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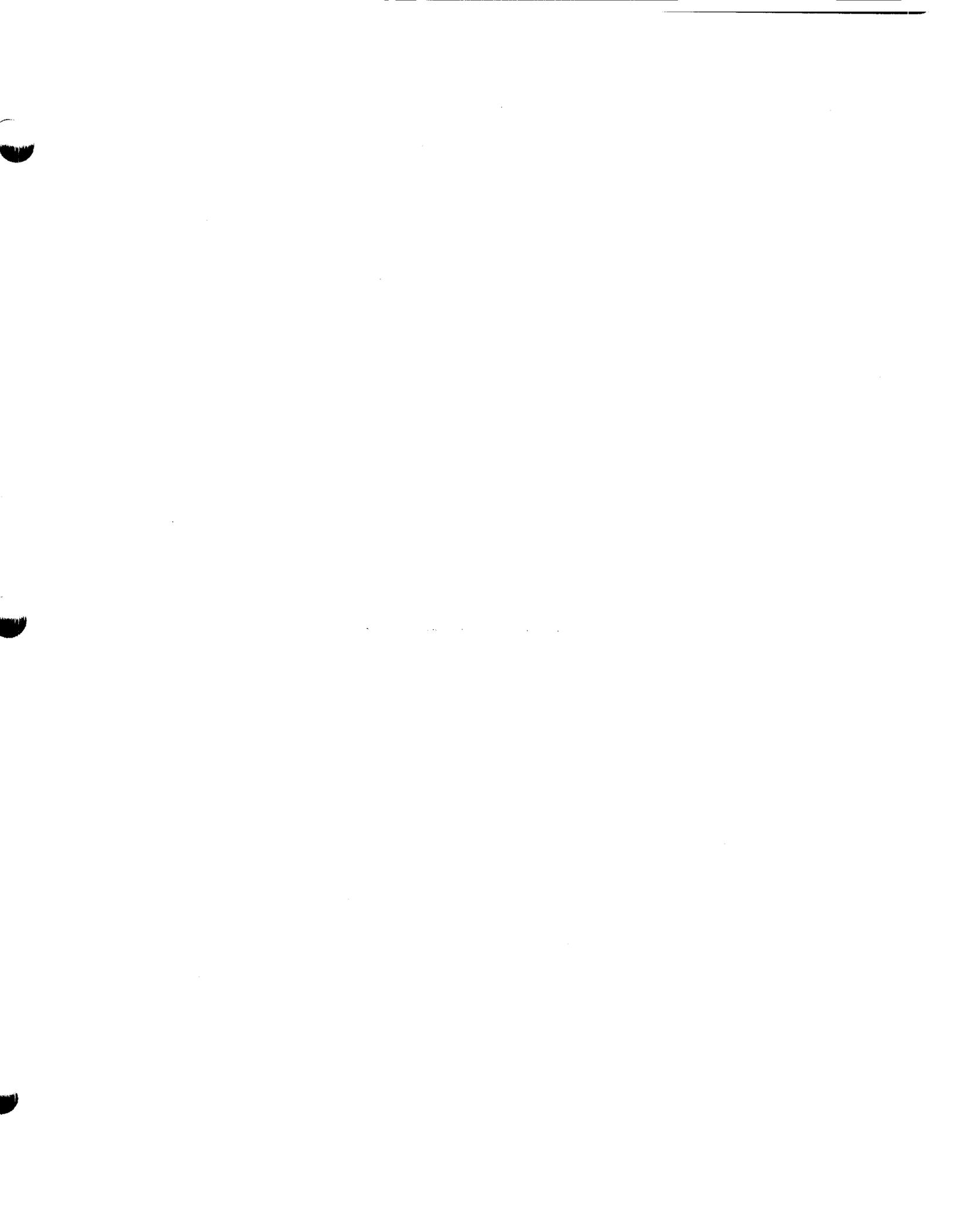
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Defense Agencies – Defense Finance and Accounting
Service - Limestone – ME

BRAC COMMISSION – FY 2005

COFF: _____ DISPOSITION: Permanent

Defense Finance and Accounting Services

Limestone



DFAS – Limestone Talking Points

The DFAS Limestone Field Site is located in an exemplary facility with state-of-the-art technology, highly trained and motivated employees, and provides base level premier finance and accounting services. DFAS Limestone has a proven track record of efficiently and effectively performing its mission at a lower cost relative to other DFAS sites in a state-of-the-art, readily secure facility. It is the model efficiency and its mission should be expanded, not closed.

- **Cost:** At \$4.39/square-foot DFAS Limestone operating costs are fifth lowest in the system. The locality pay (cost of living ratio to pay) for DFAS Limestone is 10.9, the lowest ranking in the system, and the facility occupies the building under a 50 year no-cost renewable lease with the Loring Development Authority.
- **Track record:** Limestone has repeatedly been rewarded for its outstanding efforts with awards and most importantly more work. It is recognized as an innovator and leader in the DFAS system.
- **Assets:** State of the art facility with Defense Information Systems Network (DISN) Point of Presence, which allows Limestone to function seamlessly with DOD systems.
- **People:** The employees at DFAS Limestone do great work at an extremely low cost. The labor-management relations are the best in the system. They are fully committed to the facility as a career, unlike most DFAS employees, and the facility has really become part of the community. The facility is capable of growing and the community would embrace that. That leads to better work product and lower costs. That is really the value of DFAS Limestone.
- **Capacity to expand:** The facility currently has excess capacity of nearly 24,000 square feet or 35% of its utilized space. DFAS Limestone could expand its current mission up to 480 employees (approximately 32% increase) at no cost and could accommodate up to 600 employees (65% increase) with a minimal investment. Further expansion is also possible, especially if DFAS allows the Limestone site to conduct shift work activities: Site employment could more than double. Situated on nearly 15 acres, new construction could easily be accommodated.

The DOD recommendation to close the DFAS Limestone and shift its work to three sites located in Indianapolis, IN, Columbus, OH, and Denver, CO is flawed because it is based on poor assumptions and inaccurate data. DOD estimates total one time cost as \$282.1M with net savings of \$158.1M (FY06-FY11). We believe the data will show that closing will not contribute to net savings. Misconceptions:

- **DOD's number of employees and subsequently the economic impact on community are wrong:** Publicized figures indicate current employment at DFAS Limestone of 241, although the Capacity Analysis Report states that DFAS Limestone has 279 authorized personnel. Current employment at the facility is 361. This inaccuracy casts DOD justifications into doubt. **BRAC Commission said it would send a Commissioner to any facility with over 300 employees. It is critical that a Commission visit the facility.**
- **Consolidation brings security:** Consolidating the operations to a few large centers in urban areas dramatically increases the ability of a single attack to disrupt the system. It does not have to be a terrorist attack. If a widespread power outage were to occur again as happened in 2003, it could also cripple the system.
- **Limestone not secure:** Limestone facility condition was rated RED because it is not located on a DOD installation; this is an arbitrary rating. The facility is secure and at minimal cost can be made more secure. The Threat Assessment rating assigned to the facility is low; Access requires a key card to pass through the security entrance; Visitors may enter only with an escort; Facility has an anti-vehicle fence and the parking lot will soon be key card access only; Close proximity

to Loring Fire Department with hazmat training and equipment; and DFAS Limestone is on its own local power grid with back-up generators.

- **Closing DFAS saves money and improves efficiency:** For consolidation to be successful, it must be carried at minimal cost with little or no negative impact on customer service. DFAS Limestone has amassed such an impressive record of success on all metrics related to the performance of its employees; it continues to represent an excellent bargain to the US Government. It is hard to imagine that the DOD will achieve significant cost savings through closure of this cost-efficient facility while factoring in relocation, unemployment, retraining, cost of living differential to transferring employees and associated new construction costs at consolidation facilities. (Also see “Cost” and “Track Record” bullets above) The employees at Limestone are highly motivated and highly trained. They are experts in their fields. This is a career for Limestone employees, not just a temporary job, like it is for most DFAS employees. These people will not move and it would be a great cost high and train new employees.
- **Limestone has no capacity to recruit employees:** The facility was penalized and not given a ranking because it is not located near a Metropolitan Statistical Area (MSA) of over 100,000 making it impossible for Rural America to be included. This is a false assumption and goes against the Rural Development Act (See GAO Study: Facilities Location – Progress and Barriers in Selecting Rural Areas and Using Telework). DFAS Limestone consistently attracts qualified and dedicated employees each time it hires; with resumes received to position ratios exceeding 4 to 1 in most cases. 1988-2002 indicate an average total employment base of 35,439. Recruitment of highly qualified new employees is accomplished with ease, with an average hiring time of only 9.2 days, the shortest job recruitment interval in the entire DFAS system.

Economic Impact of Two BRACs (DFAS Case can stand on its merits but):

- The closure of the former Loring Air Force Base in September 1994 had a devastating effect on the local economy. At the time of the closure announcement, the facility employed 4,500 military and 1,100 civilians. Scores of businesses closed, mil rates rose drastically in the surrounding communities because of a decrease in school enrollment, business failures and an overabundance of vacant commercial and residential real estate were prevalent. It has been a long, slow, painful recovery, but DFAS Limestone has been the cornerstone of that recovery and has provided area residents with well paying jobs with benefits.
- The facility is home to 361 employees. Average pay at the Site is \$33,780, with an annual payroll impact of over \$12 million. DFAS Limestone has an annual economic impact of approximately \$16 million through personnel salaries and contracts for goods and services, which is greater than the estimated economic impact.

DFAS – Limestone

The Model for DFAS Operations

DFAS Limestone was activated in May 1995, currently employs 361 people, and serves 38 Air Force Bases and 34 associate National Guard units from California to Saudi Arabia. DFAS Limestone maintains funds control and prepares all financial reports for its customers. For fiscal year 2004 which ended on September 30th, Limestone's customers included Air Combat Command, USAFE, AFSOC, and associated Air National Guard units. The Site accounted for approximately \$11.4 billion in current fiscal year authority; that is, the funds their Air Force and Air National Guard customers had to operate with.

The DFAS Limestone Field Site is located in an exemplary facility with state-of-the-art technology, highly trained and motivated employees, and provides base level premier finance and accounting services. DFAS Limestone has a proven track record of efficiently and effectively performing its mission at a lower cost relative to other DFAS sites in a state-of-the-art, readily secure facility.

Cost of operations at DFAS Limestone:

- With operating costs at \$4.39 per square foot (see 2004 Real Estate Fact sheet), DFAS Limestone's are the fifth lowest in the system, about half the cost of the existing centers in Columbus and Indianapolis, and well under a third of the operating costs at Denver. The locality pay (cost of living ratio to pay) for DFAS Limestone is 10.9, the lowest ranking in the system and is well under all three sites proposed for consolidation. The facility occupies the building under a 50 year no-cost renewable lease with the Loring Development Authority and is available to DOD's current and future expansion needs far into the future.
- The facility currently has excess capacity of nearly 24,000 square feet or 35% of its utilized space. DFAS Limestone could expand its current mission up to 480 employees (approximately 32% increase) at no cost and could accommodate up to 600 employees (65% increase) with a minimal investment. Further expansion is also possible, especially if DFAS allows the Limestone site to conduct shift work activities: Site employment could more than double. Commercial space is also available for DFAS Limestone's ancillary needs contiguous to the site. Unlike the consolidation centers, the DFAS Limestone site has ample space to expand its facility if needed. Situated on nearly 15 acres, new construction could easily be accommodated for the facility at a much lower operating and construction costs than at the proposed consolidation centers in Indianapolis, Columbus and Denver.

Proven Track Record:

- When the former Under Secretary of Defense, Comptroller, Dov Zakheim, toured the Limestone facility in June 2003, he correctly noted that, "They [DFAS Loring] have a reputation in DFAS, a good one. We are looking to bring people back from [DFAS centers] in Europe, and I see a good quality of work here. We think we can be more efficient doing the work here."
- DFAS Limestone is recognized as the leader within the DFAS network in the field of database retrievals and LOUIS software, an application which allows the user to write detailed retrievals from large and complicated databases. The President's National Performance Review awarded its coveted Hammer Award to DFAS Limestone for their work with LOUIS.
- The U.S. Department of Energy awarded the Limestone team with the Federal Energy Saver Showcase award for reducing its electrical consumption. DFAS Limestone employees have created database retrievals which are now saving the entire DFAS network and the American taxpayer significant dollars, while at the same time providing its customers better service and improving the DOD financial management process.

- In early 2002, a vendor pay “Tiger Team” was established to perform work for other sites that needed assistance, with 17 employees hired. In October 2002, decision to realign Air Force accounting and vendor pay workload resulted in the creation of 80 new positions that would generate an additional \$4 million in salaries and would save DFAS \$11.5 million over 5 years.

Assets and experience:

- Defense Information Systems Network (DISN) Point of Presence is utilized and was installed in 1994 to accommodate the facility.
- The majority of the workforce is recruited from the local area and are unable or unwilling to transfer; resulting in a high retraining burden for consolidation centers and ultimate failure. Unique workload performed for USAF in Europe and SW Asia AOR requires specialized expertise that would have to be acquired by another site since most of the existing workforce would not relocate. DFAS Limestone is the single site for all Defense Travel System (DTS) expenditure accounting and treasury reporting for all of DOD, which would also have to be transferred.
- Employee satisfaction is high, especially in comparison with some of the consolidation sites which are troubled with labor difficulties and a high numbers of grievances. Employee turnover at DFAS Limestone is less than 5%; most employees consider their employment as a life-long career whereas the consolidation centers attract many more workers who view their jobs as stepping stones to another job in the federal civil service or the private sector. Therefore, the facility saves overall training and retraining costs to the Federal Government.
- DFAS Limestone can boast one of the most educated workforces in the system. Over 85% of current employees have some college, 50% have an Associates Degree or higher and nearly 36% have a Bachelors Degree or higher (3.2% have Masters Degrees). Average length of service is nine years, with 11 years in Accounting Services, 6 years in Commercial Pay Services and 21 years in Corporate Resources. DFAS Limestone has an active professional certification program which encourages and helps employees obtain their Certified Defense Financial Management certification or other nationally recognized certifications. In fact Limestone is able to offer the CDFM Certification Exams on-site.

Capacity to Expand and Recruit Employees:

- As noted earlier, the facility currently has excess capacity of nearly 24,000 square feet or 35% of its utilized space. DFAS Limestone could expand its current mission up to 480 employees (approximately 32% increase) at no cost and could accommodate up to 600 employees (65% increase) with a minimal investment.
- DFAS Limestone consistently attracts qualified and dedicated employees each time it hires new employees; with resumes received to position ratios exceeding 4 to 1 in most cases. 1988-2002 indicate an average total employment base of 35,439. Recruitment of highly qualified new employees is accomplished with ease, with an average hiring time of only 9.2 days, the shortest job recruitment interval in the entire DFAS system. The facility has consistently received employee and center awards and tops the list of DFAS centers for employee satisfaction with less than 5% employee turnover rate. DFAS Limestone has developed a strong partnership with the Loring Job Corps Center, also located on the Loring Commerce Centre, co-sponsoring cultural and athletic activities and offering Job Corps students an insight into career opportunities within the Federal Government.
- Worker training and education is easily accessible for accounting and finance operations, with two branches of the University of Maine and two community colleges located within an easy commute. The Northern Maine Community College changed its curriculum in recent years to accommodate

DFAS Limestone's training and educational needs, including on site business and accounting classes.

Physical Capacity of Facility:

- Defense Information Systems Network (DISN) Point of Presence is utilized and was installed in 1994 to accommodate the facility.
- DFAS Limestone is located in a premier facility in the former base hospital that was constructed by DOD in 1988 at a cost of \$20 million, with a recent \$6 million investment completed in 2001 to maximize space efficiencies and accommodate a planned expansion. The 141,200 square foot building is located on approximately 15 acres. The facility currently has excess capacity of nearly 24,000 square feet or 35% of its utilized space. The facility has the current capacity to house approximately up to 600 employees. The physical plant is second to none within the DFAS network with redundancy of heating and air conditioning systems throughout, as well as two 400kw Caterpillar diesel generators for emergency power.

DOD Misconceptions and Faulty Data

According to DOD, DFAS Limestone is not secure and closing DFAS Limestone will increase security:

- Closing DFAS Limestone and consolidating to major urban areas like Indianapolis, IN, Columbus, OH and Denver, CO will not increase security. By consolidating the operations to a few large centers, it dramatically increases the ability of a single attack to disrupt the system. It does not have to be a terrorist attack. If a widespread power outage were to occur again as happened in 2003, it could also cripple the system.
- The Threat Assessment rating assigned to the facility is low. The facility condition was rated a RED because it is not located on a DOD installation. Neither is the recommended receiving site in Indianapolis whose Threat Assessment (moderate/low) is greater than Limestone.
- DFAS Limestone is on its own local power grid with back-up generators.
- Current access to the facility requires a key card to pass through the security entrance; visitors may enter only with an escort. An anti-vehicle fence is installed and the parking lot will soon be key card access only. The facility has continued to upgrade its security protocol measures and with minimal investment (perimeter fence and armed personnel) can meet the standards outlined to become a secure facility.
- The Loring Fire Department with hazmat training and equipment is minutes away. The Weapons of Mass Destruction (WMD) team is stationed in Waterville and has the capability to respond rapidly. Aroostook County has three teams to handle such incidents, all located within minutes of DFAS Limestone. Around the clock police protection is provided by the Aroostook County Sheriff's Department through the Town of Limestone.

According to DOD, closing DFAS Limestone will increase efficiency and customer service:

- **DOD's number of employees and subsequently the economic impact on community are wrong:** Publicized figures indicate current employment at DFAS Limestone of 241, although the Capacity Analysis Report states that DFAS Limestone has 279 authorized personnel. Current employment at the facility is 361. This inaccuracy casts DOD justifications into doubt.
- In order for the recommended consolidation process to be successful, it must be carried out at minimal cost with little or no negative impact on customer service. DFAS Limestone has amassed such an impressive record of success on all metrics related to the performance of its employees; it continues to represent an excellent bargain to the US Government. It is hard to imagine that the DOD will achieve significant cost savings through closure of this cost-efficient facility while

factoring in relocation, unemployment, retraining, cost of living differential to transferring employees and associated new construction costs at consolidation facilities.

According to DOD, DFAS Limestone has no capacity to grow:

- The facility and many others like it were penalized and not given a ranking in this area because it is not located near a Metropolitan Statistical Area (MSA) of over 100,000 making it impossible for Rural America to be included. In September 2003, the General Accounting Office released a Report titled: Facilities Location – Progress and Barriers in Selecting Rural Areas and Using Telework. The Rural Development Act of 1972 has required federal agencies to give first priority to locating new offices and other facilities in rural areas. The study found that “Rural areas can offer lower real estate costs, improved security, reduced parking and traffic congestion problems and better access to major transportation arteries.” It is clear that the BRAC process did not consider any of these factors when considering existing and/or future facilities, in fact, it appears that the criteria was written to exclusively exclude these areas and facilities. As stated above, recruitment of highly qualified new employees is accomplished with ease, with an average hiring time of only 9.2 days, the shortest job recruitment interval in the entire DFAS system.

Economic Impact of Two BRACs:

- The case for DFAS Limestone stands on the merits of the great work done at the secure facility at a competitive cost, but the effects on the local economy and the second BRAC this closing would represent to the area should be taken into consideration.
- The closure of the former Loring Air Force Base in September 1994 had a devastating effect on the local economy. At the time of the closure announcement, the facility employed 4,500 military and 1,100 civilians. Scores of businesses closed, mil rates rose drastically in the surrounding communities because of a decrease in school enrollment, business failures and an overabundance of vacant commercial and residential real estate were prevalent. It has been a long, slow, painful recovery, but DFAS Limestone has been the cornerstone of that recovery and has provided area residents with well paying jobs with benefits.
- The facility is home to 361 employees. Average pay at the Site is \$33,780, with an annual payroll impact of over \$12 million. DFAS Limestone has an annual economic impact of approximately \$16 million through personnel salaries and contracts for goods and services, which is greater than the estimated economic impact.

DFAS Limestone Field Site

Case Book

DRAFT

The DFAS Limestone Field Site is located in an exemplary facility with state-of-the-art technology, highly trained and motivated employees, and provides base level premier finance and accounting services. DFAS Limestone efficiently and effectively performs its mission at a lower cost relative to other DFAS sites in a state-of-the-art, readily secure facility and *meets or exceeds* DOD value criteria as outlined below:

Current and Future Mission Capabilities:

DFAS Limestone was activated in May 1995, currently employs 361 people, and serves 38 Air Force Bases and 34 associate National Guard units from California to Saudi Arabia. The first personnel arrived in January 1995 and the site became operational and supported its first customer for Barksdale AFB, LA in May 1995.

DFAS Limestone maintains funds control and prepares all financial reports for its customers. For fiscal year 2004 which ended on September 30th, Limestone's customers included Air Combat Command, USAFE, AFSOC, and associated Air National Guard units. The Site accounted for approximately \$11.4 billion in current fiscal year authority; that is, the funds their Air Force and Air National Guard customers had to operate with.

Throughout the history of DFAS, there have been continuous workload realignment and consolidation initiatives designed to streamline and increase the efficiency of operations, reduce costs, and improve customer service. Through these initiatives, DFAS Limestone has continuously gained additional work while maintaining a stable employment base due to increased technological advancements, systems improvements, operational efficiencies, and economies of scale. The workforce mix has changed with the loss of all military personnel; however, this was an Air Force decision to reduce the number of military throughout DFAS in order to meet increased operational requirements.

The facility has consistently received employee and center awards and tops the list of DFAS centers for employee satisfaction with less than 5% employee turnover rate. DFAS Limestone is recognized as the leader within the DFAS network in the field of database retrievals and LOUIS software, an application which allows the user to write detailed retrievals from large and complicated databases. The President's National Performance Review awarded its coveted Hammer Award to DFAS Limestone for their work with LOUIS.

The U.S. Department of Energy awarded the Limestone team with the Federal Energy Saver Showcase award for reducing its electrical consumption. DFAS Limestone employees have created database retrievals which are now saving the entire DFAS network and the American taxpayer significant dollars, while at the same time providing its customers better service and improving the DOD financial management process.

New hires for facility expansion activities have taken less than ten days (9.2) to complete, which is the lowest in the system. Experience has shown that the area provides a more than adequate local population workforce pool to accommodate current operations and future expansions. DFAS Limestone consistently attracts qualified and dedicated employees each time it hires new employees; with resumes received to position ratios exceeding 4 to 1 in most cases. (The April 2005 unemployment rate in the Aroostook County LMA is 7.5%, with 2,790 unemployed and 34,240 employed).

Defense Information Systems Network (DISN) Point of Presence is utilized and was installed in 1994 to accommodate the facility.

It should be noted that the Threat Assessment rating assigned to the facility is low although the facility condition was rated a RED with the assumption that it is based upon the fact that it is not located on a DOD installation and does not have a perimeter fence. The facility has continued to upgrade its security protocol measures and with minimal investment (perimeter fence and armed personnel) can meet the standards outlined to become a secure facility. Current access to the facility requires a coded ID to enter the first door and a code for the second door; visitors may enter only with an escort. An anti-

vehicle fence is in the process of being installed at DFAS Limestone and will be completed within the coming weeks. By consolidating the operations into a few large centers, it dramatically increases the ability for terrorist organizations to disrupt the system with an attack on any one of them. If a widespread power outage were to occur again as happened in 2003, it could also cripple the system; DFAS Limestone is on its own local power grid with back-up generators.

Since 9/11 many facets of hazmat training and equipment have been acquired to provide support for any potential incident on the Loring Commerce Centre. As an example, on October 10, 2001, an unknown substance, possibly anthrax, was discovered at the DFAS Limestone Field Site mail room. The response time for the Loring Fire Department was under two (2) minutes. The possible bio-terrorism incident involved 23 agencies operating as a single unit under the direction of the Loring Fire Department. The LDA President was updated constantly and in turn briefed the Governor. Loring Fire Department received praise from the Governor as well as from other State and Federal agencies concerning the efficient and effective response to the incident based on unknowns. The Weapons of Mass Destruction (WMD) team is stationed in Waterville and has the capability to respond rapidly. Aroostook County has three teams to handle such incidents, all located within minutes of DFAS Limestone. The Aroostook Emergency Management Agency is located in Caribou (eight miles away) and is equipped with a state-of-the-art communication vehicle and the trained personnel to operate it. The training continues not only at Loring Fire Department but also throughout Aroostook County to quickly identify and respond to any and all security threats.

Availability and Condition of Land, Facilities and Airspace:

DFAS Limestone is located in a premier facility in the former base hospital that was constructed by DOD in 1988 at a cost of \$20 million, with a recent \$6 million investment completed in 2001 to maximize space efficiencies and accommodate a planned expansion. The 141,200 square foot building is located on approximately 15 acres. The physical plant is second to none within the DFAS network with redundancy of heating and air conditioning systems throughout, as well as two 400kw Caterpillar diesel generators for emergency power. The energy efficient building is compact and well-defined with some

architectural articulation. The facility has the current capacity to house approximately up to 600 employees.

Quality of life is essential to DFAS Limestone employees, and to meet those expectations, administration has partnered with the Federal Occupational Health Administration to operate a Wellness Center, staffed by a full time registered nurse, who provides a number of services, including health seminars, CPR training, and organizing such vital activities as blood drives. DFAS Limestone has a fitness center on-site, a full service cafeteria; break stations with refrigerators, coffee makers, ice machines, microwaves and sinks; two vending centers; and a picnic area with barbeque grills. There are no other tenants or agencies within the building.

DFAS Limestone has developed a strong partnership with the Loring Job Corps Center, also located on the Loring Commerce Centre, co-sponsoring cultural and athletic activities and offering Job Corps students an insight into career opportunities within the Federal Government.

The facility occupies the building under a 50 year no-cost renewable lease with the Loring Development Authority and is available to DOD's current and future expansion needs far into the future. The Loring Commerce Centre facility is owned and operated by a quasi-municipal state authority and is home to 19 other public and private companies, including the Maine Military Authority, a HMMWV vehicle refurbishment center; National Job Corps Center and National Job Corps Data Center, Telford Aviation Group, and Sitel Corporation, to name a few. Roadway maintenance (plowing, paving etc) is provided by the Loring Development Authority as is water and sewer services and 24 hour fire protection. Around the clock police protection is provided by the Aroostook County Sheriff's Department through the Town of Limestone.

The computer systems and Point of Presence infrastructure facilitate an efficient work product.

Ability to accommodate contingency, mobilization, surge and future total workforce requirements:

Note: The facility and many others like it were penalized and not given a ranking in this area because it is not located near a Metropolitan Statistical Area (MSA) of over 100,000 making it impossible for Rural America to be included!

In September 2003, the General Accounting Office released a Report titled: Facilities Location – Progress and Barriers in Selecting Rural Areas and Using Telework. The Rural Development Act of 1972 has required federal agencies to give first priority to locating new offices and other facilities in rural areas. The study found that “Rural areas can offer lower real estate costs, improved security, reduced parking and traffic congestion problems and better access to major transportation arteries.” It is clear that the BRAC process did not consider any of these factors when considering existing and/or future facilities, in fact, it appears that the criteria was written to exclusively exclude these areas and facilities!

The local population workforce pool is more than adequate for DFAS’s needs; each time an expansion occurred at DFAS Limestone, there was more than ample applicant pool to choose from. In May 1997, staffing levels were at 343 employees, although from mid-1997 through 2001, overall staffing declined to 294, due to various workload changes and cost-cutting measures. In August 2001, another 26 positions were cut. In early 2002, a vendor pay “Tiger Team” was established to perform work for other sites that needed assistance, with 17 employees hired. In October 2002, decision to realign Air Force accounting and vendor pay workload resulted in the creation of 80 new positions that would generate an additional \$4 million in salaries and would save DFAS \$11.5 million over 5 years. After initial job announcements were made, 200 resumes were received in the first week, with a total of 400 resumes ultimately received, a 4:1 ratio! Employment at the Site has steadily increased since that time with current employment level of 361.

As of April 2005, the local civilian labor force is 37,030 (Aroostook County) and 26,260 (Presque Isle LMA encompassing all towns with DFAS employees) and the local workforce

pool (unemployed) was 2,790 and 1,900 respectively¹. This does not include those who may be underemployed or who are no longer being reported.

Worker training and education is easily accessible for accounting and finance operations, with two branches of the University of Maine and two community colleges located within an easy commute. The Northern Maine Community College changed its curriculum in recent years to accommodate DFAS Limestone's training and educational needs, including on site business and accounting classes. DFAS Limestone can boast one of the most educated workforces in the system. Over 85% of current employees have some college, 50% have an Associates Degree or higher and nearly 36% have a Bachelors Degree or higher (3.2% have Masters Degrees). For DFAS Limestone employees, professional growth begins with a wide variety of classroom and on-the-job training available to all employees on a regular basis. These opportunities range from traditional classes in finance and accounting to courses in customer service, change management, team building, and equal employment opportunity principles.

Network Services and DISN Point of Presence are operational and services continue to be upgraded.

Cost of Operations and Manpower Implications:

DFAS Limestone cost of operations is the fifth lowest out of the 26 facilities listed. According to DFAS Real Estate Fact Sheet, cost of operations at DFAS Limestone is \$4.39 per square foot, which is less than half the cost of operations per square foot at the proposed consolidation centers. Unlike the consolidation centers, the DFAS Limestone site has ample space to expand its facility if needed. Situated on nearly 15 acres, new construction could easily be accommodated for the facility at a much lower operating and construction costs than at the proposed consolidation centers in Indianapolis, Columbus and Denver.

The facility currently has excess capacity of nearly 24,000 square feet or 35% of its utilized space. DFAS Limestone could expand its current mission up to 480 employees

¹ Maine Department of Labor

(approximately 32% increase) at no cost and could accommodate up to 600 employees (65% increase) with a minimal investment.

The locality pay (cost of living ratio to pay) for DFAS Limestone is 10.9, the lowest ranking in the system and is well under all three sites proposed for consolidation. The majority of the workforce is recruited from the local area and are unable or unwilling to transfer; resulting in a high retraining burden for consolidation centers and ultimate failure. Unique workload performed for USAF in Europe and SW Asia AOR requires specialized expertise that would have to be acquired by another site since most of the existing workforce would not relocate. DFAS Limestone is the single site for all Defense Travel System (DTS) expenditure accounting and treasury reporting for all of DOD, which would also have to be transferred.

This closure would be inconsistent with recent workload realignments that brought in new work from other sites, field site operational performance and leadership in agency-wide initiatives such as e-portal, high level of customer service satisfaction and loyalty, and internal employee satisfaction/performance as consistently demonstrated in Occupational Assessment Survey (OAS) results.

Extent and Timing of Potential Cost Savings of Closure to Exceed Costs:

It is hard to imagine that the DOD will achieve significant cost savings through closure of this cost-efficient facility while factoring in relocation, unemployment, retraining, cost of living differential to transferring employees and associated new construction costs at consolidation facilities.

The consolidation plan incorporated in the BRAC recommendations, which would result in the closing of the DFAS Limestone center, will not contribute to overall increased productivity and cost effective operations within DFAS.

In 1991, DFAS was created to standardize and integrate finance and accounting functions performed in over 300 dispersed office locations. In 1993-94, consideration was given to locating all DFAS functions in only five major locations, but this plan was modified with the

creation of 20 additional smaller sites (including DFAS Limestone). The reasons cited at the time were that the 5 major locations, then the DFAS nerve centers, would suffer greatly with the need to suddenly absorb the multitude of functions performed by the many closing facilities and that, in turn, would lead to high levels of disruption of services. The addition of the 20 sites allowed the transition to proceed with fewer functional disruptions. The criteria for selecting sites to be used for the 20 sites included the following:

- Total cost to the US Government
- Capability for providing excellent customer service
- Use of redundant (excess) defense assets
- A good labor supply

In 1994, the site at the closing Loring AFB represented a compelling case, taking full advantage of the new selection criteria. It utilized a new, state-of-the-art DOD facility located at a closing military base, with a large supply of labor recently displaced by the base closure, in a rural area long recognized for its outstanding work ethic. All of these factors combined to assure the US Government would obtain the greatest possible value for a comparatively small investment, at a facility that it already owned and could occupy for very reasonable operating costs.

Because DFAS Limestone has amassed such an impressive record of success on all metrics related to the performance of its employees, it continues to represent an excellent bargain to the US Government. Continued operation of the DFAS Limestone center, along with continued operation of at least some of the other DFAS sites proposed for closure is a viable alternative to a questionable consolidation plan.

In order for the recommended consolidation process to be successful, it must be carried out at minimal cost with little or no negative impact on customer service. Over the long term, cost per unit of output (productivity) must be lower at the consolidation sites than at the closing sites. Several factors will show that retaining the DFAS Limestone center will ultimately save the US Government money.

Operating costs: With operating costs at \$4.39 per square foot (see 2004 Real Estate Fact sheet), DFAS Limestone's are the fifth lowest in the system, about half the cost of the existing centers in Columbus and Indianapolis, and well under a third of the operating costs at Denver. Operating efficiencies and economies of scale resulting from the proposed consolidations would need to make up a lot of ground just in order to compare favorably with DFAS Limestone.

Total costs: In addition to costs of a facility, labor costs and productivity measures must figure into the equation. The locality pay differential at DFAS Limestone is the lowest in the system at 10.9. By all indications, work product is among the best in the DFAS system both in terms of volume and quality. Employee satisfaction is high, especially in comparison with some of the consolidation sites which are troubled with labor difficulties and a high numbers of grievances. Employee turnover at DFAS Limestone is less than 5%; most employees consider their employment as a life-long career whereas the consolidation centers attract many more workers who view their jobs as stepping stones to another job in the federal civil service or the private sector. Therefore, the facility saves overall training and retraining costs to the Federal Government.

Quality jobs have been scarce since Loring's closure over 10 years ago, and there are few facilities or employment opportunities in the region that match those available at DFAS Limestone. Recruitment of highly qualified new employees is accomplished with ease, with an average hiring time of only 9.2 days, the shortest job recruitment interval in the entire DFAS system. (Incidentally, contrary to the rating scheme which accords no value to a workforce outside of a MSA/PMSA, the hiring time is indicative of the immediate availability of an abundance of high caliber employees). The employees at DFAS Limestone are well educated. 59% of the employees have achieved some level of higher education, with the remainder having completed specialized training to conduct their employment. Average length of service is nine years, with 11 years in Accounting Services, 6 years in Commercial Pay Services and 21 years in Corporate Resources.

A proposal to further decrease costs: While operating costs and total costs at DFAS Limestone already compare very competitively to the proposed consolidation centers,

DFAS Limestone is in a position to further reduce the total costs of doing business in northern Maine. First, the existing facility can immediately be expanded from the current workforce of 361 to 480 with no cost and up to 600 with minimal costs, nearly a 70% increase, with virtually no increase in facility and operating costs. Further expansion is also possible, especially if DFAS allows the Limestone site to conduct shift work activities: Site employment could more than double. Commercial space is also available for DFAS Limestone's ancillary needs contiguous to the site.

The employees at DFAS Limestone have an extremely low turnover rate and most view their employment at DFAS as a life-long career, thus saving extremely costly and time consuming continual training of new hires which is prevalent at other DFAS locations. Employees are also well educated and dedicated. Average length of service is nine years, with 11 in Accounting Services, 6 in Commercial Pay Services and 21 in Corporate Resources. Because of the importance of higher education to the DFAS Limestone workforce, employees are offered the chance to attend college courses through the Tuition Assistance Program, whether in the building or at one of three local colleges. Currently DFAS Limestone has more than 12 percent of its civilian workforce classified as professional accountants or GS-510s.

DFAS Limestone's Learning Center is the focal point for nearly all employee professional development. Through state-of-the-art classrooms, cutting edge information technology, Web-based training, and instructional aids from textbooks to videotape training to satellite instruction, employees have a wide range of educational and training opportunities within easy reach.

Many employees have taken advantage of the opportunity to join the Crown of Maine Chapter of the American Society of Military Comptrollers, which is the professional organization for those involved in DOD financial management. DFAS Limestone has an active professional certification program which encourages and helps employees obtain their Certified Defense Financial Management certification or other nationally recognized certifications. In fact Limestone is able to offer the CDFM Certification Exams on-site.

DFAS Limestone also offers internships to local college students and through its donation of used computer equipment to local public schools; it provides excellent opportunities for elementary and high school students to enter the information age of the 21st century.

Economic Impact on Existing Communities:

Employment figures from 1988-2002 indicate an average total employment base of 35,439; unemployment rates from 1990 – 2003 an average of 7.8% (Aroostook County LMA), and per capita income from 1988-2002 was \$17, 114. (Aroostook LMA). Total job change percentage as a result of the closure of DFAS Limestone based upon these figures is well over 1% as stated in DOD's report; however, a more accurate reflection of the job market is defined by the Presque Isle Labor Market Area, where the vast majority of DFAS Limestone employees reside.

The closure of the former Loring Air Force Base in September 1994 had a devastating effect on the local economy. At the time of the closure announcement, the facility employed 4,500 military and 1,100 civilians. Scores of businesses closed, mil rates rose drastically in the surrounding communities because of a decrease in school enrollment, business failures and an overabundance of vacant commercial and residential real estate were prevalent. It has been a long, slow, painful recovery, but DFAS Limestone has been the cornerstone of that recovery and has provided area residents with well paying jobs with benefits. Employment and economic trends the last few years have been relatively stable, with the unemployment rate averaging slightly above or below the national level, although recently the communities surrounding Loring have experienced some significant business closures and the unemployment rate for April 2005 is 7.5%, the highest it has been for many years and 2.3% above the national average for the month. The additional job losses that would be experienced with the closure of DFAS Limestone would be a huge blow to the area and would certainly erase a significant amount of the progress we have made in the recovery of the loss of Loring AFB.

There are many other factors that should be considered when assessing economic impact of a closure on the community. In addition to the job change percentage, the housing market will be decimated in the local area, causing a dramatic drop in real estate values

and an overabundance of homes versus population. School population will drop, service – based and retail businesses will lose revenues (and undoubtedly some will be forced to close) and property tax Mil rates in surrounding communities will rise as well, with a corresponding erosion of the tax base.

Loss of DFAS would also most certainly put the regional airport at great risk, with DFAS being one of the largest users of the facility in the region.

Average pay at the Site is \$33,780, with an annual payroll impact of over \$12 million, which compares to the Aroostook County average wage of [REDACTED]. DFAS Limestone has an annual economic impact of approximately \$16 million through personnel salaries and contracts for goods and services, which is [REDACTED]% of the local Aroostook County economy.

Ability of Infrastructure of Community to Support Forces, Mission and Personnel:

The local community has more than adequate resources to support the current and future needs of the DFAS Limestone Field Site's mission and personnel. The cost-of-living is among the lowest in the nation (cite local and national figures) with an unmatched quality of life for the residents.

Demographics – According to the 2000 Census, the population of Aroostook County is 73,938. The State of Maine does not have a Metropolitan Statistical Area (MSA) of 100,000 or more; the closest one is in Boston, located some 500 miles from DFAS Limestone.

Child Care – There are currently 143 child care centers in Aroostook County from Fort Kent to Houlton, with a total capacity of 2,086. Twelve of these centers are state funded facilities and are located in Caribou, Fort Fairfield, Presque Isle, Mapleton, Dyer Brook, Mars Hill, Van Buren, Washburn and Houlton.

Cost of Living – The 2000 median household income for Aroostook County was \$28,837², (as compared to the U.S. average of \$41,994); the median house value was \$60,200

² U.S. Census

(compared to U.S. average of \$119,600); GS locality pay was 10.9, equal to the “Rest of the US”, 0-3 with dependents BAH rate, in-state tuition for family members and if PCS all do not apply because there are no military personnel located at the site.

Education – The population in Aroostook County School Districts is [redacted] with a capacity of [redacted], a pupil/teacher ratio of [redacted] and high school enrollment of [redacted]. The graduation rate for Aroostook County students is 75.15%, compared to the National average of 67.3%.³ Composite SAT I/ACT scores equal [redacted] and [redacted] respectively. There is a total of [redacted] graduate/PHD programs available in two universities and two community colleges located within Aroostook County.

Employment - The unemployment rates for Aroostook County and the U.S. for the last five years are as follows:

	1999	2000	2001	2002	2003
National	4.2%	4.0%	4.7%	5.8%	6.0%
Aroostook	5.7%	4.4%	4.4%	4.9%	5.9%

The job growth rates for Aroostook County and the U.S. for the last five years are as follows:

	1999	2000	2001	2002	2003
National	1.5%	2.4%	.03%	-.31%	.86%
Aroostook	??	??	??	??	??

Available Housing⁴ – Total housing units in Aroostook County⁵ in 2000 was 38,719, with a total of 8,363 vacant units (Vacant rental units not available)

Medical Providers – There are four full service major medical facilities within a 50 mile radius of the DFAS Limestone site, providing a host of medical specialties. Northern Maine Medical Center in Fort Kent, Cary Medical Center in Caribou, The Aroostook Medical Center in Presque Isle and Houlton Regional Hospital located in Houlton.

³ Maine Department of Education website

⁴ US Census

⁵ US Census

Numerous rural health outreach centers are also located throughout the County, one being located on the Loring Commerce Centre. A TRICARE facility is also located in Limestone.

The most recent data⁶ shows that Aroostook County has 148 physicians, with a 1:494 population to physician ratio, compared to a National ratio of 1:421.2. The number of acute care beds in the County is 244, a 1:300 population to bed ratio, as compared to a national average of 1:373.7.

Cary Medical Center has always been concerned about health care for veterans. In 1979 a group of Aroostook County veterans began working with the Veteran 5 Administration in Togus. Their goal was to establish a V.A. outpatient clinic in northern Maine. In 1987, the clinic was opened at Cary Medical Center; this was the first V.A. Clinic in a private community hospital in the nation. The Veterans Center, for readjustment services, also resides in Caribou.

In 1989 another important step was taken to provide health care for veterans and their spouses in Aroostook County. Cary was selected as the site of the Northern Maine Veteran's Home. The 40-bed facility provides long term nursing care and skilled care. In May of 2000, Maine Veterans' Home officials announced that the Cary Medical Center campus was selected as one of four sites statewide for the construction of a 30-bed residential care facility to be built adjacent to the existing Maine Veterans' Home. The facility provides modern and convenient assisted living opportunities for veterans in Northern Maine. It should be noted that 59 DFAS Limestone employees are Veterans 26 are spouses of veterans and they are well served by the facilities in the area.

Safety/Crime – Local community Uniform Crime Report Index for 2002 **per 100,000 people** and the national UCR for 2002 from the FBI UCR Crime Rate for 2002 Aroostook: 19.95 per 1,000 (2nd lowest I the State) or 1,995 per 100,000 with a 31% clearance rate (4th highest in the State). This compares to the National Average of 4,118.8 per 100,000. The Aroostook County rate is less than half of the National Average.

⁶ Maine Department of Human Services

Transportation – The area is serviced by the Northern Maine Regional Airport and US Airways, which offers daily commercial flight service to Boston and points beyond on a and is located approximately 20 miles from the DFAS facility.

Utilities – The local water and sewer systems in the communities are in the process or have been recently upgraded and can easily accommodate an expansion of the facility and its personnel.

Caribou and Presque Isle are both service center communities and offer a full range of economic, social, recreational and educational services to the local area residents.

Environmental Impact – There are no environmental issues on the DFAS Limestone property.

Questions / Points of Interest for DFAS – Limestone

Suggested Questions:

1. If Limestone were to be designated as a receiver DFAS facility, do you have the capacity to add employees and/or workload?
2. What sort of performance reputation does DFAS Limestone have within the DOD?
3. In the electronic world we now live, what steps has Limestone taken to reduce paperwork while improving customer service?
4. How well have previous expansions been conducted and how have they affected performance? Has the facility undergone any recent expansions or upgrades that have impacted its ability to perform?
5. What is the cost of operations at Limestone and how does it compare with other DFAS facilities?
6. What is the current status of your lease arrangement with the community?
7. Is there a sufficient local workforce pool to fill available jobs should additional employees be needed?
8. What customers within the Air Force and Air National Guard does the DFAS serve? How capable is DFAS Limestone to expand its operations and play a greater role in the broader DFAS mission?
9. What is the security situation at the facility? What are the benefits of being located in Limestone, and what needs to be done and at what cost to improve the security to the necessary requirements?
10. How are union-management relations at this facility? How do they compare to other DFAS facilities?
11. What is the locality pay rate and how does it compare with other DFAS facilities?
12. What educational levels and professional degrees do DFAS Limestone employees possess and how does that compare with other workforces within the agency?
13. What is the employee satisfaction level at this facility?
14. How willing are DFAS Limestone employees to relocate? How capable of maintaining a similar standard of living will relocated Limestone employees be?

Points of Interest:

- State of the art building;
- Significant room for expansion both in the existing building and the 15 surrounding acres;
- Key card security entrance; visitors may enter only with an escort;
- An anti-vehicle fence is installed and key card access only gates are being installed at the parking lot in the coming weeks;
- Defense Information Systems Network (DISN) Point of Presence;
- DFAS Limestone is on its own local power grid with back-up generators;
- Close proximity to Loring Fire Department with hazmat training and equipment;
- Employees view their jobs as careers and as a result, the facility is very closely linked to the community;
- Education opportunities easily accessible to DFAS employees through onsite training, local colleges and universities.

