

ORIGINAL

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

OPEN MEETING

8:30 a.m.

1700 North Moore Street, Suite 1425
Arlington, Virginia 22209

Wednesday, June 14, 1995

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

COMMISSIONERS PRESENT:

Alan Dixon
Alton W. Cornella
Rebecca G. Cox
J.B. Davis
S. Lee Kling
Benjamin Montoya
Wendi Louise Steele
Josue Robles

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

C O N T E N T S

PRESENTATION OF:	PAGE
Secretary Togo D. West, Jr.	7
General Gordon R. Sullivan	18
Assistant Secretary Mike Walker	22
Brigadier General James Shane	22
Major General John R. D'Araujo	78
Secretary Sheila E. Widnall	96
General Ronald R. Fogleman	105
Major General Jay D. Blume	134
James Boatright	137
Secretary John H. Dalton	191
General Carl E. Mundy, Jr.	205
Admiral J.M. Boorda	211
Assistant Secretary Robert B. Pirie	218
Secretary Joshua Gotbaum	260
Deputy Assistant Secretary Robert E. Bayer	277

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

P R O C E E D I N G S

1
2 CHAIRMAN DIXON: Good morning, ladies and
3 gentlemen, and welcome to this hearing of the Defense Base
4 Closure and Realignment Commission. My name is Alan J.
5 Dixon, and I am chairman of the Commission, which is charged
6 with recommending to the President which domestic military
7 installations should close or be realigned.

8 With us today are my fellow commissioners, Al
9 Cornella, Rebecca Cox, J.B. Davis, S. Lee Kling, Benjamin
10 Montoya, Joe Robles, and Wendi Steele.

11 We are in the final weeks of our assignment. Final
12 deliberations will begin June 22 here in this room. In the
13 15 weeks since we received Secretary Perry's list of 146
14 proposed closures and realignments, the Commission has
15 conducted 12 investigative hearings in Washington -- 13
16 including today.

17 We have also taken some 85 hours of testimony at 16
18 regional hearings held all around the country, including Guam
19 and Alaska. At those hearings, we heard presentations from
20 communities from 35 states plus Guam and Puerto Rico.
21 Yesterday and the day before, we heard testimony from more
22 than 200 members of Congress whose states and districts are

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 affected by the list.

2 In addition to conducting 29 hearings, the
3 commissioners have among them made almost 200 visits to some
4 75 bases on the closure list, and Commission staff has made
5 another 75 base visits to gather additional information.

6 As everyone in this room probably knows, on May 10,
7 the Commission voted to add 35 bases to the list for
8 consideration for closure or further realignment. In the
9 months since then, we have visited all those installations
10 and conducted regional hearings at which the affected
11 communities were heard.

12 Today, we have asked Department of Defense
13 officials to come here, in part, to state their positions
14 regarding the bases we added to the Secretary's list.
15 However, we will be glad to hear from the Department
16 regarding any base on the list, and we will ask some
17 questions ourselves about some of the installations on the
18 March 1 list based on what we have learned at our base visits
19 and regional hearings.

20 We will hear from the three military departments in
21 three separate panels and then conclude with a panel of
22 witnesses from the Office of the Secretary of Defense. We

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 will begin with the Army from now until 10:00 a.m. We will
2 hear from the Air Force from 10:15 to 11:45 a.m. and then
3 break for lunch until 1:00 p.m.

4 From 1:00 to 2:30, we will hear from the Navy and
5 then from 2:30 to 3:30, we will hear from the representatives
6 of the Secretary of Defense and the Defense Logistics Agency.
7 We are fortunate to have with us a distinguished group of
8 witnesses from the Office of the Secretary of the Army.

9 Secretary of the Army Togo D. West, Jr., will be
10 with us today. We also have Chief of Staff of the Army
11 General Gordon R. Sullivan; the Honorable Mike Walker,
12 Assistant Secretary for Installations, Logistics and
13 Environment; Brigadier General James Shane, Director of
14 Management in the Office of the Chief of Staff; and Major
15 General John D'Araujo, Jr., Director, Army National Guard.

16 As always, I must remind you that the Base Closure
17 Law requires me to swear in witnesses before they testify
18 before the Commission. If the Army representatives will
19 please stand and raise their right hands, I will now
20 administer the oath.

21 (Witnesses sworn.)

22 CHAIRMAN DIXON: General Sullivan, I understand

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 that you'll retire from the Army in just six days. On behalf
2 of the Commission and the country, I want to thank you for
3 spending time with us during your last week on active duty.
4 We congratulate you, sir, and we honor you for your
5 outstanding career service to the nation and the Army over
6 the past 36 years. Thank you, sir.

7 GENERAL SULLIVAN: Thank you, sir.

8 CHAIRMAN DIXON: Secretary West, we are delighted
9 and honored to welcome you back.

10 SECRETARY WEST: Thank you, sir.

11 CHAIRMAN DIXON: And you may proceed at your
12 leisure.

13 SECRETARY WEST: Thank you, Mr. Chairman. Good
14 morning. This is a great day to be part of the Department of
15 the Army. This is the Army's 220th birthday.

16 CHAIRMAN DIXON: Happy birthday.

17 SECRETARY WEST: And so if I might, I would like to
18 join you in your tribute to General Sullivan as the
19 representative of the men and women in uniform of the Army,
20 all of those who have participated in the security of this
21 nation over its history.

22 CHAIRMAN DIXON: Amen, my friend. Amen.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 SECRETARY WEST: Mr. Chairman, members of the
2 Commission, we appreciate this second opportunity to discuss
3 with you your alternatives for closure to our
4 recommendations. We hope our comments will be helpful to you
5 in your deliberations.

6 Obviously, these have been painstakingly developed
7 by us, as has the analysis of yourself and your staffs. Our
8 decisions were not arrived at easily, nor were they made in
9 haste. They build upon the work of three previous
10 Commissions and leave us with the infrastructure needed to
11 keep our Army trained and ready into the 21st century.

12 We recognize, of course, your duty to review these
13 painstakingly and to consider changes to the list. We hope
14 that we can offer you information that will assist you in
15 that way.

16 If I may turn to the proposed additions that affect
17 the Army to your list. Other than Fort Halibard, Maryland,
18 the Army does not offer a support to you for adding any other
19 installations to the original list. After the DIS does
20 depart from Fort Halibard, we have no further use for the
21 property.

22 With respect to the other alternatives recommended,

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 we have some views. Oakland Army Base. We studied the
2 feasibility of closing the ports at both Bear and Oakland.
3 We concluded that the loss of Oakland represents for the Army
4 an operational risk that we would rather not have to accept.
5 We need this critical port facility to support the rapid
6 deployment of equipment during peace and war.

7 We need it for the deployment of our CONUS-based
8 forces to respond to any national security threats that could
9 emerge in the Pacific region. In our view, its closure would
10 leave us without a port facility on the West Coast, and the
11 financial savings simply do not justify that risk.

12 With respect to Tobyhanna, the Army has made the
13 hard choices to divest itself of excess depot capacity,
14 maintenance capacity, and consolidate workload from five to
15 three depots, ground, air, and communications electronics.
16 DOD's recommendations, which are ours, as well, on
17 Letterkenny and Red River provide the optimum savings while
18 supporting our corps wartime requirements.

19 They have earned the support of the SEC DEF's
20 cross-service group. Tobyhanna's our center of excellence
21 for communications and electronics. Closing it, we believe,
22 would directly contradict the Army's own military value which

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 assesses Tobyhanna as the number one Army depot.

2 With respect to Letterkenny, DOD's proposal to
3 realign Letterkenny preserves DOD's missile consolidation
4 effort, achieves substantial savings for a reasonable
5 investment, and reduces the overcapacity in ground equipment
6 maintenance in the depot system.

7 Alternatives to move tactical missile maintenance
8 to Hill Air Force Base, in the Army's view, would incur costs
9 anywhere from four to nine times greater and produce
10 significantly less in the way of savings. Extensive facility
11 upgrades would be necessary to support tactical missile
12 maintenance at Hill Air Force Base. For that reason, we do
13 not recommend this as a more feasible or desirable
14 alternative to the recommendation you have from DOD and the
15 Army.

16 With respect to the space and strategic defense
17 command, the Army has made a concerted effort to move out of
18 leased space when it is cost-effective to do so. Our
19 analysis shows that moving space and strategic defense
20 command to a nearby installation would have significant costs
21 and take over 30 years to pay off.

22 It would disrupt preexisting plans to move SSDC

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 along with the program executive office missile defense onto
2 Red Stone Arsenal at a later date. A decision, then, to
3 relocate space and strategic defense command from leased
4 spaced would be a poor substitute for terminating the lease
5 and disestablishing and redistributing the assets of the
6 aviation and troop sport command.

7 If we are not able to execute this plan as
8 recommended, Mr. Chairman and members of the Commission, the
9 Army will forfeit substantial savings from reductions in both
10 management and facility overhead. And we would, of course,
11 forego the operational advantages of aligning those functions
12 that are related in research and development centers at other
13 locations.

14 Making these changes, in summary, the above four
15 changes, to the original list proposed by DOD on behalf of
16 the Army would cost approximately \$200 million more, would
17 save up to \$45 million less than had been recommended in our
18 original list and, of course, would provide a greater
19 operational risk to the Army.

20 Investing in alternative BRAC recommendations that
21 produce fewer savings would be at the expense of Army
22 readiness and of Army plans for force modernization. On this

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 score, then, on these proposed additions, we urge you to
2 weigh this assessment carefully, the assessment that the Army
3 has offered you.

4 We would hope, Mr. Chairman and members of the
5 Commission, you will agree with us that these changes ought
6 not be pursued.

7 One word about our original recommendations.
8 You've made extensive visits, you and your staffs, to our
9 installations over the past few months to observe their
10 operations and listen to the sincere voices of communities
11 and elected representatives. We in the Army have been
12 listening, too.

13 Their convictions, their fervent opposition have
14 our admiration. It is moving to witness the pride our
15 friends have and our neighbors in the Army and the
16 installations that serve them. Even so, Mr. Chairman, with
17 little exception, we are unaware of compelling arguments that
18 would cause us to change our initial military judgements.

19 We have in some occasions in some instances learned
20 new information that makes one realignment and two closures
21 no longer viable in our view. We have provided our
22 recommendations to the Office of the Secretary of Defense,

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 and we mention them now.

2 Dugway Proving Ground. The crux of our
3 recommendation to close Dugway centered on the relocation of
4 the chemical biological testing elements to Aberdeen Proving
5 Ground and smoke obscurance testing elements to Yuma Proving
6 Ground permit restrictions, preclude conducting testing at
7 these two sites, thereby obviating the relocation of those
8 testing elements.

9 Efforts to transfer the English Village, the
10 housing area, to the Utah National Guard had been underway
11 prior to the development of our BRAC list and would,
12 therefore, require no action by the Commission to effect that
13 disposal.

14 Craven Point, New Jersey, U.S. Army Reserve Center.
15 The Army has recommended closing and relocating this facility
16 to Fort Hamilton, New York. While we were planning for this
17 implementation, we discovered that new construction,
18 approximately \$10.5 million worth, is required to execute the
19 move.

20 The minor savings, Mr. Chairman and members of the
21 Commission, about \$137,000 annually, simply does not justify
22 this expense. Moreover, the new facility would require a

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 larger area than is available for construction at Fort
2 Hamilton.

3 Valley Grove, West Virginia, area maintenance
4 support activity. The Army recommended closing and
5 relocating this facility to Kelly Support Center in
6 Pennsylvania. We have since learned that Congress added a
7 construction project, about \$6.8 million in value, to build a
8 new maintenance shop at the Wheeling, Ohio, County Airport.
9 This project is now underway and thus obviates the need for
10 us to move to a new facility at Kelly Support Center.

11 A word about additional information that would
12 adjust in a minor way other of our recommendations. At
13 Fitzsimons, we recommended closing this facility, Fitzsimons
14 Medical Center in Colorado, and relocating its optical school
15 and associated laboratory to Fort Sam Houston. We have
16 learned in the Army that the Assistant Secretary of Defense
17 Health Affairs is evaluating more cost-effective alternatives
18 to relocate that school, the optical school, elsewhere.

19 We would suggest that modifying the language of the
20 recommendation so it does not specify a precise location for
21 the optical school might help us as the Assistant Secretary
22 goes about his work.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 The Sierra Army Depot in California. The Army has
2 recommended realigning the facility, eliminating the
3 conventional ammunition mission, and retaining an enclave for
4 operational project stocks. We have learned that we simply
5 cannot get the demilitarization done of all the ammunition by
6 2001. And this necessitates the retention of some storage at
7 that location.

8 With respect to the Bayonne Military Ocean
9 Terminal, the Army has recommended closing this facility,
10 relocating the Eastern Area Command Headquarters and 1301st
11 Major Port Command to Fort Monmouth and retaining an enclave
12 for Navy tenants.

13 The Army Military Traffic Management Command is
14 considering an internal reorganization which could result in
15 the merger of their commands at another Eastern installation
16 beside Fort Monmouth. And the Navy has indicated a
17 preference for moving its activities. Therefore, if the
18 Commission were to modify the language of our recommendation
19 so it does not specify the particular gaining location or
20 retention of an enclave, then that would be helpful.

21 We know you have some questions, lots of questions,
22 for the Army in a number of areas of our recommendation and

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 that they include probably the following issues that I will
2 just touch briefly: Leased facilities. The Army has
3 performed a military value analysis on leased facilities and
4 has concluded, essentially, that by and large, they have had
5 low military value in the instances in which we made
6 recommendations.

7 We have provided a detailed description of our
8 assessment regarding the leased facility that houses aviation
9 and troop support command in a letter to you and the
10 Commission on April 14, 1995. Our conclusion, then, that
11 this lease facility had low military value, coupled with the
12 resulting financial savings and operational advantages,
13 formed the basis for our original recommendation.

14 Depots. The Army's recommendation to close Red
15 River Depot and realign Letterkenny eliminates excess
16 capacity and achieves significant savings. A single ground
17 combat depot, Anniston, will support our peacetime
18 requirements. It will meet our surge requirements in the
19 event there are two major regional contingencies.

20 Family housing. Divestiture of family housing
21 quarters reduces burdensome maintenance and repair costs
22 where we have made those decisions and is a major part of the

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 Army's overall housing strategy. The Army is closing housing
2 areas that support small garrisons and small headquarters
3 units and is keeping those that support major troop
4 concentrations.

5 It is a business judgement and an effort to do this
6 in a businesslike way. And thus, for us in the Army, the
7 challenge is to balance overall quality of life for our
8 soldiers against readiness and modernization of the U.S.
9 Army, hopefully achieving the maximum in all three of those
10 areas.

11 At Fort McClellan, we have furnished the
12 environmental permits for Fort Leonard Wood in support of the
13 training missions transferring from Fort McClellan. We are
14 now confident that we can make the change, that we can
15 accomplish the smoke training mission while at the same time
16 exercising good environmental stewardship.

17 Mr. Chairman, members of the Commission, you've
18 been patient with me as I've gone through these. I wanted at
19 the outset, if I could, to try to put on the table as many of
20 what we think are the issues as possible as you prepare to
21 question us. Thank you for your patience, thank you for your
22 time, and it's good to be back before you again.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 CHAIRMAN DIXON: Well, we thank you. Your
2 statement is very useful and very specific, and that's very
3 helpful to the Commission.

4 General Sullivan, I regret that this is the last
5 time I'll have the pleasure of listening to you testify. But
6 again, I thank you for your great service to this nation.
7 General Sullivan.

8 GENERAL SULLIVAN: Thanks, Mr. Chairman. I
9 appreciate very much your remarks, and it's good to be back
10 here again.

11 As the Secretary noted, today's the Army's 220th
12 birthday. And needless to say, I am very proud to be the
13 Chief of Staff of the United States Army. I have been, and I
14 am particularly proud today to represent the men and women of
15 America's Army, active Guard and Reserve.

16 I would note that I completely agree with the
17 Secretary of the Army's remarks, and I would just like to add
18 some comments of my own. First of all, we are counting on
19 the savings from the original recommendations that we made.
20 We are, as you all know -- certainly everybody in the room
21 knows -- we're spending a historically low amount on the
22 Army, and I must get every bit of leverage I can out of the

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 dollars we are given to keep the Army trained and ready.

2 As the Secretary pointed out, readiness, force
3 structure, quality of life for our soldiers, and, of course,
4 modernization. Since 1989, we have lost about 40 cents on
5 every dollar that we had programmed to keep this organization
6 trained and ready and modernized. Missions have gone up 300
7 percent. So this has been a very challenging period for us.
8 And this BRAC submission is very important to us.

9 I don't see much value in alternative options,
10 although as the Secretary pointed out, there are some minor
11 adjustments which should be made. But frankly, some of the
12 alternatives would cost the Army more and save us less. And
13 in this kind of an environment, I can't afford that.

14 I would reinforce what Secretary West said about
15 Oakland Army Terminal. Oakland Army Terminal is important
16 for us on the West Coast. It provides us a port facility to
17 project power into the Pacific. Tobyhanna is the number one
18 depot in terms of military value. It is important to the
19 United States Army, and I want to reinforce that.

20 Now, I realize that there are very difficult and
21 important decisions involving maintenance depots. What we
22 are trying to do is rely on a single ground combat vehicle

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 depot. And I think we can do what we have to do with one
2 depot. We go from three to one.

3 Closing Red River and realigning Letterkenny to
4 Tobyhanna and Anniston, as we recommended, account for about
5 a third of the savings that we're counting on. So that is an
6 important adjustment for us.

7 If we had to do some of the alternatives, frankly,
8 it would keep me from realizing -- keep us, the Department of
9 the Army, from realizing annual savings, which are very
10 significant and very important. And, as the Secretary
11 pointed out, shifting missile work from Letterkenny in
12 Pennsylvania to Hill Air Force Base is going to cost a
13 considerable amount of money, at least -- at least -- three
14 times more than our recommendation. And, frankly, I can't
15 afford it.

16 We have made some tough choices here, and we are,
17 in fact, taking what I feel is justified risk. And we have
18 to manage risk during periods like this. Losing 40 cents on
19 every dollar and seeing your missions go up 300 percent is
20 pretty significant. And this submission is very important to
21 us.

22 Let me just close by saying, number one, I

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 appreciate what it is that you all have been through. As the
2 Secretary said, we appreciate the fact that you have traveled
3 around and looked at us. I think you will see merit in our
4 submission to you. And since this is the last BRAC, as least
5 as far as I can see, I really ask for your support in our
6 submission.

7 The object of the exercise was to save money, get a
8 good return on investment. I think what you have is a good
9 business program here, a good business approach to the
10 future. There is some risk in it, but I think the risk is
11 manageable, and I think it's acceptable.

12 And it's a risk which I believe is prudent that we
13 must take to keep the United States Army trained and ready so
14 that we can do what it is you ask us to do, fight and win
15 your wars and serve the United States of America, which we
16 have done proudly for 220 years, and I have every reason to
17 expect we'll do for as long as there is a Republic. Thanks.

18 CHAIRMAN DIXON: Thank you for that very excellent
19 presentation, General Sullivan. We are indebted to you.

20 We're delighted to have Robert Walker, the
21 Assistant Secretary of the Army for Installations, Logistics,
22 and Environment.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803
WASHINGTON, D.C. 20006

(202) 296-2929

1 SECRETARY WALKER: Thank you, Mr. Chairman.

2 CHAIRMAN DIXON: Mr. Secretary, it's good to see
3 you.

4 SECRETARY WALKER: Thank you. Good to see you.
5 Mr. Chairman, I have nothing to add. I join General Sullivan
6 in endorsing Secretary West's remarks. And I want to join
7 them, also, in thanking you for your service to the nation.
8 You've taken on a tremendous job, and we thank you for doing
9 that. Thank you.

10 CHAIRMAN DIXON: I thank you, Secretary Walker.

11 Brigadier General James E. Shane, Jr., director of
12 management, Office of the Chief of Staff. General Shane, do
13 you have anything to say at this time?

14 GENERAL SHANE: Mr. Chairman, I have one thing to
15 say. I would like on behalf of my staff to tell you your
16 staff has accepted the challenge. They have put it through
17 rigorous changes. And we appreciate that, working with them.
18 And we think the end product will be the best for our
19 country. And it has been a pleasure serving the country in
20 this capacity and the Army.

21 CHAIRMAN DIXON: Thank you very much, general. And
22 if you are all willing, we will now begin a questioning

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 period, with the distinguished commissioner to my left,
2 Commissioner Steele.

3 MADAME COMMISSIONER STEELE: Good morning. Thank
4 you for addressing so many of these issues up front. As you
5 can imagine, we still have a pile of questions for you. But
6 I appreciate you at least getting out some of the answers
7 right at the beginning here.

8 And also, thank you and the service in general for
9 your help along our journeys. I've visited many of your
10 installations, and everybody truly has gone out of their way
11 to address our many questions and to be extremely helpful.
12 So thank you for that.

13 Let's just start with Red River, one depot. In
14 your opening statement, Mr. Secretary, you mentioned that you
15 feel the Army is retaining core wartime requirements.
16 However, in your forecasts, there will be a 46 percent
17 shortfall in wartime requirements if you do all the work in
18 Anniston.

19 Our staff says that would require Anniston to
20 operate two eight-hour shifts seven days a week to support
21 those requirements.

22 I would like you to address both how you feel you

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 can meet that and accept that risk and also just the fact
2 that there could be a natural disaster or a man-made disaster
3 and how the Army or the Department really could afford to put
4 all its eggs in one basket in this case, even if it is --
5 what did you say, a third of your savings? I'm very
6 concerned about that.

7 SECRETARY WEST: Commissioner Steele, you raise
8 what is always for us a tough point, and that is the question
9 of when we decide to reduce, perhaps even to eliminate, what
10 may be duplicative or maybe even triplicative capabilities,
11 whether we are reducing to the point where we leave ourselves
12 open and vulnerable to surge requirements that we can't do
13 with what we have left.

14 And I think that's what we have tried to address.
15 Red River, Anniston, Letterkenny, all with a ground vehicle
16 maintenance capacity, leave us with more than we need to do
17 right now. And the question is, how when we shift around
18 these activities we can ensure both that we are as low as we
19 need to be to be efficient but still as robust as we need to
20 be to meet the surge.

21 The first answer, incidentally, about this is, we
22 simply can't afford to keep going on as we do. We simply

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 cannot fund these. We believe that we can meet the surge
2 requirement as needed. Those are the reasons we do these
3 COBRA analyses, the reason we make these military value
4 assessments.

5 If you need a specific answer to the suggestion
6 that in order to meet a surge, we would have to work -- as
7 you said, I'm going to defer to General Shane in just a
8 second. But I need to assure you that we don't take these
9 decisions to go down from, say, three that are doing
10 relatively similar functions, although different kinds of
11 vehicles, to one lightly.

12 Do you want to add anything to that, General
13 Sullivan?

14 GENERAL SULLIVAN: Just in general, I think the
15 Secretary has made the point. We can surge at Anniston or up
16 in Pennsylvania. We have capability to surge there, if
17 necessary, natural disaster or going to war and two MRCs.
18 And their alignment tank facility also could do some.

19 I think it's an acceptable risk. We don't have the
20 dollars to keep it open. That's an insurance policy that I
21 don't think we need to pay.

22 MADAME COMMISSIONER STEELE: I'm glad to hear both

Diversified Reporting Services, Inc.

918 16TH STREET/N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 of you are at a level of comfort. I must admit, I'm not
2 there yet. I'll let my colleagues follow up on that, because
3 I've been to some installations that they haven't, so I would
4 like to dig into some of their --

5 GENERAL SULLIVAN: Well, I'm sure there are other
6 views on it. We're taking a risk, and I understand that.
7 And my name is on the line on it. And I don't say it
8 lightly. This is sworn testimony. And I just told you that
9 I think we can take a risk.

10 MADAME COMMISSIONER STEELE: Thank you, general. A
11 lighter subject, Sierra Army Depot. It's the only
12 installation at which START Treaty mandated destruction of
13 rocket motors may be carried out. You did address Sierra in
14 the sense of changing our recommendation to allow for
15 storage. But how would the Department meet those treaty
16 obligations if the realignment with that change is accepted?

17 GENERAL SHANE: Let me refer to my staff just for
18 one second on that issue. My staff has informed me, number
19 one, which I knew, was the treaty had not been ratified. But
20 more importantly, there are other locations at which that
21 work can be done if we needed to do it. So there is a
22 spillover capability, Commissioner Steele.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 MADAME COMMISSIONER STEELE: All right. Sierra's
2 demil capability is 22 percent of all of the ammunition demil
3 capability and 43 percent of the open demil capability. I
4 also understand that there's a pending 10-year permit for
5 doing all that open detonation in California.

6 Given the increasing volume of ammunition that will
7 need to be demilled, if we're already changing the
8 recommendation on Sierra, would it not make sense to keep the
9 installation open to allow the Department the flexibility to
10 use those open pits, which I might add, I thoroughly enjoyed
11 with your folks out there blowing up things in all 14 of them
12 the day I was visiting.

13 SECRETARY WEST: I don't think we need them. Our
14 problem with places like Sierra is that we can make an
15 argument for keeping almost everything we have on our list.
16 We haven't offered up almost anything as to which there is a
17 universal opinion it should go. We are making hard decisions
18 here, commissioner.

19 And I would say to you, yes, it probably wouldn't
20 hurt. But the fact is, we don't need them. And what we do
21 need is the savings we can get from these closures to fund
22 the things we absolutely do need.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 So I won't deny that it wouldn't be harmful to have
2 that capability that you mentioned, but if you ask the
3 professional judgement of my staff officers who have worked
4 the COBRA analysis, who have worked the back process, the
5 answer is, no, we don't need that.

6 MADAME COMMISSIONER STEELE: I'm not sure we have
7 done this, and I would like to know if you have, the costs
8 and benefits of saving additional outdoor storage for that
9 which you can't demolish versus keeping Sierra and getting rid
10 of it. Have you addressed that at the Army?

11 SECRETARY WEST: I think we have addressed the cost
12 implications. If you want more numbers from us, I'm sure we
13 can provide them for you. But my sense is that having looked
14 at it, we have concluded -- and let's don't misunderstand it.
15 We will come to you for permission to retain only the bare
16 minimum.

17 And what you're saying is, wouldn't we really
18 rather keep more? Yes, I think we have addressed the cost
19 implications. I don't have the number answers right here for
20 you, but we can provide them to you.

21 MADAME COMMISSIONER STEELE: If we could do that,
22 only because I remember during that visit, the COBRA was off

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 by half on the amount of personnel that would need to stay.
2 So the savings had already dramatically decreased. And we
3 were talking about a very limited number of personnel to be
4 able to retain that capability for the Department.

5 SECRETARY WALKER: Commissioner, if I could add,
6 our original savings was 29 million. Our current savings is
7 28 million annually. So we have revised them, and that's the
8 latest estimate that we have.

9 MADAME COMMISSIONER STEELE: Thank you.

10 Mr. Chairman, I defer the rest of my time.

11 CHAIRMAN DIXON: I thank the distinguished
12 commissioner for her line of questioning. I would want to
13 observe before I recognize the next commissioner that I think
14 we're all here with a complete understanding of why we're
15 here. We would all like to have more.

16 I was chairman of Readiness in the Senate Armed
17 Services Committee, and you know my record when I was in that
18 place. And they have reduced the appropriations and
19 authorized amounts 40 percent; in the force level, 30
20 percent. And if we did everything on this list, we would
21 reduce your excess capacity by 21 percent.

22 And they did the budget resolution week before

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 last. And our friends, Senator Thurmond and Nunn, speaking
2 for, I think, the two most powerful positions in either party
3 in the United States Senate, gave the Senate an opportunity
4 to increase the authorized and appropriated amounts, and the
5 Senate rejected it 60 to 40. I think the message is pretty
6 clear. It isn't there. And that's why we're here.

7 Commissioner Robles.

8 COMMISSIONER ROBLES: Thank you, Mr. Chairman. I'm
9 going to follow up on the depot question, because it is
10 clearly the most pervasive issue we're dealing with in this
11 particular round, in my personal judgement.

12 And just to set the record straight, we're not
13 challenging your assertions. All we're telling you is,
14 there's inconsistency between the services, and we're trying
15 to figure out what the right level is.

16 So having said that as a backdrop -- and I
17 understand risks, General Sullivan. I work in my civilian
18 job in the risk business. I'm in the business of financial
19 risk and operational risk, also. And I do the risk
20 assessments. And so I'll ask the question in this way.

21 As you know, we have put Letterkenny down as a
22 possible closure. Just assume that Letterkenny was closed.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 So now, you are down to one ground depot, one air depot, and
2 one communications and electronic depot. And I just have to
3 say that in the civilian world, you don't put all your
4 computing power or all your capacity power at one location.
5 You try to find what they call a contingency offset.

6 And I know there are some analogs, but in the
7 ground combat vehicle world, there are not many analogs in
8 the civilian world. There are in the communication and
9 electronic world, there are in the aviation and maintenance
10 world, but they're not allowed in the combat vehicle world.
11 And so I worry about natural disasters, explosions, other
12 things that could occur.

13 And I understand you lost 40 cents on the dollar.
14 I know that as well as anybody, and that you think the risk
15 is acceptable. But I'm not sure that we think the risk is
16 acceptable. So have you really run some scenarios what would
17 happen if you were down to just those three depots with no
18 other depot as a backup and had to do a natural disaster
19 excursion or an explosion excursion and what that would do to
20 your future readiness?

21 SECRETARY WEST: Do you mean an explosion that took
22 out one of our depots? Is that what you mean?

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 COMMISSIONER ROBLES: Yes. You had a tornado, a
2 hurricane. You had an explosion, a fire. That is not
3 unheard of. Tinker had a fire not too long ago. And if that
4 did it to one of your depots and you had no backup -- let's
5 say Letterkenny was gone -- do you still feel as comfortable
6 as you said before on your risk?

7 SECRETARY WEST: Well, I hesitate to answer too
8 quickly here, commissioner, because quite frankly, one of the
9 first things that occurs to me is, there are just some risks
10 that we can keep on trying to guard against, and we will just
11 run out of money to guard against them.

12 You're right that there's less risk that there will
13 be three explosions to take out three ground depots than that
14 there is one that will take out one. But it strikes me that
15 trying to do that particular analysis, the "what if," may not
16 really help us in what we're trying to provide for you.

17 I understand your point is that it will help in
18 what you're trying to do, and I'll see what my colleagues say
19 about that. But for me, at the outset, the risk that by
20 going from three at this point clearly redundant ground
21 depots to one, essentially, will leave us somehow unable to
22 do what we need to do in an emergency is one that my

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 professional officers tell me they are prepared to undergo.

2 Having said that, let me now turn to them.

3 GENERAL SULLIVAN: Commissioner Robles, I think
4 it's a manageable risk. You've got LIMA -- I've got LIMA
5 where I could turn. I could turn to the civilian sector to
6 do some of it. I believe the United States Marine Corps has
7 some capability in that area.

8 Of all of the problems we have got in the
9 sustainment of the force -- the sustainment of the force, now
10 -- this is probably the one that's the most manageable. And
11 I think that the insurance bill to keep depots which are --
12 or the bill, not the insurance bill. That's your business,
13 not mine. The bill to keep depots which are significantly
14 under capacity is too high, given the amount of dollars, to
15 the chairman's point.

16 You know, we have got an organization to hold
17 together here. And that's where I am. I think Jimmy has got
18 some --

19 GENERAL SHANE: Well, I just wanted -- Mr.
20 Chairman, General Shane -- to add to that. We did look at
21 that. We thoroughly understand the risk associated with
22 this. But nevertheless, as we look at the excess capacity,

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 as the Chief Staff of the Army has pointed out, we just had
2 almost 50 percent excess capacity, two depots' worth.

3 And, as you tackle that and you present these
4 scenarios -- and you presented one as a natural disaster. So
5 now, you've got a situation which impacts on the national
6 security of this country.

7 So naturally, Department of Defense is going to
8 rally to that and the Marine Corps and LIMA facilities. And
9 our private sector would rally to it. And I think the
10 resource is out there to accommodate that unpredictable risk
11 that you pose to us.

12 COMMISSIONER ROBLES: Good. I just want to make
13 sure we're on the record here, because this will give us the
14 baseline for other service discussions about this particular
15 issue, which is, very candidly, not uniform across the
16 services.

17 GENERAL SULLIVAN: You know that in the last big
18 war, we did a lot of that maintenance in Japan. We did a lot
19 of maintenance of some of those vehicles, track vehicles in
20 Japan, as you know.

21 SECRETARY WALKER: Commissioner, may I just add, at
22 the early stage of development of the proposal, we were

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 asking the same kinds of questions that you are asking. We
2 went to our war fighters. We went to the deputy Chief of
3 Staff for operations.

4 And we said, "What is your view on this?" And his
5 view -- the people who have ultimate responsibility for
6 providing Army equipment for the war fight said it was an
7 acceptable risk. And that was the basis of our
8 recommendation.

9 COMMISSIONER ROBLES: Okay. I just want to make
10 sure we're all on the same sheet of music as we go through
11 this very tough issue with the rest of the services.

12 SECRETARY WEST: I would like to add one more word.
13 And I know you want to move on. I think, frankly, that our
14 analysis tells us that the Department of Defense is bleeding
15 depot money. We are just spending money on capacity that we
16 simply do not need now.

17 If we have to make our contribution from the
18 Department of the Army point of view, it is clear what it is
19 we need to retain. And that is, perhaps, the most important
20 thing to us, the way in which we have retained the ones --
21 Tobyhanna to do its mission, consolidating our ground vehicle
22 maintenance at one depot.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 We know what we need, and that is the key thing.
2 But we simply cannot continue to keep open capacity that we
3 are not presently using. And yes, we do have to do some
4 thinking about what do we do in a crisis. And we think we
5 have done that.

6 COMMISSIONER ROBLES: Okay. I would like to switch
7 to an equally noncontroversial subject. It has to do with
8 the movement of the chemical facility from Fort McClellan to
9 Fort Leonard Wood. I was at Anniston last Friday and got a
10 briefing from the McClellan folks. And their issues are two,
11 and I would just like you to address those two issues.

12 Issue number one, they're concerned about the
13 permits. Understanding that the State of Missouri said
14 they're going to issue the permits and there are all the
15 permits they need and that everything is good to go, but
16 there is some concern that maybe all the permits were not
17 issued and they were issued too hastily and not a proper
18 analysis was done.

19 In some cases, they whited-out the permit from
20 three or four years ago and inserted them. And there's going
21 to be a legal challenge. And the environmental groups are
22 starting to get up in arms, et cetera. So that was one

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 issue.

2 The second issue is that there will be a
3 degradation of the smoke training mission, mobile spoke
4 specifically, because the permits they have don't let you do
5 use fog oil to do some of the smoke training that's required.

6 And the third issue and probably the one that got
7 my attention the most is that there is a belief by the
8 Military Police Corps and the Chemical Corps that they're
9 going to become second-class citizens when they move to Fort
10 Leonard Wood, that they have spent 20 years building up the
11 infrastructure and getting the facilities required to have a
12 quality MP force, which are always the first to deploy, as
13 all of us know, and the Chemical Corps that sort of bounced
14 around for several years looking for a home -- and now, we're
15 going to move them to Fort Leonard Wood, and they will become
16 second-class citizens and take a step down and that mission
17 will be subsumed.

18 Those are the three issues, as candidly and as
19 clearly as I understand them. So would you please address
20 them?

21 SECRETARY WEST: Let me start there, since I was so
22 directly involved in those decisions. Let's take the last

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 one first, second-class citizenship. I think that there is
2 no one more grateful, first of all, to the communities that
3 have housed the Army over time, certainly to the community
4 that has housed these schools. Our soldiers have been
5 treated well, and they have been made to feel good there.

6 And yes, it is always more comfortable to remain in
7 the place where you were assigned and where you have over
8 time built up your stature both on the post -- and I think
9 your question referred more to on the post -- but also in the
10 community.

11 Even so, in our Army, particularly when we're
12 talking about branches of the services or the schools, it is
13 the commanders themselves of those institutions, the cadre,
14 who when they move to their new location will determine what
15 their status is on their new post. I hold them as
16 accountable for whether or not they're second-class citizens
17 in their new location as I do anybody else.

18 But even so, of course, the answer you would expect
19 from me is that we will make sure that at the new location,
20 they have the status, they have the -- and I think the other
21 thing they're concerned about is access to support that they
22 want. I would say that that's not a real worry on our part,

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 but I understand why you raised it.

2 The other two are more recent issues. Let me take
3 the first of those two, which is permits generally, whether
4 we're getting them and whether we're going to get what we
5 need. Our recommendation to the Secretary of Defense -- and
6 it was one that the Chief of Staff and I specifically placed
7 our emphasis on as it worked its way up to us -- was that we
8 would not move -- there will be no moving unless we get the
9 permits we need to operate in the new location.

10 That was the basis on which we recommended that the
11 Secretary send the list to you. And I think that is the way
12 that recommendation comes to you. That pledge on the part of
13 the Chief of Staff and on the Secretary of the Army remains
14 in effect. Our recommendation to you is that we not move,
15 that we don't move unless we get the permits.

16 But the second part of that is, from all I
17 understand from those who I trust and the Chief trusts to
18 follow this information for us, we now have those permits,
19 every one of them, and to the extent we need them to do our
20 job.

21 Is that right?

22 GENERAL SULLIVAN: Yes, it is. And let me

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 reinforce that, and then I'll get to the other one. To the
2 best of my knowledge, we have the permits that we need.

3 I understand that because Missouri is a regulated
4 state regarding some of the environmental aspects of smoke,
5 that their permit is a little bit less open than Alabama, but
6 I believe we can get to the level of training we need with
7 the permits as I understand them, now. You know, as I have
8 seen them to this date. Now, certainly --

9 CHAIRMAN DIXON: Could I interrupt at that point,
10 general? You have legal counsel that advises you about these
11 matters, I take it?

12 GENERAL SULLIVAN: Yes, sir. Yes. Now, regarding
13 the second aspect of your question, I'm committed to
14 maintaining the essence of America's Army. And it troubles
15 me, obviously, when someone says that they think a move such
16 as this will put them into second-class citizenship in the
17 Army.

18 We're certainly not going to let that happen, and
19 I'm sure General Reimer, if he were here, would say the same
20 thing. I mean, we have seen a lot of change here in the last
21 four years, an enormous amount of change. And we have kept
22 the vibrancy and the credibility of this organization.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 And moving the chemical school and the MP school to
2 Fort Leonard Wood, in my view, will not be detrimental to
3 that in the long-term readiness of the United States Army.
4 And we will work -- and I know General Reimer will; I'm sure
5 I'm speaking for him -- to ensure that that just doesn't
6 happen. But it's important for me to hear. It's feedback.
7 And obviously, I'll take a look at it.

8 COMMISSIONER ROBLES: Thank you, Mr. Chairman. My
9 time has expired.

10 CHAIRMAN DIXON: Commissioner Montoya.

11 COMMISSIONER MONTOYA: Let me stay on the same
12 topic for a moment, general, but come at it from another
13 issue that has come to our attention, the issue of permits.
14 There's a real trap there, in that there in the world of
15 environmental issues, you get permits to construct things
16 which are fairly easy to obtain compared to permission to
17 operate things.

18 It's those operating permits that generally don't
19 come till after you finish construction or nearly the time
20 construction is done that really tie your hands. And so I
21 don't seek to tell you that you aren't getting good advice,
22 but I just mention that it's a long process and a very

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 unpredictable process.

2 And in that regard, I've seen correspondence where
3 the moving of the chemical school could, in fact, jeopardize
4 a remaining mission that you have in mind for Anniston, which
5 is the disposal of chemical stockpile.

6 The State of Alabama, I think, has written that
7 part of the conditions that they had contemplated in writing
8 permits or awarding permits for construction in later
9 operation was the assurances that there would be adequate
10 cleanup or reaction forces associated with the chemical
11 school if there were an accident or if there were a spill,
12 what have you.

13 And so they would reconsider issuing construction
14 and operating permits for your disposal activity at the
15 existing site. Can you address that for me?

16 GENERAL SULLIVAN: Well, I don't believe there's a
17 direct link between the two, although I understand that I'm
18 sure there is someone somewhere who is trying to draw that
19 link. But I don't believe there's a link between McClellan
20 and Anniston in that regard.

21 Now, to your other point, I'm not the lawyer here.
22 There's a lot of attorneys here in this room, and there's a

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 lot of attorneys that can handle the other aspects of it.
2 I'm aware of the pitfalls involved in a move such as this
3 with permits to construct and permits to operate. And there
4 will be views on all of that.

5 I think what the Secretary said is important. We
6 have proposed to move these two schools from Alabama to
7 Missouri because we feel that is the most efficient way to
8 operate three schools and the most efficient way to be
9 operating the Army.

10 We are not going to do it if it will jeopardize our
11 mission. And that -- we'll just have to play this out. I
12 believe we have what we need to do that now. Look, we're
13 walking a fine line here. I've got to get the money to run
14 this organization. And I think the way to do it is to get
15 out of McClellan.

16 COMMISSIONER MONTOYA: And general, I accept that
17 on its face. I'm not going to quarrel with that. What I'm
18 suggesting is, there are people in state government, and
19 there are environmental folks that could care less about your
20 money, your mission.

21 GENERAL SULLIVAN: Right.

22 COMMISSIONER MONTOYA: And they will stop you. As

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 sure as I'm sitting here, they will stop you. And I'm not
2 convinced that today, that your path is so clear that you
3 have the assurance that you can execute. That's this
4 commissioner's concern at this point in the process. I
5 haven't seen the evidence that you can execute,
6 notwithstanding your correctness.

7 SECRETARY WEST: Commissioner, if I might have a
8 chance to address that. I'm not the lawyer here, either, but
9 I am a lawyer. And the Chief and I have a number of lawyers
10 who have been addressing that very issue. That's one of the
11 reasons we wrote that condition into our approval. And I am
12 familiar with the very point you make. And we are very
13 careful about it.

14 That is why I've emphasized that. But I also don't
15 want to mislead you. It is true that we believe right now
16 that we have the permits we will need, and we also believe
17 that we will be able to carry through in the place that we
18 will move to. We were very careful about analyzing that.
19 And we realized that working through the permitting process
20 is a series of landmines.

21 It is why when we did the review, the Chief and I
22 asked the basic question which I suspect occurs to you as

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 well underneath all of this, which is, "Why would you leave a
2 place where you've got all your permits where you are able to
3 operate without legal impediment to go to a place where
4 you've got to go through the process that not only regulators
5 but those who come in to influence regulators, the public,
6 might somehow derail that effort?"

7 And the answer is, the logic of the move, the
8 savings, the intelligence in the way we can operate our force
9 dictate it. That being the case, we have walked as carefully
10 as we know how through the permits. And at this moment, we
11 are encouraged. We believe we are there in terms of what we
12 need now, and we believe we will continue to have the
13 cooperation of the receiving states' authorities, even though
14 there will from time to time be issues that arise.

15 SECRETARY WALKER: Commissioner Montoya, if I might
16 add one thing on the chemical demilitarization issue. The
17 Secretary of the Army is the executive agent for the
18 Secretary of Defense to build eight such chemical
19 demilitarization plants throughout the United States. And
20 the Army is committed in each one of those cases to provide
21 exactly the amount and the level of support that's needed for
22 the safe operation of those chemical demilitarization plants.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 In none of the other locations is there a military
2 base such as Fort McClellan. So we believe that it is not
3 required for the safe operation of the plants that we will
4 provide exactly the level of support that is required.

5 COMMISSIONER MONTOYA: And I accept that, too. The
6 issue is, will Alabama accept that. And they're on record
7 saying they won't. And we have 50 independent states like
8 you have 8 independent commissioners, and they don't always
9 work in concert.

10 One question to the depots, and it's a substantive
11 question. Again, looking at a total cost as we look at these
12 issues, we have some data that indicates that the cost of
13 unemployment compensation in the Army number is less than a
14 million dollars; the community's estimating costs that could
15 be in excess of \$50 million. And that presumes that none of
16 the people or very few of the people will move from one place
17 to the other.

18 That has two implications -- that great cost
19 disparity implication; the other one is, there is clearly
20 workload at Red River. Having been there, there is a lot of
21 work there and more work contemplated. Two questions: Can
22 you absorb the workload at Anniston that is there today?

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803
WASHINGTON, D.C. 20006

(202) 296-2929

1 And secondly, does your analysis indicate that
2 large numbers of people are going to move, or are you going
3 to be able to replace the skills -- if they don't move,
4 you're going to lose a tremendous resource. I was really
5 impressed with the people, by the way, at Red River, their
6 attitude, their management skills and approach.

7 You're going to lose a great resource, not only in
8 plant, but in people if they don't move. And have you
9 analyzed how you're going to make that up to handle that
10 workload? What is your view of those people?

11 SECRETARY WEST: Well, I was going to say,
12 commissioner, we share your view. That's one of our top
13 depots. They won an award. They are a fine representation
14 of employees and people who work for the United States doing
15 the United States' business and doing it well, and we're
16 proud of them.

17 We do not make this plan lightly. We make it in
18 view of the fact that if we are going to combine the depot
19 maintenance, we are driven to combine it at the facility that
20 has the heavy maintenance capability. And I think that's
21 sort of where we had to go on that.

22 COMMISSIONER MONTOYA: And you can do the work, you

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 think, with the people you've got at Anniston, or do you see
2 some growth in personnel?

3 SECRETARY WEST: Yes. Your question about
4 migration, for example, I don't know what our personnel
5 expectations are.

6 GENERAL SHANE: There's no question that we can do
7 the work, Commissioner Montoya. We looked at that. We
8 coordinated that with the Army Materiel Command. The
9 headquarters does that. Everything seems to be in place.

10 Your concern with regards to the 10 million and \$50
11 million difference that you brought up with regards to
12 working compensation, let me comment about that. Our numbers
13 -- and this is a point I think we need to keep in mind, that
14 the Army's numbers have been audited by the Army Audit Agency
15 and GAO at almost every step in the process.

16 So I feel fairly comfortable with the numbers. It
17 doesn't mean that we haven't collectively made a minor
18 mistake. But I think that those numbers are good for the
19 Army, 10 million is a good number. But regards to the work,
20 no question. Anniston can assume that workload.

21 COMMISSIONER MONTOYA: Thank you, Mr. Chairman.

22 CHAIRMAN DIXON: Thank you very much, Commissioner

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 Montoya.

2 Commissioner Kling.

3 COMMISSIONER KLING: One quick question back to
4 the chemical. Will a general officer be heading up the
5 Chemical Corps if it moves to Fort Leonard Wood?

6 GENERAL SULLIVAN: Yes.

7 COMMISSIONER KLING: Yes, it will be?

8 GENERAL SULLIVAN: Yes.

9 COMMISSIONER KLING: Thank you.

10 GENERAL SULLIVAN: Yes. Each of the schools will
11 be separate and distinct, I'm sure. Now, that doesn't mean
12 that there wouldn't -- you know, I think there will be some
13 management efficiencies which could take place, obviously,
14 since there would be overlap in some of the --

15 COMMISSIONER KLING: We had just heard that there
16 wouldn't be a general officer in that.

17 GENERAL SULLIVAN: You did?

18 COMMISSIONER KLING: That there would not be, and
19 that's really why I'm asking you. Let me turn to the matter
20 of the leases, if I could, a second. We have had a lot of
21 back and forth information, and I'm referring to ATCOM, which
22 you just, Mr. Secretary, briefly touched on the military

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 value of leases.

2 But the Missouri delegation and the community have
3 expressed their concern that the Army has not complied with
4 the Defense Base Closure and Realignment Act of '90. Can you
5 just explain why you believe that the Army's recommendation
6 concerning leases are consistent with the force structure and
7 the final selection criteria giving priority to military
8 value?

9 SECRETARY WEST: Yes, sir. And there are several
10 points to be made here, and then I think I will also defer to
11 General Sullivan, as well. First of all, the question is,
12 the military value of what? Are we talking about the
13 military value of the lease itself and the facility, as we
14 often do when we talk about the military value, say, of an
15 Army installation, the military value of Fort Bragg and all
16 those ranges and the like?

17 Because if we're talking about that, then the
18 military value of the leases in a building in essentially an
19 office setting is simply not that significant. No, I
20 overstated. It's not significant. So the only other
21 question, then, is the appropriateness of the economic
22 decision made there, the business decision, on the one hand

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 and of the implications of how we are organizing ourselves to
2 do the defense business.

3 That is, should ATCOM remain together for the
4 synergy of its many component parts; or if, as we're planning
5 to spin some things off, will that somehow lessen their
6 ability to do their job? And I think maybe you want me to
7 really get to that latter point.

8 So first of all, on the leases, as a business
9 matter, I would like to see the Army out of as many leases as
10 we could get out of. Now, that's simply not possible to do.
11 There are too many instances in which when you look at the
12 contrasting alternatives, it makes much better business sense
13 to be in that lease there.

14 That is not the case with ATCOM in St. Louis. It
15 does not make better business sense for us to be in those
16 high-cost leases. It makes better business sense if we have
17 a way consistent with the Chief of Staff's force structure
18 needs, to be somewhere in space that is on a post or that the
19 Army owns and where there can be some synergy with other like
20 activities.

21 And on the second part, a decision which
22 essentially moves components of ATCOM to do like things with

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803
WASHINGTON, D.C. 20006

(202) 296-2929

1 like components seems to us, again, to make sense in terms of
2 the needs of the Army at that time. And on those alignments,
3 I think I'm prepared to pass along to the Chief.

4 GENERAL SULLIVAN: I think leases, while important,
5 I think we need to just consolidate all of them as much as
6 possible.

7 GENERAL SHANE: If I could?

8 COMMISSIONER KLING: Yes, sir, General Shane.

9 GENERAL SHANE: Commissioner Kling, let me make a
10 comment on this. First, with regards to Missouri delegation,
11 as you recall, I provided I think it was a 14-page letter
12 which laid out the Army's position on that in detail. And
13 what I think the bottom line of that was is not a question of
14 criterias.

15 It's really a question of process and how you go
16 about assessing and going through the rigorous analysis of
17 coming up with the term "military value." With normal
18 installations, what we did, we use what we call the
19 "installation assessment plan." And we used a computer model
20 called Decision Pad to come up with a list of ratings based
21 on some attributes that were established.

22 The difference is the fact that we looked at each

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 individual list, but we did not necessarily use the Decision
2 Pad model or the installation assessment plan to do that. So
3 when I read through what the delegation was saying to me, I
4 think there may be a little bit of information here that was
5 kind of left out.

6 And that was the fact that they may just did not
7 understand clearly with regards to what military value was
8 and confused it with the issue of the installation assessment
9 of leases. So once again, I would ask that for testimony
10 today, that we provide for you or make a matter of record the
11 memorandum I provided to the Commission's staff.

12 COMMISSIONER KLING: That would be fine, sir.

13 SECRETARY WEST: Commissioner, there was one point
14 left untouched, and I should just make a note. The other
15 point, the utility of actually separating those units out,
16 separating aviation from troop support, which is what ATCOM
17 is right now. It's basically a combination of two different
18 functions.

19 What our proposal will do as part of the process
20 is, we'll return those to like locations. Aviation will be
21 with like activity. Troop support will be, I think, with the
22 solider support at Fort Nadick. And that makes sense to us

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803
WASHINGTON, D.C. 20006

(202) 296-2929

1 in terms of the synergy of those operations.

2 SECRETARY WALKER: Commissioner, if I might add
3 just one point on what the Secretary just said. In addition
4 to that, it results in a substantial cost savings. The
5 annual savings from the recommendation is \$56 million
6 annually once it's executed. That's 9 percent of the entire
7 savings of the entire package before the Commission. That is
8 a substantial savings in this one instance.

9 COMMISSIONER KLING: That's a good lead-in, Mr.
10 Secretary, to the second question. And this really is
11 getting down more to it. The Army estimates, as I understand
12 -- we have a slide here that we'll put up, but the Army
13 estimates that 786 civilian positions could be eliminated by
14 combining the aviation troop command and the missile command.

15 However, the community believes that the personnel
16 savings are significantly overstated, and from the 786, only
17 48 positions would be eliminated as shown on this slide in
18 which we may not be able to see, but I believe you all have
19 it in front of you.

20 CHAIRMAN DIXON: Do you have the slide?

21 GENERAL SULLIVAN: Yes.

22 COMMISSIONER KLING: I wonder if you might just

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 comment on each of these categories as we go down it,
2 Secretary Walker or whoever.

3 SECRETARY WEST: We'll let General Shane.

4 COMMISSIONER KLING: General Shane?

5 GENERAL SHANE: Commissioner Kling, let me discuss
6 that. First of all, let me state that the Army stands by its
7 number 786. And let me explain why. First of all, at every
8 juncture -- and I'll discuss each one of these points in just
9 a minute.

10 But at every juncture, once again, the Army
11 Auditing Agency and GAO checked our numbers. So they have
12 been validated by some analysts and reviewed. So we feel
13 pretty comfortable with regards to that. Let me give you
14 just a take.

15 First of all, we start with additional force
16 structure reductions. I would like to point out a couple of
17 things. They use in here the October '94 program budget
18 guidance, which talks to man years and dollars and not
19 authorizations. And they talk -- plus the February command
20 plan changes, which has not been confirmed by the Army.

21 So what we used was what we were directed to by
22 DOD, and that was the November '94 ASIP. And once again, we

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 stand by those numbers. The 205 you see here are not just
2 Army numbers. Those consist of Coast Guard, Air Force, Navy,
3 and other DOD people. So the 205 number, we simply do not
4 support that number.

5 The area support positions, the bottom line there
6 is the fact that once again, we do not support it because the
7 workload is being absorbed elsewhere. And we get down to the
8 last two areas which talk about 90 and 387 as base OPS
9 personnel.

10 What they're saying is the fact that you do not
11 recognize any savings when associated with streamlining,
12 downgrading, reengineering a headquarters, which was in our
13 proposal.

14 And we simply have discussed this in detail with
15 the major command, and they agree that these numbers here are
16 overstated. So the bottom line is, the 48 number which they
17 say which constitutes no savings for the Army is not correct.

18 COMMISSIONER KLING: The biggest numbers are the 90
19 and the 387. And what you're saying to me, I believe, if I
20 would understand from a business life, is that you absolutely
21 are going to be instructing when the move takes place that
22 these positions are not to be filled, period?

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 GENERAL SHANE: That's correct. That's correct.

2 COMMISSIONER KLING: So you stand by the fact that
3 these -- we will not be replacing these numbers of people
4 when this move is done?

5 GENERAL SHANE: That's correct. And I have
6 personally gone down and talked to the commander of MICOM,
7 Major General Link, and discussed this issue with him in
8 talking about this in conceptual terms. And we feel
9 comfortable with our number -- 786 is the right number.

10 SECRETARY WALKER: Commissioner, if I might add one
11 thing. After this list was submitted to the Commission, the
12 staff continued to work on looking at the estimates to make
13 sure that they were correct. This has been revised downward.
14 The original estimate was for 1,022 personnel savings. And
15 we have looked at it again, and the current estimate is 786.
16 So we have taken into account those concerns in the
17 recommendations.

18 COMMISSIONER KLING: I guess the other point is the
19 savings.

20 SECRETARY WALKER: Yes. And as a result of that,
21 we still found that the savings not only held up but
22 increased. The original recommendation indicated that annual

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 savings would be 46 million. We now calculate those savings
2 to be 56 million annually after completion.

3 SECRETARY WEST: So the bottom line, commissioner,
4 is every time we review this, it looks better to us.

5 COMMISSIONER KLING: I've been told my time has
6 expired, so Mr. Chairman, I turn it back to you. And by the
7 way, gentlemen, I certainly thank the Army. In all the
8 visits we had, the people were splendid. The Corps is
9 wonderful. It has been a great experience.

10 GENERAL SHANE: Thank you.

11 CHAIRMAN DIXON: Thank you, Commissioner Kling.

12 General Sullivan, you made an interesting remark in
13 your presentation about the fact that this is the last BRAC.
14 And, of course, you and I know that under law, it is the last
15 BRAC. Have I shocked you? You did make that --

16 GENERAL SULLIVAN: Yes, I did.

17 CHAIRMAN DIXON: Now, let me make this observation.
18 It clearly is the last BRAC provided by law. There isn't any
19 question that we have got a 40 percent reduction in
20 authorized and appropriated amounts. There isn't any
21 question we have got a 30 percent force level reduction.

22 There isn't any question we haven't come up to the

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 mark in this BRAC round even if we exceeded the
2 recommendations of the Department of Defense to take care of
3 the excess capacity. I believe all that's a given. But you
4 interrupt me if I'm wrong. I'm shocked to see staff show me
5 figures that show we're back down to about the 1950 level. I
6 think that's regrettable, if it's factual.

7 But I think the trend does not look very good.
8 Were it up to me, I would advise differently, but I'm
9 satisfied that Congress is doing nothing more but reflecting
10 the views of their constituency and, for the time being, we
11 have to live with that.

12 In any event, it brings me to this point.
13 Obviously, no one would tolerate another BRAC in a couple of
14 years. I think everybody has a belly full of this for right
15 now, and I can understand why. Certainly, the Chair has a
16 belly full of it. But it occurs that there's a lot of excess
17 capacity out there still to be looked at again.

18 There has been some discussion about the
19 possibility of maybe after a couple of Presidential elections
20 intervene and the dust settles and everybody has had an
21 opportunity to review their own house again -- maybe I'm
22 throwing out a figure of something like 2001, there's an

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 election in '96, and there's an election in 2000.

2 And by that time -- and that's the end,
3 incidentally -- I believe I'm correct -- that's the end of
4 the reach of these BRACs, 2001. So it strikes me that out
5 there six years away where nobody needs to lie awake nights
6 right now, maybe we could look at this again. And I only ask
7 you -- you're leaving in six days. You don't have a dog in
8 this fight. What do you think of that?

9 GENERAL SULLIVAN: I think the way you're going is
10 probably the right line of reasoning. Certainly, nobody
11 knows what the dollars are going to do. But if they continue
12 to go down, the only way to do it is to have a BRAC
13 Commission, in my view.

14 CHAIRMAN DIXON: Well, I don't want to have one
15 sitting around for six years.

16 GENERAL SULLIVAN: No, no. I mean, if you were to
17 ask me, "Okay, what would you recommend?" I would recommend
18 that after this all runs its course, then consider
19 resurrecting the Commission.

20 CHAIRMAN DIXON: Thank you. Let me ask you another
21 thing. We have seen here -- I don't mean this as any
22 reflection on you -- a lot of changes in the evolution of the

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 BRAC process. You know, you take off things, you put them
2 back on, you realign, you realign again, you subtract, you
3 add to. I'm not finding fault with that.

4 Now, there may be some of that after this, and the
5 question has occurred to us, without reaching out beyond what
6 you've done, we are thinking we need to address how you make
7 changes in BRAC over the next six years. If you want to come
8 to us, say, "We have kind of looked at this again, and this
9 needs a little bit more tuning up."

10 So do you think that's something we -- the reason I
11 ask all these things, Senator Thurmond has asked us to come
12 in about the middle of July when the dust has at least
13 partially settled if we can get back into town, and we'll
14 wear bulletproof vests and come in in the dead of night like
15 Abraham Lincoln did after the election that time over 100
16 years ago. But if we do that, is that a thing we should be
17 looking at?

18 GENERAL SULLIVAN: In my opinion, it is. I think
19 the leaders of these organizations need the flexibility to
20 manage their assets so that they can hold these organizations
21 together. And I can't predict -- I don't think anybody can
22 predict what's going to happen here. And I think there has

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 to be some mechanism so we can move things around.

2 I think Commissioner Montoya's question is
3 certainly -- look, we're paying attention to that. Now, we
4 don't want to slavishly hold to preconceived plans or
5 preconceived notions if it doesn't seem correct. And locking
6 us in, fencing us in, will be dysfunctional. Could be.

7 CHAIRMAN DIXON: And Secretary, you're nodding
8 "yes." If you have anything you want to --

9 SECRETARY WEST: No. On a different matter, your
10 comment about the Chief not having a dog in this fight, of
11 course, we know how he feels about the Army. He always will
12 have a dog in this fight.

13 CHAIRMAN DIXON: Oh, I understand that. Well, we
14 respect and love him for it. Now, I'm going to ask two more
15 questions. They're highly repetitious. But, you know, by
16 now, let's all be adults about this. We know what the hot
17 spots are around here. And everybody knows that some things
18 are not going to be a lot of trouble, and other things are
19 highly controversial. Let's face that.

20 Now, the fight between Alabama and Missouri has
21 gotten into the national magazines and everything else. And
22 it's a pretty good fight, and I respect both sides for going

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 at it and making their best cases. Now, challenges are
2 taking place before the commissions right now at the
3 administrative level. I have no doubt this is going into
4 courts and so forth. I'm a lawyer. That's how I make my
5 living in my other life.

6 But you fellows are here saying that you stake your
7 reputations on the fact that what you have now, the permits
8 you have now satisfy the Army regarding this matter.

9 SECRETARY WEST: To the extent we know and with the
10 advice we have, which yes, as you pointed out, does include
11 our counsel.

12 CHAIRMAN DIXON: Well, I want to tell you
13 something. We're going to start voting next Thursday, the
14 22nd day of June. And I ask you both, General Sullivan and
15 Secretary West -- let's see; you're going to leave here six
16 days from now -- but I would ask you all to let us know if
17 there's any changes in this. Because as far as the Chair's
18 concerned, I indicate not at all how we'll vote. There may
19 even be divisions here.

20 But the point is, I act on the assumption you're
21 saying you're satisfied about the permits on whatever this
22 chairman finally will do.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 SECRETARY WEST: And that's a correct assumption,
2 sir.

3 CHAIRMAN DIXON: Now, finally, I want to make this
4 clear in my own mind. There's a lot of discussion here. All
5 my colleagues have asked these questions. These questions
6 are in our mind. You have five depots out there, and we all
7 know we're looking at good stuff now. I've said from the
8 beginning, "Hey, you have an '88 round; you have a '91 round;
9 you have a '93 round."

10 I played baseball and sports when I was a kid --
11 not so good -- but I remember, you had a bunch of cuts. By
12 the time you got the cuts finished, you had what you thought
13 was your team left. And this is the fourth cut. All this
14 stuff's good. Most of these places have had awards of
15 excellence and all kinds of tributes to the fine work they
16 do, right?

17 GENERAL SULLIVAN: Right.

18 CHAIRMAN DIXON: Now, you've got five depots out
19 there, and you're telling us with the excess capacity you've
20 got, you can live with cutting out two and having three left.

21 SECRETARY WEST: Yes, sir.

22 CHAIRMAN DIXON: And you are saying to us that

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 that's better than downsizing, so far as the Army is
2 concerned, without any judgement of what some other service
3 may do?

4 SECRETARY WEST: Yes, sir. That is exactly what
5 we're saying.

6 CHAIRMAN DIXON: You say you save money by closing
7 and not downsizing.

8 SECRETARY WEST: Yes, sir.

9 CHAIRMAN DIXON: You've looked at downsizing?

10 SECRETARY WEST: By "downsizing," you mean simply
11 shrinking the particular five to a smaller size?

12 CHAIRMAN DIXON: Get them smaller and in place.

13 SECRETARY WEST: We have, and we have concluded
14 that that is not the way to go and that those who may be
15 going that way are not making as good judgements as we are.

16 (Laughter.)

17 CHAIRMAN DIXON: Well, that's a stronger response
18 -- I'm a luckier lawyer than I thought I would be on that
19 one.

20 (Laughter.)

21 CHAIRMAN DIXON: The Chair recognizes Commissioner
22 Davis.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 COMMISSIONER DAVIS: From the United States Air
2 Force.

3 (Laughter.)

4 SECRETARY WEST: Who are, incidentally, making fine
5 judgements.

6 COMMISSIONER DAVIS: Formerly of the Air Force.
7 First, I would like to join my colleagues up here in wishing
8 General Sullivan well. And we hope that he doesn't go away,
9 that he provides his advice and counsel for years to come.

10 GENERAL SULLIVAN: Thanks.

11 COMMISSIONER DAVIS: Mr. Secretary, I'm going to
12 have to beg your indulgence. You know, it's a wonderful
13 thing when -- the commissioners are really worried that
14 either agreeing with you or not agreeing with you would do
15 severe damage to your capability. And I recognize the job
16 General Sullivan and you have done in trying to map this
17 strategy out.

18 I also recognize that your budget flex is not very
19 high and that if you don't get the savings, you probably
20 jeopardize your readiness and your modernization accounts,
21 which is really very critical. By the same token, as you can
22 see, we're not up here to challenge the U.S. Army on their

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 depot choices.

2 We're just worried that we leave you with the
3 proper capability when we're finished. And natural disaster
4 has already been covered rather well. And that's something
5 we should worry about.

6 Let me ask you another question in sort of a
7 counter-natural disaster question. Given that you -- if Red
8 River is closed and Anniston will be almost completely at
9 capacity by shifting the workload, have you considered using
10 Letterkenny as a backup to increase their workload with some
11 other vehicles -- the Palladin runs out in, I think, '97 --
12 if you just do the active Reserves, you do the Guard and
13 Reserve, then you've got a continuing Palladin, so we're told
14 by Letterkenny -- and increase it with something like some
15 other vehicle like the Bradley fighting vehicle or something
16 like that?

17 SECRETARY WEST: We have looked at a lot of
18 different options, commissioner. That is one we specifically
19 have not chosen. As you know, we are realigning Letterkenny,
20 or at least we are proposing to. The Palladin, incidently,
21 is, in our view, not jeopardized by this. It will be done by
22 the time these occur.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 And so my answer is, no, using Letterkenny in that
2 capacity is not our plan. I think, however, your reference
3 to natural disasters and the like, again, maybe you want to
4 hear a little bit more from us on that point. And I'm going
5 to let the Chief respond.

6 COMMISSIONER DAVIS: Well, we're all concerned
7 about your surge capacity. You know, if you close a depot,
8 whether it be Red River or some other one, your surge
9 capacity has been properly protected.

10 SECRETARY WEST: Surge capacity is one of the
11 things we spend the most time thinking about.

12 GENERAL SULLIVAN: Yes, we worry about that. I
13 think a million men and women in the United States Army, 10
14 divisions, is the -- I don't need to go through that litany
15 with you, because you know it. And I'm down here -- we are
16 right at the edge of taking more force structure and getting
17 into some big-time cuts here.

18 And I think, frankly, that this is the best
19 approach. And it wasn't easy to take eight divisions out of
20 the United States Army and 600,000 people. And we have got
21 to have this kind of money. And, as the chairman pointed
22 out, nobody knows where these dollars will go in the future.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 And that's really what we're after.

2 And when surge -- we'll have to take care of surge
3 and figure it out. I think we can figure it out, when push
4 comes to shove. I'm sure American industry -- corporate
5 America has always been with us, and we're gong to be able to
6 handle it in corporate America.

7 COMMISSIONER DAVIS: As a follow-on, General
8 Sullivan, then, the latest study indicates that we ought to
9 do more privatization. Would that be part of your scheme?

10 GENERAL SULLIVAN: In that case, in the surge case.
11 You know, some natural disaster, which you're hypothesizing,
12 I would figure something out. And then I'm sure somebody
13 would step up and say, "Chief, we can handle that; give it to
14 us."

15 COMMISSIONER DAVIS: Well, I hope you take comfort
16 from the fact that we're worrying about this almost as much
17 as you are.

18 GENERAL SULLIVAN: I do, and I appreciate your
19 concerns. And as you know, J.B., I'm trying to balance all
20 of this to do what I have to do in the larger sense, which is
21 to provide an Army which is capable of doing what the country
22 wants it to do and not work on the margin in the total sense.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 These are big dollars. They're not marginal
2 dollars. But they start cutting into readiness. I
3 understand readiness when you get into war, but some of these
4 things, natural disasters, I think I can overcome.

5 COMMISSIONER DAVIS: Yes, sir. Now that I've got
6 the big question off our minds, some lesser ones. Does the
7 recent sarin incident trouble you in the movement of the
8 chemical training facility?

9 GENERAL SULLIVAN: No. The recent sarin incident
10 troubles me, but moving the chemical -- I've moved divisions
11 all over the place. I've moved hundreds of thousands of
12 troops. We're not going to lose our capability vis a vis
13 that issue by moving from Alabama to Missouri or moving from
14 Alabama to anyplace. I'll keep the capabilities I need, and
15 we know how to do this kind of stuff.

16 COMMISSIONER DAVIS: All right, sir. The Michigan
17 delegation yesterday talked about the Army pulling its
18 garrison out of Selfridge, and they were worried about who
19 was going to pick up the process. And, of course, I think
20 the Army's the only one that has any active duty people at
21 the Selfridge station. Is that, in fact, true, and where
22 should we go on that one?

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803
WASHINGTON, D.C. 20006

(202) 296-2929

1 GENERAL SULLIVAN: Jimmy, you may want to talk to
2 that.

3 COMMISSIONER DAVIS: You may want to provide it for
4 the record, Jim.

5 GENERAL SHANE: This is General Shane. I would
6 prefer to comment on the record in writing, if I may.

7 COMMISSIONER DAVIS: Sure. And my last question
8 is, according to the Army data, the Sierra Army Depot's the
9 only Army installation out of which START Treaty mandated
10 destruction of rocket motors can be carried out. How is the
11 Department of Defense -- Mr. Secretary, if you close Sierra
12 Army Depot, how is the Department of Defense going to -- are
13 they going to recertify another depot?

14 SECRETARY WEST: I would think so. I think we have
15 an alternative to it. I just don't know what it is right off
16 the top of my head, commissioner.

17 Do you know, Jimmy?

18 GENERAL SHANE: I really don't know the answer to
19 that. But I think it's not being closed, and I think we need
20 to specify for the record it's being realigned. So there's a
21 big difference.

22 COMMISSIONER DAVIS: But the capability there --

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 GENERAL SHANE: But the capability there with
2 regards to that --

3 GENERAL SULLIVAN: We'll give you an answer.

4 COMMISSIONER DAVIS: All right, sir. And, Mr.
5 Secretary, one final question. I'm sorry. I had to leave
6 the dais for a second. But you do not plan to close English
7 Village under the current plan?

8 SECRETARY WEST: We had been negotiating with the
9 National Guard about English Village before we made our
10 recommendation on Dugway. And, quite frankly, commissioner,
11 we believe that what we announced on Dugway probably had some
12 impact on how that was going forward.

13 It is our desire to keep English Village available.
14 The question is, who will keep it available. It is our hope
15 that that will be transferred to the Guard.

16 COMMISSIONER DAVIS: So it's the intent for the
17 U.S. Army to keep it open, but who funds it is at question?

18 SECRETARY WEST: The intent is to pass it over to
19 the Guard.

20 COMMISSIONER DAVIS: Thank you very much, sir.

21 Mr. Chairman, I yield the rest of my time.

22 CHAIRMAN DIXON: I thank you very much,

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 Commissioner Davis.

2 Commissioner Cox?

3 MADAME COMMISSIONER COX: Thank you. Mr.
4 Secretary, both you and the chairman have eloquently pointed
5 out that we have to make do with less. And one of the things
6 that we seem to be doing successfully DOD-wide is taking
7 advantage of our Reserve components.

8 And we have seen that in several facilities, both
9 facilities and in several incidents over the last couple of
10 years how important the Reserve and Guard are to our efforts.
11 And for that reason, I want to ask you some questions about
12 some of the training ground recommendations that you've made
13 because, as we continue to rely even more on the Reserve
14 components, it's obviously important that they be well ready
15 and trained.

16 You all have proposed not closing exactly but
17 realigning, I take it, and enclaving Fort Pickett, Fort
18 Chaffee, and Indiantown Gap. My understanding in talking to
19 folks who train there today is that your proposal is not that
20 we close them but that they enclave those training areas and
21 facilities which are needed so that we will have those
22 training grounds but that it be funded and run by our

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 Reserves and the National Guard.

2 In each case, in Indiantown Gap, my understanding
3 is they're looking at almost 100 percent of the facilities
4 and land being enclaved; at Fort Pickett, somewhere between
5 85 and 95 percent; and I'm not as clear at Fort Chaffee what
6 kind we're looking at. So we're essentially looking at
7 keeping the whole thing but running it differently, for which
8 we saw an enormous amount of savings.

9 I wonder if you might comment on, I guess, just
10 sort of an overall concern that if we're not closing them and
11 we're going to be running 85 or 100 percent of them, where do
12 we really get the savings in having the Guard run it versus
13 the Army?

14 SECRETARY WEST: Well, I'm not sure about the 100
15 percent versus 85 percent looking at the numbers. But the
16 question for us is always the same one, commissioner. It is
17 whether we are operating the particular facility or
18 installation in a way that reflects present-day realities,
19 both in terms of our use of our personnel and of our funding.
20 And the fact is that in each case, yes, we do show savings,
21 because the savings occur because we take away some
22 housekeeping and post-oversight authority and those kind of

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 support facilities and turn it into solely the operation for
2 which it's going to be used.

3 That's what the enclaves say. The enclaves say
4 there is a lesser mission, there is a portion of it that's
5 less than the whole that can be isolated. If isolated, we
6 can better cost it out, better trace where the funding needs
7 to be, and also take away the incidentals that are no longer
8 necessary there.

9 Your point, I think, is are we somehow pushing this
10 off into a budget item under different colors.

11 COMMISSIONER COX: Yes. If you're enclaving 85 to
12 100 percent of it, and, for example, at Fort Indiantown Gap
13 you don't have a number of the things that you might consider
14 quality of life, so there aren't sort of post things that
15 could go away, you do wonder.

16 From our perspective, and I understand you're
17 looking at it from an Army perspective, we're looking at it
18 as an overall government-wide expenditure on important
19 training. Just moving it to somewhere else doesn't help us.

20 MR. WEST: Well, it does. It makes the people who
21 use it, and who are therefore funding it, a little bit more
22 careful about how much funding they wish to lavish on it.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 Basically, the way I think, now you've got me on a broader
2 philosophy, a philosophical point, and I think I better get
3 off it pretty quickly, but basically I think the way we
4 protect the integrity of the federal budget is by making
5 individuals, individual organizations, entities of the
6 Executive Branch responsible not only for being the
7 proponents but the explainers of how they spend their funds.

8 In this instance, sure, we may be moving
9 responsibility over to someone, but it is the very someone
10 who should be responsible for looking at how that is going to
11 be used. At the same time, we are going to realize savings.
12 I think what you would like to know is whether the number, in
13 terms of savings to the Federal Government or the Department
14 of Defense, is exactly the same as the savings we show to the
15 active Army and whether there is maybe a smaller increment
16 there, because I am convinced that there is an increment, and
17 it is significant enough for us to propose this change to
18 you.

19 GENERAL SULLIVAN: It's about 50 -- you take all
20 three of them. If we could do what we wanted to with all
21 three, it's about 50 million a year.

22 COMMISSIONER COX: To the Army?

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 GENERAL SULLIVAN: Yes.

2 COMMISSIONER COX: With the National Guard, as I
3 understand it, and --

4 GENERAL SULLIVAN: I've got some MPA and O&M costs.
5 I've got some MPA, military personnel, in there. So I would
6 say that their costs, they're there anyway in most cases, so
7 their costs are already accounted for.

8 COMMISSIONER COX: My understanding, and maybe we
9 could ask the general of the National Guard, as I see is
10 here, is that they're looking at costs of about \$29 million
11 or so for running these three facilities. Maybe that's a few
12 other facilities too?

13 BRIGADIER GENERAL SHANE: Commissioner Cox,
14 Brigadier General Shane. Let me touch on that.

15 COMMISSIONER COX: Surely.

16 BRIGADIER GENERAL SHANE: In our analysis, we need
17 to point out that in the COBRA runs, we put aside \$20 million
18 to run those three installations. I think if you talk to the
19 National Guard, General D'Araujo is here, he'll tell you his
20 requirement is about \$21.6 million for those three
21 installations. So it's in the ballpark.

22 This is not done in a vacuum with regards to the

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 requirement for training. We've coordinated and I've talked
2 direct with the National Guard. The bottom line is there are
3 some missions here that we need to divest ourselves of, that
4 he doesn't want to do. We don't to do them and we don't want
5 to pay for them. That's the thrust of our recommendation
6 here.

7 COMMISSIONER COX: And when you say, and maybe we
8 should ask D'Araujo here as well -- in fact, could I ask you
9 if you feel comfortable? Brigadier General Shane has just
10 indicated that the funding is at about \$20 million for the
11 National Guard. That is for this year or is that over a
12 period of time? How does that work?

13 BRIGADIER GENERAL SHANE: That's to establish the
14 enclaves and to operate the enclaves.

15 COMMISSIONER COX: To establish the enclaves.

16 BRIGADIER GENERAL SHANE: That's programmed in the
17 operating costs for that.

18 COMMISSIONER COX: And, General, do you feel
19 comfortable that you can continue to run the training areas
20 that you need and that others who train there need, and that
21 you'll be able to get that money?

22 MAJOR GENERAL D'ARAUJO: Yes. The figures that you

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 just heard about, \$21 million, is our estimate for the
2 operating costs for the three installations you referred to
3 based on the minimum essential enclave we feel we need to
4 support, our weekend and annual training requirement.

5 CHAIRMAN DIXON: May I interrupt? For the record,
6 that's MG John R. D'Araujo, Director of the Army National
7 Guard. Does the reporter have all that? Could the reporter
8 hear the distinguished general's remarks?

9 MG D'ARAUJO: I think so, sir.

10 CHAIRMAN DIXON: Well, we don't want to think so.
11 I respect that.

12 COMMISSIONER COX: Actually, I'm having a hard time
13 hearing the general's remarks.

14 CHAIRMAN DIXON: It's my responsibility to reserve
15 the integrity of the record here. State your name. Have you
16 been sworn?

17 MG D'ARAUJO: Yes, I have. Let me restate what I
18 just said.

19 COMMISSIONER COX: Thank you.

20 MG D'ARAUJO: General Shane's comments are correct.
21 What we've identified are the enclaves we require for our
22 IDTR weekend and annual training requirements to support the

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 Guard forestructure as we see it unfolding through the years.
2 Our estimates for those enclaves that we've defined working
3 with the Army runs about \$21 million for those three
4 installations you referred to.

5 COMMISSIONER COX: For those three installations?

6 MG D'ARAUJO: That is correct.

7 COMMISSIONER COX: And are you comfortable that
8 those annual costs of \$21 million, presumably saving the Army
9 something more than \$21 million, will be forthcoming?

10 MG D'ARAUJO: I expect that they will be, yes.

11 COMMISSIONER COX: GEN Sullivan, you will be gone,
12 but some of the rest of you all -- will you be supporting
13 that request?

14 MR. WEST: Well, let me just say, as the Secretary
15 of the Army, I'm responsible for all three components and
16 their budgets. So either General D'Araujo is speaking with
17 my authority or I'm speaking in support of him.

18 COMMISSIONER COX: And you do support him?

19 MR. WEST: I support him. Secretary Walker, let me
20 add that we've been working very closely with the Director of
21 the National Guard as well as with the state tags. The \$20
22 million will be forthcoming, I can assure you, in the future

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 budget programs.

2 COMMISSIONER COX: But that's a one-time cost.

3 MR. WALKER: No. That's an annual cost of
4 operation, I believe; is that correct?

5 COMMISSIONER COX: I'm sorry. The COBRA was -- the
6 \$20 million, what was that that General Shane referred to?

7 BRIGADIER GENERAL SHANE: That's the programmed
8 operating cost to operate the enclaves we're leaving behind.

9 MR. WEST: That's correct.

10 COMMISSIONER COX: And you all feel comfortable
11 that that money -- you all will support each other in asking
12 the Congress for that money; is that correct?

13 MR. WALKER: The continuation of this training is
14 important in those locations. There's no question.

15 COMMISSIONER COX: As I understand it, there are a
16 number of other services training there as well, not just the
17 Army Guard. The Navy has got some training at some of these
18 facilities.

19 GENERAL SULLIVAN: The Marines.

20 COMMISSIONER COX: The Marines have some training
21 at some of these facilities. Have you been coordinating with
22 them, and are you comfortable that that training will

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803
WASHINGTON, D.C. 20006

(202) 296-2929

1 continue to be accomplished at a reasonable cost?

2 GENERAL SULLIVAN: That's at Pickett, yes. That's
3 where they do most of -- the Marines do a lot of training at
4 Pickett. We're working that action.

5 COMMISSIONER COX: And are those costs including --
6 your \$21 million is the National Guard cost?

7 MG D'ARAUJO: That is correct.

8 COMMISSIONER COX: Are the costs for the Marine
9 training, I think the Navy Seals training at Fort Pickett,
10 are those also included in that \$21 million that's in the
11 COBRA? That's in addition?

12 BRIGADIER GENERAL SHANE: What you're talking about
13 are reimbursable expenses, but you're not including the COBRA
14 model.

15 COMMISSIONER COX: Right.

16 BRIGADIER GENERAL SHANE: So we would expect the
17 Navy, the Marines to reimburse the National Guard for
18 training opportunities.

19 GENERAL SULLIVAN: Whatever they do there, they
20 would reimburse them. That's in their budget line.

21 COMMISSIONER COX: And the National Guard, when
22 you're looking at enclaving and picking up the \$21 million

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803
WASHINGTON, D.C. 20006

(202) 296-2929

1 cost, I assume if you're not enclaving 100 percent of it, you
2 are enclaving enough that it would also cover the training by
3 the Marines and the Seals.

4 GENERAL SULLIVAN: Sure.

5 COMMISSIONER COX: So, virtually all training that
6 is going on today at Pickett, Indiantown Gap and Chaffee will
7 continue at Pickett, Indiantown Gap and Chaffee?

8 GENERAL SULLIVAN: I don't know. I wouldn't want
9 to sign up for that, but I would sign up for if whatever the
10 MEF is on the East Coast, if CG of the Marine forces on the
11 East Coast wanted to do training at Fort Pickett, he would
12 come up and negotiate with the commander of Fort Pickett
13 United States Army National Guard and he would, in fact,
14 reimburse him or her for whatever training he did as
15 appropriate out of his training funds, as would the regular
16 Army.

17 If the active Army wanted to go in and jump, as the
18 82nd does or 18th Airborne Corps, they would pay the Virginia
19 National Guard so much to do whatever they do. It would be a
20 business operation, but it would not be in this -- I urge you
21 not to try to relate \$20 million to 50 because there's no
22 correlation.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 COMMISSIONER COX: That's part of what I'm
2 concerned about, unfortunately.

3 MR. WEST: I think we can certainly agree with you
4 on two points. One, yes, we've made our best good faith
5 effort to enclave sufficiently so that the training that
6 needs to be done by the Guard Bureau and those can be done.
7 Secondly, you are right, I think, that there may indeed be
8 other costs to the United States Government that don't get
9 caught up in what we've said here. But it is our belief that
10 the savings exist nonetheless and that we can isolate those
11 costs, try to get them together so that you'd see it.

12 COMMISSIONER COX: That would be helpful.

13 CHAIRMAN DIXON: Now let me say this, if the Chair
14 may interrupt. We only have 12 minutes left and I'm going to
15 honor the right of my last commissioner to ask questions.
16 But two commissioners have now indicated they would like to
17 send you some questions in writing.

18 It occurs to me, if my colleague would accommodate
19 me, that Commissioner Cox could pursue this assiduously
20 working with staff to get to the finite results of what she
21 wants in writing with you folks. I know Commissioner Kling
22 has questions in writing. So there may be others.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 I'm sure you're all willing between now and the
2 22nd day of this month to answer those questions because her
3 line of questioning is certainly important to us. Thank you
4 very much, Commissioner Cox.

5 Commissioner Cornella.

6 COMMISSIONER CORNELLA: Thank you, Mr. Chairman.
7 GEN Sullivan, I have to empathize with you today. I can't
8 think of anything, if I were in your position, that I'd care
9 less about doing than appearing before this Commission. With
10 six days left, I would hope the next five days are nothing
11 but military bands, troop reviews and ticker tape parades.

12 GENERAL SULLIVAN: Thank you, sir.

13 COMMISSIONER CORNELLA: GEN Shane, I'm a poor
14 stenographer, but you said a few minutes ago, in regard to
15 the question on depots that -- and I believe I have you
16 quoted correctly here. You say we looked at that. We
17 coordinated with the Army Materiel Command and everything
18 seems to be in place.

19 I would want to say in response to some earlier
20 discussion that the reason for this commission is to
21 challenge the recommendations of the Departments. It's not
22 to question judgment as much as it is to, I think, question

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 the recommendations. If that was not necessary, I guess this
2 Commission would not exist.

3 Now, I would like to put up a slide that is not of
4 six months ago but is of less than or about two weeks ago. I
5 hope you can read it. It says "closing Red River and Letter
6 Kenny proposes unnecessary risks to concentrating all ground
7 combat workloads into Anniston." That quote is from Michael
8 Sandusky, Chief, Special Analysis Office, Headquarters, Air
9 Material Command.

10 I know we've been very careful here today to talk
11 about acceptable risks. I think there's a tremendous
12 difference between acceptable risk and unnecessary risk. So
13 could you respond to that slide, GEN Shane?

14 (A slide is shown.)

15 BRIGADIER GENERAL SHANE: Well, the first thing I
16 would say is I disagree with it. I think unnecessary is a
17 term that is subjective in nature and views one's own
18 personal opinion. Now, when we looked at that and we shared
19 that with Mr. Sandusky -- and we're very well familiar with
20 the 43 percent requirement for wartime requirements. I think
21 if you talked to him, what he would tell you is the fact that
22 there are surge capability at Anniston because -- that allows

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 us to do the workload that we have programmed. So that's my
2 comment.

3 COMMISSIONER CORNELLA: But now you can see through
4 the slide what we have to deal with.

5 MR. WEST: Commissioner, may I add a point?

6 COMMISSIONER CORNELLA: Yes, sir.

7 MR. WEST: Once we consolidate at Anniston, it is
8 our prediction it will operate at about 78 percent of its
9 capacity with just one shift working one normal eight-hour
10 day, 78 percent of its capacity.

11 COMMISSIONER CORNELLA: You mean after this --

12 MR. WEST: After the consolidation.

13 COMMISSIONER CORNELLA: If the BRAC follows your
14 recommendations, it will still only be on one shift 78
15 percent?

16 MR. WEST: One shift, 78 percent of its capacity,
17 eight hours a day, five days a week. We believe it can
18 handle the wartime requirements of two MRCs by adding a
19 second shift with minimal overtime. We believe if we did
20 that we could actually exceed those requirements by expanding
21 to a seven-day operation.

22 Now, it seems to me that we've given a lot of

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 thought to this. This is our thinking. I can't give you a
2 guarantee. What I can tell you is those are our numbers, 78
3 percent after consolidation, these kinds of plans if we have
4 to meet surge. As I said before, surging is something that
5 the Army thinks a whole lot about.

6 COMMISSIONER CORNELLA: Thank you. I want to move
7 into another area, and that's ports. Defense officials, port
8 authorities and community groups have defended military
9 ownership of continental U.S. ocean terminals with the
10 arguments that the flexibility of staging on-site equipment
11 on short notice, the security of military property and the
12 capability to handle overweight, outsized and noncontainer
13 equipment give military ports unique advantages unavailable
14 at commercial ports.

15 Now, GEN Sullivan, a few moments ago you talked
16 about the importance of sustainment. I think sustainment
17 also plays an important part in ports, does it not, sir?

18 GENERAL SULLIVAN: Yes, it does, and if you --
19 look, I'm one of the strongest supporters of retaining
20 Oakland. What you have is, as I'm sure you know, on the East
21 Coast and the Gulf ports, you have a lot of ports that we
22 can, in fact, outload outsized cargo tanks, Howitzers and so

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 forth and so on.

2 In my view, and the numbers show this, I believe,
3 it was prudent for us to close Bayonne. We didn't need
4 Bayonne. The West Coast is not quite as rich without ports
5 for any number of reasons, not the least of which is harbors,
6 which is really not my profession, but that's a fact on the
7 West Coast. Because of that, I felt we needed Oakland.

8 COMMISSIONER CORNELLA: When you say you didn't
9 need Bayonne, do you mean because of Sunny Point?

10 GENERAL SULLIVAN: I can use Sunny Point. I can
11 use Charleston, Savannah. We outloaded the 24th out of
12 Savannah, Charleston. We can use the Gulf ports, Galveston,
13 Houston, on and on and on, New Orleans. We've got
14 Jacksonville. I mean, there are a lot of ports that we can
15 use. The Marines have Blount Island. There's just a lot of
16 capacity.

17 COMMISSIONER CORNELLA: Now is there a problem,
18 though, getting into civilian port if no national emergency
19 is declared, not in the case of Haiti?

20 GENERAL SULLIVAN: Not in the case of Haiti. I
21 outload out of Savannah all the time, and we haven't had any
22 problem, Wilmington. The Marines, we're in and out of

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 Wilmington and Savannah and Charleston all the time.

2 COMMISSIONER CORNELLA: Could I have the slide for
3 the 12 Division Force, please? This is the slide that we
4 were briefed by the Army in Oakland when we made our base
5 visit. It shows the 12 Division Force and we were given the
6 argument of the necessity of Oakland Army Depot because of
7 the deployment of the units out of Colorado, Fort Carson and
8 Fort Riley, Kansas. Now, as we go and have moved, you
9 mentioned a 10 Division Force. I'm not sure where they are
10 at this point, but could we have that slide?

11 (A slide was shown.)

12 GENERAL SULLIVAN: We'll be close to it. Only 10
13 percent of the Army, and, by the way, as you know, I'm sure
14 you know, we deployed about 300,000 to the Gulf four. Only
15 10 percent of what we shipped went through Bayonne.

16 COMMISSIONER CORNELLA: Well, there's a question.
17 I'm not really talking about Bayonne at the moment. I'm
18 talking about Oakland. A commission staff analysis of the
19 stationing plan for the 10 Division Army questions whether
20 Oakland Army Base will deploy any combat units of the 5-1/3
21 division power projection?

22 GENERAL SULLIVAN: Well, there's a lot of other

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 units other than divisions that would go. My hunch is -- not
2 my hunch is, but the facts are yes. We would sustain the
3 force as we have in the past out of Oakland. We would also
4 use Seattle-Tacoma and Long Beach. I'm not diminishing the
5 necessity for those ports, but those ports aren't under my
6 control. Oakland is. Oakland, as you know, was used as the
7 major receiving point for casualties in the last war in the
8 Pacific. So, in our judgment, Oakland is important.

9 COMMISSIONER CORNELLA: I believe that there is a
10 necessity sometimes to pay for readiness. Can you tell me
11 how many ships went out of Oakland and how many went out of
12 Bayonne in 1994? How many ships were sent out of those two
13 ports?

14 GENERAL SULLIVAN: I can't tell you. I'm sure I
15 could get it for you.

16 COMMISSIONER CORNELLA: I can tell you. I've got
17 it right here. You can check my figures for me. Out of
18 Bayonne 88 ships were deployed, and out of Oakland 16 ships.
19 Are the savings greater for closing Bayonne or for closing
20 Oakland and closure costs? GEN Shane, do you have that at
21 your fingertips?

22 BRIGADIER GENERAL SHANE: I don't have that. I can

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 provide it for the record.

2 COMMISSIONER CORNELLA: I think we're rapidly
3 running out of time, fortunately for some. Nothing was meant
4 by that. Don't misunderstand that, please. Talking about
5 Pickett, Indiantown Gap and Chaffee, 85 to 95 percent of the
6 reduction is going to be -- I should say 85 to 95 percent of
7 the infrastructure will be enclaved, condoned.

8 Isn't it true that the bulk of the savings will
9 come from personnel reduction not infrastructure reduction?
10 I know that's the desire of the Army to get out from
11 underneath that overhead. I mean, I think we've covered
12 that. Why weren't you able just to go through a manpower
13 reduction because you're under threshold, and address that?

14 BRIGADIER GENERAL SHANE: I'm not familiar with the
15 numbers of 85 to 90 percent retention of infrastructure with
16 regards to these installations. I think the agreement that
17 we had with the National Guard is we're going to reduce those
18 to the bare minimums that they need to perform the training
19 requirements. We're working to define, number one, the
20 training requirements and, number two, trying to decide
21 exactly what the divestiture level is going to be for those
22 installations.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 COMMISSIONER CORNELLA: But that would be the mass
2 on the installation, right, okay. Is there any intention, if
3 the Army moves to Missouri with Fort McClelland, is there any
4 intention to move from live agents to simulated agents? I
5 know that's been discussed. Are you considering that?

6 MR. WEST: I don't know the answer to that.

7 COMMISSIONER CORNELLA: Does that mean you have not
8 discussed it if you don't know the answer?

9 GENERAL SULLIVAN: I have not discussed it with
10 anyone.

11 COMMISSIONER CORNELLA: Okay.

12 GENERAL SULLIVAN: That doesn't mean that somebody
13 hasn't discussed it, but I haven't.

14 COMMISSIONER CORNELLA: I would just like to make
15 one last statement. In regard to the request that we have
16 only limited funds, you have to close these bases because of
17 that, I would say, this commissioner thinks, that if that
18 installation should not be closed, I'm sorry that the Army is
19 going to have to find some way to keep that thing open and to
20 pay for it.

21 That's not going to be our concern because I don't
22 necessarily feel that we were given the options to -- if we

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 had another installation that we wanted to remove, that we
2 could take some off. We did not have those options in regard
3 to, for example, a maneuver base. If you had to make these
4 recommendations today, would there be any change on
5 consideration of one of the large active duty maneuver bases?

6 GENERAL SULLIVAN: No.

7 COMMISSIONER CORNELLA: Okay. Thank you very much
8 for your time.

9 CHAIRMAN DIXON: I thank you very much,
10 Commissioner Cornella. I apologize to the Army for running
11 over a little, although we're going to accommodate the Air
12 Force precisely on time. We thank you for being very
13 forthright in all of your remarks. Good luck to you, GEN
14 Sullivan.

15 GENERAL SULLIVAN: Thank you, sir. Thank you, Mr.
16 Chairman.

17 CHAIRMAN DIXON: We'll have the Air Force. God
18 bless you, General.

19 [Panel excused.]

20 CHAIRMAN DIXON: I have to request that the room be
21 cleared in a quiet and timely manner in order to keep on
22 schedule. Please clear the room in a quiet and orderly

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 manner. Please discontinue visitation and clear the room in
2 a quiet and orderly manner, ladies and gentlemen, so that we
3 can accommodate, in a timely way, the distinguished Secretary
4 of the Air Force and the Chief of the Air Force and others.
5 Please clear the room.

6 Ladies and gentlemen, we will now hear from the
7 Secretary of the Air Force, Sheila E. Widnall. With
8 Secretary Widnall is Chief of Staff of the Air Force, GEN
9 Ronald R. Fogleman. We also have MG J.D. Blume, Special
10 Assistant to the Chief of Staff for Base Realignment and
11 Transition, and James Boatright, Consultant to the Secretary.

12 If the Air Force representatives will please stand
13 and raise their right hands, I'll administer the oath.

14 [Panel sworn.]

15 CHAIRMAN DIXON: May I ask if the group of you
16 would have any objection -- the time shown is 10:15 to 11:45.
17 We're getting started a little bit late -- if we run just a
18 few minutes late, but we will not impose into the lunch hour,
19 I assure you. We thank you all for being here.

20 Madame Secretary, on the part of the Commission, we
21 thank you for the fine cooperation of the Air Force
22 throughout this process. We are delighted, Madame Secretary,

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 to recognize you again this morning. Secretary Widnall of
2 the Air Force.

3 SECRETARY WIDNALL: Thank you. Mr. Chairman,
4 members of this Commission, I appreciate the opportunity to
5 appear before you again to discuss the 1995 Air Force BRAC
6 recommendations. Since I was last here, I know that you and
7 your staff have been very busy with your review.

8 The Air Force has also been working steadily to
9 refine the cost and savings analysis associated with our BRAC
10 1995 recommendations and to provide you with updated covert
11 products and additional information. This further
12 consideration has reconfirmed my view that, with an exception
13 I will discuss later, the Secretary of Defense's
14 recommendations represent the best choice for reduction of
15 excess Air Force infrastructure, considering current and
16 future operational and fiscal requirements.

17 This morning I would like to focus on some of the
18 issues that have been raised by communities and your staff
19 regarding our recommendations. Because the Commission added
20 all five Air Force depot installations for consideration for
21 closure or further realignment, and because of the very
22 significant potential impact of that action, I will spend the

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 majority of my time discussing depots.

2 Let me state at the beginning, I strongly support
3 the depot downsizing recommendations as the best and indeed
4 the only really viable course for reducing Air Force depot
5 infrastructure and excess logistics capacity. This
6 recommendation consolidates depot activities along the lines
7 of technical repair centers. It reduces infrastructure and
8 capacity, ensures future efficiencies and savings and, at the
9 same time, avoids the very significant one-time costs
10 associated with the closures of such large and complex
11 installations.

12 Additionally, it postures the Air Force well for
13 future privatization opportunities. Some have suggested that
14 the downsizing proposal achieves neither capacity nor
15 infrastructure reduction, but would simply result in empty
16 unused buildings on our logistic centers. That clearly is
17 not true.

18 Early in the process, the Air Force analysis
19 concluded that there is approximately one depot equivalent of
20 excess capacity and approximately one-and-a-half depot
21 equivalence of excess infrastructure measured by square
22 footage.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 Our site surveys have identified over a depots
2 worth of excess capacity that would be eliminated through our
3 recommendation. Infrastructure equivalent to one-and-a-half
4 depots has been specifically identified by building number
5 for elimination or potential reuse by other agencies.

6 As a result of the consolidation and downsizing
7 initiative, both capacity and square footage will be reduced
8 dramatically. The refined costs and savings estimates
9 provided to your staff, including some improved
10 consolidations, indicate a one-time cost of \$233.5 million,
11 annual savings of over \$92 million and a 20-year net present
12 value savings of \$973.3 million.

13 The consolidation recommendation also achieves
14 maximum commodity-specific efficiencies. By permitting us to
15 focus on individual commodity workloads and to consider their
16 best distribution throughout the Air Force, we have been able
17 to isolate and take advantage of efficiencies not available
18 with a total closure scenario. For example, McClellan has
19 the most modern state-of-the-art facility specifically
20 designed for repair of hydraulic components.

21 Under our recommendation, we will move hydraulic
22 work from two other depots into this facility and gain the

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 benefits of consolidation into this most efficient facility.
2 If McClellan AFB is closed, the entire hydraulics workload
3 will be moved to another depot without existing facilities
4 designed for this function, necessarily increasing the number
5 of people required for this specific work. We cannot achieve
6 this spectrum of Air Force-wide, commodity-specific
7 efficiencies if we close a depot and move every workload at
8 that depot to a new location.

9 The Commission staff has suggested the possibility
10 of substantially increased savings from depot closures if
11 greater manpower reductions and faster closure schedules are
12 assumed. They have suggested that the Air Force eliminates
13 only seven percent of depot positions in its closure
14 scenarios. That figure is incorrect.

15 When measured properly against depot-related
16 manpower authorizations, Air Force closure scenarios
17 eliminated between 12 and 15 percent of the total ALC
18 positions, including 20 percent of the overhead and over half
19 of the base-operating support positions dedicated to running
20 the installations.

21 More importantly, however, I want to stress that
22 greater manpower savings cannot be achieved and therefore

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 should not be assumed with the closure of an Air Force depot
2 because of the unique characteristics of those installations
3 and our workload.

4 First, depot-related positions typically account
5 for less than a third of the total population at an Air Force
6 depot installation. Operational missions, DOD and non-DOD
7 tenants and other Air Logistics Center functions account for
8 a large segment of our depot base population. The closure of
9 a depot activity by itself would not reduce the manpower
10 required for these other missions.

11 Second, we do not believe the wholesale relocation
12 of a depot workload would result in significant reductions of
13 even depot-specific manpower. Due to past workload
14 consolidation efforts at our depot, there is little redundant
15 execution of workload at the different depots.

16 As a result, most depot-related manpower positions
17 and equipment at the closed facility would have to be
18 transferred to a receiving depot. There would be manpower
19 savings related to overhead and management functions, but
20 they are already properly reflected in the Air Force
21 analysis.

22 Although the suggested use of higher assumed

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 manpower savings may be appropriate for small, single use
2 depot maintenance facilities, this approach is most
3 inappropriate for the very large multifaceted missions
4 supported on Air Force logistic center installations.
5 Assumptions regarding manpower savings do not, in any event,
6 touch the fundamental concern we face in contemplating depot
7 installations closures, that is, the cost to close.

8 As I have previously discussed, the one-time cost
9 associated with the closure of the depot, even for the
10 various scenarios provided by your staff, are very
11 significant. Indeed, the least expensive scenario is priced
12 at over \$560 million. To understand the full impact of these
13 costs, it is important also to consider their distribution by
14 year.

15 The nature of BRAC actions requires that expenses
16 related to relocating missions and workload, such as military
17 construction, be incurred early to accommodate the necessary
18 mission relocation before a closure can take place. Our
19 current estimates of cost across fiscal years 1996 to 2001
20 compared to available budget resources indicates considerable
21 budget shortfalls in some years if the Commission approves
22 all of our original recommendations except the Kirtland

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 realignment.

2 Although we have sufficient funds to cover the
3 one-time costs associated with these closures and realignment
4 actions across the entire period, we have a shortfall in
5 fiscal years 1996 and 1997 ranging from \$50 million to almost
6 \$250 million each year. We will likely deal with these
7 short-term problems by delaying closure dates on certain
8 actions and thus moving expenses into later years where funds
9 remain.

10 We will not be able to do this if we have to close
11 a depot. If a depot base is closed, we will have a shortfall
12 across the entire period in excess of \$317 million. There
13 will be no reserve in the later years to solve the large
14 shortfalls in the early years. This problem would be further
15 exacerbated if your staff suggestion of accelerated closures
16 were followed, since more costs would be required in those
17 early years.

18 The closure of a depot would have dramatic adverse
19 impacts on our budget and necessarily draw essential funds
20 from top priority readiness, modernization and quality of
21 life initiatives that are so critical to our future Air
22 Force. Quite simply, the methods suggested to increase

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 savings and make a closure more attractive do not resolve our
2 difficulties and do not make closure a fiscally viable or
3 operationally attractive alternative.

4 I continue to believe that a dispassionate review
5 of the proposed reductions in capacity, square footage and
6 personnel, potential efficiencies and the necessary
7 constraints imposed by operational and fiscal realities will
8 lead you to the conclusion that the Air Force recommendation
9 is the most prudent and cost effective alternative. I
10 strongly support it, and I urge you to do the same.

11 I would like to turn briefly to the closure of Rome
12 Laboratory. The refined costs presented to you as a result
13 of our site surveys are the best estimates for implementing
14 this recommendation and include appropriate calibration and
15 installation costs. This action is cost effective and
16 operationally sound with a reasonable payback of the
17 investment within six years. The closure of Rome Lab is also
18 an important step towards the broader goal of implementing
19 cross service consolidation of laboratory assets.

20 The recommendation to close Brooks AFB is likewise
21 sound and should be approved. The contonement option proposed
22 by the San Antonio community, from our perspective, is not a

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 viable option. That proposal would retain a substantial
2 installation without its own support establishment requiring
3 cumbersome scheduling and travel for routine maintenance,
4 personnel services and other normal day-to-day requirements.

5 The large number of personnel who would remain at
6 Brooks would not receive adequate support. The
7 recommendation to close Brooks AFB with the majority of its
8 activities relocating to Wright-Paterson will achieve the
9 long-term reduction in laboratory capacity and infrastructure
10 we need for a reasonable investment.

11 As you know, the Air Force is proceeding to
12 implement the 1993 BRAC recommendation to close Newark AFB
13 and is pursuing an option of privatizing the workload. We
14 have been advising your staff of the status of our efforts.
15 We will continue to do so and expect to provide additional
16 information within the next week or so.

17 I understand there may be some confusion as to the
18 Air Force position concerning the 1995 Secretary of Defense
19 recommendation regarding Letter Kenny Army Depot. Let me
20 make clear the Air Force is not seeking to have a share of
21 the workload at Letter Kenny moved to the Ogden Air Logistics
22 Center. The Air Force fully supports the DOD recommendation

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 and the enhanced cross servicing that it achieves.

2 As the Secretary of Defense has communicated to
3 you, the recommendation to realign Kirtland AFB no longer
4 represents a cost effective measure. With this one
5 exception, I strongly urge the Commission to approve the
6 Secretary of Defense's recommendations to close or realign
7 Air Force installation.

8 I would like now to turn to GEN Fogleman to provide
9 additional comments on various operational considerations
10 related to the recommendations.

11 CHAIRMAN DIXON: And we thank you, Secretary
12 Widnall.

13 We're delighted to have GEN Fogleman, Ron Fogleman,
14 Chief of Staff of the Air Force, with us today.

15 GENERAL FOGLEMAN: Mr. Chairman, members of the
16 Commission, thank you for inviting us here this morning.

17 The United States Air Force realizes that there's a
18 need to reduce excess infrastructure if we're going to meet
19 our security needs in the future, but we also think and
20 believe very strongly that this action must be taken in a
21 fiscally responsible manner.

22 I've spent a lot of years of my life in the Air

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 Force programming business. I think I understand out-year
2 programs and I would tell you that, during the period of FY
3 '96 to 2002, all the services are in a critical period in
4 terms of limited procurement funds, overall DOD funding, but
5 any additional funding that get laid in as a result of not
6 considering the fiscal outcomes of base closure actions, I
7 think, will have a tremendous impact on our program.

8 I think the Air Force has been at the forefront of
9 DOD closure and realignment efforts. I've said before, since
10 the 1988 Base Closure Commission, we've saved \$18 billion.
11 That's 71 percent of all the DOD savings to date. We have a
12 proven track record. I think we know how to do this.

13 Having said that, I would like to acknowledge, as
14 the Secretary has, that the Air Force has worked with both
15 DOD and the Commission to modify the SECDEF's original
16 recommendations as a result of site surveys and further
17 information. Particularly, the Secretary has mentioned
18 Kirtland Air Force Base.

19 The other one that we have continued to look at is
20 an outgrowth of the FY '93 BRAC, and that is the potential
21 for realignment of the Air National Guard and Air Force
22 Reserve Unit at O'Hare Field, in light of Air National Guard

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 and Air Force Reserve recommendations, as part of this
2 program.

3 My purpose in being here today, Mr. Chairman, is I
4 want to express operational concerns over the expanded list
5 of potential Air Force installations for realignment and
6 closure. To one degree or another, I may be off-base here,
7 but I think that --

8 CHAIRMAN DIXON: You're never off-base, General.
9 Tell it as it is.

10 GENERAL FOGLEMAN: Well, I tell you, Mr. Chairman,
11 I don't think that the operational considerations were fully
12 voiced strongly enough before the '93 Commission, and I think
13 there was a mistake made as a result of that. It was a
14 mistake that we chose to live with. It was the law of the
15 land, and we have supported that. But I did not want to have
16 anybody misunderstand where the operational Air Force was
17 coming from on the issues that are here, and so that's why I
18 am here today.

19 First and foremost, I'm deeply concerned over the
20 addition of Grand Forks Air Force Base. Two of our unified
21 commanders, CINCTRANS and CINCSTRAT, have indicated the loss
22 of this base would seriously impair their war-fighting

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 capabilities. I think we owe it to them to give them their
2 full support.

3 I'd like to provide you some background on this
4 issue. I hope that it's not one of those "invented here"
5 syndromes. But two years ago we began a rebasing effort, or
6 a KC-135 fleet, to form core air refueling wings at Grand
7 Forks, Fairchild and McConnell Air Force Bases.

8 We did that because the world has changed. The
9 manner in which we have organized our forces has changed and
10 the days of penny-packet KC-135 outfits being co-located with
11 bomber outfits, that's Cold War stuff. We're in a new
12 environment. We restructure.

13 We carefully organized and located these larger
14 wings to realize economies of scale in operations, logistics,
15 organization in wartime as well as peacetime missions
16 requirements. I think the actual operations at Grand Forks
17 over the past year-and-a-half have confirmed these
18 advantages.

19 Moreover, the base possesses unique attributes that
20 enhance its value as a core tanker wing. It offers some of
21 the best infrastructure in the Air Force for large tanker
22 fleets, including a very modern hydrant refueling system, a

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 large ramp, and a recently resurfaced runway.

2 Its north central location readily supports our
3 nuclear deterrent posture and our global crisis response
4 capability, plus it offers the ability to economically
5 service northern air refueling tracks in essentially
6 uncluttered air space.

7 Closing Grand Forks would eliminate these benefits
8 and it would add turmoil to our tanker force, which has
9 suffered in the closing and realigning of 12 tanker bases
10 since the initial BRAC in 1988. Last summer I had 67 percent
11 of the Air Refueling Force in PCS status as a result of that
12 realignment.

13 We have now come to closure on these core bases,
14 and so a decision to blow up one of these core bases and
15 start to move those assets around will not only have a
16 negative impact, operationally, but it will also impact
17 adversely on our people, who have been drawn through a
18 knothole in this business.

19 My second concern is that of looking at Guard and
20 Reserve activities in base realignment and closure. Again, I
21 think the Air Force track record in total force utilization
22 of Reserve and Guard forces is unequalled. We've spent a lot

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 of time and effort making this work.

2 In all deference to one of your commissioners, he
3 played a role. Commissioner Davis had me assigned to the Air
4 Reserve Personnel Center as a youth, and I had the
5 opportunity, as a young major, to learn a little bit about
6 Air Reserve Personnel activities.

7 I learned the importance of knowing the
8 demographics and the connectivity to communities and, as I
9 have grown up in our Air Force, I have come to appreciate
10 that one of the reasons that these Guard and Reserve units
11 can contribute so much to active duty Air Force day-to-day
12 operations is because of their ties back to those
13 communities.

14 The Air Force Reserve and the Air National Guard
15 are experts on demographics, basing, and recruiting, and so I
16 think we should pay attention to them when they speak on
17 these issues. I think they have come forth, and we've played
18 in a forthright manner during this operation.

19 So I would strongly urge that we support GEN
20 McIntosh's recommendation that we close no more than one F-16
21 and one C-130 Reserve outfit.

22 Now, the opportunity to inactivate a Reserve unit

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 at O'hare International represents a good solution, perhaps,
2 to the C-130 portion of this equation. We had originally
3 recommended looking at Pittsburgh as the closure but, as we
4 moved forward in our negotiations with the City of Chicago,
5 it now appears as though there may be a solution on the
6 horizon where closing the C-130 unit at O'Hare and moving the
7 KC-135 Air National Guard unit down to Scott Field would work
8 out to everyone's benefit and allow us to go back and clean
9 up some FY '93 or '93 Commission activities.

10 On the other hand, I disagree with any action that
11 would result in the inactivation of the Reserve F-16 unit at
12 Carswell Field. Co-location of the Navy and Air Force Reserve
13 operations at this location, as per the '93 BRAC Commission
14 recommendation, I think has paid off very, very well.

15 For the Air Force Reserve, this represents a very
16 cost-effective tenant operation in a location that has both
17 great recruiting and retention activities. The unit's
18 location on a military installation will result, I think, in
19 few savings to DOD from its inactivation.

20 Remaining Reserve unit are really necessary to
21 flesh out our Air Force force structure required to sustain
22 the growing Reserve contribution to the Air Force contingency

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803
WASHINGTON, D.C. 20006

(202) 296-2929

1 operations around the globe, and so that's why I would
2 strongly urge you to impact no more than one F-16 and one C-
3 130 Reserve out there.

4 I would tell you that I share Secretary Widnall's
5 fear that attempting to fix our excess capacity with depot
6 closures would be extremely costly. I think it would
7 adversely impact Air Force readiness and modernization
8 efforts, particularly if we tried to accelerate such an
9 effort.

10 In particular, we have come to rely increasingly on
11 rapid depot-level repair and return capabilities under our
12 so-called lean logistics program, which is a model program
13 for DOD. It has allowed us to significantly reduce the size
14 of our installation intermediate-level repair shops and
15 enhance the deployability of our combat units.

16 Consequently, I will tell you that the entire Air
17 Force senior leadership supports Air Force depot downsizing
18 as the best recommendation of this action. I bring this up
19 intentionally, because there's apparently some word out there
20 in the street somehow that there is a division between the
21 senior Air Force leadership, that the blue-suiters may not be
22 supporting this. In fact, a couple of my four-stars have

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 been named by name as recommending to the Commission some
2 other activity.

3 I will tell you, unless you know something I don't
4 know, I spoke to both of those gentlemen -- one within the
5 last 24 hours, the other within the last 30 minutes -- and,
6 as we confirmed last week when we got together at the Four-
7 Star Corona, the Air Force senior leadership supports our
8 approach to this depot downsizing.

9 The last issue I'd like to talk about is, I would
10 like to reconfirm our recommendation for closure of no more
11 than a single undergraduate pilot training installation.
12 That is, Reese Air Force Base.

13 Air Education and Training Command is determined
14 that we have excess capacity of one undergraduate pilot
15 training base in the near term and, based on our assessment,
16 if the Air Force must close a UPT base, we think Reese is the
17 right installation to close.

18 I understand this recommendation has been supported
19 by every analysis performed by your staff, the air staff, the
20 Joint Cross-Service Group for Undergraduate Pilot Training.
21 We should be able to meet our anticipated pilot production
22 requirements during the FYDEP with one less UPT installation

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 as our joint pilot initiatives begin to mature.

2 The United States Air Force is going to increase
3 its pilot production 52 percent between 1996 and the year
4 2002, and we have looked closely at this, because we have had
5 some concerns about the rate at which JPAT aircraft would
6 come on, some of the other assumptions that might be made
7 but, at this point, we think that this is a reasonable risk,
8 if you will, to continue with our recommendation and, if we
9 are to close a UPT base, we support our original analysis.

10 As I conclude, Mr. Chairman, I tell you, I think
11 it's important again that I remind the commissioners that I
12 recused myself from considering both small aircraft bases and
13 laboratories, based on a ruling by our general counsel. So,
14 with this overview, sir, I am prepared to answer your
15 questions.

16 CHAIRMAN DIXON: Thank you very much, GEN Fogleman
17 and Secretary Widnall.

18 The Chair has to answer several phone calls out
19 here. I'm going to ask my colleague and friend, GEN J.B.
20 Davis, to chair in my absence.

21 COMMISSIONER DAVIS (presiding): A terrible
22 responsibility, to be the first questioner and the Chair, at

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 the same time.

2 I very much appreciate the statements of the
3 Secretary and the Chief, and I think your positions are very
4 clear in that process. I will deal probably with just two
5 subjects, making sure that I don't hog all the time on Air
6 Force issues.

7 Madam Secretary, your position on the depots has
8 been very consistent and very clear, and I would hope maybe
9 you would indulge me a little fantasy here, or what-if,
10 because the questions keep coming, and we're certainly
11 responsible not only to our own conscience, but to the
12 congressional delegations and the communities.

13 If we were to close one depot -- it doesn't make
14 any difference, the cheapest one to close -- let's just take
15 that for an example. It doesn't make any different which one
16 it is. What would that do to your out-year budgeting? You
17 stated that there would be some shortfalls, but what impacts
18 would that have and what kind of things would you have to do
19 to your budget to manage that process?

20 SECRETARY WIDNALL: Well, I think, as I stated in
21 my testimony, even excluding the whole issue of environmental
22 costs, which is a complexity, we're talking about shortfalls

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 on the order of \$320 million.

2 As we move into this, I would say, very uncertain
3 budget climate that we see before us, I think our goal is to
4 keep our significant modernization programs on target, while
5 providing today's readiness and quality of life. Even in the
6 best of circumstances, we think this is going to be a tough
7 challenge. To be faced with a shortfall on the order of \$320
8 million over this is simply going to make this much more
9 difficult.

10 COMMISSIONER DAVIS: And specifically, what
11 accounts would you at least take a look at?

12 SECRETARY WIDNALL: Well, I'm not prepared to kind
13 of reprogram here on the spot. Actually, the Chief has had a
14 lot more experience with that. I don't know if you want to
15 try to respond to that question. We would need to look at
16 it; that's clear.

17 GENERAL FOGLEMAN: I would only say this, that, in
18 near term, the kinds of dollars we end up talking about are
19 O&M funds, and O&M funds are directly related to readiness.
20 So, if you start looking for \$300 million in the O&M account
21 in the near term, you could come up with all kinds of
22 examples of how many flying hours does that equate to, how

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 much RPMA is that for bases that will not get to go in and
2 repair facilities, et cetera.

3 Then, if we're responsible, if we're forced into
4 this, what we will have to do is, rather than sit here every
5 year and have this cascade of unfunded O&M fall on us, and
6 try to fix it in the execution year, we sit down and we'll
7 program that out. And the way you end up doing it is, you
8 end up looking at all your programs and, in all likelihood,
9 procurement is going to end up being impacted by this.

10 \$300 million is about the kind of money that you
11 spend on, totally on JPATs in one year; it's the kind of
12 money that we spend on our precision munitions programs; it's
13 about the magnitude of the money that we'll be spending on
14 the conventional munitions upgrade program for the B-1
15 bomber.

16 So it's hard to say, "Yes, I'm going to trade this
17 off or that off." What you end up doing is, you go in there
18 and, in an era in which we're supposed to be recapitalizing
19 the force, you just end up pushing that further out to the
20 right and the people end up operating either in less than
21 optimum facilities or with less than modern equipment.
22 That's the kind of impact.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 SECRETARY WIDNALL: And, of course, for us the
2 bottom line is that we view this as a totally unnecessary
3 expenditure that does not provide any real value for the Air
4 Force.

5 COMMISSIONER DAVIS: Yes, ma'am. So you would
6 probably characterize it as at least painful, if not very
7 painful?

8 SECRETARY WIDNALL: Yes, I would say very painful.

9 COMMISSIONER DAVIS: Then, there is kind of a
10 folklore out that the Air Force could, in fact, close two
11 depots and still --

12 (Laughter.)

13 COMMISSIONER DAVIS: How would you characterize
14 that?

15 SECRETARY WIDNALL: It's ridiculous.

16 COMMISSIONER DAVIS: Thank you, Madam Secretary.

17 SECRETARY WIDNALL: Maybe we should talk a little
18 bit about how we actually measure capacity. There is the
19 statement that we have an "excess capacity of one-and-a-half
20 depots." What that means is square footage and work
21 stations.

22 I want to make it very clear that we do not have

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 extra people. One of the reason why our direct labor shows
2 so small a savings when we talk about realigning depots is
3 that we have already taken the people. We have downsized the
4 workforce at our depots 28 percent since, say, 1986, if
5 that's a reasonable base year.

6 So, when you start looking for "personnel savings"
7 as a result of capacity reductions, those people aren't
8 there. When we talk about capacity reductions, we're talking
9 about work stations and buildings which, under our proposal,
10 we fully intend to get rid of and downsize.

11 I guess I also want to emphasize that we believe
12 this proposal sets us up for future realignment under the new
13 leadership that is coming into AFMC and also for some
14 privatization initiatives. We intend to continue to be
15 creative at reducing Air Force infrastructure and we think
16 this depot proposal sets us up to be able to do that over the
17 coming years.

18 GENERAL FOGLEMAN: Mr. Chairman, could I comment
19 just on the depot thing?

20 COMMISSIONER DAVIS: Yes, sir.

21 GENERAL FOGLEMAN: I very much appreciate the time
22 that the commissioners have spent out there looking at our

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 installations. Anybody who has been to one of our air
2 logistics centers and characterizes it as a depot hasn't been
3 looking around, and I don't think that's the case with the
4 commissioners. I think there's a lot of people that
5 characterize it that way because they've never been there.

6 Our air logistics centers are megabases. You know
7 that. In fact, they are the kind of installations that this
8 Commission is trying to get us to build. They are trying to
9 get us to put more than one activity, maximize the use of
10 ramp space, et cetera.

11 We have done that in the past and, as I tried to
12 say before the Commission in the past, this isn't a case of
13 the arsenal by Fort whatever, at Window Rock. This is a
14 megabase that has been built over time as a result of past
15 base closure activities. We've consolidated on there.
16 That's why we have so many tenants that need to be moved.
17 That's why we have operational missions on these bases.

18 And, as you know, when you start getting down to
19 the depot part of that, it becomes a very small part of these
20 installations. I just hope that, as a result of the
21 commissioners' visits out there, that that's come through
22 loud and clear.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 COMMISSIONER DAVIS: I very much appreciate you
2 giving me the latitude to play some what-ifs because,
3 clearly, we need to hear the views of the Secretary and the
4 Chief on that subject, because it's been a very difficult
5 subject.

6 The last subject area I'm going to deal with is
7 UPT. GEN Fogleman and I, in a previous life, spent a lot of
8 time in UPT and working the models to sort of describe what
9 our out-year UPT requirements are and, as GEN Fogleman knows,
10 especially as the commander of AMC, the vagaries of those
11 figures sometimes depend on a lot of things such as the pilot
12 retention rates, increased airline hiring, the requirements
13 for the Air Force Reserve, because they account for certain
14 folks coming out.

15 And every time I get ready to say that we ought to
16 close a UPT base, my palms start to sweat, simply because I
17 was in that UPT buildup when we went from non-Vietnam to
18 Vietnam and found out that in the first year it cost us more
19 pilots to increase our capacity, because we had to open up
20 capabilities that we did not have.

21 You state in your statement that, in fact, Air
22 Training Command has -- and you've looked at, it and I know

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 it's not just AETC, but it happens to be XLO, when some other
2 folks have looked at it.

3 How confident are you that, if we close a UPT base,
4 that we will have sufficient capacity -- You stated that we
5 will increase significantly in the out years -- if a surge
6 would be required, and if we did not continue on, if we had
7 some halt in the jointness of our UPT? Can you give us your
8 views on that, Chief, please?

9 GENERAL FOGLEMAN: Well, again, I tried to very
10 carefully craft my words there, that I think, within the
11 FYDEP, we will probably have the capacity, but it's based
12 upon some assumptions about doing business differently than
13 we do today.

14 It assumes, for instance, that the pilot bonus
15 program continues, as it is today, and it's a program that we
16 have to come fight for and revalidate every year. If that
17 program goes away, then our retention rates are going to go
18 down.

19 It assumes that there is no great increase in
20 airline hiring, that we sort of stay with what we've been
21 through here recently in steady state. There are those who
22 will tell you that the airline business is about to reach a

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 drop-off point in their senior captain ranks, but it's a
2 little bit like the mythical shortfall in pilots -- it's
3 always another year out.

4 One of the very concrete things, though, that does
5 give me concern, and it falls slightly outside the FYDEP, is
6 the fact that, in order to sustain our Air National Guard and
7 our Air Force Reserve units, today roughly 50 percent of all
8 of our aviators that leave active duty sign up with the Air
9 National Guard and the Air Force Reserve; so that keeps their
10 requirement for initial pilot training lower.

11 They are starting to see some drop-off in those
12 numbers and have, in fact, within the FYDEP, come in and
13 asked for additional pilot training slots. We have been able
14 to accommodate those within the FYDEP.

15 But, in the year 2003 and beyond, because we have
16 been producing so few pilots in the early 1990s, if the Air
17 Reserve and the Guard were able to capture 100 percent of all
18 pilots leaving active duty, they would not be able to fill
19 their cockpits, and they will have to come for more pilot
20 training.

21 Now, I've probably just confused the picture more,
22 but it's within those assumptions that we say, "Okay, we

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 think we can do it within the FYDEP and meet the build up
2 that we have planned." And it is required, as a result of
3 how much we throttle back. You know the dynamics.

4 Beyond that, it gets very soft, out beyond 2002,
5 looking at what our requirements are across the force, but we
6 do know, specifically, Guard and Reserve requirements are
7 going to go up.

8 COMMISSIONER DAVIS: I have one other question on
9 UPT, and I'll submit that for a formal answer. I'm drunk
10 with power with this Chair. I've exceeded my time and so
11 I'll have to pass.

12 I'm going to deviate slightly and go to
13 Commissioner Kling, because he has an appointment at 11:15,
14 and then I'll come back to my right.

15 COMMISSIONER KLING: Thank you. You know, I've
16 still got a problem with this depot issue, and I'm sure you
17 realize that a lot of us do, and I'm not trying to be
18 obnoxious with it or anything you want to say.

19 But, Secretary Widnall, you testified that the
20 biggest factor in closing an air logistics center is the
21 initial up front cost and the involvement there.

22 SECRETARY WIDNALL: Mm-hmm.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 COMMISSIONER KLING: And yet, Secretary Perry
2 recently, in his decision to withdraw the recommendation to
3 realign Kirtland, that really freed up about \$270 million --
4 278, I think, to be exact -- in closing costs, up front, and
5 adding this amount to the 127 million currently projected as
6 the cost of closing an Air Force depot, really would provide
7 \$405 million of up front costs available right now, or 70, 80
8 percent of what you have.

9 Wouldn't this have some bearing on how you look at
10 closing a depot, in light of your statement about the up
11 front costs?

12 SECRETARY WIDNALL: I believe the number that I had
13 in my testimony is that we would still be short roughly \$300
14 million. But I guess one of the ways I look at it is there
15 are actually a lot of similarities between the reason why
16 Kirtland was too expensive to close and why a depot is too
17 expensive to close.

18 It has to do with the big MILCON bill for moving
19 tenants and moving activities. The earlier Air Force
20 successes in BRAC -- which, as the Chief mentioned, we are,
21 to date, responsible for 70 percent of the DOD savings in
22 BRAC -- a lot of that had to do with the fact that we were

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 closing force structure bases at the same time we were
2 drawing down force structure, so we did not have a big MILCON
3 bill to transfer force structure to another base.

4 As we looked at the Kirtland realignment, a lot of
5 the expenses -- really, the majority of the expenses -- had
6 to do with building new facilities for tenants on that base
7 who were perfectly well-housed where they were, and that's
8 true at a depot as well.

9 As the Chief mentioned, I think, there are three
10 types of personnel who are on a typical air logistics
11 organization:

12 There are the people who do the actual depot work.
13 There are the people who do the air logistics work, which is
14 the inventory, the parts, and all of that. Those two
15 together represent, say typically, 50 percent of the base
16 personnel.

17 And then there are the tenants, and these tenants
18 are just an incredible variety of units. They have
19 facilities requirements. They use big simulators. They have
20 good facilities. So one of the fundamental bills you have to
21 pay is the big MILCON bill for moving these tenants, as well
22 as for moving the specialized equipment that each individual

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 depot has for doing the kind of work that they do.

2 Our conclusion is that that simply does not make
3 sense, that there are other ways to use those resources --
4 the downsizing in place, the sort of ridding oneself of
5 excess buildings, setting it up for future downsizing, which
6 we intend to pursue aggressively over the years ahead, and
7 also gives us a base to explore the use of excess facilities
8 by the surrounding civilian community.

9 Much of the work that we do in our depots is
10 obviously aviation related. There's a big aviation community
11 out there in the civilian world. There may be some
12 opportunities at some of these installations to do public-
13 private partnerships that would allow us to get some of our
14 work done by the private sector, in new relationships, as the
15 Roles and Missions Commission has recommended, and also to
16 provide facilities for those private sector partners to do
17 work for the civilian world.

18 So we see a lot of opportunities. What doesn't
19 make sense to me is simply replicating really good facilities
20 at other installations.

21 COMMISSIONER KLING: I understand the up front
22 costs are the big thing, of course, and we do have some

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803
WASHINGTON, D.C. 20006

(202) 296-2929

1 figures, though, that we're working up that show that the
2 savings are really quite, quite substantial and very, very
3 material, on closing the base.

4 And, you know, I've visited, I think, every one of
5 the depots, and every time I went to some, I saw a plating
6 operation, I saw a painting operation, I saw a machine shop,
7 and I recognized and I also saw a specialized hydraulic unit
8 at one place, and so forth.

9 But common sense kind of tells you that we don't
10 need all those plating and machine shops in some of those
11 operations. That's where I come from.

12 SECRETARY WIDNALL: That's right.

13 COMMISSIONER KLING: I also know of an instance
14 recently of a company that has a fulfillment center and a
15 depot operation -- a service company. They bought another
16 company that had the same types of operation, that was losing
17 a lot of money, but they bought it knowing that they would be
18 able to close that one down and move it into this one, taking
19 a loss of millions to making a profit of millions. And
20 that's really kind of what we're looking at.

21 I know we can argue that, but that's where I come
22 from.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 SECRETARY WIDNALL: Let me just respond that your
2 example, in fact, characterized the essence of our proposal.
3 We do intend to combine like facilities.

4 Our consolidation is oriented to avoiding
5 duplication, consolidating like workloads at single
6 facilities -- the one that it makes the most sense. That's
7 not without cost. We estimate an investment of over \$200
8 million to accomplish that, but a net present value in
9 savings of close to \$1 billion.

10 COMMISSIONER KLING: The overhead costs, by closing
11 entirely, there's an awful lot saved. You know, we can argue
12 that, I'm sure, different ways, and I appreciate your
13 comment, but let me just ask you another question.

14 If we were going to suggest the closing of a depot,
15 do you stand by the Air Force's tiering evaluation? If we
16 were going to recommend that a depot close, would you stand
17 by the tiering evaluation, presently?

18 SECRETARY WIDNALL: I suppose it depends a little
19 bit on how you view the purpose of the tiering.

20 CHAIRMAN DIXON: May I interrupt, Madam Secretary?

21 SECRETARY WIDNALL: Mm-hmm.

22 CHAIRMAN DIXON: Could we put that graph up on the

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 screen?

2 SECRETARY WIDNALL: Mm-hmm.

3 CHAIRMAN DIXON: The chart that has the tiering
4 evaluation -- do we have that here? Apparently we do not
5 have that one.

6 SECRETARY WIDNALL: I think I sort of know this by
7 heart. Let me just make a few points about the tiering.

8 First of all, it's important to remember that the
9 tiering basically is a good, better, best sort of tiering,
10 that there is no bottom, in the sense that they're
11 alphabetically listed. I believe we had two air logistics
12 centers in the bottom tier.

13 I would say that the tiering, to me, represents
14 what I would say is the platform for judgment, that you take
15 the tiering and then you begin to apply some judgment. We
16 never just cut through and simply checked off things in the
17 lower tier and said "That's our list." We always applied
18 judgment -- operational considerations, environmental
19 concerns, and the specifics of what was actually going on in
20 an installation.

21 So I guess the answer to your question is, of
22 course I support the results of the Air Force analysis that

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 allowed us to identify bases that were in the bottom tier,
2 but it is only the beginning of our process, it's not the end
3 of it.

4 COMMISSIONER KLING: Thank you. Just a last -- can
5 I have one fast question?

6 If you turn to Brooks Air Force Base, and we were
7 looking at that there's a one-time cost to close Brooks of
8 \$211 million and a savings of \$32 million.

9 And, if you would consider even the cantonment
10 suggestion of the community, the cost to close goes down to
11 \$11 million and the annual savings goes down from 32 to 17
12 but, if you took that money and applied that large up front
13 money again to closing a depot, and applying it there, you
14 would well have covered your cost of closing one depot from
15 the budget standpoint and you would still have materially,
16 materially higher savings; and I guess that's where we're
17 coming from.

18 SECRETARY WIDNALL: Let me make a remark about
19 that. I'm not sure --

20 COMMISSIONER KLING: Excuse me. The only reason I
21 say that is Brooks is certainly a fine operation there, and
22 it's something we can all be proud of, I'm suer.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803
WASHINGTON, D.C. 20006

(202) 296-2929

1 SECRETARY WIDNALL: Right. And, of course, our
2 depots are also fine operations.

3 COMMISSIONER KLING: You better believe it.

4 SECRETARY WIDNALL: And I guess, in the case of
5 Brooks, we see some real synergism within the scientific
6 communities at Wright-Patterson and Brooks that will be
7 gained if we move those researchers to a single place.

8 We also see some quite substantial problems
9 associated with the cantonment, which I indicated in my
10 opening statement. So that is a proposal we do not support.

11 MR. BOATRIGHT: If I could just add one additional
12 comment there, with the cantonment, we don't close anything.

13 CHAIRMAN DIXON: Thank you very much, Commissioner
14 Kling. Have you concluded?

15 COMMISSIONER KLING: Yes, I think so.

16 CHAIRMAN DIXON: Commissioner Cox.

17 COMMISSIONER COX: Thank you very much. GEN
18 Fogleman, I really didn't mean to get into UPT bases, but if
19 I could just follow up and ask for some information for the
20 record, I'm concerned that your comment that one of the
21 assumptions that you're using in believing that you have
22 enough capacity in UPT bases even if you closed one is based

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 on the last, I think you said, couple of years' retention
2 rate as to commercial airline hiring.

3 As you undoubtedly know, the airline industry has
4 lost \$13 billion in the last five years. We didn't do too
5 well in the year or two before that. We have virtually hired
6 no one in the last five years and very few in the couple
7 years before that.

8 I'm concerned that if your retention rate is based
9 on us only hiring the amount of pilots we've hired in the
10 last five, seven, even ten years, that it may not be
11 realistic. The FAA, as you know, predicts an enormous
12 increase in pilot hiring, in every year for the foreseeable
13 future. I don't know if that's true or not, but that's their
14 prediction.

15 So I would be interested if you would provide for
16 the record what those retention rates are that you're using,
17 how much, what would be the impact on capacity if the FAA
18 projections for airline hiring are, in fact, true and if we
19 use sort of pre-1989 commercial airline hiring from the DOD.

20 I was at the Department of Transportation for many
21 years when the DOD was terribly concerned that the commercial
22 airlines were benefitting from your training of pilots, and I

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 think the commercial airlines appreciated that then and may
2 well in the future.

3 So if you wouldn't mind providing that for the
4 record, that would be helpful.

5 GEN Blume, I would like to ask you some questions
6 about Onizuka. I understand that you all have proposed
7 realigning Onizuka at this moment, and are not proposing
8 closing it, for a variety of reasons.

9 One of those reasons is that you agree that we
10 should have dual-node capacity and you're leaving the
11 facilities there for a period of time while you develop a
12 dual-node capacity that could be used at Falcon, and that
13 that dual-node capacity includes networking dual-node
14 capacity as well.

15 When would you believe that you would have the
16 dual-node, single-site capacity available at Falcon, or in
17 some other form?

18 GENERAL BLUME: First, let's say that we feel
19 strongly that a dual-node control satellite node has been,
20 during the Cold War, a reality and a necessity, but it will
21 not be required in the future.

22 As you recall, in the briefing that you and I both

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 sat in, the communications function of that capability will
2 be retained at Onizuka as long as required to support the
3 tenants that are there. The dual-node capability will not be
4 required at the closure of, or, excuse me, the realignment of
5 Onizuka.

6 Therefore, this architecture, the communications
7 network architecture that you're referring to will come on-
8 line about 2002, 2004, and it will be in effect at that time;
9 and that will negate the requirement for even the
10 communications portion of the dual capacity.

11 Now, there will be a single node at Falcon Air
12 Station.

13 COMMISSIONER COX: But we will have the ability for
14 a redundant system, I guess you're saying, by the year 2001,
15 2002?

16 GENERAL BLUME: That's right. It wouldn't be dual,
17 it will be multi-faceted, yes.

18 COMMISSIONER COX: Right. And let me just ask you
19 a question, because my understanding had been that you were
20 working toward that and that, in fact, those costs were, to
21 a great extent, already accounted for and, therefore, were
22 not in our COBRA costs, obviously.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 GENERAL BLUME: Yes.

2 COMMISSIONER COX: I am concerned, because I have
3 an R&D budget item justification sheet for the satellite
4 control network, and it was in a 1994 study which I
5 understand, in some ways, is overtaken by events.

6 However, what it shows is that basically, between
7 1994 and the year 2001 and continuing after that --
8 indicating that the R&D will not be complete even in the year
9 2001 -- roughly \$1 billion being spent on this system.

10 I'm not sure that that's not inconsistent with the
11 "We already know where we're going and we'll have completed
12 it in the year 2001." I just want to ask you to comment on
13 that. Maybe this is a different program. Why don't I just
14 give you a copy of that?

15 GENERAL BLUME: I can't comment on that specific
16 thing, but I would like to have it, and will look at for the
17 record.

18 COMMISSIONER COX: I'll be happy to send that to
19 you for the record.

20 Then moving on, just to also point out that the
21 decreasing cost savings that COBRA changes from you all on
22 Onizuka, as I understand it now, get the annual savings down

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 from 30 million to about 16.1. Is that the COBRA numbers are
2 those just our numbers?

3 GENERAL BLUME: That's right. The recurring
4 savings is 16.1.

5 COMMISSIONER COX: Great. Thank you very much.
6 Other savings numbers that have changed -- and, Mr.
7 Boatright, maybe this is your area -- the most recent Air
8 Force estimate for the one-time cost to close the Rome lab
9 has increased from \$52.8 million to \$79.8 million. Our own
10 Commission estimates estimate that cost at about 118.6
11 million.

12 Assuming we're right, the Commission estimates
13 versus your latest estimates, which have come up as well, we
14 also reduced the annual savings from about \$13 million to
15 \$5.9 million, and that increases the return on investment
16 period from 6 to 31 years.

17 Presuming we're right for a minute -- and I
18 understand that you don't necessarily presume that we're
19 right -- would you want to close, based on a 31-year return
20 on investment? Would you still recommend that?

21 MR. BOATRIGHT: I would tell you that a 31-year
22 return on investment is not a good return on investment. I

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 would tell you that we strongly disagree with the cost
2 numbers and the savings numbers you're using.

3 We have gone through these numbers very, very
4 carefully. We've done site survey up there. We're very
5 comfortable that we, in fact, can carry out this closure
6 action with the costs, and we'll realize the savings that we
7 have projected.

8 We believe that it's still a very cost-effective
9 proposal. From an operational standpoint, it is one of the
10 few actions that's being taken that is truly consistent with
11 the cross-servicing that we're trying to achieve within the
12 Department. We think that's a very important consideration
13 here.

14 COMMISSIONER COX: And we appreciate the work that
15 you all have done with us to go through these numbers and the
16 fact that you have changed them where you believed there were
17 changes necessary and, obviously, that process will continue
18 right up through June 22nd.

19 MR. BOATRIGHT: One other correction, if I could.
20 You gave us a number that indicated that our cost of closure
21 was 79.8.

22 COMMISSIONER COX: That's the number I have.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 MR. BOATRIGHT: I think it's 79.9 is the number
2 that I have.

3 COMMISSIONER COX: Okay. I'll check, on that.

4 Two other just real quick questions, to follow upon
5 some information that we've seen.

6 Secretary Widnall, if the Commission does reject --
7 which is purely hypothetical at the moment -- the
8 recommendation to close Reese Air Force Base, for whatever
9 reason, do you believe that we should close another Air Force
10 Base or would you recommend that we simply not close one?

11 SECRETARY WIDNALL: I would recommend that you not
12 close one.

13 COMMISSIONER COX: Not close one at all? Thank
14 you. And then, in sort of the same vein, GEN Fogleman, if we
15 do not close Bergstrom Air Force Base as recommended, or
16 Reserve Base, as recommended by the Air Force, would you
17 recommend that we close an alternative or that we not close
18 any?

19 GENERAL FOGLEMAN: Well, the problem that the
20 Reserve is they have a force structure in the fighter
21 business that's coming down. They have to close a fighter
22 unit.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 COMMISSIONER COX: And if we didn't close
2 Bergstrom, how would you accomplish that? Would you want us
3 to close something else?

4 My understanding, for example, is that MG McIntosh
5 has said that if Bergstrom is not closed, the Air Force will
6 use its own conversion actions to meet the F-16 program and
7 presumably would prefer that they do it that way, rather than
8 we close Dallas-Forth Worth, Carswell, or Homestead. Would
9 you concur with that?

10 GENERAL FOGLEMAN: Yes, I would.

11 COMMISSIONER COX: Thank you very much.

12 CHAIRMAN DIXON: Thank you very much, Commissioner
13 Cox. Commissioner Cornella.

14 COMMISSIONER CORNELLA: Thank you, Mr. Chairman.

15 General Fogleman, I know we've had some discussion
16 on UPT. I'd like to continue along those lines, if we could.
17 You mentioned the JPATS, and I'm not sure we mentioned the
18 JPATS in regard to the Navy's training requirement, but I've
19 been told that, if a turbo jet aircraft is chosen for the
20 JPATS aircraft candidate, instead of a turbo prop, that the
21 Navy's primary training capacity would be reduced.

22 Would you be prepared to absorb additional primary

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 training for the Navy if Reese Air Force Base was closed?

2 GENERAL FOGLEMAN: We would have a limited
3 capability to do that, I guess again, as I looked at the
4 assumptions that I've said there, because what we have said
5 is, with the assumptions, within the FYDEP, if we close one
6 base, we can meet our requirements and we have a very slim
7 surge capability that could, in theory, be used to absorb
8 more Navy training, if we had to.

9 COMMISSIONER CORNELLA: I'm getting the impression,
10 from an earlier comment, too -- you said something along
11 these lines, and I think I have one word correct, and that's
12 the "must." It says: "If the Commission must close a UPT
13 base" -- now, has the recommendation of the Air Force
14 changed?

15 GENERAL FOGLEMAN: What I was trying to put in
16 context there is, back to the Secretary's point, if you're
17 going to close a UPT base, we think the analysis says Reese
18 is the base to close. That's really what I was trying to get
19 to.

20 COMMISSIONER CORNELLA: You evidently have concerns
21 about closing even one UPT base; is that correct?

22 GENERAL FOGLEMAN: I'm sorry?

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 COMMISSIONER CORNELLA: You even have concerns,
2 though, about closing one UPT base?

3 GENERAL FOGLEMAN: I have signed up to, and the Air
4 Force and the ATC has signed up to, closing one UPT base,
5 because we think we can meet the requirements within the
6 FYDEP, as I've said for our people, with the assumptions,
7 again, that I have agreed to provide to Commissioner Cox.

8 COMMISSIONER CORNELLA: We've all heard arguments
9 that downsizing saves more money than closing, and I will
10 add, in some instances, have you ever considered that for UPT
11 bases?

12 GENERAL FOGLEMAN: I think there's a different util
13 involved in UPT bases.

14 COMMISSIONER CORNELLA: Secretary Widnall, in your
15 opening statement I believe you mentioned that the 7 percent
16 that was figured was across all tenants, not just the ALC
17 personnel or the depot personnel.

18 SECRETARY WIDNALL: Right.

19 COMMISSIONER CORNELLA: Can you tell us what the
20 percentage is of depot personnel?

21 SECRETARY WIDNALL: If you count ALC personnel,
22 which is both the ALC part and the depot part, it's a number

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 in the range of 12 to 15 percent, so it is certainly in the
2 ballpark of other large depot closures by the other services.

3 Again, I remind you that the workload reductions,
4 the people have already been reduced. So, in either
5 realigning or closing, we're not looking for major direct
6 labor drawdowns, because we have already been there, done
7 that.

8 COMMISSIONER CORNELLA: Well, then, I want to
9 follow up with a question right along the lines of why we
10 might need the amount of labor that we have.

11 As we visited each base containing an air logistics
12 center, they presented data they are operating at
13 approximately one-half of their 1987-89 capacity. For
14 example, both Tinker and Kelly are maintaining engines at
15 approximately 2 million hours each versus 5 million hours of
16 capacity that they have.

17 How can this be cost-effective, to downsize when
18 both require significant overhead?

19 SECRETARY WIDNALL: I guess, in order to do that, I
20 might ask Mr. Boatright or GEN Blume, because it's the whole
21 question of how did we make the choices on the different
22 commodities and whether or not it is prudent to retain

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 capacity to do engines at two different places. That's sort
2 of a readiness issue, as well as an efficiency issue.

3 I don't know, Mr. Boatright, if you want to respond
4 to that. It's a real detail of our planning.

5 GENERAL BLUME: Let me comment, just for a second.
6 And that is the fact that, you know, the realignment and the
7 Air Force option was to realign, to consolidate all that
8 workload, but to retain those two particular elements, one at
9 Tinker and one at Kelly.

10 But there's a lot more there, at either Tinker or
11 Kelly, than just the engine workload, so you can take one
12 piece of it, but that is a consolidation, and there would be
13 many, many other consolidations, as you know, at the other
14 depots.

15 MR. BOATRIGHT: I think that our whole proposal to
16 realign and consolidate is, we have taken and looked at,
17 across the Air Force depot structure, looked for those
18 activities that have the greatest potential for manpower
19 savings through consolidation, and what we've done is, we've
20 put that package together to create a very cost-effective
21 proposal.

22 Now, if you take and close a depot, what happens to

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 you is that you can no longer pick and choose; you have to
2 take everything out of that depot and you have to relocate it
3 somewhere else and, in doing that, we create some
4 inefficiencies in addition to some efficiencies, and our
5 belief is, based on our analysis, that the realignment that
6 we've proposed is far superior to a closure action.

7 And it's really no more complicated than that.
8 That's basically what we've done, and we believe that that's
9 the right way to go about doing this. These are very, very
10 complex installations that have an awful lot on them and, to
11 consider closing one, in our opinion, is not the way to go.

12 COMMISSIONER COX: The current Brooks facilities
13 are very modern and built for their current use. In our
14 staff visit to Wright-Patterson Air Force Base, the buildings
15 proposed for the Brooks move are widespread and significantly
16 inferior to those at Brooks. Do you believe this could cause
17 serious degradation of the Brooks mission if the Commission
18 accepts that recommendation?

19 SECRETARY WIDNALL: No, I really don't believe that
20 because, while Wright-Patterson may be widespread, they will
21 be co-located with the Aeronautical Systems Center, so we
22 actually believe there will be a lot of synergism between

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 members of the scientific community. We might find people
2 sort of shifting fields and contributing to other projects
3 that are in the Aeronautical Systems Division at Wright-
4 Patterson. So I think, in fact, it would have a synergistic
5 effect.

6 COMMISSIONER CORNELLA: As we've visited many of
7 those types of installations over the past few months, we've
8 learned that not many of the highly technical people really
9 want to make a move.

10 Now, can you tell me the percentage that you've
11 projected of personnel from Brooks that would actually move,
12 other than military people that would actually be assigned to
13 move?

14 SECRETARY WIDNALL: I don't have that number. Do
15 we have an estimate for that? We'll have to provide that for
16 the record.

17 COMMISSIONER CORNELLA: Okay. Then I'd like to
18 finish off with GEN Fogleman.

19 In the last four years, the Air Force basing
20 decisions have been strongly influenced by a one base, one
21 wing/one boss concept. With a vast amount of excess
22 infrastructure, or some excess infrastructure, and declining

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 budgets, why does it make sense for the Air Force to continue
2 to adhere to this concept?

3 GENERAL FOGLEMAN: In fact, we're not continuing to
4 adhere to it, and I think, if we were going to attack the one
5 base/one boss philosophy, we're doing it at the wrong time
6 because the one base/one boss philosophy cost was the up
7 front cost to get people moved around.

8 I understood this question may come up, so I went
9 back and I tried to look at our infrastructure to see where
10 one base/one boss forced us into excess infrastructure and I
11 must tell you, when I go to the large aircraft base
12 facilities, for instance, I find three core tanker bases that
13 are choc-a-block. You can't get any more airplanes onto
14 Fairchild, onto Grand Forks, or onto McConnell Air Force
15 Base.

16 I see two bomber bases that you might walk the ramp
17 and say "These are under-utilized," but you start getting
18 into other things like trying to combine the nuclear bombers
19 from Minot with non-nuclear bombers at, say, Ellsworth. You
20 go to a place like Barksdale. You know, it's a pretty full
21 base with what we're doing with the B-52 operation and what
22 we're doing with some Reserve conversions.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 So I must tell you, Mr. Commissioner, I would need
2 some help on identifying my excess infrastructure being
3 driven by one base/one boss. If somebody can show me where
4 that's really forcing us to be inefficient, then I will go to
5 work on this, but I think, in the main, where the so-called
6 inefficiencies had occurred, they were things associated with
7 the initial stand-up, not so much with sustained operation
8 and, as a result of our previous BRACs, we've kind of got
9 ourselves pretty well skinned down.

10 I look at Charleston Air Force Base. You might be
11 able to shoehorn some more airplanes into Charleston and, if
12 we get C-17s, trust me, we'll do that. McGuire is pretty
13 well maxed out with everything that we're doing. The same
14 thing is true of our West Coast Air Mobility Wing at Travis.

15 So, as I look around, there may be pockets where
16 there would be some excess capacity, but I don't think it's
17 driven necessarily by one base/one boss. For instance, at
18 McChord Air Force Base, we have some excess capacity as a
19 result of fighter force structure coming down.

20 So there was a case where that fighter force
21 structure coming down wasn't driven by one base/one boss. It
22 was the fact we were told to go to 20 TAC fighter wings, and

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 it's very difficult and expensive to put any other kind of
2 force structure in there.

3 COMMISSIONER CORNELLA: So I would take your answer
4 to be that philosophy has changed and, if you had a base that
5 had some excess capacity and you could put another mission in
6 there, you would; is that correct, sir?

7 GENERAL FOGLEMAN: If it made sense from all the
8 other operational considerations. This is one of those
9 things that I tried to look at the Commission's request for
10 "How would you relocate assets, say, if you closed Grand
11 Forks?" And the next thing I saw was we were looking at
12 penny packet stuff -- stuffing a squadron into Seymour
13 Johnson or two squadrons there or two squadrons here, and it
14 completely undercuts our operational concept and the way
15 we're doing things.

16 COMMISSIONER CORNELLA: Thank you, sir. I yield
17 back to the Chairman.

18 CHAIRMAN DIXON: I thank Commissioner Cornella.
19 Commission Steele.

20 COMMISSIONER STEELE: Welcome. We're doing a lot
21 of UPT base talking, and I tell you, the Reese community,
22 someone along the parade line had a pretty interesting

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 proposal that said, "Save Reese, close the Pentagon."

2 (Laughter.)

3 COMMISSIONER STEELE: And the steady-state savings
4 if you ran a COBRA run might really be something you want to
5 look at.

6 GENERAL FOGLEMAN: They've got my vote.

7 (Laughter.)

8 COMMISSIONER STEELE: We'll note that. It was
9 under oath.

10 Looking at the UPT issue across the Navy the Air
11 Force, if I could, a UFT, if -- and this is an if -- we're
12 down to three Air Force UPT base -- and you talked about
13 increasing the workload or the throughput by about 52 percent
14 through 2002.

15 On the one hand, I believe Commissioner Cornella
16 asked a question, "Would you have room at, say, Columbus to
17 absorb some of the Navy strike training if they had a
18 shortfall?" And I don't expect you to address the Navy
19 training, but they're maxing out Kingsville and there's a
20 question of if they would have the capacity they need in the
21 out years.

22 I guess I'd like to look at the issue both on

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 Columbus, specifically ability to absorb strike training, or
2 the reverse of that, if you feel you're really maxing out in
3 the Air Force, your ability to achieve the throughout you
4 need for pilot training, could the Air Force benefit by the
5 retention of Meridian for capacity's sake?

6 GENERAL FOGLEMAN: Well, as I've said, within the
7 FYDEP, we can close one UPT base and still have the capacity
8 to have some small amount of surge or absorb some training
9 from somewhere else.

10 We look at that as a system, though. We don't look
11 at it by base, for a lot of different reasons. So what we
12 will end up doing as we build a PFT for the year, then we
13 kind of get base-specific. But we kind of look at it in the
14 aggregate, because, in any given year, attrition will vary by
15 base, these kinds of things.

16 So I'm not prepared to try and address a question
17 that says, "If we have some excess capacity, is that excess
18 capacity all at Columbus?" The answer is no, it's not going
19 to be at Columbus. It's going to be spread across the force.
20 I mean, that's the way you're going to spread it.

21 And then -- I'm not prepared to answer the
22 question, but we might be able to go back and model it --

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 "Given that you had excess capacity of 100 slots, how many of
2 them would you think would be at Columbus," then I think we
3 could go back and give you an answer to that. But I can't
4 answer that here.

5 COMMISSIONER STEELE: I said Columbus specifically
6 because of their capability to also train for strike, should
7 we need to do that.

8 GENERAL FOGLEMAN: But all our bases, under our
9 SUPT scheme that we're going to go to as we continue to look
10 at how we bed this down -- I mean, Columbus will have that
11 capability; we'll have that capability at other places, also.

12 COMMISSIONER STEELE: Okay. If it's all right, I
13 may follow up with a question in writing --

14 GENERAL FOGLEMAN: Okay. That would be useful.

15 COMMISSIONER STEELE: -- to try to bring the Navy's
16 comments last week and your thoughts on this together. It
17 would be very helpful.

18 Returning to Brooks for a second, if I might, and
19 this is a tad redundant with Commissioner Cox's question, but
20 given that the one-time cost in the Air Force proposal is
21 \$211 million to close with annual savings of 32.2, San
22 Antonio community's cantonment proposal, the costs are only

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 11 and the annual savings are half of the Air Force savings.

2 I'll give you that, in the long haul, under your
3 proposal, just looking at this, and if you don't count loss
4 of personnel or the question of perhaps the infrastructure
5 not being on par at Wright-Patt with what they currently have
6 in San Antonio, you would have more savings under your
7 proposal in the long, long haul.

8 But if, going to the ALC issue, if up front costs
9 are your issue, this would provide you an additional \$200
10 million that could go toward a closure of a single ALC. And
11 we all know that the steady state savings on an ALC are
12 significant versus looking at the 32 million versus 17.6
13 million.

14 Looking at that as an entire picture, could that
15 \$200 million be much better spent in the long term for the
16 Air Force to go toward a complete closure of one ALC?

17 SECRETARY WIDNALL: No, I don't believe so. I view
18 the proposal that we submitted as really the optimum proposal
19 in the best interests of the Air Force. Again, I think with
20 respect to Brooks, I think the cantonment makes very little
21 sense. I think it would be very hard on the people. They'd
22 have to go driving over to one of the other San Antonio

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 installations for every little personnel matter, everything
2 they needed to do to get Air Force support.

3 I think we would be missing an opportunity to
4 locate the scientific communities together to get the kind of
5 synergism that we need if we're going to move forward in the
6 future and sort of integrate human factors into aeronautical
7 systems.

8 So I think, from the technical point of view, it
9 just makes more sense to relocate Brooks to Wright-Patterson.

10 COMMISSIONER STEELE: Thank you, Madam Secretary.

11 Switching to the Northern Tier, GEN Fogleman, the
12 Secretary has notified us that there will be no determination
13 by the Secretary that would require retention of the missile
14 group at Grand Forks. If the 321st Missile Group is
15 inactivated, will it be necessary to demolish or relocate
16 Grand Forks' ABM facilities, and do you know what the
17 associated costs would be of demolishing?

18 GENERAL FOGLEMAN: We have looked into this, and
19 the answer is no. We have been told there will be no
20 requirement to demolish or relocate that ABM facility.

21 COMMISSIONER STEELE: Under the treaty, the State
22 Department checks off on that also, that we don't have a

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 treaty obligation to demolish?

2 GENERAL FOGLEMAN: This was a position that was
3 provided to us by the deputy secretary of defense after
4 inter-agency consultation, so if there's somebody out there
5 that has some additional information, they haven't been up in
6 the net.

7 COMMISSIONER STEELE: Okay. Switching gears for a
8 moment, we've heard about a tanker shortfall in the
9 Southeast. Could you address specifically what that
10 shortfall might be and the number of squadrons?

11 GENERAL FOGLEMAN: What I would kind of prefer to
12 do is talk to it in terms of we have some numbers I'll share
13 with you, if I could.

14 We look at it in terms of peacetime demand, and
15 that is an important dimension. This is peacetime, peacetime
16 demand versus basing. And the issue is how many air-
17 refueling-capable airplanes do you have in a certain part of
18 the country versus your tankers?

19 What we have in the Southeast is 27 percent of the
20 demand is in the Southeast. Without any rebasing, 7 percent
21 of our capability is in the Southeast.

22 In the Northern Tier, we have 5 percent of the

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 demand and 15 percent of our tankers based there but what the
2 Northern Tier gives us is optimum location for the support of
3 the bombers in the wartime scenario. And so we have been
4 trying to work a way to help redress this imbalance in the
5 South. This has been this way for years.

6 And, of course, that's at the heart of our
7 Malmstrom recommendation, to move those tankers to MacDill.
8 That helps some. It doesn't help a lot. It's 12 tankers.
9 But it helps some, and it helps us work the problem of we are
10 currently obligated to run an air field at MacDill Air Force
11 Base and we have no force structure on it.

12 By the same token, we are obligated to run an air
13 field at Air Force Base in a place where we have excess force
14 structure, a relatively small unit that we think would have
15 minimum impact on the people and the unit to transfer it to
16 the Southeast. And so that's really what we're trying to
17 address.

18 COMMISSIONER STEELE: Switching back to Northern
19 Tier a little bit, if the Commission decides not to try to
20 find a home for the tankers at Grand Forks, looking only at
21 the two missile fields, if we go just back to Minor and Grand
22 Forks.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 Having visited Grand Forks a week-and-a-half ago,
2 two weeks ago -- time is becoming a bit of a blur here -- I
3 was told pretty much by everyone that day that those missile
4 fields are largely interchangeable, which is why the original
5 recommendation, though it said closure of Grand Forks was
6 preferred, the Secretary was willing to close Minot should
7 that letter not be able to come forward to us during this
8 process.

9 My question is -- given I know it's an A system and
10 a B system and there had been issues that react with the B
11 system, but they've cleared those, et cetera, and the Air
12 Force's testimony that there is not a water problem at Grand
13 Forks -- would it perhaps make sense for the Air Force, in
14 the long haul, to have the Commission close Minot's missile
15 field, under the scenario we're touching the tankers at Grand
16 Forks, to provide you the opportunity in a future BRAC in,
17 say, 2001 or whatever, to have the chance to move the bombers
18 from Minot to close a base, to then save you that operating
19 cost, if Grand Forks is going to stay a place you want to
20 operate from, from now till whenever?

21 GENERAL FOGLEMAN: First of all, I was not aware
22 that the Air Force says there's not a water problem at Grand

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 Forks, because I can tell you the numbers they show me
2 consistently is that we're spending considerably more money
3 to operate those silos at Grand Forks than we are at Minot or
4 anywhere else and, if they're not spending it on the water
5 issue, I don't know what they're spending it on.

6 But we break it out by base, sort of cost per silo,
7 and everything I have ever seen says that it is more costly
8 to operate silos at Grand Forks than it is at the other
9 locations and it has always been attributed to the water
10 problem. So you may have some new information that I don't
11 have. I don't know who testified to that.

12 COMMISSIONER STEELE: Actually, General, I had
13 always heard that, as well, but it was said pretty
14 consistently and some of the senior command had come in also
15 during my visit and also addressed that issue and said that
16 it was no longer a problem.

17 Say it still is a problem. How would the cost
18 compare with fixing a water problem on a silo every X amount
19 of years versus maintaining the operations of the base in the
20 long haul? And my time is expired.

21 MR. BOATRIGHT: If I could comment on this, in
22 regard to our analysis, the Air Force did a rather detailed

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 analysis comparing each of the missile bases, one to another,
2 to determine which base was the best base, which was the next
3 best base, and right down the line.

4 We did that analysis, considering a number of
5 factors. One, water table level, because that affects the
6 hardness of the site, and that has something to do with the
7 survivability of the site. When we did that, Grand Forks
8 clearly comes out as the one that would be closed. That is,
9 it doesn't do as well in that comparative analysis as the
10 other sites.

11 Now, the next one up the ladder is Minot. That's
12 the reason why the Air Force focused on Grand Forks, because
13 retaining the other three gives us the best possible missile
14 field structure that the Department of Defense can maintain.

15 COMMISSIONER STEELE: Thank you. Staff slipped me
16 a note that says that Grand Forks is the third -- how do I
17 say this -- the second cheapest, third most costly, expensive
18 to run, missile field. I know there's a lot of issues
19 involved in this and I don't want to take any more time from
20 my colleagues on this issue.

21 GENERAL BLUME: As the chief said, it is the most
22 costly, also.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 COMMISSIONER STEELE: Thank you very much.

2 CHAIRMAN DIXON: Thank you very much, Commissioner
3 Steele. Commissioner Robles.

4 COMMISSIONER ROBLES: Thank you, Mr. Chairman.
5 Madam Secretary, as you said in your opening remarks, the Air
6 Logistics Center issue is the centerpiece of your discussion.
7 It is clearly the centerpiece of our mind. So I'm going to
8 talk a little more about it, and I'm going to try to
9 crystallize a couple of thoughts that I think we heard today,
10 just to make sure that you understand the difficulty we have.

11 The reason I'm saying that is because we have
12 between now and the 22nd to gather all the facts. Then,
13 we're going to go into a voting mode and we want to make sure
14 we have all the evidence, all the numbers we need to make a
15 clear, fair, objective decision.

16 The second thing I will say is, as you know, I've
17 spent most of my adult life in the analysis and numbers
18 business, so I have a particular interest in the numbers that
19 support your decision. I asked the staff -- all of us have,
20 but I particularly have been asking them -- that I'm not
21 saying the numbers are wrong, the numbers are perfectly
22 right.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 It's the assumptions that I quibble with; it is the
2 parameters that I quibble with; it is things like the number
3 of years to close, the year you start the closure, the 15-
4 percent productivity you get when you downsize and zero
5 percent productivity when you consolidate -- on and on and on
6 and on -- the PCS costs, the workmen's comp cost, the whole
7 string of numbers that are the underpinning for this
8 analysis.

9 When you do all that, the staff will show us next
10 week a rather detailed analysis that shows that there is
11 significant deviation in the numbers. So let's just agree to
12 disagree for right now. We have a different set of numbers
13 than you do and we will be briefed on what those numbers are.

14 So, if that is the case, I guess what I'm asking
15 you is, we have to take a good, serious look at whether we
16 close one or two depots, and we're going to look at that.
17 I'm not saying we're going to vote to do that, but we're
18 going to take a good, hard look at that. I think you
19 certainly got that, from the tone of our discussion.

20 My question to you is, given your BCEG rankings and
21 given all your analysis, one more time, should we stick with
22 your rankings as we come to grips with this issue of closing

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 one or two of these depots?

2 SECRETARY WIDNALL: Well, I think I responded to
3 that question that certainly I stand behind the Air Force
4 tiering, and just to remark that our tiering is alphabetical
5 by tier so that, you know, if Kelly and McClellan end up in
6 the bottom tier, then K comes before M, and so that's all you
7 can attribute to the relative listing of those two bases.

8 But I do view the results of the tiering as the
9 beginning of a process and not the end of a process, and that
10 is the very process that the Air Force went through in trying
11 to make its recommendation.

12 So I don't know how else to respond to your
13 question, except to say that it is certainly my fervent hope
14 that you make the right decision, because I truly believe
15 that you have the future of the Air Force in your hands, at
16 least for the near term, and the recommendations that this
17 Commission will make, I believe will determine the health of
18 the Air Force over the next ten years.

19 So I fervently hope you make the right decision,
20 because, for us, it is a big risk.

21 COMMISSIONER ROBLES: We understand that, and we
22 asked the Army who was before you, about risk management.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 And, see, we have two different analyses here. We
2 have a risk-averse solution, which is basically your
3 maximizing the aversion to risk so you can have capability
4 for the out-years, and you have the Army who says, "We're
5 going to be risk takers and we're going to go down to three
6 depots, one of each, and that's it." And so we're wrestling
7 with that.

8 Do we have to have a cookie-cutter approach?
9 Absolutely not. But the fact of the matter is, they also
10 have readiness at stake, just like you do, and so we have to
11 see what is the right answer. And I understand there are
12 different depot structures and there are different cost
13 involved.

14 But, to the extent that your costs and your savings
15 -- your up front costs and your savings -- are not what is in
16 this analysis -- and we believe that -- then that makes this
17 risk strategy a lot clearer for us to make a decision on
18 because, then, maybe there isn't as much risk.

19 Now, capacity, we'll put up a chart, the capacity
20 chart. See, this is what we're wrestling with.

21 SECRETARY WIDNALL: You may be wrestling with it,
22 but I can't see it.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 COMMISSIONER ROBLES: Well, this is a chart of your
2 data going to the BCEG. Turn the other side around.

3 SECRETARY WIDNALL: It's not getting any better.

4 COMMISSIONER ROBLES: Maybe it's clearer on that
5 chart.

6 GENERAL FOGLEMAN: Our problem is, we have an angle
7 shot at it.

8 SECRETARY WIDNALL: That's fine.

9 COMMISSIONER ROBLES: That chart was prepared on --
10 no, I need the capacity chart, is the one that I'd like to
11 see. They understand their own ranking system. This chart
12 right there, that chart. Do you have a copy of that chart?

13 SECRETARY WIDNALL: Yes. I have it.

14 COMMISSIONER ROBLES: This one?

15 SECRETARY WIDNALL: Well, I don't have that one,
16 but I have this one.

17 COMMISSIONER ROBLES: If you would look at this
18 chart, please, this is your data that you sent to the Joint
19 Cross-Service Group, and there are two charts. The first one
20 is the Air Force depot maximum potential capacity, and it was
21 normalized according to your input; so we didn't create this
22 number, these are numbers you gave us.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 It clearly shows that there is at least 50 percent
2 excess capacity in the Air Force structure by the year 1999.
3 So there it is, and that's what we're using, your number.

4 Then the second chart is just how that's broken
5 down by depot, and it shows, if you take that capacity and
6 spread it around the depots, so there's clearly no
7 misunderstanding in our mind that there's excess capacity.

8 So, given that there's excess capacity, we are now
9 trying to come to grips with -- and you said that up front --
10 is it one or two? And you say downsizing is your preferred
11 alternative. We say maybe that's your view, and we
12 appreciate it, and that's your professional judgment. But we
13 need to take a look at all the parameters and all the
14 financial support data.

15 GENERAL BLUME: I think we said one-and-a-half, or
16 about one-and-a-half and, if you went to two, there would be
17 some severe disruption, some out-sourcing, some things that
18 would have to do with other services and things of this sort,
19 that there was not that much excess capacity.

20 COMMISSIONER ROBLES: Which are good, right? I
21 mean, we are looking to --

22 GENERAL FOGLEMAN: We're looking at that, Mr.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 Commissioner, but the one thing we would ask this Commission
2 to keep in mind is, that looks at this, is the United States
3 Air Force has not been out on the street crying about
4 readiness. We understand readiness. We have a system we've
5 built to keep us a ready force. We understand getting rid of
6 excess capacity.

7 You all will, I hope, as you do this analysis, not
8 try and reinvent how the Air Force does business, because I
9 think that's beyond your charter. You will fold your tent
10 and go away this summer, and we will get to live with this --
11 I will get to live with it -- for several more years, as the
12 Secretary will.

13 So if, as a part of your analysis, you're
14 fundamentally changing the way we do business, then I would
15 ask that we be able to sit down and talk about this.

16 On the other hand, I think that the position we
17 have taken, relative to downsizing in place gives, us the
18 flexibility to do things such as respond to the Roles and
19 Mission Commission of doing more out-sourcing, privatization
20 in pace, et cetera, with far less impact on the work force
21 and the readiness of our Air Force.

22 You start closing these depots, and I will tell

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 you, there is no way that you're not going to impact our
2 combat readiness for a couple years, when you start moving
3 these things around.

4 Now, is it worth having it impacted, to get the
5 long-term savings? I mean, those are the kinds of value
6 judgments that have to be made. And, as we look at it, and
7 we look at the savings and the flexibility this gives us, we
8 say we've got a complete package.

9 Now, that's kind of where we're coming from on
10 that.

11 COMMISSIONER ROBLES: I understand. I understand
12 your bottom line and, just so there's no misunderstanding,
13 we're every bit as attuned to the readiness issue as you are,
14 and we have made a commitment that we're not going to tell
15 anybody, prescribe how to do things. There's going to be
16 plenty of broad flexibility, as you should have, as you're
17 required to have, as the leadership of the Air Force, to do
18 whatever has to be done.

19 But all I wanted to make sure of, was to underscore
20 the point that we're going to come to grips with this issue
21 here over the next four or five days, and this is not an easy
22 issue, and there is a difference in opinion on the total up

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 front costs and the total savings; and that is going to be a
2 major impact on this equation.

3 So if you have any final adjustments, there is some
4 time sensitivity here, so enough on that.

5 SECRETARY WIDNALL: Let me just remind you -- and
6 I've said it in my opening statement -- that, when you look
7 at one of these bases, Air Force bases, that we call depots,
8 I would say that certainly less than 50 percent of the people
9 who are on that base are actually involved in the depot, and
10 50 percent of them are involved in some other activity with
11 facilities and equipment.

12 A lot of the major cost has to do with moving those
13 tenants who are needed, they're in our plans, they're part of
14 what we do, and they cannot be downsized.

15 COMMISSIONER ROBLES: I understand. The second
16 question is a question that you also alluded to in your
17 opening remarks, which has to do with tactical missile
18 workload. And you appropriately said that you weren't
19 looking for work. We're the ones who added the list.

20 We are the ones who said we ought to take a look at
21 it, based on the last BRAC Commission's recommendation about
22 more jointness and the fact that we just want to know if we

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 could, in fact, look at an option that moves tactical missile
2 workload from an Army depot to an Air Force depot.

3 We've heard both sides of the argument, as you
4 would expect.

5 On the one side, we hear that "It would require
6 much more construction, primarily for additional igloos at
7 Hill Air Force Base, that there are some very large costs to
8 do that and, oh, by the way, Hill doesn't have the expertise
9 or would have difficulty building up the expertise to do this
10 missile work."

11 On the other side, on the ground at Hill, when I
12 was there, they told me "It would not require additional
13 igloos, we do have the capability to do this kind of work,
14 we've done it in the past, we're doing some of it now, and we
15 could do more in the future."

16 So could you please just give us your thoughts and
17 your analysis on this whole issue?

18 SECRETARY WIDNALL: As i say, I think we would feel
19 rather relaxed with your ultimate decision on this matter.
20 You're obviously in a position, both by virtue of your recent
21 activities and your background, to make this decision. So I
22 think we feel comfortable with however it comes out.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 COMMISSIONER ROBLES: I would really like to know
2 if you know of any construction requirements, because it
3 appeared to be a service-unique standard for storage of
4 missiles that caused that additional construction. I'd just
5 like to get a little insight on that issue.

6 SECRETARY WIDNALL: I guess we'd be glad to work
7 with the staff.

8 GENERAL BLUME: That is the way we understood that
9 the analysis was performed, also, and that the requirement
10 was that, if you had to store all the missiles there, that
11 there would be a significant cost increase. Is that an
12 absolute requirement?

13 COMMISSIONER ROBLES: And the answer is?

14 GENERAL BLUME: And the answer is no.

15 COMMISSIONER ROBLES: So you would not have to
16 build those additional igloos to meet the same separation
17 distance and storage requirements that the Army requires of
18 its storage?

19 GENERAL BLUME: That's maybe a little bit different
20 question. I'm not sure what we would have to do. We'd have
21 to go in and look at it. But it depends upon the concept
22 that you work under. As I understand it, they're going to

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 take the missiles apart, was what you had asked them to do
2 anyway, or what the Army's proposal, that is, was to do, and
3 going to farm out part of the workload.

4 So I guess what I would say is that it depends
5 upon, there were two different options. One was the air-to-
6 air, the IR missiles, and that sort of thing, what's being
7 done there now, and the other one was, I think, all the
8 missile activity was there.

9 But, if you don't store all the missiles there, if
10 you store the missiles at some other thing, my understanding
11 was that the capacity was there.

12 COMMISSIONER ROBLES: Okay. Well, if you could
13 give us some feedback on that, the option is very simply not
14 splitting the two like the Army's proposal, but taking the
15 missiles, moving them in their entirety, all the missile
16 inventory, to Hill Air Force Base, doing the required
17 maintenance there.

18 And then we were told at Hill you don't have to
19 store them there; it's not an operationally sound concept to
20 store all the missiles at that base. You would put them out
21 in storage facilities that are geographically separated and
22 then you would ship them from there to wherever the theater

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 of operations is. That's the way I used to do it when I was
2 in the war-fighting business.

3 So would you just kind of tell us, could you do
4 that and would there be large additional expenditures for
5 construction if you did it under that concept or that scheme?

6 GENERAL BLUME: We'll look into that for you.

7 COMMISSIONER ROBLES: Thank you. Mr. Chairman, I
8 yield back my time.

9 CHAIRMAN DIXON: I thank you very much,
10 Commissioner Robles. Commissioner Montoya.

11 COMMISSIONER MONTOYA: My comments are going to be
12 more in that nature than asking a question, because this is a
13 final opportunity under oath to make sure that I understand
14 the Air Force position because, to the extent that I
15 understand it and support it, I have trouble with the Army's,
16 and vice versa.

17 The Secretary of Defense has given us the dilemma,
18 because we have some inconsistent positions in looking at
19 similar activities, and I'm going to try -- the engineer side
20 of me says -- I'm going to try to factor through all that and
21 deliver a consistent vote that SECDEF will have to live with,
22 whoever that SECDEF is.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 So I'm going to try to say in my own words what I
2 think your position is and have you concur or not concur, or
3 fix it, because I want to leave this session with that
4 understanding, not to suggest that I agree with it or not,
5 but I do want to understand it.

6 Before I do that, I've got to respond to a comment
7 the general made. It's the second time it's been made in
8 about two weeks. And senior people in government, to infer
9 that we should make the right choice because we'll be gone 1
10 July and, therefore, leave you with a problem, really offends
11 me in this sense.

12 When you take off that uniform, you will live the
13 rest of your life with the decisions that you've made, good
14 or bad and, when I take off this Commission uniform, I'll
15 feel the same way. So we are working very hard to come up
16 with the right answer, General, because we do appreciate what
17 it is we're doing, what's in our hands.

18 I assure you I won't be going home 1 July and
19 forgetting about it. I'll live with this the rest of my
20 life, also.

21 Now, this is what I think the Air Force is saying.
22 And I want to distinguish between capacity and idle

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 industrial capability.

2 I think what the Air Force is saying -- and it's a
3 cash flow analysis that you're presenting to us, really --
4 you're saying that, given the workload that you have in the
5 Air Force today, or anticipate, that, through your managerial
6 approaches -- and they are wide-ranging, and I won't
7 categorize them all -- you are trying to size and keep sizing
8 your capacity to meet that workload. Whatever percent excess
9 you need, you'll figure that out, but you're optimizing your
10 capacity, which includes people, machines, and facilities.

11 You admit that, beyond that, minus the people,
12 you've got some industrial capability that is idle. That's
13 facilities and machines.

14 And you're also saying that you are more willing to
15 carry the cost, or you are willing to carry the cost of that
16 idle industrial capability as part of your everyday
17 budgeting, that that is cheaper than closing an Air Force
18 depot and having to move practically all the positions, not
19 the overhead, but practically all the positions that you are
20 working in an ALC, because you have sized it to proper
21 capacity and, therefore, that's an incremental workload that
22 you've got to move in total someplace else.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 That cost is greater than owning the capacity, plus
2 the idle capability, at one place. That's what you're
3 saying, I think.

4 From a business perspective, there are some numbers
5 that you leave out, and maybe that's okay in government.
6 From a business perspective, we would have to cost that idle
7 industrial capability. We would have to put a cost for the
8 investment we made and the carrying costs, plus the
9 depreciation costs, plus the operations and maintenance cost.

10 That is not necessarily entirely a cash-flow
11 analysis and, therefore, for you, it's a sum cost and you can
12 live with that under your economic model much better than I
13 could in the world that I live in.

14 I think that's what you are essentially saying to
15 us, is that it's cheaper for you to live with how you've
16 reorganized and how you've squeezed. You can pay for that
17 stuff that isn't being used. That's a better answer than
18 trying to close everything at one place and moving it in real
19 dollars that you have to spend this year, next year, and the
20 following year.

21 That's what I'm hearing, and I want to see if I'm
22 hearing that correctly.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 SECRETARY WIDNALL: Okay. I think I can supplement
2 that, because I think that you have laid it out, but let me
3 make some additions.

4 First of all, it is not our intent to carry the
5 idle capability. We have identified buildings for
6 demolition, and this really does happen. When I visit an Air
7 Force Base, I'm always overjoyed to see a building in the
8 stages of demolishing, because if we do not need buildings,
9 the best thing, after some point, is to simply tear them
10 down.

11 So the fact of the matter is that we want to get
12 rid of idle capability and, as I often remarked when we were
13 in the BCEG, what I'd like to see us do is to turn this into
14 grass. That's got a number of advantages, not the least of
15 which is that it is another form of long-term environmental
16 remediation, to let the land return to its natural state.

17 There is also, of course, the possibility that we
18 can free up some of either part of the base or some of those
19 buildings for use by the civilian community in a public-
20 private partnership and, certainly, in some of our more
21 modern facilities, we would want to look at that. That, of
22 course, is part of our planning that we think will take place

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 over the next few years, with our new leadership at AFMC.

2 I guess the only other part I would really want to
3 emphasize is the large number of productively employed
4 tenants on our bases. These are healthy organizations with
5 major facilities, and to simply take them and move them has
6 always seemed to me to be a big unnecessary expense.

7 So those are the two additions I would want to
8 make.

9 COMMISSIONER MONTOYA: I think your first comment
10 fits the model I laid out, in that you will make a subset
11 tradeoff, whether it is cheaper to keep a building in place
12 for future use and maintaining it, as opposed to tearing it
13 down. That will be an economic subset.

14 And the other will be to further reduce those
15 carrying costs of maintenance, by having somebody else occupy
16 and use it. So I don't think that's inconsistent with the
17 oversimplification I made.

18 I think I'm finally understanding what it is you're
19 saying, after self-searching and writing myself notes from
20 places I've been. And so, to the extent that we can come to
21 agreement that we understand each other, I'll leave it at
22 that.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 GENERAL FOGLEMAN: Perhaps, Mr. Commissioner, I
2 could add one thing. While we are not required, as you say,
3 to follow the same business accounting rules that you are,
4 it's interesting that, within the logistics business, because
5 of our defense business operating fund activities, more so
6 than in some of the operational parts of the Air Force, we
7 are sort of required to account for this overhead and
8 infrastructure and all that.

9 And I would ask that, as a data point, perhaps the
10 Commission go look at the services and how they have done in
11 DFOB and DBOF funding over the last several years, and I
12 think you will find that the Air Force, through its model,
13 has generated excesses to this fund or, at least, we have
14 been in the contributing versus the withdrawal mode.

15 I think it may be an indication of precisely what
16 you said in terms of, as we drew down our workforce to kind
17 of match up with what our requirements were, while
18 infrastructure stayed there, our real capacity came down; and
19 that's sort of reflected.

20 But it's a measure of merit that, anytime you start
21 talking about DBOF, you get on icy --

22 COMMISSIONER MONTOYA: I lived in that DBOF world

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 for a number of years.

2 GENERAL FOGLEMAN: -- icy treads, as you well
3 remember.

4 COMMISSIONER MONTOYA: Yes. NIF world, we used to
5 call it.

6 GENERAL FOGLEMAN: Yes.

7 COMMISSIONER MONTOYA: Yes, sir.

8 GENERAL BLUME: And let me assure you that those
9 costs for that mothballing, as you might say, or destruction,
10 or whatever, those were captured, as far as the analysis was
11 concerned.

12 COMMISSIONER MONTOYA: And that's what I heard at
13 Kelly, particularly, that even with those costs included, I
14 heard a labor rate number that was better than any of these
15 by some considerable amount. So I'm going to ask the Navy,
16 why is the Air Force so much better than you all? That's for
17 another day, though.

18 SECRETARY WIDNALL: We've been asking that for
19 years.

20 COMMISSIONER MONTOYA: One last comment, Mr.
21 Chairman. I am really impressed with your facilities
22 management, General, in the Air Force. It is a real pleasure

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 to visit Air Force bases. Treatment, facilities, appearance
2 -- I would have to say that they're equal to one of our
3 nuclear submarines in quality of life.

4 (Laughter.)

5 CHAIRMAN DIXON: Thank you, Commissioner Montoya.

6 Madam Secretary, I'll have only about four
7 questions, and we'll be able to break for lunch.

8 Now, in your earlier comments back in March, the
9 Air Force, your argument to us then, in connection with this
10 novel idea of downsizing instead of closing any of your
11 depots, was that you could not afford to close a depot with
12 the funding you have available. That was our understanding,
13 and we've examined that record, and we're satisfied that was
14 the argument then.

15 Our staff -- I want to be candid with you -- now
16 believes they've showed that it is affordable and that it
17 does make economic sense, and they are now concerned that
18 you're raising instead operational concerns, really, for the
19 first time now, that it was entirely an argument of the
20 funding earlier and that you have reconfigured your position
21 somewhat in connection with our second meeting.

22 Is an unfair characterization by our staff?

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 SECRETARY WIDNALL: Yes. Well, I guess maybe I
2 might characterize our earlier statement as sort of an
3 enthusiasm for the proposal, based on the obvious point that
4 the DOD had some very serious budget problems in the year
5 ahead. But, really, from an operational and management point
6 of view, I've always believed that the real attractiveness
7 had to do with the consolidation of the individual
8 commodities.

9 But, clearly, at that sort of top-level testimony
10 that we gave at that point, we certainly didn't spend our
11 time talking about hydraulics consolidating at this base, and
12 the instrumentation consolidating at this base. We didn't go
13 into that level of detail.

14 And we certainly didn't talk, at that point, about
15 the obvious fact, as I've tried to emphasize here, that the
16 presence of so many tenant units on our installations makes
17 the cost to consider moving very, very large. I think these
18 were clearly things we realized at the time.

19 But you recall Secretary Perry's presentation and
20 Mr. Deutch's presentation really, I think all of us were
21 flushed with the enthusiasm of the net present value for this
22 approach, and that's, I'm sure, the emphasis we gave. But I

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 believe we've always seen it as a complete package.

2 CHAIRMAN DIXON: Okay. Did you want to say
3 something, General?

4 GENERAL BLUME: Madam Secretary, could I just tag
5 on?

6 SECRETARY WIDNALL: Mm-hmm.

7 GENERAL BLUME: Even the Joint Cross-Service Group
8 had significant operational concerns with the closure of one
9 or two of the air logistics centers, and we certainly have
10 always had that concern. Our voice is being heard, maybe, a
11 little bit more now, but certainly the affordability, as the
12 Secretary said, is very important.

13 The less disruption that we can have is certainly
14 an important fact, and the operational concerns, as far as
15 the Chief made, as far as readiness, are extremely important
16 also.

17 CHAIRMAN DIXON: I hear all that. Now, let me
18 review the bidding, because these figures are the figures we
19 have to work with. There's been a 40 percent reduction in
20 authorized and appropriated amounts since the high point in
21 the Reagan Administration when I served in the United States
22 Senate. There's been a 40 percent reduction.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 SECRETARY WIDNALL: Yes, in the budget, right.

2 CHAIRMAN DIXON: There's been a 30 percent force
3 reduction. If we honor every request of the Department of
4 Defense -- every one of them -- and don't do anything else,
5 we will only achieve a 21 percent reduction in the capacity
6 out there. I think that's factual.

7 The next thing is -- and I regret this -- you know
8 my record when I was in the United States Senate, so I don't
9 advocate what has occurred. But the downsizing has actually
10 resulted in a downsizing, unbelievably, to about the 1950
11 level, which I find, quite candidly, quite shocking.

12 I take it, it is only the Congress reflecting the
13 constituency views. I can only accept that as the reason why
14 because, from a national security standpoint, no one could
15 defend it. But that's factual.

16 Now, continuing the bidding, in the BRACs, through
17 '93, the Navy has closed one-half of their aircraft depots --
18 three of six. If we only do what the Navy requests this
19 time, if we only support that, the Navy will have closed half
20 their shipyards. The Army will have closed, if we only do
21 what they say -- assuming we do what they say -- six of the
22 nine depots.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 So I wonder at what point the force reductions in
2 the authorized and appropriated amounts get to the level
3 where one says, "Hey, what are we going to do with all this
4 capacity?" You know, one has to say, in honesty, General,
5 that if you've been there and you've seen them and eye-balled
6 them, which we've done, there is humongous space. Humongous
7 is the only fair way to describe it.

8 GENERAL FOGLEMAN: Mr. Chairman, could I --

9 CHAIRMAN DIXON: General, I love you; I'd be
10 delighted to hear your defense.

11 GENERAL FOGLEMAN: I won't try to defend. What I
12 will try to do, though, is hopefully amplify.

13 I have before me a list of those depots, Army,
14 Navy, that you have described. I can go down through three
15 Army depots, three Naval aviation depots, and add up their
16 total base population, and they do not equal the base
17 population of Kelly Air Force Base. I mean, we're talking in
18 terms of scale.

19 CHAIRMAN DIXON: I wouldn't argue that with you.

20 GENERAL FOGLEMAN: But, if the Air Force were
21 structured so that we had these little depots our here, then
22 I think we could compare. We would have apples to apples,

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 oranges to oranges.

2 We have taken the position based on past actions.
3 I mean, we have consolidated activities into these megabases.
4 You have to go back into the past to see the same kinds of
5 drawdowns that we've had to get us into this position.

6 Again, I think Commissioner Montoya has put his
7 finger on what we're trying to do with what we have left. So
8 I think people who will put forward this comparison of
9 numbers versus looking at the complexion of these
10 installations, you know, it's not quite apples to apples.

11 CHAIRMAN DIXON: Okay. Let me ask you a couple
12 more quick questions. You are saying to us that the
13 reevaluation indicates that Kirtland should not be closed,
14 are you not?

15 SECRETARY WIDNALL: Yes, that's right. That's
16 right.

17 CHAIRMAN DIXON: So that we don't have any
18 difference of opinion about that.

19 SECRETARY WIDNALL: That's right.

20 CHAIRMAN DIXON: All right. Now finally -- and
21 this is procedural -- this is the last BRAC. There isn't any
22 question, when we conclude this BRAC, we are leaving a lot of

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 excess capacity out there that everybody has to deal with,
2 that gives you problems when you want to do procurement,
3 gives you problems on force levels, a lot of other things.

4 Also, I don't think it's subject to debate that
5 there's no stomach in the Congress and probably not in the
6 country for another round in a couple of years, and it's also
7 fairly clear that Presidential politics can get involved in
8 this, to some extent. And I don't mean that critically.
9 Thank God for a country where those things are part of the
10 great debate.

11 There's some thinking that, when the dust is
12 cleared and everybody has dusted themselves off and relaxed
13 and reviewed it more carefully, that after a couple of
14 Presidential elections, maybe we ought to have an opportunity
15 to look at it again, having in mind the statutory inability,
16 really, to do anything without a BRAC.

17 There's some talk about 2001. That would let two
18 Presidential elections intervene. It also has the nice
19 result that all BRAC stuff will be finished by then.

20 I ask you -- all of you and particularly Mr.
21 Boatright and MAJ Blume, who are the guys who have to figure
22 these things out -- whether you think that makes some sense.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 MR. BOATRIGHT: Yes, sir. I think your analysis
2 makes sense to me. I think that definitely we can't predict
3 with any great accuracy what's going to happen over the next
4 six years in regard to force structure, in regard to budgets.

5 I would tell you that today, while we may not have
6 every base or installation that we could have closed or
7 realigned out of the Air Force structure, we're down to a
8 position, assuming that we get a reasonable closure in this
9 round, to a level that I think will serve the Air Force very
10 well over the next six years and, at that point in time, if
11 there is a need for one, for some additional realignment and
12 closure actions, I think that would be the time that we ought
13 to be considering such a thing.

14 CHAIRMAN DIXON: Is that an appropriate reflection
15 of the views of all of you?

16 SECRETARY WIDNALL: Yes. Yes.

17 GENERAL FOGLEMAN: Perhaps, If I could, one
18 comment, Mr. Chairman.

19 That is, it would be very useful for us if somehow
20 the Commission could, in its report, stipulate that the
21 actions that have been directed, you know, from all the
22 previous BRACs and, in fact, the actions from this, that

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 there's some sunset clause on prohibitions to move force
2 structure around because, quite frankly, we really do reach
3 the point where our hands are tied by BRAC legislation, and
4 it prevents us from doing some things that emerge as
5 opportunities to --

6 CHAIRMAN DIXON: We'd like to have your suggestions
7 on that, because my final question was this one that we find
8 that there are changes in the succeeding BRACs, and you want
9 to re-evaluate, and that makes good sense and it's
10 understood.

11 And we think there ought to be some authority for
12 you to continue to be able to do that with existing BRAC
13 things, not an authority for you to act on a base,
14 independently existing statues, or anything, but to let you
15 review what you've done with all these BRACs.

16 GENERAL FOGLEMAN: Yes, sir.

17 CHAIRMAN DIXON: That would be good? And if you
18 could give us -- we asked the same thing of the Army, we'll
19 ask the same thing of the Navy -- your ideas about all those
20 things, we would find that useful.

21 Incidentally, we don't want to create some extra
22 bureaucracy out there, particularly, to do that kind of

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803
WASHINGTON, D.C. 20006

(202) 296-2929

1 stuff.

2 We want to find some way to do that that the
3 Congress, in its wisdom, will see makes good sense, because
4 Senator Thurmond has asked us to come over there in the
5 middle of July and make these recommendations and defend what
6 we've done and, as I said to the Army, if we can get our
7 bulletproof vests and come in, in the dark of night, we'll
8 probably come back then to answer the questions.

9 We sure thank you all.

10 SECRETARY WIDNALL: Thank you.

11 CHAIRMAN DIXON: Thank you very much, Madam
12 Secretary.

13 SECRETARY WIDNALL: Thank all of you.

14 CHAIRMAN DIXON: Thank you very much. We're in
15 recess until 1 O'clock..

16 (Whereupon, at 12:15 p.m., a luncheon recess was
17 taken.)

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

A F T E R N O O N S E S S I O N

(1:00 p.m.)

1
2
3 COMMISSIONER CORNELLA: [Presiding.] Good
4 afternoon, ladies and gentlemen. Our morning session ran a
5 little bit over time, so the rest of our commissioners will
6 be joining us shortly. This afternoon, we will begin with
7 the representatives of the Navy, who will be with us until
8 2:30 p.m. They are the Honorable John Dalton, the Secretary
9 of the Navy; ADM J.M. Boorda, the Chief of Naval Operations;
10 General Carl Mundy, Jr., the Commandant of the Marine Corps;
11 the Honorable Robin Pirie, Assistant Secretary of the Navy
12 for Installations and Environment.

13 At 2:30 p.m., we will welcome Joshua Gotbaum, the
14 Assistant Secretary of Defense for Economic Security; Robert
15 E. Bayer, the Deputy Assistant Secretary for Installations;
16 GEN George T. Babbitt, Jr., Principal Deputy Director of the
17 Defense Logistics Agency; and Marge McMananay, BRAC Team
18 Chief for the Defense Logistics Agency.

19 If the panelists will please rise and raise their
20 right hands, I will administer the oath.

21 [Witnesses sworn.]

22 COMMISSIONER CORNELLA: Secretary Dalton, you may

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 begin.

2 SECRETARY DALTON: Thank you, Mr. Chairman. I
3 have a complete statement I'd like to submit for the record,
4 but would like to give an abbreviated version of that, if I
5 could, at this time.

6 COMMISSIONER CORNELLA: We will do that, sir.

7 SECRETARY DALTON: Thank you very much. Mr.
8 Chairman, members of the commission, it's once again an honor
9 to be before you today. Today I will present our position on
10 the installations which the commission added to the list for
11 consideration on May 10, 1995. In approaching this
12 assignment, I must reiterate our objective in this round of
13 base closure -- to achieve a more streamlined, efficiently
14 located and responsive base line of support, capable of
15 meeting the needs of the Navy and the Marine Corps.

16 We in the Department of the Navy continue to have
17 confidence in our previous recommendations. When taken
18 together with the decisions made in prior rounds, we believe
19 these recommendations are the right recommendations for the
20 department. Recommendations that result in an infrastructure
21 able to support the four deployed Navy and Marine Corps
22 expeditionary force that projects this nation's resolve

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 around the world.

2 In my testimony before you on March 6th, I reviewed
3 our recommendations in detail, and explained the basis for
4 them. While I will not repeat that description of our
5 analysis, we'll be happy to respond to your questions on our
6 recommendations and process. My purpose today, Mr. Chairman,
7 is to speak specifically about that portion of the
8 commission's expanded list of Department of Defense
9 recommendations which relate to the Navy and Marine Corps.

10 I recognize and applaud the care and diligence that
11 you and your staff have brought to the process. There are
12 five basic areas of additions that i believe warrant your
13 careful reflection. I will address them starting with our
14 valuable assets on the Atlantic, and then move to the Pacific
15 area. Mr. Chairman and members of the commission, the
16 Portsmouth Naval Shipyard is an integral component of our
17 nuclear powered, fast attack submarine program and mission.

18 It is extremely important for the support of our
19 SSNs and the Department of the Navy's depot infrastructure.
20 Following are the four ship maintenance depot closures that
21 have already been approved in the base closure process, and
22 one closure conducted outside of the process, our

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803
WASHINGTON, D.C. 20006
(202) 296-2929

1 recommendation to close the Long Beach Naval Shipyard and the
2 ship repair facility in Guam reduced the remaining excess
3 capacity by about half.

4 To reduce this excess further, our recommendation
5 transfers additional depot workload to the remaining
6 shipyards from other department activities, predominantly
7 technical centers. Including our present recommendations, we
8 will have left only five of the original 12 ship depot
9 activities, resulting in two per fleet and one overseas in
10 the Western Pacific.

11 Each of the remaining four shipyards is nuclear
12 capable, thus providing robust support and the required
13 flexibility for all aspects of fleet operational readiness.
14 The commission's proposal to close Portsmouth Naval Shipyard
15 would bring the excess capacity in our shipyards down to
16 about 1 percent, creating an unacceptable risk as we strive
17 to support ever-increasing global initiatives with dwindling
18 numbers.

19 The retention of some excess shipyard capacity was
20 not an oversight, Mr. Chairman. It was a military judgment
21 decision by senior department of the Navy and military and
22 civilian leadership. This conscious decision was made to

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 provide necessary flexibility to meet future uncertainties in
2 nuclear shipyard requirements. Let me speak for a moment
3 about the uncertainty of future requirements.

4 Mr. Chairman, the ultimate size and nature of the
5 nuclear submarine fleet is in the throes of dramatic and
6 fluid changes. The SSN force level is projected to decline
7 by nearly 50 percent. There is a debate concerning
8 introduction of new classes of submarines. These factors, as
9 well as world events, affect decisions on whether to refuel
10 or defuel our Los Angeles class fast attack submarines.

11 These boats are the backbone of our submarine
12 force. Decisions to refuel, defuel, or inactivate nuclear
13 powered submarines have a significant impact on nuclear depot
14 workload to be assigned to Portsmouth. Our recommendation,
15 which retains Portsmouth, protects nuclear capacity for
16 greater flexibility. Whatever the future holds, it is clear
17 that the SSN 688 attack submarine will be the mainstay of our
18 submarine fleet into the next millennium.

19 In that context, it is important to remember that
20 Portsmouth Naval Shipyard currently is the center of
21 excellence for our SSN 688 class submarine depot maintenance.
22 It is the only planning yard within the Navy where

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 engineering modifications and maintenance procedures are
2 designed for this class of submarine. As the regional
3 maintenance hub of the Northeast region, it is within 170
4 miles of the major submarine concentration at New London,
5 Connecticut.

6 Twenty-two of 57 SSN 688 class major depot
7 availabilities are planned to be performed at Portsmouth
8 Naval Shipyard through Fiscal Year 2005. That's 39 percent
9 of the availabilities for major submarine depot maintenance.
10 The anticipated nuclear workload for Fiscal Years 2001
11 through 2005 requires four nuclear shipyards. And there is
12 no room for any slippage.

13 Delays of any kind could result in the removal of
14 ships from the operating fleet. When an SSN 688 submarine
15 reaches the end of its 120-month operating cycle, it is
16 restricted from submerging, and is lost as a fleet
17 operational asset. Without Portsmouth, our remaining dry
18 docks and facilities would have to be scheduled hell to toe.
19 There would be no time allowed for required maintenance on
20 the dry docks themselves, and considerable schedule
21 adjustments would have to be made for non SSN ships.

22 If any significant accident occurs, or emergent

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 repair is required, or if any ship maintenance availability
2 is altered for any reason, we will have fast attack
3 submarines surfaced and tied up at the dock, waiting for
4 maintenance. In our opinion, Mr. Chairman, we would be
5 operating on and perhaps over the edge, and be in jeopardy of
6 not meeting our global commitments.

7 The question might be asked, what about private
8 shipyards? Mr. Chairman, no SSN refueling workload is
9 available or manned in the private sector. The Department
10 estimates it would take about three years to stand up and man
11 such a facility, at a cost between \$45 million to \$100
12 million. Skeptics point to Electric Boat Company in Gratin,
13 Connecticut, as a potential refueling source.

14 But Gratin has not refueled any type of submarine
15 for over 20 years, and does not currently have the necessary
16 facilities to do so. While Newport News Shipbuilding Company
17 has previously refueled fleet ballistic missile submarines,
18 it does not currently have the facilities for Los Angeles
19 class fast attach submarines. If you seriously contemplate a
20 private shipyard, consideration must be given to the
21 requirement to extensively train and maintain a dedicated
22 private workforce, in place, under contract.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 You can't begin such an effort when the problem
2 emerges; it just takes too long. Therefore, we believe that
3 assignment to the private sector is not a prudent choice.
4 The cost of closing Portsmouth Naval Shipyard and then
5 replicating it in the private sector just doesn't make sense.
6 Mr. Chairman, the right answer, the essential answer, is to
7 retain Portsmouth Naval Shipyard.

8 Maintaining a modest nuclear excess capacity
9 provides the flexibility and a critical edge against future
10 uncertainties. This retention is absolutely necessary to
11 meet the requirements of the future force structure, given
12 both maintenance and operational constraints. Turning now to
13 Naval Air Station Atlanta. Mr. Chairman, we believe NAS
14 Atlanta is a future cornerstone of the future Navy and Marine
15 Corps reserve force.

16 When we evaluated closing the naval reserve air
17 station in Atlanta, a number of factors became evident. For
18 example, NAS Atlanta has low overhead because of its adjacent
19 location to Dobbins Reserve Air Force Base. The synergies
20 created by Dobbins maintaining the runway, and NAS Atlanta
21 operating the medical facilities are examples of how six
22 reserve components at this joint facility have woven an

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803
WASHINGTON, D.C. 20006

(202) 296-2929

1 operating network that reduces cost for all.

2 NAS Atlanta is our least expensive reserve naval
3 air station to operate by over \$4.5 million a year. Most
4 importantly, the demographics of Atlanta show a very positive
5 trend for purposes of reserve recruiting. The fact that the
6 more mature Air Force Reserve units on the base complex at
7 Dobbins are manned at excess of 100 percent shows the richest
8 of the demographic base in Atlanta.

9 Additionally, the Atlanta area is the regional
10 Marine Corps Reserve base for the Southeastern United States.
11 Like the facility created in BRAC 93 at Fort Worth, if NAS
12 Atlanta is left open, it will be a model for the future of
13 the joint reserve force. Mr. Chairman, your objective and
14 ours is to reduce excess capacity. Closing NAS Atlanta would
15 require the department to incur significant costs to create
16 additional capacity at other air stations, which certainly
17 does not meet our common objective.

18 Since NAS Atlanta can accommodate and man the three
19 additional squadrons proposed to be stationed there with no
20 military construction expenditures, we believe NAS Atlanta
21 should remain open as an important part of our Navy-Marine
22 Corps-Air Reserve structure and our future Navy and Marine

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 Corps total force. We have recommended the closure of Naval
2 Air Station South Weymouth, and the transfer of P-3 and C-130
3 squadrons from South Weymouth to the active air station at
4 Brunswick.

5 This recommendation not only reduces air station
6 excess capacity, but also furthers the integration of active
7 and reserve force structure. With this closure, all
8 remaining reserve air stations will be joint facilities.
9 With regard to the Naval Air Warfare Center Weapons Division
10 at Point Mugu in California, this activity is a critical
11 national asset for research, development, training and
12 engineering for the Navy.

13 Point Mugu has been studied extensively in BRAC 91,
14 93 and 95. BRAC 91 resulted in a major consolidation of the
15 China Lake and Point Mugu sites, which focused on eliminating
16 duplication and intertwining organizations. BRAC 91 and
17 subsequent management actions have resulted in China Lake and
18 Point Mugu rating number one and two in military value among
19 all Navy technical activities, and have already reduced
20 staffing at these two activities by 2,000 employees.

21 We now have an efficient, irreplaceable set of land
22 and sea ranges, co-located with and integral to research and

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 development laboratories that are critical to the Department
2 of Defense. Point Mugu also provides a broad range of
3 support for Naval Reserve, Air National Guard, and active
4 forces, including the training and embarkation of weapons
5 qualification facilities for Pacific fleet SeaBees.

6 Mr. Chairman and commissioners, the current
7 integrated mix of facilities and capabilities at the China
8 Lake and Point Mugu sites represent five years of
9 consolidation and realignment efforts. Redundant
10 organizational structures and functions have been eliminated,
11 and the remaining functions are critical. The Navy has
12 already accomplished significant infrastructure reductions
13 with the Naval Air Warfare Center Weapons Division in the
14 smartest and most economical manner.

15 Spreading the Point Mugu functions to several other
16 locations would undermine the unique synergy created through
17 the previous BRAC rounds. Next, Mr. Chairman, I want to
18 clarify what I believe is a significant point concerning the
19 public works center at Guam. This facility was not
20 recommended to me for closure, but was thoroughly considered
21 by the base structure evaluation committee.

22 With retention of the telecommunications center,

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 the naval magazine, naval hospital and other government
2 facilities for a total of more than 3,300 personnel, plus
3 approximately 2,600 personnel assigned by the Air Force,
4 there is more than a sufficient customer base to warrant
5 retention of a public works center. Obviously, the size of a
6 public works center is going to be dependent on the number of
7 operations it supports.

8 Given the current size of the activities being
9 supported, we believe the appropriate course of action is as
10 we recommended -- the retention of the public works center,
11 Guam. As in the case of Guam, other communities are coming
12 forward with initiatives to privatize certain facilities
13 recommended for closure by the Department of the Navy.

14 We support privatization initiatives such as have
15 been suggested by the Naval Air Warfare Center in
16 Indianapolis, and the Naval Surface Warfare Center in
17 Louisville, so long as they entail private sector facilities
18 and employees competing under applicable statutes, policies
19 and regulations. Flexibility in language is essential to
20 providing the ability to consider all of these options, since
21 the Department of the Navy will, of course, be bound by any
22 final commission recommendation language with regard to these

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 facilities or others.

2 As in any business transaction, however, the best
3 interest of the Department of the Navy and the nation must
4 prevail. Mr. Chairman, as a result of further analysis by
5 your staff, and in discussions they have had with affected
6 communities and with our base closure staff, it has been
7 suggested that I address certain issues related to the
8 Department of the Navy's recommendations.

9 In my complete written statement for the record, I
10 have specifically addressed the major concerns. But I would
11 like to reemphasize now the obvious fact that our budgetary
12 top line has come down dramatically. Finally, and frankly,
13 we can no longer afford to keep bases for which we have no
14 mission requirement, as in the case of NAS Adak.

15 Additionally, our force and reserve resource levels
16 have gone down to the point that we do not need certain
17 things any longer to get the job done, like Long Beach Naval
18 Shipyard. Finally, wherever we can consolidate activities
19 and do the work in one facility that is now being done at
20 two, with little or no loss of efficiency, that is what we
21 think we should do.

22 Examples of such consolidations are demonstrated in

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803
WASHINGTON, D.C. 20006

(202) 296-2929

1 the recommendations for the Naval Surface Warfare Center
2 detachment at Annapolis, and for the movement of SPAWAR to
3 San Diego. We have, in each case, kept the activity that
4 provides us the greater benefit, and we have consolidated
5 like operations to achieve efficiencies and economies of
6 scale.

7 I would like to conclude by saying, once again,
8 that we take no joy in our recommendations. This is a
9 painful process, which I'm sure you fully recognize, as a
10 result of your extensive and ambitious schedule of base
11 visits throughout the nation. In each location, concerned
12 citizens have gathered hearings, hopeful that somehow,
13 someone would turn back the tide and stop the closure of
14 their facilities.

15 Your task of ensuring the recommendations presented
16 to the President are the right recommendations for the
17 Department of Defense and the nation is both difficult and
18 critical. We are heartened, however, by the growing number
19 of communities that are recognizing the opportunities that
20 can come from the re-use of these facilities. We have opened
21 dialogues with several of these groups, and are hopeful that
22 the outcomes will be beneficial to all parties.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 As I have said before, these communities will
2 forever be a part of the extended Navy family. This
3 concludes my statement, Mr. Chairman, and I, along with my
4 colleagues, will be happy to respond to your questions.

5 COMMISSIONER CORNELLA: Thank you, Secretary
6 Dalton. ADM Boorda, did you wish to make any statement?

7 ADM BOORDA: No, I agree, obviously, with my
8 Secretary's statement, and I'd be happy to answer any
9 questions.

10 GENERAL MOODY: I have no statement, Mr. Chairman.

11 COMMISSIONER CORNELLA: Secretary Pirie?

12 SECRETARY PIRIE: No, sir.

13 COMMISSIONER CORNELLA: I would ask the timekeeper
14 to extend 10 minutes to each commissioner, and we'll begin
15 with Retired ADM Ben Montoya.

16 COMMISSIONER MONTOYA: GEN Mundy, you got a free
17 ride last time. We're going to start with you today.

18 GENERAL MUNDY: Just because I was pouring the
19 drinks.

20 COMMISSIONER MONTOYA: I have a couple of
21 questions. The first one is BRAC related, to a previous BRAC
22 action. We've been advised, and maybe you're aware of the

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 fact that the community in Glenview, Illinois, has been
2 speaking with the Marine Corps about the possibility of being
3 able to, after they become owners, going through the
4 statutory process of Glenview, to lease back facilities, or
5 the facility, to keep the Marine Corps there

6 We've looked at that very carefully, and it
7 requires a statute, I think, to overcome some statutory
8 procedures. And my question is, is the Marine Corps
9 interested in that? And would you want this commission to
10 consider that proposal and write some appropriate language to
11 facilitate that?

12 GENERAL MUNDY: Commissioner, as you've accurately
13 portrayed, on the heels of the previous BRAC actions, the
14 decision was made to close the naval air station at Glenview.
15 And that's a good Marine community, always has been. We have
16 a great deal of affection for the community. But it was to
17 achieve economies for all the right reasons. Now, the new
18 factor that has come in is the proposal, as you suggest.

19 As we have looked at that, there are legal
20 complications with that, if not restrictions, prohibitions
21 that would be not currently within the latitude of the
22 Secretary, or any of us, for that matter, I think, to go

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 around. There are -- if the circumstances evolved, as has
2 been at least portrayed by the city of Glenview there, it
3 certainly is an interesting offer.

4 And I would think that right now, we have fairly
5 specific language that directs us to move that Marine air
6 control group down to Dandalk, Virginia. If the commission
7 saw fit to relax that language to give some flexibility to
8 the department to look at the most economical and the most
9 effective, from the standpoint of demographic recruiting and
10 that sort of thing, that would certainly not be harmful in
11 the next couple of years, as that proposal could be
12 considered.

13 COMMISSIONER MONTOYA: One of the thoughts, if we
14 were to redirect, and write some language, it would be in an
15 either or category. If there's a statutory fixed, you'd be
16 permitted to stay; if there isn't by a certain date, you'd
17 move. The 93 recommendation, in rewriting a finding as of
18 this BRAC, the clock will start again. It is our counsel's
19 judgment, you'd have another six-year term.

20 You may not want that. But I think that's
21 something that if you're interested in, we'd be more than
22 pleased to work with your staff and work some language that

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 might give you that flexibility.

2 GENERAL MUNDY: Well, I think as the Secretary used
3 the term here, the flexibility in the options, or flexibility
4 in the language, would certainly be, in my view, in the best
5 interest.

6 COMMISSIONER MONTOYA: The other question is as
7 much an observation. I understand that there has been
8 continual dialogue in trying to have the Marines reconsider
9 the helicopter portion of their move to Miramar, and take it
10 to March Air Force Base. The community has been very active
11 in lobbying for that. It's our understanding that that
12 Department of the Navy decision, based upon operational and
13 funding reasons, is committed to the Miramar move.

14 And my observation is this. I lived for a number
15 of years in the San Diego area in my Navy life. And one of
16 the biggest issues in San Diego, and I think it remains there
17 is the helicopter noise down on the Silver Strand.
18 Helicopters seem to be more of an intrusion because of their
19 flight patterns and flight characteristics than jet aircraft.
20 And Miramar has been a base that is not quite like El Toro,
21 but it's sort of in that category from an encroachment
22 perspective.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 And I just wonder if you feel comfortable that
2 you'll be able to, for the long haul, move there and be able
3 to execute operationally, given the characteristics of
4 helicopters in the community.

5 GENERAL MUNDY: Commissioner, I feel comfortable
6 that we'd be able to do that. There's no question that the
7 relocation to Miramar puts a good number of aircraft that
8 would be on, at any given time, I think, about 150 to 200
9 flying machines of one sort or another -- jet or helicopter
10 or even C-130s -- operating out of there. For Marines, we do
11 that at a lot of other places. We do it out at Yuma, only
12 few miles to the east.

13 We do it up at 29 Palms. We do it off the decks of
14 amphibious ships. So we are accustomed to operating
15 helicopters and fixed wings together. Yes, the noise pattern
16 for the heavy lift helicopters is certainly a consideration.
17 There's a long track here, and I think you must be aware of
18 it. When the decision was made in BRAC 91 to close Tustin,
19 that in effect forced the issue. We had nowhere to put the
20 largest aircraft group in the Marine Corps, which was the
21 helicopter group at Tustin.

22 The BRAC proposed at that time, and I think the

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 Defense Department endorsed the movement of the group up to
2 29 Palms, building what would have turned out to be about a
3 \$650 million base there. That became impractical, and that
4 was turned around in BRAC 93, and we were told to go in the
5 direction that we're going. So we really are without a lot
6 of viable options, other than to proceed as we're going. And
7 I think we can do that effectively.

8 As far as March Air Force Base, it is a good base.
9 We have been out there over the years. It's one of our -- it
10 is in fact our principal area port of departure when we ship
11 Marines out of the West Coast, out to crisis response. But
12 the fact is that, as I understand it, the Air Force, of
13 course, has closed that as an active base. It will be a
14 Reserve and an Air National Guard base.

15 The policy and the capacity of the Reserve and
16 Guard is not to be able to operate that as a base with us as
17 a tenant. Under those circumstances, we can certainly
18 consider relocating there. But we cannot operate the base we
19 have -- neither the structure, the people, or the resources
20 within the department. And it would be the creation of an
21 additional base at a time when we are trying to draw down the
22 numbers of bases.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803
WASHINGTON, D.C. 20006

(202) 296-2929

1 So my recommendation to you, much as the March
2 option might be, is that we continue with no change to the
3 BRAC 91 and 93 decisions, or recommendations.

4 COMMISSIONER MONTOYA: Thank you, General. ADM
5 Boorda, this question may require an answer for the record,
6 but in the course of looking at all these bases of all the
7 services, it's become apparent in hearings and also visiting
8 that you all are right -- one must be very careful if you
9 dispose of ranges, industrial capacity or waterfront.
10 Because once gone, it's gone. And so that has been a
11 constant thought in our minds as a result of hearing from the
12 leaders in our military services.

13 And so one of the issues for me, in looking at the
14 Long Beach Naval Shipyard, has been the issue of home-
15 porting aircraft carriers. You can't avoid that; it keeps
16 coming up. It comes up in the Alameda context, in the
17 Edwards context, and now we're talking about San Diego. In
18 looking into that further, I have seen some of the San Diego
19 plans for home-porting. And there is considerable dredging
20 and filling that I think is part of that contemplated
21 construction involved.

22 And the concern I have there is, notwithstanding

Diversified Reporting Services, Inc.

918 16TH STREET / N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 our good intentions and notwithstanding our great plans, if I
2 were disposed to want to stop the Navy from coming, that to
3 me -- I'd like to be the attorney on the side of the
4 environmentalists who would say, no dredging, no filling and
5 so forth. So I'd like to know where we are in the
6 environmental process regarding creating a mega home port in
7 San Diego, given those characteristics; and the Navy's
8 assessment of its probability of success, community
9 involvement to date and so forth.

10 Because Long Beach is a wonderful waterfront
11 facility, I think we would agree to that. And I hesitate to
12 vote to close something without some assurance that we really
13 can go somewhere else on the West Coast. Do you have any
14 current information regarding that?

15 ADM BOORDA: The issue for me, with regard to San
16 Diego is one where I think we're not writing on a blank page
17 anymore. We've really gone quite a ways down the road toward
18 creating two major carrier locations on the West Coast of the
19 United States -- one in San Diego, and one in the Pacific
20 Northwest.

21 There is a history of that, as you said, and there
22 is a lot of work now with the community, with the port

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 authority in San Diego, that controls the entire port
2 complex, including the airports there. I think the best
3 thing for us would be to give you, for the record, a
4 chronology of all the things we've done -- which are
5 basically a list of successes at this point -- and a
6 prospective look at what we're going to do.

7 And of course we think we're going to be
8 successful. The idea of closing Long Beach was not an easy
9 one. And one of the things we looked at was San Diego versus
10 Long Beach for home-porting. In previous BRACs, we closed
11 the naval station and moved those ships to other ports. So
12 we had already started that process. But I'd be glad to
13 provide you -- there's a lot of environmental details here,
14 for the record.

15 COMMISSIONER MONTOYA: I have a feeling there is.
16 Thank you very much. Mr. Chairman, I'm completed.

17 COMMISSIONER CORNELLA: Thank you, Commissioner
18 Montoya. Commissioner Lee Kling.

19 COMMISSIONER KLING: Thank you. Mr. Secretary, let
20 me begin by saying thanks to you and all the officers in
21 personnel, as we visited, for their indulgence. They
22 probably put a lot of people out, but we really appreciate

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 all the support and help that we got. I also would like to
2 say I personally appreciate your comments concerning
3 privatization, particularly dealing with Indianapolis and
4 Louisville, because I do know that they're moving along.

5 And your support of that and your statement of that
6 was very positive. And they're concerned, probably, about
7 whether we, say, make some kind of recommendation to you,
8 which is a question of how much authority we have. But if we
9 make the suggestion that we would like to see it encouraged
10 -- privatization -- I think they'll be a lot more comfortable
11 now by your statement. So I thank you very much for that,
12 and I think it's a wonderful direction to go.

13 Let me just hop around with a few different
14 questions, if I can. We talked about the naval reserve, and
15 certain of questions have been raised, and I'd just like to
16 ask about the -- the Navy believes that we can move the
17 reserve from Boston to New Brunswick, and that's about 150
18 miles away, I believe. Is there any concern about moving
19 away from a population center and being able to continue to
20 maintain that reserve situation?

21 SECRETARY DALTON: Yes, sir, it is, Mr. Kling. We
22 looked at that situation with respect to how it affects

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 reserves. And we found that as far as the recommendation to
2 move to Naval Air Station Brunswick, that 60 percent of the
3 reservists live within 150 miles of that facility. And we
4 expect that for -- the air aspect and the service aspect will
5 be done in Quincy, so overall, the reserves in the Northeast
6 are adequately considered and taken care of with respect to
7 our recommendation with that.

8 COMMISSIONER KLING: So you're comfortable with it?

9 SECRETARY DALTON: I am comfortable with it.

10 COMMISSIONER KLING: Turning to South Weymouth, and
11 of course, there's concern there about closing. Rightly so,
12 every community should. But the community there has stated
13 that the Navy has violated their analysis procedures by
14 considering a closure scenario that closes a reserve air
15 station and moves its units into an active air station.
16 Could you maybe touch on that, and why you believe your
17 recommendation was developed with the Navy procedure? And
18 maybe ADM Boorda could -- or whoever.

19 SECRETARY DALTON: I'll be happy to, and I'll be
20 happy for the CNO and Mr. Pirie to comment as well, with
21 respect to that. We feel like we did comply with the proper
22 analysis procedures. The Navy and the naval reserve have

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 always tried to maximize operational capabilities together as
2 part of the total force. And closing NAS South Weymouth
3 reduced excess capacity at both active and reserve air
4 stations; provided substantial savings; and maintained the
5 most capable air station in the Northeast United States, vice
6 two underutilized air stations.

7 And we do feel like that we complied with the
8 spirit and the letter of the regulations. But would you like
9 to add to that?

10 ADM BOORDA: Sure. Thank you, Mr. Secretary.
11 There's a synergism here which is even better than many of
12 the others we get. In maritime patrol air, about half the
13 flight hours that reservists fly are flown in active
14 missions, contributing with the active force -- not just
15 training, but actually out doing it. In the case of
16 logistics -- and when some of the airplanes move up, there
17 will be logistics aircraft, 130s -- our entire logistics
18 lift, other than what is on the aircraft carriers themselves
19 is in the reserves. So this is a good move, putting reserves
20 and active together in aviation.

21 COMMISSIONER KLING: Thank you, ADM Boorda. Could
22 I ask a question, further, Admiral? Concerning the

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 undergraduate pilot training, and your letter of May 25th, to
2 Congressman Montgomery on this subject, could you please
3 elaborate on your concern, your comments? Specifically the
4 risks associated in conducting all intermediate advanced
5 strike training at a single base.

6 In your words, you stated that this would be a
7 difficult task and reduce the capacity for surge operations,
8 and that could be unacceptable, considering the increased
9 pilot training requirements I think we all know are there.
10 Do you still support this recommendation to close Meridian?
11 And do you have any concerns about it?

12 ADM BOORDA: Well, let me be very clear that what
13 I'm going to say is my own personal opinion. The
14 Department's opinion --

15 COMMISSIONER KLING: Good enough for me.

16 ADM BOORDA: Okay. The Department's opinion is as
17 stated in the submission. This was a tough call, Meridian.
18 Looking at the BCEG's figures, there's about an 18 percent --
19 and Mr. Pirie may want to be more specific than that in a
20 moment -- about an 18 percent excess capacity if you do it
21 all, all the strike training, at Kingsville-Corpus complex.
22 That should be enough. As we watch, and for affordability

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 reasons, properly at that time, in my opinion, Meridian ended
2 up on the list.

3 As we look at this year's budget work that we're
4 doing, we see that we're a little bit light on fixed wing
5 aviation, and particularly in the strike community. And
6 there's already been a decision made that we will pick up the
7 Air Force's AF-111 mission, which is going to keep about four
8 squadrons of EA6Bs for us. And they train in the strike
9 pipeline.

10 None of this is a whole lot more training. It's
11 small numbers. Could we do all that at Kingsville-Corpus
12 complex? The answer is yes. We could, if everything
13 happened the way I said in that letter, eat up almost all
14 that excess and have no surge capability.

15 Again, speaking only personally, I would more
16 comfortable if I had a little surge capacity if we didn't
17 guess right on what we're doing. It is an affordability
18 issues though. And as I said in that letter, the real issue
19 is risk versus cost.

20 I would hope, and in our initial hearing I believe
21 I said something very similar to this, that we could do a
22 better job of figuring out how to work better with the Air

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 Force and the base just to the north of there. This was good
2 air space. There's a bombing range right there. We can do
3 lots of good things together. There are reserves on the base
4 and National Guard.

5 So I would hope that in your deliberations, you
6 could find a way to keep something at Meridian, to keep that
7 base alive providing the surge capability without large
8 expense to us. And that we could be smart enough to get the
9 benefits at Kingsville. That would require a lot of work,
10 and I have to tell you that is my own personal opinion and
11 not shared by the department.

12 COMMISSIONER KLING: Thank you, Admiral. Maybe I
13 could see if there's any other personal opinions on this
14 subject that might help, by the way.

15 SECRETARY PIRIE: Yeah, my personal opinion
16 coincides with the opinion of the department in this case.
17 And it is as ADM Boorda states. We can, in fact, do the
18 stick training at Kingsville-Corpus. It will, in fact, be
19 tight. Particularly if we bring on the extra squadrons that
20 may be contemplated; if we can afford them and do that.

21 And it is a cost benefit analysis. It's \$30
22 million a year. And that's a considerable benefit to the

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 department if we can realize those savings. Having said that
2 -- that's the view from the technical side.

3 COMMISSIONER KLING: I understand. I just wonder,
4 Secretary Dalton, do you have any different feeling on that?
5 I don't want to stay with this subject, I know we've got
6 others now.

7 SECRETARY DALTON: Mr. Kling, as the CNO and Mr.
8 Pirie have said, this was a thorough analysis. It was a
9 difficult recommendation because it's a relatively new
10 facility and it's certainly well supported by the community.
11 It really came down to an affordability issue and the
12 savings. And the savings being approximately \$350 million
13 over the twenty-year period that caused the recommendation
14 that it be closed. But it was a tough decision. It's a fine
15 facility with fine people, but that's the reason we came to
16 the conclusion that we did.

17 COMMISSIONER KLING: Just a last question on that
18 subject and I'll relinquish my time. In all the figures that
19 you have put together, those figures, you still feel are
20 correct and adequate on this.

21 SECRETARY DALTON: Yes, sir, our projection in this
22 case, I think it's \$345 million over a twenty-year period, is

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 what we anticipate the savings to be.

2 COMMISSIONER KLING: Thank you.

3 COMMISSIONER CORNELLA: Thank you, Commissioner.

4 Commissioner Wendi Steele.

5 COMMISSIONER STEELE: One moment, I didn't think he
6 was going to jump my way. Give me a second here. I'll start
7 off with something that's not big on scope or substance, but
8 it's kind of a principle issue and I'd just like to bounce it
9 off you and see what your thoughts are, Mr. Secretary.

10 The Oakland FISC, as you're well aware, there was
11 special legislation passed to circumvent the BRAC process, to
12 allow the FISC to return to the city for a dollar a year for
13 fifty years versus going through the BRAC process and
14 closing. My personal concerns with that is, take a look at
15 Chicago, they're willing to pay to move tenants out of the
16 base. They want that land for city expansion.

17 But in this case, now we have a city that gets it
18 for a buck instead of some sort of market value or cost to
19 move. My questions for the Navy on this are twofold. One,
20 the Navy is, as I understand, is still going to have to pay
21 to move the remaining tenants. I know there are not a lot of
22 them; that's something you're going to have to pick up in

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 your budget. With not getting any money from the property,
2 it wouldn't revert to the city.

3 And secondly, a legal question. Would the Navy,
4 under the lease, be liable for any environmental damage that
5 might happen while this becomes a megaport in the next fifty
6 years?

7 SECRETARY PIRIE: I think we're going to have to
8 give you a detailed answer for the record, Commissioner. The
9 question about whether FISC Oakland should be closed or not,
10 is that the department recommends that it should be closed.
11 But the secretary, in his discretion, removed it from the
12 list.

13 So our recommendation is to remain in status quo at
14 Oakland. Liability for environmental restoration remains
15 with the department regardless of whatever the disposal of
16 the property happens to be. We're well under way in working
17 that.

18 COMMISSIONER STEELE: I'm sorry. The liability
19 part I meant was from now, in the future. I understand the
20 department is liable up until now, but if the properties went
21 through a normal BRAC processing and got returned to the
22 city, then the city becomes, or whoever buys the property --

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 My, I'm not a lawyer, one of few in the room, my
2 layman's understanding would be, whoever owns the property
3 would be liable. But in this case, the Navy would retain
4 ownership for the next fifty years for a whopping proceed of
5 fifty dollars. But would have to have, my guess would be the
6 liability for any damage to that property, to whoever they
7 lease it to.

8 SECRETARY PIRIE: The liability for the past
9 environmental restoration is inescapable and stays with us
10 regardless of the disposal. For future environmental damage,
11 I'm not really clear what the terms of the lease would be,
12 but it seems to me that we would write the lease in a
13 protective way so that we would be covered for whatever is
14 done in the future, by whoever is the tenant.

15 COMMISSIONER STEELE: And Secretary Dalton, I
16 wondered if you would comment on if you think we ought to
17 have the FISC go through the BRAC process or allow the
18 special legislation to proceed?

19 SECRETARY DALTON: Madam Commissioner, I'd like to
20 elaborate further for the record, if I could, on that. I
21 don't have anything to add from what Mr. Pirie has answered.

22 COMMISSIONER STEELE: Okay, thank you very much.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 Switching to Guam. Secretary Pirie, in your letter to
2 Representative Underwood, you stated that through long term
3 leases, outright transferrals, or any other mutually
4 agreeable arrangement, as much of the land and facilities as
5 possible on Guam, you'd work out such agreements.

6 Do you feel that it's most beneficial for you if
7 the Commission just lays hands off and allows you to proceed
8 as you would; or would it help, given the past history of
9 negotiations between the department and Guam, if we had
10 language to help the revitalization move forward quicker

11 MR. PIRIE: Well, as you know, we're advocates of
12 flexible language wherever it can be supplied to us. We've
13 had a number of discussions with Representative Underwood and
14 Governor Gutierrez of Guam, and others about the disposition
15 of the property. And I think we can come to an amicable
16 understanding in this case.

17 In particular, the location of the MSC ships and
18 the helicopter squadron seem to me that rather than directive
19 language for the relocation of those, language that allows
20 the fleet commander the flexibility to put those squadrons
21 where it best suits his operational needs would be very
22 helpful. And that would permit him to locate them in Guam

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 for part or all of the future as may be best for them.

2 Back to the disposition of the property. I think
3 that we are on a good track with the government of Guam. I
4 think we can do it without a great deal of help. The more
5 flexible the language, the better for us.

6 COMMISSIONER STEELE: Okay. Somebody can help
7 remind me -- the recommendation that we received, were the
8 MSC ships to go to Hawaii?

9 MR. PIRIE: Yes.

10 COMMISSIONER STEELE: So you'd like to open that up
11 further and not designate Hawaii, specifically, in our
12 report.

13 MR. PIRIE: Yes.

14 COMMISSIONER STEELE: Okay. The fuel farm on
15 Guam -- just kind of finish Guam off here -- bad choice of
16 words, excuse me, delegate -- finish the issue of Guam --
17 working out the operational chain of command on our visit we
18 were told that you had actually -- the department as a whole
19 would like to retain the fuel farm, that it was an oversight
20 to have it on the list. Would you all concur with that?

21 MR. PIRIE: We would like access to the fuel farm.
22 We would like to be able to use the fuel farm. Whether we

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 own it or not is I think a matter of relative indifference to
2 us.

3 COMMISSIONER STEELE: Okay. Well, we'll follow
4 through with that one in writing just to make sure that we
5 have the language that would be most flexible.

6 Only because I was caught off guard -- this is very
7 rare -- I'm going to yield the balance of my time.

8 COMMISSIONER CORNELL: Thank you, commissioner.

9 COMMISSIONER DAVIS: Thank you, Ms. Sector. I'm
10 sorry, because of inefficient management on my part I was
11 unable to be here for your stirring opening statement. But
12 I've read it very quickly and I do appreciate it, and I'm
13 sorry that I missed it.

14 My questions are I guess pretty much along the same
15 line I had before. Again, I appreciate Admiral Boorda's very
16 thoughtful remarks about the pilot training. As you know, I
17 was very concerned about the search capability and he's been
18 very forthright in that process.

19 I do have another, I guess, pilot training question
20 and I will try to get through it reasonably quick. In
21 looking at the pilot training and talking to the Air Force
22 and that kind of meshing that you are doing with the Air

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 Force, I think that will work out very well. And then the
2 prospect of moving -- no, I'm sorry -- setting up the pilot
3 training and the way you've got it set up -- right now, just
4 in Corpus Christi. It's my understanding you move all the T-
5 44s to Pensacola. And with the increased NFO and WSO or
6 basic NAV training, navigator training, do you have room to
7 do all that down at Pensacola?

8 ADMIRAL BOORDA: It fits, J.B. I don't want to
9 give anybody the impression that we can't fit it the way we
10 have it, it's a surge issue. Are we going to do more
11 consolidation in the Air Force? I think we'd like to, and I
12 think the Air Force would like to and we're going to keep
13 working the problem. But right now, no, things fit where we
14 got them.

15 COMMISSIONER DAVIS: And this morning with the Air
16 Force, Admiral Boorda, it came up that if the JPATS goes to
17 be a turbo jet versus a turbo prop, that may cause the Navy
18 some problems. Do you want to comment on that?

19 ADMIRAL BOORDA: Well, as you well know, we're
20 going to have air space issues, depending on what JPATS looks
21 like. And without knowing what JPATS looks like it's a
22 little hard to anticipate that. I think that whatever

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 happens, if JPATS is an airplane that requires bigger AOs,
2 different kind of issues, you're going to see us have to
3 consolidate more. That's the way we would deal with it. But
4 that's really speculative until we know what the airplane
5 looks like.

6 COMMISSIONER DAVIS: As you all can suspect, we've
7 had a lot of help with some of things we're doing. And we
8 even gave you a little help with the sight out at Corona, in
9 that we've added it -- put it on to take a look at it. And
10 as I pull on that string I find there are several maybe down
11 sides to that process, that you've got all that consolidated,
12 it's a fairly independent organization sitting there. And by
13 moving it does that you cause you some distress, even though
14 you deferred it because of the economic impact?

15 ADMIRAL BOORDA: I think -- if it's all right, I'd
16 ask Mr. Pirie to answer it, because the real issues were not
17 whether we could consolidate or move the functions at the
18 tech facility but, rather, what was the employment in that
19 area and what had happened in that area.

20 COMMISSIONER DAVIS: Basically, what we're getting
21 from the communities is that it is a independent unit, it
22 needs to stay as an independent unit because of the service

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 it provides to both the second and third fleets. I just
2 really need some of your guidance.

3 ADMIRAL BOORDA: We are technically more capable
4 than we were four or five years ago, GPS, a lot of recording
5 systems, a lot more 3-D radars, a lot more ability to know
6 what happened and evaluate it makes that not as good a case
7 as it might have been in the past. But the issues there are
8 really employment issues.

9 Do you want to --

10 MR. PIRIE: No, I mean, I agree with your answer.
11 Technically, the DSEC looked at moving part of that activity
12 to the Naval PG School where it would be co-located with the
13 operations research faculty. And that looked to us to be a
14 real kind of winning alignment. The other parts of it, some
15 of it goes to China Lake, some to other Naval air research
16 facilities. We did not see that we would lose anything that
17 couldn't be -- wasn't really redundant elsewhere.

18 COMMISSIONER DAVIS: And I think my last question
19 is that -- of course, \$64,000 question -- which I thought
20 that you answered rather eloquently, Admiral Boorda. I
21 haven't read the papers yet, but I don't know how the Sea
22 Wolf fared in the mark-up, but is there anything that's

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 happened, since you were at Portsmouth, to change your mind
2 on the kind of risks that we'd be taking if we close
3 Portsmouth.

4 ADMIRAL BOORDA: In the House mark-up Sea Wolf did
5 not make it. We still have to see what's going to happen in
6 the Senate. We're hopeful. I think I'd like to echo what
7 the Secretary has said before, and that is that this is an
8 uncertain business, that the 688s are going to be with us for
9 a long time, depending on how construction plans and funding
10 go; and I hope we'll be totally successful, but depending on
11 how they go, the 688 could become even more important for
12 even longer. And it's a pretty risky business shutting down
13 the center of excellence that takes care of that submarine.

14 COMMISSIONER DAVIS: Lastly, Mr. Secretary, I'd
15 like to thank you personally for every place I've been on a
16 naval base, they did not chastise me for my secondary
17 education.

18 (Laughter.)

19 COMMISSIONER DAVIS: And they were very kind to us
20 and they were very forthright in their answers. It was a
21 pleasure to be back on a naval base.

22 SECRETARY DALTON: Thank you very much,

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 Commissioner. We appreciate having you, and want to
2 compliment you and all the commissioners for the exhaustive
3 schedule that you've had since we last met, all the places
4 you've been and the schedule that you've been on to get
5 around to hear from everyone. And we certainly welcomed you
6 aboard our naval facilities and appreciate having you and
7 commend you for all that you've done.

8 COMMISSIONER DAVIS: Thank you very much. Mr.
9 Chairman, I yield the rest of my time.

10 COMMISSIONER CORNELLA: Thank you, Commissioner
11 Davis. Commissioner Rebecca Cox.

12 COMMISSIONER COX: Thank you. I want to start by
13 just following up on a couple of questions that have been
14 asked by other commissioners, to make sure I understand.

15 General Mundy, if I could start with you on the
16 March Air Force Base issue. You indicated that certainly the
17 Marines are working with fixed and rotary aircraft in many
18 places, and that that's a doable situation. If we do
19 everything that the DOD has recommended, you'll have over 100
20 fixed wing, I think, and over 100 helicopters at Miramar.
21 Are you operating with that kind of volume and that kind of
22 air space with a mixed group?

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 GENERAL MUNDY: Rarely. Probably in an exercise
2 or, you know, certainly operationally; but not on a routine
3 day-to-day basis.

4 COMMISSIONER COX: Not on a day-to-day basis?

5 GENERAL MUNDY: No.

6 COMMISSIONER COX: So that at least the volume
7 itself is different.

8 GENERAL MUNDY: The volume is considerable. There
9 are a lot of -- as I think you well know -- El Toro has four
10 runways, Miramar has one. So there are some complications.
11 You have the Marine layer that comes in from the sea that
12 complicates air traffic control, IFR versus VFR, from time to
13 time, seasonally.

14 So there will be more difficulty in operating there
15 than there would be if they were separated. But, again, my
16 fundamental belief is it's possible to do it.

17 COMMISSIONER COX: You could do it. It would be
18 safer to do it at March, were that an option? I mean, you
19 wouldn't disagree -- or El Toro or somewhere outside, if that
20 were an option.

21 GENERAL MUNDY: Well, I'd prefer not to say safer,
22 although that's debatable. I would prefer to say it would be

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 less complicated maybe to do it, but we would hope to be safe
2 at both locations.

3 COMMISSIONER COX: Okay. And then finally on that,
4 let me ask you a question because we asked some of your folks
5 out in -- Drax Williams, specifically, in Marine West Coast
6 Aviation, who is in charge of it -- for some numbers to look
7 at the March option, and he provided us with some numbers.
8 And I will say we worked with him in '93, too, and frankly he
9 was closer on the numbers than the DOD was, as it well turned
10 out.

11 Those numbers that he provided the Base Closure
12 Commission -- us, personally and our staff, at our request --
13 are vastly different than the numbers that we have gotten
14 from the Navy on the cost of the March option. I realize
15 you're not an expert on numbers, but my experience with Mr.
16 Williams is that his numbers have been very good.

17 I wonder if you just might comment -- these are not
18 even close, as you know, we're tens of millions of dollars
19 apart in a year. Could you give us, at least, some comment
20 on whether you think it might be somewhere in between, or
21 perhaps your folks didn't get to look at the whole picture or
22 -- how do you explain that enormous difference?

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803
WASHINGTON, D.C. 20006

(202) 296-2929

1 GENERAL MUNDY: Well, let me say first and then I'm
2 going to turn here -- we have a convenient system here of
3 passing off to the guy on the end of the table.

4 COMMISSIONER COX: I see. I was hoping to get you
5 to answer to that one.

6 (Laughter.)

7 GENERAL MUNDY: You make a good point, and I would
8 say that in support of Major General Williams and his crew
9 out there that, indeed, the amount of money that it has cost
10 us to move from El Toro down to Miramar is I think as you
11 know already beyond what -- we've already been given more
12 money than was initially estimated.

13 So they have been, they're on scene and they look
14 at a lot of different things. Some of that relates, I think,
15 to the facilities that are available and to the perception of
16 the replacement versus the acceptance of a facility. For
17 example, we know we're closing a lot of housing, some 2,700
18 units up around El Toro, as we move south. They, on the West
19 Coast, understandably -- and I would, too, if we had the
20 money to do it -- would like to go down and rebuild a
21 quantity of housing in another area.

22 So some of that has been as a result of the

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 difference in those --

2 COMMISSIONER COX: Right. Although the numbers, as
3 I understand, that they've given us on housing do not assume
4 we're going to build more, but do assume because San Diego
5 cost of living is higher that our costs are going to go up
6 moving to San Diego, which I assume even the Navy doesn't
7 disagree with.

8 GENERAL MUNDY: Yeah. As far as the other cost
9 factors, again, can I pass off to you on that, Robert?

10 MR. PIRIE: Well, if the issue is does the actual
11 estimated cost of the move from El Toro to Miramar exceed the
12 estimations in the COBRA model, I think that's not a
13 surprise; because the COBRA model, for one thing, excludes
14 environmental restoration costs.

15 COMMISSIONER COX: That's really not the issue. in
16 fact, the COBRA model was wrong, it now appears, by a three-
17 fold factor -- of actual spent dollars, not projected costs,
18 from El Toro to Miramar.

19 But that's not the issue. My only point was at the
20 time Mr. Williams and the very same BRAC staff told us that
21 the costs would be about where they're going to come out,
22 which is three times more than the Navy projected at that

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 time. My only point is that's a done deal, it's over, those
2 issues are -- nobody is looking at reopening El Toro. My
3 only point was that his track record on numbers, at least in
4 that area and involving those assets, has been a whole lot
5 better than the Navy's.

6 And I was wondering if, perhaps, you all might be
7 willing to give that a closer look given his track record.

8 MR. PIRIE: Well, I'm always interested in new
9 ideas. And not having the numbers before me and not having -
10 -

11 COMMISSIONER COX: We'd be happy to do it for the
12 record.

13 MR. PIRIE: -- had an opportunity to do a detailed
14 analysis of them, I can't tell you whether I believe them or
15 not.

16 COMMISSIONER COX: Okay. Maybe you'd just take a
17 look at both sets. That would be helpful.

18 GENERAL MUNDY: But let me reinforce, Commissioner,
19 if I may, again -- I'd like to say your thesis is not without
20 some degree of accuracy and that, yes, the projections out
21 there were pretty close because it looks like where we're
22 going.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 That notwithstanding, the prospect of moving to
2 March is more a function of just people and resources that we
3 don't have to be able to run that base.

4 COMMISSIONER COX: Sure.

5 GENERAL MUNDY: Were the base available could we go
6 there as a tenant?

7 COMMISSIONER COX: You'd love to.

8 GENERAL MUNDY: We would opt for it just like that.
9 But that's not possible.

10 COMMISSIONER COX: I understand. And I didn't mean
11 to follow-up that closely. Secretary Dalton also to follow-
12 up on the Corona issue and, frankly, you know I wish in a
13 sense you hadn't looked at it on a political basis because
14 there are a lot of military arguments for Corona and I wonder
15 if you might take a look at that.

16 I'm in the airline business, we have the National
17 Transportation Safety Board. It's an independent group, it
18 oversees everything from our training to accidents to whether
19 the FAA is doing the right thing. There are a lot of people
20 who -- I'm sure Boeing would like to have the NTSB working
21 out of Boeing's offices. The FAA itself wouldn't mind having
22 the NTSB under it.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 But we've all decided, as an airline industry, that
2 it's important to have that independent outside look where
3 they don't have any other role -- they're not involved in
4 planning or procurement or promotion of GPS or anything else.
5 They can look at it independently.

6 I see Corona coming out of the airline business
7 very much in that same category, they're an independent
8 group. And you all are proposing to move them to the -- you
9 aren't, Secretary Dalton -- Secretary Perry and the Navy are
10 proposing to move them to the equivalent of the FAA or
11 Boeing. And I worry about that on an independent assessment
12 basis. I wonder if you wouldn't mind, Secretary Dalton, I
13 know you took them off the list on a political basis and
14 maybe, therefore, didn't have an opportunity to look at the
15 military independent assessment issue -- if you wouldn't mind
16 commenting on that.

17 SECRETARY DALTON: Well, Commissioner, as I
18 indicated, I don't really have anything much to add beyond
19 what I told you at our previous meeting. It was the decision
20 that I made with respect to looking at the total impact of
21 what had been done in BRAC '93, BRAC 91, and looking at BRAC
22 '95, the recommendations we were making to the states of

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 Florida and South Carolina and California, had all been hit
2 significantly --

3 COMMISSIONER COX: No, I understand that you --

4 SECRETARY DALTON: -- and those are the reasons
5 that we made the decision. And after the recommendation that
6 we made on Long Beach, which was painful but we thought was
7 necessary, we made the decision that we did with respect to
8 those other facilities.

9 COMMISSIONER COX: I guess what I'm saying is it
10 might be helpful if you would look at it not an economic
11 impact basis, but on a military value added basis because I
12 think we would be interested in your thoughts on that, too.

13 And, Admiral Boorda, you look like you wanted to
14 say something on that?

15 ADMIRAL BOORDA: No. Only that, in fact, we've
16 done that. And that's why it would have been on the list had
17 it not been for economic issues. The independent look that
18 you talk about -- and I'm not suggesting you put it on the
19 list, I mean, it's not on the list now, you added it for
20 consideration --

21 COMMISSIONER COX: We added it, right.

22 ADMIRAL BOORDA: But the independent look you talk

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 about could be done easily from another place, and that's the
2 postgraduate school. They also are not fleet operators.
3 They do assessments for us in a lot of areas.

4 COMMISSIONER COX: Okay. And I have just two other
5 quick questions, and they're really sort of "what if." You
6 all proposed that we reverse a '93 decision to move NAVSEA to
7 White Oak and instead move it to the Navy Yard.

8 Also in '93 we indicated that SPAWAR ought to stay
9 in the area, although I don't think we specifically said --
10 if we did not take your redirect on NAVSEA to White Oak, the
11 SPAWAR people have indicated that they believe that there are
12 more synergies with what they do here than what they do in
13 San Diego and prefer to stay in the area.

14 If we did not would you be supportive -- not move
15 White Oak, if we left White Oak open and moved NAVSEA to
16 White Oak would you be interested in leaving SPAWAR at the
17 Navy Yard?

18 SECRETARY DALTON: That's pretty convoluted. Our
19 plan is -- we think that what we're recommending to you makes
20 the most sense and we recommend that you take it. But the
21 hypothetical, I'll ask Robert to --

22 MR. PIRIE: Yes. That is a hypothetical question I

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 would dearly love to leave severely alone.

2 (Laughter.)

3 MR. PIRIE: We're recommending moving SPAWAR to San
4 Diego because it allows us to achieve a considerable
5 consolidation of staff and support for SPAWAR and
6 considerable savings over the years. And that savings is not
7 allowable with other options, such as Navy Yard, such as
8 Hanscom Air Force Base.

9 COMMISSIONER COX: So unrelated to the fact that if
10 we move NAVSEA to the Navy Yard, you would not have room for
11 SPAWAR -- you would still recommend that we move SPAWAR to
12 San Diego?

13 MR. PIRIE: Yes. Absolutely.

14 COMMISSIONER COX: Thank you. And then, lastly,
15 Secretary Dalton, we recently received a letter from the
16 Secretary of Transportation expressing concern about the
17 Coast Guard at Adak. I wonder if operations of the Coast
18 Guard were given consideration on the Adak proposal.

19 SECRETARY DALTON: I haven't seen that
20 correspondence, Commissioner. I'll be happy to take a look
21 at it. With respect to the Coast Guard at Adak --

22 MR. PIRIE: I've seen it -- and it came in very

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 late, as a matter of fact. And we believe that the Coast
2 Guard has other options in the Aleutian Chain and elsewhere
3 in Alaska to support their operations. However, if they wish
4 to take over NAS Adak and pay \$25 million a year to operate
5 it, I'm sure that we can come to some kind of an agreement.

6 COMMISSIONER COX: You're willing to work with
7 them, to work out their operation problems.

8 MR. PIRIE: I'm willing to work with the Coast
9 Guard any time.

10 COMMISSIONER COX: Thank you.

11 COMMISSIONER CORNELLA: Thank you, Commissioner.
12 It's my distinct privilege at this time to introduce our
13 chairman, the distinguished chairman of the 1995 Defense Base
14 Closure and Realignment Commission, former senator from the
15 great state of Illinois, Alan Dixon.

16 CHAIRMAN DIXON: Thank you, Mr. Chairman.
17 Gentlemen, may I first say to you I apologize for being gone
18 during some of your testimony. As men of your importance, I
19 hope you understand there are some housekeeping duties by now
20 with the vote starting next Thursday. I'm only going to ask
21 three questions.

22 One is one I would rather not ask. And I say in

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 advance of the question, Mr. Secretary and Admiral Boorda,
2 that I know and respect you both for everything you do; and
3 even when I don't agree with you, I understand pretty clearly
4 what your position is.

5 Now, I'm compelled to make this statement and ask
6 this question. I hope you understand it. I'm not trying to
7 put you on the spot, but eight of us have to vote.

8 You recently revised the projected pilot training
9 rate -- now, it's been discussed a little but we haven't
10 gotten specific -- to reflect increases in pilot training
11 requirements, including the introduction of additional FA-
12 18s, EAG-P squadrons. I have seen, and it is in our packet,
13 Admiral Boorda, the letter you sent to the distinguished
14 congressman from that district who all of us have great
15 affection for.

16 Now, you conclude -- I won't bore the audience with
17 the whole question by saying this -- the combination of
18 increased strike PTR in a single-strike training base makes
19 successful completion of our projected PTR more difficult and
20 reduces our capacity for surge operations, and that could be
21 unacceptable. I understand that.

22 But the trade-off remains the degree of difficulty

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 or risks versus costs to operate two strike training bases.
2 And I understand that. Now, this morning one of my
3 distinguished colleagues asked General Sullivan, and
4 Secretary Togo said, "Now, here, you're closing two depositions" --
5 and then they went through kind of a hypothetical case. And
6 I said, "Isn't there a lot of risk in this?" He said, "Yeah.
7 There's a lot of risk in that, but we considered it as an
8 acceptable risk; in view of the cost, we recommend doing it."

9 And, you know, I'm going to be honest with you now.
10 This is one of them that we're going to have a tough time
11 with around here, so I'm compelled to ask both of you in a
12 specific way about Meridian. Now, what are you telling us
13 here? We know you're getting it down to one, you're going to
14 save a lot of money, but is it an unacceptable risk? Now, is
15 it acceptable or isn't it acceptable? I guess that's what I
16 have to ask you.

17 ADMIRAL BOORDA: As I was -- Mr. Secretary, do you
18 want to go first?

19 CHAIRMAN DIXON: I almost hesitate to use your own
20 words to ask the question, but --

21 ADMIRAL BOORDA: No, I'm glad you did. Inasmuch as
22 they were mine, let me answer your question. I think we

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 talked about it a minute ago.

2 It's my personal opinion -- it's not the
3 Department's opinion -- that we're right on the margin of
4 surge capability. I agree with the numbers that the BCEG has
5 done. And that would give us about 18 percent excess
6 capacity training at Kingsville, using the Kingsville-Corpus
7 complex. That requires everything to go just right.

8 I would like -- personally, not the Department's
9 position -- to be able to find a way to work better with the
10 Air Force to keep some residual capability there for surge;
11 to keep that place open, not totally closed, and still try to
12 get the flexibility to get the savings from combining things
13 at Kingsville. That would require you to give us more
14 flexibility than we have asked for. And that's why I say
15 it's my personal opinion.

16 If everything goes exactly as planned, we'll be
17 okay and we will close a very good and very new base that was
18 hard for us to put on the list.

19 CHAIRMAN DIXON: Well, I hear you, but let me tell
20 you my problem with -- I respect the answer. Let me tell you
21 my problem, now. I was here in the Reagan years. I voted
22 for the build-up. If I was here I'd still be voting against

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 the reductions. All right? But that's Alan Dixon, and
2 that's not the country, and that's not the Congress right
3 now. And I accept that. There's a change.

4 Now, all of us wish there was more. And we're
5 going to have to make some tough choices here. Now, there's
6 a 40 percent reduction in authorized and appropriated
7 amounts, and a 30 percent reduction in force level. And if
8 we give you everything that all of you have asked for --
9 nothing more than that, let's assume that, it's not the way
10 it's going to happen, exactly, but let's just assume that for
11 the purposes of our discussion -- if we give the DOD
12 everything they ask for, it's 21 percent. So there's excess
13 capacity out there.

14 Now, I know there's a lot of risk and a lot of
15 stuff we're doing, but I have to say that, unfortunately,
16 you, the guys that are going to have to make these judgmental
17 decisions in many cases -- now, I don't say we can't change
18 these things, some of them we're arguing about, we might have
19 some different ideas, in fact, and all the services might
20 have some different ideas, some at the margin, some at the
21 heart, maybe. But it's on numbers where there's an arguable
22 difference.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 But it's hard for those of us, I will say in due
2 respect we have three distinguished men that had the
3 experiences you had up here that I'm privileged to serve with
4 here -- but it's hard for us to make that kind of a judgement
5 about this doggone thing. I just want to level with you
6 about that. I don't feel comfortable with it. I don't want
7 to take an unnecessary risk. So I hate to pursue it beyond
8 that.

9 I don't know, Mr. Secretary, do you have anything
10 further you want to say?

11 SECRETARY DALTON: Mr. Chairman, as the CNO has
12 indicated, this was a tough recommendation for us because of
13 the points that he has outlined. We do feel like that the
14 Kingsville-Corpus Christi complex has sufficient capacity to
15 single side all our Department of the Navy strike training.
16 Even if we do add the 10 flight squadrons and relocate the
17 E2-C2 train to Kingsville.

18 He's made the point with respect to what would
19 happen. We don't plan on bringing on 10 additional squadrons
20 at this time. As a matter of fact, we're talking with
21 discussions between three and six. But if we did, we could
22 make it. So we have the ability to do it. It still makes it

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 a painful recommendation that it be closed, but that is our
2 recommendation.

3 CHAIRMAN DIXON: Well, here's what I'm going to ask
4 you to do. We're going to vote starting next Thursday
5 morning at 8:30 a.m. I'd like my colleagues and friends here
6 on this panel here to have one day of rest of prayer.
7 Sometime by the end of the day Tuesday we'd like to hear
8 further from you on this close call that will resolve in your
9 mind your judgement as our leaders in that field about the
10 risk versus cost thing that you ultimately make your decision
11 on it.

12 Because if you leave it this way -- I'm willing to
13 have you leave it that way, and then we'll hassle with it.
14 But we do see what you're saying to us. We understand it.
15 It's just kind of hard for us to make a call. We've got it
16 on the list. It takes five to take it off -- I would remind
17 you -- we'll all eight be here. And I think it's one we need
18 to know more about. All right? Sorry to put it back in your
19 lap --

20 SECRETARY DALTON: Sure. That's fine.

21 CHAIRMAN DIXON: Okay. Two more. I put this, Mr.
22 Secretary, to the other services and I put it to you and your

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 colleagues, that what we are seeing here in this unpleasant
2 duty that we're undertaking to the best of our individual
3 abilities is doing this job and recognizing you are going to
4 leave some excess capacity out there. We all see that,
5 everybody tells us that in these public meetings and in
6 private. And probably ought to look again sometime.

7 Now, everybody knows nobody wants to look in two
8 years. I don't see any congressmen come up to me and say,
9 "I'd like to have another round two years from now."

10 (Laughter.)

11 CHAIRMAN DIXON: Ain't too much demand for it. And
12 I don't really think there's much stomach for it in the
13 country, to be truthful with you. But I think it is true we
14 ought to look again sometime.

15 And recognizing presidential politics and all,
16 there's beginning to be a kind of a consensus that maybe
17 about 2001 -- which lets two presidential elections
18 intervene, and also has the nice number there because it's a
19 culmination of all the BRACs out there. And we're thinking
20 that we might take a look at the possibility or recommending
21 one more to take another look after the dust has settled, and
22 wondered whether you have a positive or negative view -- any

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 of the four of you as experts in the field -- about that.

2 SECRETARY DALTON: Mr. Chairman, I think that the
3 process is a good process. It is one that has worked well.
4 It's difficult -- and it's a difficult job that you have --
5 but it is one that I think was properly devised and one that
6 does offer the opportunity to close excess capacity and get
7 rid of things that we don't need.

8 As we all know, as our budgets have come down, we
9 had too much infrastructure and this process has done a great
10 deal to eliminate what we don't need. I would think that
11 that sort of time frame would allow the consolidation to, in
12 fact, occur, that has happened in BRAC '88, '91, '93, '95.
13 And most of '95 would have been complete by then, in terms of
14 the six years.

15 So that is a time frame that I think would give
16 each service the opportunity to see how it is operating with
17 the new structure, see if indeed the excess capacity at the
18 margin or if it really is more than is necessary. And if
19 that were the case, I think that another round at that time
20 would indeed make sense, and it seems to me that would be an
21 appropriate consideration for discussion.

22 CHAIRMAN DIXON: I thank you for that. Now, the

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 last and final thing related to that is that we take note of
2 the fact that throughout these rounds there have been
3 alterations, realignments and changes and so forth, in the
4 BRACs. And we suspect that there's a probability some of you
5 may want to revisit some of those things in the future. I'm
6 not talking about any other bases haven't been touched.

7 But I'm talking within the BRAC process. And we'd
8 like to hear from you, we've asked the other services -- we
9 don't want to set up some bureaucracy out there that's going
10 to cost the taxpayers a lot of money -- but we'd like to have
11 your suggestions about how the idea of reviewing these BRACs,
12 so you're comfortable with everything you have done, would be
13 -- in other words, Senator Strom Thurmond is asking us to
14 come before the Armed Service Committee in the Senate in a
15 couple weeks, and we'd like to be able to say, "Here's what
16 we think about BRAC in the future. Here's what we think
17 about reuse. We've got people working on it. Here's what we
18 think about realignments or reviews of this BRAC stuff in the
19 next several years."

20 SECRETARY DALTON: Mr. Chairman, we'd be happy to
21 provide that, our opinions to you on that subject.

22 CHAIRMAN DIXON: Thank you. Well, I just want to

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803
WASHINGTON, D.C. 20006

(202) 296-2929

1 say that, General Mundy, we all understand you're retiring at
2 the end of the month. And we just want to say we appreciate
3 you spending part of your last few weeks with us. We honor
4 and congratulate you, sir, for your distinguished career of
5 service to the nation and the Marine Corps, we're proud of
6 you. Thank you, sir.

7 ADMIRAL BOORDA: I thank you very much, Mr.
8 Chairman. And you have just spoiled my rapport with the CNO
9 because he has sworn that if he comes up here and has to
10 listen to anymore compliments about me he's not going to
11 invite me over for dinner or something.

12 (Laughter.)

13 ADMIRAL BOORDA: So I told him if he'd wait three
14 years, it will be his turn.

15 SECRETARY DALTON: I thought we were going to get
16 through a whole hearing without that, for once, but we
17 didn't.

18 (Laughter.)

19 ADMIRAL BOORDA: Thank you, sir, it's a pleasure to
20 serve.

21 COMMISSIONER CORNELLA: Thank you, Chairman Dixon.
22 Commissioner Joe Robles.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 COMMISSIONER ROBLES: I just have one question. I
2 know you've had a long afternoon. It relates to an issue
3 that we've been, sort of, wrestling with which private sector
4 versus in-service work across a whole gamut of activities.

5 And my question directly relates to the Portsmouth
6 visit. You're using the private sector to do some nuclear
7 refuelings for your carriers. With the closure of Long
8 Beach, you're going to have to rely more on the private
9 sector to do some of that work.

10 What about the submarine force? Have you
11 considered or is there some overriding operational -- we saw
12 the intricacies of nuclear work and the intricacies of
13 submarine work, the closed bases, the very highly specialized
14 facilities, but you seriously looked at moving some of that
15 workload into the private sector?

16 ADMIRAL BOORDA: Long Beach has -- I know you know
17 this, but just so the record will be right, Long Beach has
18 nothing to do with any of that nuclear work.

19 COMMISSIONER ROBLES: No. I understand, non-
20 nuclear work.

21 ADMIRAL BOORDA: With respect to submarine nuclear
22 work, we have a lot of work in the private sector. Right now

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 most of that work is construction. The construction of a
2 submarine and the putting together of the nuclear power plant
3 and fueling it is a much different operation than refueling
4 or defueling.

5 Oddly -- probably not oddly enough, I think you'd
6 probably understand refueling and defueling is a much more
7 complex operation because you're work a hot reactor, and
8 you're working with radioactive materials from the very
9 beginning in a confined space. We had not planned on moving
10 that work to the private sector.

11 COMMISSIONER ROBLES: So there is really no plan,
12 long term-plan even to consider doing that function or piece
13 of that function?

14 ADMIRAL BOORDA: As long as we have to do
15 refueling, defueling and overhaul work for the -- focus on
16 the 688 Class for a minute -- for the 688 Class, and in
17 everything goes exactly like it's supposed to -- the last 688
18 doesn't go away until 2026 -- then it would make sense for us
19 to do that work in public yards rather than in the private
20 sector.

21 COMMISSIONER ROBLES: Okay. Thank you, Admiral.

22 COMMISSIONER CORNELLA: Thank you, Commissioner

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 Robles. I would like to finish up with a few questions that
2 I have. Going back to the consideration of Guam, not to be
3 redundant but to be a little more precise on some of the
4 testimony we received, in regarding to the MSC ships and HC-
5 5, we understand that the senior leadership in the Navy has
6 had discussions with Governor Goodarest and Congressman
7 Underwood from Guam concerning the MSC ships and their
8 helicopter squadron HC-5.

9 We also heard that you and a delegation from Guam
10 are in essential agreement as to a change in the
11 recommendation that will be a win-win position for both
12 parties.

13 It appears to us that the decision to relocate or
14 locate the MSC ships and HC-5 at a particular location is not
15 a decision that depends on whether a particular base is
16 closed or not and whether either unit has more than 300
17 civilian personnel.

18 Consequently, would it be acceptable to you if the
19 Commission made no decision as to the final location of MSC
20 ships and HC-5 and recommended any such decision be made by
21 the Navy at some time in the future when the leadership of
22 the Navy found it necessary?

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 SECRETARY DALTON: Mr. Chairman, that would
2 certainly be acceptable. We did have a meeting. I had a
3 short meeting with Mr. Perry, met with the Governor and the
4 delegate at length.

5 SECRETARY PIRIE: As did Admiral Boorda.

6 SECRETARY DALTON: And I defer to him.

7 ADMIRAL BOORDA: Because you don't have to make
8 that decision and we can, it will give us some added
9 flexibility. It will help Guam, and particularly in the case
10 of those MSC ships, they're not often in their own port
11 anyway. They're out working wherever we want them to work.
12 That's why they're in the MSC.

13 So I think it makes good sense. The Governor,
14 Secretary, Assistant Secretary and I all agreed that the
15 flexibility would be useful, and then we can make that
16 decides when the time is right.

17 COMMISSIONER CORNELLA: Thank you. In addition,
18 some comments about what's called the Glut '94 Lands. We're
19 interested in helping ease the process of transferring excess
20 federal land in Guam to the Government of Guam.

21 And we understand that there are some 4,000 acres
22 of Navy land included in a report known as Glut '94 that the

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 Navy has declared to be excess to their needs.

2 Also, we understand that there is no disagreement
3 within the Navy as to the recommendations of this report.
4 Would the Navy have any objection if this Commission included
5 in its report recommendations to transfer those Navy lands in
6 the Glut '94 report to the Government of Guam under the
7 procedures of the Base Closure Act?

8 SECRETARY DALTON: That would be fine, Mr.
9 Chairman. We would have no objection.

10 COMMISSIONER CORNELLA: Thank you, Mr. Secretary.
11 A question or two on Lakehurst. That is something we haven't
12 talked about today. Lakehurst, as you gentlemen know,
13 handles all the launch and recovery, research and
14 prototyping, procurement, testing.

15 It appears that little would be moved from there
16 other than some of the heavy machinery and the
17 remanufacturing of some of the equipment, the manufacturing
18 of single-point items, items that if they failed would cause
19 a ship to go over the deck.

20 What would remain would be, basically, in my
21 understands now, you can correct me if I'm wrong, but the
22 engineering buildings would remain. Three buildings would

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 remain.

2 The testing facilities would remain, the launch
3 testing facilities, the test tracks, the airport. Most of
4 those types of facilities would remain.

5 It's my understanding that in determining the cost
6 of the closure that the cost of moving that equipment was not
7 figured -- there are about 300 pieces of equipment there --
8 and that when it was determined they were not included, the
9 local command was asked to arrive at the number of pieces of
10 equipment they needed to move in order to do the job, and
11 they came up with a number somewhere, as I remember, around
12 124.

13 They were told that that number really did not fit
14 into the model, and that 74 was the right number. I have two
15 questions, I guess. One would be your feelings on that
16 comment, if you feel they are accurate in regard to that move
17 and whether or not you feel it makes sense to overhaul those
18 large launch valves, the steam launch valves in Jacksonville
19 and then ship them to Lakehurst for testing. If you could
20 answer those two questions for me, please?

21 SECRETARY PIRIE: With respect to the first issue,
22 what is the proper amount of equipment to be shipped, that

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 was a discussion between the chain of command of Lakehurst
2 and the commanding officer, and it is perfectly consistent
3 with our system for the chain of command to decide what's the
4 appropriate amount of stuff to move when a base is closed.

5 The normal dialogue that takes place when a base is
6 nominated for closure is that the command immediately says,
7 "Well, you can close me, but you have to replicate my entire
8 base at a piece of real estate of my choosing brand new."

9 And discussion goes on from there about, "No.
10 That's not what we had in mind. That's excess capacity we're
11 talking about. We want you to close the base entirely."
12 That discussion goes on, and that is provided for in our
13 system.

14 So what you have seen in all that is the product of
15 that. Certainly, the command doesn't like being told, "No,
16 only 74 pieces, not 124," but that's the prerogative of the
17 system's commander to decide that.

18 Now, with respect to overhauling the valves in
19 Jacksonville, I think that's an entirely reasonable position.
20 It's a fine industrial facility, and there is no reason for
21 us to replicate industrial facilities all along the East
22 Coast.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 COMMISSIONER CORNELLA: You know I understand that
2 explanation, and I could believe it if we could take and
3 close that facility. So you tell me what kind of advantages
4 are to be gained other than back-filling Jacksonville by
5 moving that equipment out at Lakehurst.

6 SECRETARY PIRIE: The real problem was that the
7 expense of moving the test facilities which are in place
8 was -- we really couldn't come to closure on that. It would
9 have been better, if the expense had been right, to relocate
10 all of that stuff at Patuxent River.

11 But in the end, we really -- it was a very hard
12 decision, and we really decided that was the engineering and
13 the test facilities that we had to leave. It would have been
14 better to close the whole place, yes, sir.

15 COMMISSIONER CORNELLA: Thank you, sir. And I
16 thank all of you gentlemen, and I'm going to make Admiral
17 Boorda sit through this one more time because I, too, was
18 going to thank General Mundy for his many years of stellar
19 service and leading the young men of this country in the
20 Marine Corps. We appreciate your service to our country,
21 sir. Thank you.

22 GENERAL MUNDY: Thank you very much, Commissioner.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 COMMISSIONER CORNELLA: And we would also like to
2 submit written questions for the record. We will be getting
3 those over to you. Thank you.

4 (A brief recess was taken.)

5 COMMISSIONER CORNELLA: We will continue. I'd like
6 to introduce the next panel, Ms. Marge McManamay -- I'm going
7 to get it right this time -- Lieutenant General Babbitt,
8 Secretary Josh Gotbaum and Mr. Bob Bayer. Welcome.
9 Secretary Gotbaum.

10 SECRETARY GOTBAUM: Mr. Chairman, members of the
11 Commission --

12 COMMISSIONER CORNELLA: Excuse me one moment. We
13 need to swear you in. If you would please rise and raise
14 your right hand. We almost made it through the first day
15 without making that mistake, but we'll get it done here.

16 (Panel sworn.)

17 COMMISSIONER CORNELLA: Thank you. Secretary
18 Gotbaum.

19 SECRETARY GOTBAUM: I'm sorry to hear that we're
20 the first group you've heard today that you were sufficiently
21 worried you had to swear them in.

22 After all of the hundreds of hours of hearings that

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 you all have done, frankly, on behalf of the Secretary and
2 the Department the first thing I want to say is we're very
3 thankful for the opportunity you're giving us to get a last
4 word in, since there is, obviously, a lot that has happened.

5 Before I get to specifics, if I may, I'd like to
6 make a couple of points, not necessarily because you will not
7 have heard them before but because we think they are
8 sufficiently important that we make them.

9 The first one is that an aggressive program of base
10 closure remains absolutely necessary. Without it we simply
11 are not going to have the funds we need to maintain the
12 forces we have to have for readiness in the next generation.

13 There has been a lot of rhetoric recently about the
14 end of the decline of the defense budget, and there is even a
15 prospect that our budget at the Department of Defense may be
16 increased some this year.

17 But whether it is or is not, the fact of the matter
18 is that the Defense budget is still going to be down versus
19 the mid-'80s by about 40 percent. Our force structure is
20 going to be down about 40 percent, and our infrastructure is
21 down about 20 percent.

22 CHAIRMAN DIXON: Is that correct, Mr. Gotbaum?

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 I've been seeing 30 percent on force structure, and I want to
2 know if I am corrected on that.

3 SECRETARY GOTBAUM: I will tell you, sir, that when
4 I first said that we don't have very good measures of
5 infrastructure, we have even fewer -- or rather, we have even
6 more measures of force structure.

7 So when I say generally a third to 40 percent, what
8 I'm really doing is giving you a melange between number of
9 fighter wings, number of active duty troops, number of ships,
10 et cetera. It's somewhere between 30 and 40 percent. I
11 promise you we can gen up a statistic that will confirm your
12 view.

13 But the critical point is by whatever measure our
14 force structure is down considerably more than our
15 infrastructure, which is down about 20 percent.

16 The recommendations the Secretary of Defense placed
17 before you would reduce our infrastructure by about another 5
18 or 6 percent.

19 It would result in savings to the Department or the
20 taxpayers over a couple of decades net by something on the
21 order of \$18 billion. That's money we need. That's really
22 my first point. It's our most important point by far.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 Second point, our process is not perfect, but it is
2 considerably more objective than some of the stuff that we
3 have heard that has been presented to you all.

4 Like you, and in some cases with you over the last
5 three -- we have, over the last three months, gone over our
6 recommendations and alternatives that have been suggested in
7 light of the sustained analysis and criticism from
8 communities, their consultants, et cetera.

9 And with very few exceptions, some but very few, we
10 still feel that the recommendations we made to you are sound.
11 They're still right. Both the recommendations for closure
12 and the ones that ought to endure.

13 This does not mean that the results are perfect or
14 without error. We already last week sent a letter to the
15 Commission admitting that our analysis of Kirtland was not
16 right and therefore withdrawing our recommendation that it be
17 realigned.

18 And I would like to deliver today and insert for
19 record a similar review of some work in the Army,
20 particularly at Dugway in which we conclude that for a
21 variety of reasons more operational than cost-driven we don't
22 think that recommendation makes sense in light of the

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 continued analysis that has gone on.

2 So not perfect, not that there are no mistakes, but
3 the law has required and we've tried to be very objective and
4 do so. That's not always the case with everything you've
5 heard before you, and I know you know it, but I think it's
6 important for us to remind you.

7 You've spent a lot of time now going through this
8 stuff. You've heard talk from communities, from their
9 consultants, many expert consultants, including some very
10 distinguished flag officers and in each case urging you to do
11 a little less, do a little different, keep a piece on this
12 base, move some workload here, et cetera, leave just a few
13 active operations, whatever.

14 You have also, I suspect strongly, have heard from
15 within DOD from officers who would like to keep or add to
16 their existing infrastructure but without the responsibility
17 for paying those costs.

18 As you weigh this, and you obviously must, and we
19 know you will competently, all we ask is that you remember
20 that these folks do not have an obligation to protect the
21 national defense within a fixed budget, and we do, and we
22 would assert you do.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 As part of that, we would ask as you continue your
2 review that like my other court of review, which this
3 Commission obviously is, that you recognize the professional
4 operational and military judgment that has gone into these
5 recommendations and give it appropriate deference.

6 As you know, the Chairman of the Joint Chiefs of
7 Staff has testified, and as you've seen before you a lot of
8 very senior military as well as civilian time went into these
9 because this is not just a matter of counting beans.

10 This is not just a matter of dollars. It's a
11 matter of operations, and there are some recommendations
12 which are, obviously, controversial but which we made based
13 on strong military advice.

14 I'll give you one example that I know is before the
15 Commission is Grand Forks. In our view, the issue is not
16 whether you could save money or not but closing all of Grand
17 Forks.

18 But it is the considered judgment of the Chief of
19 Staff of the Air Force, of the rest of the military
20 leadership, in fact of each of the operational commanders
21 that that is a facility which we want to keep on an operating
22 basis. So as you review, as you take this into account, we

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 hope you would give appropriate deference.

2 My last general point before I get down to
3 individual cases and open up to questions is very simple.
4 Regardless of what we do here, regardless of what you do
5 here, we are going to need future base closure authority.

6 If you take all the BRACs that have gone thus far
7 and you take the most robust estimate of the most aggressive
8 closure scenario that you are doing, I suspect that you will
9 not get an infrastructure reduction that comes close to our
10 force structure reduction or our budget reduction.

11 One of the things that this Commission has done
12 that is enormously heartening is, in fact, raise the question
13 of future base closure authority. We hope you will consider
14 the matter carefully, and we hope you will consider the
15 matter strongly in the affirmative.

16 If I may now, I'd like to get to some specific
17 cases, and I'm not going to spend a lot of time on each of
18 them. There are many, as you know, and you've already heard
19 from the service Secretaries and Chief, but I'd like to
20 discuss a couple of them and then just open it up for
21 questions.

22 In most cases, because they make a broader point,

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 let me start, if I may, with the proposal made by the folks
2 in Utah to close all of Letterkenny and move that work to
3 Hill.

4 Let's be clear what we're not saying. Hill has
5 excess capacity. That's undeniable, but we don't think the
6 way to fill that excess capacity is to tear down a joint
7 operation just when the investments have been made and it has
8 begun to work.

9 We have, as a result of a recommendation of the
10 Commission in '93, consolidated on an interservice basis
11 missile maintenance at Letterkenny. We have proposed, after
12 considering the matter, to resize and restructure and
13 downsize a lot of Letterkenny but to keep most of that effort
14 and to ally it with the electronics capability that is
15 already availability at Tobyhanna.

16 We've already spent a lot of money, over \$20
17 million, to develop that capability. We've moved people
18 there. We've moved workload there. In fact, we've moved
19 about 70 percent of that workload there already.

20 Is it theoretically possible to do that work at
21 Hill? Yes, it is. It would clearly require some MILCON or
22 recognizing that you'd need to store things in multiple

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 facilities not necessarily at Hill.

2 But in our view, it simply makes no sense to do a
3 180 now because we are engaging here in joint maintenance,
4 and we're doing it on a basis that we think is cost-
5 effective. So that's one issue on tactical missiles and the
6 question of how we resolve excess capacity.

7 Let me talk, if I may, a minute about labs and how
8 we reduce lab capacity. You know almost as well as we,
9 probably as well as we that the local community is concerned
10 about the closure of Rome Labs, that Rome is an excellent
11 facility whose closure would affect the entire central New
12 York region.

13 We recognize that. We just don't think that there
14 is an alternative. We have excess lab capacity throughout
15 the Department of Defense. We believe, and we have looked at
16 the issue again and we have not changed our view, we believe
17 that consolidating those efforts at two other very good labs,
18 at Hanscom and Monmouth, will achieve simultaneously a
19 reduction in costs, an encouraging of interservicing and a
20 maintaining of quality.

21 And that is precisely the kind of activity that the
22 Joint Cross Service Group, which Joint Cross Service Group we

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 set up at the urging of the Commission suggested. We're
2 doing it. We think it will save costs. We think it will
3 save money, et cetera.

4 Not that Rome isn't a good facility. It's a
5 terrific facility, but unfortunately, we have more excellent
6 facilities than we can handle. Brooks is -- and I know that
7 the Commission has been concerned with Brooks as well -- is a
8 similar story.

9 We are proposing to close it and consolidate those
10 activities at Wright-Patt not because Brooks isn't a good
11 facility -- it is a very good facility -- but because we have
12 more capacity than we need, and leaving that capacity open
13 means that we're not reducing lab capacity.

14 I want to talk about a couple of other issues
15 because they're general, and they come on my plate at OSD.
16 One is housing. This Commission has made the point in
17 several of its hearing, in my view entirely appropriately,
18 that the Department of Defense should not shut a base down
19 and then waste perfectly good housing.

20 And you have asked us whether or not we need
21 authority or direction or whatever to use housing on closing
22 bases, and I want to be very clear this is an issue that we

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 send a lot of time and a great deal thinking about and
2 worrying about, but the truth is we already have that
3 authority.

4 We already have the ability at closing bases to
5 transfer housing to another service or for another use, and
6 we use it. As it happens, I'm the person in DOD that signs
7 off on this, so I can tell you personally that the Air Force
8 took over Navy housing at Moffett.

9 The Navy took over Army housing at Fort Sheridan,
10 and in each case at a closing base we review it. We see
11 whether it makes sense because some of the housing at closing
12 bases, like our housing at the bases we retain, is not up to
13 snuff and see whether it makes sense to keep it and use it.

14 So we think we've got the authority. What we ask
15 the Commission not to do is to require us to keep housing in
16 cases where it won't make sense.

17 This gets me to a similar case, which is
18 privatization. We have the authority right now to contract
19 for work with the Department of Defense. We are encouraging
20 efforts at Louisville and at Indianapolis to develop private
21 alternatives to the facilities that are being -- that we have
22 recommended to be closed there.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 I personally have spoken to the mayor of
2 Indianapolis a lot of times. We think we have the authority
3 to do that right now. What we ask from the Commission is
4 that you not force us to do something that doesn't make
5 sense, because it's one thing to permit privatization. It's
6 one thing to permit a facility to be used to bid on the
7 Department's business.

8 It's quite another thing to say to the Department
9 of Defense you must keep working this place, and you've got
10 to keep excess capacity open, because that, then, keeps us
11 from doing the mission which is, in fact, to reduce capacity.

12 Those are the sorts of issues that we thought we
13 ought to raise specifically. I guess before opening up to
14 questions I would like to remake the point that I made the
15 first time I came here.

16 This is a miserable process. We don't like it. It
17 is an absolutely necessary process. We are enormously
18 grateful and we appreciate the Commission's role because you
19 are the court of review. You are the assurance to the
20 Congress and to the public that what we do, in fact, is
21 consistent with the force structure and, in fact, is
22 consistent with the criteria.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 So we appreciate that. We appreciate all the work
2 you've done. We look forward to keep on answering the two or
3 three questions that might be left outstanding, and we look
4 forward with only a modest amount of nervousness to your
5 conclusions.

6 COMMISSIONER CORNELLA: Thank you, Secretary
7 Gotbaum. General Babbitt, do you have an opening statement,
8 sir?

9 GENERAL BABBITT: Very briefly, I just wanted to
10 point out that the original testimony given to the Commission
11 on behalf of DLA was given by General Larry Farrell. He has
12 since departed DLA and moved to a job in the Air Force.

13 Upon his departure, I took over his duties with
14 regard to BRAC. I have really nothing to add to his original
15 testimony, but you have added some things as potential
16 closures in the interim period, and I'm here to answer any
17 questions that you may have.

18 COMMISSIONER CORNELLA: Ms. McManamay, do you
19 have --

20 COMMISSIONER KLING: Just one question about
21 General Farrell. I just have to advise you that I think we
22 named him the shadow because I think General Farrell was at

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 every location we have been to. He probably knows everything
2 as well as we know.

3 GENERAL BABBITT: If he was only here.

4 COMMISSIONER STEELE: He probably is.

5 COMMISSIONER CORNELLA: Mr. Bayer.

6 SECRETARY BAYER: I have nothing to add, sir.

7 COMMISSIONER CORNELLA: What I'd ask is that the
8 timekeeper extend each Commissioner seven minutes, and we'll
9 open the questioning with Chairman Dixon.

10 CHAIRMAN DIXON: Thank you very much, Mr. Chairman.
11 First of all, Mr. Secretary, to you and your colleagues at
12 that table I thank you for your full and complete
13 cooperation. You've been very helpful to us. We are
14 indebted to you, sir, and my questions will be very brief.

15 First of all, I appreciate your remarks concerning
16 the need of a future BRAC, and we've talked to the various
17 services about that today. Now, candidly, my recollection of
18 the earlier remarks by both you and your distinguished
19 colleague, our new head of the CIA, John Deutsche, the two of
20 you I believe suggested about three years or so from now
21 having another BRAC.

22 I'm candid in saying to you that the sense I get in

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 talking to people here in the Commission, around the country
2 and in the Congress and other places is that we'd better
3 leave it alone a little while.

4 I think that everybody is kind of full of BRAC
5 right now, and our thought is in view of the Presidential
6 elections and other things that do have a way of impacting
7 these things to some extent that we might think about 2001.

8 I know that's a ways off, but 2001 is at the end of
9 the BRAC process. It permits two Presidentials to intervene,
10 and it gives us some time to catch our breath and gives
11 everybody a time to review everything.

12 That may not be as much as you would have wanted,
13 but I ask you whether you think that it's a solution we could
14 live with in view of the fact we have to report to the Armed
15 Services Committee in a couple of weeks.

16 SECRETARY GOTBAUM: Mr. Chairman, let me be very
17 direct on this point because I think it's important. My view
18 is real simple. We have found and we have proved that
19 without a BRAC process we can't close our infrastructure.

20 And notwithstanding that we hope you will endorse
21 our recommendations and help us a lot in this thing, there is
22 clearly a lot left over. My suspicion is that in the

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 fullness of time we will discover sometime before 2001 that
2 this problem is a real problem.

3 But this is the world of the possible, and any BRAC
4 is better than no BRAC authority at all, and therefore we
5 think it is most important that the Commission be strong that
6 there be some.

7 As to when that would be, I'll tell you, sir, the
8 Secretary of Defense's view was three to four years. There
9 were others even within the building who said five, six
10 years. I don't think we should be dogmatic about time as
11 much as about the importance that there be a process.

12 CHAIRMAN DIXON: Well, I appreciate the answer.
13 The numbers are really compelling, I will say, but I just
14 sense that, you know, there is some -- I even find in the
15 public sector less of an enchantment with this idea than
16 there was in the beginning.

17 And it's like any unsavory thing that you encounter
18 after a while. You aren't so interested in continuing the
19 process, and I think we'll just take a look at it. We'll be
20 talking to you, and we'd appreciate you talking to staff.
21 We're going to try to work out what's best.

22 The other part of that that's awfully important is

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 that you see and we see this fact that there are changes in
2 what is done in the BRAC process over the years. We see
3 places that were losers becoming winners and vice-versa.

4 So it's all part of the evolutionary process, and
5 we are very interested in hearing from you and particularly
6 Mr. Bayer, who has had a lot of experience in this field
7 about your suggestions how best we can do that without
8 setting up some big bureaucracy, which we do not want to do,
9 to permit the BRAC accommodations that need to be made
10 between now and 2001.

11 SECRETARY GOTBAUM: Very important point.
12 Actually, may I make one further point?

13 CHAIRMAN DIXON: Yes. Please do, Josh.

14 SECRETARY GOTBAUM: I promise you that even though
15 it is absolutely the case that you and your staff and the
16 communities are tired and would like a breather there is a
17 small office within the Office of the Secretary of Defense
18 that would like a breather just as much.

19 CHAIRMAN DIXON: I believe it.

20 SECRETARY GOTBAUM: Let me, if I may, defer
21 directly to Bob Bayer on the question of what interim
22 authorities we need.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 SECRETARY BAYER: I think there are two or three
2 points, Mr. Chairman. One of them is, obviously, the longer
3 the interval is between this BRAC round and the next one the
4 more compelling is the reason to have some sort of a
5 practical interim authority either to make changes that we
6 see from the recommendations that you and the President and
7 the Congress ultimately agree to in this round and also
8 closure or realignment actions that become compelling, time
9 compelling, during that interim period of time.

10 So the authority that we would have to fall back on
11 right now would be 10 USC 2687, which has clearly been
12 impractical and in fact as been made moot by this process.

13 The only other two points I'd like to make on this
14 issue are one of the key factors that made this whole process
15 work was the waiving of the National Environmental Policy Act
16 with regards to the specific closure and realignment
17 decisions, not the decisions to reuse the property. I think
18 that clearly has to be in any interim authority.

19 And the other point I would make with regards to
20 any interim authority that it be done in such a way that it
21 be expedited enough that communities won't be hung out
22 inordinately.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 CHAIRMAN DIXON: Yeah. I think that's all very
2 good.

3 SECRETARY GOTBAUM: Mr. Chairman, may I add one
4 further one? Part of my job which I don't discuss very
5 often, although this Commission was nice enough to ask about
6 it at one point, is the reuse area.

7 The Congress has been enormously gracious in
8 providing legislative authority that permits much speedier
9 property disposal at closing bases, and I would say it's
10 equally important that we find a way to maintain those
11 streamlined procedures for property disposal on a going-
12 forward basis even in the interim.

13 CHAIRMAN DIXON: Thank you very much.
14 Incidentally, I misspoke before. I didn't mean to say
15 unsavory. I think unpleasant would do it.

16 I wonder if I could bother General Klugh for just a
17 minute. Was he sworn?

18 GENERAL KLUGH: Yes, sir.

19 CHAIRMAN DIXON: General, would you come up next to
20 my friend Bob Bayer by the mike so we get it in the record?
21 I just want to ask you a question. I hope I'm not putting
22 you on the spot, but you chaired the Cross Service Working

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 Group so I guess you are on the spot.

2 Now, your alternatives offered closures when you
3 chaired the Cross Service Working Group, but in no instances
4 did you recommend downsizing. We also take note that in the
5 past certain services that now recommend only downsizing were
6 intrigued before with closures.

7 Now, all of this is very interesting, I guess I
8 ask will you please tell this Commission why you recommended
9 closures but did not recommend any downsizing?

10 GENERAL KLUGH: Well, Chairman Dixon, I would tell
11 you that we were focused in the Joint Cross Service Group on
12 the amount of excess capacity that we had with an objective
13 of downsizing the depots to meet core logistics requirements.
14 And we did not have any way of managing or determining
15 downsizing of multiple locations to get to that excess
16 capacity.

17 There are two ways of getting at the excess
18 capacity, particularly in the Air Force, and that is
19 downsizing or closure of a depot, closure of two depots,
20 closure of one depot and shrinking the rest of them to get to
21 the excess capacity and shrinking all depots in place to get
22 to the excess -- get down the excess capacity.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 We chose in the Joint Cross Service Group two
2 alternatives. We offered the Air Force two alternatives.
3 One is close one and shrink in place to get rid of the excess
4 capacity; that is, through interservicing send work out to
5 the private sector.

6 Second, to close two depots. The Air Force chose
7 the third alternative of shrinking or downsizing five depots
8 in place. I would say to the extent that the Air Force could
9 rid itself of the excess capacity, that is a good
10 alternative.

11 The objective we had in the Joint Cross Service
12 Group was and still is to rid ourselves with the excess
13 capacity.

14 SECRETARY GOTBAUM: Mr. Chairman, can I make one
15 additional point to my colleague?

16 COMMISSIONER CORNELLA: That's quite all right.

17 SECRETARY GOTBAUM: The Joint Cross Service Group
18 process, as you know, was rough. What was done in the depot
19 Joint Cross Service Group is we developed a linear
20 programming model and said to it, in effect, go out in a
21 relatively mechanistic way, close things until you got down
22 to a particular capacity.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 Now, we know that there's a considerable amount of
2 controversy and question and examination which you're going
3 to undertake on the question of downsizing versus whole
4 closures.

5 But the fact that we didn't have a computer model
6 that was sophisticated enough to close 20 percent at 5
7 places, versus making a 0/1, close-it/don't-close-it decision
8 at depots, I don't think should be -- should be the basis on
9 which you make the judgment. We really were trying to get
10 some rough measure of capacity reduction, using a, frankly,
11 rough computer model.

12 CHAIRMAN DIXON: Well, I respect that, and I don't
13 need a computer model if I got eyeballs, though, Mr.
14 Secretary. There's an awful lot of excess capacity out there
15 that I saw with my eyeballs. General Klugh, you had the Navy
16 on your staff when you did the cross servicing of the depots?
17 The working group?

18 GENERAL KLUGH: Yes, I did. Yes, sir.

19 CHAIRMAN DIXON: I'll ask you, sir, whether it was
20 your opinion that there was substantial excess capacity, even
21 in excess of two of the five depots on the basis of what you
22 and your group saw, that led you to believe that you could

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 recommend closing one, and downsizing in place for the
2 balance, or closing two.

3 GENERAL KLUGH: If I understand your question,
4 would that be excess capacity, the remaining after?

5 CHAIRMAN DIXON: Was there adequate capacity
6 remaining if you -- in the judgment of you and your cross
7 service group, you close two?

8 GENERAL KLUGH: Yes. If we close two -- the FO's
9 depot, as I remember specifically, appeared to be about a
10 depot and three quarters, in terms of depot equivalence
11 excess. And, therefore, by closing two depots and shifting
12 workload to other existing bases that must remain open for
13 various reasons using that capacity better, then that
14 certainly could take place.

15 Getting into privatization, as a matter of fact,
16 some of that work load -- in other words, having one and
17 three quarters depot excess, certainly privatization of some
18 of that remaining workload could, in fact, give us room for
19 closing two depots. We felt that it was certainly,
20 economically, driven to get that excess capacity to the best
21 utilization that we possibly could.

22 So I guess in some I would say that -- three ways

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 of getting to that excess capacity. One was to close one
2 depot, and downsize everything else, but still taking the
3 excess capacity out. And second was to close two depots and
4 sending whatever little workload left that was excess to
5 capacity to other services in an interservice matter or
6 privatization. And then third, shrink all the depots in
7 place, which is a challenge.

8 But then, what do you do with that excess capacity
9 of those facilities that you declare excess? So, the answer
10 is -- I guess, the best I could.

11 CHAIRMAN DIXON: I thank you, General Klugh, for
12 that response, which is helpful for the record.

13 COMMISSIONER CORNELLA: Thank you, Chairman Dixon.
14 Commissioner Cox.

15 COMMISSIONER COX: Well, I'm honored to be right
16 after the Chairman. Secretary Gotbaum, in previous testimony
17 to the Commission, you had stated that the COBRA analysis
18 provides an estimate of closure costs, as we all know.
19 However, the Navy has excluded certain base closure costs
20 related from its COBRA analysis, where those costs are DOD --
21 apparently, civilian labor costs.

22 And it says the effect of making one time costs

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 shown on the COBRA for at least the Navy analysis understate
2 the true costs of implementing the recommendations. In some
3 cases, this is somewhat significant. For example, including
4 the cost for disassembly, reassembly, and calibration of lab
5 equipment for the Naval Surface Warfare Center in Annapolis,
6 would raise the one-time cost for this recommendation from
7 about \$25 million to \$50 million.

8 Has somehow the DOD taken to this -- into account
9 in your evaluation of the DOD numbers?

10 MR. GOTBAUM: No.

11 COMMISSIONER COX: No.

12 MR. GOTBAUM: I guess, if I may --

13 COMMISSIONER COX: Of course.

14 MR. GOTBAUM: The direct answer to your question is
15 no, pending contradictions by my colleague.

16 COMMISSIONER COX: Okay. But?

17 MR. GOTBAUM: But -- and this is a very but -- as
18 you know, this is a process in which we try -- we are
19 required by law, and we try to be as objective, as
20 comprehensive, as auditable, etcetera, etcetera, etcetera, as
21 possible. And, we have in a couple of instances, been faced
22 with the question: Why don't you add more costs to the mix?

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 And, in most cases, it turns out that, either
2 because we couldn't get those costs in a bases that was
3 sufficiently secret that wouldn't raise cain, just to -- you
4 to you asked the question -- or, because they turned out to
5 be relatively small, and we've declined to do so. Now there
6 are some exceptions to that, okay? One of them is Kirkland.
7 Okay? That was --

8 COMMISSIONER COX: And we, I might say I thought it
9 was a very gracious letter on Kirkland, and we very much
10 appreciated everything you all did to get to the bottom of
11 those costs, and, you know, it was well done.

12 MR. GOTBAUM: I'm not sure if -- I'm lousy at
13 quoting people verbatim, but I will tell you what the
14 Secretary of Defense said is something almost as direct as,
15 if we made a mistake, let's say so. Period. Okay. What I
16 found, however, is that most of the time, when we incorporate
17 unincorporated costs, or when we refine analysis in an
18 objective fashion, it still turns out we've got a lot of
19 excess capacity, and the rank ordering still looks an awful
20 lot alike.

21 And so, my caveat earlier on in my opening
22 statement about -- where -- we are required to be -- we are

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 required to be objective. The folks who are basically trying
2 to ding the recommendations are not -- is the only addition I
3 would make. What I will do, if I could, is go back, and with
4 your permission, come back for the record with a guesstimate
5 of what are the implications of this failure to include DOD
6 civilian -- would that be all right?

7 COMMISSIONER COX: Okay. That would be helpful,
8 and you're right. In some cases, it may not make a big
9 difference, and at least the numbers we have on that one --
10 it's twice the one time costs. It still may not make a
11 difference.

12 MR. GOTBAUM: Well, let's be clear what the process
13 is, okay? Because I've been -- I've been a neutral analyst,
14 and I have been an advocate, okay? It's what -- one of the
15 side effects of being an investment banker. When I am a
16 neutral analyst, it's my job to say this is our guess. The
17 odds of being wrong up need to be about the same as the odds
18 down. When I am an advocate, I can get enormously creative
19 at adding costs that these obviously competent people at DOD
20 fail to include.

21 And, I can be also enormously creative at
22 forgetting to include costs, as well.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 COMMISSIONER COX: Right. And I understand that,
2 and I understand that this is not a science, and we are not
3 going to get every dollar right. There is not question about
4 that. However, we would like to save money for the Defense
5 Department.

6 MR. GOTBAUM: Yes, ma'am.

7 COMMISSIONER COX: If we know, for a fact, that
8 there are additional costs, I don't think we should stick our
9 head in the sand, and pretend like we're saving a whole lot
10 more money than we are. And so, you know -- once we get past
11 the sort of generalities, where there are specifics and we do
12 know them, I would like to consider them, even though the
13 COBRA model itself may not be capable of doing that.

14 MR. GOTBAUM: Can I give you the counter argument,
15 just to give you a for instance?

16 COMMISSIONER COX: Sure.

17 MR. GOTBAUM: One of the things I have observed as
18 I look at the BRAC process is that, of course, none of us
19 knows exactly what a closure cost is, right? But, it turns
20 out there are three stages in the life of a cost estimate.
21 Estimate number one is when the recommendation has made the
22 initial COBRA cost, and that closure cost is \$10.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 Estimate number two is when the base commander at
2 the closing base realizes that his base is on the list, and
3 the base commander at the receiving base realizes that he's
4 about to get an opportunity for initial MILCON, and that cost
5 goes to \$12, or \$20. Okay? Estimate number three is when
6 the controller's office in the relevant service, the
7 controller's office in the -- we're talking about the
8 Secretary of Defense -- and the budgeteers get at it.

9 And generally, what we find is, when we actually go
10 and spend the money, it ends up being a little less than the
11 \$10 we started out with. So --

12 COMMISSIONER COX: No, I understand that -- anyway.
13 Let me go on. We, as you all can probably tell from my
14 fellow commissioners today, in the Air Force, there is at
15 least some concern about the Air Force downsizing. And I
16 don't know where that time -- where that's going to go. But,
17 assuming, for a moment that it is the decision to close one
18 or more Air Force depots, would it be your view that we
19 should encourage interservicing, by making that part of the
20 recommendation?

21 Or do you see that as your job, and we should
22 simply say send it where you may?

1 MR. GOTBAUM: Let me start with what's desirable,
2 and what's possible. We're in favor of interservicing, and
3 we are doing it, and we are -- and any place where it is
4 encouraged, should be encouraged. What we have found though,
5 is that the BRAC process by itself happens not to be a very
6 good way to encourage interservicing, because the BRAC
7 process is precisely the time at which every single commander
8 knows that his or her capacity is on the line.

9 And so, what we discovered in our joint cross
10 service groups is that we are most effective at getting
11 interservicing before or after the decision, rather than
12 during the decision. Now, that doesn't mean that the
13 commission could not, and should not in its recommendation,
14 whatever it decides, say DOD interservicing makes sense,
15 would save money, and you ought to do more of it.

16 But, I guess what we would hope is that you would
17 recognize that the actual process for deciding where workload
18 ought to go is sufficiently complicated, sufficiently subtle,
19 that I think it really ought to be a management judgment.
20 Maybe one done on an interservice basis by, for example, the
21 Depot Maintenance Council, that General Klugh runs. But
22 that, essentially, it ought to be a judgment made after, not

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 as part of the closure decision.

2 COMMISSIONER COX: Thank you.

3 COMMISSIONER CORNELLA: Commissioner J.B. Davis.

4 COMMISSIONER DAVIS: Mr. Secretary, as you noted,
5 we've been getting a lot of help on some of this stuff, and -
6 - from various sides. But in each case, there are some that
7 ring a truth in the process. And I'd like to go back to
8 General Klugh's discussion -- you know, it's still the DS --
9 OSD position that -- the Air Force position, i.e., downsizing
10 the depots, is the preferred option.

11 MR. GOTBAUM: Yes, sir. And let's be clear why.

12 COMMISSIONER DAVIS: As General Klugh said, we're
13 looking for reductions of capacity on a cost effective basis.
14 That's what the name of the game is. And we had a computer
15 model, which helped us guess what you ought to do, but that's
16 what it was. It was a computer model to help us guess what
17 you ought to do. The first mission is to reduce capacity.

18 The Air Force made the case, and backed it up with
19 some analysis that they could reduce a lot of the capacity at
20 lower cost, by chomping pieces out of five air logistic
21 centers, and by closing a whole air logistic center, large --
22 because depots turn out to be only parts of the ALC, in the

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 case of, for example, Kelly.

2 The depot is half of the ALC, and the ALC is about
3 two thirds of the total base. So that -- they made their
4 case. They backed it up with numbers that, in effect, they
5 could reduce capacity, and they could do so on a cost
6 effective basis by downsizing. To us, we looked at it. I'll
7 tell you Bob and his staff looked at it, and it seemed to us
8 that was fulfilling the requirement on a cost effective
9 basis.

10 We are very well aware and we are perfectly happy
11 that the Commission is looking at this issue, because we know
12 that it is controversial, and we know that you will be
13 objective about it. But the reason we support, and supported
14 was because we are trying to do just that -- reduce capacity
15 on a cost effective basis.

16 COMMISSIONER DAVIS: I hate to beat a dead horse,
17 but I asked the Secretary of the Air Force that if we closed
18 one, would the Air Force be able to sustain its readiness and
19 modernization accounts, and the out years with the costs
20 involved with closing the cheapest one, whatever that one
21 was. Whether OSD will be able to handle that, from a -- from
22 the budgeting process --

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 MR. GOTBAUM: I have learned, sir, in my one year
2 at the Department of Defense, never to make promises about
3 what OSD can pay for, especially in the current environment.
4

5 COMMISSIONER DAVIS: Given that's a maybe answer --
6 what about two?

7 MR. GOTBAUM: Let me say this. We have not, at
8 least, not recently, looked at what the up front closure
9 costs are, or would be, for closing a whole depot. The -- we
10 did look when the Air Force came forward and said our
11 estimate of closure costs is -X-, and they did, in fact, seem
12 to us to be plausible at the time. And that was, as I
13 recall, a very substantial sum approaching a billion dollars.

14 COMMISSIONER DAVIS: It's a little more than that
15 now, isn't it?

16 MR. GOTBAUM: And, there is no denying that up
17 front costs do matter, and up front costs do constrain us.
18 And, there is no denying that even something as important as
19 base closure has to be measured against modernization, and so
20 I don't want to leave you with the impression that we are
21 confident or comfortable that we could take a depot closing,
22 and pay for it with the budgets that we have allocated for

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 BRAC. I can't give you that assurance, sir.

2 COMMISSIONER DAVIS: That's two maybe's, sir, we'll
3 accredit you for. I'd like to follow up on something
4 Commissioner Cox said. You know, we're always looking for
5 interservicing. And one of the things the community came
6 forward on was moving the Marines, because the congestion of
7 the area down in San Diego at Miramar -- moving the Marines
8 to March Air Field -- or March Air Force Base, depending on
9 how old you are -- and, the answer we basically got from the
10 Commandant today was, yes, he'd like to do that.

11 But, he'd like somebody else to pay the bill. We
12 asked each one of the services -- would they step up to that
13 process, and each one of them respectfully declined. Now I -
14 - would OSD be willing to step up to that process? I mean,
15 what is the OSD position on it?

16 MR. GOTBAUM: I'll tell you, sir. This is easy.
17 We -- if we had our druthers, we wouldn't do any of this. It
18 is because we have to pay the bill that we're doing this. I
19 am very well -- very familiar with the proposal that we put
20 this capacity in March, rather than where we have slotted it
21 in the various places we've slotted it. The issue is that it
22 would cost money. It would cost money, you should pardon the

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 expression, up front.

2 And we are clearly budgeted concerning that in the
3 interim. And it would -- furthermore, it would, in effect,
4 add an active duty component, and add the infrastructure for
5 an active duty component at a base which is now strictly a
6 reserve base. So, it would cost a fair amount of money. So
7 I'm not surprised that the Commandant said sure, as long as
8 you'd pay for it, I'd take it.

9 Okay. But, the issue is, from the perspective of
10 the taxpayers and the Department of Defense as a whole,
11 because we do have to pay for it, we think there are better
12 ways to do it.

13 COMMISSIONER DAVIS: Mr. Chairman, could I have one
14 more short question?

15 CHAIRMAN DIXON: You certainly may.

16 COMMISSIONER DAVIS: Being an aviator, I am very
17 concerned about wind tunnels, and things like that. And, and
18 then NSWC at White Oak -- that Hypersonic Wind Tunnel? And
19 the Chairman of the Joint Chiefs of Staff referred to this
20 facility as a national treasure -- unique national
21 capability. National treasure is my word. Have you looked
22 at your requirements from an OSD perspective of wind tunnels?

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 I mean, you've got one in Tennessee, you have one
2 in White Oak. Is that excess to your requirements, even
3 though it has a unique capability?

4 MR. GOTBAUM: Unfortunately, sir, the answer to
5 that, unfortunately, for those who would like for us to keep
6 that facility is open, the answer is yes. It is excess to
7 our requirements. Let me give you -- this is a case in which
8 -- to go back to the Commandant's example about, if I don't
9 have to pay for it, I'd like to use it? Okay.

10 The folks who operate that wind tunnel at White
11 Oak, with whom I have personally spoken, I'll tell you, tell
12 me that they have for a number of years been trying to get
13 other components of DOD to pay the operating costs. It
14 costs, if I recall correctly -- and if I'm off by half a
15 million dollars, I apologize -- about \$3.5 million a year to
16 operate that facility.

17 And they are having trouble getting a half a
18 million dollars of other support from other DOD components.
19 What that says to me is that, yes, if it's free, this is
20 something we like. But right now, it's not free. And
21 therefore, with respect, we think it's better that in fact,
22 we concentrate our capacity elsewhere.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 COMMISSIONER DAVIS: Well, thank you Mr. Secretary,
2 and Mr. Chairman, if I had another time, I'd ask what about
3 private industry, but I think I'll pass on the wind tunnel.
4 Thank you.

5 A PARTICIPANT: Oh. It's one of my other
6 questions.

7 COMMISSIONER CORNELLA: Commissioner Lee Kling.

8 COMMISSIONER KLING: Thank you. I noticed that you
9 made some statements about the labs, and wanting to do that.
10 And I don't want to get into that, but I would just like to
11 make a comment that leads me almost to my next one, is that
12 is -- I think we ought to be careful when we tear apart the
13 labs in our high tech areas, and so forth, and split them up
14 and send them to the winds.

15 And I recognize that you think that, but I happen
16 to think that our future is the high tech, and is the labs,
17 and is those things, as opposed to storage. So -- which
18 makes me then ask the question of you that, on March -- and I
19 want to read you a little bit -- on March 1st, the DOD
20 submitted 146 realignment or closure actions to the
21 Commission.

22 And to date, the services have revised 63 of these

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 146 recommendations, resulting in an increase in the one-time
2 cost of \$170 million, and a decrease in the annual savings of
3 \$130 million. And that's shown on the chart that we have, or
4 hopefully -- I hope we're passing to you something you can
5 see a little bit better than that, Mr. Secretary.

6 MR. GOTBAUM: I will admit to being blind, sir, but
7 that one's tough.

8 COMMISSIONER KLING: You have one. I guess -- this
9 is what you originally showed us, in essence. This is where
10 we are today. And my first question is, do you agree --
11 I'll wait for a minute -- the question is, do you agree with
12 these revised estimates of the cost and savings that we now
13 have in front of us, in essence.

14 MR. GOTBAUM: Commissioner, I would -- having spent
15 most of my life working with numbers and estimates, and
16 especially when I'm under oath, I am not going to be so naive
17 or so cavalier as to tell you that yes, I subscribe to these
18 numbers exactly. I think what we can say on this, just
19 having seen this piece of paper, is that the following things
20 are true.

21 One is, we are re-estimating, partly as the result
22 of your request, partly as the result of suggestions on the

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 part of community, and partly because we want to make sure
2 that we're doing this right. We are re-estimating from the
3 moment we make a recommendation.

4 COMMISSIONER KLING: Again, I -- excuse me.

5 MR. GOTBAUM: That, always in the first round,
6 raises the costs. Lowers the savings. I personally take
7 some comfort in the fact that what you're telling me is that
8 after that process has gone through, we're still talking
9 about something which would save the taxpayers -- I said
10 eighteen, you're saying nineteen billion dollars -- so that
11 overall, in fact, the savings are substantially on the same
12 order of magnitude as they are.

13 Does that mean there aren't changes? Yes, sir,
14 there are -- I would characterize them, though, as -- in
15 percentage terms -- relatively small. And I would also want
16 to point out and make a very important part of the record, is
17 that I am absolutely confident -- as confident as I was that
18 the numbers would change between March 1 and today, I am
19 equally confident they will change again once you make your
20 decision.

21 COMMISSIONER KLING: And I agree and we all know
22 that that is what happens to these numbers but when you look

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 and say from where we started that we're now down \$130
2 million on an annual in saving and we have to add to that now
3 -- in the cost of -- we have to add to that Kirkland now
4 because Kirkland is not going to provide the savings that was
5 originally provided into these number.

6 And I guess really the question I'm trying to ask
7 you is that you have certain items budgeted going forward in
8 the process and you counted on certain of these savings and
9 these costs there and my only simple question is if we're
10 falling off of these savings that we encounter, wouldn't you
11 encourage us to look for alternate ways to beef these back up
12 to find things such as -- such as -- and I'm back because all
13 of us are on the depot business but such as looking at
14 something like that that maybe could take us back up into the
15 savings level if it was sound.

16 I'm not trying to get to a specific dollar number.

17 MR. GOTBAUM: No, no, you raise a serious point and
18 I think it deserves a serious answer. The answer is it is
19 clearly the case that we're looking for the Commission to
20 help us lower infrastructure costs and as we said when we
21 first testified, we would hope that in any case you decide
22 that we have made a mistake, if you can, that you find a

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 substitute that you discuss it with us because there are
2 always military and operational implications for all these
3 changes.

4 Having said that, one of the things that I hope the
5 Commission is cognizant of is this issue of up-front costs is
6 a real issue and it is helpful long term but maybe not
7 feasible short term to help us by adding hundreds of millions
8 of dollars to the BRAC budget in '97 if that's the way we
9 achieve the 2001 savings.

10 COMMISSIONER KLING: But if we found that the cost
11 of closing was that we could get a payback in three to four
12 years, then you would support that?

13 MR. GOTBAUM: Let me be clear. There are lots of
14 issues that are not on this table that have paybacks in
15 three, four, five, six years, okay, and they are not there
16 because they would require substantial chunks of money up
17 front. It is partly for that reason, frankly, that most of
18 the flag officers with whom I'm spoken -- and I can't say
19 everyone but a lot have said I do want another round of BRAC
20 and usually the answer is longer than three or four years but
21 that period of time but remember that three or four year
22 payback ignores the question of how much you pay up front and

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 how much you pay up front is really what we are budgeting to.

2 COMMISSIONER KLING: My time is up but just
3 specifically, if we found -- and I don't have this as a
4 fact -- if we found at a depot the cost to close was \$450
5 million and the annual savings was \$150 million, how would
6 you feel about that?

7 MR. GOTBAUM: And that this was -- and the
8 Department had made a recommendation which would have saved
9 less money in a way that was less military --

10 COMMISSIONER KLING: I'm just saying in theory, if
11 a cost to close of a depot was at \$450-500 million 400 and we
12 could save and that the savings figure would end up to be
13 \$150 million a year, how would you just feel about that?

14 MR. GOTBAUM: I would think it would be something
15 which when we can afford it, we would like to do and the
16 issue is can we afford it. I'm really not trying to dodge
17 your point but I think it is genuinely important to
18 understand that there is a budge constraint under which we
19 operate.

20 Now, I will tell you that I meant what I said about
21 the rhetoric of more money for defense has colored people's
22 views because a lot of folks within the building, even, have

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 said "Whoa, well, now we're going to have more money and
2 therefore, we don't need to close as much." But what they
3 don't see and what the controller of the Department of
4 Defense reminded me as recently as yesterday is for every
5 additional dollar that the Congress is promising us, there
6 are \$5 of claimants and so my suspicion is when we "get a
7 little more money", we're not going to have a little more
8 money; we're going to have a little less money and as you do
9 your deliberations, we hope you will take quite seriously
10 into account sir.

11 COMMISSIONER KLING: Thank you.

12 COMMISSIONER CORNELLA: Commissioner Montoya.

13 MR. MONTOYA: I guess the day is approaching when
14 our second guessing you all is going to end and it's going to
15 turn the other way and I'm beginning to feel that heat and
16 therefore, though I find your answers today, as last time,
17 very interesting and you're a very interesting witness but at
18 the same time, your glibness gives me some discomfort because
19 I sense that we're all over the line on so many things and I
20 sense it not so much from you, Mr. Gotbaum, but the result of
21 SECDEF whatever guidance you gave or did not give the
22 services because we've got a number of theories of how you

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 deal with excess capacity and the Air Force has one, the Army
2 has another and the Navy has something in between those two.

3
4 I'll give you an example of your own words. You
5 talked about Brooks Air Force Base and closing the base down
6 and moving things to another place and you're getting rid of
7 lab capacity. I would argue that using the Air Force
8 definition of ALCs, you aren't getting rid of any capacity
9 because what you're doing is you're taking a right-side
10 laboratory supposedly, fully worked and you're going to move
11 it someplace else and what you're really doing is trying to
12 reduce infrastructure support by closing the entire base.
13 You're going to take advantage of another base's overhead by
14 moving this lab capacity that you have to another location.

15 The Air Force's argument with us is really saying,
16 Commission, we have right-sized our capacity to meet our work
17 load in a different way than closing things. You're going to
18 cost us more money by forcing us to move our capacity around.
19 Then we have that other stuff we've accounted for, the empty
20 spaces and the idle machines, that's all been factored into
21 our cost structure and so we don't have excess capacity. We
22 have right-sized.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 As we look at things where the Navy closes a
2 shipyard, now, that's closing excess capacity and that's
3 getting rid of excess capacity because something has gone a
4 way. Closing a wind tunnel, your other example, that's
5 getting rid of excess capacity. It's gone.

6 And so to the extent a service closes something, no
7 longer needing it, I think you'd give them great deference to
8 that decision but when they're not closing something like
9 Kirkland, just moving it around, then it becomes a matter of
10 cost. I think your hurdle is higher to overcome our
11 questioning when you're closing nothing but you're merely
12 moving things about and I think that's where Kirkland failed.

13 So, let me try to pin your down on Long Beach,
14 having used that as a backdrop. We really need to know
15 specifically what it costs to close a shipyard because we're
16 entering a very difficult decision phase and I have seen the
17 official Navy numbers to close Long Beach is something on the
18 order of -- I think it's less than \$100 million, the cost to
19 do that.

20 I'm also aware of an internal NAVSEA memorandum
21 from the shipyard commander to his hierarchy that he's
22 talking about closure costs in excess of \$400 million. Now,

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 that is a huge variation and I would ask you to find out -- I
2 didn't ask the Navy specifically because I wanted OSD to take
3 a role in this. I'd like to know what are the facts of
4 closing Long Beach Naval shipyard and secondly, I think in
5 the case of shipyards, we have the further benefit of other
6 closures. There seems to be some history that estimates for
7 closing shipyards have been far lower than actual experience
8 and so we have some empirical evidence to better calculate
9 the closing of the Long Beach Naval shipyard.

10 So, for the record and before the 22nd, I would
11 really like to get from you what that answer is because it is
12 so important and I think I understand Air Force's -- and one
13 of your definitions of excess capacity. You might have two
14 or three more but I think I understand one.

15 MR. GOTBAUM: I will not be glib. I will give you
16 a one-word answer; yes.

17 MR. MONTOYA: Thank you.

18 COMMISSIONER CORNELLA: Commissioner Robles.

19 COMMISSIONER ROBLES: Just a couple of quick
20 questions and you can well imagine the depo issue is going to
21 hit you right between the eyes one more time with feeling and
22 I just have the first question, kind of an interesting

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 question and you understand this has been a very interesting
2 day. We started off the day with one service telling us that
3 they want to take all their capacity, wring it out, get down
4 to the very most optimum, leanest structure they can, take
5 risks, admitted risks because they think it's manageable risk
6 because of -- there's actually other things.

7 Then we're followed up by another service that says
8 oh, by the way, we're very risk averse and so we're not going
9 to close anything. We want to just downsize it, lay it away
10 and get ready for the big one. And then right in the middle
11 of it, the Navy says we're kind of halfway there. So we're
12 trying to wrestle with this issue.

13 And then I was also interested in hearing that the
14 United State Air Force just told us that 71 percent of all
15 DOD closure savings have been achieved by the Air Force.
16 Now, Mr. Gotbaum, does it make sense that the United States
17 Air Force has to date, achieved 71 percent of all BRAC
18 savings? Is that a true number? A number you can certify
19 to?

20 MR. GOTBAUM: Can I deal with the easy ones first?

21 COMMISSIONER ROBLES: I mean, this was in testimony
22 today, we were told that they had been a leader in closures

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 in the United States Air Force, that they, in fact, have
2 saved some \$18 billion, that is 71 percent of all the savings
3 achieved by the Department of Defense in this base closure
4 process and I thought that was a very interesting number.

5 MR. GOTBAUM: And Commissioner, since I cannot,
6 right now, from memory, let me absolutely circle back on that
7 one.

8 COMMISSIONER ROBLES: Could you please get back to
9 us on that and validate the voracity. There are some
10 assumptions there we're not understanding and that didn't go
11 along with that number.

12 MR. GOTBAUM: Right,, if I can deal with your first
13 question, which is why is it that my father's house has many
14 restructuring plans. That, I'll tell you sir, is not to me -
15 - and I spent a lot of time in the private sector doing
16 restructuring -- that, by itself, is not a surprise.

17 Let's go back and take the previous commissioner's
18 point about the wind tunnel, okay, in which we're "closing
19 one facility and actually shrinking our use of land but we're
20 actually using the land next door." And this is genuinely a
21 case in which there is no one-size-fits-all approach.

22 As you know, much better than I, the Department is

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 big place, it has a range of activities. I'm trying to worry
2 about -- and so frankly, I would not be surprised that there
3 were circumstances in which we saved money by closing an
4 installation entirely and also that there were times when we
5 saved more money by cutting out pieces. That frankly does
6 not surprise me at all. The issue for us and the issue for
7 the Commission and I'm not going to be glib about it; I'm
8 going to be blunt about it, is which is the one that saves
9 money most cost effectively and maintains the military
10 mission. That's the question and we know it's a question on
11 the Commission's plate. We're glad that it's on your plate
12 and we're going to deal with that.

13 My staff, proving that they are as competent as I
14 like to claim in public, reminds me that it is probably true
15 that the Air Force statement, as made, is true because in the
16 early rounds -- the way you get savings in this business, as
17 you know, is you spend a lot of money up front and then -- so
18 the first three years, you don't save anything; you spend and
19 then you start getting savings. And in the earliest rounds
20 of BRAC, '88 and '91, the Air Force closed a lot of
21 facilities, okay.

22 So, I suspect that it is true that if you looked as

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 savings achieved to date, not of costs, that the Air Force is
2 responsible for a lot of them. One thing I can tell you
3 though, is that we, as part of our analysis, when the
4 Secretary's recommendations came to the Department of
5 Defense, Bob and I looked at all three services' estimated
6 savings from the three rounds that we've had and the rounds
7 that we're recommending and I will tell you, sir -- and
8 frankly, I was surprised -- they were very close to the same
9 for each service.

10 COMMISSIONER ROBLES: And that's what I thought.
11 I'd just like for you to make that available to us.

12 MR. GOTBAUM: And we will send you those numbers.
13 So, over the fullness of time, the three rounds plus the ones
14 there, truth is they look like every service was making a
15 very serious effort.

16 COMMISSIONER ROBLES: And I didn't want to add on
17 about the numbers because your one-size-fits-all A to Z
18 approach would be okay if the numbers were all consistent but
19 when they're also major differences in assumptions about what
20 gets saved, what doesn't get saved, what's a cost, what's a
21 savings, it really causes us perplexing problems and this is
22 what we're dealing with right now.

1 The second question has to do with the depo joint
2 cross service groups and I know they went through a lot of
3 deliberation but we heard today for the first time -- at
4 least I heard it for the first time, I won't speak for the
5 other commissioners -- that readiness was an issue. Never
6 before had I heard that when you all did the deliberations,
7 there was a readiness impact but today, it was testified that
8 now we're raising the readiness specter and saying oh, by the
9 way, we can't close because if we do that, there will be a
10 readiness impact and I just had never heard that and I
11 wondered if you had heard that in the joint cross service
12 groups or any other time?

13 MR. GOTBAUM: Not having the benefit of the
14 testimony this morning, it is very clear and that part of the
15 reason General Klugh -- and I should probably let him answer
16 this -- we're in a process, not as difficult or as miserable
17 as this process, but pretty difficult last year with the
18 services trying to define core. Why were they trying to
19 define core? Because they were trying to define that level
20 of work load which, in order to maintain our ability to fight
21 wars, which is how we define readiness, okay, ought to be in-
22 house.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 So with respect I think that the job that General
2 Klugh was trying to do was precisely one of saying how much
3 capacity can I reduce before I threaten readiness. And
4 although we do not run around very often in the Department of
5 Defense saying tick, tick, tick, tick, oh, killed readiness
6 etc. We try to make judgments about what capacity we can
7 afford and what level of risks and that's what the level of
8 debate is.

9 But if nobody has said that if we eliminated all
10 depo capacity, we would not be ready, then that's clearly
11 true. The issue here is what levels do we need.

12 COMMISSIONER ROBLES: And that's a good
13 clarification. I just wondered if any other service, the
14 Army, the Air Force, the Navy brought up the readiness issue
15 as saying if we got rid of the proposed over capacity, we
16 would run into a readiness problem. What you're telling me
17 is that would not -- your recommendations were consistent
18 with maintaining readiness and yet, being able to downsize
19 the infrastructure and getting rid of excess capacity.

20 MR. GOTBAUM: Keep in mind, sir, that what we, in
21 effect, did is ask the service, both military and civilian
22 what is your judgment, keeping military value first, as to

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 the kinds of reductions you can recommend consistent with
2 readiness. And so in every service there were depot
3 facilities in which the service said I want this one, I need
4 this one and therefore, we're not going to touch it, in every
5 service.

6 With your permission, sir, I'd like to let General
7 Klugh, who is responsible for this in the --

8 GENERAL KLUGH: Briefly, Commissioner Robles, I
9 will just say that the readiness issue was addressed, as Josh
10 was saying, through sizing the depots to core. And that we
11 were protecting the capability to support all of the key
12 weapons systems that might be involved in a JCS scenario.

13 None of the alternatives that we sent forward to
14 the services violated that. All of those alternatives, both
15 in DM1 and DM2, took the core under consideration and,
16 therefore, readiness under consideration.

17 COMMISSIONER ROBLES: Thank you, sir. So what I'm
18 hearing you say, then, is if you right-size the depots to be
19 able to meet that core capacity that you identified in your
20 group, you should not have a readiness problem.

21 GENERAL KLUGH: That is correct.

22 COMMISSIONER ROBLES: Thank you, sir.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 MR. BAYER: Commissioner Robles, I'd like to add
2 one further point, in terms of readiness. And that is that
3 the Joint Cross Service group was looking at readiness from
4 the logistics point of view, i.e., sizing to core. But when
5 the services then looked at their bases, particularly in the
6 Air Force where there were multi-service or multi-mission
7 bases, their readiness construct for that base was broader
8 than simply logistics. So that might be another reason why
9 you received that input.

10 COMMISSIONER ROBLES: Thank you. I understand.
11 Because they have air fields there and they do other
12 ancillary missions there that may have a readiness impact.
13 But again, we're not talking about reducing those.

14 The argument has always been about taking the depot
15 maintenance function within an air logistics center, for
16 example, and downsizing it to do core capacity work. And so
17 that ought not have a readiness impact unless you have to
18 degrade the base support structure sufficiently such that it
19 may affect other missions. I thought I understood the
20 equation. I was just making sure.

21 COMMISSIONER CORNELLA: Thank you, commissioner.
22 Commissioner Steele.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 COMMISSIONER STEELE: Good afternoon. Am I correct
2 in that the Secretary's guidelines for the Department for
3 BRAC '95 instructed the services not to include or consider
4 environmental cleanup costs in putting forth their
5 recommendations. Is my memory of that memo right?

6 MR. GOTBAUM: From day one -- and I mean day one
7 like 1988 or certainly the 1991 round -- it has been the
8 policy of the Department of Defense -- in other words, it is
9 not just this Secretary of Defense, but it's been all of
10 them -- essentially that environmental cleanup -- we know
11 that we have to clean up our land whether it is active or
12 not. And we therefore did not want to bias ourselves, in
13 effect, against doing cleanup where we ought, by putting that
14 on the table since we have to pay the freight whether it's
15 open or closed.

16 And so yes, it is true in this round, and it was
17 true in previous rounds, that they estimate operating costs,
18 they estimate compliance costs, but they don't estimate
19 cleanup costs, and they leave those off to the side. Now, it
20 is of course absolutely true that once we make a closure
21 decision we in fact -- if we want to do reuse, we have to do
22 that cleanup, and that's why that cost gets factored into our

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 BRAC recommendations. Is that clear?

2 COMMISSIONER STEELE: Sure. My follow-up question
3 then would be, the Secretary of the Air Force this morning
4 specifically said that we should not consider an ALC due to
5 environmental costs. There were some other issues mentioned,
6 but that was mentioned specifically. Given the Secretary of
7 Defense's guidance to the Department and the testimony we
8 heard this morning, how would you counsel the Commission on
9 whether or not we consider environmental cleanup costs as we
10 proceed into this final week?

11 MR. GOTBAUM: Again, I don't have the benefit of
12 the Secretary of the Air Force's testimony but, having
13 discussed this issue with her in the past, I think the issue,
14 as I tried to say it before, which is we try to keep
15 environmental cleanup costs off the decision of which base
16 you close.

17 In other words, if we have two bases, one that has
18 a lot of environmental cleanup and another that doesn't,
19 okay, we don't think environmental cleanup ought to get into
20 that factor because if we did, every base commander in the
21 world would understand that what he ought to do is drop a lot
22 of oil drums in sensitive places. We don't want to do that,

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 okay. That would be a mistake.

2 So we try to be try to be neutral in this and make
3 the decision. But we are under a budget constraint and, as a
4 result -- and it is true not just in the Air Force; the Army
5 and the Navy, too -- they keep a running tab of how much
6 money they think they have for base closure. And as a
7 result, in effect, what we do -- and this gets to a point
8 that the other commissioner made -- some things don't come on
9 this list because they simply add a lot of upfront cost, even
10 though they are nominally high payoff.

11 And that is, I believe, the context in which the
12 Air Force said, Is there a payoff for closing a depot?
13 Answer: Yes, there is. Is there an upfront cost? Answer:
14 Yes, there is. Is it large? Yes, and therefore if we can do
15 it more cheaply we will.

16 COMMISSIONER STEELE: Okay. And to follow up
17 there, and this is sort of a continuation of a couple of my
18 colleagues' questions. If you could put on your investment
19 banker hat for me, please, for a moment, and you have a
20 choice here, looking at ALCs. We've got the \$276 million
21 that was budgeted for the closure of Kirtland.

22 MR. GOTBAUM: Seventy-eight.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 COMMISSIONER STEELE: I think I have that number
2 right, or close. If you look at Brooks Air Force Base and
3 the community's contonement plan, true, the steady-state
4 savings are half the department's recommendation, but we're
5 talking numbers of 17.6 versus 32.2. But the upfront cost
6 for Brooks, if we do the Department's recommendation, it's
7 211 million; the community's is only 32.

8 I can give you, Mr. Investment Banker, 200 million
9 upfront for Brooks, two hundred and whatever I said --
10 seventy-six million -- for Kirtland, and give you a steady-
11 state savings a heck of a lot bigger than the difference
12 between 11 and 17, is this a proposal you would interested
13 in?

14 MR. GOTBAUM: Having spent a lot of time on both
15 sides of the table, buying and selling, I think it's very
16 important to ask the question of, Am I buying or selling? If
17 I'm selling --

18 COMMISSIONER STEELE: Short answer, please.

19 MR. GOTBAUM: Okay. I think the issue is what the
20 numbers really are. We -- let's be very direct. Whenever a
21 community comes to us and says, "We can save you money as
22 long as you leave capacity lying around," I cover my wallet.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 And that is what in many, many, many cases communities have
2 done.

3 We don't like this process, okay. It is miserable.
4 But that is all too often exactly what people are saying.
5 That's what's going on at Brooks. It's what going on at
6 Rome. And as a result, can we "save" money? Sure, we can
7 save money by leaving excess capacity.

8 COMMISSIONER STEELE: I can save you a lot more
9 money in the long haul by providing to the Department the
10 upfront costs that were testified a couple months ago that,
11 had they been there, the Air Force would have gone a
12 different course. So, all right, one more last question
13 here.

14 I really do commend all of you on the work of the
15 Joint Cross Service groups. I think they really did do a
16 good job. My frustration in this chair is they had the
17 responsibility, but they didn't have the authority to make it
18 happen. Getting back to Commissioner Davis' comment about
19 interservicing, I would like to provide the Department the
20 greatest flexibility with the recommendations -- they're not
21 recommendations -- with the report that we send forth.

22 However, given the track record on

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 interservicing -- you mentioned depot maintenance council as
2 a suggestion on should we close a depot or two, where that
3 workload could be best directed. Does the depot maintenance
4 council have the authority to make it happen?

5 MR. GOTBAUM: Yes.

6 COMMISSIONER STEELE: Interservice? Okay. I just
7 want to be sure.

8 MR. GOTBAUM: Yes, it does.

9 COMMISSIONER STEELE: Okay. Lastly, General
10 Babbitt, the Ogden community has forwarded a concept paper
11 which basically allows DOD to divest ownership of the DDO
12 property but allow DLA to lease it back to meet its short-
13 term capacity needs for storage, which I guess are stated at
14 21 million if we accept the Department's recommendation. I
15 guess that number has since maybe become a little bit iffy.

16 Given the shortfall in storage capacity and the
17 potential additional shortfall should the Commission proceed
18 to do a different approach to the ALC issue, have you had an
19 opportunity to look at the Ogden community's proposal? And
20 could you comment on that?

21 LIEUTENANT GENERAL BABBITT: Yes, we have. The
22 risk of a shortfall -- the 21 that was originally stated,

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 what we now feel is closer to 10 million, if there are no
2 other changes made -- is truly a risk. And we would there is
3 some reasonable probability it would never be required. To
4 now enter into an agreement with Ogden to lease space that we
5 never need didn't seem prudent to us. And therefore we
6 reject that offer now.

7 If in fact it should come to pass that some of that
8 capacity is required, certainly it is available to us, that
9 we would enter into agreement either Ogden or communities
10 that have facilities -- other facilities that might be
11 affected by closure to cover a short-term shortfall. And we
12 would propose that was one of our risk management approaches.

13 COMMISSIONER STEELE: To my surprise, I haven't
14 been handed a note that says my time is expired, so I'm going
15 to follow up and ask you what happened to this 21 million
16 shortage. I mean, back at the beginning, when we heard that
17 was out there --

18 LIEUTENANT GENERAL BABBITT: Why did it go from 21
19 to --

20 COMMISSIONER STEELE: -- and that was one of the
21 reasons where the ALCs said, "Oh, well, look, we'll have
22 room, another good reason to downsize." Do you not need that

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 room -- oops, I got my note.

2 LIEUTENANT GENERAL BABBITT: Does that mean I don't
3 have to answer? We had proposed \$21 million as a prudent
4 risk long before there was any offer made by the Air Force
5 for excess capacity at the five ALCs if none were closed.
6 And we still feel that's a prudent rise, and we still feel
7 that that's a lean forward approach that DLA should make.

8 There is the possibility that inventory
9 requirements will go down even further than we've been able
10 to estimate now. And therefore we would still feel there's a
11 possibility we will never require that additional space.

12 COMMISSIONER STEELE: Okay, thank you. And I wish
13 you look in your new post as you replace our shadow.

14 LIEUTENANT GENERAL BABBITT: Thank you.

15 COMMISSIONER CORNELLA: We do have to have a little
16 humor once in a while.

17 COMMISSIONER STEELE: Very little.

18 COMMISSIONER CORNELLA: Even in this process. I
19 just have two quick questions and then we'll be finished.
20 Mr. Gotbaum, you had said in answer to Commissioner Kling's
21 question about -- he gave you -- about the scenario involving
22 400, 500 million dollars to close and 150 annual savings, you

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 had said if you could find that kind of money to close a
2 depot, you would do that. Is that correct? Did I hear your
3 answer correctly?

4 MR. GOTBAUM: What I said is, we're looking for the
5 payoffs that we can afford. And that is precisely what we
6 are doing throughout this process.

7 COMMISSIONER CORNELLA: If I took the 278 million
8 that would be saved now that we're not going to Kirtland, and
9 I take the 127 million that would be saved on the down-sizing
10 of a depot, that would give us 405 million. Wouldn't that go
11 a long ways towards the closure of a depot, assuming it was
12 in the 400 to 600 million dollar range.

13 MR. GOTBAUM: At the risk of being contentious, are
14 we also including in the ledger the increase costs that we've
15 discovered in all the other places that the Commission still
16 agrees should be close.

17 COMMISSIONER CORNELLA: Well, if we want to do
18 that, we can start including in a lot of other costs, too,
19 and savings. Like if we have savings of \$50 million dollars
20 a year by not upgrading equipment that is on that site -- you
21 know, there has been a figure out that infrastructure costs
22 and improvements over a 30-year period, I believe, but I'd

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 have to go back and get those numbers. But anyway, it
2 amounts to \$50 million a year to keep upgrading the equipment
3 and repairing it and replacing it and the infrastructure and
4 everything that exists in the depots.

5 So I mean, we can play a lot of numbers games here.
6 But my question is, Couldn't that money be used for closure
7 then?

8 MR. GOTBAUM: The answer is, yes, sir. And I don't
9 want to play numbers games, but I want to be very direct.
10 The congress does not give us infinite year money. The
11 congress gives us money year by year. And therefore there
12 are a lot things, dozens of things, that this Department
13 would love to do that would save billions of dollars that
14 require upfront costs of only tens of millions or hundreds of
15 millions, that we do not do.

16 And all I ask is, as you consider our
17 recommendations, and as you form your own, keep in mind both
18 parts of the equation. That's all.

19 COMMISSIONER CORNELLA: We will do that, sir. And
20 I thank you. I have one last question for General Babbitt.
21 If the closure of one or more ALCs would happen, would
22 that -- how would that affect your previous recommendations

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 in regard to DLA activities. Would some of those
2 recommendations have to be changed? Or would there be
3 sufficient capacity to pick up whatever would come out of
4 those ALCs?

5 LIEUTENANT GENERAL BABBITT: First of all, Mr.
6 Commissioner, it depends on other recommendations in part,
7 that the commission may recommend. And say, for example, you
8 had considered the alternatives of Letterkenny and Tobyhanna
9 Army Depots and also Red River Army Depot in your discussions
10 so far. And whatever decisions you might recommend there
11 would also affect our capacity and requirement for storage.

12 But, because I don't know the answer to that, I'll
13 qualify my answer and say if you assume that only the four
14 depots that DLA originally recommended for closure are going
15 to be closed, then we proposed a 21 million cubic foot
16 shortfall as a risk. And we honestly felt that it was a good
17 possibility that that shortfall would disappear by 2001 and
18 therefore would never have to be replaced.

19 We still feel that we can manage that risk, and we
20 have tried to be reasonable about that by saying how would we
21 manage that, and we have a list of a number of alternatives,
22 which exceed by quite a bit the 21 million cubic feet, that

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 we would use to manage the risk if the need came about.

2 That shortfall represented about 5 percent of our
3 expected capacity in 2001, and we thought it was prudent.
4 That 21 million shortfall has now changed to 10 because of
5 some fact-of-life changes, which I could itemize for you. We
6 have already presented those to the Commission in written
7 form. But I'd say those are fact-of-life changes,
8 information that has changed since we submitted our report.

9 If the Commission were to recommend no closures of
10 ALCs, we would certainly have more than enough capacity at
11 the ALCs, the five ALCs, excess to handle any shortfall that
12 might eventually happen. If you closed one ALC, it's our
13 assessment that we would still have sufficient risk
14 management capability to not change our recommendation at
15 all.

16 If, on the other hand, you close two ALCs, we would
17 still propose to manage 15 to 20 million cubic feet of risk.
18 And that would leave probably somewhere in the neighborhood
19 of 18 to 20 million cubic feet that should probably be
20 considered reestablishment through some other means.

21 COMMISSIONER CORNELLA: So if an ALC was closed,
22 the depot at that site would also be closed, the DLA depot?

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 LIEUTENANT GENERAL BABBITT: Our position on what
2 we have called collocated depots is, there purpose for being
3 there is to support the maintenance depot. And therefore, if
4 the maintenance depot were to close, we would also close the
5 associated distribution depot.

6 COMMISSIONER CORNELLA: Before we close, I would
7 just like to return to Mr. Gotbaum, because I think he has
8 one more thing he wants to say.

9 MR. GOTBAUM: Actually, sir, it's a request. This
10 Commission and this staff has been absolutely terrific in
11 making clear what the Commission's concerns are and asking
12 the Department for information. And I hope we have been as
13 forthcoming in providing it.

14 COMMISSIONER CORNELLA: You have.

15 MR. GOTBAUM: It's clear from your questions and
16 clear from your concerns that you're considering a lot of
17 mixing and matching. And I would offer and ask that, as you
18 consider the alternatives, we would obviously like to, both
19 because we know something about this and because there is
20 military judgment and other things involved, help in that
21 process, participate in the process anytime. I can assert
22 with absolute confidence that we have a 24-hour-a-day

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 operation.

2 COMMISSIONER CORNELLA: I appreciate your patience
3 with this chairman, as I've asked you the questions today. I
4 know it's been a long and arduous process for us. I know
5 we've had -- we just went nonstop for the last few months.
6 So if there was any shortness, I apologize for that.

7 MR. GOTBAUM: Sir, all I can promise you is that,
8 if I could substitute you for any of several committee
9 chairmen in Congress who I am not dumb enough to name, I'd do
10 it in a second. Thank you, sir.

11 COMMISSIONER CORNELLA: Before we read the closing
12 statement, I would turn to Commissioner Montoya for just a
13 comment.

14 COMMISSIONER MONTOYA: General, I failed to mention
15 one thing. As a courtesy to two flag officers, a retired
16 flag officer, a supply corps friend of mine has written me a
17 rather contentious letter with lots of supply corps language.
18 I don't understand the letter yet. And I also got a very
19 fine, eloquent rebuttal from another supply corps flag
20 officer, which I also don't understand. But would you please
21 tell Admiral Straw that I have is response, and I will do my
22 homework, and I will understand it before this is over.

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803
WASHINGTON, D.C. 20006

(202) 296-2929

1 LIEUTENANT GENERAL BABBITT: I'll be happy to do
2 that.

3 COMMISSIONER MONTOYA: Thank you very much.

4 COMMISSIONER CORNELLA: We have now concluded the
5 29th and final public hearing of the 1995 base closure
6 commission. And I want to say, and I want you to carry this
7 back to all the branches of service, to other members of the
8 Department of Defense, any installation commanders you may
9 come across, that we thank you for your hospitality, your
10 cooperation, your openness through this process, and your
11 patience with us, as we struggle to find the truth and to
12 arrive at a decision.

13 I want to thank all the witnesses that have
14 appeared before us today. The information you've brought us
15 has been extremely valuable, and I mean that, Mr. Gotbaum.
16 And we will take your remarks into very serious
17 consideration.

18 We will next meet in this room on Thursday, June
19 22, to begin our final deliberations. This hearing has
20 ended.

21 (Whereupon, at 3:55 p.m., the hearing was
22 concluded.)

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929