

CITY OF NEWPORT NEWS



JOE S. FRANK
MAYOR

June 16, 2005



The Honorable Anthony J. Principi
Chairman
BRAC Commission
2521 South Clark Street
Suite 600
Arlington, Virginia 22202

06222005

Dear Chairman Principi:

I appreciate being given the opportunity to participate in your Fort Eustis briefing on May 25, 2005 and your willingness to consider information presented by the City of Newport News that relates to the Secretary of Defense's Base Realignment and Closure (BRAC) recommendations. This letter and its enclosures are pursuant to that suggestion. Recognizing the large quantities of data and arguments the Commission and its staff must absorb, I have endeavored to make this submittal as succinct as possible. Accordingly, the following documents are enclosed:

1. A narrative discussion of the initial BRAC recommendations impacting Fort Eustis, which we believe are most consistent with the goals of the BRAC process, and a discussion of those recommendations to which we believe further analysis and data would support a different conclusion.
2. A previously submitted proposal from the City and its Economic Development Authority to assist in the construction and financing of a new SDDC Headquarters facility.
3. A previously submitted proposal from the City and its Economic Development Authority to assist in the construction and financing of new TRADOC facilities at Fort Eustis.

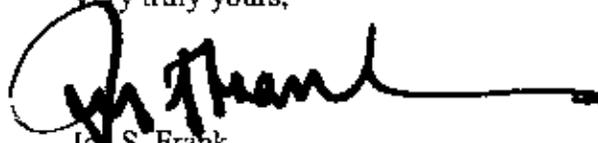
Our City is proud of its long history as a military-friendly community, and we fully understand the requirement of our military services to create a more efficient base infrastructure with greater inter-service operational capability. We have a well-

The Honorable Anthony J. Principi
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June 16, 2005

established track record as a City that stands ready to work with our military services to increase the military value of Fort Eustis.

Please contact me or the City Manager, Mr. Ed Maroney, if you desire any additional information concerning Fort Eustis and its relationship to the City of Newport News.

Very truly yours,

A handwritten signature in black ink, appearing to read "Joe S. Frank", with a long horizontal flourish extending to the right.

Joe S. Frank
Mayor

JSF:rsw

Enclosures

Copy to: General Lloyd W. Newton (USAF, Ret.)
The Honorable City Council
City Manager

**FORT EUSTIS AND ISSUES ASSOCIATED WITH THE INITIAL
DEPARTMENT OF DEFENSE BRAC RECOMMENDATIONS**

Introduction

The amount of proposed realignment is very significant at Fort Eustis. Many of the challenges in understanding the initial recommendations relate to the timing, sequencing and management of the disparate units and commands that would be coming and going in the recommended BRAC scenario. Generally, the arguments in favor of those major missions that would be brought to Fort Eustis are easier to understand and articulate than some of the unit relocation recommendations.

Missions to be Relocated to Fort Eustis

Headquarters, TRADOC, the IMA NETCOM, and NE Region Army Contract Agency (ACA) functions would move to Fort Eustis as Fort Monroe is closed. Related operations from Fort McPherson, Georgia would be consolidated at Fort Eustis, as Fort McPherson also would close. These operations are generally office-type activities with a high concentration of civilians and officers.

The high military value and regional compatibility for military missions make Fort Eustis an excellent fit for these operations. The recommendations are logical. Fort Eustis has land for new facilities in any imaginable configuration, and it also has the roads, utilities and fiber optic capabilities needed for a modern office environment. The nearby Oakland Industrial Park, home of the East Coast's Army and Air Force Exchange Service Distribution Center, has an outstanding record of utility reliability. The completion of the Fort Eustis "Second Access Road" later this year will ensure safe and convenient access for a larger commuting work force. The base is more than sufficient in size (8,300 acres in total and 475 of buildable acres) to offer a very secure environment from a force protection perspective. In the context of other bases being closed, Fort Eustis provides proximity to nearby Air Force and Navy commands as well as the Joint Forces Command (JFCOM) encouraging the continued enhancement of joint operations critical to these particular missions. The synergy that the Peninsula and Hampton Roads provides the Department of Defense is not surpassed by any other area of the nation with the exception of Washington, D.C.

In terms of military personnel and quality-of-life issues, the concentration of medical, education, morale, welfare and recreation (MWR), and exchange facilities throughout Hampton Roads makes Fort Eustis a family-friendly location for both the active duty component and the retired military element of the work force. From a labor market standpoint, highly skilled civilian workers currently at Fort Monroe can continue their careers without disruption, thereby minimizing work force turnover, which has always been a concern of the previous BRAC Commissions. Disruption of the workforce

equates to a degradation of the mission and the ability to provide support to troops in the field. Because Hampton Roads has the largest federal civilian work force outside of the National Capital Region (NCR) of any community in America, the recruitment and retention of new civilian workers is optimal for the new missions coming to Fort Eustis. Additionally, over 15,000 military personnel retire in Hampton Roads each year with critical mission skills.

Missions Proposed to be Relocated Away from Fort Eustis

Three major activities are proposed to be relocated from Fort Eustis. These include the Surface Deployment and Distribution Command (SDDC) Operations Center and its related Transportation Engineering Agency (TEA), proposed for Scott Air Force Base, Illinois. Further, the Transportation Training School is recommended for relocation to Fort Lee, Virginia, and the U.S. Army Aviation Logistics School (USAALS) would be sent to Fort Rucker, Alabama. Each of these moves is questionable from the standpoint of BRAC's core purpose of enhancing military operations through mission synergy and cost reductions.

SDDC

The recommendation to relocate SDDC operations and TEA is shocking. These facilities were consolidated at Fort Eustis and in Newport News as a result of BRAC 95 at substantial expense and work force disruption. BRAC 1995 recommended the consolidation of SDDC (formerly known as the Military Transportation Management Command) operations from California and New Jersey and directed the Army to select a consolidated site. After careful consideration and an intense study, the Army selected Fort Eustis. The SDDC Operations Center routinely coordinates the work of joint service activities whose commands are already concentrated within Hampton Roads, Virginia. A critical organization of USTRANSCOM, the Military Sealift Command is proposed to be realigned and moved to the Hampton Roads area from the Washington, D.C. Navy Yard as part of the current BRAC recommendations. Maintaining SDDC in close proximity to Military Sealift Command enhances the ability of these two organizations to create successful joint operations.

Recognizing the advantages of Fort Eustis' SDDC operations location, the highest levels of the Army had previously authorized consolidating SDDC headquarters from Northern Virginia to Fort Eustis. In fact, in 2004 the former Commander of SDDC, Major General Ann E. Dunwoody, publicly stated that it was the intent of SDDC to consolidate its headquarters at Fort Eustis.¹ This decision, reversed by the BRAC recommendation coming from the Headquarters and Support Agency Joint Cross Service Group (JCSG), was based on both force protection and mission consolidation considerations. The complete reversal of policy related to the realignment of SDDC

¹ Major General Ann E. Dunwoody, Public Speech Given at Change of Command Ceremony, 2004

seems to be based more on the need to "consolidate headquarters personnel" at Scott Air Force Base than it does on any military mission or operational cost considerations. Additionally, if the desire were to create a synergistic environment for all three-service elements of USTRANSCOM, then why would you only have two of those elements (Air Mobility Command and SDDC) locate at Scott Air Force Base (an installation with a lower military value score than Fort Eustis²) and relocate the third (Military Sealift Command) from Washington, D.C. to Norfolk, Virginia? The reason to relocate Military Sealift Command (MSC) is to place it in the operational environment and joint arena that benefits it most in mission accomplishment. That is the same reason that the operational elements of SDDC should be consolidated at Fort Eustis. Similar reasoning is why SDDC Headquarters was originally slated to be moved to Fort Eustis and would also suggest that the Military Sealift Command should be located at Fort Eustis as well.

The package of recommendations related to SDDC should be carefully examined and overturned. As mentioned, it is our understanding that the consolidation of SDDC was agreed to within the highest levels of the Army prior to BRAC 2005, but was reversed by the JCSG. The consolidation at Fort Eustis of SDDC Headquarters with the Operations Center meets the operational needs of the Army and USTRANSCOM and is the least costly alternative. Consolidating SDDC (Ops Center, TEA, and the HQ) at Fort Eustis would eliminate the need for \$40 million³ in new construction at Scott Air Force Base, an installation with zero available capacity⁴. Fort Eustis has available capacity approaching 39 percent. Some renovations would need to be accomplished at Fort Eustis to provide for consolidation but not to the degree of new construction needed at Scott Air Force Base. The consolidation at Fort Eustis would achieve the reduction of leased space (183,553 GSF) that the DoD and the Joint Cross Group was looking to accomplish but it would only impact those personnel in Alexandria, Virginia (SDDC HQ) and not those located in Newport News (SDDC TEA).

This consolidation, as mentioned, would include the movement of the SDDC TEA from leased space in Newport News to Fort Eustis to reduce government overhead as well as provide force protection. The City is very supportive of this move. Included in this submission, are copies of the City of Newport News' offer to construct at favorable financial terms to the government the needed facilities to accommodate all elements of SDDC on Fort Eustis.

It is clear that Fort Eustis will have vacant space that could accommodate Headquarters SDDC if the Commission were to recognize the value in locating the Alexandria location in Hampton Roads rather than Scott Air Force Base, as the Army had indicated it wanted to do prior to BRAC 2005. Locating on Fort Eustis would eliminate concerns

² COBRA Analysis, Fort Eustis Military Value Score:0.875799221, Scott Air Force Base Military Value Score:0.846726271

³ HSA 0114RV4 Report

⁴ COBRA Analysis, Fort Eustis Available Capacity: 39%, Scott Air Force Base Available Capacity: -3%

of force protection, reduce military construction costs, and still provide the ability to institute personnel reductions, thus saving the Department resources it was seeking in the consolidation at Scott Air Force Base.

Transportation School

As was objectively described to Chairman Principi and General Newton (Ret.) during the May 25, 2005 Fort Eustis site visit, the calculations resulting in the realignment recommendation regarding the Transportation School are clearly flawed. Because of the unique multi-modal facilities including an airfield, a deep-water port, and an active Army railroad network, approximately one-third of the current Transportation School training (watercraft, cargo specialists and rail training) must stay at Fort Eustis even if this recommendation is instituted. Otherwise, the Department of Defense would need to invest hundreds of millions of dollars in new facilities at Fort Lee, which have not been calculated in the BRAC Recommendations or the COBRA analysis.

It is the City's understanding that the Army has already been made aware of these oversights in the initial recommendation and is preparing to send a supplemental letter of intent to the BRAC Commission. If one accepts the premise that a major portion of the training school must stay at Fort Eustis, a legitimate question for the Commission is what savings or efficiencies are achieved by moving elements of the school to Fort Lee while leaving significant training facilities and missions at Fort Eustis?

U.S. Army Aviation Logistics School

The final major realignment recommendation that should be carefully re-evaluated involves the U.S Army Aviation Logistics School (USAALS). Superficially, the idea of consolidating helicopter repair training with other Army aviation assets at Fort Rucker seems rational. However, thoughtful analysis of this proposal raised serious cost and operational questions.

The helicopter repair school and training center is housed in expensive and recently renovated facilities at Fort Eustis. The simple cost of relocation is estimated to be \$492.3 million. In fact, the SECDEF's own recommendation states that the Return on Investment (ROI) has a payback of 13 years⁵. A 13-year payback on an investment such as this is not financially sound. Secondly, as a training activity of high importance, the availability of a skilled civilian and uniform work force is critical. As previously mentioned, Fort Eustis is located optimally to tap into a retiring military labor market that includes skilled Army, Navy and Air Force personnel who muster out and stay in the Hampton Roads area. USAALS at Fort Eustis is ideally located for joint service helicopter repair training as part of one of the largest concentrations of national military assets in America. The joint training that already occurs there, including Army, Air Force, Navy and Coast Guard, has great potential for inter-service expansion.

⁵ Department of Defense BRAC Recommendations, Volume 1, Part 2)

Conversely, the Dothan, Alabama area is an exclusively Army environment, and such realignment defeats the goals of jointness as outlined by the Secretary of Defense, the Congress, and the BRAC criteria.

Finally, the Army has examined realignment of USAALS to Fort Rucker before and found it too expensive to undertake within their normal budget and MILCON programs. Only through BRAC can they recommend such an action since the high MILCON costs (ROI of 13 years) can be absorbed within the BRAC account. Surely the BRAC account is not intended as a substitute for or a way around projects that would otherwise require MILCON funding.⁶

Conclusion

The BRAC 2005 initial recommendations recognize the tremendous value of Fort Eustis. With a military value rated within the top 15% of all Major Administrative Headquarters⁷, Fort Eustis' size, location, available land, excellent infrastructure, and unique capabilities allow it to accept new missions with great flexibility and minimal disruption. The ability of the communities on the Peninsula to support existing and enhanced missions and to meet the needs of the military is among the highest in the nation, which is a BRAC criterion.

Those same assets suggest some of the realignments away from Eustis are not in the national security interest of the United States. Combined with its host City's willingness to invest in and support the base's military missions, Fort Eustis is a national asset that should be optimized as part of the final BRAC recommendations.

⁶ City officials were told that the decision to postpone the relocation of SDDC Headquarters to Fort Eustis was based on a desire to access the BRAC accounts rather than MILCON funds.

⁷ COBRA Analysis, Fort Eustis ranked 43rd amongst 337 Major Administrative Headquarters

CITY OF NEWPORT NEWS



JOE S. FRANK
MAYOR

December 3, 2003

SENSITIVE

Brigadier General Brian I. Geehan
Commanding General
U.S. Army Transportation Center
210 Dillon Circle
Fort Eustis, VA 23604

Dear General Geehan:

This letter is to confirm the conversation we had during our meeting of November 25, 2003 concerning the consolidation and relocation of the Military Traffic Management Command (MTMC) to Fort Eustis. We are very pleased that the Army is considering bringing all of MTMC to Fort Eustis and that the Army is in the process of developing a base stationing plan to accomplish this move. Contingent with MTMC's ability to enter into a financeable lease arrangement, I will strongly support the concept that the Economic Development Authority of the City of Newport News, Virginia (NNEDA) construct and own a facility to be leased to MTMC.

We understand that MTMC would occupy a 195,000 square foot new office building, built entirely to MTMC's specifications. This building is most likely to be located on Fort Eustis although, if necessary, it may be possible to locate the building just off the base along Dozier Road. I think everyone agrees, however, that an on-base location is preferable, particularly with regard to the issue of force protection. I also understand that, even though full occupancy of the building may be phased, MTMC would begin leasing the entire building once it is completed.

The NNEDA's willingness to facilitate the construction of a new office building for MTMC is, of course, subject to the approval of the Newport News City Council and the NNEDA Board. We do not see these approvals posing any difficulty as long as certain

Brigadier General Brian I. Geehan
December 3, 2003
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conditions occur that will minimize the NNEDA's financial risk and allow it to obtain financing for the project under reasonable terms. These conditions are:

- ▶ MTMC is able to enter into a five or six year lease of the building, with a five or six year renewal option, subject to appropriation;
- ▶ the bond financing the building is matched to the term of the lease, plus renewal;
- ▶ there are no obstacles to the transaction posed by DoD or other federal regulations or policies;
- ▶ the Army is willing and able to provide the NNEDA with a ground lease of the building site (assuming the building is located on Fort Eustis) for a significantly longer term than MTMC's lease term, but which would terminate when and if MTMC purchased the building from the NNEDA;
- ▶ a lender is found that is willing to fully finance all construction and development costs and provide terms that are reasonable and acceptable to all parties;
- ▶ Fort Eustis can offer some reasonable assurance that an alternative use for the new building could exist should MTMC be relocated from Fort Eustis or otherwise abandon the building, recognizing that this assurance may not be binding; and
- ▶ MTMC and the NNEDA are in agreement on all other provisions of the lease.

Subject to fulfilling all of the above conditions and obtaining all of the necessary approvals, the NNEDA would obtain a contractor to design/build MTMC's facility. The facility is now expected to cost between \$40 million and \$45 million, which includes the building, all site work and surface parking, telecommunications infrastructure, security system, furnishings and equipment, and all other development costs. The rent charged to MTMC by the NNEDA would equal the cost of the NNEDA's debt service, any land rent charged to the NNEDA by the U.S. Army, a \$0.25 per square foot lease administration fee in order for the NNEDA to recover a portion of its administrative costs, and any other costs that may be borne by the NNEDA. Thus, the amount of rent paid by MTMC for the facility would be directly related to the ultimate cost of the facility.

The proposed lease would be a total net lease. MTMC would be responsible for all building and grounds operating costs. These include, but are not limited to, utilities, insurance, fees, maintenance, repair and replacement.

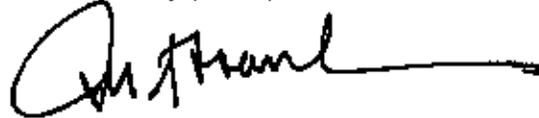
We realize that there are some procedural issues that need to be resolved before MTMC can move forward with this project, and stand ready to assist MTMC in facilitating the requisite approvals. Upon resolution of outstanding issues, the City Manager will

Brigadier General Brian I. Geehan
December 3, 2003
Page Three

instruct staff to begin drafting and negotiating the necessary agreements. Staff has already held some preliminary discussions with potential lenders and will have briefed the City Council and the NNEDA Board in closed session prior to beginning lease negotiations. Staff will then obtain formal approval and seek any public action required from the NNEDA Board and/or the Newport News City Council.

Please do not hesitate to call me if I can be of any further help. Otherwise, I am confident that your staff and Colonel Wagner, working with Ms. Florence Kingston (Director of Development and Secretary/Treasurer of the NNEDA) and her staff, can successfully move this project forward to a mutually beneficial conclusion.

Very truly yours,



Joe S. Frank
Mayor

JSF:tjf
PADEV03-04\MTMC3.tjfwpd

Copy to: Colonel Daniel D. Imholte
Colonel Ron Ellis
Colonel Susan K. Wagner, MTMC
Chairman, NNEDA
Vice-Chairman, NNEDA
City Manager
Assistant City Manager, NAM
Director of Development

DCN: 2994
CITY OF NEWPORT NEWS



JOE S. FRANK
MAYOR

December 2, 2004

Dr. Craig E. College
Deputy Assistant Secretary, Infrastructure and Analysis
Office of the Assistant Secretary of the Army for
Installations and Environment
110 Army Pentagon, Room 3D453
Washington D.C. 20350-1000

Dear Dr. College:

The City of Newport News, Virginia strongly supports retaining Ft. Monroe in Hampton, Virginia, which houses the United States Army Training and Doctrine Command (TRADOC) Headquarters. Not only is this facility critically important to the mission of the U.S. Army, but to the jointness doctrine. Being in the heart of Hampton Roads where there are many other U.S. Military Commands and centralized services, TRADOC's ability to coordinate, cooperate and facilitate its mission with parallel commands of the various services in the region is critically important. Beyond that, Ft. Monroe, to my knowledge, is the oldest active military facility in the United States: having a long and historically significant tradition of serving a critical role in the Nation's defense. From a local perspective, its economic impact is significant.

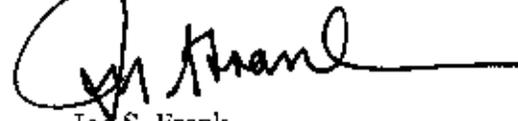
Should the Base Realignment and Closure (BRAC) process result in a decision to close Ft. Monroe and relocate TRADOC, we believe that we would be remiss in our responsibility to the citizens of the Virginia Peninsula to not propose an alternative site where TRADOC could be accommodated without losing jobs in the local economy, and without forcing mass transfers, relocations and dislocations of individuals and businesses. Our proposal is contained in the enclosure in detail.

Again, it is our sincere hope that you will do all that you can to retain and maintain Ft. Monroe and its TRADOC component at its current or an improved force level. However, if that is not possible then we would hope that every consideration will be given to the enclosed proposal so that the Department of Defense can ensure continuity, cohesiveness and coordination in meeting mission needs while taking advantage of the jointness opportunities available in the Hampton Roads area.

Dr. Craig E. College
December 2, 2004
Page 2 of 2

If there would be an opportunity to discuss this with us personally, or if there is anything I can do to be of help in keeping Ft. Monroe open, or in the absence of that, facilitating the enclosed proposal, please feel free to contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "Joe S. Frank", written over a horizontal line.

Joe S. Frank
Mayor

Enclosure

HIGHLY CONFIDENTIAL**PROPOSAL TO RETAIN
THE U.S. ARMY TRAINING AND DOCTRINE COMMAND
(TRADOC) IN HAMPTON ROADS, VIRGINIA****Introduction**

The possibility has been recognized that the upcoming Base Realignment and Closure (BRAC) process may result in a decision to close Fort Monroe in Hampton, Virginia. This proposal does not advocate the closure of Fort Monroe. In fact, the City of Newport News, working regionally in cooperation with other local governments and organizations, as well as the Commonwealth of Virginia, will do everything possible to ensure that Fort Monroe remains open and operating at its current force level.

There are many reasons why it is in the interests of all concerned, including the U.S. military, to keep Fort Monroe operational. The Fort has great historic significance that could be compromised should it cease to function as a military base. Fort Monroe is strategically positioned within Hampton Roads to provide easy access to the many other existing military commands in the region. Finally, the cost of closing Fort Monroe is likely to be high and the taxpayer's payback for incurring this cost is likely to occur many years into the future.

Given this, there is a clear likelihood given the SECDEF guidance that Fort Monroe will be targeted in the BRAC process. Therefore, a plan to retain the critical functions currently performed at Fort Monroe within the Hampton Roads/Virginia Peninsula area is crucial. It is particularly important that these functions remain on or next to a military base. The following outlines a viable plan for retaining the U.S. Army Training and Doctrine Command on the Virginia Peninsula with a minimum of disruption to its current operations. However, it is important to remember that this proposal should be entertained only if a decision were to be made through BRAC to close Fort Monroe. Unquestionably, the best outcome is for no BRAC recommendation to occur with respect to Fort Monroe.

Problems Generated for the Armed Forces by the Relocation of the U.S. Army Training and Doctrine Command (TRADOC)

A careful analysis will show that it is not in the best interest of the U.S. military, from both a cost and a force readiness perspective, to relocate TRADOC beyond the current commuting shed of Fort Monroe in Hampton, Virginia. Likely problems of such a relocation can be summarized as:

- Degradation of Joint Forces Coordination Capacity
- Transfer of Function Personnel Costs
- Transfer of Function Loss of Coordination and Efficiency

Degradation of Joint Forces Coordination Capacity

Hampton Roads contains the highest concentration of military commands and represents the most diverse collection of military forces of anywhere in the nation, with the possible exception of the Pentagon. Thus, the opportunity for Joint Forces mission coordination in Hampton Roads is unparalleled. TRADOC is intimately involved through its core mission in Joint Forces cooperation and preparedness. To remove TRADOC from the command-rich and diverse environment present in Hampton Roads would seriously degrade TRADOC's ability to effectively and efficiently participate in Joint Forces mission activities. In particular, a relocation of TRADOC to a remote community hosting only a single force command would inhibit TRADOC's ability to initiate and participate in transformational change mission activities that are essential to the reinventing and streamlining of the Army, as well as the transformation of the U.S. military.

Besides TRADOC, U.S. military commands and centralized services that are located in Hampton Roads include:

- U.S. Joint Forces Command
- U.S. Joint Forces Staff College
- Aviation and Missile Command - Army
- Combined Arms Support Command - Army
- Surface Deployment and Distribution Command (formerly Military Traffic Management Command) - Army
- Commander, U.S. Atlantic Fleet - Navy
- Air Combat Command - Air Force
- Commander Atlantic Area - Coast Guard
- Integrated Support Command - Coast Guard
- Maintenance and Logistics Command Atlantic - Coast Guard

Additionally, the region is home to NATO's Allied Command Transformation.

There are also several training facilities located in Hampton Roads. These include:

- Armed Forces Experimental Training Activity, Camp Peary
- Joint Deployment Training Center
- U.S. Army Training Support Center
- U.S. Army Aviation Logistics School
- Fleet Combat Training Center, Atlantic Fleet
- Coast Guard Training Center at Yorktown

Besides Fort Monroe, there are two other Army bases in Hampton Roads--Fort Eustis in Newport News and Fort Story in Virginia Beach. The Navy has five naval bases in Hampton Roads--Naval Station Norfolk, Naval Amphibious Base Little Creek, Naval Air Station Oceana, Naval Weapons Station Yorktown and Fleet Industrial Supply Center Cheatham Annex. Additionally, Langley Air Force Base and the Coast Guard's Integrated Support Command Facility are located in Hampton Roads. Altogether, nearly 100,000 active duty military personnel are stationed in Hampton Roads.

If TRADOC relocated outside of the Hampton Roads/Virginia Peninsula area, communication and coordination between TRADOC and the resident commands, training centers, bases and their operational functions would be much more difficult. Notwithstanding the advances in telecommunication that have occurred over the past decade, there is still no substitute for face-to-face communication in many critical situations and meetings that involve several people from different organizations are still more effective and efficient if conducted around a table. TRADOC's ability to interact with so many command and training centers within a fifty mile radius would be irreplaceable if this command were relocated outside of Hampton Roads/Virginia Peninsula.

Transfer of Function Personnel Costs

Approximately 3,400 military and civilian personnel are currently stationed at Fort Monroe. A relocation of TRADOC outside of Hampton Roads/Virginia Peninsula would generate costs in three areas: personnel relocation, recruitment and training and loss of knowledge-base. Barring a reduction in force at TRADOC, virtually all TRADOC military and civilian positions would generate either relocation or recruitment and training costs if this function is transferred outside of the Fort Monroe commuting shed. If TRADOC were relocated to another location within the commuting shed of Fort Monroe, the Army would avoid relocating these personnel and achieve a significant cost savings.

Relocation costs for personnel transfers average \$50,000 to \$75,000 for U.S. Army military personnel and \$50,000 to \$85,000 for civilian employees. Assuming, for the sake of example, a 95% retention of military personnel and 60% retention of civilian employees (which is on the historic high side), and using the more conservative cost estimate, the likely relocation cost associated with the closure of Fort Monroe and the transfer of its functions to a base located outside Fort Monroe's commuting shed is estimated to be \$123 million. However, these costs could be as high as \$195 million. While this cost is normally assumed as a cost of base closure and realignment, the existence of alternatives within the base's commuting shed offers the Defense Department a unique opportunity to reduce the cost of a BRAC decision and almost totally mitigate civilian personnel complaints.

Those military and civilian personnel that do not relocate will cause the Army to incur additional recruitment and training costs. Although relatively few military vacancies are expected relative to civilian vacancies, these would have to be filled through transfers from within the Army. Refilling military vacancies, while not generating traditional recruiting costs, would result in the payment of personnel transfer costs. Ultimately, these military vacancies would result in additional recruitment costs and could result in even further personnel transfer cost as position vacancies filter down the ranks.

Although all GS and WG schedule civilian employees would be offered employment in a new location, it is assumed that only higher level civil servants would be offered transfers if TRADOC were transferred to a base in another region and that civil servants doing general support work would be recruited from the local area. Assuming a non-transfer rate of 40%, this would generate a cost that could be considerable. Furthermore, depending upon where TRADOC is relocated, additional costs could be borne due either to access to an inadequate labor pool or to a more highly priced labor pool.

Hampton Roads is unique in terms of its concentration of military bases and civil service employees. More than 42,000 civil servants currently work in the Hampton Roads region. Additionally, the region has a total civilian workforce of more than 800,000. Few metropolitan areas with existing military bases or commands can match the size and quality of the workforce available for recruitment in Hampton Roads.

It is most likely that if TRADOC is relocated outside of Hampton Roads/Virginia Peninsula, it would exist on a base in a much smaller and more isolated metropolitan (or nonmetropolitan) area and that the demand for civil servants and support workers created by the TRADOC move would strain the labor force of that area. Lacking enough highly qualified workers would also increase training costs for the Army. Alternatively, if TRADOC is transferred to a metropolitan area of comparable or larger size, civil service pay scales are likely to be higher than in Hampton Roads. Hampton Roads consistently ranks in the bottom quintile of the thirty-five largest metropolitan areas in the nation in terms of cost of living.

The recruitment and training costs that would be experienced if the TRADOC function was transferred to an area outside Fort Monroe's commuting shed would be exacerbated by a heightened tendency for such a relocation to prompt early retirement or early exit decisions by both military and civilian personnel. Besides the normal considerations of spousal employment and aversion to change, there is the factor that Hampton Roads is seen as a highly desirable place to live and work. Recognitions of this include *Child Magazine's* ranking of Hampton Roads as the #2 best place in the nation to raise a family and *Places Rated Almanac's* ranking of Hampton Roads as the 17th most livable metropolitan area in the nation. The region's high quality of life is made even more attractive by its moderate cost of living.

Thus, faced with a relocation to most other areas in the nation, a person must often choose between remaining in Hampton Roads and retaining a "best value" lifestyle or accepting either an inferior quality of life; more limited social, recreational and economic choices; and/or a more expensive cost of living. A higher proportion of potential transferees will likely choose to remain behind than would be the case for the average transfer of function. In fact, it is well known locally that many officers and senior enlisted personnel select Hampton Roads as their final assignment because they have decided to live here after retirement from the military. A transfer of TRADOC's function to another region is, thus, likely to prompt a series of early retirement decisions.

Keeping TRADOC within Fort Monroe's commuting shed would avoid all of the costs cited above.

Transfer of Function Loss of Coordination and Efficiency

While difficult to quantify, costs due to lost efficiencies are real. If the TRADOC functions are transferred to another military base, existing relationships, both within and external to TRADOC will be disrupted. In particular, TRADOC personnel and operations will need to integrate into the operational structure of the new host base. This would include forming new interpersonal relationships between TRADOC and host base personnel.

While there would still be some degree of disruption if TRADOC were transferred to a military base within Hampton Roads/Virginia Peninsula, this disruption would be significantly minimized. TRADOC personnel already have relationships with operational units on other bases. This is especially true of Fort Eustis, which already hosts the TRADOC Acquisition Center.

Another type of cost due to lost efficiency would occur due to the relocation of TRADOC personnel outside of the Fort Monroe commuting shed. Moving is one of the most stressful life events and, although military personnel have more experience with this than the general population, there is still stress and loss of productivity involved. The loss of productivity is amplified when entire units are relocated, as opposed to single individuals. If TRADOC functions were transferred within the Fort Monroe commuting shed, there would be no such productivity loss due to the stresses of relocation.

Still another cost that would be a result of the expected accelerated rate of retirements and civilian decisions not to transfer with TRADOC's move to another area would be the loss of institutional memory and acquired expertise. TRADOC's vital operations would experience a loss of continuity to the extent that senior personnel refuse to relocate. It is difficult to place a monetary value on the loss of institutional knowledge, established working relationships and other human factors, but the cost of such losses would be magnified because they would occur suddenly and all at one time.

Finally, any transfer of TRADOC function will engender efficiency costs as TRADOC ramps up operation in its new location. However, these ramp up costs are likely to be minimized if the TRADOC function is transferred to a nearby military base with which it already has established relationships. Systems can be transferred in a more staged and orderly manner and ramp up costs associated with accommodating to a totally new environment would be minimized if the TRADOC function remains in Hampton Roads/Virginia Peninsula.

Fort Eustis as a Host Base Solution for a TRADOC Transfer of Function

A transfer of the TRADOC function to Fort Eustis in Newport News, Virginia is a logical solution to avoid those transfer of function problems and costs outlined above, if Fort Monroe should be selected for closure during the upcoming BRAC process. Fort Eustis is only a half hour away by Interstate from Fort Monroe. For many of those currently stationed at or employed by TRADOC at Fort Monroe, a commute to Fort Eustis would be no longer than the commute to Fort Monroe. Transferring the TRADOC function to Fort Eustis resolves every one of the negatives involved in a transfer of TRADOC to a military base outside of the Hampton Roads/Virginia Peninsula area.

- ▶ There would be no disruption of working relationships with the other commands and forces resident in Hampton Roads.
- ▶ Costs associated with relocating and/or recruiting military and civilian personnel are avoided.
- ▶ Costs associated with coordination and efficiency losses are avoided.

Besides the avoidance of negative costs associated with a TRADOC transfer of function, there are a number of positive factors that would be retained if TRADOC were transferred to Fort Eustis.

- ▶ TRADOC personnel would continue to enjoy the high quality of life/high value living environment available in Hampton Roads. The intangible merits of this are that TRADOC employees are more satisfied and, as a result, more productive than they would be in a less livable and/or higher cost of living environment.
- ▶ Travel between Fort Eustis and the Pentagon remains convenient and affordable. Pentagon and TRADOC officials are faced with a two and a half hour drive rather than the burdens and expense of air travel. Fort Eustis is located just one mile from Interstate 64 via Fort Eustis Boulevard (VA 105), a four-lane highway.
- ▶ TRADOC can enjoy cost savings through facility and services sharing at Fort Eustis. Additionally, TRADOC personnel will be able to continue to enjoy the vast military personnel support framework that exists in Hampton Roads with respect to commissaries and PX facilities, health care, recreation, etc.
- ▶ Finally, as will be explained below, the Industrial Development Authority of the City of Newport News, Virginia (NNIDA) is prepared to facilitate a solution that avoids the implementation of OMB scoring criteria and enhances force protection.

A Viable Plan for a Seamless Transfer of the TRADOC Function to Fort Eustis

The NNIDA is prepared to assist a transfer of the TRADOC function to a location immediately adjacent to Fort Eustis and accessible from the base. This assumes that such a beyond-the-gate solution is more desirable than a transfer of TRADOC onto the base. Of course, if TRADOC being on the existing base at Fort Eustis is the best solution, all of the advantages to keeping TRADOC within the Fort Monroe commuting shed apply.

To implement a beyond-the-gate transfer of the TRADOC function, the NNIDA would undertake the following, subject to its Board's approval with the concurrence of City Council:

- ▶ Purchase approximately 65 acres of privately-owned land along Dozier Road for the development of a 270,000 square foot TRADOC office building and a 400,000 square foot Civilian Support office building.
- ▶ Make available approximately 6 acres of publicly-owned land to the project, if needed.
- ▶ Make improvements to Dozier Road and coordinate with Fort Eustis to provide dual access to the new TRADOC facility.
- ▶ Select a private developer to construct and own the proposed office buildings and other property for lease to the Department of Defense for TRADOC and its civilian support services.
- ▶ Make the remaining 11 to 17 acres of Publicly-owned land along Dozier Road available for private development of retail, services and contractor offices to serve TRADOC and the Fort Eustis military base.

The proposed new TRADOC site along Dozier Road is strategically located to maximize force protection. (See the enclosed geographic reference and site maps showing: 1) the proposed site in relation to Fort Eustis; 2) an aerial map of the proposed site; and 3) two building layout maps showing structured and surface parking options). Although located on privately-owned land, the property is surrounded on three sides by Fort Eustis. The remaining boundary is formed by land now publicly owned whose development would be coordinated with the TRADOC development. A controlled gate could easily be erected between Fort Eustis and the new TRADOC center. This fortuitous geographic circumstance could obviate the additional security costs and concerns that would otherwise be present in an outside-the-gate solution.

Engaging a private developer to construct and own the proposed new TRADOC facilities would take advantage of new avenues encouraging privatization that the Defense Department has recently begun to explore. Privatization of a facility for TRADOC is one way to avoid the budgetary constraints imposed by the MilCon regulations.

Preliminary estimates are that the TRADOC military and civilian functions can be housed in approximately 670,000 square feet of office space. It may be desirable to separate those functions that demand a higher level of classification and are more exclusively military in nature from TRADOC's civil service support functions. Preliminarily, therefore, two buildings have been specified on the proposed site. One is a 270,000 square foot TRADOC central command building, located deepest within the site. The other is a 400,000 square foot TRADOC civilian support center, located closer to Washington Boulevard and closer to Warwick Boulevard (U.S. 60).

One major decision point to consider in developing a new TRADOC campus is whether parking should be provided in surface lots or through parking garages. Assuming a need for 3,400 parking spaces, surface parking is the more land-intensive solution. Currently, because TRADOC is scattered throughout several small buildings at Fort Monroe, surface parking is distributed and does not significantly impact land use. If TRADOC is consolidated into two or three large buildings, surface parking surrounding those buildings is expected to consume more than 30 acres of land. While the proposed site can accommodate this surface parking need, a structured parking solution may be more environmentally suitable.

With structured parking, TRADOC's parking needs could be accommodated in two parking garages, consistent with the height of their respective office buildings. These parking garages have been specified at 1,200 and 2,000 spaces, respectively. Together, they would consume less than four acres of land area, leaving a higher proportion of the proposed site in its natural setting. A surface parking solution would necessitate the creation of a large detention pond to handle storm water runoff, whereas this could be avoided by placing parking in garages. Garages, however, are a more expensive parking solution.

Both solutions are sketched out in the enclosed preliminary site plans. Under the surface parking plan, the all-in facility development cost is estimated to range from \$110 to \$115 million. This very preliminary estimate includes the cost of land, site work and utilities, construction and development costs. Assuming that the TRADOC command center building is more expensive to build, initial lease rates can be expected to be in the \$24 to \$25 per square foot range for the command center and in the \$20 to \$21 per square foot range for the civilian support center. Substituting parking garages would bring the estimated cost of the facility to between \$140 and \$145 million and increase initial lease rates to between \$29 and \$30 per square foot for the command center building and between \$26 and \$27 per square foot for the civilian support center. Of course, the actual costs and lease rates may vary depending upon construction specifications and financing available at the time of construction.

The development described above is, of course, only one of several possible solutions for transferring TRADOC's function to Fort Eustis. Fort Eustis is currently undertaking an active building program on base and it may be possible that the TRADOC functions could be housed in existing Fort Eustis facilities. A new facility could be constructed on base at Fort Eustis, either by the Department of Defense or by a private developer (with appropriate guarantees of compensation and future access should the Defense Department terminate the lease). Still another option is for a portion of a new TRADOC campus to be constructed and owned by the military just inside the base and for a privately-owned facility to be built and leased to the General Services Administration for TRADOC's civilian component on property to be acquired by the NNIDA along Dozier Road. Yet another option is for the federal government to construct a new TRADOC facility on the Dozier Road properties, either incorporating the property into Fort Eustis or keeping the facility outside the base. The NNIDA would assist with whatever solution is best for transferring the TRADOC function to Fort Eustis.

In summary, there are three essential conditions that exist in support of a transfer of the TRADOC function to Fort Eustis, if the BRAC process determines that Fort Monroe is to be closed. First, relocating TRADOC outside of Fort Monroe's commuting shed will generate significant costs to the military. Secondly, these costs can be avoided if the TRADOC function is transferred to Fort Eustis. Thirdly, mechanisms exist for the development of a new TRADOC campus on or near Fort Eustis and local government is ready to assist in implementing these mechanisms.

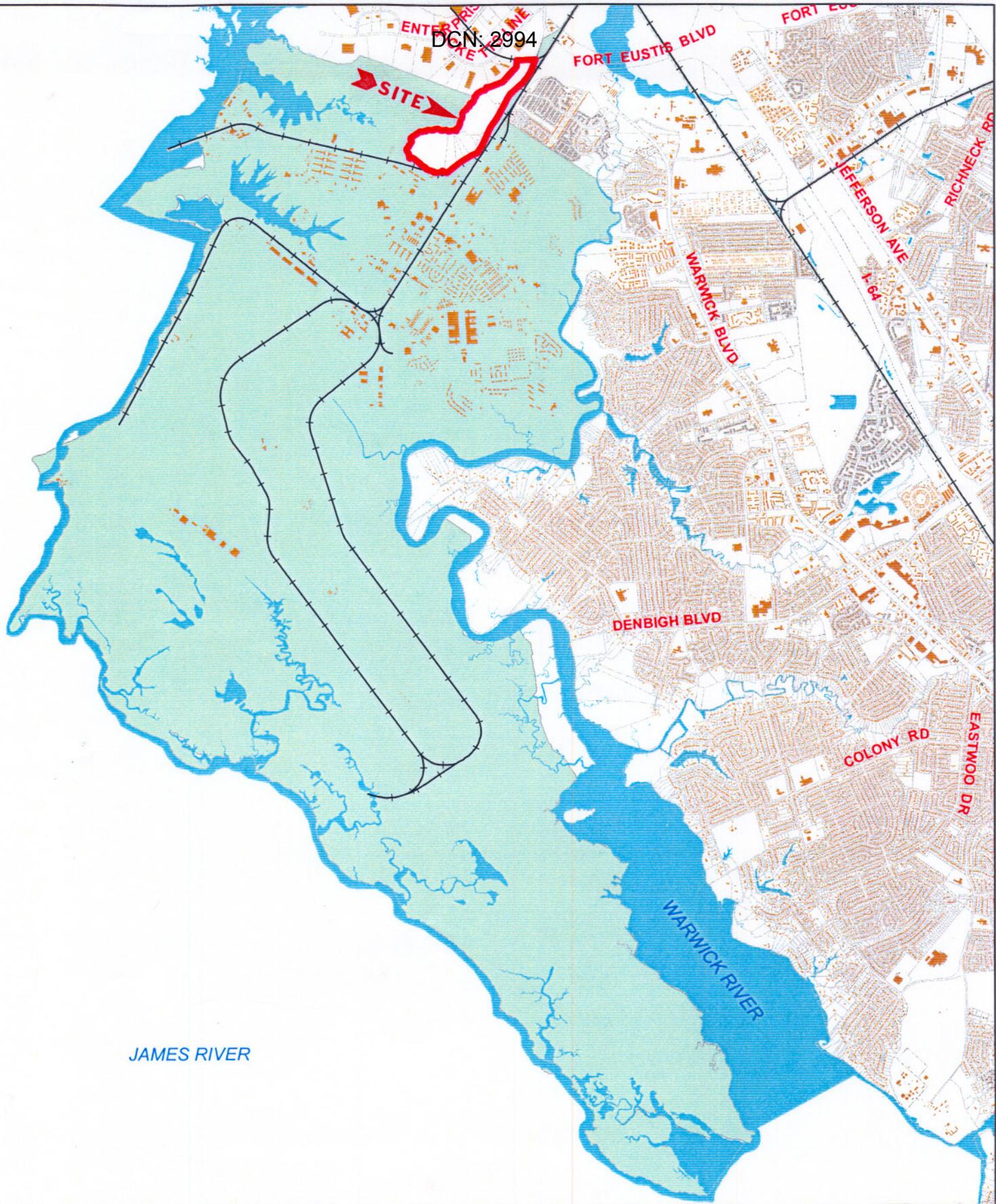
The NNIDA's first priority is to support the efforts to keep Fort Monroe open and TRADOC in its present location. However, if closing is inevitable, they stand ready to retain the TRADOC function in Hampton Roads on the Peninsula.

Contact information: Florence G. Kingston
Secretary/Treasurer
Industrial Development Authority of the City of Newport News, Virginia
2400 Washington Avenue
Newport News, Virginia 23607
757-926-8428
Fax: 757-926-3504
Email: fkingston@nngov.com

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Department of Development

DCN: 2994

SITE



JAMES RIVER

WARWICK RIVER

1 inch equals 4,000 feet

FORT EUSTIS MILITARY RESERVATION





1 inch equals 600 feet

DOZIER ROAD NEAR FORT EUSTIS MILITARY RESERVATION

