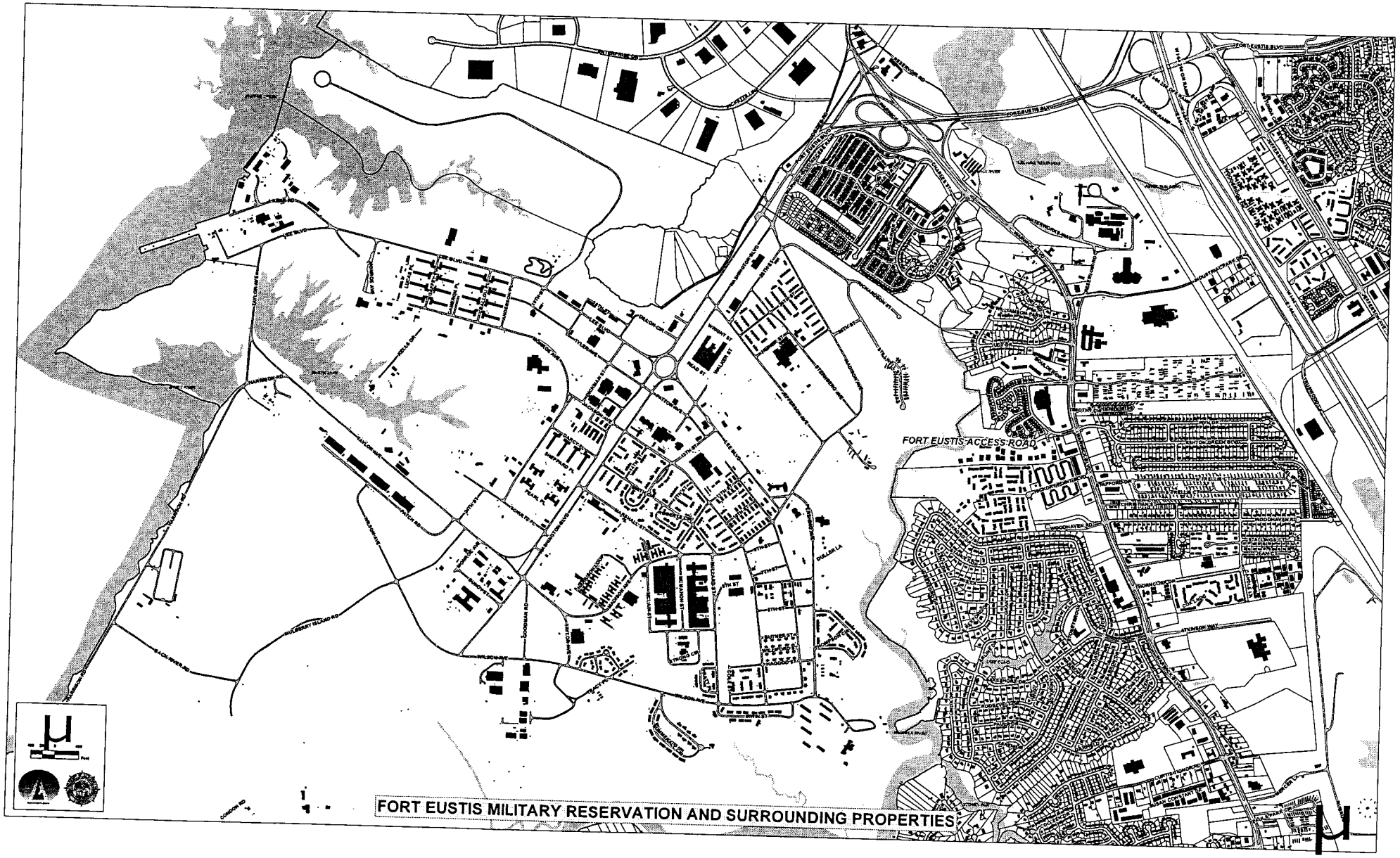
DCN: 11862

City of Newport News

Fort Eustis, Virginia

August 5, 2005

DCN: 11862


FORT EUSTIS ACCESS ROAD
FORT EUSTIS MILITARY RESERVATION AND SURROUNDING PROPERTIES

DCN: 11862

Table of Contents

1	TRADOC
2	SDDC
3	USAALS
4	Transportation School
5	Alternative Proposals: Navy Supply Corps School Army Materiel Command

AVERY® READY INDEX™ INDEXING SYSTEM

DCN: 11862

US Army Training and Doctrine Command (TRADOC)

Position: Support Relocation of TRADOC to Fort Eustis, Virginia.

TRADOC is slated to move from Fort Monroe after its closure. TRADOC will remain in close proximity to Joint Forces Command and other military commands in the region. Additionally, this move will not create a disruption in the TRADOC workforce and therefore, recruiting new skilled employees will not be an issue. Military construction costs are not excessive and the overall costs associated with this move will be recouped within one year.

The TRADOC move to Fort Eustis correctly accomplishes the military value and cost efficiency goals of the BRAC criteria, limits adverse impact to the workforce, and therefore we support the recommendation. The recommendation to realign to Fort Eustis will not create a disruption in the TRADOC workforce and therefore, recruiting new skilled employees will not be an issue. Moving TRADOC to any location other than Fort Eustis would generate costs in three areas: personnel relocation, recruitment, and training and loss of intellectual capital. Personnel transfers average $50,000 to $75,000 for U.S. military personnel and $50,000 to $85,000 for civilian employees. Assuming a high retention, the cost of relocating TRADOC outside of the Fort Monroe commuting area could be over $100 million. Those costs could increase even more significantly if the percentage of retained positions decreased.

It is the City's understanding that some have suggested moving TRADOC to Fort Story. Army officials in the region have reviewed the costs and military value issues associated with this alternative and have found:

- Moving TRADOC to Fort Story would cost $200-$250 million. Moving TRADOC to Fort Eustis costs $72.4 million. This figure also includes the cost of moving IMA, NETCOM and NERO to Fort Eustis.
- An Environmental Impact Study (EIS) would need to be performed before TRADOC could be relocated to Fort Story.
- Moving TRADOC to Fort Story would encroach on training areas that Special Operations and Naval Amphibious units utilize at Fort Story.

In terms of TRADOC or any other mission brought to Fort Eustis, the City of Newport News stands prepared to do all that it can to make the transition as smooth as possible both for the military and for those who will be working at Fort Eustis. We can provide information on housing, the school system and any other information a new resident of the city would need to make the move easier. We expect that most TRADOC employees will not need to relocate because of

Fort Eustis' close proximity to Fort Monroe, but it is important to let you know that we want to help eliminate any issues regarding any mission transition to Fort Eustis.

Our community has had recent experience in transitioning a large workforce to the region. As a result of BRAC 1995, the Army was directed to consolidate its Oakland, California and Bayonne, New Jersey elements of Military Traffic Management Command at an undetermined location to be picked by the Army. After significant study and analysis, Fort Eustis was selected over a number of locations. Our community and business leaders went to both Oakland and Bayonne and met with the transferring workforce in an effort to ease the transition. We know how to work with these individuals to ensure that these transitions are seamless and we know the information that incoming personnel are looking for to make their respective moves uneventful.

And finally, with regard to the TRADOC move to Fort Eustis or for that matter the movement of any organization into the region, the City of Newport News is prepared to enter into agreements with the Department of Defense to ensure that buildings are constructed to the military's specifications. We have put together these build/lease agreements in the past and are very capable of providing the military state of the art construction. The military would simply carry our debt service on the building(s) and at the end of the payback period title to the facilities would be transferred to the Department.

In summary, the City of Newport News feels that if the Commission supports the closure of Fort Monroe, the decision to move TRADOC to Fort Eustis correctly accomplishes the military value and cost efficiency goals of the BRAC criteria and limits adverse impact to the workforce.

11 May 05

Fort Monroe, VA

Recommendation: Close Fort Monroe, VA. Relocate the US Army Training & Doctrine Command (TRADOC) Headquarters, the Installation Management Agency (IMA) Northeast Region Headquarters, the US Army Network Enterprise Technology Command (NETCOM) Northeast Region Headquarters and the Army Contracting Agency Northern Region Office to Fort Eustis, VA. Relocate the US Army Accessions Command and US Army Cadet Command to Fort Knox, KY.

Justification: This recommendation closes Fort Monroe, an administrative installation, and moves the tenant Headquarters organizations to Fort Eustis and Fort Knox. It enhances the Army's military value, is consistent with the Army's Force Structure Plan, and maintains adequate surge capabilities to address future unforeseen requirements. The closure allows the Army to move administrative headquarters to multi-purpose installations that provide the Army more flexibility to accept new missions. Both Fort Eustis and Fort Knox have operational and training capabilities that Fort Monroe lacks and both have excess capacity that can be used to accept the organizations relocating from Fort Monroe.

The recommended relocations also retain or enhance vital linkages between them relocating organizations and other headquarters activities. TRADOC HQs is moved to Ft. Eustis in order to remain within commuting distance of the Joint Forces Command (JFCOM) HQs in Norfolk, VA. JFCOM oversees all joint training across the military. IMA and NETCOM HQs are moved to Ft. Eustis because of recommendations to consolidate the Northeastern and Southeastern regions of these two commands into one Eastern Region at Ft. Eustis. The ACA Northern Region is relocated to Ft. Eustis because its two largest customers are TRADOC and IMA. The Accessions and Cadet Commands are relocated to Ft. Knox because of recommendations to locate the Army's Human Resources Command at Ft. Knox. The HRC recommendation includes the collocation of the Accessions and Cadet Commands with the Recruiting Command, already at Ft. Knox and creates a Center of Excellence for military personnel and recruiting functions by improving personnel life-cycle management.

Payback: The total estimated one-time cost to the Department of Defense to implement this recommendation is $72.4M. The net of all costs and savings to the Department of Defense during the implementation period is a saving of $146.9M. Annual recurring savings to the Department after implementation are $56.9M with a payback expected in 1 year. The net present value of the costs and savings to the Department over 20 years is a savings of $686.6M.

This recommendation affects the U.S. Post Office, a non-DoD Federal agency. In the absence of access to credible cost and savings information for that agency or knowledge regarding whether that agency will remain on the installation, the Department assumed that the non-DoD Federal agency will be required to assume new base operating responsibilities on the affected installation. The Department further assumed that because of these new base operating responsibilities, the effect of the recommendation on the non-

DoD agency would be an increase in its costs. As required by Section 2913(d) of the BRAC statute, the Department has taken the effect on the costs of this agency into account when making this recommendation.

Economic Impact on Communities: Assuming no economic recovery, this recommendation could result in a maximum potential reduction of 2,275 jobs (1,013 direct and 1,262 indirect jobs) over the 2006 – 2011 period in the Virginia Beach-Norfolk-Newport News, VA-NC metropolitan statistical area, which is 0.23 percent of economic area employment. The aggregate economic impact of all recommended actions on this economic region of influence was considered and is at Appendix B of Volume I.

Community Infrastructure Assessment: A review of community attributes revealed no significant issues regarding the ability of the infrastructure of the communities to support missions, forces, and personnel. When moving from Ft. Monroe to Ft. Eustis, the following local area capabilities improved: Child Care, Population and Transportation. When moving from Ft. Monroe to Ft. Knox, the following local area capabilities improved: Child Care, Cost of Living, Education and Safety. The following capabilities are not as robust: Employment and Medical. There are no known community infrastructure impediments to implementation of all recommendations affecting the installations in this recommendation.

Environmental Impact: Closure of Fort Monroe will necessitate consultations with the State Historic Preservation Office to ensure that historic properties are continued to be protected. Increased operational delays and costs are likely at Fort Knox in order to preserve cultural resources and tribal consultations may be necessary. An Air Conformity determination and New Source Review and permitting effort will be required at Fort Eustis. Significant mitigation measures to limit releases may be required at Fort Eustis to reduce impacts to water quality and achieve US EPA water quality standards. This recommendation will require spending approximately $1.95M for environmental compliance activities. These costs were included in the payback calculation. Although no restoration costs were reported, Fort Monroe has a probable Military Munitions Response Program site that may require some combination of UXO sweeps, clearance, munition constituent cleanup, remediation, and land use controls. Because the Department has a legal obligation to perform environmental restoration regardless of whether an installation is closed, realigned, or remains open no cost for environmental remediate was included in the payback calculation. This recommendation does not otherwise impact the costs of environmental restoration, waste management, and environmental compliance activities. The aggregate environmental impact of all recommended BRAC actions affecting the installations in this recommendation has been reviewed. There are no known environmental impediments to implementation of this recommendation.

DCN: 11862

CITY OF NEWPORT NEWS

JOE S. FRANK
MAYOR

December 2, 2004

Dr. Craig E. College
Deputy Assistant Secretary, Infrastructure and Analysis
Office of the Assistant Secretary of the Army for
Installations and Environment
110 Army Pentagon, Room 3D453
Washington D.C. 20350-1000

Dear Dr. College:

The City of Newport News, Virginia strongly supports retaining Ft. Monroe in Hampton, Virginia, which houses the United States Army Training and Doctrine Command (TRADOC) Headquarters. Not only is this facility critically important to the mission of the U.S. Army, but to the jointness doctrine. Being in the heart of Hampton Roads where there are many other U.S. Military Commands and centralized services, TRADOC's ability to coordinate, cooperate and facilitate its mission with parallel commands of the various services in the region is critically important. Beyond that, Ft. Monroe, to my knowledge, is the oldest active military facility in the United States: having a long and historically significant tradition of serving a critical role in the Nation's defense. From a local perspective, its economic impact is significant.

Should the Base Realignment and Closure (BRAC) process result in a decision to close Ft. Monroe and relocate TRADOC, we believe that we would be remiss in our responsibility to the citizens of the Virginia Peninsula to not propose an alternative site where TRADOC could be accommodated without losing jobs in the local economy, and without forcing mass transfers, relocations and dislocations of individuals and businesses. Our proposal is contained in the enclosure in detail.

Again, it is our sincere hope that you will do all that you can to retain and maintain Ft. Monroe and its TRADOC component at its current or an improved force level. However, if that is not possible then we would hope that every consideration will be given to the enclosed proposal so that the Department of Defense can ensure continuity, cohesiveness and coordination in meeting mission needs while taking advantage of the jointness opportunities available in the Hampton Roads area.

2400 WASHINGTON AVENUE NEWPORT NEWS VIRGINIA 23607 TEL (757) 926-8403

DCN: 11862

If there would be an opportunity to discuss this with us personally, or if there is anything I can do to be of help in keeping Ft. Monroe open, or in the absence of that, facilitating the enclosed proposal, please feel free to contact me.

Very truly yours,

Joe S. Frank
Mayor

Enclosure

DCN: 11862

HIGHLY CONFIDENTIAL

PROPOSAL TO RETAIN THE U.S. ARMY TRAINING AND DOCTRINE COMMAND (TRADOC) IN HAMPTON ROADS, VIRGINIA

Introduction

The possibility has been recognized that the upcoming Base Realignment and Closure (BRAC) process may result in a decision to close Fort Monroe in Hampton, Virginia. This proposal does not advocate the closure of Fort Monroe. In fact, the City of Newport News, working regionally in cooperation with other local governments and organizations, was well as the Commonwealth of Virginia, will do everything possible to ensure that Fort Monroe remains open and operating at its current force level.

There are many reasons why it is in the interests of all concerned, including the U.S. military, to keep Fort Monroe operational. The Fort has great historic significance that could be compromised should it cease to function as a military base. Fort Monroe is strategically positioned within Hampton Roads to provide easy access to the many other existing military commands in the region. Finally, the cost of closing Fort Monroe is likely to be high and the taxpayer's payback for incurring this cost is likely to occur many years into the future.

Given this, there is a clear likelihood given the SECDEF guidance that Fort Monroe will be targeted in the BRAC process. Therefore, a plan to retain the critical functions currently performed at Fort Monroe within the Hampton Roads/Virginia Peninsula area is crucial. It is particularly important that these functions remain on or next to a military base. The following outlines a viable plan for retaining the U.S. Army Training and Doctrine Command on the Virginia Peninsula with a minimum of disruption to its current operations. However, it is important to remember that this proposal should be entertained only if a decision were to be made through BRAC to close Fort Monroe. Unquestionably, the best outcome is for no BRAC recommendation to occur with respect to Fort Monroe.

Problems Generated for the Armed Forces by the Relocation of the U.S. Army Training and Doctrine Command (TRADOC)

A careful analysis will show that it is not in the best interest of the U.S. military, from both a cost and a force readiness perspective, to relocate TRADOC beyond the current commuting shed of Fort Monroe in Hampton, Virginia. Likely problems of such a relocation can be summarized as:

- Degradation of Joint Forces Coordination Capacity
- Transfer of Function Personnel Costs
- Transfer of Function Loss of Coordination and Efficiency

Degradation of Joint Forces Coordination Capacity

Hampton Roads contains the highest concentration of military commands and represents the most diverse collection of military forces of anywhere in the nation, with the possible exception of the Pentagon. Thus, the opportunity for Joint Forces mission coordination in Hampton Roads is unparalleled. TRADOC is intimately involved through its core mission in Joint Forces cooperation and preparedness. To remove TRADOC from the command-rich and diverse environment present in Hampton Roads would seriously degrade TRADOC's ability to effectively and efficiently participate in Joint Forces mission activities. In particular, a relocation of TRADOC to a remote community hosting only a single force command would inhibit TRADOC's ability to initiate and participate in transformational change mission activities that are essential to the reinventing and streamlining of the Army, as well as the transformation of the U.S. military.

Besides TRADOC, U.S. military commands and centralized services that are located in Hampton Roads include:

- U.S. Joint Forces Command
- U.S. Joint Forces Staff College
- Aviation and Missile Command - Army
- Combined Arms Support Command - Army
- Surface Deployment and Distribution Command (formerly Military Traffic Management Command) - Army
- Commander, U.S. Atlantic Fleet - Navy
- Air Combat Command - Air Force
- Commander Atlantic Area - Coast Guard
- Integrated Support Command - Coast Guard
- Maintenance and Logistics Command Atlantic - Coast Guard

Additionally, the region is home to NATO's Allied Command Transformation.

There are also several training facilities located in Hampton Roads. These include:

- Armed Forces Experimental Training Activity, Camp Peary
- Joint Deployment Training Center
- U.S. Army Training Support Center
- U.S. Army Aviation Logistics School
- Fleet Combat Training Center, Atlantic Fleet
- Coast Guard Training Center at Yorktown

Besides Fort Monroe, there are two other Army bases in Hampton Roads--Fort Eustis in Newport News and Fort Story in Virginia Beach. The Navy has five naval bases in Hampton Roads--Naval Station Norfolk, Naval Amphibious Base Little Creek, Naval Air Station Oceana, Naval Weapons Station Yorktown and Fleet Industrial Supply Center Cheatham Annex. Additionally, Langley Air Force Base and the Coast Guard's Integrated Support Command Facility are located in Hampton Roads. Altogether, nearly 100,000 active duty military personnel are stationed in Hampton Roads.

If TRADOC relocated outside of the Hampton Roads/Virginia Peninsula area, communication and coordination between TRADOC and the resident commands, training centers, bases and their operational functions would be much more difficult. Notwithstanding the advances in telecommunication that have occurred over the past decade, there is still no substitute for face-to-face communication in many critical situations and meetings that involve several people from different organizations are still more effective and efficient if conducted around a table. TRADOC's ability to interact with so many command and training centers within a fifty mile radius would be irreplaceable if this command were relocated outside of Hampton Roads/Virginia Peninsula.

Transfer of Function Personnel Costs

Approximately 3,400 military and civilian personnel are currently stationed at Fort Monroe. A relocation of TRADOC outside of Hampton Roads/Virginia Peninsula would generate costs in three areas: personnel relocation, recruitment and training and loss of knowledge-base. Barring a reduction in force at TRADOC, virtually all TRADOC military and civilian positions would generate either relocation or recruitment and training costs if this function is transferred outside of the Fort Monroe commuting shed. If TRADOC were relocated to another location within the commuting shed of Fort Monroe, the Army would avoid relocating these personnel and achieve a significant cost savings.

Relocation costs for personnel transfers average $50,000 to $75,000 for U.S. Army military personnel and $50,000 to $85,000 for civilian employees. Assuming, for the sake of example, a 95% retention of military personnel and 60% retention of civilian employees (which is on the historic high side), and using the more conservative cost estimate, the likely relocation cost associated with the closure of Fort Monroe and the transfer of its functions to a base located outside Fort Monroe's commuting shed is estimated to be $123 million. However, these costs could be as high as $195 million. While this cost is normally assumed as a cost of base closure and realignment, the existence of alternatives within the base's commuting shed offers the Defense Department a unique opportunity to reduce the cost of a BRAC decision and almost totally mitigate civilian personnel complaints.

Those military and civilian personnel that do not relocate will cause the Army to incur additional recruitment and training costs. Although relatively few military vacancies are expected relative to civilian vacancies, these would have to be filled through transfers from within the Army. Refilling military vacancies, while not generating traditional recruiting costs, would result in the payment of personnel transfer costs. Ultimately, these military vacancies would result in additional recruitment costs and could result in even further personnel transfer cost as position vacancies filter down the ranks.

Although all GS and WG schedule civilian employees would be offered employment in a new location, it is assumed that only higher level civil servants would be offered transfers if TRADOC were transferred to a base in another region and that civil servants doing general support work would be recruited from the local area. Assuming a non-transfer rate of 40%, this would generate a cost that could be considerable. Furthermore, depending upon where TRADOC is relocated, additional costs could be borne due either to access to an inadequate labor pool or to a more highly priced labor pool.

Hampton Roads is unique in terms of its concentration of military bases and civil service employees. More than 42,000 civil servants currently work in the Hampton Roads region. Additionally, the region has a total civilian workforce of more than 800,000. Few metropolitan areas with existing military bases or commands can match the size and quality of the workforce available for recruitment in Hampton Roads.

It is most likely that if TRADOC is relocated outside of Hampton Roads/Virginia Peninsula, it would exist on a base in a much smaller and more isolated metropolitan (or nonmetropolitan) area and that the demand for civil servants and support workers created by the TRADOC move would strain the labor force of that area. Lacking enough highly qualified workers would also increase training costs for the Army. Alternatively, if TRADOC is transferred to a metropolitan area of comparable or larger size, civil service pay scales are likely to be higher than in Hampton Roads. Hampton Roads consistently ranks in the bottom quintile of the thirty-five largest metropolitan areas in the nation in terms of cost of living.

The recruitment and training costs that would be experienced if the TRADOC function was transferred to an area outside Fort Monroe's commuting shed would be exacerbated by a heightened tendency for such a relocation to prompt early retirement or early exit decisions by both military and civilian personnel. Besides the normal considerations of spousal employment and aversion to change, there is the factor that Hampton Roads is seen as a highly desirable place to live and work. Recognitions of this include *Child Magazine*'s ranking of Hampton Roads as the #2 best place in the nation to raise a family and *Places Rated Almanac*'s ranking of Hampton Roads as the 17th most livable metropolitan area in the nation. The region's high quality of life is made even more attractive by its moderate cost of living.

Thus, faced with a relocation to most other areas in the nation, a person must often choose between remaining in Hampton Roads and retaining a "best value" lifestyle or accepting either an inferior quality of life; more limited social, recreational and economic choices; and/or a more expensive cost of living. A higher proportion of potential transferees will likely choose to remain behind than would be the case for the average transfer of function. In fact, it is well known locally that many officers and senior enlisted personnel select Hampton Roads as their final assignment because they have decided to live here after retirement from the military. A transfer of TRADOC's function to another region is, thus, likely to prompt a series of early retirement decisions.

Keeping TRADOC within Fort Monroe's commuting shed would avoid all of the costs cited above.

Transfer of Function Loss of Coordination and Efficiency

While difficult to quantify, costs due to lost efficiencies are real. If the TRADOC functions are transferred to another military base, existing relationships, both within and external to TRADOC will be disrupted. In particular, TRADOC personnel and operations will need to integrate into the operational structure of the new host base. This would include forming new interpersonal relationships between TRADOC and host base personnel.

While there would still be some degree of disruption if TRADOC were transferred to a military base within Hampton Roads/Virginia Peninsula, this disruption would be significantly minimized. TRADOC personnel already have relationships with operational units on other bases. This is especially true of Fort Eustis, which already hosts the TRADOC Acquisition Center.

Another type of cost due to lost efficiency would occur due to the relocation of TRADOC personnel outside of the Fort Monroe commuting shed. Moving is one of the most stressful life events and, although military personnel have more experience with this than the general population, there is still stress and loss of productivity involved. The loss of productivity is amplified when entire units are relocated, as opposed to single individuals. If TRADOC functions were transferred within the Fort Monroe commuting shed, there would be no such productivity loss due to the stresses of relocation.

Still another cost that would be a result of the expected accelerated rate of retirements and civilian decisions not to transfer with TRADOC's move to another area would be the loss of institutional memory and acquired expertise. TRADOC's vital operations would experience a loss of continuity to the extent that senior personnel refuse to relocate. It is difficult to place a monetary value on the loss of institutional knowledge, established working relationships and other human factors, but the cost of such losses would be magnified because they would occur suddenly and all at one time.

Finally, any transfer of TRADOC function will engender efficiency costs as TRADOC ramps up operation in its new location. However, these ramp up costs are likely to be minimized if the TRADOC function is transferred to a nearby military base with which it already has established relationships. Systems can be transferred in a more staged and orderly manner and ramp up costs associated with accommodating to a totally new environment would be minimized if the TRADOC function remains in Hampton Roads/Virginia Peninsula.

Fort Eustis as a Host Base Solution for a TRADOC Transfer of Function

A transfer of the TRADOC function to Fort Eustis in Newport News, Virginia is a logical solution to avoid those transfer of function problems and costs outlined above, if Fort Monroe should be selected for closure during the upcoming BRAC process. Fort Eustis is only a half hour away by Interstate from Fort Monroe. For many of those currently stationed at or employed by TRADOC at Fort Monroe, a commute to Fort Eustis would be no longer than the commute to Fort Monroe. Transferring the TRADOC function to Fort Eustis resolves every one of the negatives involved in a transfer of TRADOC to a military base outside of the Hampton Roads/Virginia Peninsula area.

- There would be no disruption of working relationships with the other commands and forces resident in Hampton Roads.
- Costs associated with relocating and/or recruiting military and civilian personnel are avoided.
- Costs associated with coordination and efficiency losses are avoided.

Besides the avoidance of negative costs associated with a TRADOC transfer of function, there are a number of positive factors that would be retained if TRADOC were transferred to Fort Eustis.

- TRADOC personnel would continue to enjoy the high quality of life/high value living environment available in Hampton Roads. The intangible merits of this are that TRADOC employees are more satisfied and, as a result, more productive than they would be in a less livable and/or higher cost of living environment.
- Travel between Fort Eustis and the Pentagon remains convenient and affordable. Pentagon and TRADOC officials are faced with a two and a half hour drive rather than the burdens and expense of air travel. Fort Eustis is located just one mile from Interstate 64 via Fort Eustis Boulevard (VA 105), a four-lane highway.
- TRADOC can enjoy cost savings through facility and services sharing at Fort Eustis. Additionally, TRADOC personnel will be able to continue to enjoy the vast military personnel support framework that exists in Hampton Roads with respect to commissaries and PX facilities, health care, recreation, etc.
- Finally, as will be explained below, the Industrial Development Authority of the City of Newport News, Virginia (NNIDA) is prepared to facilitate a solution that avoids the implementation of OMB scoring criteria and enhances force protection.

A Viable Plan for a Seamless Transfer of the TRADOC Function to Fort Eustis

The NNIDA is prepared to assist a transfer of the TRADOC function to a location immediately adjacent to Fort Eustis and accessible from the base. This assumes that such a beyond-the-gate solution is more desirable than a transfer of TRADOC onto the base. Of course, if TRADOC being on the existing base at Fort Eustis is the best solution, all of the advantages to keeping TRADOC within the Fort Monroe commuting shed apply.

To implement a beyond-the-gate transfer of the TRADOC function, the NNIDA would undertake the following, subject to its Board's approval with the concurrence of City Council:

- Purchase approximately 65 acres of privately-owned land along Dozier Road for the development of a 270,000 square foot TRADOC office building and a 400,000 square foot Civilian Support office building.
- Make available approximately 6 acres of publicly-owned land to the project, if needed.
- Make improvements to Dozier Road and coordinate with Fort Eustis to provide dual access to the new TRADOC facility.
- Select a private developer to construct and own the proposed office buildings and other property for lease to the Department of Defense for TRADOC and its civilian support services.
- Make the remaining 11 to 17 acres of Publicly-owned land along Dozier Road available for private development of retail, services and contractor offices to serve TRADOC and the Fort Eustis military base.

The proposed new TRADOC site along Dozier Road is strategically located to maximize force protection. (See the enclosed geographic reference and site maps showing: 1) the proposed site in relation to Fort Eustis; 2) an aerial map of the proposed site; and 3) two building layout maps showing structured and surface parking options). Although located on privately-owned land, the property is surrounded on three sides by Fort Eustis. The remaining boundary is formed by land now publicly owned whose development would be coordinated with the TRADOC development. A controlled gate could easily be erected between Fort Eustis and the new TRADOC center. This fortuitous geographic circumstance could obviate the additional security costs and concerns that would otherwise be present in an outside-the-gate solution.

Engaging a private developer to construct and own the proposed new TRADOC facilities would take advantage of new avenues encouraging privatization that the Defense Department has recently begun to explore. Privatization of a facility for TRADOC is one way to avoid the budgetary constraints imposed by the MilCon regulations.

Preliminary estimates are that the TRADOC military and civilian functions can be housed in approximately 670,000 square feet of office space. If may be desirable to separate those functions that demand a higher level of classification and are more exclusively military in nature from TRADOC's civil service support functions. Preliminarily, therefore, two buildings have been speced on the proposed site. One is a 270,000 square foot TRADOC central command building, located deepest within the site. The other is a 400,000 square foot TRADOC civilian support center, located closer to Washington Boulevard and closer to Warwick Boulevard (U.S. 60).

One major decision point to consider in developing a new TRADOC campus is whether parking should be provided in surface lots or through parking garages. Assuming a need for 3,400 parking spaces, surface parking is the more land-intensive solution. Currently, because TRADOC is scattered throughout several small buildings at Fort Monroe, surface parking is distributed and does not significantly impact land use. If TRADOC is consolidated into two or three large buildings, surface parking surrounding those buildings is expected to consume more than 30 acres of land. While the proposed site can accommodate this surface parking need, a structured parking solution may be more environmentally suitable.

With structured parking, TRADOC's parking needs could be accommodated in two parking garages, consistent with the height of their respective office buildings. These parking garages have been speced at 1,200 and 2,000 spaces, respectively. Together, they would consume less than four acres of land area, leaving a higher proportion of the proposed site in its natural setting. A surface parking solution would necessitate the creation of a large detention pond to handle storm water runoff, whereas this could be avoided by placing parking in garages. Garages, however, are a more expensive parking solution.

Both solutions are sketched out in the enclosed preliminary site plans. Under the surface parking plan, the all-in facility development cost is estimated to range from $110 to $115 million. This very preliminary estimate includes the cost of land, site work and utilities, construction and development costs. Assuming that the TRADOC command center building is more expensive to build, initial lease rates can be expected to be in the $24 to $25 per square foot range for the command center and in the $20 to $21 per square foot range for the civilian support center. Substituting parking garages would bring the estimated cost of the facility to between $140 and $145 million and increase initial lease rates to between $29 and $30 per square foot for the command center building and between $26 and $27 per square foot for the civilian support center. Of course, the actual costs and lease rates may vary depending upon construction specifications and financing available at the time of construction.

The development described above is, of course, only one of several possible solutions for transferring TRADOC's function to Fort Eustis. Fort Eustis is currently undertaking an active building program on base and it may be possible that the TRADOC functions could be housed in existing Fort Eustis facilities. A new facility could be constructed on base at Fort Eustis, either by the Department of Defense or by a private developer (with appropriate guarantees of compensation and future access should the Defense Department terminate the lease). Still another option is for a portion of a new TRADOC campus to be constructed and owned by the military just inside the base and for a privately-owned facility to be built and leased to the General Services Administration for TRADOC's civilian component on property to be acquired by the NNIDA along Dozier Road. Yet another option is for the federal government to construct a new TRADOC facility on the Dozier Road properties, either incorporating the property into Fort Eustis or keeping the facility outside the base. The NNIDA would assist with whatever solution is best for transferring the TRADOC function to Fort Eustis.

In summary, there are three essential conditions that exist in support of a transfer of the TRADOC function to Fort Eustis, if the BRAC process determines that Fort Monroe is to be closed. First, relocating TRADOC outside of Fort Monroe's commuting shed will generate significant costs to the military. Secondly, these costs can be avoided if the TRADOC function is transferred to Fort Eustis. Thirdly, mechanisms exist for the development of a new TRADOC campus on or near Fort Eustis and local government is ready to assist in implementing these mechanisms.

The NNIDA's first priority is to support the efforts to keep Fort Monroe open and TRADOC in its present location. However, if closing is inevitable, they stand ready to retain the TRADOC function in Hampton Roads on the Peninsula.

Contact information: Florence G. Kingston
Secretary/Treasurer
Industrial Development Authority of the City of Newport News, Virginia
2400 Washington Avenue
Newport News, Virginia 23607
757-926-8428
Fax: 757-926-3504
Email: fkingston@nngov.com

C:\MyFiles\secretproject.tjf.wpd
December 2, 2004
Department of Development

DCN: 11862

Surface Deployment and Distribution Command (SDDC)

Position: Retain and consolidate SDDC at Fort Eustis, Virginia.

The recommendation to relocate SDDC operations including the Transportation Engineering Activity or TEA is illogical in terms of the goals of this BRAC round. SDDC, formerly known as the Military Transportation Management Command is responsible for DOD surface transportation and logistics. These facilities were consolidated at Fort Eustis as a result of BRAC 1995 at substantial expense and work force disruption. BRAC 1995 recommended the consolidation of SDDC operations from California and New Jersey and directed the Army to select a consolidated site. After careful consideration and an intense study, the Army selected Fort Eustis. The SDDC Operations Center, located at Fort Eustis, routinely coordinates the work of joint service activities whose commands are already concentrated within Hampton Roads, Virginia.

Recognizing the advantages of Fort Eustis' SDDC operations location, the highest levels of the Army had authorized consolidating SDDC headquarters from Northern Virginia to Fort Eustis. In fact, in 2004 Major General Ann E. Dunwoody the former Commander of SDDC and currently the Commander of the U.S. Army Combined Arms Support Command (CASCOM) at Fort Lee, both in official meetings and at public events stated that it was the intent of SDDC to consolidate its headquarters at Fort Eustis.[1] In fact, as part of the intended relocation of SDDC to Fort Eustis the City of Newport News agreed to construct, at their actual cost, the needed facilities to accommodate all elements of SDDC on Fort Eustis. The City of Newport News had offered to build and maintain a Headquarters Complex to Army specifications either on base or contiguous to Fort Eustis. For its part, the Army would pay to the City the actual debt service and upon completion of the payments the facilities would be transferred to the Army at no additional cost. However, the City was lead to believe that the Army elected to wait for BRAC 2005 in lieu of proceeding on since the cost of this realignment could be absorbed within the BRAC account rather than in their annual appropriations accounts.

The package of recommendations related to SDDC should be carefully examined and overturned. Moving SDDC to Scott Air Force Base, Illinois can be accomplished but the inherently better choice in terms of military value, cost, military construction, and lack of disruption to the workforce is Fort Eustis.

The consolidation at Fort Eustis of SDDC Headquarters with the Operations Center meets the operational needs of the Army and USTRANSCOM by locating

[1] Major General Ann E. Dunwoody, Public Speech Given at Change of Command Ceremony

the mission within a region well known for joint military activities and command centers. Consolidating SDDC at Fort Eustis would create minimal workforce disruption, as a large portion of SDDC is already located at the Fort. Additionally, for the skilled workforce being moved out of Northern Virginia, Fort Eustis presents a much more feasible relocation option. Historic evidence shows us that only about 40% of the current SDDC workforce would be willing to move to Scott AFB, a substantial workforce disruption. Recruiting and retraining for these positions is costly and it would be difficult to replace the operations research and engineering positions currently located at Fort Eustis as part of SDDC.

Additionally, consolidating SDDC at Fort Eustis, as was originally planned, creates an important synergy by maintaining the organization in close proximity to the Defense Logistics Agency, Defense Distribution Center, and the Military Sealift Command. While the larger concern is the disruption of a highly skilled workforce, this synergy cannot be overlooked. From a communication standpoint, if the desire were to create a synergistic environment for all three-service elements of USTRANSCOM, then why would only two of those elements (Air Mobility Command and SDDC) locate at Scott AFB, an installation with a lower military value score than Fort Eustis.[2] If this logic were to continue, would not the Secretary of Defense insist that Military Sealift Command be relocated to Scott AFB as well? The Secretary did not recommend the movement of Military Sealift Command from Washington, D.C. to Scott AFB, so the claims of relocating all of SDDC to gain organizational synergy is brought into question. In fact, the Secretary's Joint Cross Service Group recommended that MSC be dropped from the scenario. Was it dropped to reduce the costs associated with the recommendation so as to make the recommendation more acceptable?

The consolidation of SDDC at Fort Eustis would cost approximately the same amount as moving SDDC to Scott AFB. However, Scott AFB is an installation with zero available capacity.[3] Fort Eustis has available capacity approaching 39 percent. The consolidation at Fort Eustis would achieve the reduction of leased space (183,553 GSF[4]) that the DoD and the Joint Cross Service Group were looking to accomplish but it would only impact those personnel in Alexandria, Virginia (SDDC HQ) and not those located in Newport News (TEA and Operations Center). As mentioned above, the disruption to the workforce and the costs associated with that disruption would be minimal as TEA and Operations Center personnel would not be relocated and new personnel would not have to be recruited.

---

[2] Cobra Analysis, Fort Eustis Military Value Score: 0.875799221; Scott AFB Military Value Score: 0.846726271

[3] DoD Cobra Analysis, Fort Eustis Available Capacity: 39%; Scott AFB Available Capacity: -3%

[4] BRAC Report, Volume 1, Part 2 of 2, May 2005, H & SA, Page 32

In summary, locating the entire SDDC operation at Fort Eustis would eliminate concerns of force protection, enhance military synergy, eliminate costly leases in Alexandria and Newport News, Virginia, and still provide the ability to institute personnel reductions, thus saving the Department resources it was seeking in the consolidation at Scott AFB.

The City believes that the Secretary of Defense deviated substantially from the BRAC Criteria by reducing readiness as well as in not properly valuing the costs associated with this recommendation. Additionally, the Department used as a main reason for this realignment the need to vacate leased office space and to apply force protection criteria to the analysis. While these two criteria are important agendas to pursue, they are not part of the BRAC 2005 Criteria as recommended by the Secretary of Defense and approved by Congress.

Consolidate Transportation Command Components

Recommendation: Realign Fort Eustis, VA, by relocating the Army Surface Deployment and Distribution Command to Scott Air Force Base, IL, and consolidating it with the Air Force Air Mobility Command Headquarters and Transportation Command (TRANSCOM) Headquarters at Scott Air Force Base, IL.

Realign Hoffman 2, a leased installation in Alexandria, VA, by relocating the US Army Surface Deployment and Distribution Command to Scott Air Force Base, IL, and consolidating it with the Air Force Air Mobility Command Headquarters and Transportation Command Headquarters at Scott Air Force Base, IL.

Realign US Army Surface Deployment and Distribution Command -Transportation Engineering Agency facility in Newport News, VA, by relocating US Army Surface Deployment and Distribution Command – Transportation Engineering Agency to Scott Air Force Base, IL, and consolidating it with the Air Force Air Mobility Command Headquarters and Transportation Command Headquarters at Scott Air Force Base, IL.

Justification: Collocation of TRANSCOM and Service components will (1) collocate activities with common functions and facilitate large-scale transformation proposed by the TRANSCOM Commander, and (2) reduce personnel to realize long-term savings. The realignment will also terminate leased space operations in the National Capital Region (143,540 GSF in Alexandria, VA) and near Norfolk, VA (40,013 GSF in Newport News, VA). The scenario will terminate a total of 183,553 GSF in both locations.

Payback: The total estimated one-time cost to the Department of Defense to implement this recommendation is $101.8M. The net of all costs and savings to the Department during the implementation period is a savings of $339.3M. Annual recurring savings to the Department after implementation are $99.3M, with an immediate payback expected. The net present value of the costs and savings to the Department over 20 years is a savings of $1,278.2M.

Economic Impact on Communities: Assuming no economic recovery, this recommendation could result in a maximum potential reduction of 1,472 jobs (857 direct jobs and 615 indirect jobs) in the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Division, which is less than 0.1 percent of economic area employment.

Assuming no economic recovery, this recommendation could result in a maximum potential reduction of 1,133 jobs (484 direct jobs and 649 indirect jobs) in the VA Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area, which is 0.1 percent of economic area employment.

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

Community Infrastructure Assessment: A review of community attributes indicates that although Scott AFB job growth rates have on occasion fallen just below the national growth rates, there are no issues that affect the ability of the infrastructure of the communities to support missions, forces, and personnel. There are no known community infrastructure impediments to implementation of all recommendations affecting the installations in this recommendation.

Environmental Impact: This recommendation has the potential to impact air quality at Scott AFB. An air permit revision may be needed. Scott AFB has a 79 acre historic district that may be impacted by future development. Additional operations may further impact threatened and endangered species and/or critical habitats on Scott AFB and impact operations. Modification of the on-installation treatment works at Scott AFB may be necessary. This recommendation has no impact on dredging; land use constraints or sensitive resource areas; marine mammals, resources, or sanctuaries; noise; water resources; or wetlands. This recommendation will require spending approximately $0.4M for environmental compliance activities. This cost was included in the payback calculation. This recommendation does not otherwise impact the costs of environmental restoration, waste management, and environmental compliance activities. The aggregate environmental impact of all recommended BRAC actions affecting the bases in this recommendation has been reviewed. There are no known environmental impediments to implementation of this recommendation.

DCN: 11862

Cost Udpate: SDDC 195,000 Sq. Ft. Office Building
7/15/2005

This cost estimate is modeled on the 195,000 square foot Downtown Engineering Center, constructed by the Economic Development Authority of the City of Newport News in 2000-2001. The estimated has been updated to reflect current increases in construction costs

Item	Cost			
Building @$106.55/sf	$20,777,250			
Engineering & Inspections	$99,725			
Lender Inspections	$16,400			
Telephone Switch & Trunk	$467,600			
Utilities	$254,400			
Insurance (title, etc.)	$41,550			
Environmental	$48,825			
Financing Fees	$245,175			
Legal and Accounting	$187,000			
Miscellaneous	$207,775			
Total Building	**$22,345,700**		**Per sq. ft. Cost:**	**$114.59**
Parking = 965 spaces				
Surface Parking Estimate				
@$3,200 per space	$3,088,000			
Parking Garage Estimate				
@$15,000 per space	$14,475,000			
Generator	$70,000			
Total Cost	**$25,503,700**	**-**	**$36,890,700**	

All costs are estimates only

Source: Department of Development. City of Newport News, Virginia

DCN: 11862

Mandy Kenney

From: Neil Morgan [nmorgan@nngov.com]
Sent: Wednesday, July 20, 2005 1:28 PM
To: James.durso@wso.whs.mil
Cc: Florence Kingston; Athena Bayne
Subject: FW: SDDC Office Building Rent Estimates

James,

The e-mail that follows represents our attempt at the City of Newport News and its Economic Development Authority to respond to your request to provide a rent estimate for the SDDC project were it to be developed at or near Fort Eustis. This good faith estimate is based on the updated construction costs that I provided to you earlier this week. Please let me know what other information you need. Thanks.

Neil Morgan Assistant City Manager

Cc: City Manager
EDA, Secretary- Treasurer

-----Original Message-----
From: Ted Figura [mailto:tfigura@nngov.com]
Sent: Wednesday, July 20, 2005 11:08 AM
To: Neil Morgan
Cc: Florence Kingston; Florence Kingston; Sam J. Workman, Jr.; Carol Meredith; Doug Winstead
Subject: SDDC Office Building Rent Estimates

Neil,

Based upon the construction cost estimates that we previously provided for an SDDC office building, we have calculated rent estimates for four scenarios: garage parking with a 20-year lease; garage parking with a 30-year lease; surface parking with a 20-year lease; and surface parking with a 30-year lease. Of course, we realize that "subject to appropriation" applies to all lease terms. Nevertheless, we would seek some early termination provision that would provide compensation and allow for remarketing of the property should DoD fail to occupy the building to full term.

Since both the construction costs and the financing parameters are at this time rough estimates, the rental rates should be considered indicative only. There are a host of parameters that could change as the project develops, but we consider these rental rates to be "in the ball park."

The estimated rental rates are for a capital lease that is total net. This means that at the end of the lease and financing term, the building transfers to DoD for the sum of $1.00. It also means that DoD will bear all operating costs during the lease term, including all utilities, taxes and fees, insurance, janitorial, maintenance, repair and replacement. Any changes to these conditions would increase the estimated rent by a considerable amount.

Besides the above conditions, the following assumptions apply to the rental rate estimates:

Building and parking construction costs, including all design, permitting and construction management fees, are $36,890,700 for the garage parking option and $25,503,700 for the surface parking option for a 195,000 square foot class-A office building and 965 parking spaces.

Land is free. This assumes the building is located on base. If an off-base solution is determined, land would be provided at our cost, with that cost added to the amount to be financed.

Site work (excluding parking) is $100,000

Other soft costs (legal and financing fees, bond fees, builder's risk insurance, special inspections and fees and construction period
interest) are $3,016,900 for the garage parking option and $2,117,300 for the surface parking option, bringing the all-in cost to be financed to $39,907,600 for the garage parking option and $27,621,000 for the surface parking option.

There are no real estate commissions involved.

The building and parking are developed and owned by the Economic Development Authority of the City of Newport News, Virginia (NNEDA). No private developer is involved.

The interest rate on the bond is 7%. This rate is expected to be changed periodically, as banks will typically only guarantee financing at a fixed rate for a period ranging from 5 to 10 years. As the interest rate on the bond changes, the rental rate would be recomputed to reflect any change in debt service payments. Prior to issuance of the bond, the NNEDA would confer with DoD to select a preferred financing option (low-floater, fixed-rate, swap, etc.), which could affect the actual rental rate.

Thirty-year lease rates are predicated on the NNEDA's ability to obtain financing of a 30-year bond.

Changes to these assumptions would affect the rental rate and the actual rental rate would be based upon the actual amount financed and actual financing terms.

Besides coverage of the debt service, the NNEDA will recover a portion of its administrative and lease management costs through the lease payments. It is anticipated that the rental rate will increase by $0.05 per square foot every five years to cover increases in these costs.

Estimated rental rates for the four scenarios or a capital, total net lease are as follows:

Garage Parking, 20-year lease - $19.50 per square foot Garage Parking, 30-year lease - $16.75 per square foot Surface Parking, 20-year lease - $13.75 per square foot Surface Parking, 30-year lease - $11.75 per square foot

The specifics of any lease are subject to the approval of the NNEDA Board with the concurrence of the Newport News City Council.

Ted

DCN: 11862

CITY OF NEWPORT NEWS

JOE S. FRANK
MAYOR

March 25, 2003

The Honorable Mario P. Fiori
Assistant Secretary of the Army
Installations and Environment
The Pentagon, 2E614
Washington D.C. 20310

Dear Mr. Secretary:

Over the last several years we have communicated on a number of occasions with the Department of the Army concerning consolidations and relocations of the Military Traffic Management Command (MTMC). It is my understanding that the Department is considering the consolidation of MTMC Headquarters, now located in the Hoffman Building, Alexandria, Virginia with the Operations Center at Fort Eustis, Virginia and the Transportation Engineering Agency located in the City of Newport News. Further, it is my understanding that the Department of the Army is considering at least three sites within the United States.

While I am convinced that the Army would be best served by consolidating all MTMC activities to Fort Eustis, I understand that the decision will be based on a deliberative, analytical process that assesses a variety of attributes such as military value, readiness, and cost efficiencies. While we're confident that the Department's evaluation will be thorough and will look at the consolidation/relocation from many perspectives, I believe that the synergy, cost efficiencies, and quality of life on the Virginia Peninsula, offer the best solution to the Department and MTMC. A recommendation that selects Fort Eustis would be in the best interest of MTMC, the United States Transportation Command (USTRANSCOM) and the personnel of the each of its subordinate organizations. We believe that MTMC will be even more effective and efficient when the headquarters is co-located at Fort Eustis, with the related organizations already here.

While I do not presume to know the full requirements of operations and basing decisions, I do know and have been told, by military commanders in the area, about the value of the unparalleled synergy and jointness that exists in the Hampton Roads region. Based on the military value of Fort Eustis and on the number of bases and commands in the region, and the military functions that they provide, I firmly believe that our area is the most logical home for the MTMC Headquarters.

I would like to highlight to you the attributes and advantages of Fort Eustis with the intent that this letter becomes part of the official record. These advantages include:

2400 WASHINGTON AVENUE NEWPORT NEWS VIRGINIA 23607 TEL (757) 926-8403

Synergy

Close proximity to major commands of the Army, Navy and Air Force which will allow for decision and policy makers, operators, and doctrine writers to develop procedures together; and the MTMC staff to work with transportation units at minimal cost and loss of time; and the optimization of forces with like missions. Furthermore, the primary operational units of MTMC, as well as the Transportation Engineering Agency are already located here.

Proximity to Transportation Modes

Fort Eustis provides accessibility to the Hampton Roads deployment hub, which contains significant Army, Navy and Air Force deployment facilities. Location of MTMC on the Peninsula will allow for easier coordination and development of deployment plans as well as doctrine. Additionally, rail and highway networks are excellent and will support all types of operations and training events.

Force Projection

Fort Eustis is considered the center of excellence for force projection, training and doctrine, and force structure. And, it is the home of the Army's principal force closure asset, the 7th Transportation Group.

Training

There exists the unique benefit of outstanding transportation training facilities and programs that have been developed by the Transportation School. There will exist a number of professional development opportunities through collocation of MTMC, 7th Transportation Group, the Transportation School and others such as the Coast Guard. Additionally, the state-of-art port training facilities and equipment are unmatched and very expensive to duplicate. This coupled with the availability to train with Navy and Air Force units in the immediate area is invaluable.

Quality of Life

There are numerous military support services and facilities throughout the Hampton Roads region. There is affordable and available housing inventory in the region to accommodate military and civilian employees. There are excellent public and private schools and a number of exceptional institutions of higher education. We have an abundance of entertainment and recreation venues and our infrastructure can support an increase in new residents. And most importantly, our community makes members of the Armed Forces feel at home. We appreciate their presence as well as their contributions not only to our community but to the Nation. (See enclosed.)

DCN: 11862

Let me also point out that Fort Eustis provides other advantages including:

- relocation of a transportation operation to an Army installation which is a center for transportation and logistic support functions;
- relative proximity to the Pentagon;
- superb telecommunications infrastructure including fiber optics and digital technology.

And finally, the City of Newport News is always prepared, through our Economic Development Authority, to work with the Department of Defense and the private sector to be supportive of facility and infrastructure requirements if needed. We have experience in this area having arranged for infrastructure support of the Navy and Newport News Shipbuilding. Indeed, subject to City Council approval, we would be willing to build all necessary facilities to your specifications, at our cost, and lease the same to the Army.

I point this out as an example of our eagerness and willingness to work with the Department of Defense. We have a proven track record in our support of the Department and are ready and willing to support MTMC's requirements.

Mr. Secretary, I have outlined for you our feelings in this most important matter. Enclosed is additional information that will be of interest to your staff and those analyzing the consolidation and movement of MTMC. I would look forward to the opportunity to talk with your site selection team when they visit Fort Eustis and the Peninsula again or in Washington DC. We sincerely appreciate your time and that of your staff and are confident that a thorough and objective evaluation of the relocation/consolidation of MTMC will bring this important project to Fort Eustis and Newport News.

Very truly yours,

Joe S. Frank
Mayor

JSF:rsw
Enclosures
1. MTMC
2. Quality of Life – Newport News

Copy to: City Manager

MILITARY TRAFFIC MANAGEMENT COMMAND

The Hampton Roads area of Southeastern Virginia is home to Fort Eustis as well as a significant concentration of Army, Navy, Air Force and other DoD activities. This collocation of military activities produces cost efficiencies, joint and cross-service interface, and a synergy that is not surpassed by any other region of the United States. Mobility, deployment, joint doctrine development, and comprehensive joint planning are critical to successful military operations. Additionally, the ability to train, coordinate and supply military forces in joint, as well as unilateral environment, is critical to future success of our military forces.

Fort Eustis is located on the Virginia Peninsula adjacent to Air Combat Command at Langley Air Force Base and the U.S. Army Training and Doctrine Command at Fort Monroe. Directly across Hampton Roads is the Joint Forces Command as well as the Norfolk Naval Base. This grouping provides a "hub" for transportation, mobilization and deployment of U.S. forces worldwide involving all modes of transportation. Additionally, the geographic location of Fort Eustis insures ready access to Washington D.C., as well as facilities up and down the east coast, but not in the overly congested Washington metropolitan area.

Proximity to Training

The Army Transportation School annually trains 12,000-15,000 military and DoD civilians transporters in all modes of operations. The Joint Strategic Deployment Training Center trains all services in the art of sea and air deployment. The Transportation School is responsible for the development of all Army transportation doctrine including the movement of military units by railroad to points of debarkation.

Proximity to Unit Training

The 7th Transportation Group operates the 3rd Port Complex and conducts continuous training and testing at Fort Eustis and Fort Story. Major combat units such as the XVIII Airborne Corp and the 101st Airborne Division hone their deployment skills with major exercises at both Fort Eustis and Fort Story. Numerous Navy, Marine, and Coast Guard elements, as well as Reserve and National Guard units regularly train here.

Proximity to Air and Sea Ports

Fort Eustis is located within a 45-minute radius of three commercial and three military air terminals. Major port facilities are located at Newport News and throughout Hampton Roads. The Navy operates extensive port facilities at Norfolk and at Yorktown. Additionally, Fort Eustis has its own operational deep-water port facility. Rail and highway networks are excellent to support all types of operations and training.

Quality of Life

The Virginia Peninsula provides an outstanding environment for all its residents. Fort Eustis has the full complement of support facilities from commissary to recreation. Medical support services are provided by a Tri-Service organization with state of the art capabilities. The surrounding civilian community provides plentiful and affordable housing; outstanding school systems; a vibrant employment market for spouses and dependents; and a progressive as well as expanding technical and higher education environment. In summary, with a temperate climate and a very reasonable cost of living, the Virginia Peninsula provides an excellent locale with a full complement of amenities.

Other Advantages

Relocation of the Military Traffic Management Command (MTMC) to Fort Eustis will offer further advantages. Collocation with the Transportation School will allow operators and doctrine writers the ability to develop procedures together, testing can be conducted on-site and, therefore, timeframes reduced. Additionally, MTMC staff will be able to work with units at minimal financial cost as well as minimal time loss. This combination will greatly enhance career development opportunities for government employees in the region. The inclusion of the Transportation Engineering Agency (a MTMC organization), which is currently occupying leased-space, in a Peninsula consolidation will result in a significant cost avoidance.

The Bottom Line

Fort Eustis is strategically located on the east coast and provides numerous advantages to MTMC such as proximity to major customers, major military commands, seaports, airports, and military schools. This coupled with Southeastern Virginia's outstanding quality of life makes consolidation and relocation of a major transportation command at Fort Eustis the only logical choice. The synergy created will allow MTMC to better carry out its support of this Nation's military strategy.

One of the lessons learned from recent U.S. military actions is that jointness and jointness training is necessary for our forces to achieve optimum success. By collocating U.S. transportation activities in the Virginia Peninsula the DoD is optimizing its stationing of forces with like missions, potentially increasing intra-service efficiency and cooperation, and further jointness.

For all of the above reasons, it makes ultimate logic and sense to relocate the Military Traffic Management Command Headquarters to Fort Eustis and the Virginia Peninsula.

QUALITY OF LIFE

OUR ATTRACTIVENESS HELPS YOU ATTRACT THE BEST

Executives, Managers, Professionals, In-demand skilled workers. Chances are you'll find the talent you need right here in the Newport News area. But if not, its easy to entice the people that you want to bring to relocate to Newport News. Why? Ask *Child Magazine*. They rated the Newport News area — Hampton Roads — as the second best place for children in the nation.

Housing in upscale neighborhoods is affordable in Newport News. The award winning school system offers variety and quality in education. Newport News residents can choose among programs at fifteen colleges and universities. An abundance of water, park land, golf, history, amusement and a mild climate create year-round recreational enjoyment. Cultural experiences span all art mediums. Best of all, you can get from here to there conveniently, on interstates, without getting into a grid locked traffic jam.

Housing

Newport News offers a wide variety of living environments to suit individual tastes and lifestyles. From urban to suburban to semi-rural, from garden apartment to wooded lot on the water, a plentiful housing supply exists throughout the City. Quiet neighborhoods are convenient to shopping and to water and recreational amenities.

Housing costs are very reasonable when compared to other metropolitan areas. An active economy and a mobile population result in sound real estate appreciation and short stays of property on the market. Thus, Newport News gives you the best of both worlds--housing affordability and solid equity growth. A few major housing areas in Newport News are:

Downtown/Old North End, for urban living in high-rise apartments, luxury waterfront condominiums and historic and stately homes. I-664 provides convenient connections from the Downtown to Norfolk and the rest of the Newport News metro area.

Hilton, located between Huntington Park and Mariners Museum park, derives its character from historic Hilton Village, the first planned community in the United States. Graceful homes line the James River and tree-lined streets extend to convenient shopping areas.

Beaconsdale/Harpersville, traditional, family-oriented neighborhoods, conveniently located in the mid-City area.

Hidenwood, restful suburban neighborhoods with the convenience of a mid-City location. The exclusive Riverside and James Landing neighborhoods border the James River Country club.

Villages at Kiln Creek, Newport News' newest planned community, will be as large as the City of Williamsburg when completed during the next decade. The mixed residential use development is planned around an 18-hole golf course and a series of man-made lakes.

Denbigh is Newport News' largest and most diversified residential area. Garden apartments, townhouses, family-oriented suburban neighborhoods and exclusive sub-divisions such as **Denbigh Plantation** are conveniently located to shopping and employment.

Housing Cost Comparison Index
Selected Cities - 2002

City	2,200 sf median price	900 sf apartment median rent
Newport News	**100.0**	**100.0**
Anaheim	198.4	162.4
Atlanta	179.4	157.7
Baltimore	142.9	146.4
Boston	408.1	252.8
Charlotte, NC	136.9	144.4
Chicago	243.1	173.2
Danbury, CT	155.4	146.3
Greensboro, NC	124.0	116.6
Hartford	152.2	124.9
Los Angeles	253.0	214.6
New Brunswick	153.7	146.9
New Haven	128.7	128.4
New York City (Manhattan)	585.0	325.4
New York City (Queens)	165.0	190.5
Philadelphia	140.3	157.1
Raleigh	134.2	142.0
Richmond	144.7	115.2
San Francisco	430.2	313.9
San Jose	285.3	192.2
Santa Barbara	258.3	183.5
Seattle	211.5	183.8
Trenton	119.5	147.7
Washington, DC	281.1	276.9

Source: Economic Research Institute. Geographic Reference Report, 2002.

Educational Opportunities

At every stage of the lifetime learning experience, there are institutions of excellence in Newport News to serve your educational needs and those of your family and your employees. The Newport News Public School System is one of the best city school systems in Virginia. The Newport News Public School System is innovative and effective in providing its students with a well-rounded, high-quality education. The system has more than 33,000 students in 28 elementary schools, 8 middle schools, 5 high schools, and 3 early childhood centers for four-year olds. Two new high schools were built in 1996 and a new magnet school opened its doors in 1997. Instructional supervision is of the highest caliber. The school system has 5,240 employees (including more than 2,300 teachers), maintaining a 20:1 pupil/teacher ratio. More than 43 percent of the teachers in the Newport News School System hold master's degrees. In school year 1999/2000, the total expenditure per pupil was $5,776.

Education Facts

Newport News Public Schools	
Early Childhood Centers	3
Elementary schools	28 (2 alternative)
Middle school	8 (1 alternative)
High schools	5 (1 alternative)
Pupil-Teacher ratio	20:1
Expenditures per pupil	$5,776
Private School	
Preschools/Kindergarten	36
Elementary schools	16
High schools	5

Source: Newport News School System
City of Newport News Department of Development

A variety of educational experiences are provided by the Newport News Public Schools in recognition that individual students possess different learning styles. Students in Newport News public schools have more options, opportunities and choices in their academic pursuits than is true in most school systems. Newport News' Talented and Gifted Program begins at the third grade and continues, using advanced placement and specialized courses, through high school. Newport News also offers an advanced course of studies leading toward the prestigious International Baccalaureate (IB) diploma for those students who thrive on a challenging curriculum. The percentage of students receiving the IB diploma has regularly exceeded both state and national averages.

Special interest and magnet programs exist in the elementary, middle, and high school levels. Students may apply to programs in arts and communications: aviation; math, science and technology; engineering and technology; and environmental science. The City's elementary school system includes self-paced open-classroom and traditional environment alternative schools. Newport News Public Schools also includes the "An Achievable Dream" magnet program designed for elementary and middle school students who have the ability to succeed but who may need some extra support. The "Achievable Dream" program uses tennis instruction to instill discipline, motivation and success in students from disadvantaged backgrounds. At the middle school level, the alternative middle school Enterprise Academy opened its doors in the fall of 1993. The Enterprise Academy fosters a quiet, controlled atmosphere with structured learning activities and promotes student commitment and parental involvement through the use of signed contracts.

School Match, an independent nationwide educational service announced that the Newport News school system won a Seventh Annual "What Parents Want" Award. The award, received by only 14% of the nation's public school districts, is based on excellence in academics, teacher's salaries, above average instructional expenditures and above average library/media services expenditures. Also winning the aware were four surrounding school systems on the Virginia Peninsula.

In 1997, the International Reading Association gave Marshall Elementary School in Newport News its top award. Marshall was the only school in Virginia and only one of 25 in the country to receive the award. Also, in 1997, students at Point Option, Newport News' alternative high school, won the National Engineering Design Challenge; Hines Middle School was the state Odyssey of the Mind competition winner; and Menchville High School was named an All-Star School.

Awards like those are not possible without a dedicated and knowledgeable staff. Always striving for professional growth, Newport News Public Schools' 2,000-member professional team participate in numerous staff development programs. Over the past two years, Newport News staff members have won state awards in educational administration, education, and driver's education.

Strong community support of the educational effort in Newport News is reflected by the more than 3,000 involved parents and other volunteers who bring their energy and talents to school each year. These volunteers donated more than 90,000 hours tutoring students, teaching job skills, providing clerical help, reading to students, chaperoning field trips, and assisting with special events. More than 400 businesses and organizations support the schools through the Newport News Education Foundation. The Educational Foundation and the Newport News Public Schools received a Virginia Partners in Education 2000 Partnership Award recognizing outstanding school-business partnership. Regionally, the Peninsula Chamber of Commerce sponsors the Business-Industry-Government-Education (BIG-ED) program. PTAs across the division continue to strengthen the ties between school and home. The R. O. Nelson Elementary School PTA was honored with the 1995 Winners Circle designation by the Virginia PTA for its highly successful "Children to Children" partnership with Marshall Elementary School. This joint venture has boosted volunteerism at both schools and forged a spirit of cooperation and optimism.

In addition to the City's public school system, there are several **private schools** located throughout the Virginia Peninsula. Dozens of pre-schools and kindergartens provide children with a head start in the educational and socialization process. There are a dozen private elementary schools, including denominational and secular schools. Newport News is also served by four private high schools and over a dozen business, professional and technical schools. Among these are Riverside Hospital's Health Professions Education Schools, which offer training for licensed practical nurses, radiological technologists and laboratory technicians.

Newport News is richly endowed with higher education institutions. Within the metropolitan area, there are seven liberal arts colleges or universities, two community colleges and ten branch campuses. Four of the universities are doctoral-level institutions and two more institutions grant masters degrees. Also, six of the ten branch facilities grant masters degrees and one offers doctoral-level programs. In addition, there are two law schools, an oceanographic institute and a medical college that is internationally acclaimed for its work in in-vitro fertilization.

DCN: 11862

Colleges and Universities
Serving Newport News Residents

Name	Specialty Program	Highest Degree Conferred
Comprehensive Universities		
College of William and Mary	Applied Science	PhD
	Business	MBA
	Chemistry	MS
	Clinical Psychology	PhD
	Computer Science	PhD
	Education	ED
	History	PhD
	Law	JD
	Marine Biology	PhD
	Materials Science	PhD
	Mathematics	MA
	Oceanography	PhD
	Physics	PhD
Old Dominion University	Accounting	MA
	Applied Mathematics	PhD
	Biomedical Science	PhD
	Business	PhD
	Chemistry	MS
	Clinical Psychology	PhD
	Computer Science	PhD
	Ecological Sciences	PhD
	Education	ED
	Engineering	
	Aerospace	PhD
	Civil	PhD
	Computer	MS
	Electrical	PhD
	Management	PhD
	Mechanical	PhD
	Mathematics	PhD
	Medical Technology	MS
	Nursing	MSN
	Oceanography	PhD
	Physical Therapy	MS
	Physics (Applied)	PhD
	Public Administration	MPA
	Urban Services	PhD
Colleges and Universities		
Christopher Newport University	Architecture	BT
	Business	BS
	Computer Science	BS
	Nursing	BSN
	Physics	MS

Libraries

Library resources support the learning process for students and adults alike. The Newport News Public Library System has four branches, a law library, a municipal reference library, a Library Outreach and Extension Services Department and a Technical Services Department. The system contains 313,375 volumes and 398 periodical subscriptions. Annual circulation exceeds 800,000 and library membership encompasses 106,000 cardholders. Newport News has a reciprocal borrowing agreement with the Hampton Public Library System.

Other area libraries that are open to the public include those at Christopher Newport College, the College of William and Mary, Hampton University and Old Dominion University. The College of William and Mary, Hampton University and Old Dominion University are government depository libraries, containing thousands of volumes of federal government statistical compilations and scientific studies.

Recreation and Culture

Leisure time is quality time in Newport News. Newport News has more than 9,200 acres of park land spread throughout the City. Newport News parks offer everything from archery to volleyball, from boating to horse-back riding to golf.

The parks are just the beginning of the leisure time opportunities for enjoyment in Newport News. Water is one of Newport News' major recreational assets. Whether its fishing on the James River, sailing on the Chesapeake Bay or sun-bathing at the Atlantic Ocean beaches, you don't have to travel very far.

You don't have to travel very far to enjoy our nation's past either. Colonial Williamsburg is just twenty minutes away. Over one million visitors each year share in the experience of colonial life--its work, its play, and its fine dining. Within a few minutes drive from Colonial Williamsburg are the Yorktown Victory Center and National Park, Jamestown and Carter's Grove Plantation. In Newport News, the Mariners' Museum holds one of the most complete representations of maritime history in the world. Included are artifacts from the Civil War ironclad ship the Monitor. Other historical museums in Newport News include the U. S. Army Transportation Museum and the War Memorial Museum.

For your amusement and entertainment, Busch Gardens, "The Old Country", offers thrill rides and musical shows. Water Country USA has more than a dozen different water rides and attractions. Kings Dominion, another amusement theme park, is less than two hours away, north of Richmond. And, for your motion picture entertainment, the Newport News area offers you a 42 screen selection.

Culturally, Newport News residents are treated to a varied diet of music, dance, art, drama and film. The Peninsula Museum of Fine Arts is located in Mariners' Museum Park, and the Chrysler Museum in Norfolk contains one of the finest collections of paintings and sculpture in medium-size metropolitan area. The Hermitage in Norfolk possesses a fascinating collection of medieval and oriental art and artifacts. Chrysler Hall in Norfolk, offers a perfect setting for the performances of the Virginia Symphony, the Virginia Opera Association, and various ballet troupes. Various musical and dance ensembles also perform at Christopher Newport College, Hampton University and the College of William and Mary. The College of William and Mary also hosts the Virginia Shakespeare Festival. Numerous theatrical performances occur at the Peninsula Community Theater, Christopher Newport College and various dinner theaters. Old Dominion University sponsors repertory theater at the Rivermont in Norfolk.

Shopping

Three regional malls serve the Newport News shopping community. The newest, Patrick Henry Mall, is located in Mid-City Newport News near I-64. Patrick Henry Mall contains 685,000 square feet of retail space, expandable past 800,000. The mall is anchored by three department stores and contains a food patio, multi-screen theater and 90 specialty stores. Another, Newmarket Fair, is located at the Newport News-Hampton line. Coliseum Mall is located near I-64 in Hampton, less than five minutes from Newport News. Together, these malls contain 2.6 million square feet of retail space, over 290 shops and eight department stores.

Fifty-two community, neighborhood, and specialty shopping centers are located in Newport News. These contain two department stores and eleven discount department stores. Virtually every neighborhood is only minutes away from extensive shopping opportunities.

Some very unique shopping opportunities are available to Newport News residents in nearby Williamsburg. Handcrafted items in the colonial style can be purchased there. These include items made of silver, pewter, glass, leather and wood, as well as furniture, candles, hats and other items. Hand blown glassware is also available at Jamestown. In nearby Lightfoot, the famous Williamsburg Pottery Factory and other factory outlets offer a wide variety of unusual and everyday items at discounted prices.

Transportation

Tired of transportation bottlenecks? Tired of gridlock and daily (twice daily!) traffic jams? Then you'll appreciate how smoothly traffic flows in Newport News. Here, the closest you'll come to a bumper-to-bumper traffic jam is maybe a two or three light cycle delay. And then again, maybe not even that.

Four and six lane arterial roadways and two interstate highways criss-cross Newport News. There are more than 35 miles of four-lane arterial, more than 15 miles of six-lane arterial and more than 15 miles of interstate highway served by nine interchanges. In the most remote and secluded residential neighborhood, you are never more than six miles from an interstate or two miles from an arterial road.

City and State governments are committed to keeping traffic congestion free in Newport News. During the next seven years, Newport News will upgrade six miles of four lane arterial to six lanes and will create three additional miles of four lane arterial. Also planned is an expansion of I-64 from four to eight lanes.

A major transportation event occurred in Newport News in early 1992. The opening of the I-664 bridge-tunnel connected Newport News to the growing Suffolk-Chesapeake-Portsmouth region of Hampton Roads. The opening of the bridge-tunnel is of particular importance to Downtown Newport News, which is located only 1 ½ miles from the bridge-tunnel and is served by four I-664 interchanges. The bridge-tunnel helps complete an urban interstate loop that connects Downtown Newport News to the downtowns of Norfolk, Portsmouth and Hampton. The bridge-tunnel also places Newport News at the center of the Virginia Peninsula-Western Hampton Roads market. This will continue to be the fastest growing area in the Norfolk-Virginia Beach-Newport News MSA well into the twenty-first century.

Health Care

Riverside Regional Medical Center in Newport News is the Peninsula's largest private health care complex. Riverside is a fully-equipped health care facility. Specialty health care units include cardiac rehabilitation, radiation therapy, nuclear medicine, occupational therapy and renal dialysis. Riverside also contains an emergency trauma center with a Level II certification. The Rehabilitation Institute of Virginia at Riverside provides physical rehabilitation services to victims of stroke, head and spinal cord injuries, trauma and chronic disability disorders. The Community Mental Health Center offers psychiatric, short-term inpatient, crisis intervention, support group, transitional living and handicapped infant development services. Riverside also operates a center for alcoholism and drug dependency.

Surgical specialties at Riverside include open heart surgery, cardiac angioplasty, laser surgery and microsurgery. Riverside owns two CT scanners, with diagnosis aided by a sophisticated computer program. The hospital also possesses a magnetic resonance imager, an EMI scanner and a non-invasive vascular laboratory, as well as a full line of standard diagnostic equipment. Riverside operates its own clinical laboratory. A heliport provides fast, safe transportation during emergencies and critical situations for patients and medical personnel.

Mary Immaculate Hospital in the Denbigh area of Newport News is a leader in providing home-oriented-birthing environments in a hospital setting. The philosophy of the hospital, as set forth by the Bernadine Sisters, provides that health care must be comprehensive and personalized with attention to treating the whole person through physical, emotional and spiritual care. Medical services offered at Mary Immaculate include one-day surgery, laser surgery, intensive care, dialysis, arthroscopy, endoscopy, radiology, cardiac rehabilitation, respiratory rehabilitation, physical and occupational therapy, hydrotherapy, speech pathology and audiology. Diagnostic equipment includes a CT scanner, magnetic resonance imager and EEG device. Mary Immaculate also operates the St. Francis Nursing Center (an intermediate care facility) and an off-site emergency medical center.

Regional medical facilities of note include the In-Vitro Fertilization Clinic at Eastern Virginia Medical School in Norfolk, Children's Hospital of the Kings Daughters in Norfolk, a Veterans Administration Hospital in Hampton, and the Eastern Virginia State Mental Hospital in Williamsburg. King's Daughters was ranked as one of the top twenty children's hospitals in the nation in 2001 by *Child Magazine*. The Newport News area also contains two-dozen nursing centers and convalescent homes.

DCN: 11862

Cost of Living Index
3rd Quarter 2002

	All Items	Housing	Transportation	Goods & Services
NEWPORT NEWS (Hampton Roads)	**95.7%**	**87.0%**	**108.1%**	**101.5%**
Atlanta	97.7%	96.2%	102.5%	96.6%
Bergen-Passaic, NJ	146.6%	209.6%	115.1%	117.4%
Boston	135.5%	177.3%	106.4%	114.6%
Chapel Hill**	112.5%	129.9%	95.3%	109.5%
Charleston, SC	100.7%	98.0%	97.6%	104.3%
Charlotte/Gastonia, NC	94.5%	86.2%	102.8%	99.2%
Chicago	135.7%	185.5%	120.7%	110.3%
Chicago (Suburban)	101.7%	102.1%	104.7%	110.1%
Cleveland	104.2%	96.2%	110.9%	98.6%
Dallas	98.0%	92.6%	96.8%	103.2%
Denver	102.9%	109.2%	109.5%	98.6%
Detroit	111.0%	127.4%	106.2%	98.8%
Hartford	121.3%	150.9%	110.2%	101.2%
Jersey City	181.6%	340.4%	114.5%	110.1%
Long Island (Nassau)	135.3%	174.1%	112.4%	117.5%
Los Angeles - Long Beach	135.7%	199.1%	112.9%	109.6%
Miami*	94.7%	87.0%	97.7%	98.8%
New Haven	126.5%	155.4%	110.5%	106.8%
New York City (Manhattan)	218.3%	415.7%	120.2%	138.2%
Newark, NJ	148.3%	214.7%	113.4%	118.2%
Northern Virginia	128.5%	163.7%	124.6%	113.0%
Oakland, CA	139.5%	203.8%	120.6%	104.6%
Philadelphia	120.2%	132.9%	118.3%	105.4%
Pittsburgh	96.7%	87.1%	117.4%	91.3%
Raleigh	101.2%	99.8%	94.6%	103.7%
Richmond, VA	102.0%	93.0%	101.9%	107.5%
San Diego	137.8%	194.8%	121.9%	115.1%
San Francisco	181.4%	332.7%	130.0%	123.7%
Santa Jose	171.3%	283.2%	141.2%	110.5%
Springfield	110.8%	118.9%	105.1%	98.8%
Tampa	99.0%	95.2%	108.4%	98.2%
Trenton	127.1%	153.0%	107.0%	111.6%
Washington, DC	133.2%	173.3%	123.8%	116.2%
West Palm Beach	105.3%	98.1%	104.6%	111.4%

*1st Quarter, 2001
***3rd Quarter, 2002
Source: American Chamber of Commerce Researchers Association

Taxes
(Paid by Individuals)

State income tax	5.75% (top rate)
Municipal income tax	None
Real property tax	$1.27/$100 assessed value
Personal property tax (vehicles* and boats)	$4.15/$100 book value
Sales tax	4.5%
Meals tax	6.5% (plus sales tax)

Source: City of Newport News, Department of Development

* The personal property tax on vehicles assessed at less than $25,000 is being phased out. Currently, the effective rate is $1.245/$100 assessed value.

State and Local Tax Burdens on a Family of Four

Adjusted Gross income	**Newport News**	North Carolina	21-State Average*
$ 30,000	7.31%	7.83%	7.85%
$ 50,000	7.99%	8.87%	8.31%
$ 75,000	8.40%	9.36%	8.51%
$200,000	8.06%	9.33%	8.10%

* Alabama, Arizona, Arkansas, California, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Massachusetts, Michigan, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Texas, Virginia

Source: KPMG Peat Marwick

DCN: 11862

CITY OF NEWPORT NEWS

JOE S. FRANK
MAYOR

December 3, 2003

SENSITIVE

Brigadier General Brian I. Geehan
Commanding General
U.S. Army Transportation Center
210 Dillon Circle
Fort Eustis, VA 23604

Dear General Geehan:

This letter is to confirm the conversation we had during our meeting of November 25, 2003 concerning the consolidation and relocation of the Military Traffic Management Command (MTMC) to Fort Eustis. We are very pleased that the Army is considering bringing all of MTMC to Fort Eustis and that the Army is in the process of developing a base stationing plan to accomplish this move. Contingent with MTMC's ability to enter into a financeable lease arrangement, I will strongly support the concept that the Economic Development Authority of the City of Newport News, Virginia (NNEDA) construct and own a facility to be leased to MTMC.

We understand that MTMC would occupy a 195,000 square foot new office building, built entirely to MTMC's specifications. This building is most likely to be located on Fort Eustis although, if necessary, it may be possible to locate the building just off the base along Dozier Road. I think everyone agrees, however, that an on-base location is preferable, particularly with regard to the issue of force protection. I also understand that, even though full occupancy of the building may be phased, MTMC would begin leasing the entire building once it is completed.

The NNEDA's willingness to facilitate the construction of a new office building for MTMC is, of course, subject to the approval of the Newport News City Council and the NNEDA Board. We do not see these approvals posing any difficulty as long as certain

2400 WASHINGTON AVENUE NEWPORT NEWS VIRGINIA 23607 TEL (757) 926-8403

conditions occur that will minimize the NNEDA's financial risk and allow it to obtain financing for the project under reasonable terms. These conditions are:

- MTMC is able to enter into a five or six year lease of the building, with a five or six year renewal option, subject to appropriation;
- the bond financing the building is matched to the term of the lease, plus renewal;
- there are no obstacles to the transaction posed by DoD or other federal regulations or policies;
- the Army is willing and able to provide the NNEDA with a ground lease of the building site (assuming the building is located on Fort Eustis) for a significantly longer term than MTMC's lease term, but which would terminate when and if MTMC purchased the building from the NNEDA;
- a lender is found that is willing to fully finance all construction and development costs and provide terms that are reasonable and acceptable to all parties;
- Fort Eustis can offer some reasonable assurance that an alternative use for the new building could exist should MTMC be relocated from Fort Eustis or otherwise abandon the building, recognizing that this assurance may not be binding; and
- MTMC and the NNEDA are in agreement on all other provisions of the lease.

Subject to fulfilling all of the above conditions and obtaining all of the necessary approvals, the NNEDA would obtain a contractor to design/build MTMC's facility. The facility is now expected to cost between $40 million and $45 million, which includes the building, all site work and surface parking, telecommunications infrastructure, security system, furnishings and equipment, and all other development costs. The rent charged to MTMC by the NNEDA would equal the cost of the NNEDA's debt service, any land rent charged to the NNEDA by the U.S. Army, a $0.25 per square foot lease administration fee in order for the NNEDA to recover a portion of its administrative costs, and any other costs that may be borne by the NNEDA. Thus, the amount of rent paid by MTMC for the facility would be directly related to the ultimate cost of the facility.

The proposed lease would be a total net lease. MTMC would be responsible for all building and grounds operating costs. These include, but are not limited to, utilities, insurance, fees, maintenance, repair and replacement.

We realize that there are some procedural issues that need to be resolved before MTMC can move forward with this project, and stand ready to assist MTMC in facilitating the requisite approvals. Upon resolution of outstanding issues, the City Manager will

DCN: 11862

instruct staff to begin drafting and negotiating the necessary agreements. Staff has already held some preliminary discussions with potential lenders and will have briefed the City Council and the NNEDA Board in closed session prior to beginning lease negotiations. Staff will then obtain formal approval and seek any public action required from the NNEDA Board and/or the Newport News City Council.

Please do not hesitate to call me if I can be of any further help. Otherwise, I am confident that your staff and Colonel Wagner, working with Ms. Florence Kingston (Director of Development and Secretary/Treasurer of the NNEDA) and her staff, can successfully move this project forward to a mutually beneficial conclusion.

Very truly yours,

Joe S. Frank
Mayor

JSF:tjf
P:\DEV03-04\MTMC3.tjf.wpd

Copy to: Colonel Daniel D. Imholte
Colonel Ron Ellis
Colonel Susan K. Wagner, MTMC
Chairman, NNEDA
Vice-Chairman, NNEDA
City Manager
Assistant City Manager, NAM
Director of Development

DCN: 11862

U.S. Army Aviation Logistics School (USAALS)

Position: Retain USAALS at Fort Eustis, Virginia.

The realignment recommendation to move the U.S Army Aviation Logistics School (USAALS) to Fort Rucker, Alabama should be re-evaluated. On the surface, the idea of consolidating helicopter repair training with other Army aviation assets at Fort Rucker seems rational. However, thoughtful analysis of this proposal raises serious cost and operational questions.

Operationally, moving helicopter repair training to Fort Rucker provides no additional synergy for the Army's aviation programs. Those who have served in the military understand that those who learn to repair aircraft and those who learn to fly aircraft are learning two different missions and that collocation does not create jointness. Secondly, as a training activity of high importance, helicopter maintenance requires the availability of a skilled civilian and uniform work force. Fort Eustis is optimally located to tap into a retiring military labor market that includes approximately 15,000 skilled Army, Navy and Air Force personnel who muster out and stay in the Hampton Roads area every year.[1] USAALS is ideally located for joint service helicopter repair training as part of one of the largest concentrations of national military assets in America. The joint training that already occurs there has great potential for inter-service expansion. The Dothan, Alabama community will tell you they are joint because they train other government agencies and aviators from allied nations and those two facts are true. They also claim that Air Force helicopter pilots are trained at Fort Rucker and that is true, but they are not trained in a joint environment. The Air Force is co-located at Fort Rucker and their training is not integrated into the Army training syllabus. Collocation, in and of itself is not jointness. This realignment proposal does very little if anything to enhance the goals of jointness as outlined by the BRAC Criteria.

If the argument could be substantiated that invaluable jointness and synergy would be created by this move, it might make this high cost decision feasible. However, after reviewing the enormous cost of this move, the decision becomes even more irrational. USAALS is housed in expensive and renovated facilities at Fort Eustis. The cost of relocation of this mission to Fort Rucker is estimated to be $492.3 million.[2] In fact, the SECDEF's own recommendation states that the Return on Investment (ROI) has a payback of 13 years.[3] Moreover, the net present value over 20 years is only $77 million.[4] A thirteen-year payback and

[1] Defense Manpower Data Center
[2] BRAC Report, Volume 1, Part 2 of 2, May 2005, E & T, Page 5
[3] BRAC Report, Volume 1, Part 2 of 2, May 2005, E & T, Page 5
[4] BRAC Report, Volume 1, Part 2 of 2, May 2005, E & T, Page 5

such little long-term savings on an investment such as this is not financially sound.

Leadership at Fort Eustis have reported to Commission staff that they believe the DoD COBRA runs for the USAALS move are incorrect. The COBRA claims most of the saving will come from personnel reductions. However, Fort Eustis leadership believes there will be a significant negative payback from this realignment because personnel reductions of this magnitude cannot be made.

Finally, the Army has examined realignment of USAALS to Fort Rucker on a number of occasions and found it far too expensive to undertake within their normal budget and military construction programs. Only through BRAC can they recommend such an action since the high military construction costs (ROI of 13 years) can be absorbed within the BRAC account.

The Secretary of Defense deviated substantially from the BRAC Criteria by adversely impacting training and readiness with this recommendation. Additionally, the realignment recommendation does not meet the cost and manpower implications criterion, especially with a one-time cost approaching $500 million and a ROI of 13 years. This realignment does nothing to enhance jointness. In fact it degrades jointness by removing USAALS from a true joint environment.

Aviation Logistics School

Recommendation: Realign Fort Eustis by relocating the Aviation Logistics School and consolidating it with the Aviation Center and School at Fort Rucker.

Justification: This recommendation consolidates Aviation training and doctrine development at a single location. Consolidating Aviation Logistics training with the Aviation Center and School fosters consistency, standardization and training proficiency. It consolidates both Aviation skill level I producing courses at one location, which allows the Army to reduce the total number of Military Occupational Skills (MOS) training locations (lessening the TRADOC footprint). Additionally, it enhances military value, supports the Army's force structure plan, and maintains sufficient surge capability to address future unforeseen requirements. It improves training capabilities while eliminating excess capacity at institutional training installations. This provides the same or better level of service at a reduced cost. This recommendation supports Army Transformation by collocating institutional training, MTOE units, RDTE organizations and other TDA units in large numbers on single installations to support force stabilization and engage training.

Payback: The total estimated one-time cost to the Department of Defense to implement this recommendation is $492.3M. The net of all costs and savings to the Department of Defense during the implementation period is a cost of $348.1M. Annual recurring savings to the Department after implementation are $42.9M with a payback expected in 13 years. The net present value of the costs and savings to the Department over 20 years is a savings of $77.4M.

Economic Impact on Communities: Assuming no economic recovery, this recommendation could result in a maximum potential reduction of 5000 jobs (2410 direct jobs and 2590 indirect jobs) over the 2006-2011 period in the Virginia Beach-Norfolk-Newport News, VA, metropolitan statistical area, which is 0.5 percent of economic area employment. The aggregate economic impact of all recommended actions on this economic region of influence was considered.

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

Environmental Impact: This recommendation has no impact on air quality; cultural, archeological, or tribal resources; dredging; land use constraints or sensitive resource areas; marine mammals, resources, or sanctuaries; noise; threatened and endangered species or critical habitat; waste management; water resources; or wetlands. This recommendation will require spending approximately $0.4M for environmental compliance activities. This cost was included in the payback calculation. This recommendation does not otherwise impact the costs of environmental restoration, waste management, and environmental compliance activities. The aggregate environmental impact of all recommended BRAC actions affecting the bases in this recommendation has been reviewed. There are no known environmental impediments to implementation of this recommendation.

DCN: 11862

BRAC Issues with Fort Eustis

Questions that need to be answered about the cost benefit of moving the US Army Aviation Logistics School (USAALS) from Fort Eustis to Fort Rucker

How is it possible to accomplish the USAALS training mission at Fort Rucker with the stated BRAC resources?

- **Answer: It is not possible to meet the mission with the BRAC allocation of 219 personnel. The BRAC savings is based on elimination of personnel positions. Any requirement for personnel above the 219 called for in the BRAC eliminates savings.**
  - FY07 personnel authorization for USAALS at Fort Eustis is 602 people
  - BRAC calls for all but 219 of the 602 positions to be eliminated prior to the move to Fort Rucker.
  - If all 219 personnel moved were instructors it would fall short by 175 instructors of the number required to train the student load.
  - In addition to instructors there is no commonality between Training Developers and administrative support staff between USAALS and Fort Rucker.

What is the commonality between the course material taught at Fort Eustis and the course material taught at Fort Rucker?

- **Answer: There is no commonality in training that will enable "consolidation" as called for in BRAC**
  - The training currently conducted at Fort Eustis is for initial entry level enlisted aviation personnel and Basic Non Commissioned Officer Courses.
  - Fort Rucker conducts pilot training for student officers.

What is the military construction cost requirement to support the BRAC?

- **Answer: Nearly half billion dollars in Military Construction (MILCON)**
  - BRAC COBRA data base estimated approximately 494 million dollars in new construction at Fort Rucker.
  - BRAC calls for more than 2 million net square feet to be built for USAALS at Rucker.

What will the disruption to the Army aviation maintenance training mission of as a result of this move?

- **Answer: Unknown. The move is predicated on a construction schedule that must be synchronized with the recruiting command and orchestrated with transportation assets to ensure no more than a 90 day disruption in each course over the move years (estimate 3 years to move)**
  - Each course to be moved must be shut down at Fort Eustis, moved over a 90 day period, and restarted at Fort Rucker
  - Facilities must be designed, built and ready for occupancy prior to move.

BRAC Issues with Fort Eustis

- USAALS has more than 135 non flying aircraft or aircraft sized computerized trainers that must be moved on special air ride trailers (one per trailer) in addition to thousands of tool boxes, computers, shop sets, and equipment.
  - Training devices were not designed to be moved nor left out in the weather.
  - Delay in occupancy of new facilities or delay in recertifying training devices will significantly impact on the ability to restart training.

Skilled civilian workforce in the local area

- Fort Eustis has conducted aviation maintenance training for more than 50 years.
- There is a multi layered workforce of skilled aviation maintenance instructors readily available to fill vacancies.
- This work force does not exist at Fort Rucker and will require many years to develop.

What is the real cost of this move?

2005 Base Closure & Realignment Commission

BASE VISIT SIGN IN SHEET

Name	Title	Organization	Contact	Email
JOE S. FRANK	MAYOR	CITY OF NEWPORT NEWS		
FLORENCE KINGSTON	Dir. of Develop.	" "	757-926-3789	FKingston@NNgov.com
Paul Hirsch	~~MADISON~~ Consultant	MADISON GOVT		paul@madisongov.net.
AL SACK	CONSULTANT	WHITNEY, BRADLEY & BROWN, INC.	703-448-6081 x156	asack@wbbinc.com
Mandy Kenney	Consultant	Madison Govt. Affairs	202-347-1223	mandy@madisongov.net
Cord Sterling	MLA	Senator Warner	202-224-8035	Cord_Sterling@warner.senate.gov
Josh Cohn	Special assistant	Gov. Warner	202-783-1769	Josh.Cohn@governor.virginia.gov
James D. Durso	Senior Analyst	BRAC	703-699-2950	james.durso@wso.whs.mil
Lesia Mandzia	Senior Analyst	BRAC	703-699-2950	lesia.mandzia@wso.whs.mil
TOM PAPUTZAKIDES	SENIOR ANALYST	BRAC	7036992961	thomas.[illegible]@wso.whs.mil

DCN: 11862

DCN: 11862

2005 Base Closure & Realignment Commission

BASE VISIT SIGN IN SHEET

Name	Title	Organization	Contact	Email
David Epstein	BRAC / Navy	Senior Analyst		david.epstein@wso.whs.mil

DCN: 11862

U.S. Army Transportation School

Position: Retain the U.S. Army Transportation School at Fort Eustis, Virginia.

The decision to relocate the Transportation School to Fort Lee also requires careful review. As was objectively described to Chairman Principi and General Newton during their May 25, 2005 Fort Eustis site visit, the calculations resulting in the realignment recommendation regarding the Transportation School are clearly flawed. Because of the unique multi-modal facilities located at Fort Eustis, including an airfield, a deep-water port, and an active Army railroad network, approximately 1/3 of the current Transportation School training (watercraft, cargo specialists and rail training) must stay at Fort Eustis even if this recommendation is instituted. Otherwise, the Department of Defense would need to invest approximately $70 to $100 million in new facilities at Fort Lee. These costs have not been calculated in the BRAC Recommendations or the COBRA analysis.[1] These investments, in addition to being costly, are highly infeasible. They would include having to construct a man-made river and multi-million dollar rail line at the new location. Again, these costs were not calculated in the BRAC recommendation or the COBRA.

It is the City's understanding that the Department of the Army has already been made aware of these oversights in the initial recommendation and is preparing to send a supplemental letter of intent to the BRAC Commission. If one accepts the premise that a major portion of the training school must stay at Fort Eustis, a legitimate question for the Commission is what savings or efficiencies are achieved by moving elements of the school to Fort Lee while leaving significant training facilities and missions at Fort Eustis? In other words, doesn't it make more sense to maintain the entire Transportation School mission at Fort Eustis, instead of busing personnel 90 minutes from Fort Lee, based on this new information that at least 1/3 of the functions and almost all the actual "hands-on" training will need to remain at Fort Eustis? From a force protection standpoint Fort Lee also poses challenges as a major highway separates the installation. At 9,000 acres with no similar encroachment, Fort Eustis does not face the same concerns.

The Secretary of Defense deviated substantially from the BRAC Criteria by adversely impacting training and readiness with this recommendation. Additionally, the realignment recommendation does not meet the cost and manpower implications criterion.

---

[1] Fort Eustis Base Visit Briefing to Chairman Principi and General Newton

Combat Service Support Center

Recommendation: Realign Fort Eustis, VA, by relocating the Transportation Center and School to Fort Lee, VA. Realign Aberdeen Proving Ground, MD by relocating the Ordnance Center and School to Fort Lee, VA. Realign Redstone Arsenal, AL, by relocating the Missile and Munitions Center to Fort Lee, VA. Consolidate the Transportation Center and School and the Ordnance Center and School with the Quartermaster Center & School, the Army Logistic Management College, and Combined Arms Support Command, to establish a Combat Service Support Center at Fort Lee, VA.

Justification: This recommendation consolidates Combat Service Support (CSS) training and doctrine development at a single installation, which promotes training effectiveness and functional efficiencies. The moves advance the Maneuver Support Center (MANSCEN) model, currently in place at Fort Leonard Wood, MO, which consolidates the Military Police, Engineer, and Chemical Centers and Schools. This recommendation improves the MANSCEN concept by consolidating functionally related Branch Centers & Schools. It enhances military value, supports the Army's force structure plan, and maintains sufficient surge capability to address future unforeseen requirements. It improves training capabilities while eliminating excess capacity at institutional training installations. This provides the same or better level of service at a reduced cost. This recommendation supports Army Transformation by collocating institutional training, MTOE units, RDTE organizations, and other TDA units in large numbers on single installations to support force stabilization and engage training.

Payback: The total estimated one-time cost to the Department of Defense to implement this recommendation is $754.0M. The net of all costs and savings to the Department of Defense during the implementation period is a savings of $352.4M. Annual recurring savings to the Department after implementation are $131.8M with a payback expected in 6 years. The net present value of the costs and savings to the Department over 20 years is a savings of $934.2M.

Economic Impact on Communities: Assuming no economic recovery, this recommendation could result in a maximum potential reduction of 3,581 jobs (1,709 direct jobs and 1,872 indirect jobs) over the 2006-2011 period in the Virginia Beach-Norfolk-Newport New, VA-NC, metropolitan economic area, which is 0.4 percent of economic area employment.

Assuming no economic recovery, this recommendation could result in a maximum potential reduction of 7,386 jobs (4,200 direct jobs and 3,186 indirect jobs) over the 2006-2011 period in the Baltimore-Towson, MD, metropolitan economic area, which is 0.5 percent of economic area employment.

Assuming no economic recovery, this recommendation could result in a maximum potential reduction of 2,120 jobs (1,443 direct jobs and 677 indirect jobs) over the 2006-2011 period in the Huntsville, AL, metropolitan economic area, which is 0.9 percent of economic area employment.

The aggregate economic impact of all recommended actions on these economic regions of influence was considered.

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

Environmental Impact: This recommendation may impact air quality at Fort Lee. However, noise caused by Ordnance School operations may result in significant impacts at Fort Lee. A noise analysis and mitigation may be required. This recommendation will have some impact on water resources at Fort Lee due to the increased in demand from incoming personnel. This recommendation may require upgrade of wastewater treatment plan. This recommendation has no impact on cultural, archeological, or tribal resources; dredging; land use constraints or sensitive resource areas; marine mammals, resources, or sanctuaries; threatened and endangered species or critical habitat; or wetlands. The recommendation will require spending approximately $1.2M for environmental compliance activities. This cost was included in the payback calculation. This recommendation does not otherwise impact the costs of environmental restoration, waste management, and environmental compliance activities. The aggregate environmental impact of all recommended BRAC actions affecting the bases in this recommendation has been reviewed. There are no known environmental impediments to implementation of this recommendation.

U.S. Army Transportation Center & School Impacts

Issue #1: Relocation of the Transportation Center & School to Fort Lee

ISSUES: The BRAC report recommends relocation of the Transportation Center & School to Ft Lee, VA

KEY POINTS:

•The Army Basing Study (TABS) Group intent was to leave water training at Ft Eustis- but this was not documented in the report

•TABS Group did not consider rail training or the relationship of inter-modal training resources to other courses (i.e. cargo specialists)

•The Transportation School cannot train without:

- •7th Transportation Group vessels
- •Third Port training facilities, including the Landship
- •Rail infrastructure and assets
- •Inter-modal exercise capability:
  - JLOTS site, rail network and assets, air mockups, watercraft, Landship, an exercise Radio Frequency/Automated Information Technology network, simulators, etc.

RECOMMENDATION: That watercraft, rail, cargo specialist training and inter-modal course exercise phases ("Bull Run" exercises) continue to be conducted at Fort Eustis.

DCN: 11862

Transportation School
Mission, Capabilities, & Priorities

Mission: Train the Army Transportation Corps soldiers and civilians and develop its leaders, support training in units , develop deployment and movements doctrine, establish applicable standards, and build the future Army transportation capability.

Capabilities: Training & Certification for:

- ✓ 7 Advanced Individual Training Courses (1,513 students)
- ✓ 11 Advanced and Basic NCO Courses (1,151 students)
- ✓ 7 Warrant Officer Courses (175 students per year)
- ✓ 6 Commissioned Officer Courses (1016 students per year)
- ✓28 Functional Courses (3,780 students per year)

48 Courses - 7 MOSs - 7025 Students in FY 07

Current Priorities:

-Supporting the GWOT
  - Mobile Training Teams (MTTs)
  - Training Air Force and Navy for OEF/OIF
  - Mission rehearsal for deploying units
- Individual training and leader development
  - Convoy Survivability Training
  - Movement Control and In-transit Visibility
- Deployment and Distribution Training and Exercises
- Maritime Training
  - Army Watercraft Operator/Maintenance Training
  - High Speed Vessel Operations

POINT: Council on Occupational Education Accredited Institute Since 1977

NCO Academy

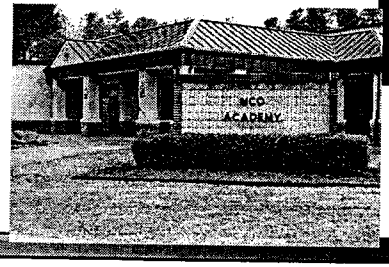
Mission, Capabilities, & Priorities

DCN: 11862

Mission: **Develop Platoon Sergeants and Squad Leaders** in the Noncommissioned Officer Corps with those professional attributes, personal characteristics and leadership traits which will ensure the necessary competence, self-confidence and sense of responsibility required of military leaders.

Capabilities: Conducts Advanced Noncommissioned Officer Course (ANCOC) and Basic Noncommissioned Officer (BNCOC) Courses for Transportation and Aviation. Conducts 23 classes / year for BNCOC stand-alone common core. Teaches 88M Phase 2 for BNCOC and ANCOC. Is the only NCO Academy with a U.S. Army Operator Driving Simulator for use in 88M courses.

Current Priorities: Develop, conduct, and qualify NCOs to perform in squad leader and platoon sergeant duty positions with warfighting as the primary basis of all instruction. Planning and training the surge of NCOs returning from OIF/OEF



37 Classes - 19 MOSs
2489 Students FY 07

As of 1900/24 May 2005

Who Do We Train at the USATC & FE? (1 of 2)

- Officers:
  - Transportation Basic Officer's Leadership Course (TBOLC) (538 students)
  - Transportation Officer's Basic Qualification Course (TOBQC) (14 students)
  - Reserve Component Transportation Officer's Advanced Course (213 students)
  - Combined Logistics Officer Captain's Career Course (CLC3) (211 students)
- Warrant Officers:
  - Maritime Warrant Officer Advance Course (43 students)
  - Mobility Warrant Officer Advance Course (17 students)
  - Maritime Warrant Officer A2 Certification Course (Deck) (27 students)
  - Maritime Warrant Officer A2 Certification Course (Engineer) (23 students)
  - Warrant Officer Basic Courses
    - Deck (880A) (14 students)
    - Engineer (881A) (16 students)
    - Mobility (882A) (35 students)
  - Maritime Safety Courses (1141 students)
- Civilians:
  - DA Interns (290 students)
  - DoD Civilian Locomotive Engineers (85 students)
- Combined Military & DoD Civilian Functional Courses (non-watercraft) (3144 students)
- Other Sevices:
  - Navy (125 students (est.) (High Speed Vessel crews, damage control trainer)
  - Coast Guard (including Interservice Training Review Org (ITRO) courses for engine training; MOU for firefighting, damage control, and simulator support)(350 students (est.)
  - USAF (122 students) (OIF Support & functional courses)

1349 Warrant Officer, Civilian, & Enlisted Maritime, Rail, & Cargo Specialists at Ft Eustis / Year

Who Do We Train at the USATC & FE? (2 of 2)

- Advanced Individual Training (AIT) and NCO Education System (NCOES) Military Occupational Specialties (MOS):
  - 88H Cargo Specialist (568 students)
  - 88K Watercraft Operator (227 students)
  - 88L Watercraft Engineer (181 students)
  - 88M Motor Transport Operator (419 students*)
    - NOTE: *NCO only - see note below
  - 88N Transportation Management Specialist (862 students)
  - 88P Railway Equipment Repairer (6 students)
  - 88T Railway Section Repairer (8 students)
  - 88U Railway Operations Crewmembers (12 students)

1002 Enlisted Maritime, Rail, and Cargo Specialists at Ft Eustis / Year

NOTE: 88M10 Motor Transport Operator's Course is not trained at Fort Eustis. This course is conducted at Fort Bliss and Fort Leonard Wood and should not be moved to Fort Lee due to insufficient training areas and civilian traffic.

2351 Total Maritime, Rail, and Cargo Students at Ft Eustis in FY 07

Landship, Fort Eustis

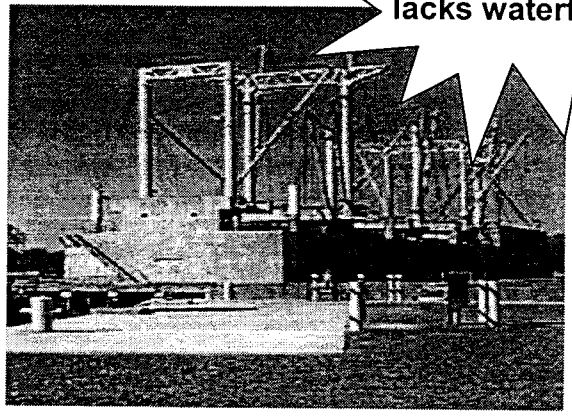
DCN: 11862

Vissering Landship Training Facility:
Estimated Cost to Replicate: $31.59M

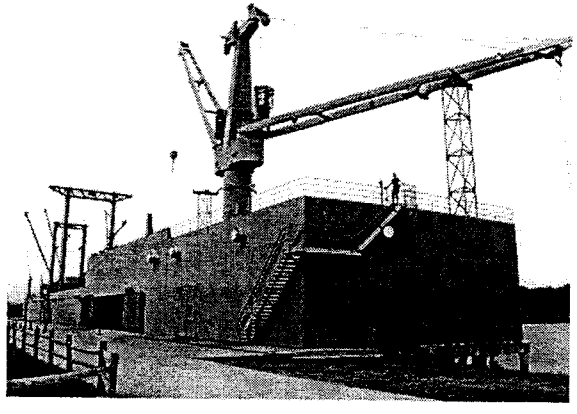
Transportation School Courses Supported:
88H10/30/40 Cargo Specialist
Transportation Officer Basic

In total, USATSCH trains more than 1100 officers and enlisted soldiers aboard the Landship annually.

NOTE: The Landship also provides training for Navy stevedores, Reserve Component Cargo Terminal Units, and 7th Transportation Group Terminal Operations Companies.

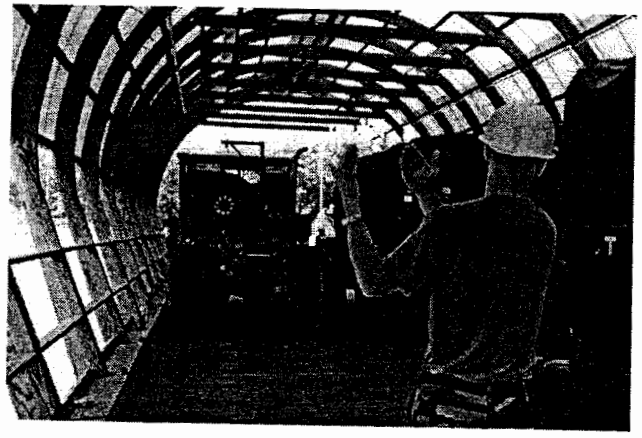


Fort Lee lacks waterfront



Air Load Training Facility, Fort Eustis

DCN: 11862



Air Load Training Facility:
Estimated Cost to Replicate: $1.635M

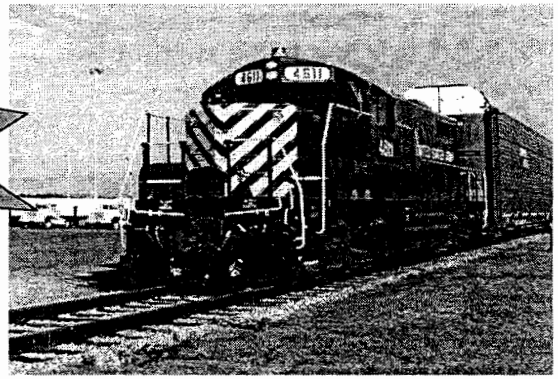
Transportation School Courses Supported:
Air Deployment Planning Course
Unit Movement Officer Planning
Transportation Officer Basic
Mobility Warrant Officer
88H10/30/40 Cargo Specialist
88N10/30/40 Transportation Management Specialist

NOTE: The facility also supports air deployment training by the 7th Transportation Group, reserve component units and other units mobilizing through Fort Eustis.

Rail Training Resources, Fort Eustis

- Traction & Rolling Stock
  - Two GP-9 120-Ton Locomotives
  - One T-1 Passenger Coach Car
  - One Caboose
  - Two 100-Ton flatcars
  - Two 70-Ton flatcars
  - One Tank Car
  - One Hopper Car
  - Four 50 ft. Box Cars
  - 25 – 29,000 series boxcars (on loan from IOCOM for Rail certifications and 88U AIT).

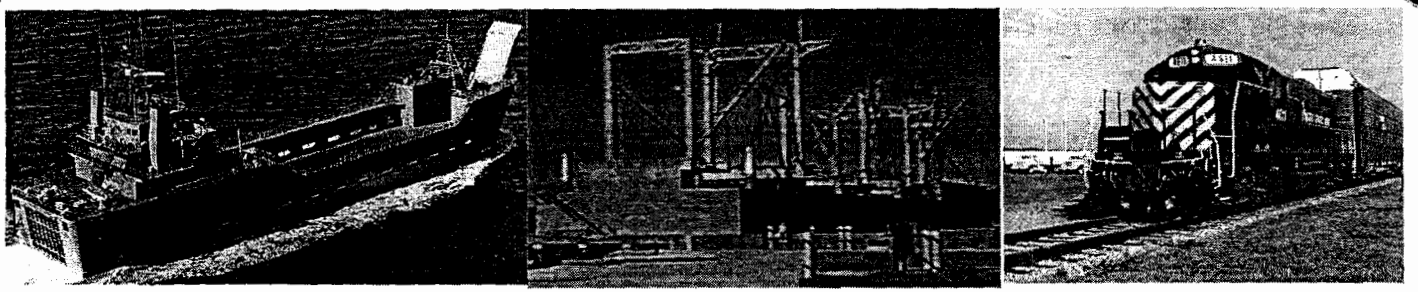
Engine Maint Training Conducted In the Maritime Campus!



- 23 miles of track, specifically engineered to support training with an estimated cost to replicate of $33M*
  - Sidings
  - Loading ramps
- Rail maintenance facility
- Classrooms with rail training aids
- Locomotive Simulator
- Supports AIT, BNCOC, ANCOC and Officer training

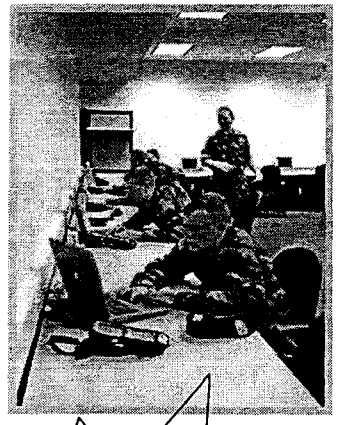
*Includes 40 switches, doesn't include any tree clearing, trestles or bridges

What Should We Keep at Fort Eustis?



- All maritime training (MOS 88K, 88L, 880A, 881A)
  - Maritime Campus with all shops, labs, simulators, and classrooms
- Vessel Live Fire Training at Dam Neck, VA
- All Cargo Specialist training (MOS 88H) and Landship
- All Rail training (MOS 88P, 88T, 88U), rail training facilities (Bldg 2750) and track network
- All inter- modal exercises (tactical and technical training – "Bull Run")
- Training Battalion
  - Command and Control, Staff and Faculty
  - Barracks, arms room
  - Two training companies (1x Staff & Faculty, 1-2 x Student)
  - Support platoon from 508th Transportation Company, motor pool
- Museum

What Can We Move to Fort Lee?

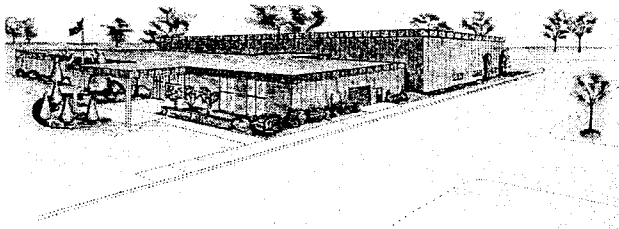


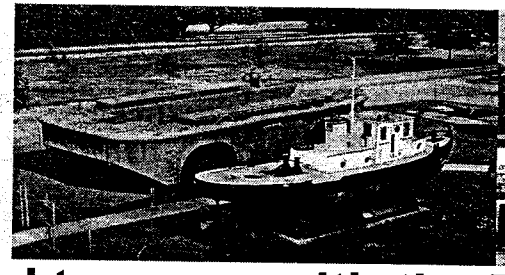
- Transportation Center and School
- Classroom-based courses:
  - Transportation Basic Officer Leadership Course (TBOLC) (538 students)
  - Transportation Officer's Basic Qualification Course (TOBQC) (14 students)
    - Technical / inter-modal training exercises at Ft Eustis
    - Tactical training exercises at Fort AP Hill
  - Captain's Career Course / Advanced Course (424 students / year)
  - 882A Mobility Warrant Officer Basic and Advanced Courses (52 students / year)
  - NCO Academy
    - Common Core
    - 88M30/40 (419 students – see note)
    - 88N30/40 (158 students)
  - 88N10 Transportation Management Specialist (704 students / year)
  - 15 Functional Courses (3144 students / year)
- Non-watercraft / rail-related facilities
  - Deployment and Distribution Exercise Center
  - Movement Tracking System classroom
  - Library
- Warrior Ethos Training for all MOS
  - All other Warrior Tasks and Battle Drills trained in conjunction with other schools

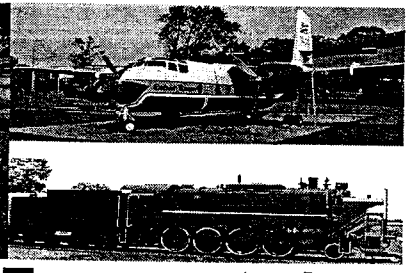
5453 Students at Ft Lee In FY 07

NOTE: 88M10 training will not be moved to Ft Lee

Transportation Corps Museum







Issue: Museum artifacts slated to move with the Transportation School

- Difficulty and expense of moving large vehicles, vessels, & aircraft
- Storage space requirements (excluding exhibit items such as rail lines, museum facility, etc.) for large exhibits: approximately 400,000 cubic feet.
- Breaks link with 7th Trans Group
- Breaks links with water, rail, and cargo MOS trained at FEVA which are majority of TC soldiers using museum for training
- Breaks link with Museum Foundation & violates ATMF building donation agreement with DOA per AR 1-100
- Expensive new facilities required

Recommendation: Leave the museum at Fort Eustis

DCN: 11862

Sea Vehicle Development

DCN: 11862

ISSUE: The BRAC report recommends realignment of:

- Sea Vehicle Development and Acquisition to Naval Surface Warfare Center Carderock Division, Bethesda, MD
- Program Management and Direction of Sea Vehicle Development and Acquisition to Naval Sea Systems Command, Washington Navy Yard, DC.

KEY POINTS: We need to fully understand the long-term implications of this proposal to consolidate Army watercraft development and acquisition under the Navy.

DCN: 11862

Navy Supply Corps School

Position: Revise DOD BRAC recommendation regarding the Navy Supply Corps School. Relocate Navy Supply Corps School to Fort Eustis, Virginia.

The Defense Department on May 13 proposed to close the naval installation in Athens, Ga., and move the Navy Supply Corps School and Center for Service Support to Naval Station Newport. The closure would be completed in FY09. We argue that it makes greater military and financial sense to move the school and center to Fort Eustis instead.

About the Navy Supply Corps School Athens

The Navy Supply Corps School (NSCS) has an average of 356 students on board. The school requires 16,020 square feet of classroom space. More than 4,000 students attend each year, in addition to those who train through the school's distance learning facility.

NSCS is a logistics training base for Department of Defense and international personnel. NSCS teaches and supports more than 30 different courses in addition to the Supply Officer Basic Qualification Course. In 2003, the Navy designated NSCS as its Center for Service Support, making it responsible for the training of all logistics, media and administrative personnel in the Navy. More than 84,000 men and women have been trained at the school to be Naval business managers.

Military Value

By DOD's own measures, Fort Eustis is better suited to receive the Athens missions. Fort Eustis ranked higher than NAVSTA Newport and NSCS Athens in all three categories – initial training, skills progression training and functional training – in a military value analysis of the 70 installations that conduct specialized skills training.

Military Value Analysis of Installations Conducting Specialized Skills Training			
	Initial Training Ranking (1-70)	Skills Progression Ranking (1-70)	Functional Training Ranking (1-70)
Fort Eustis	14	24	26
NAVSTA Newport	48	32	30
NSCS Athens	47	54	62

(Initial skills training is instruction in a specific skill leading to the award of a military occupational specialty or rating/classification at the lowest level. Skills progression training is instruction that follows initial training, and usually some experience working in a specialty, or to increase job knowledge and proficiency and to qualify individuals for more advanced job duties. Functional training is instruction for personnel in various military occupational specialties who require specific, additional skills or qualifications without changing their primary specialty or skill level.)

Fort Eustis is an exemplary training installation. At Fort Eustis officers and enlisted soldiers receive education and on-the-job training in all modes of transportation, aviation maintenance, logistics and deployment doctrine and research. DOD cited the "operations and training capabilities" of Fort Eustis in making a recommendation to close nearby Fort Monroe and move most of its missions, including the Army Training & Doctrine Command headquarters, to Fort Eustis.

Fort Eustis already has nearly four times more available classroom space than NAVSTA Newport, not taking into account any other BRAC recommendations. The proposed move from NSCS Athens to NAVSTA Newport would shift 445 personnel to Rhode Island. The Cost of Base Realignment Action (COBRA) analysis for the proposed move from Athens to Newport showed that the Navy would have to spend more than $9.2 million on MILCON to renovate instructional space and another $4.8 million on administrative space at Newport to accommodate the Athens missions. These personnel more easily would be accommodated at Fort Eustis than at NAVSTA Newport, and without the need for new MILCON spending. Fort Eustis also could handle this increase and still maintain adequate surge capacity.

Classroom Data for Specialized Skills Training						
	Max Potential Capacity	Current Capacity	Current Usage	Capacity Required for Surge	Capacity Available to Surge	Excess Capacity
Fort Eustis	26,029	5,800	2,261	452	23,768	3,087
NAVSTA Newport	9,947	2,217	1,174	235	8,773	808
NSCS Athens	4,277	953	356	71	3,921	526

Berthing Data for Specialized Skills Training						
	Max Potential Capacity	Current Capacity	Current Usage	Capacity Required for Surge	Capacity Available to Surge	Excess Capacity
Fort Eustis	1,718	1,718	2,136	427	0	-845
NAVSTA Newport	1,568	1,568	677	135	891	756
NSCS Athens	217	217	312	62	0	-157

Messing Data for Specialized Skills Training						
	Max Potential Capacity	Current Capacity	Current Usage	Capacity Required for Surge	Capacity Available to Surge	Excess Capacity
Fort Eustis	1,550	1,550	1,286	257	264	7
NAVSTA Newport	550	550	600	120	0	-170
NSCS Athens	0	0	0	0	0	0

Located on the western flank of the City of Newport News in the Hampton Roads region, Fort Eustis is approximately 460 miles from Athens. This is about 525 miles closer to Athens than is Newport. Hampton Roads also has the largest Navy support system of any city in the world. The Navy owns 36,000 acres and more than 6,750 buildings in the area. There are some 108,000 Navy and Marine Corps personnel stationed in the area, and the Navy employs more than 41,000 civilians. There are more than 23,000 retired Navy men and women living in Hampton Roads, and approximately 118,300 dependents of active duty, and civilian personnel.

Since many attendees of the Naval Supply Corps School come from Navy bases in the Hampton Roads region, it makes both military and economic sense to house the school in the same area. Moving the school to Fort Eustis would eliminate about the same number of PCS moves as would Newport and significantly more TDY travel and per diem than would Newport. Locating the school at Fort Eustis also would facilitate training through easy access to the fleet and its resources. Fewer PCS moves and less TDY travel would equate to less stress on the forces, thus improving morale and quality of life for service members and their families. This has an unquantifiable benefit to military operations.

For these additional reasons, moving the Athens missions to Fort Eustis is a more sound decision over moving them to Newport.

Economics

Supplementing the military value argument for Fort Eustis over NAVSTA Newport is the significantly lower costs of operations and living at Fort Eustis. The base allowance for housing (BAH) at Fort Eustis is 45 percent below NAVSTA Newport, while the enlisted BAH is nearly 43 percent lower at Fort Eustis.

In addition, the civilian locality pay factor, the area cost factor and the per diem rate all are lower at Fort Eustis than at NAVSTA Newport.

Cost of Operations and Living Factors							
	Officer BAH (per month)	Enlisted BAH (per month)	Civ Locality Pay Factor	Area Cost Factor	Per Diem Rate	Freight Cost ($/ton/mile)	Vehicle Cost ($/lift/mile)
Fort Eustis	$1,074	$815	1.109	0.94	$142	0.33	4.84
NAVSTA Newport	$1,952	$1,420	1.170	1.04	$158	0.39	4.84
NSCS Athens	$1,202	$861	1.109	0.81	$108	0.48	4.84

Environment

Neither Fort Eustis nor Newport has any significant environmental hurdles. NAVSTA Newport is in serious non-attainment for ozone (1-hour). The base does not require an Air Conformity Determination. Fort Eustis has no environmental issues.

Fort Eustis BRAC Recommendations

The DOD BRAC recommendations would significantly impact Fort Eustis. Should all of the recommendations be approved, the cumulative effect would be the loss of 2,901 military personnel and the gain of 580 civilians and 169 contractors, or a net loss of 2,152 positions.

DOD has proposed closing Fort Monroe and relocating the Army Training & Doctrine Command headquarters, the Installation Management Agency Northeast Region Headquarters, the Army Network Enterprise Technology Command Northeast Region Headquarters and the Army Contracting Agency Northern Region Office to Fort Eustis. DOD cited Fort Eustis's "operations and training capabilities" in making this recommendation.

The proposed closure of Fort McPherson in Georgia would mean the relocation of Installation Management Agency Southeast Region Headquarters and Army Network Enterprise Technology Command Southeast Region Headquarters to Fort Eustis.

DOD also recommended the following realignments of Fort Eustis:

- Relocating the Aviation Logistics School and consolidating it with the Aviation Center & School at Fort Rucker
- Relocating the Transportation Center & School to Fort Lee.
- Relocating the Army Surface Deployment & Distribution Command to Scott Air Force Base.
- Relocating its mobilization processing functions to Fort Bragg.
- Relocating the installation management functions to Langley Air Force Base.
- Disestablishing the inpatient mission at the Fort Eustis Medical Facility and converting the hospital to a clinic with an ambulatory surgery center.

Conclusion

Moving the Naval Supply Corps School and the Center for Service Support from Athens, Ga., to Fort Eustis is a sound decision on the basis of military value and economics. This decision would accomplish the Defense Department's stated goal of relocating activities from a single-mission base to a multi-functional installation with higher military value. Fort Eustis has a higher military value than NSCS Athens and NAVSTA Newport. In addition, it would further the Department's objective of creating joint missions, by moving a Navy school to an Army training base. Our recommendation would keep whole the DOD proposal to move the Center for Service Support, thus creating at Fort Eustis a center for officer training, thereby capitalizing on existing resource and personnel efficiencies.

When you take into account the lower cost of operations and living in and around the installation, Fort Eustis is the obvious choice for accepting the missions from NSCS Athens.

<u>Sources</u>

Commissioner's Base Visit Book: Naval Supply Corps School (NSCS) Athens, GA, Admiral Harold W. Gehman, Jr., USN (Ret), June 25, 2005

Department of the Navy Analysis Group, minutes of deliberative session, February 1, 2005

Recommendation for Closure: Navy Supply Corps School, Athens, Georgia, U.S. Department of Defense, May 13, 2005

Recommendation for Realignment: Aviation Logistics School, U.S. Department of Defense, May 13, 2005

Recommendation for Realignment: Naval Station, Newport, Rhode Island, U.S. Department of Defense, May 13, 2005

Recommendation for Realignment: Transportation Center and School, U.S. Department of Defense, May 13, 2005

Deliberative Document - For Discussion Purposes Only - Do Not Release Under FOIA

RECOMMENDATION FOR CLOSURE

NAVY SUPPLY CORPS SCHOOL, ATHENS, GEORGIA

Recommendation: Close the naval installation at Athens, GA. Relocate the Navy Supply Corps School and the Center for Service Support to Naval Station Newport, RI. Disestablish the Supply Corps Museum.

Justification: This recommendation closes a single-function installation and relocates its activities to a multi-functional installation with higher military value. Naval Station Newport has a significantly higher military value than Navy Supply Corps School and the capacity to support the Navy Supply Corps School training mission with existing infrastructure, making relocation of Navy Supply Corps School to Naval Station Newport desirable and cost efficient. Relocation of this function supports the Department of the Navy initiative to create a center for officer training at Naval Station Newport.

Center for Service Support, which establishes curricula for other service support training, is relocated to Naval Station Newport with the Navy Supply Corps School to capitalize on existing resource and personnel efficiencies.

Relocation of the Navy Supply Corps School and Center for Service Support to Naval Station Newport removes the primary mission from the naval installation at Athens and removes or relocates the entirety of the Navy workforce at the naval installation at Athens, except for those personnel associated with base support functions. As a result, retention of the naval installation at Athens is no longer required.

Payback: The total estimated one-time cost to the Department of Defense to implement this recommendation is $23.79 million. The net of all costs and savings to the Department during the implementation period is a cost of $13.56 million. Annual recurring savings to the Department after implementation are $3.54 million with a payback expected in 7 years. The net present value of the costs and savings to the Department over 20 years is a savings of $21.80 million.

Economic Impact on Communities: Assuming no economic recovery, this recommendation could result in a maximum potential reduction of 831 jobs (513 direct jobs and 318 indirect jobs) over the 2006-2011 period in the Athens-Clark County, GA Metropolitan Statistical Area, which is 0.86 percent of economic area employment. The aggregate economic impact of all recommended actions on this economic region of influence was considered and is at Appendix B of Volume I.

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

Deliberative Document - For Discussion Purposes Only - Do Not Release Under FOIA

Environmental Impact: Naval Station Newport, RI is in Serious Non-attainment for Ozone (1-Hour), however, an Air Conformity Determination will not be required. There are potential impacts for cultural, archeological, or tribal resources; and water resources. No impacts are anticipated for dredging; land use constraints or sensitive resource areas; marine mammals, resources, or sanctuaries; noise; threatened and endangered species; waste management; or wetlands. This recommendation will impact environmental costs at the installations involved, which reported $30 thousand in costs for waste management and environmental compliance. These costs were included in the payback calculation. This recommendation does not otherwise impact the costs of environmental restoration, waste management or environmental compliance activities. The aggregate environmental impact of all recommended BRAC actions affecting the installations in this recommendation has been reviewed. There are no known environmental impediments to implementation of this recommendation.

U.S. Army Materiel Command (AMC)

Position: Revise DOD BRAC recommendation regarding AMC. Relocate AMC from Fort Belvoir to Fort Eustis, Virginia.

AMC is currently under consideration to be relocated to Redstone Arsenal in Alabama. While Redstone could accommodate AMC and provide some cost savings, these goals could also be achieved by moving AMC to Fort Eustis. With transportation training facilities, available capacity and a relative close proximity to Service and Joint Commands within the National Capital Region and Hampton Roads (TRADOC, JFCOM, ACC), the mission of AMC could be sustained in Virginia at an acceptable cost while also ensuring a sustainment of military value. Having AMC and TRADOC in close proximity will allow for the Army acquisition and logistics command to be directly linked to the training and requirements command. That type of synergy is beneficial to the warfighter and will enhance the military value of both operations.

There would be less workforce disruption associated with moving AMC to Fort Eustis. The same cannot be said for moving AMC to Redstone, Alabama. The costs of recruiting and retraining a new workforce at Redstone will be quite costly and will impact operational readiness.

The recommendation cites that the realignment will be consistent in meeting DoD objectives by cutting down on the amount of leased space and consolidating missions that regularly interact with one another onto a more secure facility. The AMC move to Redstone is but one of nine recommendations within this realignment scenario and the COBRA analysis accumulates all nine recommendations into the model as if they were one move, masking the true cost of the move. Furthermore, the Army Materiel Command is located on Fort Belvoir and not in leased space. It is on a major Army installation and the force protection requirements that the Department so urgently seeks are being met today at Fort Belvoir just as they would be met at Fort Eustis.

As mentioned above, the savings of this move are difficult to isolate because the recommendation to move AMC is only one of nine recommendations under the relocation of Army Headquarters and Field Operating Agencies. In moving a host of Army activities to Redstone Arsenal, Fort Sam Houston, and Fort Knox, the DoD expects an initial cost of almost $200 million with a payback expected in 10 years. Analyzed alone, The AMC move to Redstone Arsenal would not be paid back for 32 years.[1]

---

[1] Government Accountability Office BRAC Report

Additionally, it appears that the Department of Defense is more interested in moving missions and commands from the NCR, from leased office space (both of which are not one of the eight BRAC 2005 Criteria), and using force protection as a justification for such moves. For example, in H&SA JCSG D-05-326 of the BRAC report, the enhancement of military value seems at times to almost be an afterthought.

The Secretary of Defense deviated substantially from the BRAC 2005 Criteria since he utilized non-BRAC criteria as his primary criteria and therefore did not properly justify the realignment recommendation relative to AMC. Additionally, the true cost of the move was masked by pairing the AMC recommendation with 8 other recommendations. The AMC move alone does not meet the cost and manpower criterion. If the Commission believes that AMC should relocate, Fort Eustis is the better realignment candidate than Redstone Arsenal, Alabama.

Relocate Army Headquarters and Field Operating Agencies

Recommendation: Realign the Zachary Taylor Building, a leased installation in Arlington, VA, by relocating the Army Installation Management Agency headquarters to Fort Sam Houston, TX.

Realign Rock Island Arsenal, Illinois, as follows: relocate the Army Installation Management Agency Northwest Region headquarters to Fort Sam Houston, TX, and consolidate it with the Army Installation Management Agency Southwest Region headquarters to form the Army Installation Management Agency Western Region; and relocate the Army Network Enterprise Technology Command Northwest Region headquarters to Fort Sam Houston, TX, and consolidate it with the Army Network Enterprise Technology Command Southwest Region headquarters to form the Army Network Enterprise Technology Command Western Region.

Realign Crystal Square 2, a leased installation in Arlington, VA, by relocating the Army HR XXI office to Fort Knox, KY.

Realign the Park Center IV Building, a leased installation in Falls Church, VA, by relocating the Army Center for Substance Abuse to Fort Knox, KY.

Realign Seven Corners Corporate Center, a leased installation in Falls Church, VA, and 4700 King Street, a leased installation in Alexandria, VA, by relocating the Army Community and Family Support Center to Fort Sam Houston, TX.

Realign Rosslyn Metro Center, a leased installation in Arlington, VA, by relocating the Army Family Liaison Office to Fort Sam Houston, TX.

Realign Skyline Six, a leased installation in Falls Church, VA, by relocating the Army Contracting Agency headquarters to Fort Sam Houston, TX.

Realign the Hoffman 1 Building, a leased installation in Alexandria, VA, by relocating the Army Contracting Agency E-Commerce Region headquarters to Fort Sam Houston, TX.

Realign Fort Buchanan, Puerto Rico, by relocating the Army Contracting Agency Southern Hemisphere Region headquarters to Fort Sam Houston, TX.

Realign Aberdeen Proving Ground, MD, by relocating the Army Environmental Center to Fort Sam Houston, TX.

Realign Fort Belvoir, VA by relocating Army Materiel Command (AMC) and the Security Assistance Command (USASAC, an AMC major subordinate command) to Redstone Arsenal, AL.

Justification: This recommendation relocates several Army Service Provider headquarters and regional offices in order to create operating efficiencies via co-location and/or consolidation. A new Installation Management Agency (IMA) Western Region office is created at Fort Sam Houston by relocating the IMA Northwest Region headquarters from Rock Island Arsenal; it collocates the IMA Headquarters with the IMA Western Region. Separate Army recommendations relocate other IMA regional offices to create the IMA Eastern Region at Fort Eustis.

This recommendation creates a new Network Enterprise Technology Command (NETCOM) Western Region at Fort Sam Houston by relocating the NETCOM Northwest Region headquarters from Rock Island Arsenal. Separate Army recommendations relocate other NETCOM Region headquarters to create the NETCOM Eastern Region at Fort Eustis.

The Army Contracting Agency (ACA) is relocating the ACA Southern Region office to Fort Sam Houston where it will consolidate with the ACA Southern Hemisphere Region office that is relocating from Fort Buchanan. The ACA Headquarters and ACA E-Commerce Region will collocate with the ACA Southern Region at Fort Sam Houston. By a separate Army recommendation, the ACA Northern Region headquarters will relocate from Fort Monroe to Fort Eustis in order to collocate with the ACA Northern Contracting Center.

Several other Army entities will relocate in order to collocate with the aforementioned organizations at Fort Sam Houston: the Army Community and Family Support Center, the Army Family Liaison Office, and the Army Environmental Center. The Army Center for Substance Abuse and the Army HR XXI office are relocating to Fort Knox. Finally, the Army Materiel Command (AMC) and the Security Assistance Command will relocate to Redstone Arsenal in order to collocate with one of AMC's major subordinate commands, the USA Aviation and Missile Command.

This recommendation meets several important Department of Defense objectives with regard to future use of leased space, rationalization of the Department's presence within 100 miles of the Pentagon, consolidation of Headquarters operations at single locations, and enhanced security for DoD Activities. It collocates the Headquarters of the Army's regional service providers that typically interact daily. It results in improvement in military value due to the shift from leased space to locations on military installations and from re-location of

organizations from installations lying outside of the Army's portfolio of installations they intend to keep to installations with higher military value. The military value of the affected Army Activities range from 219th to 303rd of 334 entities evaluated by the Major Administration and Headquarters (MAH) military value model. Fort Sam Houston is ranked 19th out of 334; Fort Knox is ranked 32nd, and Redstone Arsenal is ranked 48th.

Implementation will reduce the Department's reliance on leased space, which has historically higher overall costs than government-owned space and generally does not meet Anti-terrorism Force Protection standards as prescribed in UFC 04-010-01. The recommendation eliminates approximately 234,000 Usable Square Feet (USF) of leased administrative space within the National Capital Region (NCR) by relocating 8 organizations to military installations that are farther than 100 miles from the Pentagon thereby providing dispersion of DoD Activities away from a dense concentration within the NCR. This, plus the immediate benefit of enhanced Force Protection afforded by locating service providers within a military installation fence-line, will provide immediate compliance with Force Protection Standards. Operational synergies and efficiencies gained by co-locating Headquarters and newly consolidated Regional offices will likely result in additional operational efficiency and/or personnel reductions in the future.

The relocation of AMC and USASAC to Redstone Arsenal will result in the avoidance of future MILCON costs; this future cost avoidance is not reflected in the payback calculation because it is planned for post-FY05. This MILCON would provide for a new headquarters building for AMC and USASAC on Fort Belvoir; the majority of AMC's current space on Fort Belvoir is currently in temporary structures.

Payback: The total estimated one-time cost to the Department of Defense to implement this recommendation is $199.9M. The net of all costs and savings to the Department during the implementation period is a cost of $111.8M. Annual recurring savings to the Department after implementation are $23.9M, with a payback expected in 10 years. The net present value of the costs and savings to the Department over 20 years is a savings of $122.9M.

Economic Impact on Communities: Assuming no economic recovery, this recommendation could result in a maximum potential reduction of 3,791 jobs (2,167 direct jobs and 1,624 indirect jobs) over the 2006-2011 period in the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Division, which is 0.14 percent of economic area employment.

Assuming no economic recovery, this recommendation could result in a maximum potential reduction of 351 jobs (180 direct jobs and 171 indirect jobs) over the 2006-2011 period in the Baltimore-Towson, MD Metropolitan Statistical Area, which is less than 0.1 percent of economic area employment.

Assuming no economic recovery, this recommendation could result in a maximum potential reduction of 248 jobs (133 direct jobs and 115 indirect jobs) over the 2006-2011 period in the Davenport-Moline-Rock Island, IA-IL Metropolitan Statistical Area, which is 0.11 percent of economic area employment.

Assuming no economic recovery, this recommendation could result in a maximum potential reduction of 111 jobs (56 direct jobs and 55 indirect jobs) over the 2006-2011 period in the San Juan-Caguas-Guaynabo, PR Metropolitan Statistical Area, which is less than 0.1 percent of economic area employment.

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

Community Infrastructure: Fort Sam Houston's Uniform Crime Report (UCR) index is slightly higher than the national average and Fort Knox lacks nationally-accredited child care facilities; has an unemployment rate that is higher than the national average; has a low ratio of physicians and hospital beds to population; distance to nearest city (Louisville) is greater than 25 miles; and distance to nearest commercial airport is greater than 25 miles. The community surrounding Redstone Arsenal reports a lack of available graduate and PhD programs. These issues do not affect the ability of the infrastructure of the communities to support missions, forces, and personnel. There are no known community infrastructure impediments to implementation of all recommendations affecting the installations in this recommendation.

Environmental Impact: This recommendation will impact air quality at Fort Sam Houston. New Source Review permitting is required. Several tribal burial grounds have been identified at Redstone Arsenal, which could result in time delays and unidentified cost associated with construction and the need for agreements, consultations, and negotiated restrictions with affected constituents. Additional operations may further impact threatened/endangered species at Fort Sam Houston and Redstone Arsenal leading to restrictions on training or operations. Significant mitigation measures to limit releases at Fort Sam Houston may be required to reduce impacts to water quality and achieve US EPA water quality standards. Projected growth in the population at Redstone Arsenal from this action may require infrastructure upgrades for water and sewer services. This recommendation has no impact on dredging; land use constraints/sensitive resource areas; marine mammals, resources or sanctuaries; noise; or wetlands.

This recommendation will require spending approximately $0.567M for environmental compliance activities. This cost was included in the payback calculation. This recommendation does not otherwise impact the costs of environmental restoration, waste management, and environmental compliance activities. The aggregate environmental impact of all recommended BRAC actions affecting the bases in this recommendation has been reviewed. There are no known environmental impediments to implementation of this recommendation.

DCN: 11862

Supporting Information Attachments

Section 2 – Military Value Results / Capacity Analysis / Supporting Information
Section 3 – COBRA Results
Section 4 – Economic Impact Report
Section 5 – Community Infrastructure Assessment
Section 6 – Environmental Impacts

Transformation Cited as Justification for Many Recommendations despite Lack of Clear Agreement on Transformational Options

While furthering transformation was one of the BRAC 2005 goals, there was no agreement between DOD and its components on what should be considered a transformational effort. As part of the BRAC process, the department developed over 200 transformational options for stationing and supporting forces as well as for increasing operational efficiency and effectiveness. The OSD BRAC office narrowed this list to 77 options, but agreement was not reached within the department on these options, so none of them were formally approved. Nonetheless, each service and joint cross-service group was permitted to use the transformational options as appropriate to support its candidate recommendations. Collectively, these draft options did not provide a clear definition of transformation across the department. The options ranged from those that seemed to be service specific to those that suggested new ways of doing business. For example, some transformational options included reducing the number of Army Reserve regional headquarters; optimizing Air Force squadrons; and co-locating various functions such as recruiting, military and civilian personnel training, and research, development and acquisition and test and evaluation, across the military departments. In contrast, some options suggested consideration of new ways of doing business, such as privatizing some functions and establishing a DOD agency to oversee depot-level reparables.

While the transformational options were never formally approved, our analysis indicates that many of DOD's recommendations reference one or more of the 77 transformational options as a resulting benefit of the proposed actions. For example, 15 of the headquarters and support activities group recommendations reference the option to minimize leased space and move organizations in leased space to DOD-owned space. Likewise, 37 of the Army reserve component recommendations reference the option to co-locate guard and reserve units at active bases or consolidate guard and reserve units that are located in proximity to one another at one location. Conversely, a number of the scenarios that were initially considered but not adopted reference transformational options that could have changed existing business practices. For example, the education and training group developed a number of scenarios—privatizing graduate education programs and consolidating undergraduate fixed and rotary wing pilot training—based on the draft transformational options, but none were ultimately approved by the department.

Some Proposals Have Lengthy Payback Periods

Many of the 222 recommendations DOD made in the 2005 round are associated with lengthy payback periods, which, in some cases, call into question whether the department would be gaining sufficient monetary value for the up-front investment cost required to implement its

recommendations and the time required to recover this investment. Our analysis indicates that 143, or 64 percent, of DOD's recommendations are associated with payback periods that are 6 years or less while 79, or 36 percent, of the recommendations are associated with lengthier paybacks that exceed the 6-year mark or never produce savings. Furthermore, our analysis shows that the number of recommendations with lengthy payback periods varied across the military services and the joint cross-service groups, as shown in table 3.

Table 3: Payback Periods for BRAC Recommendations by DOD Component

DOD component	Number of recommendations	Payback period: Immediate to 6 years	7 to 9 years	10 years and greater	Never
Army	56	26	3	22	5
Navy	53[a]	45	2	6	0
Air Force	42	29	6	7	0
Education and training	9	5	0	3	1
Headquarters and support activities	21	14	2	5	0
Industrial	17	13	3	1	0
Intelligence	2	0	2	0	0
Medical	6	3	1	2	0
Supply and storage	3	3	0	0	0
Technical	13	5	5	3	0
Total	**222**	**143**	**24**	**49**	**6**
Percentage	100	64	11	22	3

Source: GAO analysis of DOD data.

[a]While the DOD BRAC report lists 21 Navy recommendations, several of these have multiple actions, thus bringing the total to 53 recommendations.

As shown in table 3, the Army has five recommendations and the education and training group has one recommendation that never payback, as described below:

- Army realignment of a special forces unit from Fort Bragg, North Carolina, to Eglin Air Force Base, Florida;
- Army realignment of a heavy brigade from Fort Hood, Texas, to Fort Carson, Colorado;
- Army realignment of a heavy brigade to Fort Bliss, Texas, and infantry and aviation units to Fort Riley, Kansas;
- Army reserve component consolidations in Minnesota;

- Army reserve component consolidations in North Dakota; and
- Education and Training Joint Cross-Service Group's establishment of Joint Strike Fighter aircraft training at Eglin Air Force Base, Florida.

According to Army officials, these five recommendations have no payback because, in part, they must build additional facilities to accommodate the return of about 47,000 forces currently stationed overseas to the United States as part of DOD's Integrated Global Presence and Basing Strategy initiative. According to the education and training group, its one recommendation with no payback period is due to the high military construction costs associated with the new mission to consolidate initial training for the Joint Strike Fighter aircraft for the Navy, the Marine Corps, and the Air Force.

We also identified some portions of DOD's individual recommendations that are associated with lengthy payback periods for certain BRAC actions but are imbedded within larger, bundled recommendations. The following example illustrates this point.

- A proposal initially developed by the Headquarters and Support Activities Joint Cross-Service Group to move the Army Materiel Command from Fort Belvoir, Virginia, to Redstone Arsenal, Alabama, had more than a 100-year payback period with a net cost over a 20-year period. However, the proposal did not include some expected savings that if included, would have reduced the payback period to 32 years. Concurrently, the group developed a separate proposal to relocate various Army offices from leased and government-owned office space onto Fort Sam Houston, Texas, which would have resulted in a 3-year payback period. The headquarters group decided to combine these two stand-alone proposals into one recommendation, resulting in an expected 20-year net present value savings of about $123 million with a 10-year payback.

Vacating Leased Space

Fifteen of the Headquarters and Support Activities Joint Cross-Service Group's recommendations include a one-time savings of over $300 million from moving activities from leased space onto military installations. These recommendations, if approved, would reduce total DOD leased space within the National Capital Region[18] from 8.3 million square feet to about 1.7 million square feet, or by 80 percent. While our prior work

[18] The National Capital Region includes Washington, D.C.; the Maryland counties of Montgomery and Prince George's; and the Virginia counties of Fairfax, Loudoun, and Prince William and the City of Alexandria, Virginia.