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NEEDS
EIELSON
AIR FORCE BASE

Base Realignment and Closure Commission
Regional Hearing
Fairbanks, Alaska
June 15, 2005

“AMERICA NEEDS EIELSON” PRESENTERS:

UNITED STATES SENATOR TED STEVENS

Senator Ted Stevens has served Alaskans in the U.S. Senate since 1968. His tenure makes him the fourth most senior member among his colleagues. As President Pro Tempore, Stevens is third in the line of succession for the Presidency. He currently chairs the Senate Committee on Commerce, Science, and Transportation and has previously chaired the Appropriations, Governmental Affairs, Rules and Ethics Committees.

Stevens was born in Indianapolis, Indiana. During World War II he served his country as a pilot supporting the Flying Tigers of the 14th Air Force. He received two Distinguished Flying Crosses, two Air Medals, and the Yuan Hai medal awarded by the Republic of China. Following the war he graduated from UCLA and Harvard Law School. In the early 1950s he moved to Alaska to practice law. In 1953 he was appointed U.S. Attorney in Fairbanks.

He transferred to Washington, D.C. in 1956 to work as legislative counsel and then as an assistant to the Secretary of the Interior. In 1960, he was appointed Solicitor of the Department of the Interior by President Eisenhower. While in Washington, Stevens worked successfully for Alaska's and Hawaii's admissions to the Union.

Stevens returned to Alaska to practice law in Anchorage and in 1964 he was elected to the Alaska House of Representatives. Following the death of Senator E.L. Bob Bartlett in December of 1968, then Governor Walter J. Hickel appointed Stevens to fill the vacancy.

UNITED STATES SENATOR LISA MURKOWSKI

Lisa Murkowski is the first Alaska-born Senator to serve the state and she became just the 33rd woman to serve in the U.S. Senate since its founding in 1789.

A member of the Senate Energy and Natural Resources Committee, Senator Murkowski chairs its subcommittee on Water and Power, and serves on its subcommittees on Energy, and Public Lands and Forests. She is also a member of the Foreign Relations, Indian Affairs and Senate Environment and Public Works Committee.

Prior to serving in the U.S. Senate, Murkowski was elected to three terms in the Alaska State House of Representatives and was selected as House Majority Leader.

STATE OF ALASKA GOVERNOR FRANK H. MURKOWSKI

Frank H. Murkowski was elected Alaska's 10th Governor in 2002. No stranger to elected office, Murkowski spent the prior 22 years in the U.S. Senate where he served as chairman of the Energy Committee. As a member of the Foreign Relations Committee he also chaired the Subcommittee on Pacific and East Asian Affairs.

Murkowski was raised in Ketchikan. He graduated from Seattle University majoring in economics. He served in the U.S. Coast Guard after which he began a banking career with National Bank of Alaska. He also served Governor Walter J. Hickel as commissioner of the Department of Economic Development. In 1971, he became president of the Alaska National Bank in Fairbanks.

Murkowski has been active in state and local community affairs for years. He served as president of the Alaska State Chamber of Commerce and Alaska Bankers Association and serves as a member of Young Presidents Organizations, Elks, American Legion, and Pioneers of Alaska.

STATE OF ALASKA SENATOR GARY R. WILKEN

Senator Gary Wilken represents District E (downtown Fairbanks) in the Alaska State Legislature, an office he has held since 1996. He has been a member of the Senate Finance Committee since 1999, serving as co-chair since 2003. He has also chaired the Senate Health, Education & Social Services Committee.

Wilken is a 50 year resident of Alaska making his living as a wholesale food distributor. He is a graduate of Oregon State University earning his MBA in 1970. Among his many community service activities Wilken has served on the Alaska Council on Economic Education, chaired the Greater Fairbanks Chamber of Commerce and presided over the Fairbanks Rotary Club.

Wilken is a past recipient of the Fairbanks Daily News-Miner Community Service award and the University of Alaska Fairbanks Business Leader of the Year award. He is also a member of the Oregon State University Sports Hall of Fame.

MAJOR GENERAL MARK R. HAMILTON (U.S. ARMY, RET.)

After 31 years of service to his country, Mark Hamilton signed on to serve as the 12th President of the University of Alaska statewide system, a position he has held since 1998. Hamilton retired from military duty as a Major General with the U.S. Army. His final assignment placed him in charge of Army recruiting during the memorable "Be All You Can Be" campaign.

Hamilton earned a B.S. degree from the U.S. Military Academy at West Point, followed by a master's degree in English Literature from Florida State University. He is also a graduate of the Armed Forces Staff College in Virginia, and the U.S. Army War College in Pennsylvania. During his military career he was twice assigned to Alaska.

Hamilton is a recipient of the Distinguished Service Medal and the Joint Distinguished Service Medal. In 1993 ABC news anchor Peter Jennings featured Hamilton as a "Person of the Week" highlighting his negotiations with Somalia warlords.

GENERAL PATRICK K. GAMBLE (USAF, RET.)

Pat Gamble serves as President and Chief Executive Officer of the Alaska Railroad Corporation, a position he has held since 2001. Prior to accepting his current position, Gamble retired as a four star General from the United States Air Force. His military career took him to many duty stations around the country and the world, including a combat flying tour in Vietnam.

In 1996 Gamble commanded the Alaskan North American Aerospace Defense Command Region at Elmendorf AFB. At the time of his retirement Gamble served as the top Air Force commander in the pacific region and was responsible for operations, planning, and budgeting of fourteen military installations with 41,000 employees and 400 aircraft.

A member of the Corps of Cadets and a 1967 graduate of Texas A&M University in mathematics, Gamble earned his MBA at Auburn University in 1978. He is the recipient of several awards and decorations including the Defense Distinguished Service Medal and the Distinguished Service Medal, both with oak leaf cluster.

Eielson Air Force Base Issues of Concern

Strategic Value of Eielson –In a letter to the Commission yesterday, the Chief of Staff provided a white paper indicating that “realigning and retaining Eielson AFB ensures the Air Force has access to expansive cold weather facilities and ranges necessary for Future Total Force integration initiatives and Pacific Rim engagement strategies.”

How is the recommendation to the Commission to effectively shutter the installation consistent with this recognition?

Warm Basing - *What is “warm basing” and is it even legal?*

The Air Force has indicated that: “in terms of capability, ‘warm’ status means preserving facilities at minimum costs to allow reactivation within a timeframe to support contingency operations without requiring major renovations or modernization.”

What does this guidance mean and how is it consistent with statutory prohibitions on “mothballing” in the BRAC process?

The Air Force is claiming recurring savings of \$14.78 million through reduced sustainment of facilities. Only 64% of current facilities will be sustained, and the remaining facilities will be “pickled,” at 25% of sustainment costs.

Is reduced sustainment even possible in an Arctic climate?

Training -- In testimony to the BRAC Commission, the Chief of Staff of the Air Force indicated his intent to use Eielson 360 days a year for Cope Thunder training exercises. Currently, Cope Thunder happens at most 4 times per year (2 week exercises) and participation from non-Alaska units has been limited historically.

What commitment of resources is the Air Force promising to support this robust level of training?

Is the Air Force proposing to run Cope Thunder exercises in the winter to gain operational experience in the harsh Arctic climate?

Jointness – The effective collocation of A-10s with the incoming Stryker Brigade at Fort Wainwright provides an excellent opportunity for joint training synergies on the extensive ranges at Eielson.

Why is the Air Force walking away from this opportunity for jointness, only to stand up a new unit altogether at Moody AFB to work the same CAS issues?

Cost savings --

The COBRA data indicates that the Air Force will contract out for all base operating support activities. We believe they have seriously underestimated the functions that need to be maintained at the installation to support the Air National Guard unit, and to keep the base available for training and for contingency operations. Functions as varied as snow removal, tower operations, and fire and emergency services can not be sustained with the small contractor contingent projected by the Air Force.

Can all of these functions be supported on a full time basis for only \$12 million? Is the Air Force willing to have contractors support all of these activities, in addition to functions such as munitions handling and explosive ordinance disposal? Can the Fairbanks workforce even supply these specialized functions?

What percentage of BOS costs is currently associated with the power/heating plant?

Is closure of 100% of family housing consistent with future utilization plans for the installation? Can this family housing ever be reopened after being closed for an Artic winter?

Environmental Limitations – Both Nellis and Moody face significant operational constraints because of environmental issues. Eielson is totally unconstrained, allowing full access to ranges and airspace.

Is the movement of aircraft to such operationally constrained installations consistent with the BRAC criteria?

Testimony

**Presented by Governor Frank Murkowski
To Members of the Base Realignment and Closure Commission**

**Wednesday, June 15, 2005
Carlson Center
Fairbanks, Alaska**

Based on the testimony you are about to receive you will have no choice but to conclude that proposed change to Eielson's status is not in the national security interest and that the claimed cost-savings simply do not exist.

With the help of Fairbanks Borough Mayor Jim Whitaker and our local and state task force, we have prepared this presentation to show you Alaska's strategic and training value to our Nation's defense interests and why changes to Eielson's mission would lead to non-recoverable economic losses to Alaska's Interior residents.

Upon a close examination of the data, you will find that the proposed change in Eielson's status does not meet the Department of Defense's OWN criteria, and accordingly the Eielson base recommendation must be rejected.

Before we begin, a little history may lend some perspective about Alaska's special relationship to our military forces. Alaska's strategic importance to the defense of the Nation has long been recognized. Construction of airfields, military bases, docks and warehouses were well underway in Alaska prior to the December 7, 1941 attack on Pearl Harbor. During World War II, Alaska was the only U.S. territory successfully invaded and held by Japanese forces. The occupation of Attu and Kiska islands on the far end of the Aleutian chain led to the construction of the Alaska-Canadian "Alcan" highway.

Following World War II, Alaska played a strategic role during the Cold War, helping to defend the Continental U.S. from the threat of Soviet strategic forces carrying nuclear weapons.

Although the Cold War has ended and the threat of Soviet bombers has vanished, we still live in an unstable world with constantly emerging threats - from North Korea and other unstable regions of the world. We will demonstrate today that retention of Eielson in full operational status

is critically important for the rapid projection of U.S. force into these regions.

Eielson is also important for the defense of U.S. civilian and military facilities, as well as for important joint operations with Alaska-based forces – particularly it's neighboring military installation Ft. Wainwright.

There is the missile defense radar site at Ft. Greeley and a launch center at Kodiak. The 172d Infantry Brigade located at Ft. Wainwright is a part of the Army's rapid deployment force. The Coast Guard protects more than 20,000 miles of coastline. And there are numerous long range radar stations located here.

Alaska also has substantial natural resources and a vulnerable transportation infrastructure that demand special protection. Alaska produces 20% of our nation's crude oil and holds 20% of our nation's gas reserves.

About one million barrels per day of crude oil is produced in Prudhoe Bay, moved 800 miles to Valdez in a pipeline much of which is above-ground, and then transported to the Lower-48 and elsewhere in tankers. And in the future – hopefully the very near future – there will be an equally valuable pipeline built to deliver much needed Alaskan natural gas to starving markets.

Alaska's assets are America's assets; they are invaluable. Recall that during the Iraq-Iran war, the U.S. put its Navy in harms way to protect Kuwaiti oil tankers. Oil and gas produced in Alaska should be given no less protection.

Without exception, our resources, our unique location, our vast land mass and available air space offer our military exceptional training opportunity and wartime effectiveness.

Coupled with these critical elements is our ability to recruit and retain our nation's forces. The 2001 Quadrennial Defense Review Report states, "The quality of life in the military is critical to retaining a Service member and his or her family." Alaska has the HIGHEST re-enlistment rate and extension request in the nation. We also have the highest percentage of Military personnel choosing to retire and remain in Alaska

We Alaskans totally support our military bases, including providing ranges and air space necessary for Air Force training. Alaskans have spent countless hours working with the Air Force, the Federal Aviation Administration and the local aviation community to assure that the

military has adequate and safe, overland training space and ranges to meet its training requirements.

In addition, Alaskans respect our military forces and tirelessly work to make to make them feel welcome, not just on special holidays, but 365 days a year. The sincerity of our support is evident at the local gas station, the grocery store, the post office, the coffee shop, and of course, by those you see here today that have come out to welcome you and show their support.

The patriotic support by Alaskans for our military should come as no surprise. Alaska has the highest percent of veterans in the nation. One out of 6 Alaskans over the age of 18 has served in the military - 45 percent above the national average.

In summary, Alaska's recruiting strength, strategic location and readiness training capabilities are second to none. We Alaskans are here today to tell our story and as evidenced by the support shown here today this story is especially important to Interior Alaska residents. Unlike the Air Force team who made this flawed recommendation, you have come to visit with us and we appreciate that. We ask that you use the authority given to you and restore Eielson to its rightful mission.

With that I'd like to introduce my former colleague, Senator Ted Stevens. After all, he is the best man to tell our story.

PREPARED STATEMENT OF
UNITED STATES SENATOR LISA MURKOWSKI
TO THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
ALASKA REGIONAL HEARING
JUNE 15, 2005
FAIRBANKS, ALASKA

Chairman Principi and members of the BRAC Commission.

Good afternoon and welcome to Fairbanks, the Golden Heart of Alaska. My name is Lisa Murkowski. I proudly serve alongside Senator Ted Stevens, representing the people of Alaska in the United States Senate.

I Chair the Subcommittee on East Asian and Pacific Affairs of the Senate Foreign Relations Committee. I also serve on the Committee on Energy and Natural Resources, which has jurisdiction over U.S. energy and strategic minerals policy.

Each of these interests resides in the forefront of my mind as I appear before you to express my grave concerns about the proposed realignment of Eielson Air Force Base.

Under this proposed realignment, Eielson Air Force Base would surrender its position as one of our most strategically located forward military installations – a position it has held since the 1940s.

Approximately 3,000 active duty military members and 4,000 or more dependents would be relocated from Fairbanks, which has been judged one of the top small towns in America in a national study. I've said it on the Senate floor and will say it again: Fairbanks and North Pole are communities in which support for the military is second to none.

Under this proposed realignment, Eielson would surrender its A-10 aircraft to bases in Georgia and Louisiana – costing the Army's Stryker Brigade at Fort Wainwright the opportunity to jointly train with their war fighting partners in the Air Force.

While Eielson Air Force Base would maintain its valuable airspace and ranges – airspace and ranges that the Air Force regards as among the most valuable in the world – they would be used only by visiting aircraft – subject to the availability of training funds.

It is ironic to me that the Air Force would transform Elmendorf Air Force Base into the second operational location for the elite F-22 fighter and at the same time move the challenger aircraft so useful in training exercises to distant bases. I'm told that the F-22 is so good that it takes 3-4 challenger aircraft just to make things interesting. Yet the current proposal sends F-15s from Elmendorf as well as F-16s and A-10s out of Alaska.

Perhaps these very aircraft will periodically return to Alaska for exercises, subject again to the availability of training funds. Doesn't it make more sense to just keep them here?

The strategic importance of Alaska to our Nation's defense and to our responsibilities in the world is the reason we maintain an Alaskan Command. The Joint Chiefs of Staff does not maintain a Georgia Command, a Louisiana Command, or a Nevada Command. It maintains the Alaskan Command because Alaska is America's frontier and Alaska basing is vital to the protection of America's interests in the Pacific.

Concerns about our military posture in the Pacific are rising in prominence. Secretary Rumsfeld recently expressed concern about the conventional military buildup in China. The Secretary wondered why China continues to purchase sophisticated weaponry from around the world, even though China itself faces no credible military threat.¹ And just yesterday, my subcommittee in the Foreign Relations Committee conducted hearings about Alaska's close neighbor -- North Korea.

I am one Senator who believes that the current BRAC round should be postponed until the Quadrennial Defense Review is completed. Only then will we be able to evaluate whether the realignment and closure recommendations strike the right balance between addressing conventional threats as well as the sorts of asymmetric threats that the events of September 11th awakened us to.

¹ Matt Kelly, Rumsfeld: China's Military Buildup A Threat, Washington Post, June 4, 2005 At: http://www.washingtonpost.com/wp-dyn/content/article/2005/06/03/AR2005060300311_pf.html. Accessed: June 13, 2005.

But if we are to move forward at this current breakneck speed, it is incumbent upon each of you as members of the BRAC Commission to get this decision right. That is the trust that the public has placed in you.

Sometimes, it is darned hard to distinguish between fighting the last war and fighting the next one. It is evident to me that in planning for the future we must not lose sight of regimes that have challenged us in the past. "Those who ignore history are doomed to repeat it."

We simply cannot fall into the trap of letting our guard down in the Pacific. Maintaining the war fighting capacity of Eielson Air Force Base is as critical now as it has been for the past 60 years.

The Defense Department's recommendation with respect to Eielson Air Force Base acknowledges the high military value of keeping this base open. It is not just because of the airspace and training ranges. It is also Eielson's strategic location as a base for military engagement, particularly in the Pacific theatre.

We also cannot forget that our Alaska bases are important for reasons other than their proximity to Asia. Alaska is America's storehouse for energy and strategic minerals. Nearly 65 percent of total US zinc production comes from Alaska. Alaska also hosts large deposits of coal, iron, copper and gold.

Alaska's future as America's energy storehouse is as promising today as it was in 1977 when construction was completed on the 800 mile Trans Alaska Pipeline. Currently this pipeline moves about 1/6 of total US crude oil production. The Alaska Congressional Delegation firmly believes that energy development in places like the ANWR coastal plain and the National Petroleum Reserve Alaska are significant components of our Nation's energy future. These reserves will keep the pipeline working for years to come. Given America's reliance on Alaska's crude oil resources, the Trans Alaska Pipeline must be protected as significant component of our national security infrastructure.

We expect a pipeline will soon be constructed to carry Alaska's 35 trillion cubic feet of natural gas to market. These 35 trillion cubic feet are the energy equivalent of about 6 billion barrels of oil. As exploration and development continues we will likely find that Alaska's natural gas reserves are much larger than what we have already identified.

These pipelines will also need to be protected. A disruption to Alaska's energy pipeline is a disruption to America's economic security and thus to our national security.

We need a strong military presence to protect our strategic energy and mineral resources from the threats we can apprehend, but more importantly, from the threats that have yet to be prophesized in Tom Clancy novels.

Eielson Air Force Base ranks among the domestic bases with the highest military value. At this critical juncture in our Nation's history we can ill afford to surrender Eielson's high military value to save a few dollars – dollars that may or may not be actually saved as we try to crystal ball the challenges of the next 20 years. When it comes to our national security, surrender is not an option.

I proudly join with the people of Alaska and implore you to keep Eielson working for America.

Testimony
Presented by State Senator Gary Wilken

To Members of the Base Realignment and Closure Commission

Wednesday, June 15, 2005
Carlson Center
Fairbanks, Alaska

Thank you Senator Stevens and good afternoon to you all. Chairman Principi and members of the BRAC Commission, a special welcome to each of you from the Golden Heart of Alaska.

Commissioners, thank you for doing what you do. It cannot be easy to be here -- this is your first of many hearings to many communities over the next few months as you work, and it will be work, through this process. Many messages you will hear will be similar: that is a change in mission of the local military installation will have a devastating effect on the economy. Our message is exactly that and I'm sure that is no surprise to any of you.

However I suggest our message is not as simple as others will be. Our message to you is flavored by *uniqueness* – a uniqueness created by *geography*, a uniqueness created by *isolation*, and a uniqueness created, as you will hear later, by *strategic* location.

My comments this afternoon are flavored by my background:

- 1) As a Fairbanks resident, father, and grandfather of some 50 years. My Dad came to Alaska in 1951 to work in a laundry to support Ladd Army Airfield (now Ft. WW).
- 2) Secondly, as a small businessman who has done business with Eielson AFB every day the Commissary has been open for the last 28 years.
- 3) As an elected representative I serve as the State Senate chair of the Legislature's Joint Armed Services Committee while I serve my constituents of Fairbanks, many of whom are employed because Eielson is an active base actively protecting America.
- 4) And fourth - as member of the Air Force family: my daughter Allison is married to Capt. Cam Curry recently stationed at Eielson and an A-10 "Hog-driver" with the 74th Fighter Squadron – the Flying Tigers, currently deployed for the second time to fight the War on Terror in Kabul, Afghanistan.

Commissioners, I respectfully ask: "Look where you are." You're 160 miles south of the Arctic Circle. Flying into Eielson, you certainly noticed the absence of any urban settlements for a thousand miles. You had to be impressed by a sense of isolation. Unarguably, Alaska is isolated from the "lower 48," and therefore so is the economy of the Interior of Alaska isolated from other economies. **As such we are uniquely self-contained.** And therein lays a major difference in our message that you will hear in no

other message from no other community and I ask you to provide your utmost consideration of this concept of isolation.

The interior economy is unique; our workforce came here to support the military. Remember Alaska is the only state to have been occupied by a hostile foreign force. The military came in response, built bases and we, just like my father, came to support their mission.

Chairman Principi, Commission Members, we are not a community built around a Base; we are a Base who built a community

As you know, the Secretary of Defense directed the individual services to apply eight criteria to the basing decisions. The number six criteria, and the focus of my remarks today, is intended to consider "*The economic impact on existing communities in the vicinity of military installations.*"

The Interior of Alaska is a "Fragile Frontier Economy" and its hallmark is that it is very much self-contained. Even we forget that within a hundred miles of this building there are no more than 100,000 residents. We provide our own workforce in support of Eielson AFB and it is no surprise that Eielson is a vital economic anchor — a necessity to the livelihood and health of the Interior as we support the U.S. military with strategic national security.

The Department of Defense loss estimate of direct employment at 8.6% is only a brief glance at the real traumatic impact the realignment of Eielson creates. No question - 8.6% in a small isolated community like ours will be devastating.

I won't burden you with statistics today, those will be supplied in our follow-on report to you, but allow me to provide just a flavor of our concern.

The Institute of Social and Economic Research – a "Think Tank" if you will, at the University of Alaska – Anchorage, conducted an independent analysis of Eielson's realignment. The institute strongly suggests the Department of Defense's analysis is seriously flawed in four areas:

- 1) Job-loss projections – direct and indirect are very much understated.
- 2) The method of measuring large impacts in small regions has incorrectly applied assumptions.
- 3) There has been a failure to recognize cumulative regional impacts of previous rounds of base closures in Alaska,
- 4) Obsolete data has been used to reach impact conclusions.

Again, you will have this data in our reports that follow this presentation and I ask that you analyze the Institute's assumption, concerns, and conclusions very carefully.

I suggested earlier that the Interior Alaska economy is fragile; let me give you some examples:

- 1) Our climate means a high proportion of jobs are seasonal – a lot gets done here in the summer rush to finish by “by when the snow flies”.
- 2) Our demographics and seasonality dictate that those employed in job sectors are much different than the national average and pay in some of our sectors is less than 50% of the national average. The steady, nominally paid military and civil service jobs at Eielson are part of the bedrock of our payroll.
- 3) Our school system is an excellent example of a symbiotic yet fragile relationship between the military and the civilian sectors. In Alaska our School Districts own and operate the military schools and Federal Impact Aid monies are vital in leveraging additional state and local tax monies District-wide. The cost of educating those military students, of course, goes away, mainly at the expense of losing teachers and staff, but the District will be challenged to spread the remaining fixed costs across remaining assets.
- 4) We are not diverse. Let me repeat – we are not diverse. Compared with the rest of the country, we have very few industrial employers. Hard rock mining and, of course, petroleum, are our largest private sector anchors for the economy and tourism and construction adds employment, but it is **very** seasonal.
- 5) The almost 3,000 jobs lost at Eielson because of realignment cannot just be absorbed somewhere else in Fairbanks or North Pole – the jobs will simply, and yes tragically, just disappear. There are no alternative economic uses for Eielson that would offset the loss of jobs and income. **None**. Some have joked that we would be able to hold three simultaneous drag races. While that maybe an attempt to find silver linings, I find nothing humorous about such dark, albeit relevant humor

Let me summarize this important point: the economic impact will be devastating; and this small community will take a generation to recover. We are unique because of our isolation with no new industry moving in to fill the vacuum created by a realignment job loss. Our workforce would, by necessity, migrate far away to new opportunities. We know this is true, many here remember the crash of oil prices in the mid-eighties and the calamity that brought to our state.

Commissioners - remember we are not a community built around a base; we are a base who built a community.

Realign Eielson, and you've realigned a community that, when needed for WAR, can no longer sustain Eielson; our economy suffers and it only follows that our national security is jeopardized.

I've suggested above the very real notion of job migration away from a military mission to other employment, both within and without the Interior. In my final remarks, let me talk about a different kind of migration – **a migration of industrial capacity.**

Today Alaskan North Slope crude oil is refined here in interior Alaska at two refineries. Of their total production, Eielson Air Force Base consumes 22 million gallons of jet fuel supplied by a uniquely dedicated 8" pipeline connected directly to the Base. That production approaches 1/3 of the refining capacity of the Alaskan Native owned local refinery in North Pole.

In a June 13 letter to Senator Stevens, (which is included in your packets) Petro-Star refinery emphasizes that the loss of the Eielson fuel market would have a severe impact, not only on the Interior's economy, but the impact would reach far beyond just us.

The loss of the Eielson market will force a migration of refined product to other markets – primarily the cargo hub in Anchorage, which is currently growing at 5-7% per year. Over the years that would follow Eielson realignment, the owners of the refinery will continue to seek their sweet spot in their business model and thus compensate for the loss of the Military JP-8 jet fuel market with the production of a different product, Jet –A, a commercial jet fuel. The loss of industrial capacity – that is – military jet fuel production at this local refinery would mean that in the event of WAR, in the event of national crisis, our Nation would have lost a critical and stable supply of fuel that cannot, be readily reestablished. You just don't flip a switch and a refinery is built or expanded – it takes years for design, permitting, and construction.

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So the war fighters will be faced with a choice, a Sophie's choice if you will: because we have forsaken the military use refinery capacity due to realignment of Eielson, in the event of war, we must funnel the existing commercial capacity back to the base for our war efforts. But to do that we must short the logistics carriers in the Anchorage cargo hub who are providing indirect, and perhaps even direct support, of the war effort.

That's the result of a migration of industrial capacity away from military support created by the realignment of Eielson. To diminish that supply, that availability of a primary war-fighting asset – fuel – is to erode, weaken, maybe even destroy a major abutment under the Pacific Air Bridge to war.

Thank you again for being here. I am honored to address you and Fairbanks and North Pole are privileged to be your first stop as you begin your daunting task. We appreciate your time and thank you for visiting America's premier strategic military hub to the world and the economy and culture that makes it all possible.

We are proud to be America's gateway to the Pacific...remaining ever vigilant and productive. In time of peace, and time of war, with Eielson fully operational, Alaska and America will stand ready.

Thank you.

“ . . . who holds Alaska will hold the world. . . ”

Brig. Gen. Billy Mitchell, 1935

Testimony

Presented by Alaska Railroad CEO Patrick Gamble (General, USAF, Retired)
And
University of Alaska President Mark R. Hamilton (Major General, USA, Retired)

on behalf of
the State of Alaska
the Fairbanks North Star Borough
the City of Fairbanks
the City of North Pole
and
the People of Alaska

To Members of the Base Realignment and Closure Commission

Wednesday, June 15, 2005
Carlson Center
Fairbanks, Alaska

Patrick Gamble

Welcome to Alaska, and welcome to Fairbanks.

Your task is not an enviable one. We all understand and appreciate that nature of risk in our world has changed in complexity, and we clearly understand and agree that our nation's Armed Forces need to transition appropriately to meet expanded new risks. Transformation involves technology, force structure, infrastructure, timing, experimentation...it's a complex business. Our Air force has made its recommendations regarding force structure and training and infrastructure for Alaska. You are here to validate their decision, using very specific criteria and metrics, and we very much

appreciate the opportunity to you have given us to offer our own views. We will tell you here today that by examining the very same congressional criteria in the law, we think our Air Force, despite its good instructions, got it very wrong. If we can convince you of that same degree of doubt then, as we understand it, you are obliged to reconsider Eielson's future.

We will show that the quantitative analysis performed by the Air Force does not support the BRAC criteria. The Air Force cost analysis does not fully account for all costs, greatly overstates savings, and seriously misses the mark regarding actions the Alaskan economy will need to take to recover. As a consequence of local industrial readjustment, future response to a contingency airlift scenario has been seriously miscalculated. These are show stoppers we will develop further for you.

Let me turn to Mark Hamilton to introduce the geographic factors that make Eielson a critical facility in peace and war, and to talk its role in joint readiness training.

Mark Hamilton

Remember, Eielson is in Alaska, and Alaska isn't down there off the California coast., Here's how the Air Force background report mapped Alaska. Now let's look at Alaska full size, in comparison with the lower 48 states. The Air Force recommends reducing Alaska to one fully functional Air Force base, to cover a region that, in the lower 48 states, would have 20 or 30 bases.

But Alaska isn't off California, and it's not superimposed on the lower 48. Let's look at Alaska where it really sits – on top of the world, which demonstrates its true strategic worth.

It seems ironic to me that as the military ponders downgrading the importance of its facilities in Alaska, global commercial interests are taking notice of the fact that Alaska is nine hours from 95 per cent of the industrialized world, and Anchorage has become the largest air cargo hub in the world.

North of that busy hub lies 63,000 square miles of Eielson's range complex; the largest overland instrumented training range in the world. General Heckman, in his sworn testimony to you on May 17, described Eielson's ranges as "superb airspace and training areas," and "magnificent." These ranges, combined with Eielson's 90,000 acres and Ft. Wainwright's 1.6 million acres, represent the best joint training spaces available to US Forces, that's permanent training space, not temporary, as the Air Force's briefing paper suggests, and it's been that way since 1997. Eielson's A-10 and F-16 squadrons, along with the Army, use this airspace every day, even during Cope Thunder, making full use of this incredible infrastructure. Right now, Eielson's 18th Fighter Squadron is hosting Cooperative Cope Thunder 05-02, involving 13 countries with more than 50 aircraft and 1,200 military personnel.

The Stryker Brigade at Ft. Wainwright and the new Airborne Brigade at Ft. Richardson, along with the 3rd Air Support Operations Squadron, train with the Eielson's fighter squadrons on these ranges. The 3rd ASOS is an Air Force squadron stationed at Ft. Wainwright, embedded in the Stryker Brigade. Their only mission is to coordinate Close Air Support.

Completely aside from Cope Thunder, while I was stationed here in Alaska, ongoing training events were witnessed by the Chief of Staff of the Army, the Chief of Staff of the

Air Force, and the Joint Chiefs. They would watch the normal training of our units and always had one question, "My God, is this safe?" Usually, all they'd seen were orchestrated, curriculum based training at the schoolhouse. And our answer was, "We do it every week, every month, all year."

We're talking here about the razor's edge, trained and ready forces. The important point here is that the Cope Thunder ranges are used every day by the A10s and F16s based at Eielson. Daily training. Joint training. Year-round.

The Air Force plan to relocate aircraft from Eielson would eliminate joint training opportunities.

The Air Force is proposing in its realignment a new concept for operating Cope Thunder. They argue that this type of exercise can be operated without a host wing to provide the infrastructure and logistical support necessary to support such complex operations. I suggest to you that this concept has significant risks. In fact, the Air Force has never operated Cope Thunder without a host wing.

The Air Force has indicated that it intends to more heavily utilize the ranges at Eielson for additional Cope Thunder exercises. We urge the Commission to carefully scrutinize the historical record on this matter, since over the last 13 years, the Air Force has only conducted the full scheduled complement of four Cope T exercises five times.

Whether in formal Cope Thunder exercises, or smaller training sequences, Eielson's greatest training contributions are found in the ongoing, year-round training conducted by Eielson-based aircraft. Unless the Air Force makes a significant shift in

funding for training activities, Eielson ranges will be left significantly underutilized with the proposed elimination of A-10s and F-16s.

BRAC Final Selection Criteria Number Two specifically cites the importance of retaining training areas throughout a diversity of climate and terrain areas. Can anyone name even one other base in the United States with a 140-degree temperature spread? No. Training in this environment adds military value, which is why it's in the BRAC criteria. Eielson hosts the Air Force's Arctic Survival School. Why? Because it offers diverse climate experience. The Army recognizes this military value and hosts the Army Cold Region Research Engineering Laboratory and the Cold Regions Test Center. The Army coined the term "Arctic Tuff." If you train here, you can fight anywhere.

It's clear that there was a complete disregard for the impact of the Eielson realignment recommendation on joint readiness and training. Mr. Chairman, the Eielson realignment has such negative impacts on joint training and readiness, through a diversity of climate and terrain areas, that it substantially deviates from BRAC Final Selection Criteria One and Two.

Patrick Gamble

There are only two deployment routes from North America to Eastern and Central Asia. The first is over Alaska, and the second is over Hawaii and Guam. Of these two, the Alaska route is 1800 miles shorter, which translates into a one day advantage getting combat aircraft from the West coast, and a two day advantage from the East coast. Each route has to support a huge tanker/airlift air bridge. One bridge is not enough to handle

the requisite volume, and attempting to rely on one only is subjecting combat plans to seasonal weather risks. We need two routes, ready to go.

If Eielson is not immediately ready at a time of need, we are accepting a single point of failure, a lesson with its roots all the way back to December 1941. And as far as our combat wings getting delayed "only" one or two days into the fight? With our one bomb/one target technology, that's well over 120 targets not killed for each day, in the use of Eielson's 354th Wing, they are delayed getting to the fight...targets that are, instead, killing us.

As Mark said, it takes nine hours flying time from Alaska to 95 per cent of the industrialized world. Fact is, I can get fighters to our new NATO partner bases in Eastern Europe from Eielson faster than I can get them there from Langley Air Force Base.

There is an additional advantage that accrues to Eielson that must be seriously evaluated. And that is the day-to-day strategic missions it hosts.

Eielson supports NORAD. Every day of the year, for more than 20 years, at least one KC-135 has been on short-notice alert in support of interceptors protecting the sovereign airspace of the USA.

Only one military base in the state has a runway long enough for the all-weather tanker operations required to support the air sovereignty no-notice scrambles or Combat Air Patrols.

Eielson provides the infrastructure to air refuel the President's support aircraft when he moves into the Pacific. While he's in position, Eielson maintains aircraft on

alert to ensure his ability to move immediately should that become necessary. When he returns, Eielson aircraft again air refuel his support aircraft on their way back to the nation's capital.

Eielson supports the Strategic Arms Reduction Treaty, a cornerstone of U.S. nuclear deterrence, in two ways.

- Eielson infrastructure supports the COBRA BALL, a reconnaissance aircraft, and its supporting tankers. Eielson is the only military airfield in Alaska that can support the mission requirements of these aircraft. We fully expect that some day the airborne laser basing scheme will value Eielson's location and infrastructure.
- In addition, a multi-million dollar network of seismic sensors at Eielson detects underground nuclear tests. This data is used to determine the location of the test and its magnitude.

As I previously noted, any time contingencies in the Pacific occur that require significant airlift, Eielson stands up an "Air Bridge." Eielson's huge fuel storage capacity, large capacity parking ramp, and long runway – the 8th longest runway in the United States -- are critical components of this northern air bridge route. Again, Eielson is the only military base in the State of Alaska that can round out the full logistic support needed for this special mission. Elmendorf cannot assume the load ... it is also needed to share the load

I just mentioned Eielson's large fuel storage capacity. In fact, Eielson's fuel system is a part of another great base asset. It is completely self-contained. The crude comes right off the north slope, is refined in neighboring North Pole, and is piped directly to Eielson. Eielson's heat and electricity comes from its own powerplant burning locally mined coal, and Eielson has an entirely self-contained water supply and water treatment facility on the base. That infrastructure is all, unquestionably, of military value. But not if its potential is stifled and the base is unable to respond in a crisis. Readiness to respond to a short notice attack in Korea is not an imperative supported by the notion of "warm storage."

Mark?

Mark Hamilton

Think about this. If you wanted to design a base secure from terrorism, this new asymmetric threat, you would be willing to give up some of the efficiencies of outsourcing for the purpose of additional security. At Eielson, you have such a 21st century base, completely self-contained, This is military value the Air Force never accounted for.

Pat mentioned the role of Eielson in protecting high value assets. Let me talk about them. The Department of Homeland Security has identified numerous facilities important to national security. One of these facilities is the Ground Based Missile Defense System. This initial missile defense system is the nation's first and last line of defense and must be secured. We must also ensure the security of the Trans-Alaska Pipeline. The pipeline carries over one million barrels a day – accounting for 17% of

domestic oil production. It is the critical link between North Slope oil fields and West Coast delivery. The security of both of these facilities depends to a large degree on Eielson.

So, 17 percent of domestic oil production, 19 percent of domestic oil reserves, 19 percent of domestic natural gas reserves, and twelve percent of the nation's coal reserves, lie within 300 miles of Eielson. The oil and gas production is strategic in and of itself, but let's look at what happens in Alaska with that oil. Senator Wilken told you this supply will not come back in time of war. If the 354th aircraft are moved in this realignment, these refineries will either cut back production or shift their sales to other markets, probably the growing demand for fuel by air cargo operators in Anchorage. And you cannot get it back to Eielson on short notice, because the fuel is going to be sold to UPS, FedEx, and other CRAF aircraft that constitute the supply chain for the same war. You'd have to rob Peter to pay Paul.

A world class joint training facility with truly diverse climate and terrain, a self-contained base with a secure oil supply, which fights in war, protects America's borders in peace, protects America's strategic assets and is located on top of the world in American hands. If we didn't have Eielson, we'd probably put an aircraft carrier there. You can't have more military value than that.

Patrick Gamble

The Air Force formulated 16 principles in guiding its recommendations. From these 16, 5 were defined as "imperative". Let me list them, and comment.

1. Ensure unimpeded access to polar and equatorial earth orbits.

Interior Alaska allows 12-14 interrogations of polar orbit satellites vs. 2 in the lower 48.

Eielson provides infrastructure and location that will ensure that electronic access.

2. Preserve land-based strategic deterrent infrastructure as outlined by the Strategic Arms Reduction Treaty (START)

- Eielson supports the COBRA BALL
- Eielson maintains the seismic sensor network

3. Ensure continuity of operations by maintaining airfield capabilities within the National Command Region (NCR) Washington D.C. To support the President of the United States, Special Airlift Missions, and foreign dignitary visits.

- We're a long way from Washington DC, but Eielson supports all these missions during the President's overseas travel.

4. Provide air sovereignty basing to meet the site protection and the response time criteria stipulated by USNORTHCOM and USPACOM.

- Eielson supports 24/7 air sovereignty alert.

- Eielson provides US NORTHCOM, who is responsible for homeland defense, a variety of instant military responses over the familiar terrain of Alaska's strategic resources.

5. Support global response by U.S. forces by keeping sufficient sovereign U.S. mobility bases along deployment routes to potential crisis areas.

- Eielson based aircraft would be first to the fight in any Pacific conflict. The Joint Mobility Complex (JMC) would need to go from warm to fully operational overnight under any contingency requiring a quick response from the Stryker Brigade and the 3rd ASOS. Any Pacific theater war plan would fully involve Eielson in an air bridge roll. Today, any access to the Pacific routinely involves tankers based here and associated heavy airlift. So you can see how we support Global Response.

Eielson provides the infrastructure that supports all five principles the Air Force BRAC methodology defined as "imperative". The Air Force recommendations were screened to ensure that they "*conformed to the Air Force principles, did not violate any Air Force imperatives, improved military capability and efficiency and were consistent with sound military judgment.*"

Of the remaining 11 basing principles, 8 read as a definition of Eielson's three functions: war fighting, world class training, and readiness to conduct strategic missions.

Missions that require support round the clock to be able to go on a moments notice where failure is not an option.

In fact, as we understand it, in all prior BRAC rounds, Eielson was “categorically excluded” in recognition of Eielson’s critical function in reinforcing the Pacific and defending Alaska. Has the world become a safer place? Some would argue “yes,” in the sense that the traditional cold war rapid large scale response has become a thing of the past. As the former commander of Air Forces in the Pacific, I can tell you, that's simply not true. As long as half a million of North Korea's forces sit on the border as they do, there is danger. Am I out of date? Maybe so ... better to go ask the commander of US Forces Korea who is responsible for blunting the attack and winning the war.

The Air Force did not correctly apply the BRAC criteria to the Pacific theatre war-fighting readiness demands. Whatever BRAC may seek to achieve it must not jeopardize our ability to fight and win.

Mr. Chairman, the Air Force recommendations substantially deviates from the BRAC Final Selection Criteria Number 3.

Mark Hamilton

The Base Realignment and Closure process was designed to divest unnecessary infrastructure. Unfortunately, the Air Force analysis of military capability, the costs and savings, the economic and environmental impacts were flawed and did not achieve these objectives.

There are things you can measure, and things you can count, but you can't measure everything that counts. The Air Force prides itself on the number of metrics it used in this analysis. They used dozens of Mission Compatibility Indices, or MCIs. But unfortunately, there were significant problems in the MCI ratings used. The Air Force fooled themselves with definitions – that was their worst mistake.

What a wonderful plan – establish your key attributes, and determine metrics. It was very well conceived. The problem came in defining the attributes in reliable, acceptable metrics. So the attribute called “Climate Diversity” which sounds so good - is so appropriate to a Global Force ends up seeking a single metric – the number of days with 3,000 ft ceiling and 3 miles of visibility. That's climate diversity? Not 140-degree annual temperature variance! As a matter of fact it's NO diversity at all. It's specifically a measure of climate consistency.

wrong
metrics

How does that happen? It's simple. 3,000 feet and 3 miles are the kind of climate you want at a training base – to allow the curriculum to be unaffected by weather – it's a training requirement that started out as a warfighting attribute.

When your metric fails to measure the attribute you have failed to consider that attribute.

How about terrain diversity? Same birthright – a needed attribute for global warfighting. What's the metric: airfield elevation? What – no mountains, rivers, lakes, swamps, glacier, tundra, forest? Nope, airfield elevation. Why? Density altitude considerations that affect peacetime training? I guess!

When your metric fails to measure the attribute you have failed to consider that attribute.

What about key mission infrastructure? The metric? Fuel storage capacity. This sounds good – but look, you get maximum score for 2.5 million gallons. That’s about 80 KC-135 loads. Okay, they don’t all take off fully loaded and they don’t completely expend, so we’ll say 100 KC-135’s flying 2 missions a day. So planes expand this capacity in 24 hours – Eielson has 30 million gallons of storage with no more points. Why should you get more points for 30 million gallons? But this is a warfighting base as well as a training base. 2.5 million gallons is plenty for any training mission. Sounds like a warfighting attribute: “Key Mission Infrastructure” but it’s really a training one.

When your metric fails to measure the attribute you have failed to consider that attribute.

There’s more – I won’t cover them all...

Well, maybe one more.

Another of Eielson’s current missions, Tankers, was equally poorly considered in the MCIs. The Air Force BRAC team considered increasing the Eielson Air National Guard tanker squadron to an “acceptable” size (from 8 to 12), which makes a lot of operational sense, but said the base could not support the extra four aircraft due to “land constraints.” This is absolutely preposterous. The parking ramp for KC-135s today has enough parking to park twenty aircraft, each with Type III fuel hydrants. To suggest that Eielson has “land constraints” demonstrates a complete and total unfamiliarity with the base as it exists today.

When your metric fails to measure the attribute you have failed to consider that attribute.

Sending the A-10's to Moody and F-16's to Nellis would not have made complete sense unless there could be demonstrated significant savings. At this juncture they fell prey to an accounting system that wouldn't have passed muster with anyone but Enron. They were told they would save the salaries of every active duty person they moved from Eielson, even though they were not going to leave the service. Suddenly 20 times 166 million equaled 2.78 billion with 3% discount sounded like a prize they could not resist. There will be very little net salary savings – the Airmen will either serve in other units (still paid by the Air Force) or complete their service obligation and leave in normal attrition (which they would have done any way).

As a simple excursion with COBRA data, if you just required the Air Force to buy back the transfer at the new base and added a modest addition to the “warm base” leave behind, the difference is remarkable. An annual recurring savings of \$229 million goes to \$27 million!

Wait, it gets better, another accounting rule says if you transfer wings to a base that has retiring planes there will be no expense involved. That's “interesting” math, which we don't teach at any university in the country. \$2.78 billion dollars for nothing and I don't have to close another base. It was just too good to be true. As it turns out it was just too good to be real. Missing reality by a factor of nine is “interesting math.”

Mr. Chairman, warm won't work, not in the way the Air Force thinks it will. They didn't complete their analysis. Their “warm base” will be full of frozen assets. As you know, the supporting documentation was released just a few days ago. This recommendation was reviewed with great skepticism by four senior engineers with

extensive experience in Arctic engineering. We are submitting their report with our testimony. We will supplement today's testimony once we have sufficient time to fully analyze the Air Force's cost documentation. What we know at this point is that it isn't close – they don't know the cost of a warm base in a cold place.

The Air Force claims to have analyzed the economic impact on the surrounding community. But in the short time we've had since the DOD recommendation came out, the University of Alaska's Institute for Social and Economic Research has already found holes in their analysis, as Senator Wilken described to you earlier.

As you know, the 8th selection criterion is the environmental impact of the proposed actions, including the costs related to potential environmental restoration, waste management, and environmental compliance activities.

The recommended action at Eielson is not consistent with mitigating environmental impact as both Nellis and Moody Air Force Base face substantial environmental issues. Nellis and Moody are operationally limited by land use, noise, threatened and endangered species, and wetlands. Nellis also is operationally limited by air quality considerations and Moody is limited because of tribal considerations. These limitations also come with a cost – the Air Force conservatively estimates some \$2.4 million in one-time environmental costs associated with realignment, and another \$3.7 million for air emission offsets. It is unlikely that they can even get the studies done for that amount.

In prior closure rounds, the internal rule of thumb at the Air Force was to not move aircraft from attainment to non-attainment areas. Clark County, which

encompasses Las Vegas and Nellis Air Force Base, is currently struggling to mitigate the adverse air quality affects of explosive growth. The region is currently designated as non-attainment for carbon monoxide, PM10, and the 8-hour ozone standard, three of the six air pollutants regulated by the EPA.

Mr. Chairman, I can't tell you the Air Force didn't consider this. They said they did. But I just can't figure out how they determined that they could move a wing from a place without environmental constraints to a place with constraints, at little or no cost. Any solution to the air quality problems will affect every person and every agency in Clark County. Is this what the Air Force intended?

Patrick Gamble

One of the real problems with this whole Air Force process is that it completely divorces the base from the wing. The Air Force purposely evaluated each of its 154 bases without regard to their current missions. This is a reasonable and effective way to measure one CONUS training base against another. But Eielson is not a CONUS base, and it's not just a training base. Mark mentioned before that Eielson reminded him of an aircraft carrier because it is self-contained. Taking this BRAC action is like sending the carrier out to sea but keeping the carrier air wing back in California to save money. The Navy would never consider it, and neither should we.

The Commission is empowered to make changes to the BRAC recommendations if it finds that the Secretary of Defense "deviated substantially from the force-structure plan and final criteria." We submit to you that is exactly what happened in the case of

the 354th Wing at Eielson.

The Air Force decision on Eielson is markedly inconsistent with an objective military value analysis and can be shown to deviate substantially on all 8 criteria.

I would briefly like to recall each of the eight criteria and summarize the basis we believe the Commission has for determining that there is substantial deviation.

SLIDE: Criterion 1: The current and future mission capabilities and the impact on operational readiness of the total force of the Department of Defense, including the impact on joint war fighting, training and readiness.

CONCLUSION: The Secretary deviated substantially from Criterion 1 by:

- 1) Grossly undervaluing the loss of joint training opportunities and the resulting loss of combat capability, particularly for the 3rd ASOS, and the US Army in Alaska, and
- 2) By grossly undervaluing Eielson's strategic importance by attributing "Military Value" only to peacetime training metrics without connecting them to combat readiness, particularly in the Korean theater.

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

CONCLUSION: The Secretary deviated substantially from Criterion 2 by:

- 1) Failing to adequately evaluate Military Value. Geo-location is fundamental to the definition of "Military Value" and it was not considered; and,
- 2) Disregarding the unique benefits of climate and terrain diversity here in Alaska during the scoring process. The terrain and the climate of interior Alaska are both significantly more diverse than most, if not all, other candidates evaluated during BRAC. Failure to properly value climate and terrain diversity clearly deviates from criteria two.

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

CONCLUSION: The Secretary deviated substantially from Criterion 3 by:

- 1) Failing to consider the advantage of response time to potential conflict "hot spots," and,
- 2) Failing to score strategic location properly in quantifying military value.

SLIDE: Criterion 4: The cost of operations and the manpower implications.

CONCLUSION: The Secretary deviated substantially from Criterion 4 by:

- 1) Failing to consider the resultant costs of supporting COPE THUNDER without a host wing; and,
- 2) Miscalculating the all-in costs to support "warm basing" of a major air bridge base here in Alaska at the requisite readiness level.

SLIDE: Criterion 5: The extent and timing of potential costs and savings, including the number of years, beginning with the date of completion of the closure or realignment, for the savings to exceed the costs.

CONCLUSION: The Secretary deviated substantially from Criterion 5 by:

- 1) Taking credit for military payroll savings at Eielson for all relocated military members; and,
- 2) Significantly underestimating the "warm base" costs of Base Operating Support in a cold climate; and,
- 3) Failing to estimate time and costs associated with what it really takes to do rapid re-constitution of "warm" facilities, as part of the scoring criteria in the category of Savings Offsets.

SLIDE: Criterion 6: The economic impact on existing communities in the vicinity of military installations.

CONCLUSION: The Secretary deviated substantially from Criterion 6 by:

- 1) Failing to consider the impact on the education system of the Frontier Economy; and,
- 2) Failing to account for the loss in responsiveness that results from the expected jet fuel refining transition over to new products and customers. Their expected business reaction creates the unintended consequence of severely jeopardizing Eielson's air bridge refueling potential during a short notice contingency.

Criterion 7: The ability of the infrastructure of both the existing and potential receiving communities to support forces, missions, and personnel.

CONCLUSION: The Secretary deviated substantially from Criterion 7 by:

- 1) Failing to consider the consequences of diminished jet fuel production on required supply during wartime surge; and,
- 2) Moving the 354th Wing aircraft from unrestricted airspace to encroached airspace.

SLIDE: Criterion 8: The environmental impact, including the impact of costs related to potential environmental restoration, waste management, and environmental compliance activities.

CONCLUSION: The Secretary deviated substantially from Criterion 8 by:

- 1) Failing to consider the need for an expanded Environmental Impact Study and obligatory MOA review when routine flying is altered, and;
- 2) Moving aircraft from an environmentally unconstrained installation to installations with significant operational constraints.

Mark Hamilton

Now, how did the Air Force get this so wrong?

First, they had a problem with perspective:

- The size of Alaska.
- Alaska's diverse climate and terrain

- The national strategic resources here.
- The immense joint training opportunities.
- Warm base in a cold place
- Refinement Capacity
- The frontier economy.

The Air Force plan would supposedly protect all of this part of Alaska with a single wing and the promise of F-22s. That's a wing and a prayer. They are so far down the production run we haven't even mined the titanium for them.

1 wing
in
AIC

The problem with their perspective is that they needed encyclopedic knowledge of all that Alaska is. What you get from a textbook does not show the whole story – you need to be here, just as you are, to gain perspective. A textbook makes it look like Alaska is a miniature island off California. You know the truth of Alaska's place on the globe.

One perspective error that is key: "Capabilities based force." It's a wonderful strategy, a wonderful compelling useful construct – if you truly understand "capability." Capability must embrace trained, joint forces that can provide the desired battlefield effects.

Capability must include putting the right wing at the right base, not CONUS retrenchment. We tried that already – and we got the Korean War. Capability must include long and orchestrated engagement with Pacific allies. As you saw, today there are more than a dozen nations on that ramp at Eielson – and they aren't here because they got an e-mail from Nellis or a fax from Moody.

Secretary Rumsfeld agrees. Again, in his speech to the Institute for International Strategic Studies, referring to the devastating tsunami last year he said “Years of bilateral and multilateral meetings and cooperative operations made possible this swift, team response...” and noted “These long relationships among nations – the nations of the Pacific—lead many in this hemisphere to pledge support to the American people after the attacks of 9-11...I am confident that our long friendships will continue to unite us against the common threats ahead.”

I agree with Secretary Rumsfeld.

Exercises like Cooperative Cope Thunder have military value. They are here because the 354th FW hosts them. They are here because of 15 years of bilateral meetings, of CPX's, of smaller combined training exercises. Pull back from that engagement and you have weakened, even threatened a critical warfighting capability.

Let's talk about the Quadrennial Defense Reviews, and in particular the guidelines for the next QDR.

Former Secretary of the Air Force James Roche mentioned in his QDR guidance, which was reiterated by Secretary Rumsfeld in his prepared remarks to this commission:

“Expand our Contributions to the Joint Fight: This priority underscores the rationale behind our integration efforts – we are all on the joint team, and our Air Force exists to produce battlefield effects. Our future is closely tied to the future of our land forces. We have done a good job making this shift. But, we can do more. It is important that our land

forces continue to see us demonstrate our obvious commitment to air-to-ground support, both deep interdiction and close air support. We will be fully integrated with them..."

You can't do that by moving A-10's and F-16's from a place that has a Stryker Brigade and an Airborne Brigade, and daily opportunities to train together.

Today at Eielson we have the best joint training facilities in the world. The combination of Eielson's air-to-ground fighters, the 3rd ASOS, and the Army's Stryker and Airborne brigades, together with the air and ground live fire ranges available just minutes from Eielson, provides training opportunities unparalleled anywhere else in the world.

Properly utilized, Alaska's Interior region will continue to set the standard for joint training. Take apart this powerful tool, however, and the pieces will be less than the sum of their parts. It is simply counter-intuitive to take apart the premier joint training facility in the world in order to reassemble the parts at some lesser, more restrictive location. Once the Air Force squadrons have left Alaska under the current DOD recommendation, there will be no air-to-ground aircraft in the entire state. This leaves two Army brigades – that are specifically designed to be dependent on air power – uncovered and untrained.

Secretary Rumsfeld told you that the recommendations are so inter-twined that you can't unravel them. But the recommendations do unravel the Army plan for jointness in Alaska.

Roche and Rumsfeld had it right about capability-based forces. Right-sized units makes sense in attaining economic efficiencies. But that doesn't define capability.

"Protect our Airmen: The threat of terrorism is real, it is persistent, and it is aimed at us. Yet, recent history has shown that terrorists prefer to attack soft, weak, or unprotected targets. Thus, we cannot let our guard down for a moment. Every Airman must be a sensor, and we must, at all times, ensure that our bases and facilities are hard targets."

Airmen are our sensors, our first line of defense in combating an asymmetric threat. You don't outsource your first line of defense. You want a hard target? How about a self contained base?

Their perspective on military value was off target. Military value is rooted in warfighting, but they ended up with something that was all about training. They had the right plan and the right attributes – but they measured wrong.

When your metric fails to measure the attribute you have failed to consider that attribute.

It's hard to check on this during the process – action officer reports that they have gathered hundreds of measurements on climate diversity. The general says that's good. Reasonable people, doing their best, mis-communicated internally. The bosses thought they were measuring the right thing, but they weren't!

Why did the Air Force get it wrong? Late in the game, they ran into distractions of time and accounting measures maybe an "interesting" perspective on math.

Mr. Chairman, we have significant concerns related to the DOD methods of accounting in this BRAC round. Asked about COBRA data, Mr. Fred Pease, Dep. Assistant Secretary of the Air Force basing and infrastructure said – and I quote “what you have in BRAC is a kind of interesting math.” Interesting, yes. In fact it’s more than interesting that the so-called savings of closing or realigning a base are over-stated, while the costs of the receiving base are under-stated.

Through the fourth iteration of the realignment plan, Eielson was slated to gain F-16s. At that point the focus seems to have changed, and the Air Force began fixating on finding “savings” while military value was all but forgotten. The problem for the Air Force was that it was so close to the end game they didn’t take the time to go back to the beginning of the process to identify additional excess infrastructure. Their scenarios were so completely intertwined that they couldn’t. Rather, they took the short cut of finding a relatively expensive base on the keeper list, Eielson, and slashing its overhead and payroll. After the Air Force succeeded in painting itself into the corner, their only option was to come up with an ill-defined concept, something like mothballing, called “warm basing.” Warm basing? In a cold climate? You can’t do a warm base in a cold place.

follow up

Additionally, all costs of operating Cope Thunder in its present form, or with an increased schedule, were completely ignored. Tankers and airlifters moving all Cope Thunder participants to Alaska six times per year weren’t accounted for. That sure is “interesting” math. Historically, Cope Thunder as depended on our host wing to supplement and participate. In the last decade, as many as 50 percent of the participants have been Alaskan based forces.

The perspective was flawed when they thought that using Eielson's magnificent training airspace and the joint opportunities it provides would be better utilized by six Cope Thunders operating spring through fall, 12 weeks, versus allowing F-16s and A-10s to train jointly year round in a diverse climate and over diverse terrain.

The purpose of this BRAC was to "reduce infrastructure and make most efficient use of that which remains". Mr. Commissioner this plan does neither. As I sat in a meeting with General Heckman, he proudly proclaimed that the 12-member Base Closure Executive Group was unanimous in every recommendation. There were no dissenting votes.

They didn't deliberate deliberately. No one brought up Eielson's warfighting attributes. But they were unanimous. No one said that moving two wings out would affect jointness, but they were unanimous. No one knew what warm basing was, but they were unanimous. No one said training for only 12 weeks a year wasn't as good as year-round training, but they were unanimous. No one understood the frontier economy, but they were unanimous. No one said Cope Thunder has never been without a host wing, but they were unanimous.

Mr. Chairman, you said this Commission would not be a rubber stamp. But the Air Force recommendation should be called the Firestone plan, because it has rubber written all over it.

Mr. Chairman, members of the Commission, you have the opportunity to correct the Air Force errors by overturning their recommendation. We ask you to do your duty.

Exhibit Attachments

- DOD Substantially deviated from all BRAC Criteria
- University of Alaska Insitute of Social & Economic Research
 - Economic Analysis of Eielson Realignment
- Petro Star, In.
 - Letter of verification on lost fuel capacity
- Nortech, Environmental Engineering & Industrial Hygiene
 - A Discussion on warm basing in an arctic environment
- Nortech, Environmental Engineering & Industrial Hygiene
 - Air Quality & Other Environmental Issues
- COBRA Model Excursions
- Eielson Mutual Aid and Support Agreements

DOD Substantially Deviated From All 8 BRAC Criteria

Criterion 1: The current and future mission capabilities and the impact on operational readiness of the total force of the Department of Defense, including the impact on joint war fighting, training and readiness.

- CONCLUSION: The Secretary deviated substantially from Criterion 1 by:
 - 1) Grossly undervaluing the loss of joint training opportunities and the resulting loss of combat capability, particularly for the 3rd ASOS, and the US Army in Alaska.
 - 2) By grossly undervaluing Eielson's strategic importance by attributing "Military Value" only to peacetime training metrics without connecting them to combat readiness, particularly in the Korean theater.

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

- CONCLUSION: The Secretary deviated substantially from Criterion 2 by:
 - 1) Failing to adequately evaluate Military Value. Geo-location is fundamental to the definition of "Military Value" and it was not considered;
 - 2) Disregarding the unique benefits of climate and terrain diversity here in Alaska during the scoring process. The terrain and the climate of interior Alaska are both significantly more diverse than most, if not all, other candidates evaluated during

BRAC. Failure to properly value climate and terrain diversity clearly deviates from criteria two.

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

- CONCLUSION: The Secretary deviated substantially from Criterion 3 by:
 - 1) Failing to consider the advantage of response time to potential conflict “hot spots.”
 - and, 2)** Failing to score strategic location properly in quantifying military value.

Criterion 4: The cost of operations and the manpower implications

- CONCLUSION: The Secretary deviated substantially from Criterion 4 by: 1) Failing to consider the resultant costs of supporting COPE THUNDER without a host wing; and, 2) Miscalculating the all-in costs to support “warm basing” of a major air bridge base here in Alaska at the requisite readiness level.

Criterion 5: The extent and timing of potential costs and savings, including the number of years, beginning with the date of completion of the closure or realignment, for the savings to exceed the costs.

- CONCLUSION: The Secretary deviated substantially from Criterion 5 by: 1) Taking credit for military payroll savings at Eielson for all relocated military members; 2) Significantly underestimating the "warm base" costs of Base Operating Support in a cold climate; and, 3) Failing to estimate time and costs associated with what it really takes to do rapid re-constitution of “warm” facilities, as part of the scoring criteria in the category of Savings Offsets.

Criterion 6: The economic impact on existing communities in the vicinity of military installations.

- CONCLUSION: The Secretary deviated substantially from Criterion 6 by: 1) Failing to consider the impact on the education system of the Frontier Economy; and, 2) Failing to account for the loss in responsiveness that results from the expected jet fuel refining transition over to new products and customers. Their expected business reaction creates the unintended consequence of severely jeopardizing Eielson's air bridge refueling potential during a short notice contingency.

Criterion 7: The ability of the infrastructure of both the existing and potential receiving communities to support forces, missions, and personnel.

- CONCLUSION: The Secretary deviated substantially from Criterion 7 by:
 - 1) Failing to consider the consequences of diminished jet fuel production on required supply during wartime surge;
 - and, 2) Moving the 354th Wing aircraft from unrestricted airspace to encroached airspace.

Criterion 8: The environmental impact, including the impact of costs related to potential environmental restoration, waste management, and environmental compliance activities.

- CONCLUSION: The Secretary deviated substantially from Criterion 8 by:

1) Failing to consider the need for an expanded Environmental Impact Study and obligatory MOA review when routine flying is altered.

and, 2) Moving aircraft from an environmentally unconstrained installation to installations with significant operational constraints.



UNIVERSITY OF ALASKA ANCHORAGE
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Memo

To: Save Eielson Committee

From: Scott Goldsmith
Professor of Economics
University of Alaska
Afosg2@uaa.alaska.edu

Date: June 14, 2005

Subject: **THE DOD ECONOMIC ANALYSIS OF EIELSON
REALIGNMENT IS SERIOUSLY FLAWED**

The DOD analysis of the economic impact on Fairbanks of the realignment of Eielson air base concludes that the net loss of 2,940 military and civilian jobs at Eielson would result in the loss of 1,770 additional jobs in the Fairbanks MSA (Fairbanks North Star Borough). This would represent a loss of 8.6% of all jobs, based on an estimate of 54,469 total jobs in the Borough.

The loss of 8.6% of all jobs represents the 4th largest hit as a percentage among all 234 regions that would be effected by implementation of the BRAC recommendations. Netting out those bases recommended for closure, and thus available for redevelopment, the negative economic impact on Fairbanks would be exceeded in only one other region (Clovis, New Mexico).

Deficiencies in the DOD analysis fall into the following areas:

- **DOD ESTIMATE OF JOB LOSS IS TOO LOW AND MISLEADING--
Eielson jobs are anchor for fragile frontier economy of Fairbanks and
simple job count undervalues them**
 - Military pay among highest in region
 - Many industries like tourism only offer seasonal employment—military is year round
 - Many industries like mining are subject to cyclical fluctuations (remote mines first to close when price drops)—military is non-cyclical
 - Many jobs are part time—retail and services

- Many “jobs” (19%) are low paying “proprietors” (consisting of self employed and trustees]. Only about ¼ of this category represents the primary job of the worker. In Fairbanks these pay only half the national average for proprietors
- Fairbanks population is young and most work. It lacks a large population base not linked directly to current employment opportunities (senior citizens). This further adds to the fragility of the economy by making it more vulnerable to conditions in a few industries.

So each military job is more valuable to the economy than the average job. Adjusting for lower value seasonal, cyclical and part time jobs by converting all jobs to full-time equivalents (FTE) would be a better measure of the relative importance of military jobs and would push the percent job loss estimate over 10%. Furthermore, since military jobs pay more than the average in the community, an expansion of the analysis to show the percent loss in worker compensation in the community would be much larger than 8.6%. In fact the DIRECT loss of compensation of base employees is about 8.8% (\$188 million) even before the INDIRECT and INDUCED losses in the rest of the Fairbanks economy have been included.

• **DOD IMPACT METHODOLOGY INVALID FOR MEASURING LARGE IMPACTS IN SMALL REGIONS**

- The DOD methodology employing the IMPLAN input-output model (IO) is appropriate for virtually all the 234 regions that would be effected by the BRAC recommendations because their net impacts are less than 2% of total jobs
- IMPLAN (or any regional input-output model) is inappropriate to use when the economic impact is large enough, as is the case in Fairbanks, to result in structural changes to the economy
- IMPLAN assumes no structural change including:
 - Prices of goods and services are not impacted by the change
 - The supply of all inputs to production is unconstrained (infinitely elastic)
 - There are no economies of scale when business expands (linear production functions)
 - There is only one combination of inputs for production of goods and services in each industrial sector (linear production functions)
 - The share of inputs purchased locally vs. outside the region is fixed
 - The share of jobs taken by residents vs. non-residents is fixed
- When the size of the regional market shrinks in a small economy with capital intensive industries (high fixed costs), prices are likely to rise as the fixed costs are shared across a smaller customer base
- Refining, rail transportation, coal mining, all important in the Fairbanks region, are examples of these capital intensive industries with high fixed costs
- Shrinkage of the market could also lead to the elimination of other industries that would invalidate the use of the input-output methodology

Fairbanks is a small economy and the number of businesses in each industry is limited, sometimes to a single establishment. Furthermore it is isolated from other regional economies that can absorb and share in economic changes that impact the region. The IO model assumes the cost of doing business does not change for businesses when regional demand changes. That assumption works when the expected change is small, but when it is large and negative, there

will inevitably be cost increases in businesses with high fixed costs. The loss of a significant customer can drive up the cost for everyone because the fixed costs must then be borne by a smaller number of customers. In an extreme case, the sharing of fixed costs could become prohibitively expensive and a business, even an industry, could leave the market and region entirely.

This is partially due to the fact that Alaska is a small state in the early stages of economic development. Much of the economic infrastructure, supporting the expanding economy, is operating on a thin margin, by which we mean there are just barely enough customers to cover operating costs. The expectation is that continued economic growth will expand the customer base and eventually lower costs as the economy matures.

The isolation of the economy also limits the ability of the infrastructure sector to spread fixed costs and make other operational adjustments that could minimize the impact of loss of a customer. Eielson is interconnected to the electric power grid adjacent to the railroad (which is not interconnected with the rest of the US) so that realignment would change the characteristics of the grid. Compensating for that change would have to be done within the isolated confines of Alaska without the opportunity to spread the necessary adjustments across the entire interconnected grid in the rest of the US.

• **DOD ANALYSIS IGNORES OTHER SERIOUS DIMENSIONS OF IMPACTS**

- Population loss—the loss of more 10% or more of workers would lead to comparable out migration of population
- Housing market—loss of population would lead to excess vacancies in the housing stock so the residential housing market would shut down for several years, resulting in :
 - Job losses in construction, finance, trade and other businesses serving that market
 - Further job losses from the related multiplier effect
 - Decline in property values
 - Loss of household wealth and related drop in household consumption negatively impacting trade and service businesses
 - Deterioration of the quality of the housing stock as homes stand vacant
 - Loss of skilled labor force as workers leave the region when their jobs are eliminated
- Commercial real estate market will also experience excess vacancies which will result in similar negative effects on the economy
- Labor market—The loss of military spouses, which are a captive supply of skilled labor, will make it more difficult and expensive to attract workers in certain occupations to this frontier region
- Isolation –unlike other regions the closest economic center with over 100 thousand population is Anchorage—357 miles away according to the DOD analysis. This isolation of the Fairbanks economy means that local residents and businesses will feel the full impact of the private job loss without the opportunity to look for and find substitute employment and business opportunities in surrounding regions.

- Cumulative effect on state of 4 rounds of base closures—Adak, King Salmon, and McGrath have not redeveloped to any significant extent
 - Public revenue decline—Local revenues from property taxes will fall with the drop in property values. Local revenues from sales taxes will fall with the drop in aggregate household incomes.
 - Public services—schools and other public facilities will become underutilized. Criteria 7 of the BRAC evaluation states “Ability of infrastructure of both the existing and potential receiving communities to support forces, missions, and personnel”. This criteria ignores the problems associated with the excess capacity of public facilities that would result from population DECLINE.
- **DOD ESTIMATES LACK DOCUMENTATION TO ALLOW INDEPENDENT VALIDATION OF RESULTS**
 - The IMPLAN model has no military sector so private sector employment wage rate proxies for military occupations may not be valid
 - Military wages are higher in Fairbanks than other locations in DOD analysis suggesting the INDUCED impact should be higher, but the economic “multiplier” in the Fairbanks analysis is lower
 - Facility upgrades and new capital construction at Eielson may have been excluded from the analysis
 - The job losses from cutbacks in state and local public services due to a 10% population decline may have been excluded from the analysis.
- **DOD ANALYSIS OF REGIONAL ECONOMIC CONDITIONS IS SUPERFICIAL AND LACKS CONTEXT—DOD reports the regional unemployment rate, per capita income, and employment growth rate, but provides no interpretation**
 - Fairbanks unemployment rate has always been above US
 - Growth in per capita personal income has lagged the US and its level is below the US average after the cost of living is taken into account
 - Employment growth has been strong in recent years but continued growth in the Fairbanks economy is expected to be slower due to reductions in federal and state spending—two important sources of recent economic growth
- **A STRONG FAIRBANKS ECONOMY IS A LYNCHPIN FOR THE CONTINUED DEVELOPMENT OF THE ALASKA ECONOMY**
 - Base realignment does not allow for redevelopment
 - Redevelopment options are limited in remote regions
 - Fairbanks is the economic center for all of Northern Rural Alaska—a region that includes not only the North Slope oil and gas fields and other energy and mineral resources, but also dozens of smaller communities composed primarily of Alaska Natives. Any weakening of the Fairbanks economy that negatively effects the ability to deliver goods and services to this vast region could have wide ranging

- negative effects on both private and public economies (Indian Health Service and other federal agencies are working to bring economic development to the region)
- Fairbanks provides a source of employment opportunities for a rapidly growing young Alaska Native population

A number of the contracts at Eielson are with corporations owned by Alaska Native Corporations. One of the greatest challenges for the state economy in Alaska is absorbing the growth in the number of Alaska Natives entering the labor market. Part of any successful strategy to accomplish this is to be able to provide a range of opportunities for young Native men and women in the workplace. It is much easier to bring Alaska Natives into the work place if the economy is growing than if it is stagnant or declining. And it is much cheaper to provide jobs than deal with the consequences of high secular unemployment in Native American regions. Fairbanks is one of the most attractive urban locations for bringing Alaska Natives into the work force because of its close proximity to rural Alaska.

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DOUGLAS L. CHAPADOS
CEO / President

June 13, 2005

The Honorable Ted Stevens
United States Senate
Washington, D.C. 20510

Re: BRAC Recommendations – Eielson AFB

Dear Senator Stevens:

As you are well aware, in its third round of base closure and realignment recommendations, the Defense Base Closure and Realignment Commission (BRAC) included an USAF proposal that would place Eielson Air Force Base in “warm” status and withdraw all thirty-six of its assigned fighter and ground attack aircraft to “Lower-48” installations.

This proposal implicitly places a low value on the ability of Eielson-based aircraft to respond more quickly to Northern Hemisphere emergencies than those based in the “Lower-48.” More subtly, the proposal assumes that by keeping Eielson in “warm” status, the Air Force will be able to retain without penalty the unparalleled tactical and training benefits conferred by Eielson’s location. Focusing on the latter assumption, it appears the BRAC and USAF largely have ignored the fact that “realigning” Eielson may have consequences that would greatly impede any degree of reactivation or its intermittent use as a training facility.

It would be difficult to overstate the role that Eielson plays in the local economy. Simply stated, Eielson is not a small part of a large, complex economy: It is a large part of a very small economy. Many support industries and businesses were built or grew to their present size in order to provide Eielson with goods and services. The Fairbanks economy may be too small to allow many of these businesses to continue to thrive if Eielson is placed in “warm” status. As a result, if the current proposal is fully implemented, Fairbanks area businesses may not maintain the ability to provide the same level of support to Eielson in the future that they do now.

The Petro Star North Pole Refinery provides a specific example of the interrelation between Eielson and local industry. Although the refinery was first commissioned in 1985 largely with an eye toward providing diesel fuel for use in oil and gas development on the North Slope, it has grown to be Eielson’s principal fuel supplier. Over the years, the North Pole Refinery has expanded from 4,500 barrels per day of crude oil processing capacity at

The Honorable Ted Stevens
July 13, 2005
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start-up to 18,000 barrels per day today, and in 2005, as much as 35% of the refinery's production is dedicated to Eielson's needs for jet and diesel fuels.

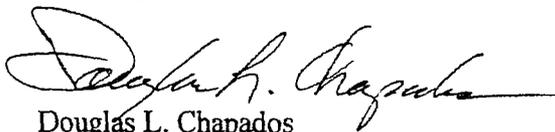
Eielson's loss as a customer would threaten the North Pole Refinery's viability. There are no large replacement customers waiting in the wings to purchase the fuel Eielson now consumes. Petro Star may already sell more fuel in the Alaska interior than its ten-times larger neighbor refinery, and a lack of infrastructure would preclude its North Pole refinery from serving large commercial airline customers at the Fairbanks International Airport, even if air traffic through this facility increases. Moreover, if Petro Star somehow was able to develop replacement customers, it likely could do so only by entering into long-term supply commitments that would make supplying fuel to Eielson in the future difficult.

More likely, Petro Star would have to absorb the lost sales and the inefficiencies that inevitably would follow when operating at lower fuel production rates. These impacts would pile on to the huge costs associated with compliance with the Environmental Protection Agency's Clean Fuels Program, as well as very large recent cost increases for refineries that ship oil through TAPS.

It would be ironic if, after the President identified the shortage of refining capacity in the United States as a major problem that should be fixed, "realignment" of Eielson helped hamstring the Petro Star North Pole Refinery and jeopardized Petro Star's ability to continue as a dependable fuel supplier on which the Air Force, other branches of the military and Homeland Security agencies have come to rely.

Your efforts to reverse this poorly considered recommendation are well justified and, as always, greatly appreciated. If there is anything Petro Star can do to assist in this effort please do not hesitate to ask.

Sincerely,



Douglas L. Chapados
CEO/President
Petro Star Inc.



A Discussion of Warm Basing in an Arctic Environment

The Air Force recommends realigning Eielson Air Force base – transferring A-10 and F-16 aircraft to other bases, but keeping the base open in a “warm” status using the resident Air National Guard units and a portion of the infrastructure to continue operating the base.

It may appear to be incongruent to start a discussion of “warm basing” as we have come to call it, with a conversation about the cold. But, as you all know anecdotally, it does get very cold in Interior Alaska.

And before talking about the difficulties of maintaining the value and structural integrity of facilities in an Arctic environment; let’s discuss the physics of life at forty below.

An airman wakes, rolls out of bed and looks out the window. The thermometer reads forty below zero, the only point at which the Fahrenheit and Celsius scales agree. The red liquid within his thermometer is alcohol; mercury freezes at 38 below. Outside the car is plugged in. He remembered the night before to plug-in his vehicle in order to activate the heating element that warms his antifreeze, which in turn keeps his motor oil from becoming too viscous to allow the pistons to move. An electric heating blanket, another northern adaptation, has kept the battery at about twenty degrees Fahrenheit, just warm enough to permit 50 percent of the cranking strength available in summer. As he walks back to his quarters to wait for his vehicle to warm up, the snow crunches on the walkway as he breaks the bonds between snow crystals. The dry snow is cold enough to prevent skis from gliding. The air is so cold it robs the interface between ski and snow of heat produced by friction that creates melt water on which to glide in warmer temperatures. On the road, car headlights cut through the ice fog that hangs over the road. Exhaust, about 250 degrees in the tailpipe, cools to minus 40 in less than 10 seconds after it comes out of the vehicle. Water cooled to that temperature turns into tiny particles that make up ice fog. Any source of vapor will make ice fog at forty below.

It is easy to conjure up a picture of what harsh natural environments can do to man made structures over time and without care. One can imagine wind blown snow drifted against an icicle-laden building. Any Alaska engineer or architect can tell too many stories of facilities that were not adequately maintained and how quickly deterioration can occur – leading to costly repairs and renovation.

The cold creates challenges both in design and construction, and in maintenance of facilities. It is not the cold itself that causes wear and tear; it is the relationship between cold and moisture. Take the physics of moisture transfer through walls and roofs of buildings - all fluids want to move to from an area of high pressure to an area of low pressure. The vapor pressure of water inside a building during the winter months is high while outdoors the vapor pressure is low because of cold air’s inability to absorb much moisture. This vapor pressure difference causes the water vapor indoors to want to



flow through the walls or roof to the out of doors. Vapor barriers/retarders are a must in northern construction to prevent this moisture from flowing through walls and roofs where it can condense and freeze reducing the thermal resistance of the wall or roof. If this moisture is allowed to accumulate within the wall, then in the spring of the year it melts and stains and damages both interior as well as exterior wall/roof components. Surfaces inside a building **must** be maintained above the indoor dew point temperature to avoid condensation and frost formation on finished surfaces. A building left unheated during the winter months will likely experience water condensation and frost build-up on the inside surface of exterior walls and roof because these surface will drop below the dew point temperature.

Most building foundation systems on Eielson AFB are designed such that the heat from the buildings keeps the soils beneath the buildings from freezing. In soils the vapor pressure at the freezing front is lower than in the warmer thawed soils similar to building walls and roofs. In addition, the capillary suction at the freezing front is lower than in the thawed soils causing water in silts and clays to want to flow through the thawed soils to the freezing front. Typically, this water freezes and creates ice lenses that "heave" the ground. Leaving a building unheated in the sub-arctic climate of Alaska for one winter and the freezing of frost susceptible soils beneath the foundations will likely destroy the integrity of the foundation.

The expansion of water when it freezes into ice commonly causes significant damage in buildings plumbing systems. This usually occurs when a family is off to a warm climate during their winter holiday break when their home is left unoccupied and the home's heating system fails. In the case of Eielson, all pipes would have to be drained in all buildings and utilidors every fall to avoid freeze damage of mechanical systems during the winter. Compressed air can be used to "blow out" systems, however this is not a sure thing as many piping systems were not designed for water removal. The cost of finding the piping damaged by ice formation and subsequent repair is very expensive.

There will likely be roofs on some of the older buildings, including several hangars, at Eielson AFB that may require snow removal once or twice during the winter. Roofs on large buildings are usually of the hot roof design because of their size. A hot roof does not have an attic, i.e. no ventilation space between the roof deck and the ceiling insulation. Heat loss through the ceiling melts some of the snow during the warm spells that occur during the winter season. The melt water that drains reduces the snow load. This melting of the snow would not occur if the buildings are left unheated during the winter.

Thermal contraction of piping systems within the utilidors should be investigated. Much of these piping systems were designed to transport steam and hot water to supply building heat. Allowing these systems to cool to ambient temperatures than can

approach -60°F during an arctic cold spell might cause damage or rupture of these systems.

Operation of the power plant and water and wastewater treatment plants need to be considered if the Air National Guard is to remain on base. They will require utilities provided by these plants as well as fire suppression water. The turbines in the power plant must be rotated to avoid a permanent set in the turbine shaft if the plant is shut down for the winter months.

Some downsides to letting facilities at Eielson "go cold"

- Seasonal temperature swings -50F to 85F will cause gradual deterioration of finishes and furnishings. The severe temperature fluctuations create expansion and contraction stresses that typical finishes and furnishings are not designed to withstand. The freeze-thaw cycles cause shrinkage and cracking by drying out materials to below normal limits.
- Some foundations will experience frost-heave failure since building heat will not longer be available to keep the foundations warm.
- An anti-freeze solution will have to be poured into all of the plumbing fixture p-traps to prevent freezing of the waste in, and the and breakage of the p-traps.
- All water will have to be drained out of the domestic water systems. This will not only be a tremendous effort but impossible to achieve completely. There will be some portions of some systems that are missed, some through oversight but more likely because inadequate provisions for drainage and access have been provided. Thus, some domestic water systems will be damaged by freezing water that has not been drained out of the systems. This will not be noticed until an attempt is made to restore water service in the future and leakage from the damaged systems causes more damage to the building.
- Sprinkler systems will have to be drained and deactivated. This naturally increases the risk of property loss due to fire, but also, like the domestic water system, complete drainage is impossible to achieve.
- Steam and condensate systems are in the same risk of damage due to freezing as domestic water and sprinkler systems.
- Water, sprinkler, steam, and condensate systems are in danger of unknowingly being refilled over time due to leakage by the system isolation valves.



June 13, 2005

- Building heating systems utilize an anti-freeze solution so drainage of those systems may seem unnecessary but the anti-freeze level of some of those systems will have fallen below that required to prevent freeze-up at -50F.

Warm basing may work in the contiguous United States and it may work here. But it is important to understand that the realities and costs elsewhere may not apply here. It is not as simple as turning out the lights and expecting to come back to functional facilities. Think about frozen ground and very cold temperatures and then think about the logistics of fire suppression, maintaining water and sewer lines, and maintaining the structural integrity of facilities.

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Air Quality and other Environmental Issues – Nellis, Moody and Eielson Air force Bases

The eighth selection criteria is the environmental impact of the proposed actions, including the costs related to potential environmental restoration, waste management, and environmental compliance activities. Before we begin a discussion of the environmental issues with the designated beneficiaries from the realignment of Eielson, it is important to note that the freedom to train and accomplish its base mission at Eielson is unparalleled anywhere. Eielson simply does not face the constraints that other air force bases, namely Nellis and Moody, face on an ongoing base.

The environmental review of the three installations completed by the air force states that Eielson has only one limiting factor – a historic district that does not impact operations. By contrast, Nellis and Moody Air Force Base face substantial environmental issues. Nellis is operationally limited by air quality considerations. "A conformity determination may be required..... the inability to achieve a positive conformity determination may be a constraint to this scenario." "Air emission offsets may be required a significant air permit revision may be necessary". It would appear that the air quality issues facing Clark County and any expanded mission at Nellis Air Force base would be a significant factor in the decision-making.

According to General Robert Fogleson, Vice Chief of Staff, United States Air force in 2002, "air quality pressures generally affect operations at our installations more than on our ranges, but they potentially limit our basing options for force realignments and weapon system beddowns."

Clark County, which encompasses Las Vegas and Nellis Air Force Base, is currently struggling to mitigate the adverse air quality affects of explosive growth. The region is currently designated as nonattainment for carbon monoxide, particulate matter less than ten microns in diameter (PM10) and the 8-hour ozone standard, three of the six air pollutants regulated by the Environmental Protection Agency. And the Clean Air Act requires them to reach attainment, sooner rather than later.

Over eighty percent of carbon monoxide in Clark County comes from on-road motor vehicles. If we were to assume that Eielson's F16s and associated personnel are transferred to Nellis, we can also assume that there will be increased vehicle traffic in the area. More people, more vehicles, more vehicle miles traveled and more CO. Although Clark County has met the planning requirements under the Clean Air Act, it remains a serious CO nonattainment area. The air quality problems in the region are further exacerbated by the rapid growth they are experiencing – Las Vegas is the fastest growing metropolitan area in the nation. This growth threatens future conformity determinations.



In June 2004 EPA approved a plan showing that it would be impossible for Clark County to demonstrate attainment of the PM10 standards until December 2006. Primary causes of PM10 violations in Clark County are fugitive dust. Their control program is focused on implementing dust controls on paved roads and unpaved parking lots and dust controls for construction. Increased activity at Nellis will elevate PM10 emissions especially from the wind entrainment of disturbed soil within base's boundaries. And, increased emissions will make it more difficult for the County to attain the ambient PM10 standard, which may be problematic since the monitoring data shows Clark County to be hovering at the federal standard. Increased levels of PM10 will also complicate future conformity determinations.

The air quality issues facing Clark County are not abstract – Nellis AFB is located eight miles northeast of downtown Las Vegas. Clark County maintains a monitoring site for ozone and PM10 approximately one mile west of Nellis. Any increased pollutants generated by an expansion at Nellis will not just be blowing in the wind, they will need to be offset, which can be very expensive. They will become part of an existing community problem and will have to be dealt with; the easy solutions to air quality issues have already been implemented. Clark County may not have fallen into the regulatory abyss of the Clean Air Act, but they are poised on the precipice.

Nellis Air Force base is in an area that is experiencing rapid growth and the attendant pressures resulting from air quality standards. Projections for Las Vegas indicate that at current growth rates, Nellis AFB will be surrounded by development – and possibly increasing neighbor concerns- by 2015.

Eielson Air Force Base has no air quality constraints. The Fairbanks North Star Borough, which encompasses Eielson, is in attainment for carbon monoxide after a long struggle to meet federal standards. Eielson air force base was never impacted as it is approximately 15 miles distant from the boundary of the non attainment area.

Nellis and Moody Air Force Base have other environmental issues that can be considered impediments to expanded missions. Nellis has land use restrictions which "restricts range operations ground activities..... this restricts 20% of range land" and as a result units are "unable to complete training requirements at home installation and must go TDY.

Change of mission at both Nellis and Moody require that noise contours will need to be re-evaluated.

Threatened and Endangered species and critical habitat already restrict operations at Nellis and Moody and a preliminary investigation by the air force indicates that additional operations may impact threatened and endangered species at both locations



June 14, 2005

Wetlands do not currently restrict operations at Nellis, however additional operations may impact wetlands, which may restrict operations. Additional operations at Moody may impact wetlands on base and on the range, where current operations are restricted.



COBRA Model Excursions – June 11

Eielson AFB, AK

On June 11, four COBRA Excursions were completed by modifying the DoD Recommendation COBRA for Eielson AFB's realignment recommendation – COBRA USAF 0056V2 (137.3c1).CBR. The results of these excursions are reported below.

1. Excursion Name: COBRA USAF 0056V2 (137.3c1) COMM 1 June 11 05.CBR.

- a. Modification to AF COBRA assumptions: Retained all eliminated officer and enlisted personnel to support A-10 force structure move and relocated them to Moody AFB as the most distant installation in the AF scenario to assess impact on costs/savings. Moody AFB was selected as the beddown location to maximize cost of moves based on distance and provide conservative estimate of impact on savings.
- b. Result: The changes in significant cost/savings data are displayed in the table below with the most significant presented in **bold** font. The AF Recommendation COBRA data is presented in the first row for comparison to the Excursion results displayed in the second row in blue.

Scenario	Payback Period (Years)	Costs/Savings (\$K)				
		20 - Year NPV	1-Time	Personnel (2006 – 2011)	Total (2006 – 2011)	Annual Total Recurring
Recommendation Scenario *	Immediate	-2,780,554	141,403	-643,200	-594,027	-229,430
Community Excursion 1 ^	5	-455,708	154,806	-35,384	48,988	-50,374

* COBRA USAF 0056V2 (137.3c1).CBR

^ COBRA USAF 0056V2 (137.3c1) COMM 1 June 11 05.CBR.

- c. Discussion: Not surprisingly, the retention of the additional personnel increases the payback period – in this case, the 5-years places after 2011 – and reduces personnel savings during both the implementation period (2006 – 2011) and annually in 2012 and beyond. It also reduces the NPV by nearly 63%, turns about \$594 million in savings during the implementation period into a cost of nearly \$49 million. As will be seen in the next excursion, the lower overall cost of doing business at Moody AFB provides some long-term advantage to relocating personnel in Southern Georgia vice the Las Vegas, NV area.

2. Excursion Name: COBRA USAF 0056V2 (137.3c1) COMM 2 June 11 05.CBR.

- a. Modification to AF COBRA assumptions: Retained all eliminated officer and enlisted personnel to support F-16 force structure move and relocated them to Nellis AFB to assess impact on costs/savings. Nellis AFB was selected as the beddown location to test the sensitivity of costs and savings from personnel moves against more conservative scenario modeled in Excursion COMM 1.
- b. Result: The changes in significant cost/savings data are displayed in the table on the following page with the most significant presented in **bold** font. The AF Recommendation COBRA data is presented in the first row for comparison to the Excursion results displayed in the second row in blue.

Scenario	Payback Period (Years)	Costs/Savings (\$K)				
		20 - Year NPV	1-Time	Personnel (2006 – 2011)	Total (2006 – 2011)	Annual Total Recurring
Recommendation Scenario *	Immediate	-2,780,554	141,403	-643,200	-594,027	-229,430
Community Excursion 2 ^	5	-379,484	148,518	-22,745	64,181	-45,002

* COBRA USAF 0056V2 (137.3c1).CBR

^ COBRA USAF 0056V2 (137.3c1) COMM 2 June 11 05.CBR.

- c. Discussion: The payback period remains at 5-years, but the NPV, personnel savings during the implementation period and annually in 2012 and beyond are lower than in the Excursion COMM 1. The overall cost/savings

SENSITIVE INFORMATION

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during the implementation period increases approximately another \$16 million. These dynamics can be attributed to the higher cost of doing business in the Las Vegas, NV area. The higher area cost factor offsets the lower the cost of moving personnel 3,266 miles to Nellis AFB vice 4,323 miles to Moody AFB.

3. Excursion Name: COBRA USAF 0056V2 (137.3c1) COMM 3 June 11 05.CBR.

a. Modification to AF COBRA assumptions:

- (1) Retained all eliminated officer and enlisted personnel to support A-10 force structure move and relocated them to Moody AFB to assess impact on costs/savings. Moody AFB was selected as the beddown location to maximize cost of moves based on distance and provide conservative estimate of impact on savings.
- (2) Retained the eliminated 287 civilian positions to provide a more appropriate level of BOS support for maintaining adequate support to "warm facilities" and temporarily assigned personnel.

b. Result: The changes in significant cost/savings data are displayed in the table below with the most significant presented in **bold** font. The AF Recommendation COBRA data is presented in the first row for comparison to the Excursion results displayed in the second row in blue.

Scenario	Payback Period (Years)	Costs/Savings (\$K)				
		20 - Year NPV	1-Time	Personnel (2006 – 2011)	Total (2006 – 2011)	Annual Total Recurring
Recommendation Scenario *	Immediate	-2,780,554	141,403	-643,200	-594,027	-229,430
Community Excursion 3 ^	9	-159,608	142,619	31,990	117,697	-27,460

* COBRA USAF 0056V2 (137.3c1).CBR

^ COBRA USAF 0056V2 (137.3c1) COMM 3 June 11 05.CBR.

c. Discussion: The payback period is further increased and becomes 9-years. The NPV and the personnel savings previously realized annually in 2012 and beyond become a recurring cost of about \$8.2 million.

4. Excursion Name: COBRA USAF 0056V2 (137.3c1) COMM 4 June 11 05.CBR.

a. Modification to AF COBRA assumptions:

- (1) Retained all eliminated officer and enlisted personnel to support F-16 force structure move and relocated them to Moody AFB to assess impact on costs/savings.
- (2) Retained the eliminated 287 civilian positions to provide a more appropriate level of BOS support for maintaining adequate support to "warm facilities" and temporarily assigned personnel.

b. Result: The changes in significant cost/savings data are displayed in the table below with the most significant presented in **bold** font. The AF Recommendation COBRA data is presented in the first row for comparison to the Excursion results displayed in the second row in blue.

Scenario	Payback Period (Years)	Costs/Savings (\$K)				
		20 - Year NPV	1-Time	Personnel (2006 – 2011)	Total (2006 – 2011)	Annual Total Recurring
Recommendation Scenario *	Immediate	-2,780,554	141,403	-643,200	-594,027	-229,430
Community Excursion 4 ^	11	-93,301	136,273	44,624	132,878	-22,078

* COBRA USAF 0056V2 (137.3c1).CBR

^ COBRA USAF 0056V2 (137.3c1) COMM 4 June 11 05.CBR.

c. Discussion: The payback period increases to 11-years and the NPV is reduced by nearly 70% and personnel costs during the implementation period are the highest of all excursions. Similarly, the annual recurring costs in 2012 and beyond are the lowest of all excursions.

Eielson Mutual Aid and Support Agreements

As the Commission weighs the implications of this action on the community, it must consider mutual support and aid agreements that could not be fulfilled under the proposed "warm" status.

Base security forces have MOAs with Alaska State Troopers, the Fairbanks Police Department, the North Police Police Department and Alyeska Pipeline to provide USAF law enforcement support during emergencies. Notably, Air Force personnel are generally first responders on accidents along the Richardson Highway, south of North Pole through Salcha, a 24-mile stretch of highway. The K-9 units also support these agencies, along with firefighting support to the Northstar Borough; Air Force personnel are the first responders in the community of Salcha, which does not have a fire department.

Emergency medical support is provided throughout the region, including training of advanced EMTs for all of the Alaska interior, as the base has one of only two certified instructors. The base provides disaster situation support and maintains WMD supplies and equipment and unique capabilities in interior Alaska for rapid determination of biological agents. Finally, the base provides the only Explosive Ordnance Disposal unit outside of Anchorage.

The active component also has a extensive MOU with the 168th Air Refueling Wing, providing medical, logistic, and facility support. The Air Force has not provided any indication to the Air National Guard how these functions would be met in the warm basing arrangement.

By: Fairbanks North Star
Borough Assembly
Mayor Jim Whitaker
Introduced: 06/14/05.

FAIRBANKS NORTH STAR BOROUGH

RESOLUTION NO. 2005 -

A RESOLUTION IN SUPPORT OF KEEPING EIELSON AN ACTIVE U.S. AIR FORCE
BASE

WHEREAS, the Department of Defense presented recommendations for
base realignments and closures to the Base Realignment and Closure (BRAC)
Commission on May 13, 2005; and

WHEREAS, among the recommendations, Eielson Air Force Base would
be realigned to a "warm base" position in which personnel, infrastructure and aircraft
would be removed from the base and moved to other sites across the country; and

WHEREAS, Alaska has half the coastline in the United States with the
perimeter facing Asia; and

WHEREAS, Eielson's strategic geographic location is closer to Asia and
Northern Europe than most bases in the contiguous forty-eight states, thereby allowing
faster response to threats originating in those areas; and

WHEREAS, recently Secretary of Defense Donald Rumsfeld commented
on China's military buildup stating "China appears to be expanding its missile forces,
allowing them to reach targets in many areas of the world..." He further stated, "Since
no nation threatens China, one must wonder: Why this growing investment? Why these
continuing large expanding arms purchase? Why these continuing robust
deployments?" and;

36 WHEREAS, North Korea aspires to acquire nuclear weapons an act that
37 would destabilize that part of East Asia and further supports the need to maintain
38 a high level of security and strategic capability in the Alaska region; and

39 WHEREAS, although the War on Terror and the struggle over extremism
40 is not over, it is important to remember that threats exist in other areas of the world. To
41 remove the strategic capabilities afforded the United States by Eielson Air Force Base is
42 irresponsible. The United States can not afford to weaken its borders or its abilities to
43 defend freedom in the Pacific region; and

44
45 WHEREAS, the fighters from Eielson Air Force Base also protect the
46 trans-Alaska oil pipeline and the anti-missile interceptor site at Fort Greeley; and

47
48 WHEREAS, Eielson is adjacent to training space that is unparalleled
49 anywhere in the world and is the only extreme cold weather training facility within the
50 Department of Defense; and

51
52 WHEREAS, jointness is a prime tenet of modern military operations, and
53 as outlined by the BRAC Commission, Eielson Air Force Base is ideally suited for
54 supporting ground maneuver forces located at Fort Wainwright and Fort Richardson;
55 and

56
57 WHEREAS, Eielson Air Force Base is an integral piece of overall military
58 structure in America and protects American assets in Alaska that are of strategic value
59 to the nation; and

60
61 WHEREAS, the realignment of Eielson will have a significant economic
62 impact on the Fairbanks North Star Borough and its communities. It is estimated over
63 4,000 jobs would be eliminated and the loss of economic impact on business in the
64 Fairbanks North star borough would be significant; and

67 WHEREAS, the amount of money that would be saved projected by the Air
68 Force of \$229 million dollars per year from changes mostly attributed to realignment of
69 Eielson may not be correct and may be based on outdated and insufficient information.
70 The potential savings for the military with the realignment of Eielson may be closer to
71 \$300,000 dollars annually; and

72 WHEREAS, the impact of placing Eielson in a "warm" status will not save
73 the Pentagon in overall operation and maintenance costs, due to Eielson's strategic
74 position related to reliable energy sources; its proximity with an existing rail connection
75 to coal and aviation fuel; and

76
77 NOW, THEREFORE, BE IT RESOLVED that the Assembly of the
78 Fairbanks North Star Borough. and Mayor Jim Whitaker objects to the realignment of
79 Eielson Air Force Base as proposed by the Department of Defense and requests the
80 Commission reverse the realignment recommendation and remove Eielson from the
81 BRAC process.

82
83 BE IT FURTHER RSOLVED that copies of this resolution shall be sent to
84 the BRAC Commission, Senator Ted Stevens, Senator Lisa Murkowski, Congressman
85 Dong Young, Governor Frank Murkowski, Mayor Steve Thompson, Mayor Jeff
86 Jacobson, James Dodson and the Alaska State Legislature.

87
88 PASSED AND APPROVED THIS __ DAY OF _____, 2005.

89
90
91
92 _____
93 Garry Hutchison
94 Presiding Officer

95 ATTEST:

96 APPROVED:
97

98
99 _____
100 Mona Lisa Drexler, MMC
Municipal Borough Clerk

A. Rene Broker
Borough Attorney