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PENSACOLA
The Cradle of Naval Aviation

BRAC Commission

Received

August 3, 2005

Admiral Harold W. Gehman, USN (Ret)
2005 Defense Base Closure and Realignment Commission
2521 S. Clark Street, Suite. 600
Arlington, VA 22202

Dear Admiral Gehman:

On behalf of the Pensacola community, we appreciate your visit to Pensacola and NAS Pensacola early on in the BRAC process. Unfortunately, due to Hurricane Dennis and your busy schedule that includes viewing as many bases as possible, you could not join us at the New Orleans Regional Hearing as originally planned. I know that your staff is making all the data presented on July 22 available to you, but I wanted to provide you a short summary of the most salient points for the four actions that the Pensacola community believes should be reversed and that I briefed to Commissioners Hill, Turner, and Coyle in New Orleans. My official statement for the record, which was previously submitted, is also attached for your convenience.

Officer Training Command

- While the Return on Investment for this SECDEF recommendation is only four years, I am concerned that other costs not included in COBRA makes this realignment very costly to Navy personnel, civilian employees of the Navy, and ultimately to the Department of the Navy.

- Approximately, 38% of graduating students will be assigned to the Pensacola region for follow-on training while few would remain at NS Newport. From a cost avoidance as well as a quality of life perspective it is far more logical to have OTC located in Pensacola. By having OTC located in Pensacola, 38% of the graduating students would not have to experience a Permanent Change of Station nor would the Navy and the taxpayer have to fund a personnel/family movement.

- Between the military Basic Allowance for Housing (BAH) and civilian locality pay rate, we have estimated that the Newport region will cost the Department of the Navy over $1 million a year more than the Pensacola area. And the Cost of Living Index for the Pensacola area is 31% lower than Newport so there are additional savings to Navy personnel and the civilians working for the Department.

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- In 1993, the SECNAV and the CNO moved OCS from Newport to Pensacola and their analysis and rationale hold true today. NAS Pensacola has the facility capacity (which was overlooked by the Navy) and environment to accomplish this consolidated training, especially with the 30% student reductions that have occurred at the Naval Aviation Technical Training Center (NATTC) campus. NAS Pensacola has the available facilities and surge capacity to meet the standards of the BRAC criteria.

- The facilities and infrastructure exist today at NAS Pensacola to accommodate the movement of OTC from NS Newport, especially with the 30% student reduction at the Naval Air Technical Training Center (NATTC), Pensacola.

- I am also concerned that military value numbers and rating may have been manipulated to show Newport with a higher rating than Pensacola in December 2004 than Pensacola received in September 2004. That difference was clearly pointed out in the testimony given in New Orleans by Congressman Jeff Miller (FL-District 1).

<u>NETC/NETPDTC</u>

- In my testimony I cited that of the 147 military installations ranked by the Headquarters and Support Activities Joint Cross Service Group, NAS Pensacola has a higher military value than Millington - ranking 55 versus 125 (Millington). It appears illogical to move military organizations away from installations with higher value, especially when you are moving training functions and oversight away from one of the largest shore training concentrations in the Navy.

- The proposed NETC move to Millington is an organizational realignment that does not require a costly geographic move. The Human Resources functions that the Secretary of Defense desires NETC to oversee through its integration with the Navy Personnel Command can be accomplished without an expensive geographic relocation. Such "virtual" oversight arrangements are common, and in fact the accepted norm in business today. The taxpayers should not be tasked to pay for the luxury of a geographical co-location that does not enhance military value.

- In an effort to reduce overhead costs, NETPDTC could remain at Saufley or move aboard NAS Pensacola into available space if so directed by the Commission. Leaving NETPDTC at Saufley would reduce the ROI from the 10 years to 7 years making the collocation of Personnel and Human Resources Commands that much more attractive from a cost perspective.

- If NETC and NETPDTC remained in Pensacola, additional savings would be realized since less people and equipment move from Pensacola, reduced one

time costs at Millington, less IT infrastructure costs, no "close out" costs at Pensacola, and reduced MILCON costs at Millington.

- Our community believes that through an "efficient organization" review, the Navy could achieve a 5-6% NETPDTC staff reduction in place without having to spend substantial dollars on relocation to Millington as well as disrupt a productive workforce.

- The Secretary of Defense should use industry as a benchmark recognizing that functions do not have to be geographically located together to function as an organization and that excessive expenditure of resources to accommodate that goal is unnecessary especially when it does not enhance military value.

- The proposed realignment removes the head of Naval Education and Training from one of the largest shore commands and most critical training venues in the United States.

- The Community believes the COBRA data supporting the move to Millington is questionable - especially the ROI. For example, the number of personnel to include military, civilian, and contractors identified to leave Pensacola are inconsistent with the numbers used in the COBRA and are different than those numbers contained in the Headquarters & Support Activities analysis.

DFAS

- We believe that it is illogical to be closing the Pensacola and Saufley locations when they rated among the highest of the DFAS sites nationally. The NAS Pensacola site ranked 6th of 26 sites, while the Saufley site rated 2nd of 26 sites. The community believes that the Headquarters and Support Activities Joint Cross Service Group did not fully appreciate the operational differences in the two sites in the Pensacola area as well as the fact that the Pensacola is home to 700 DFAS employees making it the 5th largest concentration in the DFAS organization. Additionally, both Pensacola sites are located in government-owned buildings on military installations and meet the ATFP requirements.

- Since the Commission is looking closely at the consolidation of functions in Columbus OH, Denver CO, and Indianapolis, IN, we believe that Pensacola should become a DFAS Center based upon proven quality, cost effectiveness, and the high value ratings. Retaining this capability and creating a DFAS Center in Pensacola will ensure continuation of non-redundant, critical payroll services while supporting technology driven requirements.

    - If the creation of a new Center in Pensacola is not approved, a five-year delay of moving the two Pensacola DFAS sites will allow for a knowledgeable, technology driven workforce to remain in the region

and a seamless transfer of DFAS work to one of the 3 new national centers in 2011.

- The Pensacola site is a finance and accounting entity while the Saufley site is a Technical Services Organization or TSO. The TSO is a "non-core" information technology service provider and is primarily IT professional technical staff managing various automated systems under "fee-for-service" arrangements. Historically, the Saufley TSO has one of the lowest hourly unit costs among six DFAS TSOs and continues to perform as a profit center.

- The Community is proud of the fact that the Saufley TSO customer base includes the Executive Office of the President of the United States, Human & Health Services and a classified agency plus Army, Navy, Air Force and DoD agencies. The largest single project at the Saufley TSO is the Defense Civilian Pay System. The Saufley TSO has a record of cost competitiveness - as evidenced by the OMB/OPM ePayroll selection, the prestigious Gartner Benchmarking Study and two A-76 studies that private industry could not economically compete and chose not to bid against. In 2003, the Saufley TSO realized a profit of $4.3 million that was redirected back into the general DFAS operating account.

SPAWAR

- We believe that the Technical Joint Cross Service Group's Charleston "high risk" scenario is based on the assumption that a reduced number of technical experts would be willing to relocate to Charleston along with customer owned "state of the art" equipment.

- With the Consolidation of Maritime C4ISR RDAT&E, approximately 87% of the Space Warfare Systems Center (SPAWAR) federal workforce in Pensacola will be eliminated, with the relocation of only 21 personnel positions to the Charleston Naval Weapons Center. Also, the COBRA personnel data used by DoD and the Technical JCSG is incorrect since the correct number of positions according to the manning documents at NAS Pensacola is 114 civilian and 60 key contract personnel. The direct loss cited by DoD does not include the 60 contractors bringing the actual total direct loss to 153 positions.

- As is the case with all high tech realignments, key personnel including some highly trained federal civilian employees with Doctorate and Masters level degrees will not relocate to Charleston, SC. It is my personal belief that the Department of Defense did not take this into account or highly underestimated the impact. The consolidation of SPAWAR in Charleston will significantly impair communications support for Gulf of Mexico training

exercises and support of normal fleet operational endeavors as well, reducing overall Navy readiness.

- The network connectivity for the Gulf Coast and South East Region will be jeopardized if the requirement to maintain a portion of a Defense Information Systems Activity (DISA) backbone is reduced or eliminated with the realignment of SPAWAR Pensacola.

The Pensacola area believes that reversing or enhancing the Secretary's recommendations will serve to improve the military value of our bases, keep in place important national security missions, minimize cost to the taxpayer, as well as limit the adverse impact on our military-supportive community. Thank you in advance for considering these recommendations.

Sincerely,

Jack Fetterman

John H. Fetterman
VADM, USN (Ret)
Vice Chair, Armed Services

Jack – I enjoyed seeing you in Pensacola. – I wish you the best in the challenges ahead.

cc: Chairman Anthony J. Principi
Commissioner James H. Bilbray
Commissioner Philip Coyle
Commissioner James V. Hansen
Commissioner James T. Hill
Commissioner Lloyd W. Newton
Commissioner Samuel K. Skinner
Commissioner Sue E. Turner

One attachment:

Statement of John H. Fetterman, July 22, 2005 BRAC Hearing

DCN: 6648

Statement for the Record
Naval Air Station Pensacola

By Vice Admiral Jack Fetterman, USN (Ret)

Mr. Chairman we are pleased to be able to provide the Commission our comments here today. This formal statement is provided for the record and is in addition to my oral testimony presented to you on July 22, 2005.

I am retired Vice Admiral Jack Fetterman, Vice Chair of the Armed Services Department of the Pensacola Bay Area Chamber of Commerce. We appreciate and have looked forward to the opportunity to present enhancement alternatives to DoD's recommendations for realignments in the Pensacola area.

NAS Pensacola has a broad and deep relationship with the Greater Pensacola Bay Area. Known as the "Cradle of Naval Aviation," it is located in NW Florida and conducts joint military aviation training in 18,700 square miles of controlled air space that includes the Gulf of Mexico. With 120 tenant commands, the NAS Pensacola Complex accommodates a highly skilled workforce of more than 20,000 each day including: 14,296 active duty, 4,513 civil service and 2,055 contract employees

During BRAC '95, we realized the necessity to formalize a Regional approach to enhancing and protecting our military assets in Pensacola. We created a Military Regional Oversight Committee (MROC) within the Chamber of Commerce (comprised of twelve members from Escambia & Santa Rosa Counties). This Committee meets quarterly and has established open lines of communications with our Congressional representatives, the Governor's BRAC Advisory Committee, our local political structure, and the Department of the Navy.

My presentation and this formal statement are a product of this collective effort – to include national, state, regional and local political. First and foremost, we understand and support the necessity to reduce and align our military's shore based infrastructure in support of our nation's operational forces. We also are thankful that we are not addressing or having to reclama a base closure recommendation. However, we would like to offer enhancements to the DoD recommendations for our area that add military value, lower the direct cost, increase the ROI and facilitate the synergy that will help DoD attain its overall objectives for BRAC 2005. Accordingly, I will address four of the eight DoD recommended realignment actions. The remaining four realignments are submitted for the record and your consideration.

Pensacola has a long and supportive history with regard to the Navy and National Defense. We support jointness within the military, increasing the military value of our bases and units around the nation and throughout the world, and reducing overhead costs for DoD.

The proposed NAS Pensacola realignments we will address are:

- Relocate Officer Training Command Pensacola (OTCP) & consolidate at Naval Station Newport, RI.

- Realign NAS Pensacola by relocating Naval Education & Training Command (NETC) and Naval Education & Training Professional Development & Technology Center (NETPDTC) to Naval Support Activity, Millington, TN.
- Consolidate Maritime C4ISR Research, Development, Acquisition, Test & Evaluation in Charleston, SC.
- Close Defense Finance & Accounting Service (DFAS) NAS Pensacola and DFAS Saufley Field and relocate and consolidate functions to Columbus OH, Denver CO, and Indianapolis IN.
- NAS Pensacola Correctional Facility will realign by relocating the correctional function to Naval Weapons Station Charleston, SC to form the Joint Regional Correctional Facility.
- Realign NAS Pensacola by relocating to Eglin AFB a sufficient number of front-line and instructor qualified maintenance technicians and logistics support personnel to stand up the Department of the Navy's portion of the Joint Strike Fighter (JSF) Initial Joint Training Site established at Eglin AFB
- Commander Naval Region (COMNAVREG) Gulf Coast will be disestablished. Installation management functions will be realigned and merged into COMNAVREG Southeast, Jacksonville, FL.
- Naval Aeromedical Research Laboratory (NAMRL) will relocate to Wright-Patterson AFB, OH.

Officer Training Command Pensacola

First, with regard to the relocation of the Officer Training Command Pensacola, the Navy maintains that costs will be significantly reduced by creation of the Center for Officer Training at Newport, RI. While the COBRA analysis does support a four-year return on investment this realignment does not support the BRAC Criteria and will prove more costly to Navy personnel, civilian employees of the Navy, and ultimately to the Department of the Navy. This training reorganization should be redirected with the OTC currently at Newport moving to Pensacola.

It is in the best interests of the Navy and students to train in Pensacola since the largest concentration of the graduating students – 38% - will remain in the Pensacola area for follow-on training. Conversely, virtually no students would remain in Newport for follow-on training. This cost avoidance is not captured in the COBRA data.

In October 1993, SECNAV Dalton signed a decision letter to execute the move of OCS from Newport to Pensacola. Part of the rationale provided by then-CNO ADM Frank Kelso, stated that the curriculum would be reduced from 16 to 14 weeks; it would produce a quality Naval Officer more efficiently; the quality of life favored Pensacola and it established a One Navy Concept. That rationale holds true today and Pensacola has the capacity to house this training, especially with the 30% in student reductions that have occurred at the Naval Air Technical Training Center (NATTC). Availability of facilities and surge capacity -BRAC Criteria - are in place at NAS Pensacola.

OTC Pensacola trains 2,000 officers & officer candidates annually averaging 524 officer students onboard and is centrally located with easy access to various training areas and devices, and has the capacity to fully support this facet of Navy training reorganization. It is our opinion that OTC Newport's fleet commissioning programs should be collocated in Pensacola in support of the One Navy Concept.

Additionally, in analyzing the basic allowance for quarters (BAH) for Pensacola versus Newport, the Navy can save significant dollars annually by consolidating in Pensacola. Based on 90 (39 officers/51 enlisted) permanent military presently located at Newport, the basic housing allowance (BAH) costs, using the COBRA averages for Newport, are almost $1.8 million annually. If those 90 military were located in Pensacola, the BAH costs would only total $ .9 million annually with a savings of almost $1 million annually to the Department of the Navy.

Furthermore, the civilian locality pay rate for Newport is 1.170 and the rate for Pensacola is 1.109. As a result, the Navy would net an additional annual payroll savings if the approximately 30 civilian employees permanently assigned were included in the analysis.

With 38% of OCS graduates reporting to Pensacola for follow-on training, this fact translates into a sizeable "travel cost avoidance." The majority of the remaining 62% of OCS graduates will proceed directly to their fleet assignments without reporting to Newport for follow-on training. This is also a significant quality of life issue - just one less PCS for Navy personnel to make. Other cost factors to consider are availability of Navy health care (NAVHOS Pensacola), price of housing, utility costs and even automobile insurance rates, all of which are much affordable in Northwest Florida than in the Northeast. Additionally, the Cost of Living (COL) Index for Pensacola is 88.7 as compared to 129.3 in Newport representing a 31% lower overhead cost by being located in Pensacola.

We have run a COBRA analysis (attached) and a move of OTC from Newport to Pensacola would reduce the ROI in half (to 2 years) and triple the Net Present Value (to -$27.7 million). We believe locating OTC in Pensacola represents a "Win-Win" for DoD and the American taxpayer.

NETC and NETPDTC

With regard to the NETC and NETPDTC realignments, the rationale to realign NETC to Millington in order to collocate common functions with Navy Personnel Command, Navy Manpower Analysis Center, Navy Reserve Recruiting Command does not hold up to scrutiny. Close analysis reveals that NETC and NETPDTC should remain in Pensacola.

If the supporting rationale is based on training consolidation, synergy and the potential for staff reductions, it appears that retaining NETC in Pensacola and moving CNATRA from Corpus Christi to Pensacola with centralized training headquarters located on a high value base is the much better alternative. A dual headquarters location would not only manage and energize joint training initiatives, but would be instrumental in support training infrastructure for the introduction of the Joint Strike Fighter at Eglin AFB.

The Navy costs to move the CNATRA staff, consisting of 50 military as well as the 56 civilian employees, would be significantly less than the movement of 660 – 700 employees proposed by DoD for the NETC/NETDPTC move. Additionally, the 106 CNATRA personnel could be accommodated in existing NETC headquarters facilities available on NAS Pensacola so the military construction costs to the Navy and the Department of Defense would be minimal.

But most importantly, military value of the overall management of the Naval Training mission would be enhanced due to a reduction in the amount of resources expended and minimizing employee turbulence, while not adversely affecting the Navy's desire to establish a Center of Excellence for Personnel and Human Resources.

We have looked at the proposed move of NETC & NETPDTC to Millington from both a military value and cost perspective and believe the Commission should overturn the Secretary's recommendation for the following reasons:

- The COBRA data supporting the move to Millington is questionable - especially the ROI. For example, the number of personnel to include military, civilian, and contractors identified to leave Pensacola are inconsistent with the numbers used in the COBRA and are different than those numbers contained in the Headquarters & Support Activities analysis. With regard to MILCON, without the NETC and NETPDTC moves to Millington, the construction needs would be greatly reduced and one-time cost avoidance could be taken.

- The proposed NETC move to Millington is an organizational realignment that does not necessitate a costly geographic move. The Human Resources functions that NETC would hope to oversee through its integration with the Navy Personnel Command can be accomplished without an expensive geographic relocation. Such "virtual" oversight arrangements are common, and in fact the accepted norm in business today. The American taxpayers should not be asked to pay for the unwarranted luxury of geographic co-location.

- CNATRA's move to Pensacola maximizes joint aviation training oversight of Naval Air Training Command and reinforces future JSF training in NW Florida. This is an obvious enhancement to the future mission's military value.

- NAS Pensacola has a higher military value than Millington - ranking 55 versus 125 (Millington) of 147 military installations.

- NETPDTC conducts "Navy Knowledge On-line" – the Gateway to Navy's revolution in training for ALL Sailors – utilizing network servers at Saufley. A military value should be given to this program since it will have to be replicated during a transition or co-location initiative.

- NETPDTC could achieve a 5-6% staff reduction in place without having to spend substantial dollars on relocation to Millington as well as disrupt a productive workforce.

- NETPDTC could remain at Saufley or move aboard NAS Pensacola in available & vacant spaces if so directed by the Commission in an effort to reduce overhead costs. The ROI would be reduced to 7 from the 10 years estimated by DoD making the collocation of Personnel and Human Resources Commands that much more attractive from a cost perspective.

We believe that the Secretary of Defense deviated substantially from the BRAC Criteria and that the recommendation will adversely impact future training and readiness. The expenditure

of resources to accommodate this move is unnecessary and does not enhance military value; in fact, it will reduce military value and readiness by removing the head of Naval Education and Training from one of the largest shore commands and most critical training venues in the United States. If NETC was relocated to Millington and NETPDTC remained in Pensacola, additional savings would be realized due to:

- Less people move from Pensacola
- Less equipment has to move
- Less one time costs for Millington due to less personnel accommodation
- Less one time IT at Millington
- Less "close out" costs at Pensacola
- Less MILCON costs at Millington

Defense Finance and Accounting Service (DFAS)

Addressing the closure of DFAS NAS Pensacola and DFAS Saufley Field and their relocation and consolidation with functions in Columbus OH, Denver CO, and Indianapolis, IN, we believe that Pensacola should become a DFAS Center based upon proven quality and cost effectiveness. At a minimum, due to the cost and customers, and moves should be delayed until the end of the BRAC window
(2011). In reviewing the military value ranking of DFAS sites, Saufley DFAS ranks 2 of 26 and Pensacola DFAS ranks 6 of 26. Retaining this capability and creating a DFAS Center in Pensacola will ensure continuation of non-redundant, critical payroll services while supporting technology driven requirements. If the creation of a new Center in Pensacola is not approved, a five-year delay of moving the two Pensacola DFAS sites will allow for a knowledgeable, technology driven workforce to remain in the region and a seamless transfer of DFAS work to one of the 3 new national centers in 2011. Additionally, a delay will ensure that state of the art technology services consisting of programmers, software testers, training developers, database managers & LAN designers remain on the job to support the existing and anticipated DFAS workload.

DFAS Pensacola and DFAS Saufley should be evaluated separately since it appears that the true cost competitiveness of DFAS Saufley may have been diluted during DoD's analysis. DFAS Pensacola and DFAS Saufley have very different missions, cost drivers and funding.

The Pensacola site is a "core" finance and accounting entity supported mostly by clerical staff personnel. DFAS Saufley is a Technical Services Organization or TSO. The TSO is a "non-core" information technology service provider and is primarily IT professional technical staff managing various automated systems under "fee-for-service" arrangements. Historically, the Saufley TSO has one of the lowest hourly unit costs among six DFAS TSOs and continues to perform as a profit center.

Saufley TSO customers include some unique and high profile clients including the Executive Office of the President, Human & Health Services and a classified agency plus Army, Navy, Air Force and DoD agencies are also served. The largest single project at the Saufley TSO is the Defense Civilian Pay System. The TSO conducts automated pay services for 762,000 civilians paid biweekly and will expand to one million pay accounts with the planned addition of the Super VA Clinic and EPA in 2007. The Saufley TSO has a record of cost competitiveness – as

evidenced by the OMB/OPM ePayroll selection, the prestigious Gartner Benchmarking Study and two A-76 studies that private industry could not economically compete and chose not to bid against. It should be noted that DFAS Saufley TSO software development costs are as much as 30% below private industry. The COBRA Model does not account for this cost competitiveness.

In 2003, the Saufley TSO realized a profit of $4.3 million that was redirected back into the general DFAS operating account. And finally, there are risks associated with this move that may have been overlooked relative to the adverse affect on DoD and non-DoD activities with the relocation of DFAS Saufley TSO to one of the 3 major centers.

While the DFAS realignment and consolidation might seem to make sense on the surface, there are several aspects of this proposed move that are simply not good business and will have an adverse impact on DoD. Foremost among these is the lesson of past experience. Similar actions in the past in our area have revealed that more than 70% of the civil service employees will not relocate. Additionally, 47% of the employees at the two Pensacola sites are eligible to retire, and most if not all, will choose to retire. The estimated severance cost of this action is $6.6 million. This wholly avoidable cost along with the loss of skilled workers will be hard to overcome and, we believe, is a significant problem not only in Pensacola, but DFAS wide. In addition, any delay of the scheduled 2007 movement of DFAS Saufley will have to be based on operational considerations. COBRA Model footnotes indicate that DFAS Saufley was included as part of NAS Pensacola because it is listed as a sub-location of the NAS Pensacola data collection. From a military value/operational standpoint, it should be reconsidered on its own merit.

Maritime C4ISR RDAT&E

Mr. Chairman, the Consolidation of Maritime C4ISR Research, Development, Acquisition, Test & Evaluation "cuts" approximately 87% of the Space Warfare Systems Center (SPAWAR) federal workforce in Pensacola, with the relocation of only 21 personnel positions to the Charleston Naval Weapons Center.

The COBRA personnel data used by DoD and the Technical Joint Cross Service Group is incorrect – the correct number of positions according to the manning documents at NAS Pensacola is 114 civilian and 60 key contract personnel. The direct loss cited by DoD does not include the 60 contractors bringing the actual total direct loss to 153 positions. Additionally, we believe, and as you are hearing from other communities, many key personnel including some highly trained with Doctorate and Masters Level Degrees (78% of federal civilian workforce) would not relocate to Charleston, SC. The consolidation of SPAWAR in Charleston would significantly impair communications support for Gulf of Mexico training exercises and support of normal fleet operational endeavors as well, thus reducing overall Navy readiness. Given the Navy's requirement to utilize the Gulf of Mexico since the closing of operations in and around Vieques, PR, moving SPAWAR to Charleston and out of close proximity to the Gulf will reduce military readiness and military value.

The Pensacola SPAWAR Data Center directly supports the warfighter, but the COBRA model does not take into account the time sensitive, mission critical warfighter communications and analysis that is provided.

The Technical Joint Cross Service Group's Charleston "high risk" scenario is based on the assumption that a reduced number of technical experts would be willing to relocate to Charleston along with customer owned "state of the art" (SPAWAR customers) equipment. Questions to be answered are will they move this equipment and who will pay for it, since these factors are not included as part of the DoD analysis. Due to the reported overcrowding in Charleston, trailers are currently in use with some cubicles shared by 2 employees. Military construction or additional BRAC funding for MILCON is required to accommodate the SPAWAR Pensacola data center and its employees, making matters even worse.

The BRAC data and COBRA documentation associated with this recommendation does not address the operational impacts of communications support for Gulf of Mexico training exercises and support of normal fleet operational endeavors that would be impaired by this recommendation—thereby impacting overall Navy readiness.

SPAWAR Pensacola offers affordability with no lease or new construction required. The labor rates for SPAWAR Pensacola are among the lowest of all SPAWAR sites plus the Pensacola site is a fully funded, self-sufficient Navy Working Capital Fund site – hence, it is self supported, at low cost and best value to the Navy. Additionally, Pensacola's total time "off line" in the past 35 years has only been 4 days.

The network connectivity for the Gulf Coast and South East Region will be jeopardized if the requirement to maintain a portion of a Defense Information Systems Activity backbone, or military communications highway that connects all military bases is reduced or eliminated with the realignment of SPAWAR Pensacola. The potential losses of readiness and mission capabilities included in DoD's relocation recommendation are problematic and represent high risk to the Department.

Navy Rotary Wing Training

In response to Alabama's proposal to single site all military rotary wing training at Ft. Rucker, AL, this recommendation has been looked at many times and moving Navy rotary wing training to Ft. Rucker has not been supported. Under BRAC, Ft. Rucker is already adding almost one million square feet of hangar and warehouse space at a cost approaching $0.5 billion plus there have reported airspace and runway congestion. The costs to conduct Navy rotary wing training at NAS Whiting Field represent some of the lowest rates in DoD. Numerous prior studies have verified this fact and GAO reported (GAO/NSIAD-99-143) in 1999 that the cross-service process examined an option to house Navy and Army undergraduate helicopter training at Fort Rucker, AL, but it was not considered cost effective. Further, Navy officials are opposed to consolidating helicopter training with the Army for a number of reasons. Chief among these is the importance that the Navy places on initial fixed wing training, flying over water, and landing on ships. Bottom line, the DoD is getting the best location and an extremely cost effective rate to train our Nation's young Navy, Marine Corps, and Coast Guard rotary wing aviators.

With regard to the remaining four realignment recommendations, we are supportive but recommend that you review very closely for more clarifying statements by the Commission in your report to the President.

While we generally support DoD's initiative to create a single Level II joint facility in the Southeast, we recommend that the NAS Pensacola Brig be retained as a Level I facility given the recent military construction project and decision to enlarge this facility to house female inmates and provide local support to the large joint military population in the Northwest Florida.

- We support DoD's recommendation to stand up Navy's portion of the JSF Initial Joint Training Site at Eglin AFB. An enhancement to this effort would be to maintain training for this site using available joint training facilities located aboard NAS Pensacola, resulting in savings to MILCON, personnel and training costs. It is recommended that you examine the available training facilities and infrastructure on board NAS Pensacola and include this in your recommendation to the President.

- With regard to the realignment of Navy Regions, the Commission should determine what the real military value benefit would be given the large Navy military population in the Gulf Coast area. It would appear prudent to maintain a Navy Region Gulf Coast that would include the Pensacola Bay area, Meridian and the Corpus Christi area aligning these major shore assets in support of Navy training.

- And finally, for the relocation of the Naval Aeromedical Research Laboratory to Wright Patterson AFB, OH, we request that the Commission direct DoD to restudy this realignment given the wide array of health care services for military and civilians including the Pensacola Naval Hospital, the VA "Super" Clinic under construction, the Institute for Human and Machine Cognition, and Andrews Orthopedic Institute. Additionally, the Navy's Undersea Medical Research Center is relocating Pensacola. Our region can contribute significantly to aeromedical research without having to relocate from Pensacola.

In closing Mr. Chairman and BRAC Commissioners, we believe the enhancements and alternatives shown represent a sound business plan while also ensuring a transformation of America's military forces into a more joint, capable and cost effective force with priority given to military value.
Thank you for your time and attention and I am prepared to answer any questions that you might have.

COBRA Model Analysis
Naval Air Station Pensacola

I. Executive Summary

Secretary of Defense Rumsfeld provided the Base Realignment and Closure (BRAC) Commission the *Department of Defense Base Closure and Realignment Report* on May 13, 2005. The report contained recommendations to align the United States (US) base force structure with the force structure that is expected to be needed over the next 20 years. The report recommendations focus on implementing Department of Defense (DoD) global force reposturing, facilitate the ongoing transformation of United States military forces to meet the challenges of the 21st Century and restructure important support functions to capitalize on

advances in technology and business practices. The BRAC goals are to support United States military force transformation, address the new and emerging security challenges, promote jointness and achieve significant savings.

To accomplish the BRAC process, the DoD organized into two analysis groups: the Military Departments and Joint Cross-Service Groups (JCSGs). The Military Departments looked at installations specifically devoted to their individual requirements as well as supporting operational forces, while the JCSGs focused on bases and functions that represent DoD's common infrastructure.

The Military Departments and the JCSGs adapted their analytical approaches and evaluations to the unique aspects of their respective areas. However, both the Military Departments and the JCSGs adhered to the consistent approach of basing their recommendations on an evaluation of military value criteria, a review of scenarios to maximize military value and minimize capacity retained, and a comparison against other criteria to include Payback Period, Environmental Factors, Community Infrastructure, and Economic Impact.

The BRAC COBRA Model was then used to calculate the savings associated with the proposed recommendations. Upon examination of the COBRA Model data, Whitney, Bradley & Brown (WBB), Inc. found that the data and processes used did not appear to be flawed. The BRAC standard factors for personnel, facilities, and transportation had been correctly applied per BRAC guidance.

At the request of the Pensacola Bay Area Chamber of Commerce, WBB ran two scenarios on the COBRA model. The first was a simplistic, illustrative scenario that examined the alternative of Naval Air Station (NAS) Pensacola, FL, becoming the gaining command and Naval Station Newport becoming the losing command of the Navy's Officer Training Command (OTC). No MILCON or other command synergies were considered. The results of this run showed a Net Present Value of -$27.669M with a Payback Period of 2 years.

COBRA Model Excursion - Naval Air Station Pensacola, FL		
	Baseline DoD Scenario	**Alternative - Consolidate OTC at NAS Pensacola**
Net Present Value 2025	- $9.998M	-$27.669M
Payback Period	4 years	2 years
Issues	Consolidates Navy training per DoN initiative.	Doesn't realize DoN training consolidation initiative. Illustrative, simplistic scenario with no MILCON or command synergizes included.
Impact	None.	Greater savings and shorter Payback Period.

The second scenario examined the alternative of Navy Education and Training Professional Development & Technology Center (NETPDTC) remaining at Naval Air Station Pensacola, FL.

The results of this COBRA Model run showed a Net Present Value of -$19.784M with a Payback Period of 7 years.

COBRA Model Excursion - Naval Air Station Pensacola, FL		
	Baseline DoD Scenario	**Alternative - NETPDTC remains at NAS Pensacola**
Net Present Value 2025	- $14.418M	-$19.784M
Payback Period	10 years	7 years
Issues	Establishes Navy Human Resources Center of Excellence	Doesn't realize Navy Human Resources Center of Excellence initiative.
Impact	None.	Greater savings and shorter Payback Period.

Finally, with respect to the other two recommendations affecting Naval Air Station Pensacola, additional considerations were provided in the report correspondence to enhance the military value discussion for the upcoming BRAC Commission Regional Hearing.

II. Introduction

Public Law 101-510, as amended, requires the Secretary of Defense to provide the Defense Base Realignment and Closure (BRAC) Commission a report containing the Department of Defense (DoD) recommendations to realign or close military installations within the United States (US) and its territories. Secretary Rumsfeld complied with that requirement on May 13, 2005.

The DoD recommendations are intended to align US base structure with the force structure that is expected to be needed over the next 20 years. These proposals focus on implementing DoD global force reposturing, facilitate the ongoing transformation of US forces to meet the challenges of the 21st Century and restructure important support functions to capitalize on advances in technology and business practices. Overall, these recommendations are designed to support force transformation; address new threats, strategies and force protection concerns; consolidate business-oriented support functions; promote joint and multi-Service basing; and provide significant savings.

As required by law, the BRAC process entailed comprehensive and comparable analyses of all installations in the United States and its territories, using military value as the primary consideration. In reviewing its base structure, DoD considered the capabilities needed to support potential mobilization and surge requirements, as well as the unique installation needs of Reserve Component forces. Moreover, DoD placed special emphasis on retaining the infrastructure and capabilities necessary to respond to contingencies.

DoD organized its analysis into two groups: the Military Departments which analyzed installations devoted exclusively to their requirements, as well as supporting operational forces;

and Joint Cross-Service Groups (JCSGs) which scrutinized the bases and functions that constitute the DoD's common support infrastructure. Both groups are of particular interest to the Pensacola Bay Area Chamber of Commerce, as both made recommendations concerning Naval Air Station Pensacola.

In particular, the Department of the Navy recommended the realignment of the Officer Training Command; the Technical Joint Cross-Service Group (TJCSG) made the recommendation to consolidate Maritime Command, Control, Communications and Computers and Intelligence, Surveillance and Reconnaissance (C4ISR) Research, Development, Acquisition, Test and Evaluation (RDAT&E); and, the Headquarters and Support Activities Joint Cross-Service Group (HSA JCSG) proposed co-locating the Navy Education and Training Command and Navy Education and Training Professional Development and Technology Center as well as consolidate the Defense Finance and Accounting Service (DFAS).

Each of the analytical groups, whether from a Military Department (in this case, Department of the Navy) or a JCSG, took slightly different approaches to the analytic effort as outlined below.

- Department of the Navy (DoN). The Secretary of the Navy established three bodies: the Infrastructure Evaluation Group as the deliberative body responsible for the development of recommendations for closure and realignment; the DoN Analysis Group, subordinate to the Infrastructure Evaluation Group, responsible for analyzing DoN unique functions; and, the Infrastructure Analysis Team to provide analytic and staff support to the other two bodies.

The DoN guiding principles were that its recommendations must eliminate excess capacity, save money, improve operational readiness and jointness, and maintain quality of service. Moreover, the Secretary of the Navy charged its three groups to ensure an equitable and complete evaluation of all Navy and Marine Corps installations were conducted in accordance with the Base Closure Act; that all recommendations were in compliance with the Base Closure Act and appropriate guidance from higher levels; that the procedures used could be appropriately reviewed and analyzed by the Comptroller General; and, that factors of concern to the Navy and Maine Corps Operational Commanders were considered.

The DoN did rigorous capacity and military value analyses, combining these in a process called configuration analysis. The configuration analysis used a mixed-integer linear programming solver, AMPL/CPLEX, to generate multiple solutions for an optimization model that allowed the DoN Analysis Group to explore tradeoffs between eliminating excess capacity and retaining sites having high military value. The configuration analysis solutions served as the starting point for the development of potential closure and realignment scenarios that would undergo Cost of Base Realignment Actions (COBRA) Model analysis to determine return on investment, and finally result in candidate recommendations.

- Technical Joint Cross-Service Group (TJCSG). The TJCSG was chartered to review the following DoD technical functions: Research, Development, and Acquisition; and Test and Evaluation. The research function included basic research, exploratory development and advanced development. The development and acquisition function included system development and demonstration, systems modifications, experimentation and concept demonstration, product/in-service life-cycle support and acquisition. The test and evaluation function included the formal developmental test and evaluation (DT&E) and the formal operational test and evaluation (OT&E).

To baseline the TJCSG analysis and recommendation development, the group established two guiding principles and an overarching strategic framework. The two principles were: provide efficiency of operations by consolidating technical facilities to enhance synergy and reduce excess capacity; and maintain competition of ideas by retaining at least two geographically separated sites, each of which would have similar combination of technologies and functions. This would also provide continuity of operations in the event of an unexpected disruption.

In concert with these two principles, the TJCSG used a strategic framework to establish multifunctional and multidisciplinary technical RDAT&E Centers of Excellence which should provide the scientific and technical advances to enable DoD to develop capabilities and weapons that are technologically superior to those of potential adversaries into the future. Furthermore, the multifunctional and multidisciplinary nature of the Centers of Excellence should allow for more rapid transition of technology and enhance integration of multiple technologies. Finally, the Centers of Excellence were to be complemented by DoD's existing technical facilities that have a disciplinary focus.

The TJCSG also recognized that to effectively accomplish the DoD's RDAT&E functions, key partners outside DoD were essential, to include other government organizations, industry, universities, and the international community. Finally, the rapidly changing and uncertain environment of the 21st Century required that the TJCSG analysis and recommendations ensure that surge capability would be available for the future Defense RDAT&E infrastructure.

TJCSG recommendations provided the Department Centers of Excellence in the following three areas: Defense Research laboratories; RDAT&E Centers; and, C4ISR Centers.

To organize its efforts, the TJCSG established five subgroups, each of which took responsibility for evaluating a set of technical activities. The subgroup of importance to the Pensacola Bay Area Chamber of Commerce was the C4ISR Subgroup. Each subgroup conducted a detailed analysis for capacity, military value, scenario development and analysis; and finally developed and evaluated candidate recommendations.

- Headquarters and Support Activities Joint Cross-Service Group (HSA JCSG). The HSA JCSG addressed BRAC implications for common business-related functions and processes across DoD, the Military Departments, and the Defense Agencies. This JCSG had no counterpart in previous BRAC rounds and therefore was charged with defining appropriate functions and sub-functions.

To accomplish this task, the JCSG formed three subgroups: the Geographic Clusters and Functional Subgroup to analyze common functions of financial management, communications/information technology, personnel and corrections, and installation management; the Mobilization Subgroup to review joint mobilization; and, the Major Administrative and Headquarters Subgroup to examine all headquarters located within 100 miles of the Pentagon, select headquarters outside the 100-mile radius, and common support functions (headquarters "back-shop" functions).

The HSA JCSG approach was based on seven guiding principles: improve joint capabilities; eliminate redundancy, duplication and excess capacity; enhance force protection; exploit best

business practices; increase effectiveness, efficiency, and interoperability; and, reduce costs. The three subgroups further interpreted this broader strategy to their functional reviews to:

- Rationalize single function administrative installations
- Rationalize presence within a 100-mile radius of the Pentagon
- Eliminate leased space
- Consolidate headquarters and back-shop functions
- Consolidate/regionalize installation management
- Consolidate the Defense Finance and Accounting Service
- Create a joint corrections enterprise
- Consolidate military personnel functions
- Consolidate civilian personnel functions
- Establish Joint pre-deployment/redeployment mobilization sites

The HSA JCSG used capacity analysis as a starting point to scope their initial efforts and eventually form target lists for military value analysis. The military value analyses provided the initial inputs for scenario development and subsequent excursions, and other criteria evaluation.

The common and overriding theme across all Military Departments and JCSGs analyses and evaluations was Military Value.

III. Military Value Criteria

As required by statute, the military value of an installation or activity was the primary consideration in developing DoD's recommendations for base realignments and closures. For DoD, military value has two components: a quantitative component; and a qualitative component. The qualitative component is the exercise of military judgment and experience to ensure rational application of the criteria. The quantitative component assigns attributes, metrics and weights to the selection criteria to arrive at a relative scoring of facilities within assigned functions.

To arrive at a quantitative military value score, subgroup members began by identifying attributes or characteristics for each criterion. They weighted attributes to reflect their relative importance based on things such as their military judgment or experience, the Secretary of Defense's Transformational Guidance and BRAC principles. Metrics were subsequently developed to measure these attributes. The metrics were also weighted to reflect relative importance, again using military judgment, transformational guidance and BRAC principles. Once attributes had been identified and weighted, the subgroup members developed questions for use in military value data calls. If more than one question was required to assess a given metric, these were likewise weighted. Each analytical subgroup member prepared a scoring plan, and data call questions were forwarded to the field. These plans established how answers to data call questions were to be evaluated and scored. With the scoring plans in place, the Military Departments and JCSGs completed their military value data calls. These were then forwarded to the field by the Military Departments and Defense Agencies. The analytical subgroup members input the certified data responses into the scoring plans to arrive

at a numerical score and a relative quantitative military value ranking of facilities/installations against their peers.

In selecting military installations for closure or realignment, DoD gave priority consideration to military value (the four criteria listed below):

(1) The current and future mission capabilities and the impact on operational readiness of the total force of the Department of Defense, including the impact on joint warfighting, training and readiness
(2) The availability and condition of land, facilities and associated airspace (including training areas suitable for maneuver by ground, naval or air forces throughout a diversity of climate and terrain areas and staging areas for the use of the Armed Forces in homeland defense missions) at both existing and potential receiving locations
(3) The ability to accommodate contingency, mobilization, surge and future total force requirements at both existing and potential receiving locations to support operations and training
(4) The cost of operations and the manpower implications

In addition to the Military Value criteria, other factors were considered.

IV. Scenario Development

With the capacity and military value analyses complete, the Military Departments and JCSGs then began an iterative process to identify potential closure and realignment scenarios. These scenarios were developed using either a data-driven optimization model or a strategy-driven approach. Each approach relied heavily on the military judgment and experience of the subgroup members.

The optimization models incorporated capacity and military value analysis results and force structure capabilities to identify scenarios that maximized military value and minimized the amount of capacity retained. These models were also used to explore options that minimized the number of sites required to accommodate a particular function or maximized potential savings. As data results were analyzed, the subgroup members evaluated additional scenario options.

V. Other Considerations Criteria

Once the decision makers determined that the particular scenario was consistent with or enhanced military value, they proceeded to evaluate the scenario against the remaining selection criteria. Those criteria include determining Payback and Economic Impact, Assessing Community Infrastructure and determining Environmental Impact. The Other Considerations criteria specifically include the following:

(5) The extent and timing of potential costs and savings, including the number of years, beginning with the date of completion of the closure or realignment, for the savings to exceed the costs
(6) The economic impact on existing communities in the vicinity of military installations

(7) The ability of the infrastructure of both the existing and potential receiving communities to support forces, missions and personnel
(8) The environmental impact, including the impact of costs related to potential environmental restoration, waste management and environmental compliance activities

In the final stages of the scenario analysis process, using analysis against all eight selection criteria, each analytical subgroup member determined which of its scenarios to recommend for approval. Any scenario recommended became a candidate recommendation. For purposes of this analysis, Naval Air Station Pensacola had four recommendations. Before addressing the analysis of these recommendations, a brief description of the COBRA Model is necessary.

VI. COBRA Model Description

COBRA is an economic analysis model. It estimates the costs and savings associated with a proposed base closure or realignment action. The model output can be used to compare the relative cost benefits of alternative BRAC actions. COBRA is not designed to produce budget estimates, but to provide a consistent and auditable method of evaluating and comparing different courses of action in terms of the resulting economic impacts for those costs and savings measured in the model.

The COBRA Model calculates the costs and savings of base stationing scenarios over a period of 20 years. It models all activities (moves, construction, procurements, sales, closures) as taking place during the first six years, and thereafter all costs and savings are treated as steady-state. The key output value produced is the Payback Year. This is the point in time where savings generated equal (and then exceed) costs incurred. In other words, this is the point when the realignment/closure has paid for itself and net savings begin to accrue. The Payback Period is the period between the end of the realignment action and the Payback Year.

The COBRA Model allows alternative closure/realignment scenarios to be compared in terms of when the Payback Year is reached. Should a Payback Year not be achieved for a specific scenario, that scenario will result in a net cost rather than savings. Similarly, if a scenario has a long Payback Period it will not start to generate net savings until well after the BRAC action would have been completed. Such an action would generally be less economically beneficial than one with an earlier Payback Year.

The COBRA Model also calculates and reports the Net Present Value (NPV) for the 20-year planning period of each scenario analyzed. NPV is the present value of future costs of a scenario, discounted at the appropriate rate, minus the present value of future savings from the scenario. All dollar values, regardless of when they occur, are measured in constant base-year dollars. This is important because it eliminates artificial distinctions between scenarios based on inflation, while highlighting the effects of timing on model results. Costs and savings are calculated for each year of the 20-year planning period. For each year, total costs and savings are then summed to determine a net cost for that year. The net cost of each year is then added to the net cost for preceding years to determine the total net cost to that point in time. The sum of the total net costs for all 20 years is the Net Present Value of the scenario.

VII. DoD Base Closure and Realignment Recommendations

For Naval Air Station Pensacola, FL, the Secretary of Defense proposed the following recommendations to the Base Realignment and Closure Commission:

- Co-locate Navy Education and Training Command and Navy Education and Training Professional Development & Technology Center;
- Consolidate Maritime C4ISR Research, Development and Acquisition, Test and Evaluation;
- Consolidate Defense Finance and Accounting Service; and,
- Realign Officer Training Command.

A review of the COBRA Model data for each of these recommendations is outlined below.

A. Realignment of Officer Training Command

(1) Base Closure and Realignment Report Language. The specific language regarding this recommendation in the *Department of Defense Base Closure and Realignment Report*, May 2005, follows.

Recommendation: Realign Naval Air Station Pensacola, FL, by relocating Officer Training Command Pensacola, FL, to Naval Station Newport, RI, and consolidating with Officer Training Command Newport, RI.

Justification: Navy Officer Accession Training is currently conducted at three installations: (1) U.S. Naval Academy Annapolis, MD, hosts Midshipman Training; (2) Naval Station Newport hosts Naval Academy Preparatory School and Officer Training Command Newport, which includes Officer Induction School and Seaman to Admiral-21 Program courses; and (3) Naval Air Station Pensacola hosts Officer Training Command Pensacola which includes Navy Officer Candidate School, Limited Duty Officer Course, Chief Warrant Officer Course, and the Direct Commissioning program. Consolidation of Officer Training Command Pensacola and Officer Training Command Newport will reduce inefficiencies inherent in maintaining two sites for similar training courses through reductions in facilities requirements, personnel requirements (including administrative and instructional staff), and excess capacity. This action also supports the Department of the Navy initiative to create a center for officer training at Naval Station Newport.

Payback: The total estimated one-time cost to the Department of Defense to implement this recommendation is $3.6M. The net of all costs and savings to the Department during the implementation period is a savings of $1.4M. Annual recurring savings to the Department after implementation are $0.9M with a payback expected in 4 years. The net present value of the costs and savings to the Department over 20 years is a savings of $10.0M.

Economic Impact on Communities: Assuming no economic recovery, this recommendation could result in a maximum potential reduction of 675 jobs (295 direct jobs and 380 indirect jobs) over the 2006-2011 period in the Pensacola-Ferry Pass-Brent, FL, Metropolitan Statistical Area, which is 0.3 percent of economic area employment. The aggregate economic impact of

all recommended actions on this economic region of influence was considered and is at Appendix B of Volume I.

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

Environmental Impact: Naval Station Newport, RI, is in Serious Non-attainment for Ozone (1-Hour) and in Moderate Non-attainment for Ozone (8-Hour), but no Air Conformity Determination will be required. No impacts are anticipated for air quality; cultural, archeological, or tribal resources; dredging; land use constraints or sensitive resource areas; marine mammals, resources or sanctuaries; noise; threatened and endangered species or critical habitat; waste management; water resources; or wetlands. This recommendation does not impact the costs of environmental restoration, waste management, or environmental compliance activities. The aggregate environmental impact of all recommended BRAC actions affecting the installations in this recommendation has been reviewed. There are no known environmental impediments to implementation of this recommendation.

(2) COBRA Model Analysis. After a thorough and comprehensive analysis of the COBRA Model inputs, the data and processes used for this BRAC recommendation do not appear to be flawed. The BRAC standard factors for personnel, facilities, and transportation have been correctly applied per BRAC guidance. Personnel positions (military officer and enlisted, civilian, and student) have been identified and correctly transferred between the two commands. The following costs associated with this proposed realignment have been identified and addressed per BRAC guidance:

- Officer Basic Allowance for Housing (BAH) differences
- Enlisted BAH differences
- Civilian locality pay differences
- Per Diem rate differences
- Freight and vehicle costs differences
- TRICARE costs differences
- Retiree population differences
- Military Housing availability
- MILCON
- Recurring Operations and Maintenance (O&M)

The demographic information included in the COBRA Model data files supports the assertion that the gaining command can accommodate the influx of officer candidates from Naval Air Station Pensacola, FL.

The Naval Air Station Pensacola, FL, military value of 51.13 is the lowest of the four DoN training installations.

Of note, a portion of the realignment success of this proposed recommendation rests on 2006 MILCON expenditure of $1.901M at Naval Station Newport, RI.

(3) Alternative Scenario.

At the request of the Pensacola Bay Area Chamber of Commerce, an illustrative, simplistic scenario was developed. This excursion was simply a reversal of the DoN initiative to realign Officer Training Command at Naval Station Newport, RI, and instead realign it at Naval Air Station Pensacola, FL. The illustrative scenario development included:

- Naval Air Station Pensacola, FL, becomes the gaining command and Naval Station Newport, RI, becomes the losing command
- Reverse the planned numbers of personnel being reassigned or eliminated
- Assume the same MILCON funding needs at Pensacola that Newport identified
- Assume the impacts to Base Operating Staff at Newport that would occur at Pensacola based on DON-0085 Scenario

The COBRA Model calculated a Net Present Value of -$27.669M and a Payback Period of 2 years.

COBRA Model Excursion - Naval Air Station Pensacola, FL		
	Baseline DoD Scenario	**Alternative Consolidate OTC at NAS Pensacola**
Net Present Value 2025	- $9.998M	-$27.669M
Payback Period	4 years	2 years
Issues	Consolidates Navy training per DoN initiative.	Doesn't realize DoN training consolidation initiative. Illustrative, simplistic scenario with no MILCON or command synergizes included
Impact	None.	Greater savings and shorter Payback Period.

In conclusion, the Pensacola Bay Area Chamber of Commerce alternative scenario to realign OTC at NAS Pensacola vice NAVSTA Newport News bears examination. A simplistic reversal of data appears to yield significant cost savings at a reduced Payback Period. Additionally, there are other factors that the COBRA model does not address but should be considered. They include:

- Approximately 38% of Officer Candidate School graduates will report to Pensacola for follow-on training, thereby contributing to further travel cost savings

- Availability of Navy health care (Naval Hospital Pensacola)

- Lower costs for housing, utilities and even automobile insurance rates, all of which contribute significantly to quality of life

B. Co-locate Navy Education and Training Command and Navy Education and Training Professional Development and Technology Center

(1) Base Closure and Realignment Report Language. The specific language regarding this recommendation in the *Department of Defense Base Closure and Realignment Report*, May 2005, follows.

Recommendation: Realign Naval Air Station Pensacola, FL, by relocating Navy Education and Training Command to Naval Support Activity Millington, TN.

Realign Saufley Field, FL, by relocating Navy Education and Training Professional Development & Technology Center to Naval Support Activity Millington, TN.

Justification: Realignment of Navy Education and Training Command (NETC) and Navy Education and Training Professional Development & Technology Center (NETPDTC) to Naval Support Activity Millington will collocate these activities with common functions (Bureau of Naval Personnel, Navy Manpower Analysis Center, and Navy Personnel Research and Development Center) and facilitate creation of a Navy Human Resources Center of Excellence. By relocating NETC and NETPDTC within the hub of naval personnel activities, this recommendation eliminates personnel redundancies and excess infrastructure capacity. NETC and NETPDTC will require 50,400 Gross Square Feet (GSF) of military construction (MILCON) and will utilize 102,400 GSF of existing administrative space and warehouse space at Millington; the parking lot additions will be new MILCON.

Payback: The total estimated one-time cost to the Department of Defense to implement this recommendation is $33.3M. The net of all costs and savings to the Department during the implementation period is a cost of $23.6M. Annual recurring savings to the Department after implementation are $3.7M, with a payback expected in 10 years. The net present value of the costs and savings to the Department over 20 years is a savings of $14.4M.

Economic Impact on Communities: Assuming no economic recovery, this recommendation could result in a maximum potential reduction of 1,878 jobs (738 direct jobs and 1,140 indirect jobs) in the Pensacola-Ferry Pass-Brent, FL, Metropolitan Statistical Area, which is 0.9 percent of economic area employment. The aggregate economic impact of all recommended actions on this economic region of influence was considered and is at Appendix B of Volume I.

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

Environmental Impact: This recommendation has the potential to impact air quality at Millington, which is in moderate non-attainment for Ozone (8-Hour). Construction associated with this recommendation has the potential to impact historical sites identified at Millington. This recommendation has no impact on dredging; land use constraints or sensitive resource areas; marine mammals, resources, or sanctuaries; noise; threatened and endangered species or critical habitat; waste management; water resources; or wetlands. This recommendation does not impact the costs of environmental restoration, waste management, and environmental compliance activities. The aggregate environmental impact of all

recommended BRAC actions affecting the bases in this recommendation has been reviewed. There are no known environmental impediments to implementation of this recommendation.

(2) COBRA Model Analysis. After a thorough and comprehensive analysis of the COBRA Model inputs, the data and processes used for this BRAC recommendation do not appear to be flawed. The BRAC standard factors for personnel, facilities, and transportation have been correctly applied per BRAC guidance. Personnel positions (military officer and enlisted, and civilian) have been identified and correctly transferred between the two locations. The following costs associated with this proposed co-location recommendation have been identified and addressed per BRAC guidance:

- Officer BAH differences
- Enlisted BAH differences
- Civilian locality pay differences
- Per Diem rate differences
- Freight and vehicle costs differences
- TRICARE costs differences
- Military housing availability
- MILCON
- Recurring O&M
- Surge capability

The demographic information included in the COBRA Model data files supports the assertion that the gaining command can accommodate the influx of personnel from Naval Air Station Pensacola, FL.

Naval Support Activity Millington, TN, has a lower quantitative military value score (0.8574) than Naval Air Station Pensacola (0.8760) or Saufley (0.8490), FL; however, the Navy's position is that the numerical difference is minimal (0.019 on a scale of 0 to 1.00) and that co-location offers qualitative military value benefits that overcome the slight difference in quantitative scores (COBRA Model footnote).

Of note, a portion of the co-location success of this recommendation rests on 2006 and 2008 MILCON expenditures of $15.087M at Naval Support Activity Millington, TN. Each MILCON project is scheduled for completion prior to FY09, the year in which transfer of personnel from Naval Air Station Pensacola, FL, to Naval Support Activity Millington, TN, occurs. Naval Support Activity Millington, TN, will require construction of 50,400 Gross Square Feet of MILCON and several parking lot additions.

(3) Alternative Scenario.

At the request of the Pensacola Bay Area Chamber of Commerce, an illustrative scenario was developed whereby NETPDTC remained at Naval Air Station Pensacola. This excursion was simply a removal of the NETPDTC data from baseline DoD scenario. It did not consider any reduction of MILCON construction at Naval Support Activity Millington, TN. The results of this COBRA Model run showed a Net Present Value of -$19.784M with a Payback Period of 7 years.

COBRA Model Excursion - Naval Air Station Pensacola, FL		
	Baseline DoD Scenario	**Alternative - NETPDTC remains at NAS Pensacola**
Net Present Value 2025	- $14.418M	-$19.784M
Payback Period	10 years	7 years
Issues	Establishes Navy Human Resources Center of Excellence	Doesn't realize Navy Human Resources Center of Excellence initiative.
Impact	None.	Greater savings and shorter Payback Period.

In conclusion, the Pensacola Bay Area Chamber of Commerce alternative scenario to retain NETPDTC bears examination. A simplistic removal of data appears to yield increased cost savings at a reduced Payback Period.

(4) Additional Considerations. To underscore the military value analysis, the following should be considered:

- This co-location recommendation depends on the completion of MILCON projects. Without a detailed understanding of the MILCON execution schedules it is difficult to determine the feasibility/executability in the sequencing of this BRAC proposal.

- A military value should be given to the current extensive distance learning program. This program will have to be replicated during a transition or co-location initiative.

- Finally, consideration should be given to the fact that NETPDTC is an education function. It must be determined whether or not it is appropriate to add this organization to a Human Resources Center of Excellence.

C. Consolidate Maritime C4ISR Research, Development and Acquisition, Test and Evaluation

(1) Base Closure and Realignment Report Language. The specific language regarding this recommendation in the *Department of Defense Base Closure and Realignment Report*, May 2005, follows.

Recommendation: Realign Washington Navy yard, DC, by disestablishing the Space Warfare Systems Center Charleston, SC, detachment Washington Navy Yard and assign functions to the new Space Warfare Systems Command Atlantic Naval Amphibious Base, Little Creek, VA.

Realign Naval Station, Norfolk, VA, by disestablishing the Space Warfare Systems Center Norfolk, VA, and the Space Warfare Systems Center Charleston, SC, detachment Norfolk, VA, and assign functions to the new Space Warfare Systems Command Atlantic Naval Amphibious Base, Little Creek, VA.

Realign Naval Weapons Station Charleston, SC, as follows: relocate Surface Maritime Sensors, Electronic Warfare, and Electronics Research, Development & Acquisition, and Test & Evaluation of the Space Warfare Center to Naval Surface Warfare Center Division, Dahlgren, VA; relocate Subsurface Maritime Sensors, Electronic Warfare, and Electronics Research, Development & Acquisition, and Test & Evaluation of the Space warfare Center to Naval Station Newport, RI; and relocate the Command Structure of the Space Warfare Center to Naval Amphibious Base, Little Creek, VA, and consolidate it with billets from Space Warfare Systems Command San Diego to create the Space Warfare Systems Command Atlantic, Naval Amphibious Base, Little Creek, VA. The remaining Maritime Information Systems Research, Development & Acquisition, and Test & Evaluation functions at Naval Weapons Station Charleston, SC, are assigned to Space Warfare Systems Command Atlantic, Naval Amphibious Base, Little Creek, VA.

Realign Naval Base Ventura County, CA, Naval Surface Warfare Center Division, Dahlgren, VA, and Naval Station Newport, RI, by relocating Maritime Information Systems Research, Development & Acquisition, and Test & Evaluation to Naval Submarine Base Point Loma, San Diego, CA, and consolidating with the Space Warfare Center to create the new Space Warfare Systems Command Pacific, Naval Submarine Base Point Loma, San Diego, CA.

Realign Naval Submarine Base Point Loma, San Diego, CA, as follows: relocate Surface Maritime Sensors, Electronic Warfare, and Electronics Research, Development & Acquisition, and Test & Evaluation of the Space Warfare Center to Naval Surface Warfare Center Division, Dahlgren, VA; relocate Subsurface Maritime Sensors, Electronic Warfare, and Electronics Research, Development & Acquisition, and Test & Evaluation of the Space Warfare Center to Naval Station Newport, RI; disestablish Space Warfare Center Norfolk, VA, detachment San Diego, CA, and assign functions to the new Space Warfare Systems Command Pacific, Naval Submarine Base Point Loma, San Diego, CA; disestablish Naval Center for Tactical Systems Interoperability, San Diego, CA, and assign functions to the new Space Warfare Systems Command Pacific, Naval Submarine Base Point Loma, San Diego, CA; and disestablish Space Warfare Systems Command San Diego, CA, detachment Norfolk, VA, and assign functions to the new Space Warfare Systems Command Atlantic, Naval Amphibious Base, Little Creek, VA.

Realign Naval Air Station Patuxent River, MD, by relocating Subsurface Maritime Sensors, Electronic Warfare, and Electronics Research, Development & Acquisition, and Test & Evaluation of the Naval Air Warfare Center, Aircraft Division to Naval Station Newport, RI.

Realign Naval Air Station Jacksonville, FL, by disestablishing the Space Warfare Systems Center Charleston, SC, detachment Jacksonville, FL.

Realign Naval Air Station Pensacola, FL, by relocating the Space Warfare Systems Center Charleston, SC, detachment Pensacola, FL, to Naval Weapons Station Charleston, SC.

Realign Naval Weapons Station Yorktown, VA, by relocating the Space Warfare Systems Center Charleston, SC, detachment Yorktown, VA, to Naval Station Norfolk, VA, and

consolidating it into the new Space Warfare Systems Command Atlantic detachment, Naval Station Norfolk, VA.

Justification: These recommended realignments and consolidations provide for multifunctional and multidisciplinary Centers of Excellence in Maritime C4ISR. This recommendation will also reduce the number of technical facilities engaged in Maritime Sensors, Electronic Warfare, & Electronics and Information Systems RDAT&E from twelve to five. This, in turn, will reduce overlapping infrastructure, increase the efficiency of operations and support an integrated approach to RDAT&E for maritime C4ISR. Another result would also be reduced cycle time for fielding systems to the warfighter.

Payback: The total estimated one-time cost to the Department of Defense to implement this recommendation is $106.1M. The net of all costs and savings to the Department during the implementation period is a savings of $88.6M. Annual recurring savings to the Department after implementation are $38.7M with a payback period expected in 1 year. The net present value of the costs and saving to the Department over 20 years is a savings of $455.1M.

Economic Impact on Communities: Assuming no economic recovery, this recommendation could result in a maximum potential reduction of 74 jobs (28 direct jobs and 46 indirect jobs) over the 2006-2011 period in the Charleston-North Charleston, SC, Metropolitan Statistical Area, which is less than 0.1 percent of economic area employment.

Assuming no economic recovery, this recommendation could result in a maximum potential reduction of 81 jobs (34 direct jobs and 47 indirect jobs) over the 2006-2011 period in Jacksonville, FL, Metropolitan Statistical Area, which is less than 0.1 percent of economic area employment.

Assuming no economic recovery, this recommendation could result in a maximum potential reduction of 78 jobs (34 direct jobs and 44 indirect jobs) over the 2006-2011 period in the Lexington Park, MD, Metropolitan Statistical Area, which 0.2 percent of economic area employment.

Assuming no economic recovery, this recommendation could result in a maximum potential reduction of 286 jobs (127 direct jobs and 159 indirect jobs) over the 2006-2011 period in the Oxnard-Thousand Oaks-Ventura, CA, Metropolitan Statistical Area, which is less than 0.1 percent of economic area employment.

Assuming no economic recovery, this recommendation could result in a maximum potential reduction of 278 jobs (102 direct jobs and 176 indirect jobs) over the 2006-2011 period in the Pensacola-Ferry Pass-Brent, FL, Metropolitan Statistical Area, which is 0.1 percent of economic area employment.

Assuming no economic recovery, this recommendation could result in a maximum potential reduction of 4 jobs (2 direct jobs and 2 indirect jobs) over the 2006-2011 period in the Providence-New Bedford-Fall River, RI-MA, Metropolitan Statistical Area, which is less than 0.1 percent of economic area employment.

Assuming no economic recovery, this recommendation could result in a maximum potential reduction of 88 jobs (44 direct jobs and 44 indirect jobs) over the 2006-2011 period in the San

Diego-Carlsbad-San Marcos, CA, Metropolitan Statistical Area, which is less than 0.1 percent of economic area employment.

Assuming no economic recovery, this recommendation could result in a maximum potential reduction of 211 jobs (87 direct jobs and 124 indirect jobs) over the 2006-2011 period in the Virginia Beach-Norfolk-Newport News, VA-NC, Metropolitan Statistical Area, which is less than 0.1 percent of economic area employment.

Assuming no economic recovery, this recommendation could result in a maximum potential reduction of 302 jobs (172 direct jobs and 130 indirect jobs) over the 2006-2011 period in the Washington-Arlington-Alexandria, DC-VA-MD-WV, Metropolitan Statistical Area, which is less than 0.1 percent of economic area employment.

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

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

Environmental Impact: Naval Undersea Warfare Center, Newport is in serious non-attainment for Ozone (1 hour) and proposed to be in serious non-attainment for Ozone (8 hour). San Diego is in attainment for all Criteria Pollutants. Naval Surface Warfare Center, Dahlgren, VA, is in attainment for all criteria pollutants with the exception of 8 hour and 1 hour O3 and Pb, which are Unclassifiable. Naval Amphibious Base Little Creek, VA, Naval Station Norfolk, VA, and Naval Weapons Station Charleston, SC, are in attainment for all Criteria Pollutants. It is in a proposed non-attainment for Ozone (1 hour). Archeological and historical sites have been identified on Dahlgren that may impact current construction or current operations. Norfolk has potential archeological restrictions to future construction. Threatened and endangered species are present at Newport and have delayed or diverted testing. There is a potential impact regarding the bald eagle at Dahlgren. This recommendation has the potential to impact the hazardous waste and solid waste program at Dahlgren. Newport, Dahlgren, Little Creek, Charleston, Norfolk, and San Diego all discharge to impaired waterways, and groundwater and surface water contamination are reported. This recommendation has no impact on dredging; land use constraints or sensitive resource areas; marine mammals, resources, or sanctuaries; noise; waste management; water resources; or wetlands. This recommendation will require spending approximately $0.1M for waste management and environmental compliance activities. This cost was included in the payback calculation. This recommendation does not otherwise impact the costs of environmental restoration, waste management, and environmental compliance activities. The aggregate environmental impact of all recommended BRAC actions affecting the bases in this recommendation has been reviewed. There are no known environmental impediments to implementation of this recommendation.

(2) COBRA Model Analysis. After a thorough and comprehensive analysis of the COBRA Model inputs, the data and processes used for this BRAC recommendation do not appear to be flawed. The BRAC standard factors for personnel, facilities, and transportation have been correctly applied per BRAC guidance. Personnel positions (civilian) have been

identified and correctly transferred between the two commands. The following costs associated with this proposed consolidation have been identified and addressed per BRAC guidance:

- Civilian locality pay differences
- Civilian reduction-in-force costs
- Per Diem rate differences
- Freight and vehicle costs differences
- MILCON
- Recurring O&M
- Surge capability

The demographic information included in the COBRA Model data files supports the assertion that the gaining command can accommodate the influx of personnel from Naval Air Station Pensacola, FL.

Of note, MILCON funding costs in the amount of $23.283M have been identified in the data, yet specific projects are not addressed. A portion of the consolidation success of this recommendation rests of the 2006 and 2007 MILCON expenditures of $23.283M, of which $3.520M would occur at Naval Weapons Station Charleston, SC. FY06 activities appear to represent necessary actions before the FY07 transfer of 21 civilian personnel from Naval Air Station Pensacola, FL, to Naval Weapons Station Charleston, SC, could occur.

Naval Weapons Station Charleston, SC, has a quantitative military value score of 0.8807, while Naval Air Station Pensacola, FL, has a military value score of 0.8760.

(3) Additional Considerations. To underscore the military value analysis, the following should be considered:

- The consolidation recommendation depends on the completion of MILCON projects. Without a detailed understanding of the MILCON execution schedules it is difficult to determine the feasibility/executabilty in the sequencing of this BRAC proposal. On the surface, it appears the MILCON is sizeable and aggressive to meet the recommendation timelines.

- The COBRA Model and associated BRAC data does not address the operational impacts of communications support for Gulf of Mexico training exercises and support of normal fleet operational endeavors that would be impaired by this recommendation, thereby impacting overall Navy readiness.

- The COBRA Model and associated BRAC data do not address the need for a complicated replication of the SPAWAR Pensacola functions—time sensitive, mission critical warfighter communications and data analysis—during a transition.

- Finally, the network connectivity for the Gulf Coast Region and the Southeast Region may be jeopardized due to the requirement to maintain a portion of the DISA backbone that is unique to the Naval Air Station Pensacola site.

D. Consolidate Defense Finance and Accounting Service

(1) Base Closure and Realignment Report Language. The specific language regarding this recommendation in the *Department of Defense Base Closure and Realignment Report*, May 2005, follows.

Recommendation: Close the Defense Finance and Accounting Service (DFAS) sites at Rock Island, IL; Pensacola Saufley Field, FL; Norfolk Naval Station, VA; Lawton, OK; Pensacola Naval Air Station, FL; Omaha, NE; Dayton, OH; St. Louis, MO; San Antonio, TX; San Diego, CA; Pacific Ford Island, HI; Patuxent River, MD; Limestone, ME; Charleston, SC; Orlando, FL; Rome, NY; Lexington, KY; Kansas City, MO; Seaside, CA; San Bernardino, CA; and Oakland, CA. Relocate and consolidate business, corporate and administrative functions to the Defense Supply Center-Columbus, OH, the Buckley Air Force Base Annex, Denver, CO, or the MG Emmett J. Bean Federal Center, Indianapolis, IN.

Realign DFAS Arlington, VA, by relocating and consolidating business, corporate, and administrative functions to the Defense Supply Center-Columbus, OH, the Buckley Air Force Base Annex, Denver, CO, or the MG Emmett J. Bean Federal Center, Indianapolis, IN. Retain a minimum essential DFAS liaison staff to support the Under Secretary of Defense (Comptroller)/Chief Financial Officer, Military Service Chief Financial Officers, and Congressional requirements.

Realign DFAS Cleveland, OH, by relocating and consolidating business, corporate, and administrative functions to the Defense Supply Center-Columbus, OH, the Buckley Air Force Base Annex, Denver, CO, or the MG Emmett J. Bean Federal Center, Indianapolis, IN. Retain an enclave for the Military Retired and Annuitant Pay Services contract function and government oversight.

Realign DFAS Columbus, OH, by relocating up to 55 percent of the Accounting Operation functions and associated corporate and administrative functions to DFAS Denver, CO, or DFAS Indianapolis, IN, and up to 30 percent of the Commercial Pay function and associated corporate and administrative functions to DFAS Indianapolis, IN, for strategic redundancy.

Realign DFAS Denver, CO, by relocating up to 25 percent of the Accounting Operation functions and associated corporate and administrative functions to DFAS Columbus, OH, or DFAS Indianapolis, IN, and up to 35 percent of the Military Pay function and associated corporate and administrative functions to DFAS Indianapolis, IN, for strategic redundancy.

Realign DFAS Indianapolis, IN, by relocating up to 10 percent of the Accounting Operation functions and associated corporate and administrative functions to DFAS Columbus, OH, or DFAS Denver, CO, and up to 20 percent of the Commercial Pay function and associated corporate and administrative functions to DFAS Columbus, OH, for strategic redundancy.

Justification: This action accomplishes a major facilities reduction and business line mission realignment, transforming the current DFAS organization into an optimum facilities configuration, which includes strategic redundancy to minimize risks associated with man-made or natural disasters/challenges. All three of the gaining sites meet DoD Antiterrorism/Force Protection (AT/FP) Standards. The current number of business line operating locations (26) inhibits the ability of DFAS to reduce unnecessary redundancy and leverage benefits from economies of scale and synergistic efficiencies. Overall excess facility

capacity includes approximately 43 percent or 1,776,000 Gross Square Feet (GSF) in administrative space and 69 percent or 526,000 GSF in warehouse space with many locations lacking adequate threat protection as defined in DoD AT/FP Standards. Finally, the three locations have potential to evolve into separate Business Line Centers of Excellence and further enhance "unit cost" reductions beyond the BRAC facilities/personnel savings aspect.

The three gaining locations were identified through a process that used Capacity Analysis, Military Value, Optimization Modeling, and knowledge of the DFAS organization, and business line mission functions. The Military Value analysis, of 26 business operating locations, ranked the Buckley AF Base Annex, CO, the Defense Supply Center-Columbus, OH, and the MG Emmett J. Bean Federal Center, Indianapolis, IN, as 3, 7, and 9 respectively. The Optimization analysis not only included the factors of available capacity and expansion capability, but also included business line process and business operational considerations in identifying the three-location combination as providing the optimal facilities approach to hosting DFAS business line missions/functions.

Subject matter knowledge of DFAS's three business line missions and its operational components, along with business process review consideration and scenario basing strategy, was used to focus reduction of the 26 locations and identification of the three gaining locations. The scenario basing strategy included reducing the number of locations to the maximum extent possible, while balancing the requirements for an environment meeting DoD Antiterrorism and Force Protection Standards, strategic business line redundancy, are workforce availability, and to include an anchor entity for each business line and thus retain necessary organizational integrity to support DoD customer needs while the DFAS organization relocation is executed.

Payback: The total estimated one-time cost to the Department of Defense to implement this recommendation is $282.1M. The net of all costs and savings to the Department during the implementation period (FY06-FY11) is a savings of $158.1M. Annual recurring savings to the Department after implementation are $120.5M, with an immediate payback expected. The Net Present Value of the costs and savings to the Department over 20 years is a savings of $1,313.8M.

Economic Impact on Communities: Assuming no economic recovery, this recommendation could result in the maximum potential job reductions (direct and indirect) over the 2006-2011 period, as follows:

Region of Influence	Direct Job Reductions	Indirect Job Reductions	Total Job Reductions	% of Economic Area Employment
Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Division	408	308	716	Less Than 0.1
Charleston-North Charleston, SC Metropolitan Statistical Area	368	607	975	0.3
Cleveland-Elyria-Mentor, OH Metropolitan Statistical	1028	847	1875	0.1

Area				
Dayton OH Metropolitan Statistical Area	230	195	425	Less Than 0.1
Kansas City, MO-KS Metropolitan Statistical Area	613	549	1162	Less Than 0.1
Lawton, OK Metropolitan Statistical Area	233	207	440	0.7
Lexington-Fayette, KY Metropolitan Statistical Area	45	27	72	Less Than 0.1
Aroostok County, ME	241	150	391	1.0
Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area	314	435	749	Less Than 0.1
Oakland-Fremont-Hayward, CA Metropolitan Statistical Area	50	41	91	Less Than 0.1
Omaha-Council Bluffs, NE-IA Metropolitan Statistical Area	235	259	494	Less Than 0.1
Orlando, FL Metropolitan Statistical Area	209	205	414	Less Than 0.1
Honolulu, HI Metropolitan Statistical Area	206	199	405	Less Than 0.1
Lexington Park, MD Metropolitan Statistical Area	53	70	123	0.2
Pensacola-Ferry Pass-Brent, FL Metropolitan Statistical Area	637	1100	1737	0.8
Davenport-Moline-Rock Island, IA Metropolitan Statistical Area	235	206	441	0.2
Utica-Rome, NY Metropolitan Statistical Area	291	275	566	0.4
San Antonio, TX Metropolitan Statistical Area	335	367	702	Less Than 0.1
Riverside-San Bernardino-Ontario, CA Metropolitan Statistical Area	120	122	242	Less Than 0.1
San Diego-Carlsbad-San Marcos, CA Metropolitan Statistical Area	240	257	497	Less Than 0.1
Salinas, CA Metropolitan Statistical Area	61	62	123	Less Than 0.1
St Louis, MO-IL Metropolitan Statistical Area	293	318	611	Less Than 0.1

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

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

Environmental Impact: This recommendation has no impact on air quality; cultural, archeological, or tribal resources; dredging; land use constraints or sensitive resource areas; marine mammals, resources, or sanctuaries; noises; threatened and endangered species or critical habitat; waste management; or wetlands. An air conformity analysis may be needed at Buckley AF Base Annex. This recommendation will require spending approximately $0.01M for environmental compliance activities. This cost was included in the payback calculation. This recommendation does not otherwise impact the costs of environmental restoration, waster management, and environmental compliance activities. The aggregate environmental impact of all recommended BRAC actions affecting the bases in the recommendation has been reviewed. There are no known environmental impediments to implementation of this recommendation.

(2) COBRA Model Analysis. After a thorough and comprehensive analysis of the COBRA Model inputs, the data and processes used for this BRAC recommendation do not appear to be flawed. The BRAC standard factors for personnel, facilities, and transportation have been correctly applied per BRAC guidance. Personnel positions (civilian and one military officer) have been identified and correctly transferred among the three major DFAS sites. The following costs associated with this proposed consolidation have been identified and addressed per BRAC guidance:

- Officer BAH differences
- Civilian locality pay differences
- Civilian reduction-in-force costs
- Per Diem rate differences
- Potential unemployment costs
- Freight and vehicle costs differences
- MILCON recurring O&M
- Surge capability

The baseline DoD scenario does not identify any costs to DFAS Pensacola for one-time moving costs, one-time unique costs or activity mission costs. This lack of cost data is addressed with a footnote that states these costs to DFAS Pensacola are below the one-time cost dollar threshold they are using. The lack of inclusion of these costs, even if they are below the established baseline threshold, appears to mask the real one-time cost of the DFAS consolidation.

The demographic information included in the COBRA Model data files supports the assertion that the gaining sites can accommodate the influx of personnel from the Pensacola DFAS sites.

The average military value prior to the proposed optimization was 0.5941 for the 26 locations analyzed. The average military value for the three gaining locations is 0.7141. Specific military values for the Pensacola sites are: 0.8030 (Pensacola Saufley Field) and 0.7200 (Naval Air Station Pensacola). While the military value of the two Pensacola DFAS sites are greater than the average military value of the three gaining locations, other considerations were used to determine the locations of the major consolidation sites. Those considerations included available vacant space, current and surge requirements, the realignment and consolidation of business, corporate and administrative functions, and the elimination of redundancy.

(3) Additional Considerations. To underscore the military value analysis, the following should be considered:

- Any delay of the scheduled 2007 movement of DFAS Saufley will have to be based on operational considerations. COBRA Model footnotes indicate that DFAS Saufley was included as part of the Naval Air Station Pensacola because it is listed as a sub-location of Naval Air Station Pensacola data collection. From a military value/operational standpoint, it should be reconsidered on its own merit

- No risks were considered in the consolidation recommendation. Risk is inherent in any move to consolidate.

- Finally, The DoD baseline DFAS consolidation plan is extremely complex with many planned moves. There is much inherent risk in the plan. Maintaining DFAS Pensacola, and specifically DFAS Saufley, could well serve as a hedge to complexity and associated risk of the consolidation ensuring continued service to its important client base.

VIII. Conclusion

The Department of Defense uses a methodical approach to determine BRAC realignment and closure recommendations. A thorough review by either the Military Departments or the Joint Cross-Service Groups examines the military value, develops appropriate scenarios and evaluates a set of four additional criteria. Finally COBRA, an economic analysis model, is used to calculate the associated recommendation cost and savings to determine a Net Present Value and Payback Period.

With respect to the four proposed Secretary of Defense recommendations to realign, co-locate, and consolidate Naval Air Station Pensacola activities, WBB found that the input data and overall processes used appeared to be in line with BRAC guidance. Specifically, the BRAC standard factors for personnel, facilities, and transportation have been correctly applied per BRAC guidance.

WBB ran two additional alternative scenarios on the COBRA model. .

The first alternative scenario regarding the Navy's Officer Training Command was a simplistic, illustrative excursion that examined realigning all Officer Training Command activities at Naval Air Station Pensacola, FL, rather than Naval Station Newport, RI. No MILCON or command synergies were considered. The BRAC COBRA Model calculated a Net Present Value of -$27.669M with a Payback Period of 2 years as seen in the chart below for this alternative scenario.

COBRA Model Excursion - Naval Air Station Pensacola, FL		
	Baseline DoD Scenario	**Alternative - Consolidate OTC at NAS Pensacola**
Net Present Value 2025	- $9.998M	-$27.669M
Payback Period	4 years	2 years
Issues	Consolidates Navy training per DoN initiative.	Doesn't realize DoN training consolidation initiative. Illustrative, simplistic scenario with no MILCON or command synergizes included
Impact	None.	Greater savings and shorter Payback Period.

The second alternative scenario regarding NETPDTC was an illustrative excursion that examined maintaining NETPDTC at Naval Air Station Pensacola, FL. The BRAC COBRA Model calculated a Net Present Value of -$19.784M with a Payback Period of 7 years as seen in the chart below for this alternative scenario.

COBRA Model Excursion - Naval Air Station Pensacola, FL		
	Baseline DoD Scenario	**Alternative - NETPDTC remains at NAS Pensacola**
Net Present Value 2025	- $14.418M	-$19.784M
Payback Period	10 years	7 years
Issues	Establishes Navy Human Resources Center of Excellence	Doesn't realize Navy Human Resources Center of Excellence initiative.
Impact	None.	Greater savings and shorter Payback Period.

Finally, WBB provided some additional considerations for the Pensacola Bay Area Chamber of Commerce to use in examining the military value associated with the other two proposed BRAC recommendations.

Appendix 1: Alternative Scenario COBRA Model Files

Tab A: COBRA Officer Training Command Alternative Data Files

Tab B: COBRA NETPDTC Alternative Data Files

7 July 2005

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