DEPARTMENT OF THE AIR FORCE
WASHINGTON DC

0 4 NOV 2003

OFFICE OF THE ASSISTANT SECRETARY

MEMORANDUM FOR UNDERSECRETARY OF DEFENSE
(ACQUISITION, TECHNOLOGY & LOGISTICS)

FROM: SAF/IE

SUBJECT: Coordination of Draft Selection Criteria (Yr Memo, 22 Oct 03)

Non-concur with subject draft selection criteria. My discussions with Staff and Members of Congress as they debated the BRAC 2005 legislation and subsequently, along with personal research, convince me that the Congress expects the Department to approach BRAC 2005 in a fundamentally different way from previous BRAC rounds. Secretary Rumsfeld's position is equally clear, stating in his kick off memo, Transformation Through Base Realignment and Closure, that "BRAC 2005 can make an even more profound contribution to transforming the Department by rationalizing our infrastructure with defense strategy." The "Selection Criteria" is the first public document mandated by Congress in BRAC 2005 and it's critical that we get it right. Congress expected change, not adoption of the past processes and procedures. I offer two specific comments regarding the draft selection criteria.

First, I believe eliminating Criterion 4 would reduce the ambiguity and uncertainty in measuring cost and manpower implications. Cost and manpower considerations are already embedded in Military Value--specifically in Criteria 1 and 3--and development of metrics for measuring Criteria 1 and 3 will, by its very nature, include cost and manpower implications. At a minimum, I believe that Criterion 4 should be rewritten to limit its scope to manpower implications. The rewritten criterion would be: Criterion 4: The manpower implications associated with current and future mission requirements.

Second, the general category Return on Investment should be changed to Other Considerations, and Criteria 5, 6, 7 and 8 should all be included within this heading. This makes the selection criteria more consistent with §2913. Additionally, Criterion 5 must be rewritten to ensure we consider both the concept of cost, savings and payback, as outlined in §2913, as well as accepted economic principles that incorporate the time value of money, specifically the use of Net Present Value analysis in the decision-making process. I suggest: Criterion 5: The extent and timing of potential costs and savings, including the number of years, beginning with the date of completion of the closure or realignment actions, for the savings to exceed cost, using accepted Net Present Value analytic techniques.

Congress specifically added language (§2913) outlining their views on selection criteria. The subject draft, by merely appending §2913 language to each selection criterion used in the

past BRAC round, does not in my view meet the Congressional intent for a fundamentally transformational approach to BRAC 2005.

I am available to discuss this issue at your convenience.

NELSON F. GIBBS
Assistant Secretary
(Installations, Environment & Logistics)

cc:
ISG Members