

BRAC Commission

JUL 15 2005

Received



KEEP CLEVELAND DFAS

Excellent People

Excellent Performance

Excellent Value

July 14, 2005

The Honorable James V. Hansen  
2005 Defense Base Closure and Realignment Commission  
2521 S. Clark St., Ste. 600  
Arlington, VA 22202

Dear Commissioner Hansen:

Thank you for the opportunity last month to represent the men and women of DFAS Cleveland at the regional BRAC hearing in Buffalo. The due diligence you have been selected to perform in service to our country is obviously both an honor and momentous responsibility. As you prepare to begin your deliberations in your meetings next week, I wanted to take this opportunity to summarize the main points of my testimony for you and your fellow Commissioners.

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Commissioner Hansen  
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Frederick R. Nance  
Chairman, Cleveland Defense Industry Alliance

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General James T. Hill  
2005 Defense Base Closure and Realignment Commission  
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Brigadier General Sue E. Turner  
2005 Defense Base Closure and Realignment Commission  
2521 S. Clark St., Ste. 600  
Arlington, VA 22202

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Admiral Harold W. Gehman  
2005 Defense Base Closure and Realignment Commission  
2521 S. Clark St., Ste. 600  
Arlington, VA 22202

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KEEP CLEVELAND DFAS

July 14, 2005

General Lloyd W. Newton  
2005 Defense Base Closure and Realignment Commission  
2521 S. Clark St., Ste. 600  
Arlington, VA 22202

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Commissioner Newton  
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**KEEP CLEVELAND DFAS**

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Cleveland Defense Industry Alliance  
Cleveland, Ohio

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**KEEP CLEVELAND DFAS**

Executive Office  
10000 Eastman Avenue  
Cleveland, Ohio 44131

The Honorable Samuel K. Skinner  
2005 Defense Base Closure and Realignment Commission  
2521 S. Clark St., Ste. 600  
Arlington, VA 22202

Dear Commissioner Skinner:

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Commissioner Skinner

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That said, our Cleveland community support team found substantial deviations from BRAC principles in the DFAS military value (MV) analysis, skewing the values arrived at under critical metrics. The cumulative effect of adjusting for all – or even some – of these deviations takes Cleveland to a #1 or #2 position in MV among the existing five major DFAS sites. For example:

**Location on or off DoD installation** – This metric was the second highest weighted value, materially impairing Cleveland DFAS' final score. Yet in its conclusion, the Pentagon proposes to move 3,500 DFAS employees to an Indianapolis-area site that is also not located on a DoD installation.

**Unique process applications** – Anomalous scoring here (binary vs. linear) shortchanged Cleveland, which performs by far the most unique applications of any site, by obscuring true relative merit. All other metrics for which there was a wide range of data used the linear scoring method.

**Operating cost per square foot** – For this highest-weighted metric, the analysis was based on the artificially high rental costs of Cleveland's GSA landlord instead of considering readily available local market indices, which are substantially lower. Indeed, based upon independent market data from a reputable, national real estate firm, Cleveland's real estate costs are actually the lowest of the five major DFAS cities.

BRAC Commission

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In addition to the MV flaws, our team found errors in the calculation of return on investment (ROI), with the effect of notably underestimating costs at receiver locations. Specifically, the costs of acquiring an additional 250,000 square feet of space to accommodate the proposed work force growth, assuming such space can be found, were not factored into the ROI calculations. Without that, the analysis is inaccurate.

The Cleveland delegation also raised the fundamental question as to why the work force pool data which was utilized in two different metrics was based upon the region's total work force, as opposed to available accounting and finance work force data. A true MV analysis would obviously be better served by the latter data.

We have stated that we do not challenge the Pentagon's intent to consolidate operations. What is entirely unclear to us is the basis for paring the existing 26 DFAS sites down to three. Whatever the reason, the Pentagon's fundamental, mathematical error (since corrected), inconsistently and arbitrarily applied MV criteria and incomplete ROI calculations have resulted in a process which is clearly flawed.

This flawed process led to the anomalous recommendation to close DFAS Cleveland, whose hallmark is a long track record of excellence, innovation and efficiency that bears directly on military value, never more so than during a time of war. We ask that you question and reevaluate that conclusion based upon accurate data and clear and consistently applied criteria.

We thank you in advance for the careful consideration of our case to Keep Cleveland DFAS.

Sincerely,

A handwritten signature in black ink, appearing to read "Frederick R. Nance". The signature is written in a cursive, flowing style.

Frederick R. Nance  
Chairman, Cleveland Defense Industry Alliance