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**COMMONWEALTH of VIRGINIA**

Office of the Governor

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July 1, 2005

The Honorable Anthony J. Principi  
Chairman, 2005 Defense Base Closure  
and Realignment Commission  
2521 S. Clark Street, Suite 600  
Arlington, VA 22202

Dear Chairman Principi:

Governor Warner asked that I forward the promised information to you concerning Arlington County's proposal on certain elements of leased space in the National Capital Region.

As was indicated during the field hearing on May 27, 2005, we continue to believe the Department of Defense BRAC recommendations substantially deviated from the established criteria. We also believe the recommendations were based on flawed analysis in terms of cost-benefit, as well as impact on military value. The attached excerpts from a recently completed leased space proposal from Arlington County supports these contentions. The complete proposal package will be provided during the hearing next week as some minor adjustments continue to be made by the County. Governor Warner is anxious to keep the commitment made to you to provide a viable proposal and information in advance of the hearing and directed that these key portions be provided today.

Please feel free to contact either me or Mike Schewel at (804) 786-7831 if there are questions in advance of the hearing. If not we will be joined by representatives of Arlington County at the hearing to provide additional information.

Sincerely,

A handwritten signature in cursive script, appearing to read 'George W. Foresman'.  
George Foresman

c: Ron Carlee  
Attachment

**Arlington, Virginia**  
**Section I: Executive Summary**

On May 13<sup>th</sup>, the Department of Defense (DoD) announced the 2005 Base Realignment and Closure (BRAC) recommendations, which include the proposal to transfer over 26,000 personnel nationwide from twelve million square feet of existing leased commercial space onto DoD military installations. With over 23,000 personnel located in Northern Virginia, it is one of the most severely impacted communities during this BRAC round.

As written in legislation, DoD's BRAC recommendations were to be based on eight Selection Criteria. This structure provides for a process by which military value is analyzed by data that has been collected for the past several years, and from which alternative realignment and closure options, "scenarios", are developed, costed and selected.

**The Process Collapsed**

As the current BRAC process progressed, however, the process fell apart in several interconnected ways:

- The scenarios were drafted before data existed, prejudicing all subsequent thinking.
- The Office of the Secretary of Defense (OSD) established three imperatives above and beyond the statutory selection criteria, one of which called for the elimination of all leased space.
- Data was displaced by arbitrary assumptions on leasing and force protection that were, regardless of the facts, heavily biased and often times based on flawed information.

The breakdown in the process is amply demonstrated in the records that DoD released in bulk last month, and found explicitly in the minutes of the two Joint Cross Service Groups, Headquarters and Support Activities and Technical Joint Cross Service Group, (HSA JCSG and TJCSG, respectively). Furthermore, these failures signify a significant deviation from the BRAC Selection Criteria, particularly with regard to leased space and with the extramural research agencies.

The collapse of the structure, therefore, resulted in a defective analysis that in turn prevented DoD from arriving at the best solutions. As one example, while Military Value is the highest priority under the criteria, the TJCSG's own work shows that the status quo provides a higher military value than DoD's recommendation.

**Why The Elimination of Leased Space as a Whole?**

Arlington County does not assert that there should be no movement from leased space. Understanding that current leased space is widely dispersed; inefficiencies and dis-economies of scale certainly exist, while ironically creating greater force survivability. For purposes of collocation, consolidation, synergy and economies of scale, it seems

apparent that some leased space would be appropriate. However, DoD did not attempt to objectively calculate and rank the full range of logical options. The potential negative impact is illustrated in the treatment of the scientific and technology research functions – in agencies that sponsor extramural research that is critical to the current and future readiness of the United States.

Among the Department's recommendations is the shift of "Miscellaneous Department of Navy Leased Locations" from thirteen locations to "DoD owned space in the National Capital Region." However, the recommendation goes on to say that it "is written broadly enough to relocate Navy organizations currently in leased space to **any other leased space in the NCR.**"

This language provides the opportunity to explore the best solutions – solutions that can achieve greater military value through collocation and synergy and lower costs through consolidations. The DoD language above recognizes that leased space can be the best solution despite the preference for DoD owned space. Historically, DoD has clearly found that leased space meets its need for functionality and flexibility. A wholesale rejection of what has worked in the past is unwarranted, unwise, and clearly outside of BRAC criteria.

### **Breaking the Synergy**

The current DoD recommendations will have unintended consequences with regard to the military science and technology agencies, the Defense Research Projects Agency (DARPA), the Office of Naval Research (ONR), the Air Force Office of Scientific Research (AFOSR), the Army Research Office (ARO), and the Homeland Security Advanced Research Projects Agency (HSARPA). If these recommendations are enacted, rather than strengthening national security, they will lead to mission degradation. By DoD's own analysis, moving these agencies would harm mission effectiveness by breaking their synergy with other research organizations such as the National Science Foundation (NSF). At this dangerous time, when the nation is at war, the risk is simply too great to accept.

### **DoD's Aggressive and Inconsistent Cost Analysis**

Finally, the costing of TJCSG's recommendation to collocate the extramural research program managers to a new facility, the Bethesda National Naval Medical Center (NNMC), does not comply with established DoD policy and would result in improperly maintained facilities that would undermine the mission effectiveness of essential warfighting research.

As a result of unrealistically aggressive timelines for design, construction and population of the proposed new facility, the one-time cost of implementing this recommendation is severely underestimated. This inaccurate and inconsistent approach risks a significant negative impact on vital DoD missions and must call into question the assessment of costs and savings on this BRAC round as a whole.

### **Alternatives for Achieving a Higher Military Value at a Lower Cost with Less Disruption**

Arlington County is proposing alternative scenarios not previously considered by DoD, that will simultaneously provide an increase in military value, a reduction in cost, while lessening the potential disruption. These alternatives only address the critical scientific and research functions that we were able to assess in the tight timeframe of the BRAC process.

### **Recommendations**

We urge the Commission to provide sufficient flexibility in formulating its recommendations to ensure that whatever solutions are ultimately selected for functions in leased space, they are solutions that are in the best interests of national security and are solutions that accurately and objectively assess military value, in full compliance with BRAC criteria.

The Secretary of Defense did not have within his BRAC authorities the ability to craft a recommendation that would rely upon community assets and support in order to implement a closure or realignment decision. Arlington County is not similarly constrained. Our proposal brings to bear upon the concerns expressed by the Secretary of Defense regarding assets and capabilities that only a state and local government can offer. We are bringing tools to the table that DoD did not have at their disposal, in or out of BRAC.

The BRAC Commission should reject the DoD Recommendation to "Co-locate the Extramural Research Program Managers" (ONR, AFOSR, DARPA, ARO, HSARPA, and elements of the Defense Threat Reduction Agency [add earlier] to the NNMC Bethesda, which substantially deviates from the BRAC Selection Criteria and decreases the military value of the organizations.

The BRAC Commission should recommend to the President that the DoD co-locate the designated organizations at a secure location within Arlington County, Virginia so as to maintain and not diminish the organizations' military and mission effectiveness for our warfighters.

The BRAC Commission should note the options for co-location in Arlington County offered by the Commonwealth of Virginia and Arlington County, and recommend to the President that no longer than two years from the effective date of the entry into force of the BRAC recommendations, DoD and Arlington County, Virginia agree upon a secure co-location site within Arlington County – drawing upon the options offered by the Commonwealth of Virginia and Arlington County as desired.

The BRAC Commission should recommend to the President that, if DoD and Arlington County do not reach an agreement within the specified time, the original DoD proposal for co-location at NNMC Bethesda would enter into force.

**Section II: Substantial Deviation from Congressional Criteria**

TO BE INSERTED

**Section III: Military Value and Synergy**

TO BE INSERTED

## **SECTION IV: ARLINGTON, VIRGINIA SITE ALTERNATIVES**

Arlington, Virginia challenges the conclusions and recommendations of the Department of Defense relative to the biased evaluation of leased space that substantially deviates from the BRAC criteria in the determination of military value, force protection, and cost savings. Alternatives to the DoD proposals have either been ignored or inadequately considered, especially as they relate to the extramural scientific research agencies: the Defense Advanced Research Agency (DARPA), the Office of Naval Research (ONR), the Air Force Office of Scientific Research (AFOSR), and the Army Office of Research (AOR). These four agencies, along with the research contract functions of the Defense Threat Reduction Agency (DTRA) currently located in Alexandria, VA and Durham, NC, are proposed for relocation to the National Naval Medical Center in Bethesda, MD. The current location of these agencies within two buildings only five blocks apart and proximate to the locations of the National Science Foundation (NSF) and the Department of Homeland Security Advanced Research Projects Agency (HSARPA), as well as the Pentagon, the White House, and Capitol Hill, maximizes military value through proximity, synergy, and the density of private contractors serving the multiple agencies far better than the Bethesda alternative.

The Department of Defense failed to fairly evaluate viable alternatives to the relocation of these agencies that are already effectively co-located. Arlington proposes three alternatives, although several others could also serve as well, all of which accomplish the following because they:

- **maximize military value** by maintaining the current synergies and inter-relationships with each other, NSF and DHS, and the private contractor community, which is heavily concentrated in the Ballston area of Arlington;
- **comply with DoD force protection criteria** (UFC 4-010-01); and
- **are all more cost effective, both short-term and long term, than the NNMC alternative.**

Arlington has undertaken a substantial process to develop, analyze, and rank alternatives to the DoD proposal that would maintain military value, meet force protection requirements, and be cost effective for DoD. These options include a mixture of owned and leased space. The BRAC Commission presents the alternatives that appear to be the "best fit" of the dozen that were analyzed here for consideration. Each of these has been thoroughly analyzed relative to construction costs, accessibility and transit options, environmental considerations, and planning and zoning compliance. **The Arlington alternatives represent very realistic, researched, cost effective options that had not been considered during the DoD analysis in the BRAC process.**

Section I of the Arlington challenge provides details regarding the substantial deviation from the Congressional criteria and intent. It challenges the military value calculation and highlights the significant errors and oversights of the DoD analysis. The Arlington proposal is, however, based on the direct application of the BRAC criteria to each alternative in order to provide an "apples to apples" comparison with the proposed relocation to the NNMC. As such, the COBRA model of evaluating the cost of each alternative is run with no deviation from the DoD input assumptions, even though there

are significant errors and omissions in the assumptions that lead to a substantial overstatement of savings represented by the Bethesda proposal.

### **The Arlington Alternatives**

Arlington, Virginia offers two specific alternatives that were not considered, or were not fairly evaluated, in the preparation of the DOD BRAC recommendation process. The first alternative is to construct a new joint secure facility to be leased or eventually owned by DoD in Ballston, in proximity to the current locations of the scientific research agencies. A second alternative is to co-locate the extramural research agencies on a secure federal facility at Arlington Hall, approximately 1.5 miles away from their current location, in new buildings to be leased or owned by DoD. Arlington's proposals of alternatives have been developed in conjunction with the private sector and the Commonwealth of Virginia and are meant to provide maximum flexibility for DoD through the inclusion of a number of leasing and ownership options.

### **Alternative 1: New Construction in Ballston**

The first alternative presented by Arlington, Virginia is the construction of a new facility for the co-location of the extramural research agencies in Ballston. The new facility would **comply with DoD force protection and security standards for new construction**, the highest standard in the federal government. It would also **maximize military value by allowing the research functions to remain in proximity to NSF and HSARPA** as well as the private contractor community. It would require **minimal disruption of the agencies** and meet the desires of existing staff by remaining in an urban environment. And, it would be **more cost effective to DoD, resulting in savings of \$52 million** in the 2006-2011 period over the NNMC proposal based on a COBRA analysis.

**Military Value:** This alternative would locate the agencies on the current Washington Metropolitan Area Transit Authority (WMATA) Bus Yard Site. The WMATA block is located in Ballston along Wilson Boulevard between North Randolph Street and North Quincy Street. It is approximately one block from Liberty Center I, the current home of ONR, AFOSR, and AOR and about five blocks from DARPA's current location. The National Science Foundation is two blocks away and HSARPA is three blocks further west. The site is an easy three block walk to Metro.

**Force Protection and Anti-terrorism:** A preliminary plan for the site is illustrated in Exhibit X. The new building would be set back from the sidewalk by a minimum distance of 82 feet and is represented by a 485,000 square foot building of 17 stories with a floor plate of 28,500 square feet. The building would be for the sole use of the DoD research agencies. The main entrance would be from a pedestrian walkway extending between Randolph and Quincy Streets. Access to the loading dock would be from Randolph Street and could be fully secured.

A secure garage holding 717 vehicles would be constructed on the east side of Quincy Street in a structure separate from the main building itself. This parking facility will be underground and would incorporate a vehicle screening function. A secure underground walkway could extend from the garage to the building.

This alternative is currently in the planning process for development. A development agreement is in negotiation with WMATA, Arlington County and a private developer who does currently have site control. Arlington County can provide assurances that this proposal meets local development plans and zoning criteria. A site plan submission is expected by the end of 2005 with development scheduled to begin in 2007. The existing bus garage will be relocated in 2007, allowing for occupancy in new construction in late 2009, well within the current window for completion of BRAC moves.

An additional option is to construct a new building for DARPA on the WMATA site and allow the other extramural research agencies to remain at Liberty Center I. The new building would be approximately 285,000 square feet and 10 stories tall.

**Cost Savings:** The Ballston alternative is projected to cost a net of \$115 million or \$3 million less than the NNMC COBRA option. These cost estimates have been prepared by a developer and contractor currently constructing similar buildings in the Arlington market.<sup>1</sup> This alternative assumes that the developer would build and lease back the new building to DoD. State and local contributions would be used to defray a portion of the cost of the project. Detailed pro forma analysis of the construction costs are included in Exhibit X.

The construction of the Ballston alternative could be financed by the Virginia Resources Authority which would provide both construction and long term financing. VRA is rated as an AAA lender and their cost of capital is among the lowest in the market. An analysis of the imputed net lease costs and financing plan is included in Exhibit X.

The COBRA model indicates that this option represents a cost savings of \$158 million over the initial six year BRAC period and a long term (20 year) savings of \$576. This represents savings of more than \$51 million over the Bethesda NNMC option in six years and a 20 year savings of \$4 million. The complete COBRA analysis is included in Exhibit X.

A further option associated with this alternative would permit DoD to own the building after the lease period. The cost of this option is not included in the COBRA analysis, but would be an approach the developer would consider.

**Community Infrastructure and Environmental Considerations:** The site can meet all local planning and zoning provisions in terms of use and density. It is currently shown on the General Land Use Plan for Medium Office-Apartment-Hotel with 2.5 FAR allowable office density. The 2.5 FAR of allowable office development would support the development of a 485,000 office project based on the overall consolidated site area of 218,652 square feet. A local development company has control of the entire site. Project approval is fully within the control of the County Board. The costs of the environmental remediation from the WMATA use and the removal of the existing gas station are included in the site development costs.

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<sup>1</sup> The developer is the John Shooshan Company which constructed Liberty Center I, the building currently occupied by ONR, AFOSR and AOR.

### **Alternative 2: The Arlington Hall Site**

The second alternative site is the current location of the Army National Guard (ANG) and the State Department's National Foreign Affairs Training Center (NFATC). This 78 acre campus is behind a secure federal gate, but has an atmosphere more representative of a campus than a military base or compound. The NFATC accommodates an ever changing cadre of visitors who access the center for training for a few days or weeks at a time. Like the extramural research agencies, the NFATC requires a level of security that not only permits, but welcomes pre-cleared visitors. There are extramural research personnel located in most U.S. embassies, and the NFATC is operated by the Bureau of Diplomatic Security.

**Military Value:** The 485,000 square feet of development needed to house the extramural research agencies could be accommodated on this site in a campus environment. Co-location is not only possible on this site, but several optional approaches of clustering the agencies is feasible as illustrated in Exhibit X. **Agencies could be co-located in a single building or each could have a separate but adjacent facility. All of the benefits of creating an extramural research Center of Excellence can be gained without any loss of synergy with NSF or HSARPA.**

**Force Protection and Anti-terrorism:** The new office space can also be accommodated on the same site, but outside the interior security fence erected around the National Foreign Affairs Training Center, and without intrusion onto the portion of the site occupied by the Army National Guard Headquarters. The proposals for new office development on this site would fully meet the DoD UFC Standards for new construction with setbacks exceeding 148 feet. Figures 2 and 3 illustrate optional locations of future buildings on the Arlington Hall site. The total site area is 3,405,045 square feet or slightly more than 78 acres. The addition of 485,000 square feet of new office space would not overwhelm the campus atmosphere of the Arlington Hall complex.

**Cost Savings:** This alternative is structured similarly to the Ballston alternative as a privately constructed lease-back on public land. The lack of land cost, coupled with state and local contributions, results in reduced construction costs of \$95 million, making the Arlington Hall alternative the lowest cost option.

The Arlington Hall alternative can also be structured as a lease purchase, with the building reverting to federal ownership after the lease period. Additionally, DoD could develop at Arlington Hall the same way proposed at NNMC, using MILCON funding to construct the facility.

The COBRA analysis indicates that the Arlington Hall site developed privately and leased back to DoD represents the most cost effective option, saving some \$165 million during the six year BRAC period and \$598 million over the 20 year cycle. This alternative beats the NNMC proposal by \$58 million over six years and \$25 million over the 20 year period. The complete COBRA analysis is included in Exhibit X.

**Community Infrastructure and Environmental Considerations:** The Arlington Hall site is located along Arlington Boulevard between George Mason Drive and South Oakland Street. It is currently designated on the General Land Use Plan as "Public" and is zoned "S-3A" consistent with current and proposed uses. The

height limit in the zoning category of "S-3A" is 45 feet, which would accommodate 4 story structures as a matter of right. There are no known regulatory, environmental, or infrastructure restrictions that would prevent the development proposed.

### Other Alternatives in Arlington

Arlington, Virginia has served as a resource for DoD for many years and has oriented much of the development in the County around providing DoD with flexible office space to meet its needs and requirements in the past, present and well into the future.

Despite the lack of discussion regarding the inclusion of leased space in the BRAC recommendations, Arlington County remains committed to providing essential community services, infrastructure, and an environment in which the Pentagon, DoD personnel and contractors can thrive. In fact, upon release of the UFC Standards, Arlington County elected officials and staff initiated a process to fully evaluate and develop plans for sites that would meet the new standards and requirements. This was done to enable DoD to continue to take advantage of the existing workforce, contractor and institutional relations, convenience, security and variety that Arlington's unique environment and location have created for and been attractive to DoD personnel over the last 50+ years.

The Arlington County team came up with several potential sites that either met, or could be modified or developed to meet, the new force protection standards. To make sure that all options were considered, the team went further and held extensive meetings with individuals and groups of DoD personnel, area property owners and developers. As a result of these interactions, there were more than a dozen potential installations in Arlington County that were investigated as possible alternatives for DoD personnel. The list of potential installations included some existing DoD property in Arlington County, some existing office locations, some vacant land, some property which was known to be coming available and even sites for which extensive development plans had been formed and/or received preliminary approval. These additional sites also represent cost effective alternatives that meet force protection standards and potentially enhance military value not only for the extramural research agencies, but for other DoD commands as well.

Arlington strongly recommends that the BRAC Commission provide a period of time, perhaps up to two years, for Arlington, DoD and the Commonwealth of Virginia to thoroughly investigate alternatives that might better meet DoD military value, force protection and cost savings objectives. The limited, and possibly flawed analysis undertaken so far makes it premature to eliminate any leased space that does not provide a clear and uncontestable increase in military value from the BRAC process. The leased space could **comply with DoD force protection and security standards for existing buildings**, the highest standard in the federal government. It could also **maximize military value by allowing the research functions to remain in proximity to NSF and HSARPA** as well as the private contractor community. It would require **minimal disruption of the agencies** and meet the desires of existing staff by remaining in an urban environment. And, it could be **more cost effective to DoD, resulting in MILCON savings of \$140 million** over the NNMC proposal. DoD has not addressed all

of the tools and local assistance. There remain valid reasons for maintaining the extramural research agencies in leased space in Ballston.

**Military Value:** The principal argument for maintaining the extramural research agencies at their current locations, or in alternative leased space in the immediate area, is that this maximizes military value. The agencies are already co-located in proximity to the National Science Foundation and the Homeland Security Advanced Projects Agency (HSARPA), the latter two agencies adding additional scientific and military value and synergy that would be absent at Bethesda. The density and proximity of private contractors that provide services to multiple agencies is already in place and could not be replicated at the Bethesda location. Any fair and independent analysis of military value would rank this alternative above the NNMC proposed location.

Inevitably, there are other proposed relocation actions in the DoD recommendations that would not increase military value they were analyzed fairly that should be removed as well as DARPA, ONR, AFOSR and AOR. The BRAC Commission should require a re-evaluation of all leased space relocation proposals.

**Force Protection and Anti-terrorism:** The leaders of ONR and DARPA indicated to the BRAC Commission on Friday, May 20, 2005 that an urban environment with proximate housing, hotels, restaurants and other amenities better meets their mission needs than a location on a secure military base. The need for the extramural research community to come and go readily from their facilities is in conflict with a gated, high security, location. The friction and inefficiencies associated with clearing the many daily visitors decreases the military value of the Bethesda location. Bethesda again measures poorly in that there is no synergy between the research agencies and a hospital use, and that distinguishing and separating research visitors and hospital visitors will be an ongoing security challenge.

The space currently leased by the extramural agencies is fully compliant with the DoD Security Criteria (Unified Facilities Criteria – DoD Minimum Antiterrorism Standards for Buildings). The current UFC Standards permit DoD agencies to remain in leased space for several years, certainly through the terms of their current leases and possibly through an extension period that could last until 2019. The UFC Criteria did consider force protection and cost and found that leased space offered DOD valuable and flexible options throughout the next decade.

For instance, **Liberty Center I, the building housing ONR, AFOSR and AOR, was occupied by these agencies on the day after the BRAC recommendations were released.** Force protection measures were designed into the building in consultation with DoD which spent some \$6.5 million in security and progressive collapse upgrades during the construction of the building. This facility represents one of the most hardened, safe, and secure buildings in the nation. While the minimum standoff distance for new construction as specified in the UFC is not met, like the Pentagon itself, the building is hardened to resist significant blast forces and far exceeds the force protection conditions of many buildings on military bases such as the Washington Navy Yard and the Marine Barracks.

**Cost Savings:** The DARPA building can be hardened to the ultimate secure standard at far less cost than new construction. Hardening the building to this standard is estimated to cost \$XX million. Another option within this alternative is to relocate DARPA to other

leased space in proximity to their current location, in accordance with all setbacks and standoff distances for existing buildings referenced in the UFC, in full compliance with DoD standards, and with virtually no hardening costs.

Arlington officials have worked closely for many years to ensure a good fit of the DoD extramural research agencies into the urban environment and have accommodated several site plan amendments to promote increased security. Arlington has further researched locational and technological solutions to enhanced security that will provide a compliant environment for these agencies on a long-term basis. Using the security technologies being created by the extramural research agencies themselves may be a far more cost effective and more secure approach than standoff distance alone and the massive relocation it engenders.

The COBRA model compares costs for remaining in leased space with an option for new construction on a military base. The challenge presented in Section I cites a number of shortcomings with this analysis, not the least of which is a presumption that all new military construction will be funded with a massive infusion of capital through the MILCON budget - \$140 million in the case of the extramural research agencies. It also presumes that the lease liabilities can be quickly extinguished, even though the U.S. Government must continue to pay for the leases long after DoD leaves the spaces in most cases. Leased space may remain the best and most flexible option if the MILCON capital budget appropriation is lower than projected or if cost overruns occur on other military base construction.

Arlington County is prepared to assist DoD in increasing security through building hardening or in securing a complex of leased buildings that comply with DoD standoff requirements. State and local funds could be used offset some of the costs for the physical expenses associated with increased security.

***Community Infrastructure and Environmental Considerations:*** There would be no consequential community or environmental impacts associated with this alternative.

#### **Notes on the COBRA Analyses**

The Arlington County Alternatives have been analyzed for cost effectiveness using the COBRA analytical model with the assumptions comparing existing leased space and the NNMC unchanged. Inputs were derived for the alternatives matching all of the cost and expenditure parameters included for the baseline sites. The fully detailed COBRA runs and notes are included in Exhibit X. The findings were as follows:

- This is an apples to apples comparison with the COBRA model using NPV;
- **Both Arlington scenarios have an Immediate payback;**
- In the first six years, savings over the NNMC Bethesda model range from **\$51.3 to \$58 million;**
- Over a twenty-year NPV the savings range from **\$4 to \$25.6 million**
- Significant savings on one-time costs equals **\$122 million.**

| COBRA Model Comparison |                             |                     |               |  |                        |
|------------------------|-----------------------------|---------------------|---------------|--|------------------------|
| Scenario               | Payback Time Period (Years) | 20-year NPV Savings | One-Time Cost | Total Net Implementation Savings 2006-2011 | Annual Total Recurring |
| NNMC Bethesda          | 2                           | -573 m              | 153 m         | -107 m                                     | -49 m                  |
| Arlington WMATA        | Immediate                   | -577 m              | 31 m          | -159 m                                     | -44 m                  |
| Arlington Hall         | Immediate                   | -598 m              | 31 m          | -165 m                                     | -45 m                  |

### **Challenges to COBRA Model**

There are a series of inconsistencies in the application of assumptions and inputs in the baseline cases of leased space and the NNMC as follows:

- **Under-estimated Sustainment Costs** – BRAC uses \$1.80 per sq. ft., DOD facility cost factor should be \$3.47 per sq. ft.
- **Over-estimated Recapitalization Costs**- BRAC uses 114 and DoD objectives is 67 years.
- **Lease costs for DARPA are only \$5.6 million a year, yet the BRAC factor is \$38.6 million on an annual basis - it is unclear what is included in the \$38.6 million.**
- **Parking costs in the COBRA model for NNMC are estimated at \$1.5 million and require five acres of surface parking. There does not appear to be sufficient surface space, nearly six acres, to park the cars once the buildings are complete. Structured parking is estimated to cost \$17.8 million or **\$16.3 million more than is included in the assumptions.****

*In trying to research the factors included in the COBRA model it has been difficult to find the out what details have been included. It is our understanding that past BRAC, data was organized in such a way that the public was able to get the analyst notes and comments on what was included in the report. This data is not compiled in a user friendly way. Gathering relevant information has been difficult.*

### **Financial Impact of COBRA Challenges on NNMC - Bethesda**

If the above documented challenges were applied to the NNMC - Bethesda option, they would represent a more accurate picture of the financial impact of this alternative:

- **The payback period would take 6 years not 2 years;**
- **In the first six years, the project would cost an additional \$28 million;**
- **Over a twenty-years, the NPV of the savings reduces to \$120 million or some \$452 million less savings than the DoD recommendation reflects**

### **In Conclusion**

The Arlington alternatives represent very realistic, researched, cost effective options that had not been considered during the DoD analysis in the BRAC process. The BRAC Commission must perform an independent analysis of the calculations of military value and cost savings in a fair and unbiased review of the DoD recommendations. The resulting Commission recommendation should require DoD to thoroughly investigate and negotiate the feasibility and cost of the alternatives presented by Arlington County before any BRAC relocations or realignment of leased space becomes final.

**Section IV: Recommendations  
TO BE INSERTED**

**Section VI: Exhibits  
TO BE INSERTED**