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WESTERN CAUCUS  
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**Congress of the United States**  
**House of Representatives**

August 16, 2005

BRAC COMMISSION

**AUG 22 2005**

Received

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

Dear Chairman Principi:

The President of Arizona State University brought to my attention a proposal outlining the university's desire to assume control of the Air Force Research Lab in Mesa, Arizona. I am forwarding their proposal to you.

Sincerely,

JEFF FLAKE  
Member of Congress

JF:bpc  
Enclosure

**IN-PLACE PRIVATIZATION OF AFRL – MESA**

**A BETTER IDEA**

**For DoD**

**For AFRL**

**For Arizona**

**For Mesa**

**For ASU**

**FOR THE DEDICATED MEN AND WOMEN OF AFRL/MESA**

**29 July 05**

## **Overview**

- History of the Issue
- 2005 BRAC Recommendation
- Military Value Analysis
- AFRL – Mesa Performance
- What’s Changed Since 1995
- ASU Vision for the Future
- Summary Observations
- A Better Idea
- Privatization-in-Place Process
- Comparative Costs
- Advantages
- Conclusions/Recommendation

## History of the Issue

- 1991 BRAC closed Williams AFB
- Recommended moving the Research Facility to Orlando FL
- Facility cost issues in Orlando surfaced
  - DOD/IG suggested the move to Orlando needed further study
- A USAF study looked at nine possible locations
  - Recommended that the lab stay in place at Williams (least cost option)
- Both AZ Senators and Governor strongly endorsed retention at Mesa
- CSAF forwarded the recommendation to the 1995 BRAC
- The Commission redirected the 1991 decision and the lab stayed in place
  - Justification: Non-availability of facilities at Orlando, cost, civilian stand-alone facility, proximity to Luke for research support, present facilities well-suited to function, large secure facility, consistent with community's plans for the property, performance of cooperative combat simulation studies and research through electronic means that did not exist in 1991.

## **2005 BRAC Recommendation**

- Close AFRL – Mesa Research Facility
- Relocate all functions to Wright-Patterson AFB
- Embedded in a more extensive recommendation for labs
  - Sensors Directorate from Hanscom to Wright-Patt
  - Sensors Directorate from Rome to Wright-Patt
  - Information Systems Directorate from Wright-Patt to Hanscom
  - Army Research Labs (Glenn, OH and Langley VA) Vehicle Technologies to Aberdeen
  - (Human Factors Division from Brooks City-Base to Wright-Patt in a separate recommendation)
- Reduce manning from 42 to 36 military and 46 to 21 civilian

## **BRAC Recommendation Justification**

- Aligns and consolidates portions of the Air Force and Army research labs to provide synergy across technical disciplines and functions
- Synergy achieved by consolidating geographically separate units
- Enables technical synergy and positions DOD to exploit a center-of-mass of scientific, technical, and acquisition expertise

## BRAC Recommendation Payback

	One Time Costs	Implementation Period (Costs)/Savings	Annual Recurring Savings	20 Yr NPV
BRAC Recommendation	\$164.4 M	(\$45.0 M)	\$41.1 M	\$357.3 M
Mesa Share	\$2.8 M	\$13.8 M	\$3.9 M	\$65.6M

## What the 2005 DOD Assessment Lacked

- Technical JCSG focused on first of only two guiding principles: “Provide efficiency of operations by consolidating technical facilities to enhance synergy and reduce excess capacity;”
- Ignored the second principle: “Maintain competition of ideas by retaining at least two geographically separated sites, each of which would have similar combination of technologies and functions. This will also provide continuity of operations in the event of unexpected disruption.”

## Military Value (MV) Analysis

- Technical JCSG used same attributes to assess a wide variety of unique technical functions
- Result is an understandably large number of groupings or “bins” (39)
  - Very few like units for comparison
- AFRL-Mesa “competed” in three groups with mixed MV results
  - 8 of 65 units in Human Services Research
  - 86 of 87 units in Human Services Development & Acquisition
  - 48 of 49 units in Human Services Test & Evaluation
- Subjective analysis, based on different weightings in the three groups indicate:
  - Mesa’s relative strengths in people and synergy
  - Mesa’s relative weaknesses in physical environment and operations impact
- Bottom Line: MV did not drive the recommendation to close
- Analysis done without access to many TJCSG questions/answers

## **MV - Mesa's Strong Attributes**

- **People Attribute**
  - Includes metrics such as workforce education, experience, technical certifications, patents
  - Highest weighted attribute for the Research function
- **Synergy Attribute**
  - Metrics included number of multiple functions, joint research, proximity to customers/users/partners, dual-use capabilities
  - This attribute had higher weighting in the Research function than in the Development & Acquisition and Test & Evaluation functions

## **MV – Mesa’s Weak Attributes**

- **Physical Environment Attribute**
  - Metrics included number of special features that could be performed at the site: biomedical, biosafety, chem-bio, human systems, materials, sensors & EW, sea vehicles, space platforms, and weapons
  - Also included environmental constraints by each feature above
  - Weighted in both Devel & Acq and Test & Eval double Research
- **Operations Impact Attribute**
  - Most metrics focused on measures of success such as transitioned technologies, technology demos, rapid responses to warfighter requests, systems fielded
  - Also measured workload focus, future military value (number of funded capabilities), and cost of operations
  - Questions varied slightly for the three functional areas

## **Military Value Summary**

- **Very subjective analysis points to:**
  - Mesa's total capabilities less than many technical sites in the mix
  - Mesa lab performs limited functions (Human Services) very well
  - Weakness in physical environment is tied directly to limited missions
  - Environmental metric has no impact on the Human Services work
  - Mesa has a very talented workforce
  - Mesa scores high in current synergy relative to other sites
- **Again, military value did not force this recommendation**
- **This analysis done without answers to all TJCSG questions**

## **Outstanding AFRL – Mesa Performance**

- 2005 Excellence in Team performance – TSPG
- 2002 DOD Modeling & Simulation Award for Training
- 2000 Scientific/Technical Achievement Team Award
- 2000 Annual DOD Anti-Terrorism/ Force Protection Recognition Award
- 1999 Red River Valley Pilots Association Award

## What's Changed Since 1995

- Increased growth in aviation and business synergy – supporting AFRL – since the Williams Gateway Airport and the Williams Campus were founded in 1994
  - Williams Gateway Airport & East Campus have attracted 35 companies
  - T-38 Avionics Upgrade and Apache Helicopter Maintenance Program
  - 6,200 students from ASU and Maricopa County CC
  - Boeing, LMC, and LINK Lab Support Contractor Teams as well as five other aerospace companies – 175 employees
  - International customers, Air National Guard, Air Combat Command
- AFRL already benefits from the synergy in existence in Mesa
  - Joint activity
  - Difficult-to-reconstitute characteristics

## **Recent Initiatives Building Synergy**

- New \$12M ASU facility to house ASU Applied Psychology/Human Factors Programs in 2006
- A \$5M “Decision Theater” designed to study decision-making in a highly-mediated, immersive visualization environment opened in May 2005
- New 275,000 sf ASU Macro-Technology Works building; purchased a \$120M facility from Motorola for \$30M to house Army Research Lab’s new Flexible Display Center, which ARL funded at \$43.6M for the first five years (option for \$50M more for second five years)
- Many of these technical developments will be of relevance to the Warfighter Training Lab

## **State Position on the Future of AFRL-Mesa**

Arizona and ASU are supportive of keeping the Warfighter Training Research Division in Mesa, Arizona and urge the BRAC Commission to allow the facility to remain in Mesa and to remove it from the BRAC list. In the event, however, that the BRAC Commission concurs with the Department of Defense recommendation to move the lab from its current location, we urge the Commission to consider a creative option that precludes the degradation of the critical training research work. A privatization in place for the lab would allow an enhanced partnership between the lab and Arizona State University and should be explored.

## ASU Vision for the Future

- East Campus received 600 acres of facilities from Williams closure
  - Current
    - 630,327sf
    - 4,000 students
    - 900 beds for on-campus living
  - Future
    - 3.2 million sf
    - 15,000 students within next 10 years
    - 3,400 beds for on-campus living
- ASU research trajectory extremely aggressive
  - Backed by investment from State and private sector
  - Two \$50M grants in the last two years
  - \$175M in externally sponsored research in 2005
  - 2000 research contracts
  - \$180M in research infrastructure in work

## **Some Summary Observations**

- Growth of Williams Gateway Complex has considerable resident synergy: private sector, ASU
- Workload even more associated with fighter mission than in 1995
- Future ASU plans guarantee additional synergy
- Talented workforce must be replaced
  - Indications are that 80% will not move
  - BRAC ROI assumed 75% would move
- All present synergy must be recreated at Wright-Patt
- No consideration given to “competition of ideas” principle
- Is moving the AFRL-Mesa lab a cost we need to bear
- There is a better idea

## **A Better Idea**

- Preserve AFRL-Mesa research capabilities and regional synergy near the warfighter through in-place privatization
  - Retains the independent AFRL-Mesa capacity in place under public or private sector management
    - Current AFRL staff retained as contractor employees
  - AFRL-Mesa remains a USAF contracted agency
  - Permits additional public and industry investments or contributions to expand research and lower USAF costs
    - Includes \$2 million annual contribution from ASU
  - Preserves the strong education and industry synergy for future expansion and ability to test new warfighter training concepts
- Satisfies the Technical JCSG “competition of ideas” principle

## **Privatization in Place Process**

- Convince the USAF and JCSG this is a win-win solution
- Commission affirms closure decision – calls for privatization in its 2005 BRAC Report
- ASU awarded sole-source based on current criteria for a transition period
  - Establish a Local Reuse Authority (LRA) or use the recognized LRA from the 1991 BRAC closure of Williams AFB
  - Determine length of transition period and then compete the function
- Research contract terms negotiated between USAF and ASU
- Property is transferred (or leased) to the LRA and made available to ASU
- On date specified, civilian workforce gets Reduction-in-Force (RIF) notice
- Same date, civilians are hired by the new contractor
- AFRL continues to perform its mission under ASU

## **Property Transfer Authorities**

- Two useful real estate and equipment transfer authorities
  - Long term lease (50 years or more) under 10 USC 2667 to an LRA or to the contractor
    - This authority often used in Enhanced Use Leasing initiatives
    - This option useful if AF desires AT/FP building standards for AFRL
  - Economic Development Conveyance under Section 2905 of the BRAC statute through an LRA (like Williams Gateway Airport Authority)
    - Title or lease transfer is to the contractor entity
- NOTE: There is no OSD requirement for defense contractors to function in facilities built to AT/FP standards
  - FY 08 program includes AT/FP upgrade to AFRL – Mesa buildings
  - Potential additional cost savings

## Privatization-in-Place Successes

- **Air Force Metrology Center -- Newark AFB (OH):** '93 Commission concluded that "the workload can either be contracted out or privatized in place" – property was transferred to the local Port Authority and leased to AF contractors – 95% of the contractor employees were former AF civilians (saving Local 940 high tech jobs) – AF saved \$300 million in relocation costs
- **Naval Air Warfare Center – Indianapolis (IN):** City took its privatization-in-place proposal to the '95 Commission, and the Commission "strongly urge(d) the Navy to allow privatization of these assets" – Hughes Technical Services (now Raytheon) was selected as contractor – property & equipment transferred to city – 1,970 former Navy employees (of 2,175 applicants) hired by Hughes
- **Navy Surface Warfare Center – Lexington (KY):** '95 Commission recommended closure, but called for "transfer (of) workload, equipment, and facilities to the private sector or local jurisdiction if the private sector can accommodate the workload" – property transferred to Louisville-Jefferson County LRA and in turn leased to United Defense L.P. and Raytheon – preserved 820 local jobs and saved relocation costs to the Navy

## **What ASU Brings to the Proposal**

- ASU's contracting, financial management, and facilities management experience
- ASU would propose to keep current lab leadership
- Invest \$2 million/year in the lab's research mission
- Help expand knowledge capital
- Expand the mission of the lab through collaborative warfighter training missions at Luke AFB and the Goldwater Range
- Ability to leverage additional federal funding **stream beyond DOD**

## Comparative Costs

	One Time Costs	Implementation Period Savings	Annual Recurring Savings	20 Yr NPV
Mesa Share - BRAC Recommendation	\$2.8 M	\$13.8 M	\$3.9 M	\$65.6 M
Privatization	0	\$32.6 M	\$3.15 M	\$76.2 M

- Increased savings primarily due to savings in MILCON
- Saves \$3.15M in annual recurring costs
- \$76.2M NPV over 20 years
- Does leave AF personnel in place
- Does not consider contract cost of AF research
- Does not address the manpower reduction issue
- Does not include ASU's commitment to \$2M/year in the lab's research mission

## Summary of Advantages

- Cost savings
- Retention of intellectual capital
- Satisfies “competition of ideas” principle
- Synergy of current customers and partners
- Expansion of future research opportunities
- No disruption of research activities
- Proximity to fighter base
- Contribution of ASU to the proposal
- “Marriage” with ASU yields greater productivity
- Facilities that match the mission

## Conclusions/Recommendation

- **Conclusions - Privatization in Place:**
  - Saves money
  - Allows for growth in current synergy
  - Keeps a valuable workforce
  - Ensures research continuity
  - Allows for cooperation with nearby fighter base
  - Satisfies “competition of ideas” principle
- **Recommendation:** Close AFRL – Mesa. Transfer mission, workload, equipment, and facilities to a local jurisdiction (LRA), and make available to ASU for a period of five years. AF and ASU negotiate a contract to perform AF research.