground based evaluation of guidance system and flight test hardware to full flight testing of tactical missiles. To uproot this operation, extensive costs and infrastructure, personnel relocations, contractor changes and mission disruption, significant benefits should accrue in support of the secretary's goals of increasing military value and enhancing jointness to improve mission success.

Our analysis from the data supporting this realignment suggests none of these will be realized. In fact, just the opposite. Review of the underlying rationale, the basic geographic survey and supporting data indicates that the mission itself will be degraded.

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Of equal importance, test missions will experience greater exposure to potential terrorist attack. The joint cooperation and cost sharing arrangement that is in place to support NOTU operations at Cape Canaveral Air Force Station today will also be lost, along with the synergistic benefits of NOTU personnel working on a day-to-day basis, face to face with Air Force personnel responsible for operations and missile safety on the Eastern Test Range.

NOTU's testing and evaluation mission is completely distinct from the strategic mission supported at Submarine Base King's Bay. To replicate the NOTU function there would require not only duplicating the physical infrastructure but also moving hundreds of contractor personnel to execute this mission.

Since NOTU is a tenant today, nearly all supply and administrative support personnel perform functions in direct support of the mission. Additionally, the labor force at NOTU consists of missile flight test engineers, a discipline unique to range facilities and one not found in King's Bay.

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Our statewide analysis shows that less than 30 percent of personnel are expected to relocate from Florida if the base were to close. Since a large number of jobs available to flight test engineers are located on the Space Coast due to presence of NASA, the 45th Space Wing and numerous space industry contractors, this number is likely to be even lower.

If the test and evaluation mission were to move to King's Bay, it would be in direct competition for resources with the strategic mission, resulting in mission degrade. At NOTU, the test mission is the only priority, ensuring adequate resources are always available. This is especially significant during launch operations when delays impact range use by other organizations such as NASA and the Air Force.

In addition to directly impacting mission accomplishment, consolidation would also decrease the required synergy between the test engineers at NOTU and the 45th Space Wing. Day-to-day cooperation is necessary since changes to range hardware and software impact

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ballistic missile testing and modifications to missile hardware must be compatible with range equipment to insure flight safety. Range testing operations occur throughout the year between launches and require close coordination and planning.

Additionally, mission planning for flight operations begins months in advance of the launch and coordination is required to assure all range safety criteria are met. Since the 45th Space Wing safety organization supports launches from both East and West Coast, this liaison is also important to West Coast launches.

The close cooperation between NOTU and the 45th Space Wing has resulted in understanding and trust which, in my personal experience, has been critical to rapid problem solution of issues arising during a countdown. The ability to respond to unexpected events that occur close to launch time without delaying the launch is dependent on a professional and personal trust between the NOTU commanding officer and the 45th Space Wing commander which results only from face-to-face interaction. The

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coordination can be done in a temporary duty mode but would require extensive presence at Cape Canaveral, a requirement that is present in the current basing arrangement.

At the core of every test mission, safety considerations are given top priority. The relocation of Navy test and safety personnel to King's Bay eliminates day-to-day coordination with their Air Force counterparts and undermines interaction with the expertise resident at the Cape. This coordination and interaction cannot be taken for granted. It is not just a paperwork exercise.

Can this be accomplished in a separated mode? Yes. Test and safety personnel can go TDY back to the Cape for extended periods and test preparations, but at a cost. That cost represents both risks and man-hours wasted in travel and reestablishing rapport with their current day-to-day partners.

As we look at these two operating locations, one fact stands out very clearly: The port facility on the Cape enjoys immediate access to open water. King's Bay is located on an inland waterway requiring lengthy surface

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transit to open water and to the test launch point. This is a disadvantage that clearly reduces military value.

As we examine the elements of antiterrorism force protection, it becomes apparent that the two and a half hour surface transit time to reach open water from King's Bay at the beginning and end of each mission provides significantly more exposure to terrorist attack than the comparable forty-five minute transit to Port Canaveral. During these restricted maneuverability transits, the submarine is most vulnerable.

As you can see from this aerial view, the channel from the wharf at King's Bay is much longer and is very narrow, meaning, once the submarine has entered restricted waters, it is committed; it has only one opportunity to turn around at the halfway point and requires tug assistance to do so. The short channel transit at Port Canaveral makes this a non-issue at NOTU. Having maneuvered the Trident submarine USS LOUISIANA in and out of each port numerous times, let me assure you that the transit at Port Canaveral is much more

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straightforward and significantly shorter.

For the most intense test missions, a 75-foot sensor mast must be mounted to the hull, requiring a surface-only transit to the launch point, further exacerbating its vulnerability. The total surface transit time to the submarine launch point increases from approximately three hours at Port Canaveral to some eleven hours from King's Bay. Clearly, antiterrorism force protection is not enhanced by moving the NOTU mission to King's Bay.

DoD analysis and supporting data appear not to have included all infrastructure requirements for King's Bay. Additionally, the Department failed to account for the movement of contractor personnel essential to the day-to-day operations, training and preparation for submarine systems checks and test firing.

Three hundred and fifty-two of these contractors operate on a day-to-day basis with the uniformed and civilian employees of the government; one hundred eighty work offsite. The DoD analysis accounted for only uniformed and civilian employees of the government. Contractor personnel will continue to be relied

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upon to accomplish the mission at King's Bay. The cost of their movement would be passed on to the Navy and is not accounted for in BRAC payback periods.

In summary, as we look at the secretary's overarching goal of increased military value, we can only surmise that there were numerous factors not taken into consideration by the DoD in its evaluation and analysis. Put simply, this realignment does not enhance the test mission. Safety takes a back seat; synergy of missile and test expertise is disregarded and antiterrorism force protection is not enhanced. Military value is not increased; it is decreased. Jointness is definitely not enhanced; it is diminished. Movement to King's Bay will simply shoehorn a Naval test unit into an operational unit in hopes of generating some benefit of concentrating naval support functions on shore. Any potential for jointness is lost, and the mission suffers.

Does the move decrease the cost of operation? Individual test mission costs are increased. More infrastructure than forecast is

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required to support this mission at King's Bay and the Department overlooked costs associated with the movement of contractor personnel, costs which the contractors will pass on to the Navy.

Bottom line: This realignment appears to be based on an unclear understanding of NOTU's testing evaluation mission. It violates the secretary's own criteria; it doesn't increase military value; it degrades joint service interaction, it does not increase antiterrorism force protection; and the mission is degraded in the process. It, plain and simple, does not make sense.

We strongly support the Department's efforts to transform our military into a force capable of meeting the challenges of a changing world. We feel equally strong, however, that these oversights bear further review to insure decisions affecting our war fighting forces are based on accurate facts. We feel that the Commission's reevaluation of the proposal to realign this critical test mission is most appropriate. It seems unwise to accept the risk of decreased military value that will undermine the future capability of our critical

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strategic submarine forces simply to have taken a realignment action. We implore the Commission to reassess this proposal and overturn the recommendation.

We sincerely thank you for this opportunity to highlight the apparent discrepancies in the Department's recommendation. We look forward to an opportunity to meet with you and the staff in Washington to expand on this overview. Let me close by offering our service to the Commission in any way we may be of assistance.

COMMISSIONER HILL:

Thank you very much. That was an excellent presentation. I have one question, and I think Commissioner Coyle does also.

How many launches a year do you undertake?

CAPT. BORGER:

There are two or three launches on the East Coast, two on the West Coast per year. When the D 5 life extension missile comes into the fleet from '07 to '17, there will be nine demonstration shakedown operations.

The launches I was talking about

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before are tactical missile evaluations done to test reliability. The demonstration shakedown operation launches are done to prove the weapons systems. Those only happen when you bring a new weapon system on line. The life extension missile is a new weapon system that has to have a day cell for every ship that is going to fire it. So that would increase that number by nine of those launches in the ten years between '07 and '17.

COMMISSIONER HILL:

And you undertake the ones on the West Coast also?

CAPT. BORGER:

Yes, sir.

COMMISSIONER HILL:

Thank you.

COMMISSIONER COYLE:

Thank you, Mr. Chairman.

Captain, I believe you said that the -- that, if you did the arithmetic correctly, the payback period would be ten years and not seven, but I don't understand why it would even be that short. I'm somewhat familiar with the testing that goes on at the Eastern

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Test Range, and, unless the Navy is going to stop doing these tests, somebody is going to have to do them someplace. Whether they do them at King's Bay or they do them at Canaveral, it's going to take the same number of people. I don't believe the Navy is saying they can do it with fewer people at King's Bay, so maybe you save a little bit of money on cutting the grass or security guards or something like that, but I don't understand why the savings would be even what you said.

CAPT. BORGER:

Sir, we can provide you the data that we have. We believe a reevaluation is something that bears research because all the points you brought up make sense to us too. Their cutting the grass and the security forces are not something that you're going to gain in personnel because that is provided for by the 45th Space Wing while you're on the Eastern Test Range. That is all provided by the host command. The Navy pays for it, but those are not part of the contractor costs that are currently paid.

All the contractor personnel at

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the Cape provide direct support to the mission and would have to move up to King's Bay. Additionally, there are unique support facilities at the Cape that would have to be replicated. The COBRA report talks about analysis of 165,000 square feet but only provides analysis for 60,000 square feet. Clearly, there is a typo in there, and that changes the amount of infrastructure that is going to be required. Our analysis -- and we can get the numbers for you. I don't think we have a clear cut on how much the number is for the number of personnel to move to King's Bay. I don't think that was included in the analysis.

COMMISSIONER COYLE:

Thank you.

REP. WELDON:

If I could just add, you can't really totally do the test at King's Bay. It would still have to be coordinated with the Eastern Test Range at Cape Canaveral.

ADMIRAL NATTER:

With that, we would like to shift some chairs and have our Pensacola delegation as well as our two senators come forward.

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Our first speaker representing Pensacola will be Congressman Jeff Miller.

REPRESENTATIVE MILLER:

Thank you very much, Admiral. I would like to ask that you refer to these charts that I believe were handed to you earlier. Excuse me, General, I'm sorry, that would be the cover sheet, here, and go to the first set of slides, if you would.

In our presentation today for Pensacola, both Admiral Fetterman and I are going to touch on issues that DoD BRAC lists that affect Pensacola. The Admiral is going to focus more broadly on many of the issues and recommendations by DoD, but, because of time constraints on my part, I want to focus a few minutes to draw your attention to what I feel are some serious inconsistencies that affect the OTC and the Defense Accounting Service decisions. The fact I will illustrate for you this afternoon is that the data used in these recommendations are consistently inconsistent. I challenge you to question DoD and the Navy on this data and, in doing so, I truly think that you will reach the same conclusion I have that

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the data and decisions made based on that data is critically flawed.

So, with that, we will begin with the first slide, OTC Pensacola, that starts consistently inconsistent. Example No. 1: In the Navy analysis group deliberations dated September 1, 2004, the military value chart gives OTC Pensacola what I consider a commanding 5.47 lead in military value over Newport. Three months later, the final certified military value numbers show OTC Newport 2.22 points higher than OTC Pensacola.

I asked the Navy why this change. They avoided explaining the changes by saying the scores were not based on the initial data call but on information that was updated throughout the BRAC process; essentially, I would submit to you that they changed the rules in the middle of the game to fit a predetermined outcome. Perhaps the Navy can explain to you what monumental change in military value of OTC Pensacola happened in a very few short months. But I contend the data is inconsistent.

If you would, the next slide, in performing its configuration analysis, the Navy

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claimed OTC Pensacola was constrained due to lack of capacity. However, if all the recommended moves were to take place, NAS Pensacola could have up to nearly 500,000 square feet of occupied space open up. Nobody looked at the effect that each realignment would have on another mission, a stovepipe view, if you will. I think a proper analysis requires a thorough review of existing base infrastructure to determine if future expansion could be accommodated.

Using the Navy's own numbers, it is apparent that they ignored former schoolhouses and barracks which are now used by the Base CO and staff but could soon be vacant, leading to incomplete data. By doing so, they wrongly determined that new barracks and schoolhouses would have to be built and the cost would be prohibitive. By reconstituting existing training facilities and barracks, the costs could have been drastically reduced and Pensacola would have remained a viable alternative. The DoD justification and Navy analysis were just simply incomplete and inconsistent.

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If you will go to the next slide, we talk about the Navy failing to accurately measure Guard and Reserve unit participation at OTC Pensacola and its ability to support other missions. This slide shows that Pensacola scored a zero while Newport scored a five.

Mr. Chairman, I ask this, and other members of the Commission: How can Pensacola score zero when Reservists participate in activities at OTC Pensacola two hundred ten days out of the year? Additionally, the United States Army Reserve's 350th Civil Affairs Command is slated to construct a multimillion dollar headquarter on board NAS Pensacola whereby hundreds of Army Reservists will be drilling directly on our base.

The next slide, the COBRA data, the Navy states that, by moving OTC Pensacola to Newport the net present value of costs and savings to the Department over twenty years is a savings of ten million dollars. Based on their own data, the Navy would actually lose more than eleven million dollars over twenty years on basic allowance for housing costs alone by moving OTC to Newport, and these costs would

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only increase with inflation.

Eleven million dollars in costs minus ten million dollars in savings, Mr. Chairman, even I, as a member of Congress, can figure out that math. How does this represent a savings to our Navy?

Now, let me take a few minutes, if I might, to address my concerns with the DFAS recommendations labeled HSAJCSG Guidance. I'm happy to hear the Commission has, in fact, decided to review all DFAS sites, including Indianapolis, Columbus and Denver. I too was troubled by the selection of the sites that do not provide the best long-term cost savings for the Department and ultimately to the taxpayers.

I have two examples in which DoD's failure to pursue other scenarios for DFAS will end up costing the taxpayer more money. In the first, using the headquarters support and activities, Joint Cross Service Group established several guiding principles. Among them were to reduce excess capacity and costs while enhancing force protection. This is why the facilities on DoD installations are more desirable than are leased facilities.

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Neither of the facilities at NAS Pensacola nor Saufley Field are leased facilities. The Indianapolis facility is leased. Denver will be the sole tenant on the formerly BRACed Lowery Air Force Base when the Air Force Reserve Personnel Center moves out. In whatever lease agreement Denver DFAS may work out with its new landlord, there will be an additional cost of security otherwise provided by the military on its own installations.

Therefore, had the Joint Service Group accounted for this fact in Denver's score, I believe its military value would have been lowered from third to eighth among all DFAS sites. Pensacola is home to over seven hundred DFAS employees, making it the fifth largest concentration in DFAS. The buildings are already owned by the DoD and the force protection is already built into the facility.

And, as you can see on the last slide, both Pensacola sites provide high quality work at some of the lowest costs in DFAS -- it would be the personnel and facility costs -- particularly when compared to other proposed consolidation sites. Pensacola ranked seventh

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for its low operating costs; the Saufley Technical Services organization ranks second among the seven organizations. Our locality pay is the lowest of twenty-six in DFAS and significantly lower than any of the proposed consolidation sites. So I say if the proposed BRAC is supposed to be to save taxpayer money, then why would DoD make a recommendation that, in fact, costs the taxpayer more money.

Last slide, it is evident the DoD did not follow in these instances the BRAC criteria for collecting accurate data and making decisions based on the data. The data is, in fact, consistently inconsistent and, in cases of OTC Pensacola military value, the data appears to have been manipulated to favor a specific outcome. Additionally, the COBRA data does not justify any cost savings for moving OTC Pensacola to Newport when all factors are properly considered.

As for the DFAS recommendation, the Commission has already identified DoD's flaw in not running other scenarios. I believe, once other scenarios are run, the Commission will find that Pensacola, in fact, offers the best

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long-term cost savings for the Defense Department and ultimately for the taxpayer.

Although this assessment is far too detailed to discuss with my limited time, I have additional information and backup material and questions that I have provided to the Commission, and I hope you will take it for the record for your consideration. Areas like encroachment and the environment, where Pensacola scored low against Newport, when, in fact, Pensacola far exceeds Newport in protection from encroachment and has an award winning environmental program. Again, I ask the Commission and the staff, please review the data we have provided to check for its accuracy.

And, with that, I would like to yield to Retired Vice Admiral Jack Fetterman.

VICE ADMIRAL FETTERMAN:

Thank you, Mr. Congressman, and, Commissioners, we're pleased to be able to provide the Commission our comments here today. I have provided my full statement for the record and would like to summarize, with your approval, my statement.

I am Retired Vice Admiral Jack

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Fetterman, Vice Chairman of the Armed Services Department of the Pensacola Area Chamber of Commerce and former Chief of Naval Education and Training. We appreciate it and have looked forward to the opportunity to present enhanced alternatives to the DoD's recommendations for alignment in the Pensacola area.

My presentation is a product of a collective effort, regional, national, local political and State Representatives of whom many are in the audience today. First and foremost, we understand and support the necessity to reduce and align military shore-based infrastructure in support of our nation's operational forces. We have strong arguments against several of the DoD recommended realignments actions in Pensacola and will provide the necessary documentation of the facts against as well as solutions to the Commission.

NAS Pensacola has grown steadily since Naval aviation training began in 1914. It is now the center of naval aviator training and enlisted training, with Joint Military Training continued to grow.

Referring to the slide that you

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are looking at at this time, it has high military value. It is affectionately called, in our area, the Cradle of Naval Aviation. It has a high number of tenant commands aboard the station, and I key on 18,700 square miles of controlled airspace, which is necessary for the training that is conducted, and, of course, the number of people that report to work, both active duty, civilian and contractors each day.

The seven DoD recommendations -- of the seven DoD recommendations reside every day on this base and it amounts to about sixteen hundred individuals, that is direct, and, if you go indirect, you can double that particular number that come to work. If the recommendations as proposed are effected, all of these organizations and commands will move off of NAS Pensacola to a lower valued base.

Before I leave this slide, I want to direct your attention to the aircraft carrier in the lower lefthand corner, and we have had the nuclear Aircraft Carrier ENTERPRISE at Allegheny Pier at NAS Pensacola in the past several years, and the latest aircraft carrier was the JOHN F. KENNEDY, who came in after a

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field exercise, a carrier strike exercise and offloaded her entire air wing of two thousand five hundred people in the air wing and all of their aircraft. I call that operational and moving out of the training mode now because that operational move allowed that air wing to go to Fallon, Nevada and pick up critical training rather than ride the aircraft carrier all the way around to go back to Newport.

My point is here that this air base plays a critical part in the Northwest Florida entire training organization, with joint training being at the forefront, which is now coming to fruition with the Air Force navigator training that one of the recommendations from the DoD is a hundred percent will be conducted at NAS Pensacola, and I'm sure that will occur, so this area is going to continue to grow, and with the advent of the Joint Strike Fighter at Eglin, the geography between NAS Pensacola and Eglin Air Force Base is going to shrink because one of the directives is that the Navy will provide the infrastructure from Pensacola in support of the joint fighter.

Next? When we took a look at

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these recommendations of DoD, we initially keyed on various areas. We wanted to add military value; we wanted to lower direct cost; we wanted to increase the return on investment and most certainly to facilitate the synergy that will help DoD attain its overall objectives for BRAC 2005.

Next. These are the eight DoD recommended realignments. I intend to address briefly four of them, which is the high concentration of people and also return on investment. The remainder have been submitted for the record and your consideration, but we have comments, either re -- comments or realignments on each and every recommendation.

Next. Officer Training Command: Congressman Miller has already addressed several of the issues here and the data, so I will just add to his comments, which I support 100 percent. This realignment does not support the BRAC criteria and will prove more costly to the Navy personnel, civilian employees of the Navy and, ultimately, to the Department of the Navy.

This training reorganization

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should be redirected with OTC currently at Newport moving to Pensacola. Currently, Officer Training Command in Pensacola trains one thousand six hundred officers and officer candidates annually, averaging five hundred and twenty-four officer students on board and is centrally located to the various training areas and devices and has the capacity to support this facet of the Navy training reorganization. It is our opinion that OTC Newport's Fleet Commissioning Program should be co-located in Pensacola in support of the one-Navy concept.

Now, what is happening in Newport today is really enlisted to officer commissioning. It is umbrellaed under the steerman to admiral program. In FY '04, four hundred throughput occurred in Newport. This year, it's been downscaled to two hundred thirty, and, next year, FY '06, it is programmed between two hundred and ten and two hundred and thirty, more than enough capacity in Pensacola to absorb those numbers.

Secretary Dalton, in 1993, signed a decision letter to execute a move from OCS Newport to Pensacola. Part of the rationale

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provided by the then C and O, Admiral Frank Kelso, stated that the curriculum could be reduced from sixteen to fourteen weeks, it would produce a quality Naval officer more efficiently, the quality of life favored Pensacola, and it established a one-Navy concept. That rationale has held true over the years and is most certainly true today.

The capacity for surge is in Pensacola. When Admiral Gehman visited us over a month ago, he asked the commanding officer of the officer training command what production is he going to produce this year. And the answer was: Over four hundred, sir. He asked, if he were tasked with increasing to, say, a thousand throughput, could he accommodate that. The key point here is our Navy, over the years, has responded to threats throughout the world and, when end strength is increased, officer commissionings have to occur in a timely fashion. The Academy takes four years to produce an officer. ROTC takes four years to produce an officer. But OCS takes less than four months to produce an officer. Then, Admiral Gehman asked, if you were in Newport

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today, could you surge past one thousand? His answer was, I don't know, sir.

Next slide? Here, you see graphically what happened in 1993, and I want to direct you to the right side of the screen where we're seeing four hundred and thirty-four capacity, which is what happened, roughly, last year in Newport that can be absorbed in Pensacola, but I think a bigger significant factor is the overhead cost is 31 percent lower when you compare the utilities and the cost of living and the bachelor housing in Newport as opposed to Pensacola.

The Naval Academy Prep School, we do not make any recommendation that it should move. It has worked well there and should continue there, and that is not a commissioning program either.

The return on investment which DoD put forth is four years. If it were to move what is in place in Newport right now in officer training down to Pensacola, the return on investment, in our analysis, would be two years.

Next slide? So consolidation reduces overhead by a significant amount. And a

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key figure, that 38 percent of Officer Training Academy graduates go directly into Pensacola, into the aviation pipeline or a few into cryptology. The remainder go directly to the fleet. So, if that were to occur in Newport, Rhode Island, you can add up the travel costs that would be involved in moving those 38 percent from Newport down to Pensacola, and, one more time, the existing infrastructure is in Pensacola to co-locate both of these commands into a central commissioning area with a good return on investment, short term, and it is a win/win/win for DoD and the taxpayers.

Next slide? This was a very difficult one for us to analyze and probably your analysts also because the Navy Education and Training and the Naval Educational Training Professional Development Technical Command, the data was sandwiched together, the COBRA wasn't broken out. And we had to work hard to break that data out to do an analysis because both commands are very different in what their missions and goals are.

We found, in the case of NETC, that the move to Millington with a Three Star

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really came up short in our evaluation as to the bang for the buck. They have currently in that headquarters a hundred and seventy-one people assigned to CNET, and the rationale that was provided was a marriage with the Bureau of Naval Personnel. What we're really effecting, if that were to happen, is you take a Three Star Admiral out of Pensacola, and out of Florida, also. You have a couple of Two Star Admirals left over in Mayport but, with the concentration of Naval forces, however, in Florida, I don't think that is a good sign. But more realistically, right now, the headquarters of CNET is located on a high value base where it is surrounded by high intensity aviation training both in the air and on the ground. You have joint training that is wrapping up every day, and you have the Eglin Strike Fighter coming on line which will require infrastructure. To have the Three Star in Millington where the action is not as opposed to having him in Pensacola where the action is makes no kind of sense to us.

Next slide? The other key item here is military construction cost that Department of Defense has recorded of fifteen

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million dollars to create the MilCon at Millington to effect this move, and there was no cost given to the parking lots and various other items, so, that figure, we could not put our arms around as to what the maximum extent of it, but we do know that the incremental cost to stay in Pensacola is zero.

NETPDTC is a whole different command located over at Saufley Field. They have five hundred fifty employees at this time. The recommendation is to move NETPDTC to Millington. We have been informed that the servers would stay at Saufley Field, and, that, I have a hard time putting my arms around, but I have a harder time justifying moving five hundred and fifty people from Saufley to Millington where I see no gain in them being and residing there when they're, right now, providing a valuable service throughout the Navy by their technical transfer of information and training.

Next slide. Military value, the lower you get, the better it is, and you can see where the military value of Pensacola is as opposed to Millington. DoD said that it will be

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return on investment of ten years when this move is effected. Admiral Gehman asked the pointed question, what savings is made in people by this move? The answer he was given was 7 percent. He then said, of the 7 percent, how many are in uniform, because, the uniformed, we do not realize any cost savings there; they're in the system right now. Another point that he brought up was -- which I thought was very critical because we who live in Pensacola love it, we believe in it, we have a good cost of living and we have a good quality of life, how many of the one hundred seventy-one would probably move to Millington from Pensacola, and the answer given was somewhere between 30 and 40 percent. The remainder would remain behind. And that is kind of proven from what happened when the last BRAC shut down the depot and what happened with those moves. People simply don't want to leave Pensacola, so we say leave in Pensacola, and the return on investment is immediate.

Next line? What I intend to do with this site is focus on the training that is done in the Pensacola area with 60 percent of primary training and navigator training being

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conducted there on a daily basis. 40 percent is in Corpus Christi, as you know. We have Eglin with the stand up of the Joint Strike Fighter and we have Tyndall with the FA 22. We have all navigator training that is going to occur -- a lot of it is right now from the Air Force, Navy and Marines in Pensacola at Sherman and you have the UAV, the unmanned vehicle workup that is in the Pensacola area right now is going to continue to grow. I think all of this rationale requires a close look at moving the Chief of Naval Air Training from Corpus Christi to Pensacola.

Next slide. The CNATRA has been really in charge of joint training with the Air Force. He belongs in Pensacola. The geography of Pensacola will allow CNATRA to really oversee and place the infrastructure in place for the Strike Fighter when Strike Fighter is at Eglin, and there will be no MilCon required for this move in that the CNET headquarters, as it stands today, has plenty of capacity to put that organization into that headquarters.

Next? DFAS serves twelve organizations that are presently on line.

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Next slide? It is very cost effective, as you see. Saufley has a military value rating of two of twenty-six DFAS sites, and Pensacola has six of twenty-six DFAS sites. It is a profit center in 2003. Saufley gave back 4.3 million into the general fund.

Next slide? The history with past experience is, as I noted with CNET, in taking a survey, was that more than 70 percent would not relocate and, presently at Pensacola and Saufley, 47 percent are in the eligibility to retire, and, if they did so, and we think we they would, it would be a 6.6 million dollar ramp-up in severance pay. And the DFAS Technical Service Organization at Saufley Field, the software development costs are 30 percent below private industry. What I'm really saying is these two organizations, both at Saufley and at Pensacola, are not only low cost to execute but they provide, right now, tremendous customer service.

Next? The customer service goes as high as the White House. They serve the executive officer of the president, the Human Health and Resource Services and classified

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agencies from the Department of Defense. They have high expertise to support that workload and are a proven entity.

Next? So what are our recommendations? We recommend that you consider holding both of these very productive organizations in place for their cost efficiency.

By the way, the VA -- Super VA Hospital will be standing up in January, '07 as Congressman Miller has spent a long time on, and, also, we have an EPA standing up and that will ramp the pay records to about a million in the area, which is going to be quite significant, so, first of all, keep it the way it is. If that option is not acceptable, then make Pensacola a DFAS center, allow them to operate at that level, but, at a minimum, due to the cost and customers, any move should be delayed until the end of the BRAC window, which is 2011.

Next? SPAWAR, very, very hard to analyze from our standpoint in that a lot of what they do is highly classified. They have command control, communication, intelligence,

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surveillance and reconnaissance. They provide a product to the fleet, and the output of that most certainly is readiness. With what is happening in the Gulf of Mexico, in training right now, they do valuable T and E in that particular area as they do throughout the fleet. The SPAWAR Pensacola offers affordability with no lease or new construction required. The labor rates of SPAWAR Pensacola are among the lowest of the SPAWARs sites.

And, here, you can see what the educational level is at the various levels of DoD, contractor and civilian. A high percentage of undergraduate and graduate degrees, both Master's and Ph.D's. Right now, the proposal is made to -- by DoD to move twenty-one of the employees that DoD recorded as one hundred one. We found it was one hundred fourteen working there on a day-to-day basis in SPAWAR Pensacola. We also found the DoD left out the contractors, and there are sixty contractors in that.

And the critical issue is that the special gear that supports that, the technology that support is owned by the customer. We saw no evidence within the DoD

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analysis that the customers supported moving to Charleston or that they would move their technology there, and, if they did, who would pay for that particular move.

Right now, it is a fully funded, self-sufficient Navy working capital fund, and we found, in Charleston, that the MilCon was certainly incomplete. We could not put our hands around the extent of the MilCon that would have to go into Charleston in order to accommodate that move.

Next. In conclusion, we feel it is a high-risk scenario to execute this move. Customer equipment, I have already addressed, which was not addressed by DoD. We think that it retains the most cost productive site as opposed to the Charleston move, and we're sure that there will be a loss of numerous highly formally educated talent when that move would be executed, which would require another problem that would have to come in. I've already addressed the MilCon.

Next? The last one I want to address is what happened at the Atlanta Hearings when the Alabama delegation brought up a

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recommendation to move the helicopter training -- Navy helicopter training from NAS Whiting to Fort Rucker. I know that you have considered that and I know that you aren't going to bring that on your plate, and I thank you for that, but I want to formally register that, when I was CNET, I reviewed twenty-three studies that either recommended integration with the Army helicopters or co-location. Of the twenty-three studies, they all came up with the same conclusion: It did not provide the Navy helicopter pilot that the Navy wanted, No. 1, and it was not cost effective. That was backed up by a GAO report that came out in 1999 that came up with the same conclusion.

A Navy helicopter pilot, as we see it, is going to fly off a platform at night in bad weather in darkness a lot. That means that we have to train that individual in fixed-wing instrument training first and he must or she must successfully pass that before they even touch a helicopter. Also, it should be close to the water so that water for qualifications can be acquired before such time as that helicopter pilot goes to the fleet.

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Next? So, in summary, what we have tried to do here, sir, for you is to key on the high military value, the critical part that Northwest Florida plays in this whole aviation complex with the Air Force Now initiative coming on line very heavily and the integration between the Navy and the Air Force in a joint matter, that we do have a favorable environment for the military men and women. In fact, it's the best I've ever seen in my Navy career with the civilian community of Pensacola embracing the military, and that plays out heavily in many ways, and the last is a sound business case for these enhancements.

In closing, Commissioners, we believe that the enhancements and the alternatives show and present a sound business plan while also ensuring a transformation of American military forces into a more jointly capable and cost effective force with priority given to military value.

Thank you for your attention, appreciate it.

COMMISSIONER HILL:

Thank you very much, Admiral.

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Thank you, sir.

I think you will be followed by our two senators.

Senator Nelson?

SENATOR NELSON:

Mr. Chairman, members of the Commission and members of the professional staff: I'm mightily impressed with the presentations that have been made by our colleagues into the specifics. It is my task to give an overall summary.

We are very blessed because of our location, because of offshore, a national asset, which is restricted airspace, that we have had the relationship with the military that we have had over the decades. That relationship continues, and we are very grateful that the DoD has, by the ample evidence of its profound and complete endorsement of these current bases, our activities, our extensive training, our testing in air, land and the sea ranges, that they have endorsed keeping the most of what Florida already contributes to the defense of our country. But, despite this confirmation of Florida's exceptional contribution to national

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security, we share the Commission's view as indicated by Chairman Principi's letter to Secretary Rumsfeld that the Department's recommendations in some cases may be technically flawed or illogical. That is Secretary Principi's letter.

So our testimony today highlights some of these shortcomings. For example, the Navy is now unequivocally and on record, the nation needs two aircraft carrier ports on the East Coast. This senator has elicited that testimony from the Chief of Naval Operations as well as the Secretary of the Navy in testimony in front of the Senate Armed Services Committee. We have two carrier ports now, but only one is nuclear capable, and it is inevitable that the Navy will establish the required nuclear carrier capability at Mayport. Well, we should do it sooner than later. And we urge the Commission to include this in your recommendations.

The old adage is that you don't want to put all your eggs in one basket, or, as Admiral Natter has said, we learned some lessons from Pearl Harbor. And let's heed those lessons.

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Also, as you have heard, the DoD's recommendation to move the Naval Ordnance Test Unit off of Cape Canaveral and where all of the test operations are, the Eastern Test Range, which I have some familiarity with, well, it appears to have been made as a recommendation without consideration of the on-site mission or the economics of its current and future contractor support. I believe that the test unit ought to be where the testing is. And the Eastern Test Range is not off the coast of Georgia; it is off the coast of the middle part of Florida.

The Department's proposal to realign large training policy and management activities now at NAS Pensacola away from the actual training would have unintended consequences. We here collectively do not agree that the co-location at Newport of officer education and training makes intuitive or analytical sense. Education and training often require dramatically different resources and environments.

As mentioned by Admiral Natter, Florida has submitted in writing other issues

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for the Commission's considerations, but I would mention two realignments affecting Tyndall Air Force Base near Panama City that I think you all ought to examine. We agree that the DoD's recommendation to regionally consolidate the F 100 series jet engine repair work but we believe that they have selected the wrong location. We recommend consolidation at Tyndall where most of this engine work will originate.

We also ask the Commission avoid the implementation error in the consolidation of the Kim Bioresearchers at another installation, which is Wright Patterson. DoD's recommendation moves researchers that are not working in Kim Bio. Details have been submitted in writing.

We have the greatest respect for the Commission and your awesome responsibility to analyze, evaluate, validate and, as humanly possible, to perfect the Department's recommendations all within a compressed time period. Our hats are off to you, and as has been often said, the low hanging fruit was taken in previous BRAC rounds. Given the security environment today, this BRAC round needs to protect the critical air, sea and land

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facilities that we already have. I believe the earlier testimony points this out.

Florida's geostrategic position on our nation's southeastern corner, combined with our exceptionally large restricted air, sea and land space makes us the nation's optimal operations, combat training and weapons testing location on the continent. And I underscore what was said earlier when they shut down Vieques, where did most of that training come? We believe, as you've heard, that this BRAC should take better advantage of our Florida superior bases, adjacent air, sea and land ranges and wonderfully supportive State and local community support and our quality of life, and I underscore the community support, because it was in time after time committees such as the one headed by Admiral Fetterman from all over the State of Florida that came and gave input to the Department before they ever made their recommendations, and they did it very, very well.

I would just mention in conclusion that, if what we are led to believe that you all have made some recommendation to

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look at the closing of Oceania, there is not a Navy Admiral, active or retired, that does not say that closing Cecil Field fifteen years ago was not a mistake. It is this huge facility with magnificent structures, many of whom have been rehabbed, sitting out in an area far west of Jacksonville with no encroachment. I think you ought to take a look at that, and so we're eager to help you in any way we can to ensure that the BRAC meets the needs of our armed forces for generations to come, and I want to thank you all personally for your public service at personal sacrifice. It is not like you're getting paid a lot to do this, so you're rendering a great public service. Thank you very much.

Now, I want to introduce to you my colleague, my friend, Senator Mel Martinez.

SENATOR MARTINEZ:

Thank you very much, and Senator Nelson, thank you. I want to just thank the Commissioners for giving us this great opportunity to come before of you. I appreciate it very much, and I want to just continue on this vein of enhancing what we believe to be the

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Department of Defense BRAC recommendations. I also want to underscore the enormous value the State of Florida offers to our national security and perhaps add perspective to issues that have yet to be addressed.

From its early discovery, Florida has had a rich and unique history for military tradition. Under the leadership of Governor Bush, that tradition has been further strengthened in Florida as it has become an even more military friendly state. This is one of the many reasons why Florida consistently scores very high in military value. In a way, it is not in our words but in our own actions. From Pensacola to Homestead, from MacDill to Mayport, from the Space Coast to Eglin, you see Florida and Florida adds military value. The quality, availability and condition of the Joint Training Ranges, air, land and sea, is simply unmatched, and Florida's facilities work for strength, quality of life and, perhaps most importantly, our unwavering community support.

We want to stay one of the most versatile and important assets for our nation's military. This is clearly evident in Northwest

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Florida where favorable training conditions, base facilities and surrounding areas are truly conducive to meaningful instruction and learning. Additionally, the close proximity of Navy, Marine Corps, Air Force and Army personnel offers tremendous opportunity for joint operational training.

For example, the Greater Pensacola area has long served as the cornerstone of the Navy's educational and training methods. Since 1825, Pensacola has been an important home to the United States Navy and the area has truly led Naval aviation for nearly half a century. In fact, NAS Pensacola was our nation's very first Naval air station and remains a critical hub of Naval and, increasingly, Air Force aviation training today.

The area also offers a most efficient flight training. For example, as several GAO studies have confirmed, NAS Whiting Field is the model of efficiency for advanced helicopter training.

That is why I read with apprehension some of the recommendations relating to Officer Training Command as well as

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to the Naval Education and Training Command. As Representative Miller and Vice Admiral Fetterman outlined in great detail, the recommendations and data are consistently inconsistent and incomprehensibly inaccurate. For example, the considerable difference in cost of living between Pensacola and Newport, Rhode Island. As we have discussed, the Department's basic allowance for housing is a tangible indicator. The BAH rate for an 03 with dependents in Newport is one thousand nine hundred and fifty-two dollars per month. In Pensacola, the rate for the very same officer would be less than half at nine hundred and forty-six dollars per month.

The same is true with the GS locality pay. In Newport, it's 17 percent; yet it's only 10.9 percent in Pensacola.

Based on that information, you would expect to see the scoring in this area to favor Pensacola. Yet the military value score for that question favors Newport. The numbers simply don't add up.

And equally problematic is the EMT 13 relating to Guard and Reserve use of

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officer accession training facilities for drill periods. Even if you take into account that we don't have a home Reserve unit, Pensacola is home to all direct commissioned officer indoctrination, meaning all Reservists who enter service as a direct commissioned officer go through Pensacola for their initial training. It is, therefore, surprising that Pensacola scores a zero in this area while Newport scores a five. Again, this seems to be flawed method.

The only thing consistent about the scoring is that it is inconsistent. Put simply, the data supporting the OTC and NETC and the DFAS moves just doesn't add up, and I would urge the Commission to revise that area of the base recommendation.

Additionally, I share our delegation's request that the Commission meaningfully consider the proposed BRAC enhancement related to relocating a nuclear powered aircraft carrier at Mayport. As my colleagues have shared, the top minds of the Department of Defense have given Congressional testimony stating on the record repeatedly that they want two active carrier home ports on the

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East Coast. It is also their publicly stated desire to eliminate the two remaining conventional carriers in favor of an all-nuclear fleet.

Mayport is currently the home port of the conventionally powered USS JOHN F. KENNEDY. If we allow the KENNEDY to sail off with no capability or anything to replace her, we would be, in effect, crippling the strategic placement of our aircraft carrier home port structure on the East Coast. For reasons of continuity and national security, we simply must accelerate the Navy's push to upgrade Mayport and relocate a nuclear carrier to the fine, capable and strategically positioned port.

Further, the July 23rd, 2004 briefing given by OSD to the BRAC Infrastructure Steering Group recommended, and I quote, that the military departments and the Joint Cross Service Groups will not recommend to the secretary any closure or realignment recommendation that prohibits fleet basing that supports the fleet response plan and sea basing concepts. CVN capability, two East Coast ports, two West Coast ports and two forward based in

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the Pacific.

Once the KENNEDY is decommissioned and no longer we have a conventional power carrier, we will not have a capability to home port our carriers anywhere but in Norfolk. The Navy wants and needs two nuclear home ports for carriers on the East Coast, and Naval Station Mayport offers the best opportunity to fulfill that requirement.

I firmly believe that BRAC offers the Navy a unique opportunity for this critically important national security initiative to become a reality. The move is consistent with other proposed force structure changes, consolidations and realignments, and there is a lot of potential synergy.

That said, I truly hope that the postponement of our Regional Hearing due to the hurricane has not hampered our State's ability to advance a meaningful enhancement to the Commission. As we restructure, realign and prepare for the future, it makes sense to incorporate and determine nuclear home porting in the context of BRAC, and I urge the Commission's full and fair consideration of this

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proposal.

I would like to conclude by thanking you and your dedicated staff for your service to our nation, and I firmly support the BRAC process and recognize that you have a very tough job to do. I look forward to working with you as this process moves forward, and I just leave you with a quote from Pastor William Arthur War (phonetically spelled). He said the pessimist complains about the wind; the optimist expects it to change; the realist adjusts the sails.

We, as Floridians, are realists. Recommendations merely to seek adjustment of the sails of BRAC is what we're here to make to you today.

Thank you very much.

COMMISSIONER HILL:

Thank you, Senator.

Governor, we'll give you the last word. We want to thank your entire delegation for your excellent presentations, and you get the summation.

GOVERNOR BUSH:

Thank you, Mr. Chairman. Thank

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you very much.

On behalf of all Floridians, I would like to express our appreciation to you and your fellow Commissioners for the extremely important and difficult work you've agreed to take on, as was mentioned, without a lot of pay over these last months, and we appreciate the tremendous challenge you faced. These are not easy decisions, and we are pleased with the integrity that you've shown as you've gone about your business.

I also will let you know that, last year, the entire Congressional delegation joined me sending a letter to Secretary Rumsfeld. In this letter, we all, in a united fashion, Democrat and Republican alike, affirmed our full support for the BRAC process. Quite simply, we support this process because your decisions will help our country stay strong. We firmly agree that the BRAC process is a necessary step to transform our military base infrastructure, to support the twenty-first century fighting force.

And, in Florida, long before the BRAC process began, we were doing our part to

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support the military and their families. We're proud of what we do to support the best training and living environment for our military and their families and we are very pleased the Department of Defense recognizes our contributions as well as the strategic importance of the bases and our military value and the cost effectiveness of these bases and installations all across Florida.

In its recent report, the GAO applauded the Pentagon's recommendations as generally logical, reasoned and well documented. However, the GAO also noted, as has been stated, that there were several issues and Pentagon recommendations that may warrant further attention by the Commission.

That is why we're here today, to respectfully ask for your consideration of the presentations that were made by the communities in our State. Today, you did hear some specific recommendations from our communities. They made a lot of sense to me. I thought they did pretty good, I hope that you agreed, at least to further some of the queries that they asked you to do.

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I also agreed with Admiral Natter about a very important element of this which is that the value of our bases is not about brick and mortar. Instead, the value is very much about the unencumbered air, sea and land operating space at and around our installations.

In that regard, I am especially pleased to have witnessed the recent and expanding joint use of these valuable assets at our military bases. We understand that joint military operations are the wave of the future and we firmly embrace the increased use of our bases for joint and cross service training.

As an example of model jointness, Eglin Air Force Base is Florida's -- in Florida's Panhandle -- by the way, larger than the State of Rhode Island where I think Newport is located -- has been the site of a Marine amphibious landing, has hosted a number of Navy fleet exercises and, of course, is home to a significant Air Force presence. The military value and longstanding potential of Eglin has been recognized by the Pentagon's recommendation to site primary Joint Strike Fighting training for the Navy, Air Force and Marine Corps there,

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and I would anticipate that this Joint Fight Strike training being conducted not only at Eglin's airfields will also include the other airfields in Northwest Florida over time. This is, without a doubt, a significant enhancement in the taxpayers' investment in our nation's military bases.

And, speaking of taxpayers, we all know that very little of this military presence and training could take place without the strong support of communities and citizens who live in and around these bases. And I would like to recognize a large group of Floridians who have traveled three or four hours, depending on what side of the Escambia Bay Bridge they came on, and people from Central Florida who traveled here to lend their support. Many people in the Pensacola area have been recovering from Hurricane Dennis, and we appreciate the change of the schedule to allow them to come to show support for their community.

I'm very proud of the citizens of Florida's longstanding, strong commitment, publicly and in every possible way to the

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military of this country. In fact, not only are the people here showing their support but we do it every day in Florida and we do it in a lot of meaningful ways.

Since I have been governor over the last seven years, one of the real joys of my job has been to host a base commanders' meeting. General Hill, you know that well, since you provided significant input to me. It's on a twice a year basis. We would have -- we would listen -- that is unusual for a politician to do. It is good training, though. We would listen and hear the suggestions of base commanders about how we could enhance -- long before BRAC occurred, how could we enhance our military bases and the community support for them.

And so, over the last six or seven legislative sessions, thanks to the strong support of the Florida Legislature, we have done a variety of things, including in-state tuition for military personnel and their dependents assigned in Florida, accelerated placement of military children in advanced education programs, Unemployment compensation for military

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spouses who have had to leave their jobs because of military orders, expedited nursing certification for military spouses, a problem, a challenge that was brought to our attention by a base commander, tax advantages for the military equal to any Florida citizen which, by the way, are pretty darn good, the Florida Greenway project, which was shown on this map, which is a comprehensive program that -- the largest of its kind that I'm aware where the Defense Department and, most particularly, the State of Florida is investing millions of dollars to protect the area in Northwest Florida that will protect the critters at the same time that it protects the military mission, immediate residency for our public and private school choice options which are the most extensive in the United States, including the McKay Scholarship Program, the largest of its kind in the country where exceptional education children can go to any school their parents choose with public moneys following that child. Now, the military are in the front of the line rather than the back of the line with that program.

And, this year, we allocated five

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million dollars for emergency assistance to families of service members of the Florida National Guard, the nation's finest, and the United States Reserve forces. This five million annual appropriation will go to take care of needs of families of all types. There are no rules and too much structuring this. We know how hard it is for families to stay home while their loved ones are serving overseas, and, in Florida, we do everything we can to try to provide support. And the list goes on and on and on.

We even provide hunting and fishing licenses, believe it or not, virtually free of charge, as a courtesy to the servicemen and women who are stationed in Florida. In fact, of all the things I've listed, that may be the most popular one of the people that are stationed in our state. That came as well, in fact, from General Bob Chetester (phonetically spelled), the Commander of the Eglin Air Force Base -- we call him Chetta-Bob back home -- who recommended that he wanted it eliminated altogether, which was quite a challenge, but we've reduced it to next to nothing. And that

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suggestion now is starting on July 1st. It's being used by all that serve in our country's military.

For the past six years, these forum have created the opportunity for us to adjust wings or sails, if you will, to be able to make Florida the most military friendly state in the country, and I believe that we have achieved that. As a result of that, we're far better off as relates to encroachment. In spite of the fact that Florida is one of the fastest growing states in the country, we have planned in all of the major military bases to deal with these issues, we have stolen most of the good ideas that have emerged in the last decade of time on family transition, on educational issues, on spousal employment, on predatory lending practices which are no longer allowed in our state. We are very proud of these initiatives because we know how important it is to create a military friendly climate in our state.

I appreciate the fact that you all have done or are doing this work and I hope that you will take into consideration the

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suggestions that we have made to make these recommendations even better. We appreciate all you're doing and look forward to answering any questions that you have during your process.

Thank you all for your service.

COMMISSIONER HILL:

Thank you, Governor.

(Applause).

COMMISSIONER HILL:

And Commissioner Coyle, sorry, he did have a question.

COMMISSIONER COYLE:

Thank you, Mr. Chairman.

Governor Bush, I just wanted to ask you, were you or was your Adjutant General consulted with regards to Air National Guard recommendations put forward by the DoD that affected the State of Florida?

GOVERNOR BUSH:

We were not advised in any formal way, but the recommendations that were made were right on target and we support them because I think they do enhance the national security interests of the country. They're -- the principal recommendation was an increased

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presence for the Guard in the NORAD operation, which is very important for all Floridians and Americans, but I was not consulted in any formal way.

COMMISSIONER COYLE:

Thank you.

COMMISSIONER HILL:

Thank you, ladies and gentlemen. We appreciate all three of the delegations and want to thank the people of New Orleans and Louisiana who set this up. It's been a great experience for all of us, and we thank you for your attendance.

This hearing is adjourned.

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