

CALIFORNIA

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BRAC Regional Hearing

Monterey Conference Facility
One Portola Plaza
Monterey, CA

California (100 minutes)

Agenda (as of August 3, 2005)

I Video Statements (15 minutes)

Introduced by Mr. Jim Molinari, State Director, Senator Dianne Feinstein
-The Honorable Senator Dianne Feinstein
-The Honorable Barbara Boxer

II State Panel (10 minutes)

-The Honorable Arnold Schwarzenegger Governor of California (or his
designee)
-The Honorable Leon Panetta, Co-Chair California Council of Base
Support and Retention

III Monterey Installations (45 minutes)

Naval Postgraduate School and Defense Language Institute

Community Based Organizations

City of Monterey

Panel Presenters

-The Honorable Leon Panetta
-The Honorable Sam Farr, Member of Congress
-Mr. Fred Meurer, City Manager, City of Monterey

IV Navy Broadway Complex (30 minutes)

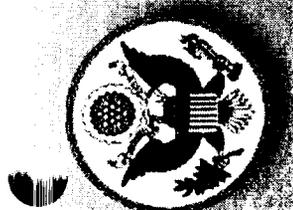
Community Based Organization

San Diego Regional Economic Development Corporation

Panel Presenters

-Julie Meier Wright, CEO, San Diego Regional Economic Development
Corporation
-Peter Hall, President, Centre City Development Corporation





Defense Base Closure & Realignment Commission

DA: 5107



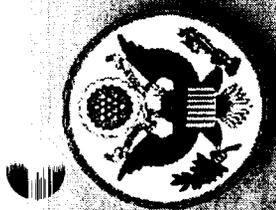
2. Navy Broadway Complex San Diego, CA

Action under Consideration

Close Navy Broadway Complex, San Diego, CA

Relocate Navy activities into excess administrative space on more secure Navy installations in San Diego





2. Navy Broadway Complex⁰⁷ San Diego, CA

Close:

- Navy Broadway Complex San Diego, CA (approx. 14 acres located in downtown San Diego adjacent to the waterfront)

Gain at:

- Naval Station San Diego, CA

Requirements:

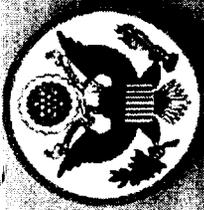
- None

Associated DoD Recommendations:

- None



EXIT

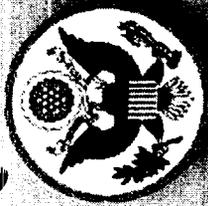


2. Navy Broadway Complex⁰⁷ San Diego, CA

Reasons for Consideration:

- Eliminates excess space and property.
- Enhances security and operational readiness.
- Collocates Navy "Support" Command With Navy Operational customers/users.
- Produces potential economic benefits for DoD and community.
- If accepted, the Commission will be able to consider the relocation of the activities at the Navy Broadway Complex.





2. Navy Broadway Complex₀₇ San Diego, CA

INSTALLATION

TABLE OF PERSONNEL CHANGES

INSTALLATION	OUT		IN		ELIM.		NET GAIN/(LOSS)		CONT.	TOTAL DIRECT
	MIL	CIV	MIL	CIV	MIL	CIV	MIL	CIV		
Navy Broadway Complex San Diego, CA	142	827	0	0	0	0	(142)	(827)	(50)	(1,019)





2. Navy Broadway Complex⁰⁷

San Diego, CA

COBRA DATA

One Time Cost	TBD*
Net Implementation Cost	TBD*
Annual Recurring (Savings)	TBD*
Payback Period/Year	TBD*
Net Present Value at 2025	TBD*





Staff Analysis

DCN-5107

ISSUE	DoD POSITION	COMMUNITY POSITION	R&A STAFF FINDINGS
Availability of space or land for Relocating activities (Criterion 2)	None	TBD	JCSG capacity analysis identified 400,000 SF in excess office space at Naval Station San Diego
Potential DoD costs and savings (Criteria 4 and 5)	None	TBD	Potential reductions in operating and sustainment costs
Benefit to community (Criteria 6, 7, and 8)	None	TBD	Jobs retained in San Diego No known adverse environmental issues



EXIT



2. Navy Broadway Complex⁰⁷ San Diego, CA

DoD Response:

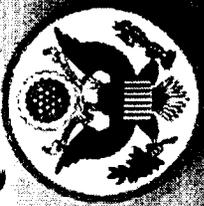
- All activities/functions located at Broadway Complex evaluated by Navy or one of the Joint Cross-Service Groups
- Navy BRAC analysis did not develop a recommendation regarding the future of Broadway because none of the activities were identified for relocation.
- Disposition of Broadway Complex better addressed outside than BRAC process

GAO Comment:

- None



EXIT



Defense Base Closure & Realignment Commission

NI-5107

2. Navy Broadway Complex San Diego, CA

Action under Consideration

Close Navy Broadway Complex, San Diego, CA
Relocate Navy activities into excess administrative space on more secure Navy installations in San Diego





INSTALLATIONS RECOMMENDED FOR ADDITION TO THE SECDEF LIST

RECOMMENDED INSTALLATION:

Naval Postgraduate School (NPS), CA
Air Force Institute of Technology (AFIT), Ohio
Defense Language Institute, Monterey, CA

RATIONALE FOR RECOMMENDATION:

This recommendation will consolidate the Professional Development Education (PDE) currently provided by the Air Force Institute of Technology (AFIT), the Naval Postgraduate School (NPGS), and the Army's Defense Language Institute (DLI). This recommendation will provide significant savings and efficiencies to the Department of Defense by (1) eliminating duplicate masters program courses, (2) reducing infrastructure and operating support requirements, and (3) consolidating command and instructional staff. The consolidation will also enhance the military value of DOD facilities in the Monterey California area.

ASSOCIATED DOD RECOMMENDATIONS:

DOD did not recommend any changes to its PDE programs, although several scenarios were developed and analyzed. The most far-reaching of these scenarios (which was removed from the DOD list only days before finalization) recommended the elimination of all postgraduate education courses from the NPS curriculum and reliance on public universities/colleges for these education needs.

RELEVANT COST DATA:

COBRA data for consolidation of the NPGS and AFIT programs shows a savings of only \$29 million in the period FY 06-11. We do not know what additional savings would result for the inclusion of DLI in the consolidation. However, we believe the data used by DOD in its analysis has caused a serious understatement of savings. For example,

- Data provided by the Air Force projected a 71% increase in student throughput for the analysis period;
- MILCON costs for the consolidation far exceed the guidance shown in the DOD Facilities Pricing Guide; and,
- Only 53 civilian and no military personnel spaces were eliminated by the analysis.

DID DOD EXPLORE THIS SCENARIO?

Scenario E&T-0022 recommended the consolidation of AFIT and NPGS courses. However, the scenario did not include DLI despite its close proximity to NPGS. The IEC eliminated E&T-0022 from further consideration in January 2005 and devoted its attention to another scenario that proposed the complete privatization of all post-graduate education.

On May 2, 2005, the Navy in an Executive session of the IEC, recommended that all education scenarios be withdrawn from the BRAC process because "...education is a core competency of the Department and relying on the private sector to fulfill that requirement is too risky."

OTHER FACTORS:

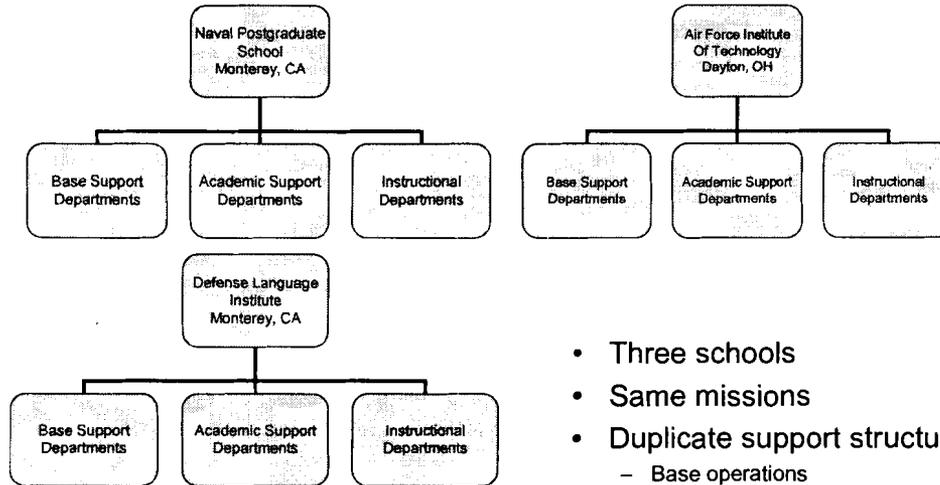
This recommendation only affects the Graduate Education requirements of the services. It does not affect the

- Army War College
- Naval War College
- Air University
- Command and General Staff College
- National War College

This recommendation combines parts of several scenarios explored by DOD. The idea is to establish a Joint Center of Excellence for postgraduate education in Monterey California (see attached chart). This center would consolidate AFIT, NPS, and DLI courses at the facilities currently operated by the Navy and DLI. Establishing such a Center is in keeping with DOD's emphasis on creating maximum military synergy. Significant savings would be achieved through:

- Establishing a single BOS structure for the Center. This would result in significant savings through the elimination of support personnel at PGS/DLI and AFIT.
- Combining core curriculum courses that are now taught at both the PGS and AFIT. This would allow a reduction in staff positions and significant cost savings.
- Additional savings would be realized through reduced instructional development costs.

Current Situation

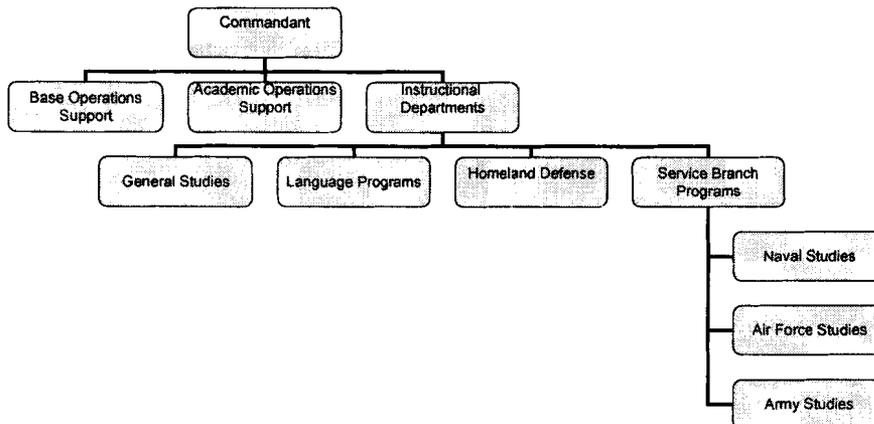


- Three schools
- Same missions
- Duplicate support structures
 - Base operations
 - Record keeping
 - Instructor staffs

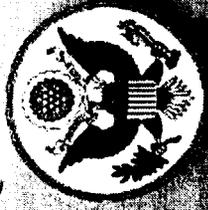
PROPOSAL

University for National Defense Studies Monterey, California

PROPOSAL: Establish a single center for postgraduate and language instruction with shared support.







Defense Base Closure & Realignement Commission

NI: 5107

11. Professional Development Education

Action under Consideration:
Realign Naval Postgraduate School, CA; Realign Air
Force Institute of Technology, OH; Realign Defense
Language Institute, CA.





11. Professional Development Education

Realize:

- Naval Postgraduate School CA
- Air Force Institute of Technology OH
- Defense Language Institute CA

Gain at:

- University for National Defense Studies, CA

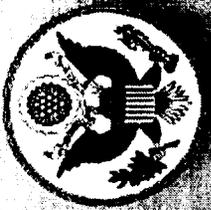
Requirements:

- New military construction of a general purpose instructional building, physical fitness center, and child care facility

Associated DoD Recommendations:

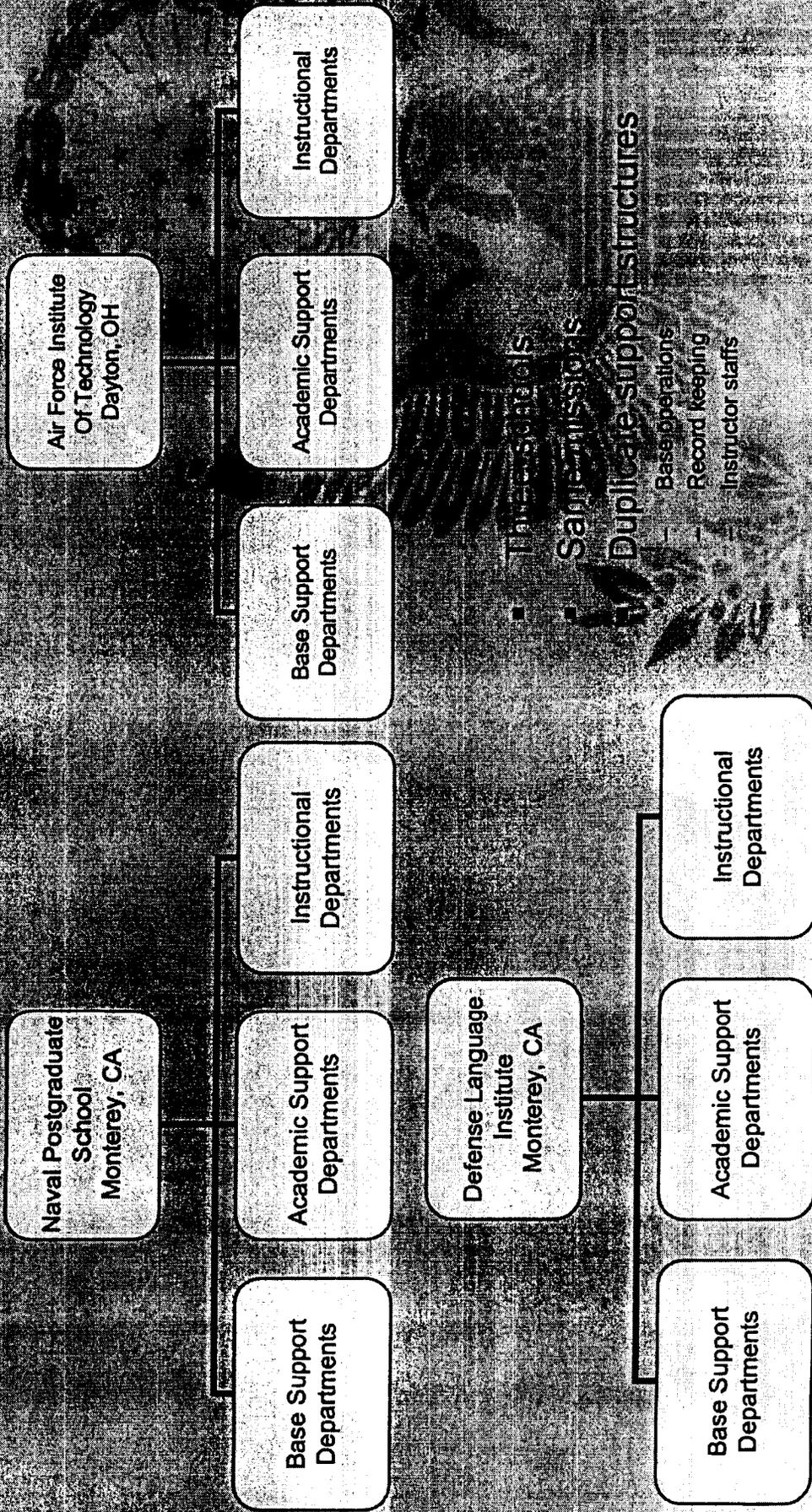
- None





Current Situation

DCN: 5107



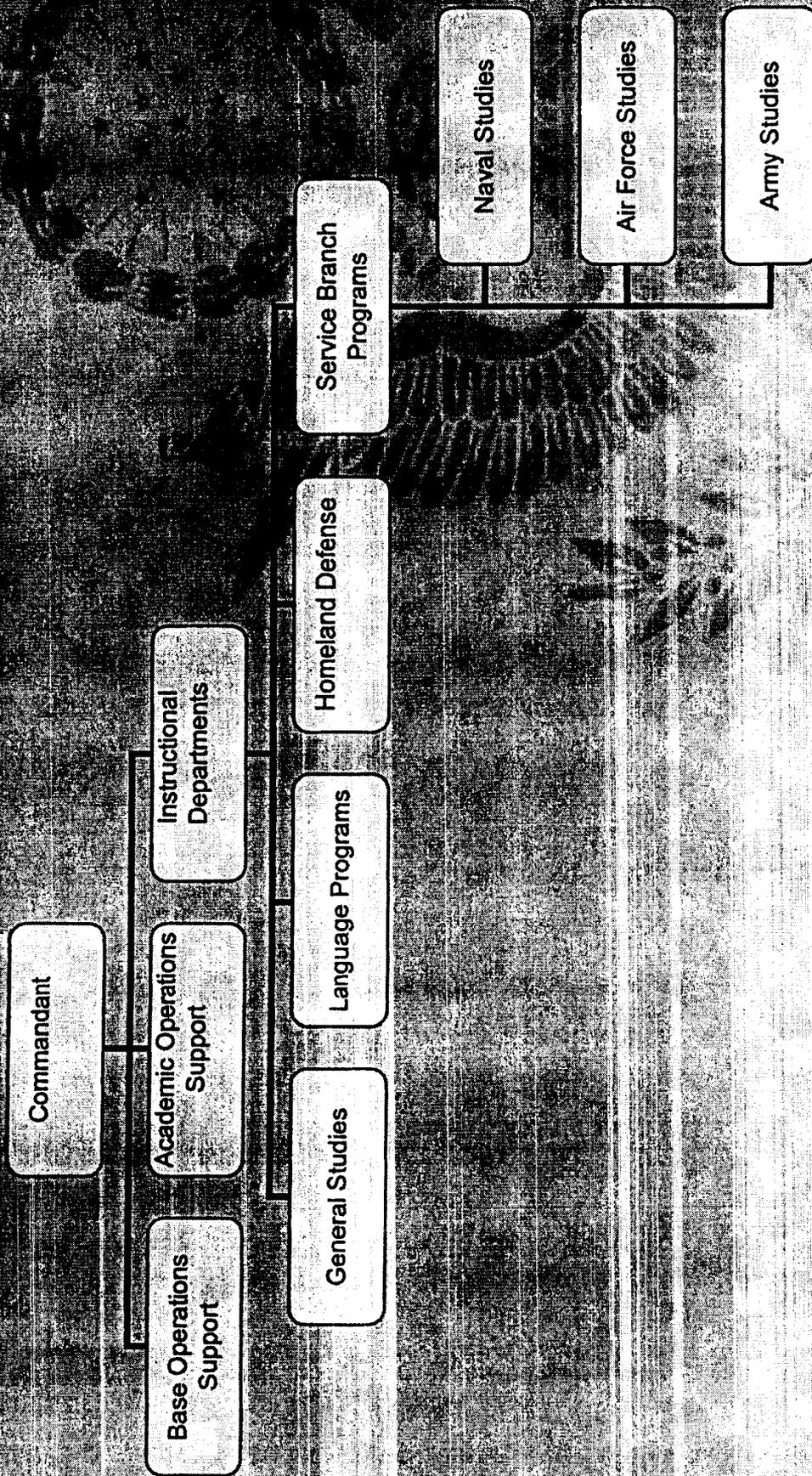
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- Home icon
- Left arrow
- Right arrow
- Up arrow
- Down arrow
- Refresh icon
- EXIT button

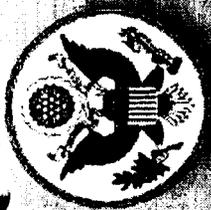


DCN: 5107

Consideration: University for National Defense Studies



EXIT



11. Professional Development Education

Reasons for Consideration:

- Provides significant cost savings
- Reduces educational infrastructure.
- Eliminates operational redundancies.
- Consolidates command and instructional staff.
- Enhances military value
- Promotes jointness in postgraduate education
- Allows staff to perform in depth analysis
- If this action is voted on today, it will provide for the realignment of the Air Force Institute of Technology, Defense Language Institute and the Navy Postgraduate School.



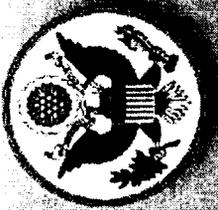
EXIT



11. Professional Development Education

INSTALLATION	TABLE OF PERSONNEL CHANGES									
	OUT		IN		ELIM.		NET GAIN/(LOSS)		CONT.	TOTAL DIRECT
	MIL	CIV	MIL	CIV	MIL	CIV	MIL	CIV		
Air Force Institute of Technology, OH	150	121	0	0	0	0	(150)	(121)	0	(271)

■ Note the student population realigned is estimated to be approximately 1,097.



11. Professional Development Education

COBRA DATA

One Time Cost	\$62.7 M
Net Implementation Cost	\$29.6 M
Annual Recurring (Savings)	(\$5.9 M)
Payback Period/Year	11 years
Net Present Value at 2025	(\$24.1 M)



EXIT



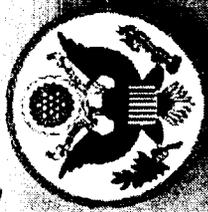
Staff Analysis

DCN: 5107

ISSUE	DoD POSITION	COMMUNITY POSITION	R&A STAFF FINDINGS
Land available for expansion at the Naval Postgraduate School.	NPS has only 16 unrestricted acres for development. This might impact construction.	TBD	TBD
Availability of TRICARE participating physicians in the Monterey area.	Most local providers do not accept TRICARE payments. Increasing the student load will magnify this long-standing problem.	TBD	TBD
Personnel and management savings achieved through a consolidation of the schools, and the cost payback period.	TBD	TBD	Cost factors included in the DOD analysis may significantly understate the savings.
Base operating support savings.	The Army's Defense Language Institute already relies on Monterey County to provide municipal services. Executive Agent concerns have precluded expansion of the county's services to cover the Navy school.	The community has demonstrated savings of over 40% for municipal services using demonstration projects with the army and Navy since 1995.	TBD



EXIT



11. Professional Development Education

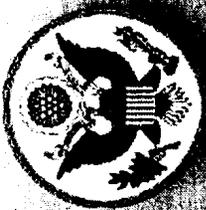
DoD Response:

- Consolidation of the Naval Postgraduate School and Air Force Institute of Technology was considered but did not include the Defense Language Institute.
- Maintaining graduate education is a core competency of the Department

GAO Comment:

- GAO, in its recent report, noted that DOD, at the last minute eliminated from its list a recommendation to privatize all of its postgraduate educational needs.





Defense Base Closure & Realignment Commission

DA: 5107

11. Professional Development Education

Action under Consideration

Realign Naval Postgraduate School, CA; Realign Air Force Institute of Technology, OH; Realign Defense Language Institute, CA



EXIT

ALASKA

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- C. STATE CLOSURE INFORMATION**



ALASKA

30 Minutes

**MONTEREY, CALIFORNIA – BRAC REGIONAL HEARING
AUGUST 8, 2005**

SCHEDULE OF WITNESSES

Written Statement

For inclusion in the Record

Senator Ted Stevens

Galena FOL

?? Minutes

Mr Marvin Yoder
Galena City Manager

?? Minutes

Dean Westlake
??



THAD COCHRAN, MISSISSIPPI, CHAIRMAN

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United States Senate

COMMITTEE ON APPROPRIATIONS

WASHINGTON, DC 20510-6025

<http://appropriations.senate.gov>

J. KEITH KENNEDY, STAFF DIRECTOR
TERRENCE F. SALVAIN, MINORITY STAFF DIRECTOR

Base Realignment and Closure Commission, Regional Hearing Monterey, California

Statement of The Honorable Ted Stevens
August 8, 2005

Commissioners: Galena Forward Operating Location has served our nation well. During the Cold War, Galena served as an alert base for F-15 fighter aircraft. This was an essential mission to meet the threat of Soviet bombers. Like so many other installations in Alaska, Galena became a victim of the post-Cold War drawdown. In 1993, the Air Force turned over responsibility for operating and maintaining the base to contractor personnel. At that time, all military personnel were withdrawn from Galena and the Air Force facilities reverted to caretaker status.

Since the drawdown, contractor personnel have continued to maintain Galena's runway and selected facilities which serve as a weather and alternate emergency base and for support of periodic alert exercises. Over the years, however, the current Galena mission has been diminished due to changes in operational climate and evolving military technologies. This diminished role was made clear in the Defense Department's response to the Commission's July 1st letter, when the North American Aerospace Defense Command (NORAD) and the U.S. Northern Command (USNORTHCOM) indicated removing the mission from Galena would not create unacceptable risk. In addition, it is evident the planned basing of F/A-22 aircraft in Alaska in 2008 will further degrade Galena's mission with the fielding of an aircraft that reduces response times to potential U.S. airspace intrusion.

While I appreciate and understand the questions raised by the Commission concerning Galena, we must not forget the installation is located in a very small community. I remain committed to the Galena community and fear the potential economic impact that could result from terminating the requirement for and discontinuing contracted caretaker operations at the Galena Airport. If the Commission determines removing the mission from Galena is in the Nation's best interest, we must work together to limit the community impact and ensure essential services are provided for.

I thank the Commission for your time and consideration. You have a difficult task. It is not an enviable one. Please do not hesitate to contact me if I can be of any assistance. I continue to look forward to working with the Commission and the Air Force on base realignment and closure recommendations important to the state of Alaska.

This statement is accurate and complete to the best of my knowledge and belief, so help me God.

Cordially,

A handwritten signature in black ink that reads "Ted Stevens". The signature is written in a cursive, flowing style.

TED STEVENS
Chairman
Committee on Appropriations
Subcommittee on Defense



DRAFT

BASE VISIT REPORT

Galena Airport Forward Operating Location, AK

July 29, 2005

LEAD COMMISSIONER:

Mr. Phillip Coyle

ACCOMPANYING COMMISSIONERS:

Mr. James Bilbray

COMMISSION STAFF:

Craig Hall, Senior Analyst, Review and Analysis
Justin Breitschopf, Associate Analyst, Air Force Team
Robert McCreary, Assistant Director, Communications

LIST OF ATTENDEES:

Military Officials

Col Joe Skaja, Commander, 611th Air Support Group
Col Joe Torres, Chief of Staff, Alaskan Air Command
Mr. Randy Wamke, 611th Air Support Group

Community representatives

First Chief Peter Captain, Louden Tribal Chief
Dean Westlake, Louden Tribal Administrator
Mr. Sydney Huntington, Louden Tribal Elder
Russ Sweetser, Mayor of Galena
Marvin Yoder, Galena City Manager
Jim Smith, Superintendent, Galena City School District
John Mackinnon, Deputy Commissioner, Alaska Department of Transportation

BASE'S PRESENT MISSION:

Galena airport serves as a Forward Operating Location for air intercept aircraft to respond to intrusions to U.S. airspace. The aircraft are permanently based at Elmendorf Air Force Base, AK. The aircraft are sent "forward" to operate out of Galena when an increased alert posture is declared by the North American Air Defense Command (NORAD).

SECRETARY OF DEFENSE RECOMMENDATION:

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N/A

SECRETARY OF DEFENSE JUSTIFICATION:

N/A

MAIN FACILITIES REVIEWED:

- Combat Alert Center
- Dormitories
- Dining Facility
- Base water and steam plants
- Runway
- Utilidours
- Storage/Office Buildings used by other State and Federal Tenants

KEY ISSUES IDENTIFIED

Use of Galena Combat Alert Center and Airfield

- The Combat Alert Center (CAC) capacity at Galena is 4 aircraft, but there are permanent parking areas for a total of 8 aircraft.
- Aircraft are deployed forward to Galena and King Salmon frequently (about every year or so), but they do not actually conduct intercept missions frequently—the last was in August 2003. That was the only one in the last 10 years. (Who reported this data?)
- There is an environmental remediation program in place at Galena that should not be impacted by a Galena closure.
- The Commission was provided a list of planned improvements to Galena, which total over \$33.9 million. All of these projects are not currently funded, they're programmed.
- The Galena airport runway can currently support aircraft as large as a C-5, with some restrictions. If Galena closes, its current runway may be converted by the State to an unpaved runway and will not be suitable for Air Force jet aircraft. (Who said this?)
- Galena airport provides for an alternate landing location for aircraft based at Elmendorf and Eielson. However, there are work-arounds depending on the specific situation, if Galena were to close, e.g. refueling of aircraft to get it back to Elmendorf or Eielson, or commercial airports. The airfield at Ft. Greely is also being looked at as an alternate landing site.
- The Air Force currently operates the heating (steam) and water plants which also heats and provides water to the school buildings. Other arrangements with the city or state would need to be made if Galena FOL were to close.

Impact of Galena Closure on NORAD Air Defense Mission.

- When aircraft are sent "forward", they are usually sent to both King Salmon and Galena. They are normally sent to King Salmon first, due to its location and southerly approaches of Russian aircraft. Whereas, Galena covers northern portions of U.S. airspace.

DRAFT

- If Galena FOL was to close and the mission was supported at Eielson AFB, it would mean that intercept aircraft would need to launch 35 minutes sooner and with an additional tanker sortie. Better intelligence also provides more lead time for launching an intercept mission. Also, basing more aircraft out of King Salmon would help to further reduce this risk.
- The Air Force wants to increase joint military engagements and exercises with the Russian military. U.S-Russian joint air defense exercises are being discussed, where Russian aircraft operate out of the U.S. and U.S aircraft operate out of Russia. Russian military officials currently observe Cope Thunder exercises at Eielson, but they do not participate.
- The F/A22s which will be based at Elmendorf AFB beginning in FY08 have not been formally designated for the air intercept/defense mission.

Galena FOL Contract

- The contract to maintain Galena is a 7-year contract with annual renewals. There are four (option) years remaining on the existing contract. The contract for FY2006 was recently awarded. The contract does not require a termination fee; the contract can simply not be renewed at the end of a year. However, terminating the contract to operate Galena FOL may drive up the cost to operate King Salmon FOL (as they are maintained by the same company).
- There is also some flexibility in the contract to devote work to other areas that emerge during the contract period, e.g. work in support of closing Galena FOL. There may also be other costs in shutting down Galena such as transferring of equipment.

Condition of Eielson Combat Alert Center

- The CAC at Eielson is used infrequently for alert missions, but it is used for other purposes, such as A-10 aircraft maintenance and by fire department, and is in good operating condition. The Eielson CAC will also be used in the near future for a joint US/Canadian exercise.
- Eielson's CAC will offer some advantages over the CAC at Galena, some of the living areas are more modern, although it will require some improvements. It is thought that it may need in the range of \$5-15 million in improvements, such as communications upgrades, but officials at Elmendorf in conjunction with PACAF would provide a better estimate to the Commission. The CAC is also situated better at Eielson, since Eielson is a large AFB as opposed to a small civil use airport, e.g. access to munitions. Also, the air traffic at Eielson is controlled by an air traffic control tower, where Galena is not.
- It would be more efficient to operate out of Eielson, since the Air Force has to pay to operate the infrastructure in addition to the CAC at Galena. At Eielson, the infrastructure is already maintained for other purposes (i.e. efficiencies would be gained).
- Both Galena and Eielson CACs were built during the same timeframe (late 1950's).

INSTALLATION CONCERNS RAISED

- None

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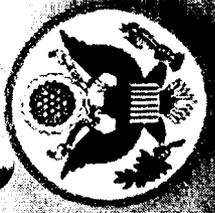
COMMUNITY CONCERNS RAISED:

- Galena, because of its location, is better suited as an FOL than Eielson. Galena is the only airport in Alaska capable of sending aircraft to the Russian border and back without aerial refueling.
- If Galena FOL closes and the runway is no longer paved, it can not be used an emergency or alternate landing site. There are no other suitable sites within reasonable distance.
- Galena is considering installing a small nuclear power plant. This would cut Air Force utility costs in half.
- The Air Force leases buildings to the Galena school district for boarding schools (approximately 85 students from 45 communities.) The schools pay the Air Force about \$250, 000 a year for utilities. The school district also operates post-secondary and adult training courses at the schools on the airport (65 students). Currently, these schools also provide for 47 jobs. The city will need to work with the State, other federal agencies and the Tribal Government to mitigate the impact of a Galena FOL closure on the schools.
- Several other federal agencies operate out of the airport and would be impacted by closure of the Galena FOL. These agencies are US Fish & Wildlife, Federal Aviation Administration, Bureau of Land Management, US Army Corps of Engineers, US Coast Guard and Department of Commerce. State Agencies (State Troopers, Department of Transportation, and Alaska Fish and Game) also operate at the airport and would be impacted.
- The AK/DOT pays about \$440, 000 year to operate Galena. According to an AK Department of Transportation official, Galena airport would continue to operate for commercial traffic if the Air force closed the FOL, although the runway would no longer be paved.
- The existing environmental clean-up program at Galena must be able to run its course over the next 3 years or more.
- The State of Alaska owns the land at Galena airport and leases it to other users. Given the number of different users (State and Federal agencies) transferring improvements could be complicated. The community is concerned about the timing of the implementation or transition process, if Galena FOL were to close. The community would desire a gradual or phased transition process so redevelopment could take place in stages.
- The community feels that the State will help offset the increased costs to the local community associated with closing Galena FOL, but no agreements are currently in place.
- The Community estimates that 100 jobs will be lost or about one third of the total work force, if the Galena FOL were to close.
- The Louden tribal leader is concerned about the economic impact and the impact on schools, if Galena FOL were to close. There are six Native Alaskan villages around Galena that could be negatively impacted.

REQUESTS FOR STAFF AS A RESULT OF VISIT:

- None





Defense Base Closure & Realignment Commission

W: 5107

9. Galena Airport Forward Operating Location (FOL), AK

Action under Consideration:
Close Galena Airport, FOL, AK



EXIT



9. Galena Forward Operating Location, AK

Close:

- Galena Airport Forward Operating Location, AK

Requirements:

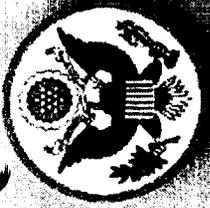
- None

Associated DoD Recommendations:

- AF-6: Realign Eielson, AFB, AK



EXIT



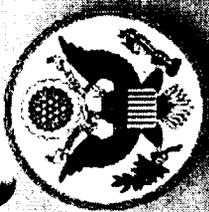
9. Galena Forward Operating Location, AK

Reasons for Consideration:

- Galena is used as a Forward Operating Location (FOL) when threat level is increased
- Requirement was established when threat level was higher— requirement may no longer be valid in today's security environment
- Mission may be accomplished from Eielson AFB, AK w/ acceptable risk
- F/A-22 aircraft are planned for Alaska



EXIT



9. Galena Airport

DCN: 5107

Forward Operating Location, AK

INSTALLATION

TABLE OF PERSONNEL CHANGES

	OUT		IN		NET GAIN/(LOSS)	CONT.	TOTAL DIRECT
	MIL	CIV	MIL	CIV			
Galena FOL, AK	0	0	0	0	0	(40)	0

▪ \$33.9 million in planned improvements (FY06-FY07)





9. Galena Airport

DCN: 5107

Forward Operating Location, AK

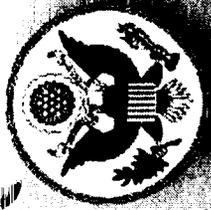
COBRA DATA

No Certified Data Set for COBRA

One Time Cost	TBD
Net Implementation Cost	TBD
Annual Recurring (Savings)	(\$11.3 M)
Payback Period/Year	Immediate
Net Present Value at 2025	TBD



EXIT

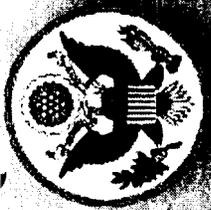


Staff Analysis

DCN: 5107

ISSUE	DoD POSITION	COMMUNITY POSITION	R&A STAFF FINDINGS
Forward Operating Location Requirement (criteria #3)	No operational impact in closing Galena	None	Requirement may be met from Eielson AFB.
Alternate Landing site (criteria #1)	TBD	None	Requirement may be met from reopened airfield at Ft. Greely, AK.
Economic Impact (criteria #6)	TBD	TBD	2.2 percent

Navigation controls: Home, Left Arrow, Right Arrow, Up Arrow, Down Arrow, U, EXIT



9. Galena Airport Forward Operating Location, AK

DCN: 5107

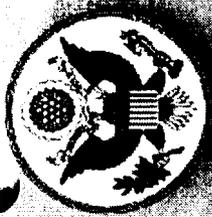
DoD Response:

- Closing the Galena FOL, AK and moving its missions to Eielson AFB, AK "will not create unacceptable risk to North American Aerospace Defense Command (NORAD)/US Northern Command (USNORTHCOM) mission accomplishment."

GAO Comment:

- None





Defense Base Closure & Realignment Commission

DA: 5107

9. Galena Airport Forward Operating Location (FOL) Galena, AK

Action under Consideration:

Close Galena Airport, FOL



COLORADO

TABLE OF CONTENTS

- A. SCHEDULE OF WITNESSES**
- B. INSTALLATION CONTENTS - DEFENSE FINANCE AND ACCOUNTING SERVICE,
BUCKLEY ANNEX, CO**
 - i. Base Summary Sheet
 - ii. DoD Recommendation - R&A Adds Consideration
 - iii. Commission Base Visit
 - iv. Additional Background Information
- C. STATE CLOSURE INFORMATION**



COLORADO

60 Minutes

**MONTEREY, CALIFORNIA – BRAC REGIONAL HEARING
AUGUST 8, 2005**

SCHEDULE OF WITNESSES

Opening Remarks

10 Minutes

Senator Wayne Allard

10 Minutes

Senator Ken Salazar

6 Minutes

Ms. Rosemary Rodriguez
President, Denver City Council

DFAS Presentation

24 Minutes

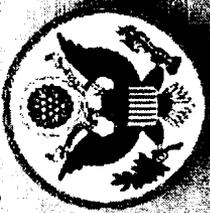
Mr. Joseph Blake
Denver Chamber of Commerce

Closing Remarks

10 Minutes

Governor Bill Owens
State of Colorado





Defense Base Closure & AN: 5107 Realignment Commission

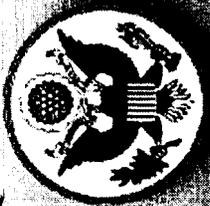
10. Defense Finance and Accounting Service

Action under Consideration

Close or realign DFAS Denver, CO. Close or realign
DFAS Columbus, OH. Close or realign DFAS
Indianapolis, IN.



EXIT



10. Defense Finance and Accounting Service

IC: 5107

Closeout/Realign:

- DFAS Denver, CO
- DFAS Columbus, OH
- DFAS Indianapolis, IN

Gain at:

- DFAS Installation at Base Xs

Requirements:

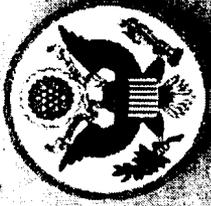
- None at this time.

Associated DoD Recommendation:

- H&SA-18: Realign the Defense Finance and Accounting Service.



EXIT



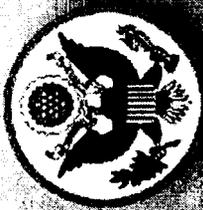
10. Defense Finance and Accounting Service

DAI: 5107

Reasons for Consideration:

- Reviews DFAS military value criteria
- Increases the use of existing infrastructure
- Increases personnel cost savings and lowers operating costs
- Minimizes economic impact on certain sites
- Eliminates excess capacity and consolidates business line operations
- Allows for staff to perform in depth analysis
- If the Commission votes to approve this action under consideration three additional DFAS installations will be added for review





10. Defense Finance and Accounting Service

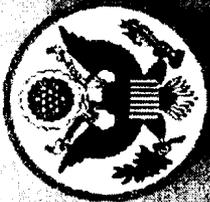
5107

INSTALLATION

TABLE OF PERSONNEL CHANGES

	CURRENT		DOD PROPOSAL NET GAIN		DOD PROPOSAL FINAL	
	MIL	CIV	MIL	CIV	MIL	CIV
DFAS Denver, CO	41	1,314	13	73	54	1,387
DFAS Columbus, OH	0	1,999	66	1,224	66	3,223
DFAS Indianapolis, IN	57	2,288	92	2,848	149	5,136





10. Defense Finance and Accounting Service

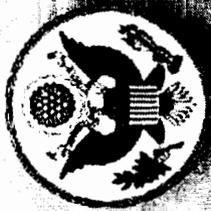
DAI: 5107

COBRA DATA

One Time Cost	TBD
Net Implementation Cost	TBD
Annual Recurring Costs/Savings	TBD
Payback Period/Year	TBD
Net Present Value at 2025	TBD



EXIT

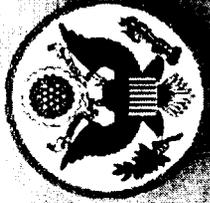


Staff Analysis

DCN: 5107

ISSUE	DoD POSITION	COMMUNITY POSITION	R&A STAFF FINDINGS
Comprehensive review.	Not needed. Chose best value solution	TBD	Ability to perform independent analysis.
Reduce renovation costs and need for additional lease space. (Criteria 4)	Best value solution	TBD	Choosing additional sites with low operating costs will provide DFAS savings.
Reduce over all personnel costs. (Criteria 4)	Best value solution	TBD	Chose sites with lower locality pay thus reducing personnel costs. A major portion of DFAS' budget.
Economic Impact. (Criteria 6)	Not considered in Optimization Model	TBD	Possibility of retaining sites with severe economic impacts.





10. Defense Finance and Accounting Service

GAO: 5107

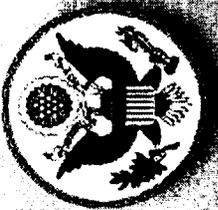
DoD Response

- Optimization Model used to develop Best Value solution
- DFAS recommendation does not include costs for new construction only, reallocation and rehabilitation

GAO Comment

- None





Defense Base Closure & Realignment Commission

DAI: 5107

10 Defense Finance and Accounting Services

Action under Consideration:
Close or realign DFAS Denver, CO. Close or realign
DFAS Columbus, OH. Close or realign DFAS
Indianapolis, IN.







Your Financial
Partner @ Work

DFAS BRAC Commission Update

Marshal R. Gimpel
Site Director, Denver

Agenda

- DFAS at a glance
- DFAS customer service matrix and organization
- DFAS success stories
- DFAS Denver information
- The road ahead





DFAS at a glance -- The big picture

- Mr. Zack E. Gaddy's priorities:
 - ✓ Take care of our customers
 - ✓ Improve our operations to become world-class in all we do
 - ✓ Deliver the best value that excites our customers & motivates our employees

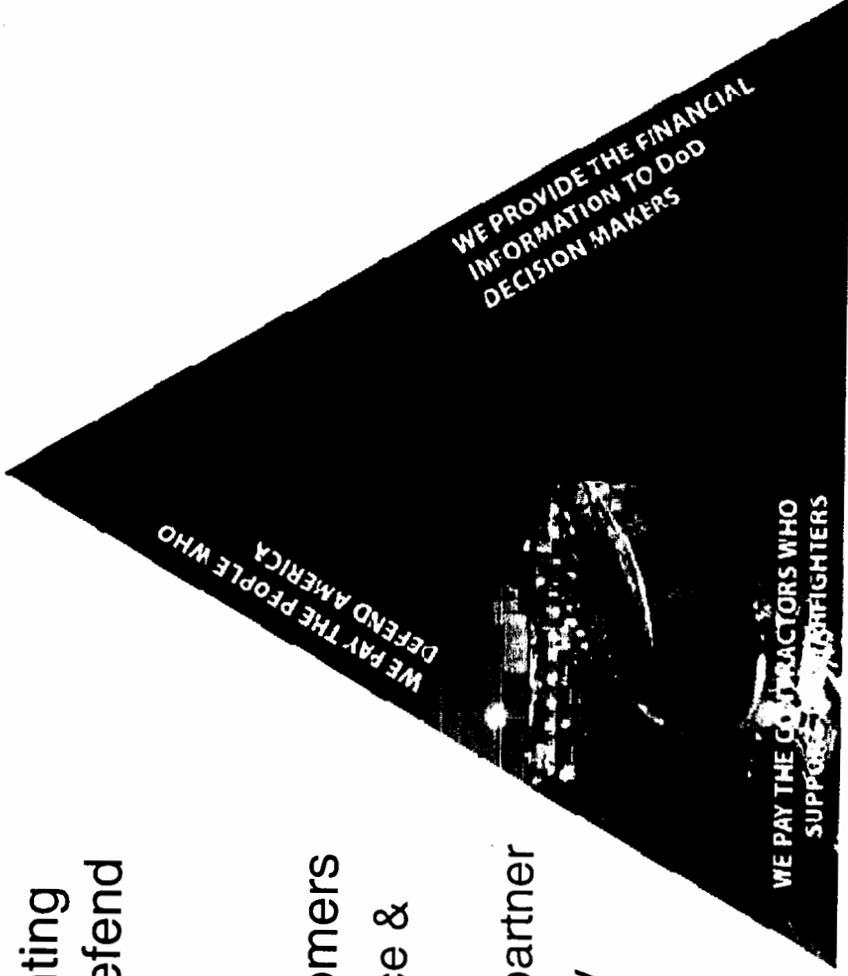
"These are exciting times for DFAS as we continue to transform & assert our role as the finance & accounting leader in the Department of Defense & ultimately in the federal government. NOW is the time for us to make a difference. I know I can count on you."



DFAS at a glance -- Our mission, vision & values



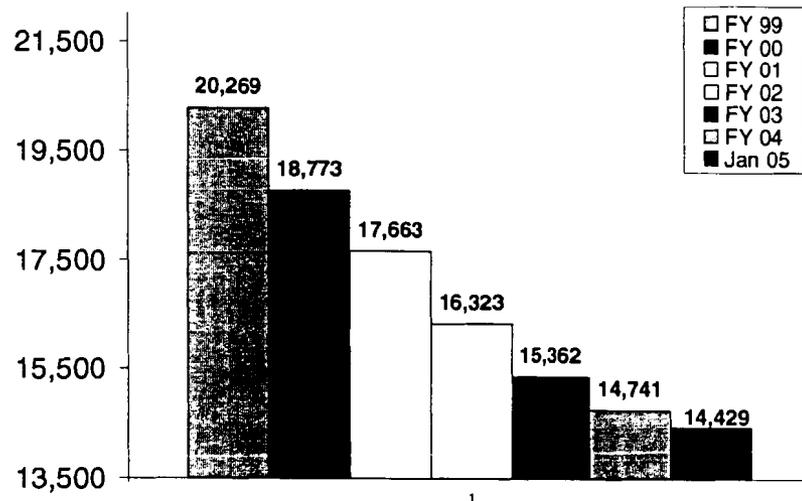
- **Mission:** Provide responsive, professional finance & accounting services for the people who defend America
- **Vision:** Best value to our customers
 - ✓ World-class provider of finance & accounting services
 - ✓ Trusted, innovative financial partner
 - ✓ One organization, one identity
 - ✓ Employer of choice, providing a progressive & professional work environment
- **Values:** Integrity, Service, Innovation



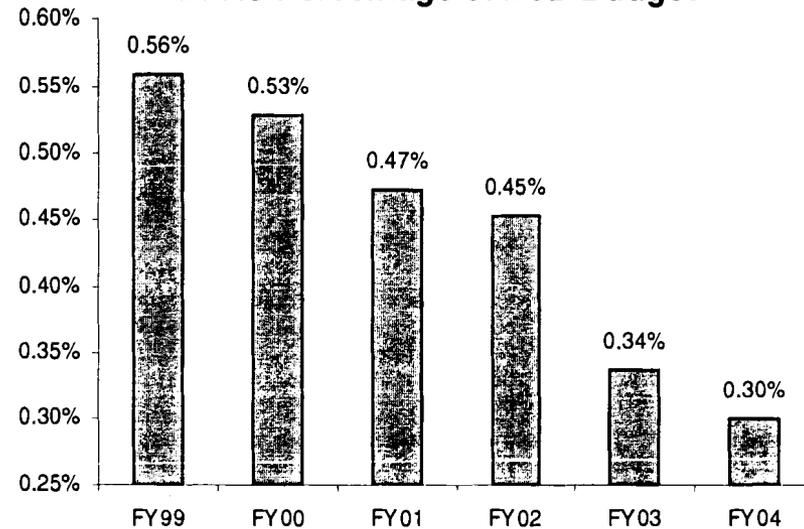
DFAS at a glance -- The state of DFAS today



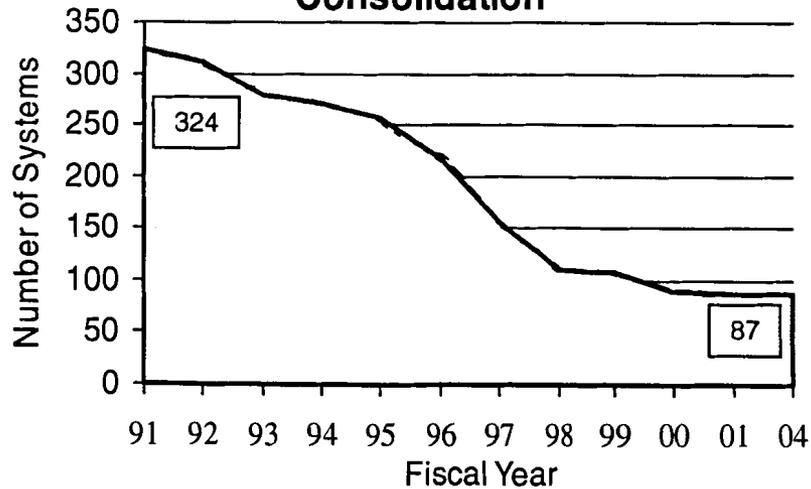
Total Work Force



DFAS Percentage of DoD Budget



Financial Management System Consolidation



Demographics



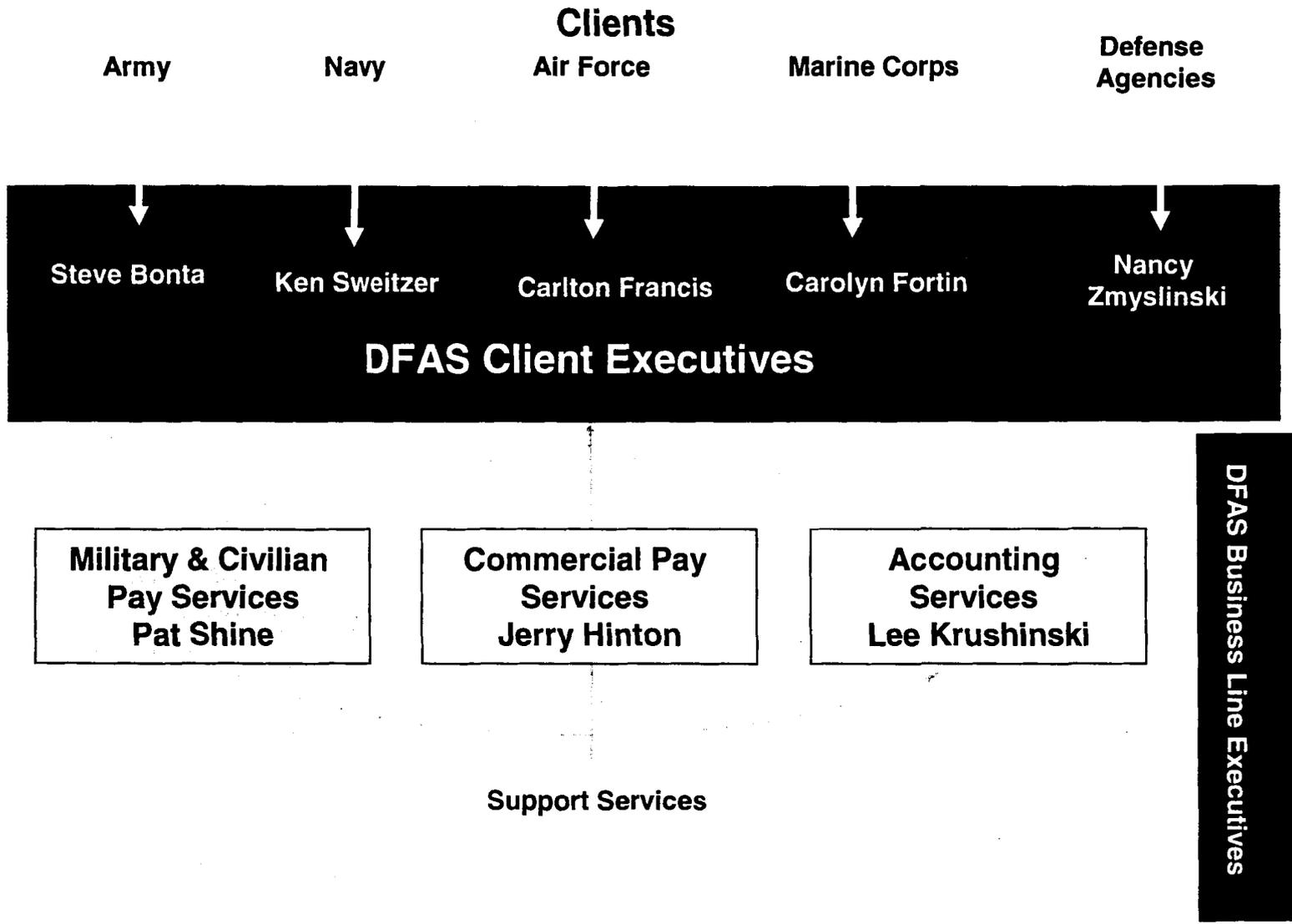
DFAS at a glance - Magnitude of annual operations



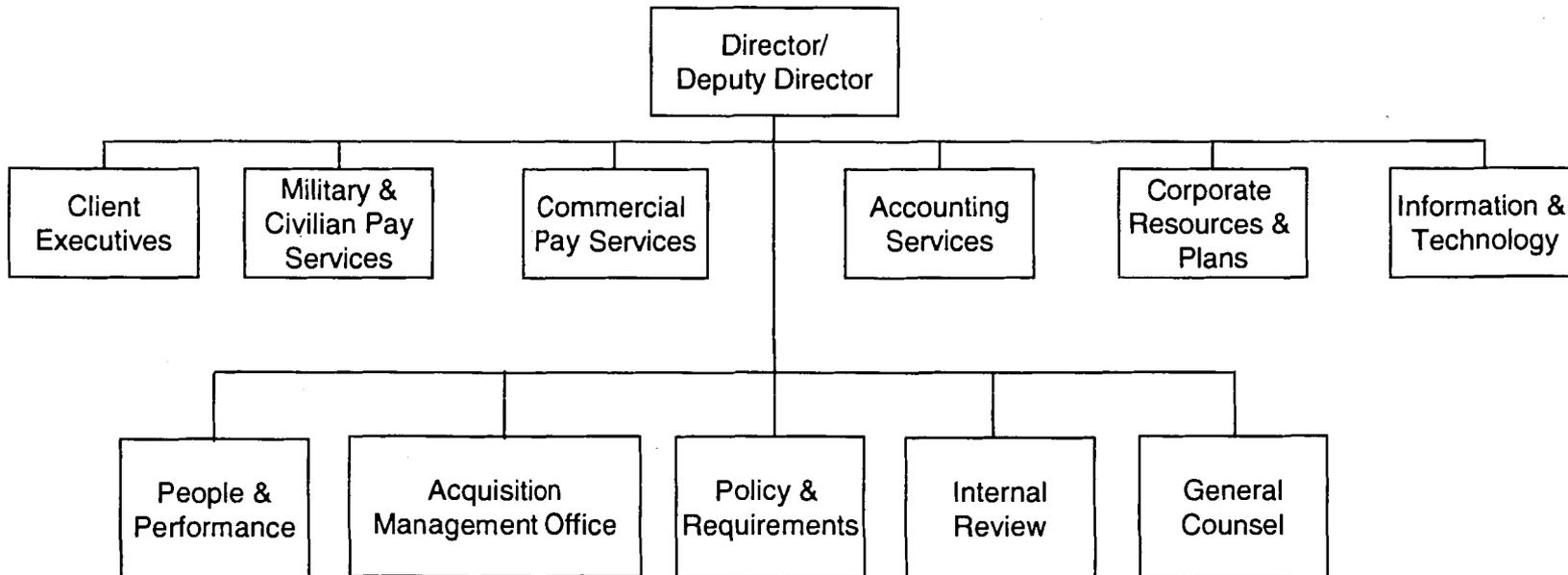
- Process 104M pay transactions to 5.9M military, civilians, retirees and annuitants
- Make 6.9M travel payments
- Pay 12.6M commercial invoices
- Process 127.3M general ledger postings
- Manage military and health benefits funds (\$234B)
- Make an average of \$455B in disbursements to pay recipients
- Manage \$13.5B in foreign military sales (reimbursed by foreign governments)
- Account for 282 active DoD appropriations

It's about the customer!

Customer Service Matrix

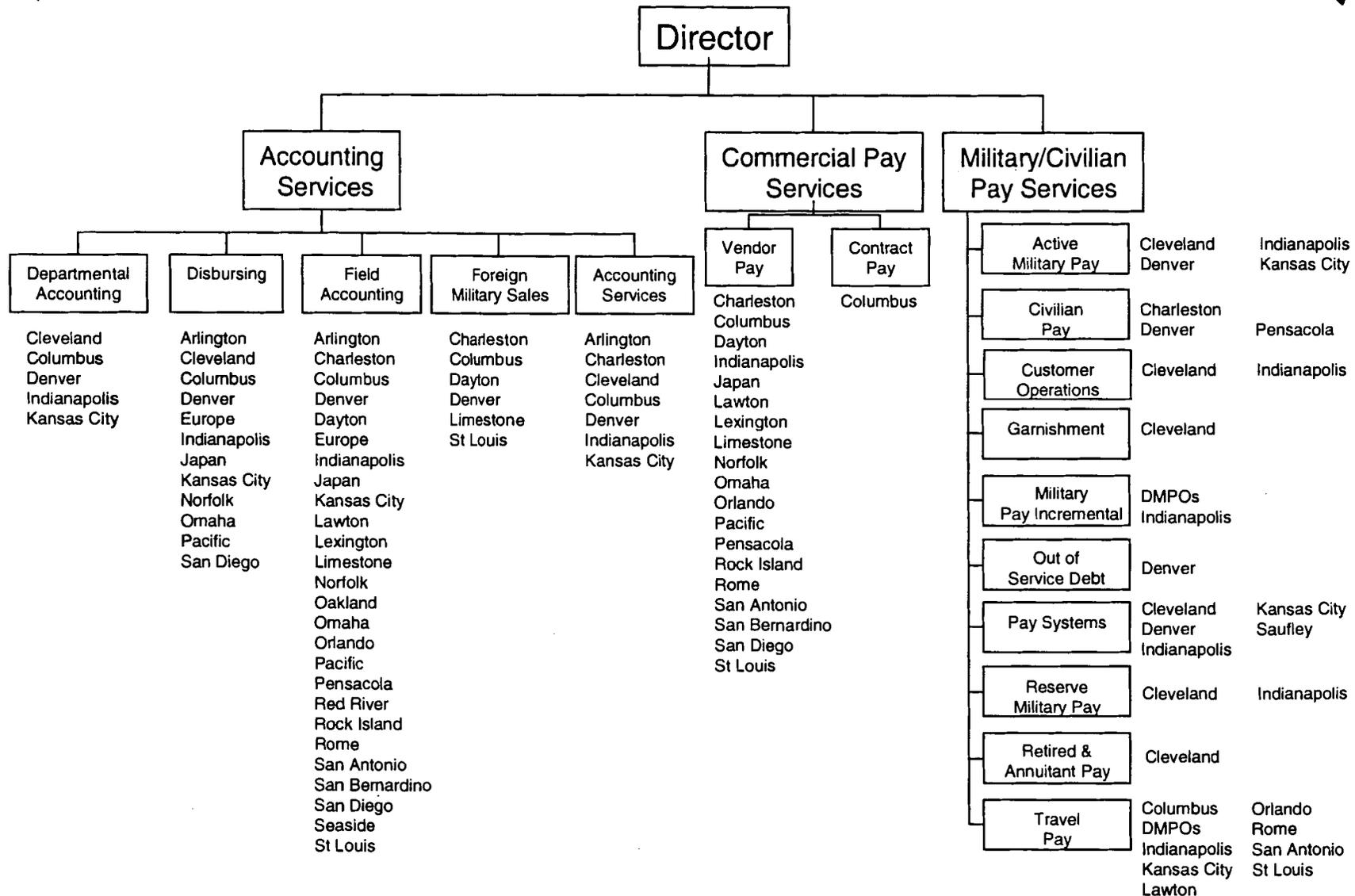


DFAS Organization



As of Feb. 28, 2005

DFAS Product Line/Locations



DFAS success stories



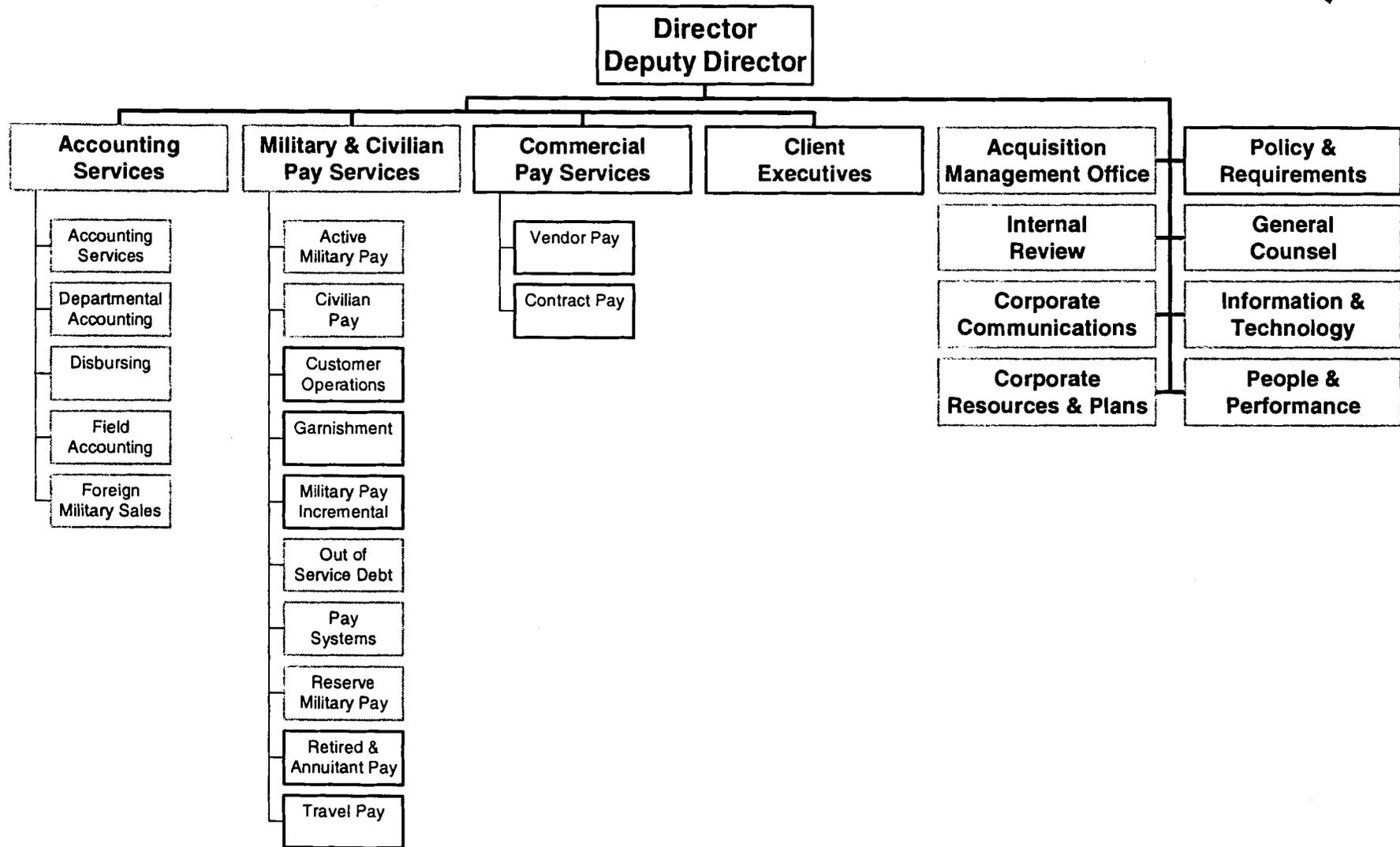
- Earned a 5th consecutive “unqualified opinion” and assisted five clients to achieve clean opinions of their own
- Reduced time to publish year-end financial statements from 80 to 45 days and reduced quarterly reports to 21 days from 45
- Reduced interest per million disbursed by 20% since July 2003
- Returned 5.19% on the \$195B Military Retirement Fund & 2.43% on \$39B Medicare-Eligible Retiree Health Care Fund
- Exceeded our FY 04 goal for NULOs by finishing \$76M below our \$171M goal
- Reduced total Unmatched Disbursements over 120 days from \$134M in FY 03 to \$23M in FY 04
- Fielded the Deployable Disbursing System to 39 deployed Army sites to automate transactions, improve internal controls & accelerate posting of financial transactions

DFAS success stories



- Launched Reserve Center of Excellence
- Won national honors for innovation and excellence for myPay while expanding its customer base to 3.1M
- Earned worldwide recognition as one of the world's 10 best government intranets according to the Nielsen Norman Group
- Won the Security Assistance Accounting A-76 competition
- Achieved 100% security certification and accreditation of all essential DFAS financial management systems
- Consolidating USAF field accounting databases
- Beginning the roll out of Forward Compatible Pay to replace the existing 30-year-old military pay system

DFAS Organizations at Denver



Note: Business Lines and Product Lines highlighted in yellow are specific to DFAS Denver.

EFAS Denver Customers and Success Stories - Air Force Accounting



- Primary customers include Department of Defense Comptroller, Air Force, Air National Guard, Air Force Reserve, United States Transportation Command and several Defense Agencies
- Air Force Accounting Services success stories
 - ✓ Consolidated Air Force field accounting
 - San Bernardino & Orlando into Dayton in July 2004
 - San Antonio into Limestone in October 2004
 - Omaha into Dayton in May 2005
 - Subsequent mergers under analysis
 - ✓ Benefits Include
 - Leverages/disseminates smart business practices
 - Reduces/eliminates redundant processes
 - Reduces systems management requirements/operating costs
 - Reduces workyear requirements
 - Provides more consistent customer response



- Air Force Accounting Services success stories (continued)
 - ✓ Security Assistance Accounting A-76 Competition
 - Completed public/private competition under Office of Management and Budget Circular A-76 in August 2004
 - Submitted winning bid, beating Deloitte Consulting by \$4 million
 - ✓ DFAS most efficient organization (MEO) initiated - February 2005
Accomplishing work within required cost and performance parameters
 - ✓ Primary customers include DoD Comptroller, Defense Agencies, Military Services and over two hundred Foreign Countries and International Organizations

DFAS Denver Customers and Success Stories - People Pay



- Air Force Active Military Pay
 - ✓ Customers – pay nearly 389,000 active duty Air Force members worldwide twice monthly
 - ✓ Success Stories – Partnering with Air Force Personnel community to continuously track and resolve of pay issues quickly and accurately

- Debt and Claims Management
 - ✓ Customers – Debt Collection, waiver, remission and correction of records for separated military members
 - ✓ Success Stories – Consolidated individual out-of-service debt activities to Denver in 1996 – from 500 employees to less than 200 – Total collections average \$80M per year



- **Automated Military Pay Systems**
 - ✓ Customers – The Denver Pay Systems Office maintains and monitors the Defense Joint Military Pay System (DJMS) for Active, Guard, and Reserve forces for the Army, Air Force, and the Navy.
 - ✓ Success Stories – Even though the system is to be replaced by the Forward Compatible Pay System, payrolls under DJMS are both accurate and timely. All legislative related pay changes are implemented either through critical systems changes or manual work-arounds developed for pay technicians

- **Civilian Payroll Office**
 - ✓ Customers – The Denver payroll offices pays more than 219,000 Army civilian customers monthly
 - ✓ Success Stories – Successfully absorbed workload from Pensacola during Hurricane Ivan; Implemented aggressive payroll technician certification process

DFAS Denver Personnel Statistics



- DFAS Business Lines and Number of On Site Personnel

(HR Flash Report - EOM May 2005)

- ✓ Total Number Employees - 1,175

- Military/Civilian Pay Services
- Accounting Services Air Force
- Information & Technology
- Corporate Resources
- Corporate Organizations

- Status of Retirement Eligible Employees as of May 31, 2005

- ✓ Eligible For Retirement - 656 - 56%

- Optional - 239 - 20%
- Early - 417 - 35%

DFAS Denver Facilities Statistics



- DFAS is a tenant on the former Lowry Air Force Base¹
 - ✓ Known as the Buckley Annex
 - ✓ Property owned and managed by Air Force Base
- DFAS assigned space - 414K square feet²
 - ✓ Includes administrative and warehouse space in 3 buildings
- Excess space available
 - ✓ Vacant workstations - approx 750
 - ✓ Excess space in buildings 444 and 667, former tenant space (DISA), and Air Force Reserve Personnel Center (slated to realign under BRAC 2005 - 1,200 seats
 - ✓ Total capacity - 3,400 seats
- Strong host installation Force Protection program

¹ Lowry Air Force Base closed in previous BRAC

² DFAS Facilities Database - Effective 31 May 2005



DFAS Transformation

- Transformation is an integral part of the DFAS strategy
- DFAS has initiated workload realignment, workforce restructure, implementation of best practices, and space reduction over the past several years
- BRAC provides the SecDef the opportunity to reduce infrastructure in an effective and efficient manner
- DFAS will implement the final BRAC decisions using our Workforce Transition Strategy to care for impacted employees.

Our strategic challenge

- Our customers expect:
 - ✓ Accurate and timely payment of personnel
 - ✓ Accurate and timely payment of vendors and contractors
 - ✓ Auditable financial statements
 - ✓ Business intelligence that enables better decision-making
 - ✓ Lower costs of products and services
- Customers deserve a financial service partner who enhances their readiness & mission capability

The road ahead -- Becoming world class

- We will continue our DFAS journey of excellence
- We will be guided by our core values --
integrity, service & innovation
- We will recommit to understanding our customers
- We will practice good two-way communication to
ensure lasting success
- We will make it an inclusive, total team effort from all DFAS
business lines & functions

DFAS

Your Financial Partner @ Work





Facts and Assumptions

■ **FACILITIES ACREAGE, BUILDING OCCUPANCY AND SQUARE FOOTAGE**

- Acreage: approximately 38 acres
- Building was constructed in 1976
- Total inside walls measurement 599,430 sq ft (includes entire building) (Source: Geo-base Office, Buckley AFB)
- DFAS 78% (467,555 sq ft)
- ARPC 21% (125,880 sq ft)
- All other listed on next slide occupy one percent (5,994 sq ft)



Buckley Annex
Colorado

Facts and Assumptions

■ **TEN OTHER AGENCIES ON SITE**

1. DSCA – Defense Security Cooperative Agency
2. DISA – Defense Information System Agency
3. U.S. Public Health Service – Federal Occupational Health –
The Health and Wellness Center
4. Space Age Credit Union
5. DFEB – Denver Federal Executive Board
6. State of Colorado – Business Enterprise
7. DoD Inspector General
8. GAO – Government Accountability Office
9. AAFES – Cafeteria
10. AFAFO – Air Force Accounting Finance Office