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MILITARY BASES

Challenges in Identifying and Implementing Closure Recommendations

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GAO/T-NSIAD-95-107

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to provide you with an overview of our work involving the Department of Defense's (DOD) base realignment and closure (BRAC) process. This includes our legislatively mandated role in assessing DOD's recommendations and process of selecting closure candidates and our subsequent work examining the implementation of BRAC decisions.

Today, I will (1) provide a brief historical account of the BRAC process, including our role in that process; (2) summarize some of the conclusions we have drawn in assessing DOD's decision-making process in prior BRAC rounds and identify improvements that DOD and its components have made to the process; (3) share with you the results of our work on previous base closures--including planned reuse and environmental cleanup of these facilities; and (4) make some preliminary observations about BRAC issues that may extend beyond the life of the current BRAC legislation.

HISTORICAL CONTEXT OF BRAC

As DOD budgets, force structure, and personnel began to be reduce in the mid-to-late 1980s, it became increasingly important to ensure that scarce DOD resources be devoted to the most pressing

operational and investment needs rather than maintaining unneeded property, facilities, and overhead. Historically, however, closing unneeded military facilities had not been an easy task, in part, due to public concerns about the effects on communities and their economies and concerns about the impartiality of the decision-making process. Additionally, legislative provisions enacted in the 1970s requiring congressional notification of proposed closures and preparation of economic, environmental, and strategic consequence reports severely hampered base closure efforts.

Legislation enacted in 1988 (P.L. 100-526)--which was used only for that year--facilitated a successful round of base closure decision-making. It outlined a special process for considering closing actions, authorized a special commission to propose closures and realignments, and provided relief from certain statutory provisions that were seen as hindering the base closing process.

Efforts by the Secretary of Defense in January 1990 to initiate additional base closure actions--without special enabling legislation--encountered difficulty and were not completed. Concerned about the Secretary's January 1990 proposals, the Congress passed the Defense Base Closure and Realignment Act of 1990 (title XXIX, P.L. 101-510) halting any major closures except those following the new act's requirements. The act created the independent BRAC commission and outlined procedures, roles, and

time lines for the President, the Congress, DOD, GAO, and the Commission to follow.

The 1990 legislation required that all bases be compared equally against selection criteria and DOD's current force structure plan, provided by the Office of the Secretary of Defense (OSD). The legislation mandated rounds of BRAC reviews in 1991, 1993, and 1995. For each BRAC round under the 1990 legislation, the services and DOD agencies submitted their candidates for closure and realignment to the Secretary of Defense for his review. After reviewing their candidates, the Secretary submitted his recommendations to the BRAC Commission for its review. The BRAC Commission, which could add, delete, or modify the Secretary's recommendations, then submitted its recommendations to the President for his consideration. The President could either accept or reject the Commission's recommendations in their entirety; if he rejected them, the Commission could give the President a revised list of recommendations. If the President accepted the Commission's recommendations, he forwarded the list to the Congress, which became final unless the Congress enacted a joint resolution disapproving it in its entirety.[1]

Base closure rounds in 1988, 1991, and 1993 produced decisions to fully or partially close 70 major domestic bases and to close,

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[1]See enclosure 1 for an overview of BRAC 1995 outlining DOD's selection criteria, key steps taken by DOD components in identifying BRAC candidates, and key milestone dates.

realign, or otherwise downsize scores of other bases, installations, and activities.[2] I need to emphasize that the number of bases recommended for closure in a given BRAC round is often difficult to tabulate precisely because closure actions are not necessarily complete closures, and closures may involve activities and functions rather than bases.

The term "base closure" often conjures up the image of a larger facility being closed than may actually be the case. Military installations are diversified and can include a base, camp, post, station, yard, center, homeport facility, or leased facility. Further, more than one mission or function may be housed on a given installation. Individual base closure and realignment recommendations may actually affect a variety of activities and functions without fully closing an installation. For example, in 1993, the Navy recommended closure of its Naval Aviation Depot (NADEP) in Norfolk, Virginia, which is an aircraft maintenance facility. The Norfolk NADEP is located on the Norfolk Naval Base, which includes among other activities the Norfolk Naval Station and Naval Air Station, which were not closed by BRAC 1993.

Complete closures, to the extent they occur, may involve relatively small facilities, rather than the stereotypical large military base. Thus, the term "base closing" used in conjunction with BRAC

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[2]See enclosure 2 for definitions pertaining to DOD base realignment and closure actions.

should be viewed generically as referring to facilities, installations, and activities of varying sizes. Closings and realignments, whatever their size, however, are designed to reduce unneeded infrastructure and achieve operational savings--that is the bottom line in terms of what the base closure process is all about.

DOD is still completing base closures and realignments approved in prior years. DOD must currently initiate closure and realignment actions no later than 2 years after the President submits his list to the Congress and must complete implementing actions within 6 years. DOD data indicates that as of January 1995, 51 percent of the 70 major closing actions of the prior three rounds had been completed. Implementing actions on BRAC 1995 recommendations must be completed by 2001.

The 1990 legislation mandated that GAO analyze the Secretary's selection process and recommendations for each BRAC round and submit a report to the Congress and the BRAC Commission.[3] For BRAC 1995, this report must be submitted within 45 days after the Secretary makes public his list of proposed realignments and closures. Our next report must be submitted by April 15, 1995.

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[3]See Military Bases: Observations on the Analyses Supporting Proposed Closures and Realignments (GAO/NSIAD-91-224, May 15, 1991) and Military Bases: Analysis of DOD's Recommendations and Selection Process for Closures and Realignments (GAO/NSIAD-93-173, Apr. 15, 1993).

ADEQUACY OF DOD'S DECISION-MAKING PROCESS

Several statutory or policy requirements of the BRAC process are designed to enhance its fairness and integrity and have been strengthened over time. They include the following:

-- All DOD components must use specific models for assessing (1) the costs and savings associated with BRAC actions and (2) the potential economic impact on communities affected by those actions. We have identified shortcomings in these models and their use in prior BRAC rounds and have seen model improvements made each round to improve their effectiveness.

-- Information used in DOD BRAC decision-making must be certified. That is, certification that the information is accurate and complete to the best of the submitting person's knowledge and belief. This requirement resulted from a 1991 amendment to the Base Closure and Realignment Act, and it was designed to overcome concerns about the consistency and reliability of data used in the process.

-- DOD components must develop and implement internal control plans to foster accurate data collection and analyses and documentation of decisions. A component of the internal control plans is extensive involvement by service audit agencies and DOD Inspector General personnel to better ensure the accuracy of data used in decision-making and to enhance the integrity of the process. These audit groups have performed admirably, under tight time constraints, to conduct real-time assessments of data used in the decisions. They have pointed out errors and tracked corrections to help ensure the most accurate data possible was being used.

Our reports on prior BRAC rounds have pointed out problems with documentation of decisions and some recommendations by DOD components, but overall we found their decision-making processes were generally sound, and most decisions adequately supported. In the most recently completed BRAC round, 1993, we found that (1) the

Navy generally completed return-on-investment analyses primarily to test the feasibility of an alternative, not to determine which, of competing alternatives, produced the greatest savings; (2) the Army chose not to recommend a base for closure, in part, because of environmental cleanup costs--a factor that is not supposed to be considered in calculating closure costs; (3) the Air Force's documentation of some of its final recommendations made it difficult to understand its justification, although subsequent oral explanations seemed to justify the recommendations; and (4) the Defense Logistics Agency overstated estimated savings of some realignments.

Our 1993 report also stated that OSD did not exercise strong leadership in overseeing the military services and DOD agencies during the process. Consequently, some technical problems occurred, and the opportunity to consider consolidation of maintenance facilities on a DOD-wide basis was lost. DOD responded to these problems by attempting to strengthen the process for BRAC 1995 and sought to encourage its components to explore opportunities for cross-service use of common support assets. It did this by organizing cross-service review groups to propose alternatives for the components to consider in five functional areas: (1) maintenance depots, (2) laboratories, (3) test and evaluation facilities, (4) undergraduate pilot training, and (5) medical treatment facilities.

Our assessment of the 1995 BRAC process is underway and will not be completed until we issue our report in April. Our staff will be undertaking a short, but intensive, scrutiny of the Secretary's recommendations once they are final and made public on March 1, 1995. Operating under tight time constraints, we will track selected recommendations back through the components' decision-making processes to test their logic, consistency, and reasonableness. We will report any concerns to the BRAC Commission and the Congress.

IMPLEMENTATION OF PREVIOUS BASE CLOSURES

Let me now discuss the status of previous closure decisions. While the implementation of BRAC 1993 is still in its early stages, DOD and local communities have had more time to develop and implement reuse plans for the two earlier rounds. We reported earlier on the results of our review on 37 base closures from the 1988 and 1991 rounds.[4] While the findings remain unchanged, we have updated the figures for you today (see enclosure 3).

Federal property that is no longer needed is not automatically sold. Rather, DOD is required to first screen excess property for possible use by other DOD organizations and then by other federal agencies. If no federal agency has a need for the excess property,

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[4]Military Bases: Reuse Plans for Selected Bases Closed in 1988 and 1991 (GAO/NSIAD-95-3, Nov. 1, 1994).

it is declared surplus to the federal government and generally is made available to qualifying nonprofit organizations and state and local governments. Any property that remains is available for sale to the general public. DOD is required to comply with environmental laws for disposing of real property. These laws call for all relevant parties to agree on the extent of cleanup required before property can be transferred within the federal government and that property be cleaned up before it can be transferred to nonfederal users.

Originally, DOD estimated that $4.1 billion would be received from the sale of property from BRAC 1988 and 1991 rounds to help pay for the costs of realignments and closures. DOD property sales currently total about $63 million. The primary reason for the low property sales is that about 88 percent of the property we reviewed at these 37 installations was being retained by DOD or transferred at no cost to other federal agencies or state and local jurisdictions. Of the remaining 12 percent, 3 percent is planned for sale and 9 percent is undecided. Closure costs not paid from property sales revenue will have to be paid from congressional appropriations.

In addition to requesting property at no cost, communities are also asking the federal government to provide cash grants, income producing properties, and building and infrastructure improvements to assist with the conversion of military properties to civilian

uses. Communities have received nearly $300 million in cash grants from various federal agencies to assist with the planning and implementation of base reuse plans. DOD's Office of Economic Adjustment has provided $33 million; the Department of Commerce's Economic Development Administration has provided $83 million; the Department of Labor has provided $46 million; and the Federal Aviation Administration has provided $130 million.

Communities are also seeking the public benefit conveyances of readily marketable properties, such as military golf courses and family housing, to support reuse activities. Communities are asking for these revenue generating properties to help fund the operating expenses while they implement their reuse plans for activities such as airports or educational institutions.

Finally, communities are asking DOD to renovate buildings, upgrade utility systems, construct roads, and improve other infrastructure. Some requests have been for converting buildings from their former military use to classroom facilities and to bring buildings up to current state and federal standards. Other requests have been for infrastructure system upgrades to gas, water, and sewage systems and the construction of access roads. Communities are asking DOD to perform this work, provide the funds to do the work, or deduct the funds from property sales revenue.

Our work also shows that reuse planning and disposal of property are being delayed for several reasons. These include (1) disagreements over reuse alternatives, (2) changing laws and regulations, and (3) environmental cleanup of contaminated properties.

Disagreements over reuse arise when competing federal agencies, local jurisdictions, or other members of the community cannot agree on reuse alternatives. We have seen disagreements between cities, counties and cities, federal agencies and cities, Indian groups and local communities, and homeless assistance organizations and local communities. When conflicts arise, DOD base closure officials have urged all parties to reach an accommodation; however, DOD has the discretion to determine the final use of the property.

Changing laws and regulations delay reuse planning. When new legislation is passed, communities that are in the midst of reuse planning often choose to delay decisions until implementing regulations are finalized. For example, the Congress passed legislation in 1993 to expedite the base conversion process and support economic development in communities facing base closure. DOD issued interim rules in April 1994 and amended them in October 1994. Final rules are expected to be published in mid-March of this year.

With respect to environmental cleanup of contaminated properties, we have just released our report on the environmental impact at closing military installations.[5] This report addresses the significant environmental cleanup challenges that face the Congress, DOD, the state, and local communities before the property can be reused.

The Congress, DOD, and the Environmental Protection Agency have taken a number of actions over the past several years to resolve environmental cleanup issues at bases that are being closed and realigned. However, problems still remain. For example, our report shows that DOD's cost estimate for cleaning up 123 closing and realigning activities/installations increased to $4 billion in its fiscal year 1995 budget request.[6] However, later, more comprehensive estimates developed by 84 installations for their April 1994 cleanup plans totaled about $5.4 billion. We found that even these estimates were understated.

Our report also shows DOD has made all closing and realigning installations eligible for high priority cleanup funding. This high priority accelerates DOD's cleanup funding needs. However,

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[5]Military Bases: Environmental Impact at Closing Installations (GAO/NSIAD-95-70, Feb. 23, 1995).

[6]The 123 activities/installations are those that are identified in DOD's fiscal year 1995 base realignment and closure budget justification documents. This number differs from other summary figures for base closures because of the way DOD aggregated these numbers for budget purposes.

63 percent of the $5.4 billion estimate is for installations that would not have been given a high priority for cleanup funding if they were not closing or realigning. Also, most of the property will remain as federal lands and may not have to be cleaned up before reuse. In addition, in 1994 DOD received authority to use long-term leases so property can be placed into nonfederal reuse before cleanup is completed. To date, only a few leases have been signed.

Finally, our report shows that DOD's cleanup progress has been limited. Most sites at closing and realigning installations are in the earliest stages of investigation and study and may be 10 years or more away from cleanup. DOD has made limited cleanup progress for several reasons. First, the study and evaluation process is lengthy. Second, some of the contaminated sites are just too large or prohibitively expensive to clean up and some of the cleanup methods are unsure. Decontaminating groundwater is costly, difficult, and sometimes impossible. Third, new technology is frequently not a ready option because it may involve unacceptable risks or contractors may prefer other technology based on their past experiences.

To accelerate the environmental cleanup at closing installations, DOD established the Fast Track Cleanup program in July 1993. While certain elements in the program have achieved desired results, others have not, and opportunities for improvement remain.

For example, one initiative focused on quickly identifying and transferring uncontaminated property. However, although the services identified about 121,000 of about 250,000 acres at 1988 and 1991 closing installations as uncontaminated, the regulators only concurred on about 34,000 acres. Moreover, most of the uncontaminated property that has been identified is usually undeveloped, remotely located, and often not desirable for reuse.

CONSIDERATIONS FOR THE FUTURE

BRAC 1995 represents the last round of base closing reviews authorized under the 1990 legislation. Questions exist about whether sufficient infrastructure reductions will be made in the current round or whether additional rounds will be needed. Further, the BRAC round in 1993 was used to obtain BRAC Commission approval for changes to BRAC decisions made in 1991; the same is expected to occur in BRAC 1995 relating to prior BRAC decisions. Since DOD cannot unilaterally change a BRAC Commission decision, questions exist as to how any adjustments to 1995 BRAC decisions will be made in the future once the 1995 BRAC Commission has completed its work.

The question of whether the 1995 and earlier BRAC rounds will have eliminated sufficient excess infrastructure cannot be fully answered yet. However, recent statements by the Secretary suggest that excess infrastructure may remain after the 1995 BRAC round.

DOD's goal for the 1995 round was to reduce the overall DOD domestic base structure by at least 15 percent of DOD-wide plant replacement value--an amount at least equal to the three prior BRAC rounds. Recently, the Secretary said that he expects that the 1995 round reduction will be smaller than the 1993 round. This suggests that the current round may not meet DOD's stated goal. Our review of the 1995 round will address DOD's reasoning for the degree to which excess infrastructure was retained.

If further BRAC rounds are needed, the recent history of base closures suggests that some form of authorizing legislation may be needed to overcome problems which inhibited base closures in the past. However, I am not suggesting such legislation at this point, because we have not completed our review of the current BRAC round. In addition, we plan to complete a more detailed assessment of lessons learned from these rounds to determine what worked, what did not work as well, and what might be done differently to facilitate any additional reductions.

Regarding changes to prior BRAC decisions, the history of recent BRAC rounds suggests that some mechanism will be needed to authorize changes to 1995 BRAC decisions. I am not recommending a specific approach at this time. However, we would be glad to provide some alternatives for your consideration at a later date.

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Mr. Chairman, this concludes my prepared remarks. I would be happy to respond to any questions from you or Members of the Subcommittee.

OVERVIEW OF BRAC 1995

The following is an overview of BRAC 1995 outlining DOD's selection criteria, key steps in DOD components' decision-making, and key dates pertaining to the BRAC process.

DOD SELECTION CRITERIA

Military Value (receives priority consideration)

1. The current and future mission requirements and the impact on operational readiness of DOD's Total Force.

2. The availability and condition of land, facilities, and associated air space at both the existing and potential receiving locations.

3. The ability to accommodate contingency, mobilization, and future total force requirements at both the existing and potential receiving locations.

4. The cost and manpower implications.

Return On Investment

5. The extent and timing of potential cost and savings, including the number of years, beginning with the date of completion of the closure or realignment, for the savings to exceed the costs.

Community Impacts

6. The economic impact on communities.

7. The ability of both the existing and potential receiving communities' infrastructure to support forces, missions, and personnel.

8. The environmental impact.

KEY STEPS TAKEN BY DOD COMPONENTS IN IDENTIFYING BRAC CANDIDATES

-- Categorizing activities.

-- Collecting data needed to identify excess capacity and establish military values at individual locations.

-- Identifying realignment and closure candidates and analyzing alternatives/scenarios.

-- Performing analyses to gauge potential costs and savings from realignment and closure alternatives/scenarios.

-- Determining economic, community, and environmental impacts.

-- Recommending candidates for realignment and closure.

KEY DATES

The 1995 BRAC process is governed by certain key dates. No later than:

-- March 1, 1995: The Secretary of Defense reports his recommendations for realignments and closures to the Defense Base Realignment and Closure Commission. This point marks the first public release of proposed realignments and closures and public availability of DOD BRAC documents.

-- **April 15, 1995**: GAO provides Congress and the Base Closure Commission with "a report containing a detailed analysis of the Secretary's recommendations and selection process."

-- July 1, 1995: The Base Closure Commission reports to the President on its recommendations for realignments and closures.

-- July 15, 1995: The President transmits to the Commission and Congress a report containing his approval or disapproval of the Commission's recommendations.

-- August 15, 1995: Should the President disapprove any of the Commission's recommendations, the Commission must transmit a revised list to the President.

-- September, 1995: Congress has 45 days in which to enact a joint resolution should it desire to disapprove the entire package of realignment and closure recommendations.

OFFICE OF THE SECRETARY OF DEFENSE

BASE REALIGNMENT AND CLOSURE DEFINITIONS

The following definitions were provided by the Office of the Secretary of Defense (OSD) to the Department of Defense (DOD) components for use in the 1995 base closure and realignment process. The definitions remain unchanged from the 1993 process.

CLOSE

All missions of the base will cease or be relocated. All personnel (military, civilian, and contractor) will either be eliminated or relocated. The entire base will be excessed and the property disposed. Note: A caretaker workforce is possible to bridge between closure (missions ceasing or relocating) and property disposal which are separate actions under Public Law 101-510.

CLOSE, EXCEPT

The vast majority of the missions will cease or be relocated. Over 95 percent of the military, civilian, and contractor personnel will either be eliminated or relocated. All but a small portion of the base will be excessed and the property disposed. The small portion retained will often be facilities in an enclave for use by the reserve component. Generally, active component management of the base will cease. Outlying, unmanned ranges or training areas retained for reserve component use do not count against the "small portion retained."

REALIGN

Some missions of the base will cease or be relocated, but others will remain. The active component will still be host of the remaining portion of the base. Only a portion of the base will be excessed and the property disposed, with realignment (missions ceasing or relocating) and property disposal being separate actions under Public Law 101-510. In cases where the base is both gaining and losing missions, the base is being realigned if it will experience a net reduction of DOD civilian personnel. In such situations, it is possible that no property will be excessed.

RELOCATE

The term used to describe the movement of missions, units, or activities from a closing or realigning base to another base. Units do not realign from a closing or a realigning base to another base, they relocate.

RECEIVING BASE

A base that receives missions, units or activities relocating from a closing or realigning base. In cases where the base is both gaining and losing missions, the base is a receiving base if it will experience a net increase of DOD civilian personnel.

MOTHBALL, LAYAWAY

Terms used when retention of facilities and real estate at a closing or realigning base are necessary to meet the mobilization or contingency needs of DOD. Bases or portions of bases "mothballed" will not be excessed and disposed. It is possible they could be leased for interim economic uses.

INACTIVATE, DISESTABLISH

Terms used to describe planned actions that directly affect missions, units, or activities. Fighter wings are inactivated, bases are closed.

Enclosure 3

PLANNED PROPERTY DISPOSALS AT SELECTED BASES CLOSED IN THE 1988 AND 1991 ROUNDS

December 1994

Base	Federal			Public benefit transfers					Econ dev transfer	Market sales	Undetermined	Total acres
	DOD	FWS/BLM	Other federal	Homeless	Airports	Park/recreation	Education	Other				
Army MTL, MA						7					30	37
Bergstrom AFB, TX	356				2,860							3,216
Cameron Station, VA				8		64				93		165
Castle AFB, CA			660	8	1,581	18	132	13		365		2,777
Chanute AFB, IL	13				1,181	147	62			729		2,132
Chase NAS, TX								262	3,399	96		3,757
Davisville NCBC, RI	380		10			219			512		159	1,280
Eaker AFB, AR					1,690	484	300			3	809	3,286
England AFB, LA					2,282							2,282
Ft. Benjamin Harrison, IN	244			4		1,550			548	150	5	2,501
Ft. Devens, MA	5,598	800	260	20					2,633			9,311
Ft. Ord, CA	1,190	15,009		133	846	2,605	338		2,681		4,923	27,725
Ft. Sheridan, IL	310			46		103	4				249	712
Ft. Wingate AD, NM	13,000	8,812										21,812
George AFB, CA			900	34	2,300		63		1,443	328		5,068
Grissom AFB, IN	1,398								1,324			2,722
Jefferson Proving Ground, IN		47,500							2,764		5,000	55,264
Lexington AD, KY	4					210			566			780
Long Beach NS/NH, CA	592		17	26			62		178		57	932
Loring AFB, ME	1,223	6,600	35				18				1,611	9,487
Lowry AFB, CO	115			47		175	220	22	711	576		1,866
Mather AFB, CA	57			28	2,883	1,462	95			1,169	22	5,716
Moffett NAS, CA	130		1,440							7		1,577
Myrtle Beach AFB,SC					1,244		15			1,559	926	3,744
Norton AFB, CA	112		33	4	1,267	24	10	39	641			2,130
Pease AFB, NH	230	1,095			2,305			27	600			4,257
Philadelphia NS/NH/NSY, PA	550		1			30		6		13	902	1,502
Presidio of San Francisco, CA			1,480									1,480
Puget Sound NS, WA		4	10	18		82	21	16				151
Richards-Gebaur ARS, MO	214				202					12		428
Rickenbacker AGB, OH	300				1,635						80	2,015
Sacramento AD, CA	79			29			4		373			485
Tustin MCAS, CA	10			54		103	219			875	359	1,620
Warminster NAWC, PA	100										740	840
Williams AFB, AZ					3,262		642			138		4,042
Woodbridge ARF, VA		580										580
Wurtsmith AFB, MI			2	7	1,600	15	10	5		489	1,413	3,541
Total acreage	26,205	80,400	4,848	466	27,138	7,298	2,215	390	18,373	6,602	17,285	191,220
Percent of total	13.70	42.05	2.54	0.24	14.19	3.82	1.16	0.20	9.61	3.45	9.04	100.00

Legend

FWS/BLM	Fish and Wildlife Service/Bureau of Land Management
Econ dev transfer	Economic development transfer

(709129)

Defense Distribution Depot Tobyhanna

Fax Header

Dedicated

Dependable

Team

Players

FAX: DSN:
COMM: (703) 696-0550
TO: M. WASLESKI

OFC SYMBOL:
PHONE NO.:
DATE: 23 MAY 95

NO. OF PAGES: 38

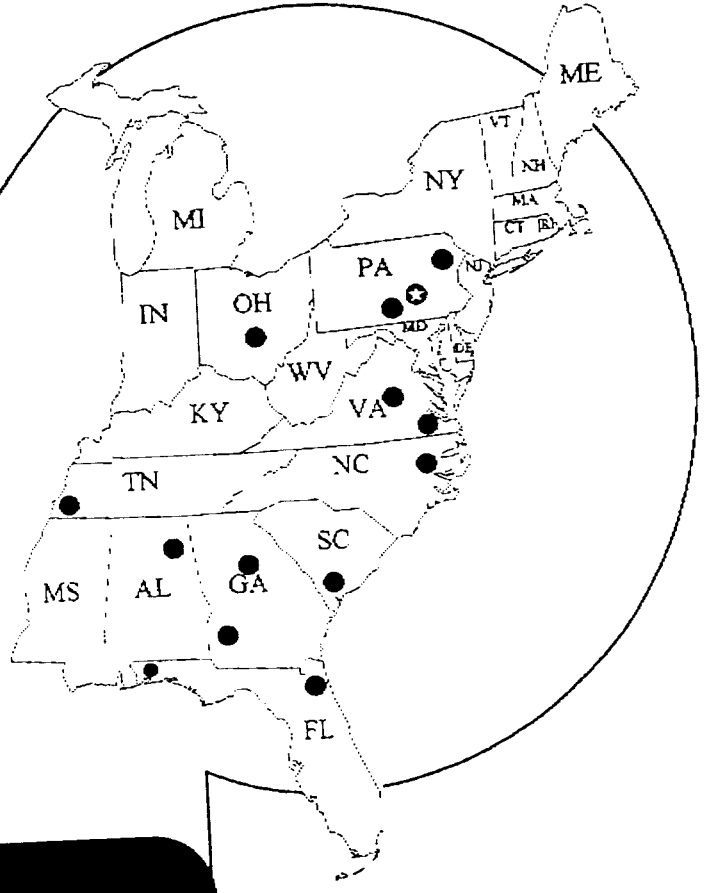
FROM: J HEUBERGER

OFC SYMBOL: DDTP-DD

PHONE NO.: DSN 795-7600

REMARKS:

Defense Distribution Depot Tobyhanna



Defense Distribution Region East

Defense Logistics Agency

MAY 20 '95
ID:795-6641
DDTP-D

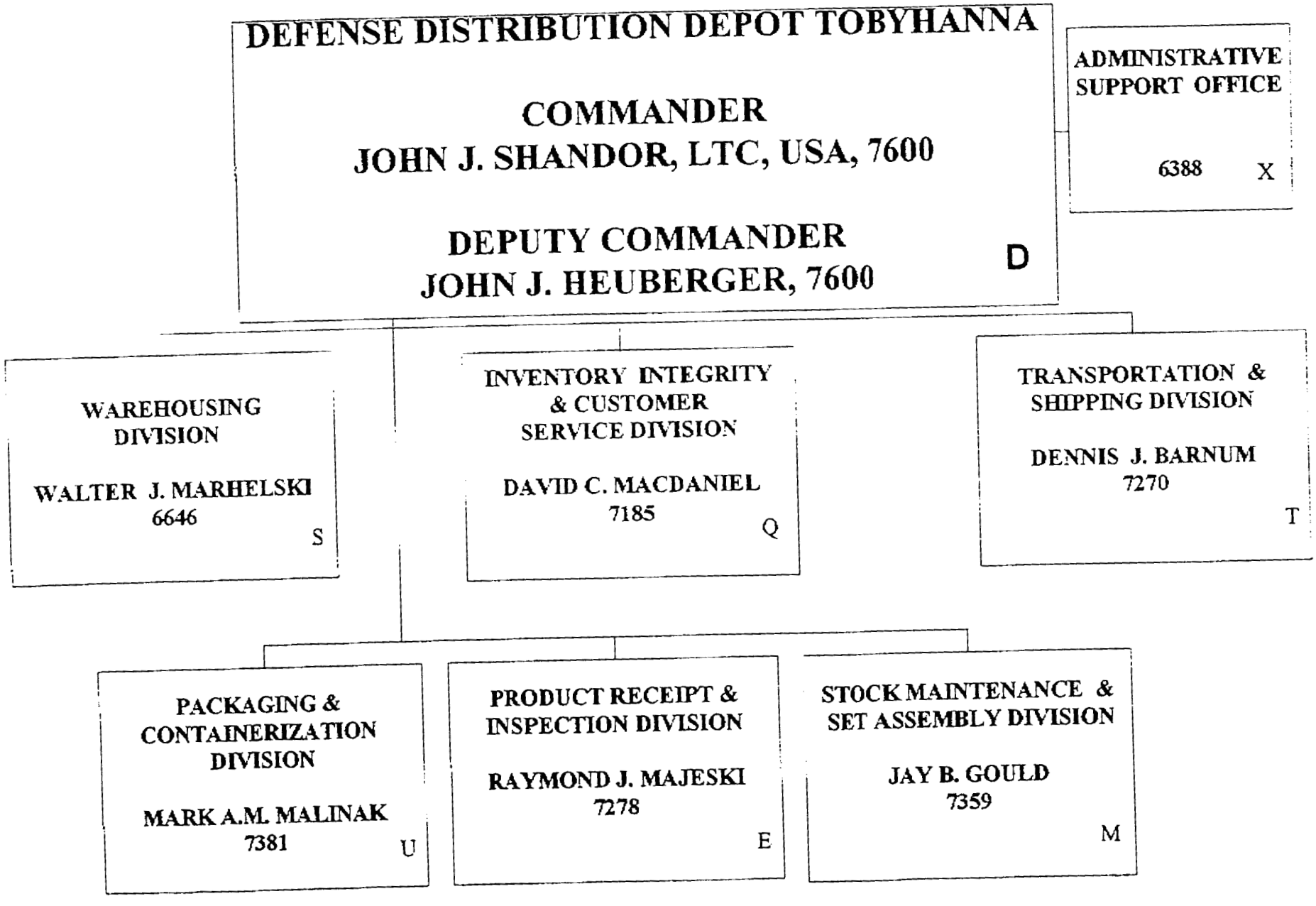
DEFENSE DISTRIBUTION DEPOT TOBYHANNA

MISSION

- Plan, program, manage, and accomplish efficient and effective receipt, storage, inventory, preservation packaging, issuing and shipping of retail and wholesale supplies.
- Perform quality renovation, demilitarization, set assembly, and proper disposal of materiel.
- Exercise leadership in analyzing supply programs and in executing major initiatives to improve quality, cost and productivity.

MAY 20 '96 ID:795-6641 DDTF-D

DEFENSE DISTRIBUTION DEPOT TOBYHANNA ORGANIZATION



MAY 23 95 ID:795-6641 DDTP-D

DEFENSE DISTRIBUTION DEPOT TOBYHANNA

WORK FORCE PROFILE - AS OF 30 APR 95

	PERMANENT
WORK FORCE	285
MEN	239
WOMEN	46
MILITARY	3
GM	1
GS	68
WS	21
WL	4
WG	188

MAY 20 95 ID:795-6641 DDTF-D

DEFENSE DISTRIBUTION DEPOT TOBYHANNA

EEO PROFILE - AS OF 30 APR 95

	TOTAL	% OF WORK FORCE
WORK FORCE	285 *	
MEN	239	84%
WOMEN	46	16%
MINORITIES	9	3%
HANDICAPPED	10	4%
VETERANS	213 **	75%

* INCLUDES 3 MILITARY

** INCLUDES 5 DISABLED VETERANS

MAY 23 95
ID:795-6641
DDTP-D

DEFENSE DISTRIBUTION DEPOT TOBYHANNA
BUILDINGS & GROUNDS

Covered Storage

- 3 General Purpose Heated Warehouses
- 3 Controlled Humidity Warehouses
- Refrigerated Warehouse
- Flammable Storage Warehouse
- Shelter Movement and Handling Facility
- 6 Three-Sided Buildings
- Gas Storage Facility
- 3 Transitory Shelters
- 2,042,000 Gross Sq Ft

Open Storage

- 1,684,000 Sq Ft of Improved (Blacktop, Crushed Stone, Gravel) Open Storage Space
- 40,000 Sq Ft of Unimproved Open Storage Space

MAY 29 '99
ID:795-6641
DDTP-D

DEFENSE DISTRIBUTION DEPOT TOBYHANNA

BIG BUSINESS

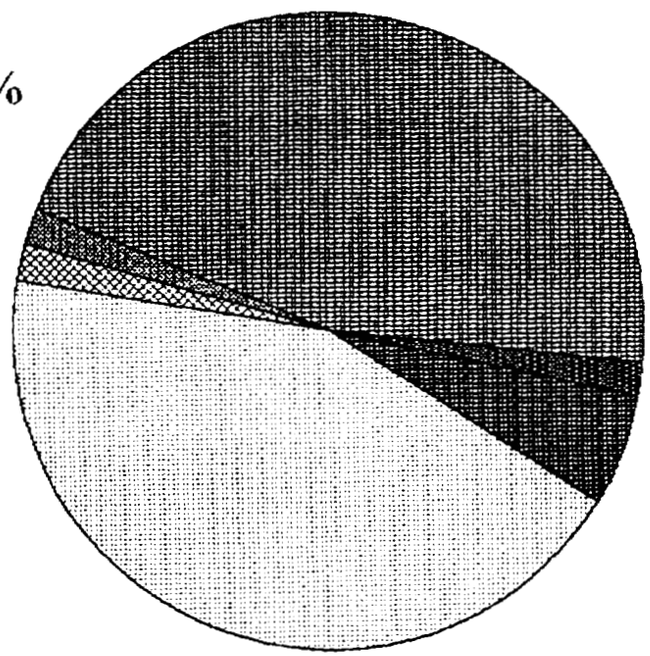
30 APR 95

INVENTORY:	# LINES	%	$ VALUE
WHOLESALE	51,768	91%	$ 3,699,434,608
RETAIL	4,879	9%	$ 70,970,829
TOTAL	56,647	100%	$ 3,770,405,437

MAY 29 95
ID:795-6641
DDTP-D

DEFENSE DISTRIBUTION DEPOT TOBYHANNA

RECEIPT & ISSUE WORK LOAD
AS OF 30 APR 95

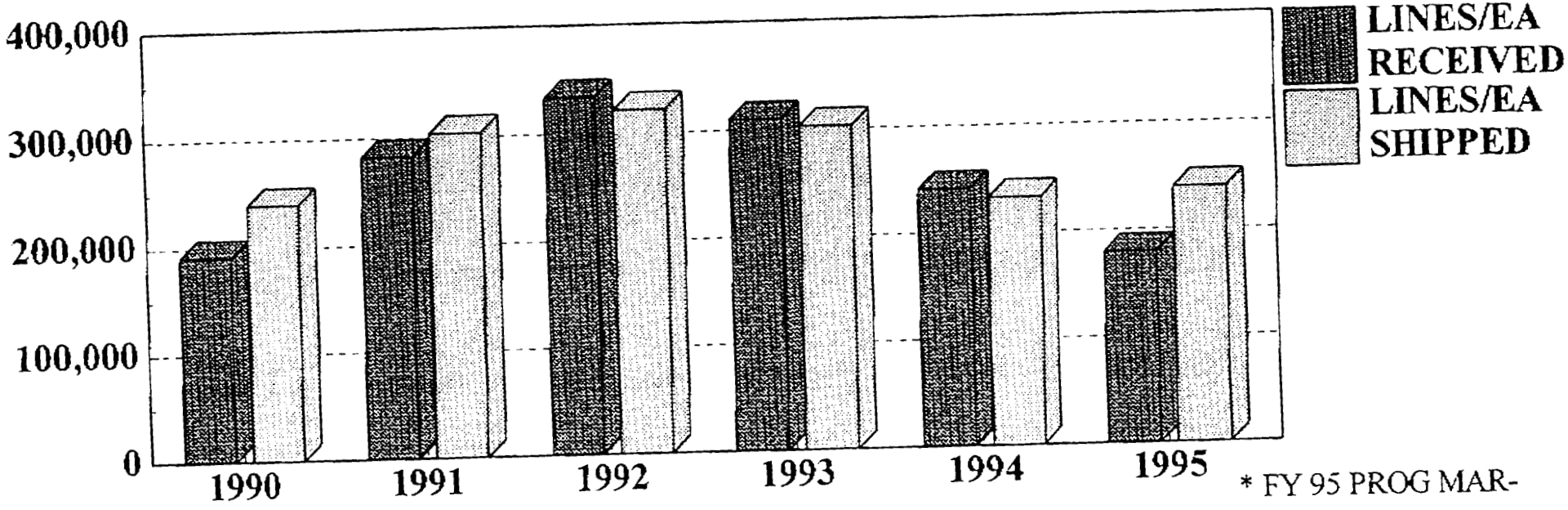


- INSTALLATION SUPPLY ACCOUNT - 45.4%
- DEFENSE GENERAL SUPPLY CENTER - 1.8%
- DEFENSE ELECTRONIC SUPPLY CENTER - 1.7%
- AVIATION & TROOP COMMAND - 1.9%
- ALL OTHER - 5.7%
  - DLA
  - AIR FORCE
  - NAVY
  - MARINES
  - GSA
  - AMCCOM
  - TACOM
  - MICOM
  - USAPC
  - OTHER
- COMMUNICATIONS- ELECTRONICS COMMAND - 43.5%

MAY 29 95 ID:795-6641 DDTP-D

DEFENSE DISTRIBUTION DEPOT TOBYHANNA

WORK LOAD
RECEIPTS & ISSUES FY 90 TO FY 95



* FY 95 PROG MAR-

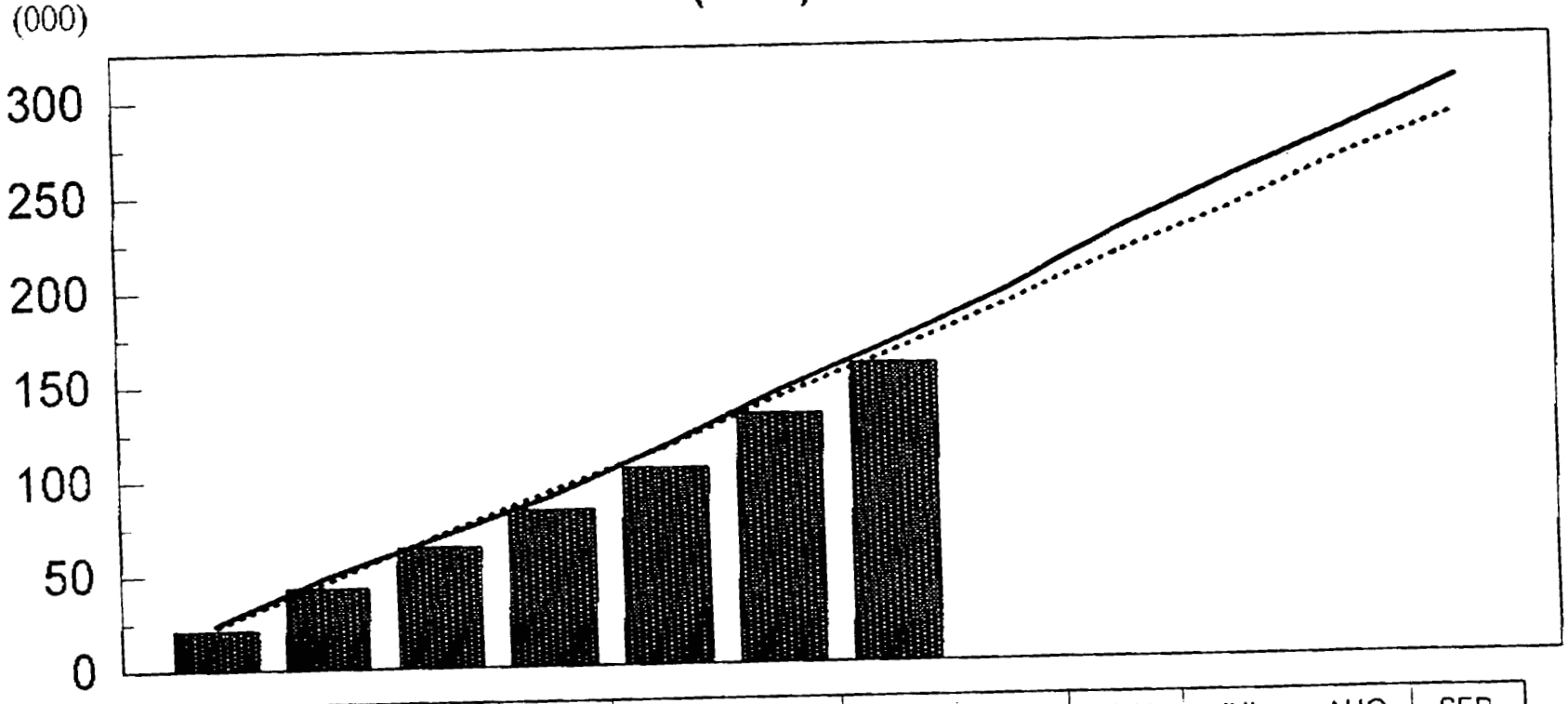
	LINES RECEIVED	LINES SHIPPED
1990	191,492	239,381
1991	282,240	303,283
1992	333,716	320,885
1993	309,470	302,225
1994	240,862	232,107
1995(PROG)	178,980	238,788

ID:795-6641
DDTP-D

DEFENSE DISTRIBUTION DEPOT TOBYHANNA

LINE ITEMS RECEIVED & SHIPPED

(CUM)



	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
94 ACCT —	24	49	69	90	116	144	169	196	226	253	278	304
95 PROG····	23	46	70	93	115	141	164	189	214	237	264	286
95 ACT ▩	21	43	64	83	104	132	158					

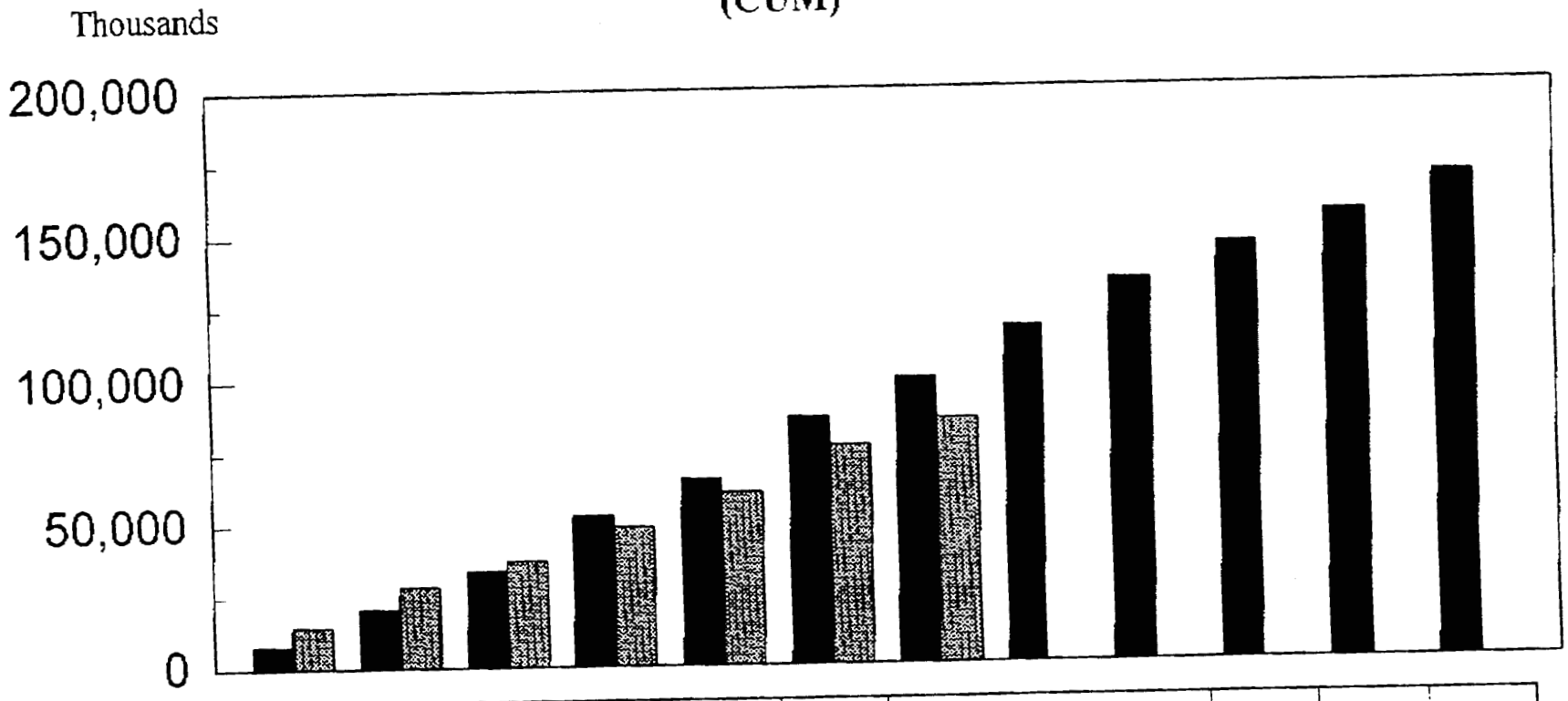
6.64% BELOW FY 94 3.8% BELOW FY 95 PROG

MAY 29 95 ID:795-6641 DDTF-D

DEFENSE DISTRIBUTION DEPOT TOBYHANNA

MAJOR END ITEMS RECEIVED & SHIPPED

(CUM)



	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
FY94 ACT	7,856	20,652	33,606	52,791	65,273	86,299	99,765	117,311	133,256	145,288	156,010	168,854
FY95 ACT	14,490	28,337	37,089	48,650	60,496	76,503	85,291					

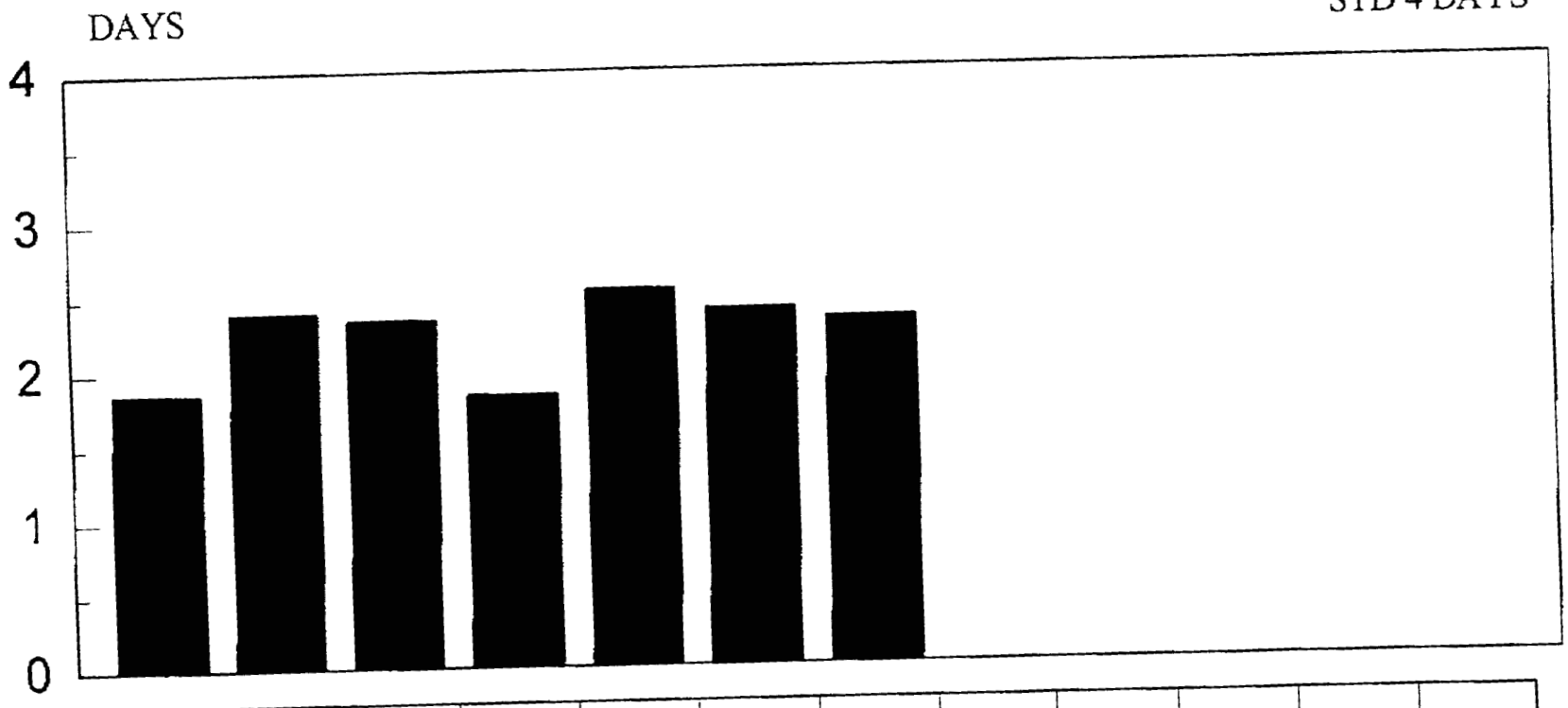
13.9% BELOW FY 94

MAY 25 '95
ID:795-6641
DDTP-D

DEFENSE DISTRIBUTION DEPOT TOBYHANNA

RECEIPT PROCESSING / TAILGATE TO STOW

NEW PROCUREMENT LESS END ITEMS



	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
FY 95	1.86	2.40	2.35	1.84	2.54	2.40	2.33					

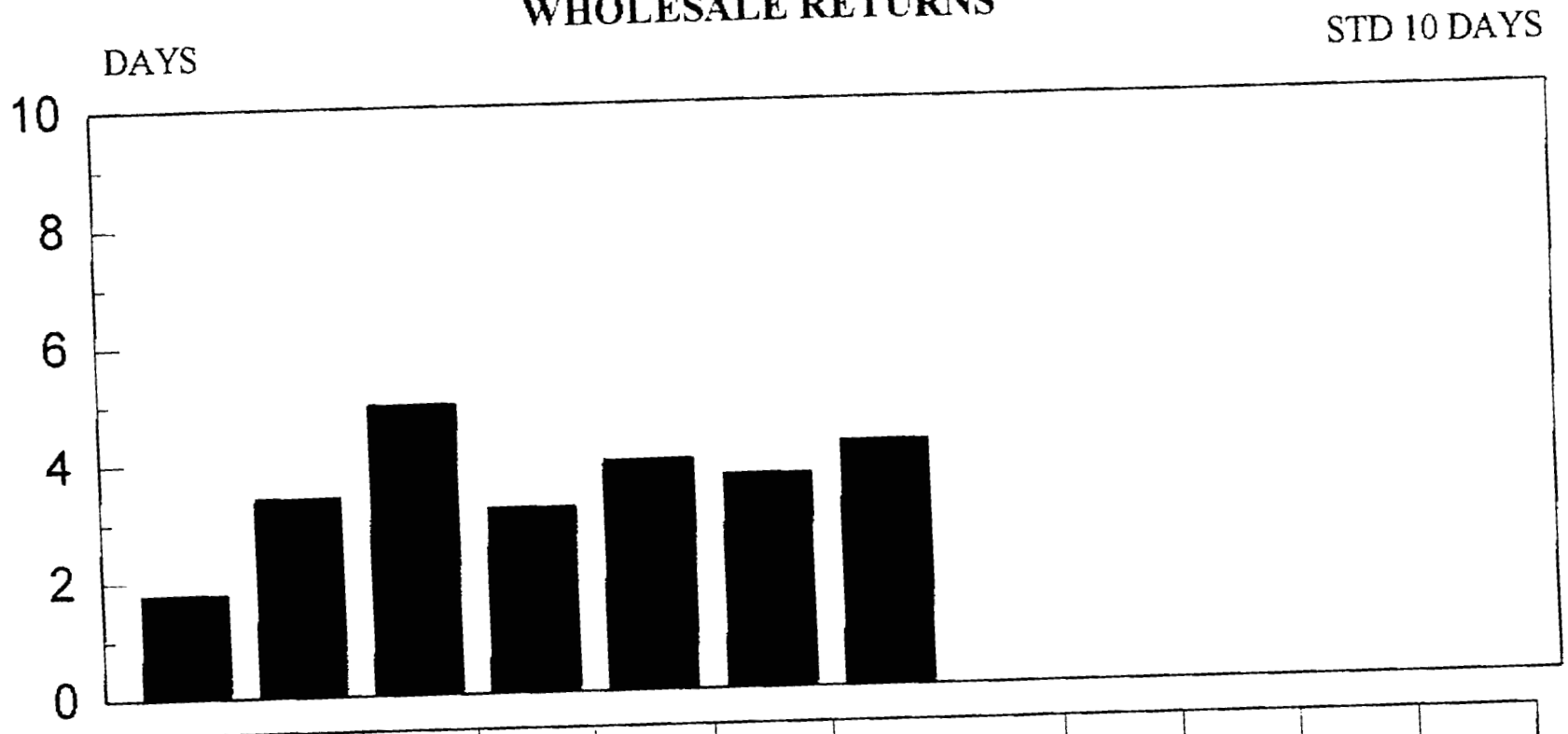
SOURCE: MIS 10117

ID:795-6641
DDTP-D

DEFENSE DISTRIBUTION DEPOT TOBYHANNA

RECEIPT PROCESSING / TAILGATE TO STOW

WHOLESALE RETURNS



	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
FY 95	1.78	3.41	4.96	3.18	3.94	3.67	4.20					

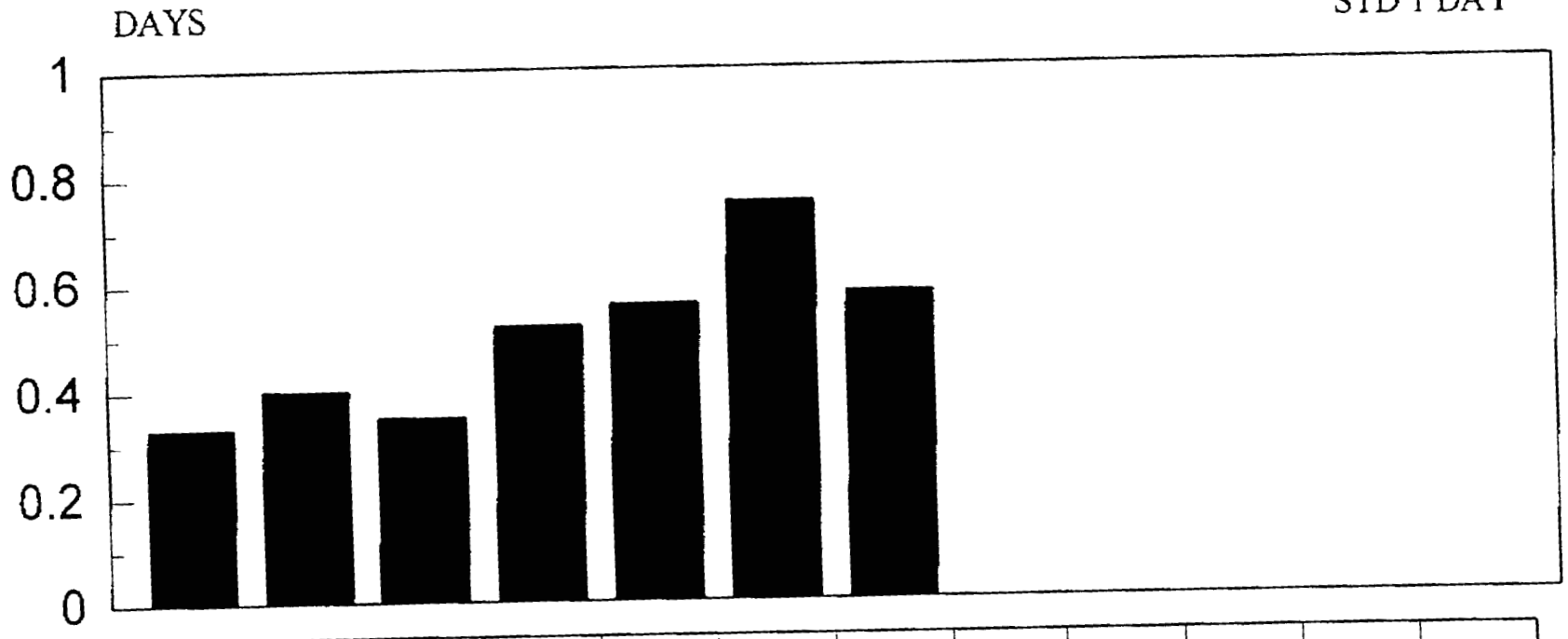
SOURCE: MIS 10817

ID:795-6641
DDTF-D

DEFENSE DISTRIBUTION DEPOT TOBYHANNA

MRO PROCESSING: RECEIPT TO OFFER/SHIP

HI PRI ISSUES



	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
FY 95	0.33	0.40	0.35	0.52	0.56	0.75	0.58					

SOURCE: MIS 21408 (-FEB) MIS 21411 (MAR-)

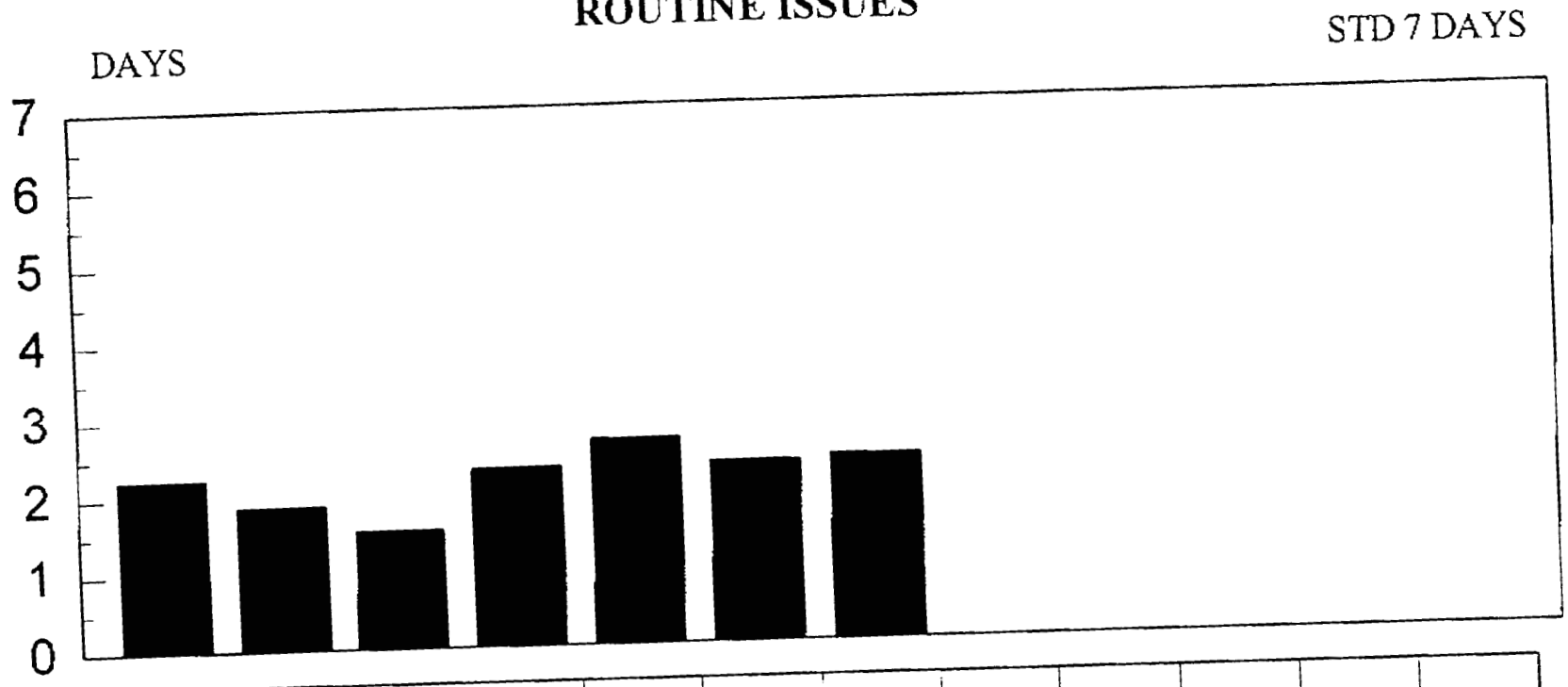
MIS CHANGED FROM OFFER TO SHIP IN MARCH

ID:795-6641
DDTP-D

DEFENSE DISTRIBUTION DEPOT TOBYHANNA

MRO PROCESSING: RECEIPT TO OFFER/SHIP

ROUTINE ISSUES



	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
FY 95	2.24	1.88	1.55	2.33	2.68	2.35	2.41					

SOURCE: MIS 21419 (-FEB) MIS 21422 (MAR-)

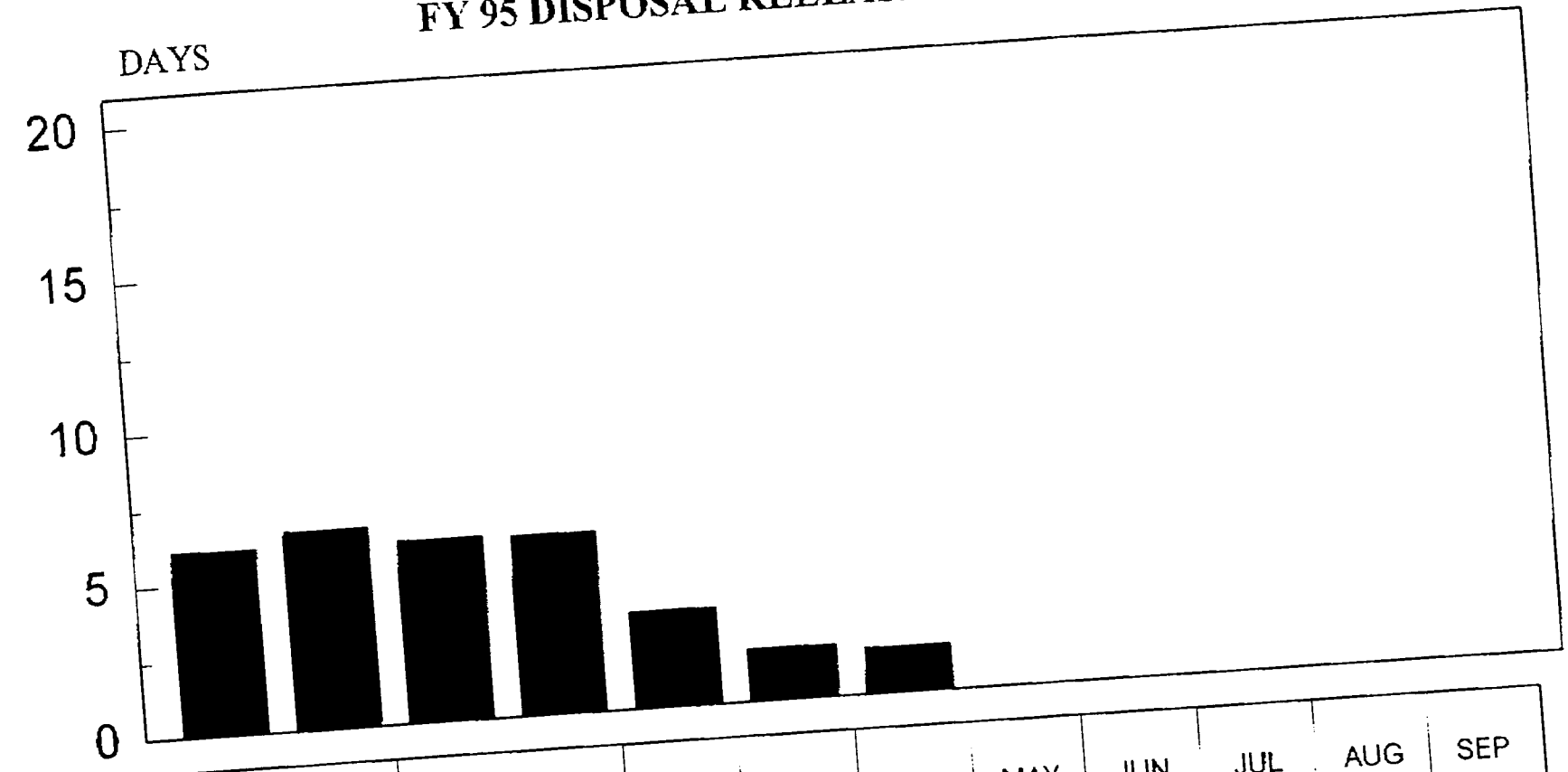
MIS STD CHANGED FROM 8 TO 7 DAYS IN MAR

ID:795-6641
DDTF-D

DEFENSE DISTRIBUTION DEPOT TOBYHANNA

FY 95 DISPOSAL RELEASE ORDERS

STD 21 DAYS



	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
MON	6.09	6.57	6.03	5.94	3.20	1.73	1.51					

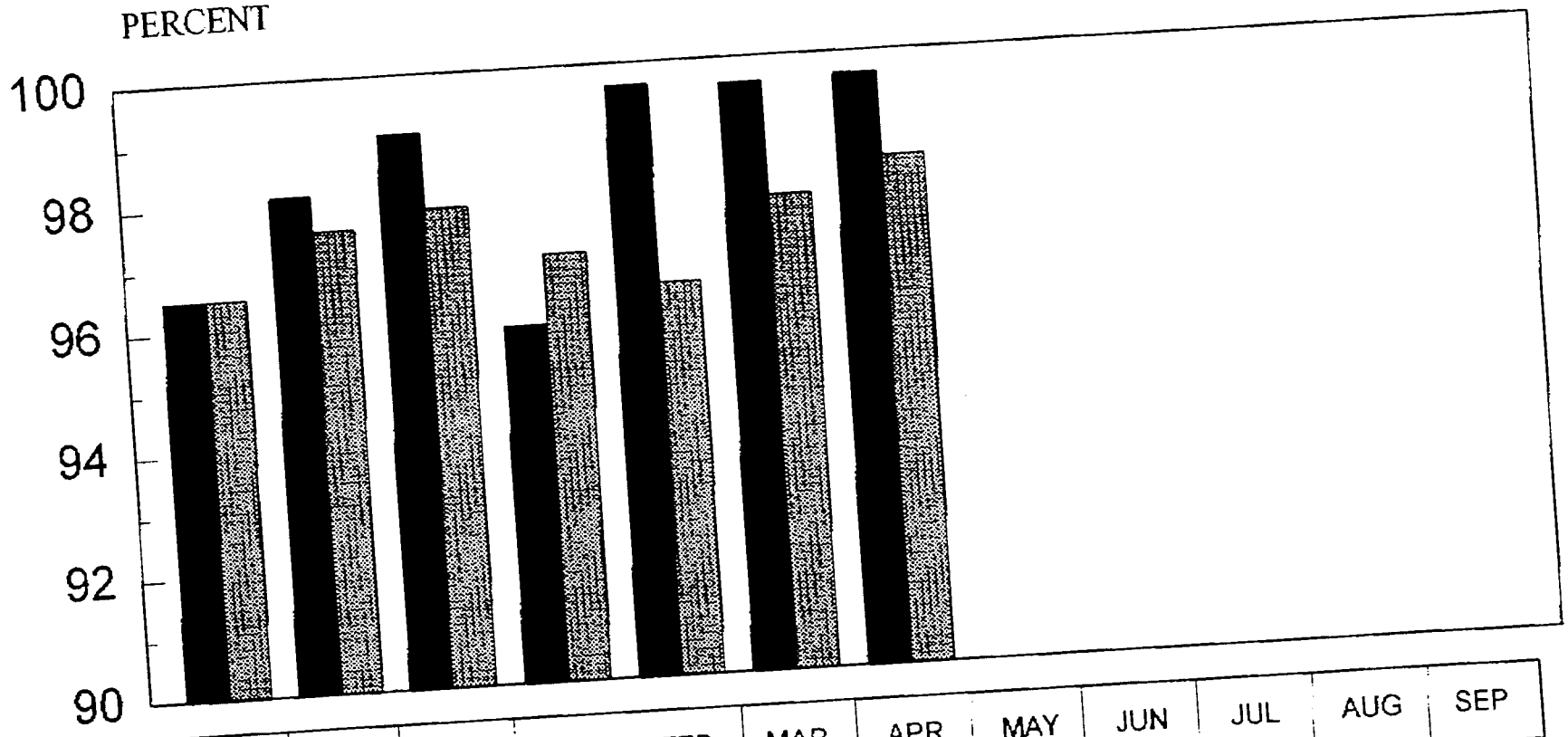
SOURCE: MIS 22007

ID:795-6641
DDTF-D

DEFENSE DISTRIBUTION DEPOT TOBYHANNA

FY 95 LOCATOR ACCURACY

STD 99%



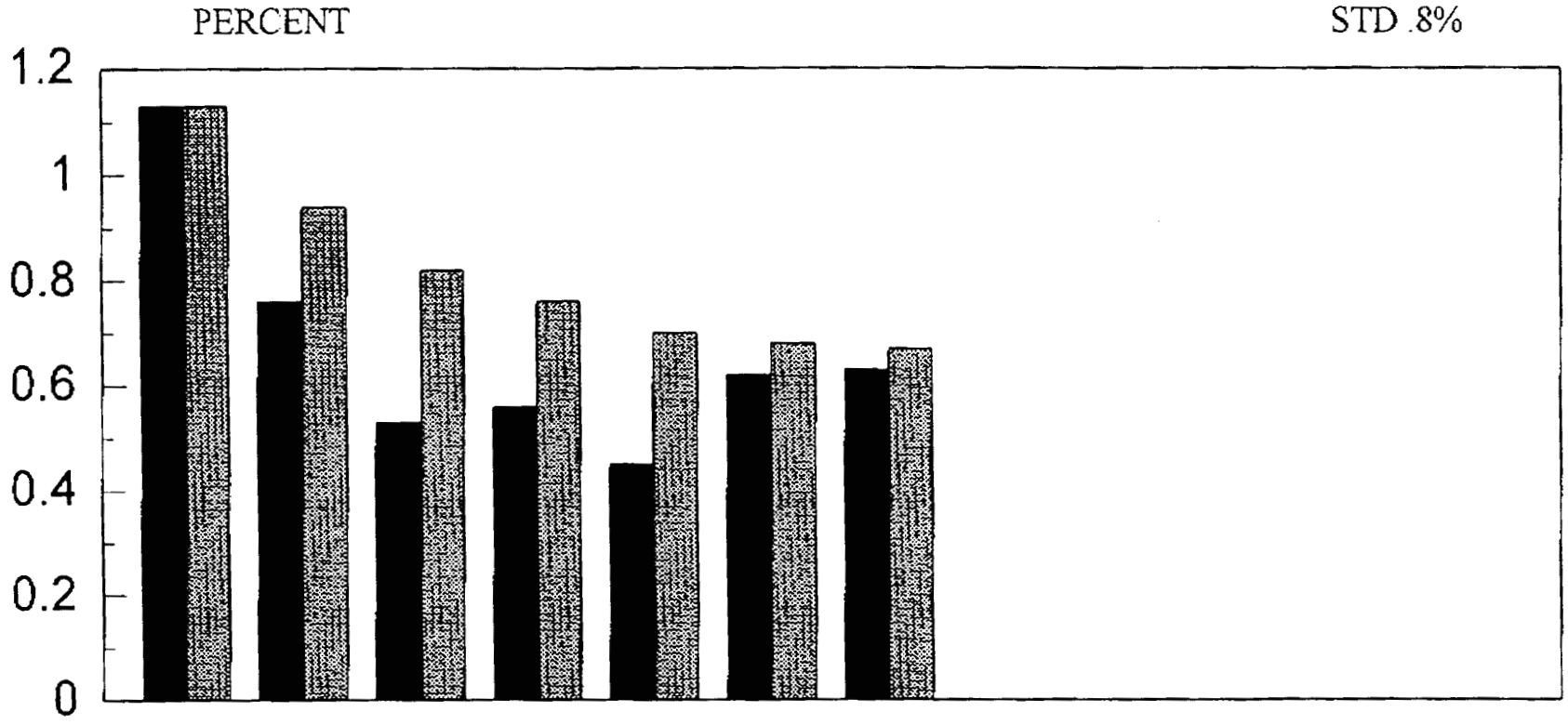
	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
MON	96.50	98.14	99.06	95.84	99.63	99.58	99.64					
CUM	96.50	97.55	97.83	96.99	96.42	97.75	98.29					

SOURCE: MANUAL

MAY 20 '95
ID:795-6641
DDTF-D

DEFENSE DISTRIBUTION DEPOT TOBYHANNA

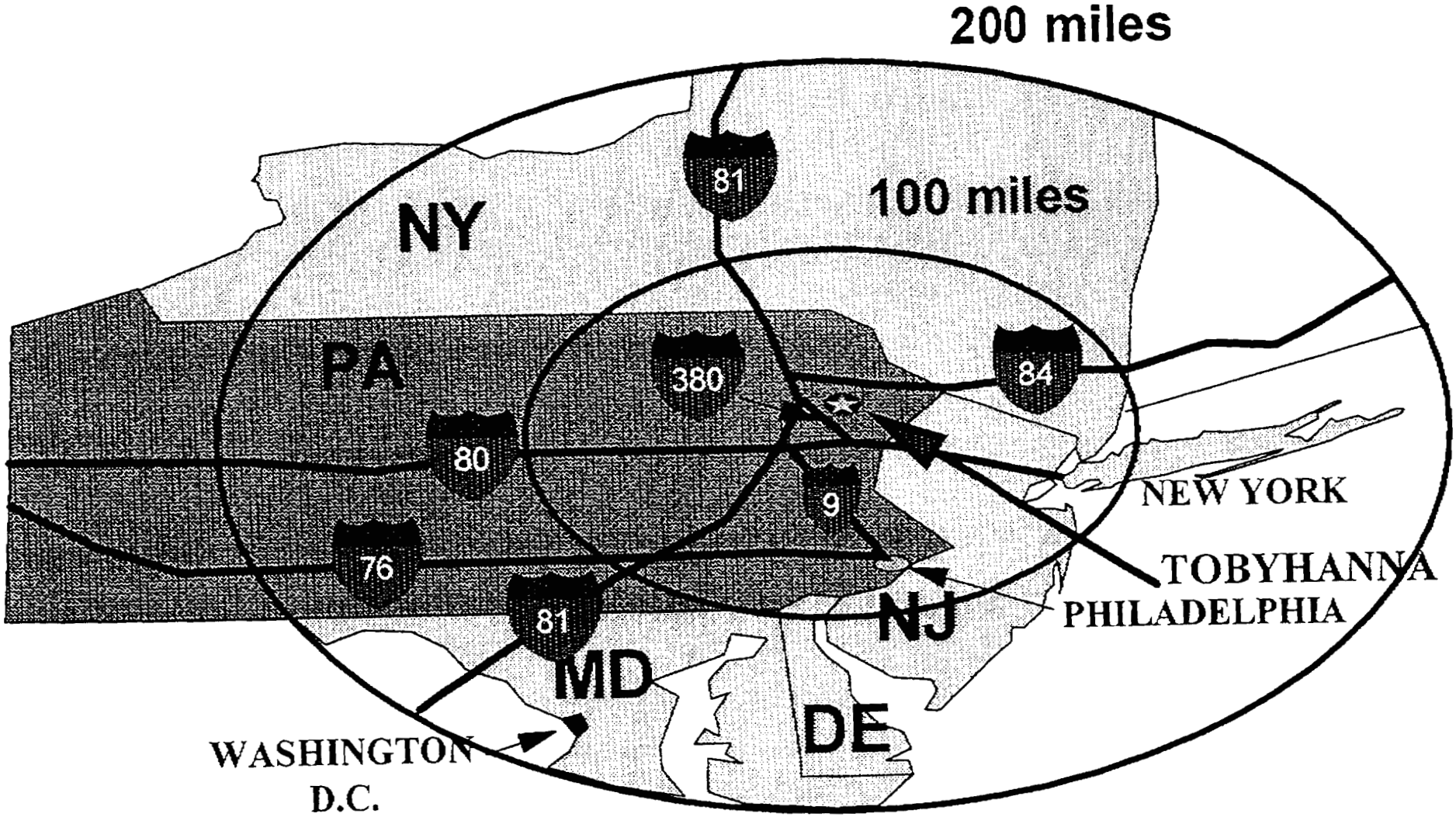
FY 95 DENIAL RATE



	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
MON	1.13	0.76	0.53	0.56	0.45	0.62	0.63					
CUM	1.13	0.94	0.82	0.76	0.70	0.68	0.67					

SOURCE: MIS 26330

DEFENSE DISTRIBUTION DEPOT TOBYHANNA



A CENTRAL, CONVENIENT LOCATION

MAY 23'95 10:21
ID:795-6641
DDTP-D

DEFENSE DISTRIBUTION DEPOT TOBYHANNA

CUSTOMER BASE

THE DISTRIBUTION MISSION AT DDTP IS NOT UNIQUE.

WHAT IS UNIQUE ABOUT DDTP IS THE CUSTOMER BASE AND COMMODITY HANDLED.

MAY 23 '95 10:29 ID:795-6641 DDTP-D

DEFENSE DISTRIBUTION DEPOT TOBYHANNA

CUSTOMER BASE

DDTP'S MAJOR CUSTOMER IS TOBYHANNA ARMY DEPOT, THE DOD'S PREMIER DEPOT FOR THE OVERHAUL, REPAIR AND FABRICATION OF COMMUNICATIONS-ELECTRONICS EQUIPMENT.

OUR NEXT LARGEST CUSTOMER IS THE COMMUNICATIONS-ELECTRONICS COMMAND (CECOM) AT FORT MONMOUTH, NEW JERSEY.

DDTP-D ID:795-6641 MAY 20

DEFENSE DISTRIBUTION DEPOT TOBYHANNA

UNIQUE COMMODITY

AS A RESULT,
THE MAJOR ITEM WORK LOAD AT DDTP, WHILE NORMAL WORK LOAD FOR US, IS CONSIDERED UNIQUE IN THE WORLD OF DLA SECONDARY ITEM MANAGEMENT.

MAY 20 '96 ID:795-6641 DDTP-D

DEFENSE DISTRIBUTION DEPOT TOBYHANNA
UNIQUE COMMODITY DRIVEN PROCESSES

- ELECTRO-STATIC DISCHARGE (ESD) PACKAGING
- BLOCKING AND BRACING OF MAJOR SYSTEMS
- TOTAL PACKAGE FIELDING (SECONDARY AND MAJOR ITEMS)
- MAJOR ITEM SET ASSEMBLY
- PROJECT COORDINATION

DDTP-D ID:795-6641 MAY 20 '99

DEFENSE DISTRIBUTION DEPOT TOBYHANNA

PROJECT COORDINATION

- DIGITAL GROUP MULTIPLEXER (DGM)
  - DGM SYSTEM CONSISTS OF MULTIPLEXERS, MODEMS, CABLE REPEATERS AND ORDERWIRE CONTROL UNITS WHICH ARE BOTH SHELTER MOUNTED AND FIELD DEPLOYED.
  - PROVIDES CAPABILITY FOR MORE EFFICIENT TRANSMISSION ON RADIO SYSTEMS AND CABLE LINK.
  - DDTP TECHNICAL ASSISTANCE TEAMS HAVE BEEN DEPLOYED TO KOREA, GERMANY AND MANY CONUS INSTALLATIONS.

DDTF-D ID:795-6641 MAY 29

DEFENSE DISTRIBUTION DEPOT TOBYHANNA

PROJECT COORDINATION

- FOREIGN MILITARY SALES (FMS)
  - IN PREPARATION FOR FMS AND GRANT AID SHIPMENTS, DDTP COORDINATES WITH THE UNITED STATES SECURITY ASSISTANCE COMMAND AND SEVERAL MAJOR SUBORDINATE COMMANDS (MSC) TO PLAN AND ORGANIZE DEPOT SUPPORT.
  - DDTP PROVIDES NEW, RECONDITIONED AND SET ASSEMBLED MATERIAL WHICH NORMALLY REQUIRES OPERATIONAL TESTING AND PRESHIPMENT INSPECTION PRIOR TO SHIPMENT TO THE APPROPRIATE CONSOLIDATION POINT.

MAY 23 '95 ID:795-6641 DDTP-D

DEFENSE DISTRIBUTION DEPOT TOBYHANNA

PROJECT COORDINATION

- COMPOSITE HEALTH CARE SYSTEM (CHCS)
  - DDTP RECEIVES, STORES, AND ISSUES VARIOUS COMPUTER SYSTEMS, MONITORS, KEYBOARDS, BAR CODE PRINTERS, BACKUP UNITS, POWER SUPPLIES AND OTHER ASSOCIATED EQUIPMENT FOR THE DEFENSE MEDICAL SYSTEMS SUPPORT CENTER (DMSSC)
  - CHCS FOR THE U.S. ARMY DEFENSE MANAGEMENT INFORMATION SYSTEM (A-DMIS), THE U.S. NAVY MEDICAL INFORMATION MANAGEMENT CENTER (NMIMC), AND THE U.S. AIR FORCE MEDICAL SUPPORT AGENCY (AFMSA)

MAY 28 '95 ID:795-6641 DDTP-D

DEFENSE DISTRIBUTION DEPOT TOBYHANNA

PROJECT COORDINATION

- PROJECT MANAGER SATELLITE COMMUNICATIONS (SATCOM)
  - DDTP PROVIDES INTENSIVE MANAGEMENT IN THE RECEIPT, STORAGE, INVENTORY, AND SHIPMENT OF GROUND SATELLITE COMMUNICATIONS EQUIPMENT FOR THE DEFENSE SATELLITE COMMUNICATIONS SYSTEM (DSCS) WHICH SUPPORTS THE INTEGRAL PORTION OF THE GLOBAL DEFENSE COMMUNICATION SYSTEM.
  - THE DSCS SATELLITE AND GROUND TERMINALS PROVIDE SECURE, JAM RESISTANT COMMUNICATIONS TRANSMISSION SERVICES IN SUPPORT OF CRITICAL DOD USERS AS APPROVED BY THE JOINT CHIEFS OF STAFF.
  - SYSTEMS ARE LOCATED IN OVER 112 WORLDWIDE LOCATIONS.

DEFENSE DISTRIBUTION DEPOT TOBYHANNA

PROJECT COORDINATION

- PROJECT MANAGER FIELD ARTILLERY TACTICAL DATA SYSTEMS (FATDS)
  - LIGHTWEIGHT COMPUTER SYSTEMS WHICH CAN BE INSTALLED IN ANY PLATFORM, VAN, SHELTER, TRUCK, HMMWV OR TRACK VEHICLE FOR ARMY AND MULTISERVICE USE.
  - SYSTEM AUTOMATES THE COMMAND, CONTROL AND COMMUNICATIONS OF ALL FIRE SUPPORT ASSETS TO INCLUDE MORTARS, FIELD ARTILLERY, ATTACK HELICOPTERS, TACTICAL AIR SUPPORT, NAVAL GUNFIRE AND OFFENSIVE ELECTRONICS WARFARE.

DEFENSE DISTRIBUTION DEPOT TOBYHANNA

PROJECT COORDINATION

- PROJECT MANAGER BATTLEFIELD COMMUNICATIONS REVIEW (BCR)
  - SYSTEM CONSISTS OF SHELTERS, HMMWVS AND POWER UNITS TO SUPPORT SOLDIER-TO-SOLDIER COMMUNICATIONS IN THE FIELD.
  - DDTP IS A STAGING ACTIVITY FOR THE RECEIPT, STORAGE AND ISSUE OF BCR MATERIAL AND IS THE ARMY'S STAGING AREA FOR BCR DOWNSIZING EFFORTS THROUGHOUT DA.

DEFENSE DISTRIBUTION DEPOT TOBYHANNA

PROJECT COORDINATION

- PROJECT MANAGER AIR DEFENSE COMMAND AND CONTROL SYSTEMS (ADCCS)
  - PROVIDES REAL TIME AIR THREAT ALERTING, CUEING, POSITION DATA AND AIR BATTLE MANAGEMENT INFORMATION.
  - DDTP IS THE STAGING ACTIVITY FOR THE ADCCS FIELDINGS.

MAY 23 '95
ID:795-6641
DDTP-D

DEFENSE DISTRIBUTION DEPOT TOBYHANNA

PROJECT COORDINATION

- PROJECT MANAGER TEST MEASUREMENT AND DIAGNOSTIC EQUIPMENT (TMDE)
  - DDTP PERFORMS RECEIPT, STORAGE AND ISSUE FUNCTIONS FOR 2 PROGRAMS; THE INTEGRATED FAMILY OF TEST EQUIPMENT (IFTE) AND CONTACT TEST SETS (CTS).
  - IFTE CONSISTS OF A BASE SHOP TEST FACILITY, A STORAGE SHELTER, TWO 5 TON TRUCKS AND A POWER UNIT. THE CTS PROGRAM CONSISTS OF COMPUTERS CONFIGURED INTO VARIOUS SYSTEMS.
  - DDTP IS THE STAGING ACTIVITY FOR ALL IFTE AND CTS FIELDINGS.

DEFENSE DISTRIBUTION DEPOT TOBYHANNA

PROJECT COORDINATION

- TACTICAL QUIET GENERATOR (TQG) PROGRAM
  - THREAT FORCES HAVE THE CAPABILITY OF LOCATING TACTICAL COMMAND POSTS AND OTHER CRITICAL TARGETS BY DETECTING THE HIGH AURAL SIGNATURE ASSOCIATED WITH ELECTRIC POWER GENERATION SOURCES.
  - VICE CHIEF OF STAFF DIRECTED THIS PROGRAM TO MINIMIZE SOUND GENERATED BY THE POWER SOURCE.
  - DDTP AND TOBYHANNA ARMY DEPOT PARTNERED IN MODIFYING TRAILERS, FABRICATING SWITCH BOXES AND ASSEMBLING THE TQG UNITS.

MAY 23'95 12:39 NO.004 P.02
ID:795-6641
DDTP-D

DEFENSE DISTRIBUTION DEPOT TOBYHANNA

PROJECT COORDINATION

- ENVIRONMENTAL CONTROL UNITS (ECU) PROGRAM
  - CLEAN AIR ACT OF 1990 PROMPTED DOD TO REMOVE ALL FREON FROM EQUIPMENT HOLDINGS.
  - TOBYHANNA ARMY DEPOT WAS DESIGNATED TO CORRECT FREON PROBLEMS WITH EIGHT CECOM MANAGED WEAPON SYSTEMS.
  - TOAD MAINTENANCE ACTIVITY DESIGNED AND FABRICATED KITS WHICH DDTP DISTRIBUTES ACCORDING TO A STRICT FIELDING PLAN IN ORDER TO ADHERE TO WORLDWIDE ENVIRONMENTAL GUIDELINES.

DEFENSE DISTRIBUTION DEPOT TOBYHANNA

PROJECT COORDINATION

- DEPLOYABLE MEDICAL SYSTEMS (DEPMEDS)
  - DDTP AND TOBYHANNA ARMY DEPOT PARTNER IN PROVIDING POWER SOURCES FOR THE DA DEPMEDS PROGRAM.
  - TRAILERS ARE FABRICATED BY THE MAINTENANCE ACTIVITY AND DDTP ASSEMBLES AND SHIPS THE POWER UNITS.

DEFENSE DISTRIBUTION DEPOT TOBYHANNA

UNIQUE COMMODITY DRIVEN FACILITIES

- SHELTER HANDLING & STORAGE FACILITY
- SENSITIVE COMPARTMENTED INFORMATION FACILITY (SCIF)

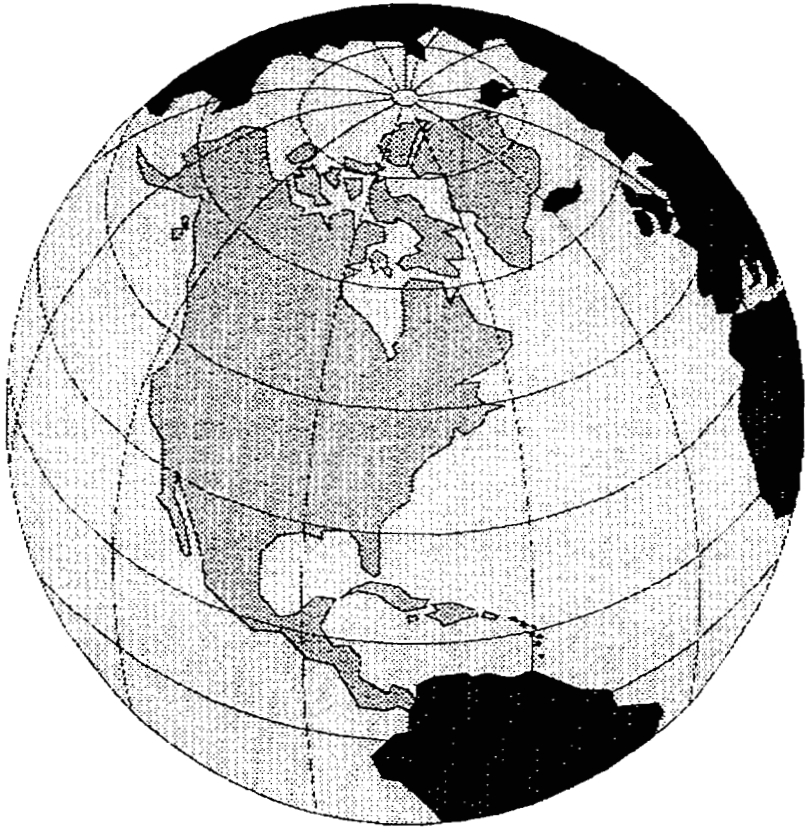
DEFENSE DISTRIBUTION DEPOT TOBYHANNA

INITIATIVES

- CUSTOMER SERVICE HOTLINE
- CORPORATE BOARD
- LABOR-MANAGEMENT PARTNERSHIP COUNCIL
- DDTP / DRMO PARTNERSHIP
- TOTAL QUALITY MANAGEMENT - BUSINESS PLAN
- LEGENDARY SERVICE
- LOCAL AREA NETWORK / AUTOMATION
- RESERVE TRAINING PROGRAM

DEFENSE DISTRIBUTION DEPOT TOBYHANNA

MISSION



"The Preferred Choice for Responsive and Accurate Worldwide Logistical Support at the Best Value"

SUPPLY AREA REQUIREMENT

NET SPACE REQUIRED. . . . . 0.991M SQ FT

GROSS SPACE NEEDED. . . . . 1.75M SQ FT

1.75M SQ FT X $60 SQ FT = $105M

COST
TO DLA

ARMY DEPOT EXCELLENCE IN ELECTRONICS

15R

SUPPLY AREA REQUIREMENT

	CAPACITY	WORKLOAD	UTILIZATION
TOAD	1.231	.991	81%
LEAD	1.195	1.176	98%
TOAD → LEAD	1.195	2.167	181%

WILL NOT FIT!

COST TO DLA

ARMY DEPOT EXCELLENCE IN ELECTRONICS

152

DEPARTMENT OF THE ARMY
HEADQUARTERS US ARMY COMMUNICATIONS-ELECTRONICS COMMAND
RESEARCH, DEVELOPMENT AND ENGINEERING CENTER
FORT MONMOUTH, NJ

REPLY TO
ATTENTION OF
AMSEL-RD-ST-D

01 JUN 1995

MEMORANDUM FOR Commander, Tobyhanna Army Depot,
ATTN: SDSTO-C, 11 Hap Arnold Blvd.,
Tobyhanna, PA 18466-5075

SUBJECT: Proposed Tobyhanna Army Depot BRAC Closure

1. The purpose of this memorandum is to document the close ties between Tobyhanna Army Depot and the Space and Terrestrial Communications Directorate (S&TCD) of the U.S. Army Communications Electronics Command's (CECOM) Research, Development and Engineering Center (RDEC). S&TCD relies heavily upon Tobyhanna's expertise and support to accomplish our critical missions.

2. One of our largest programs is the Digital Communications Satellite Subsystem (DCSS) which is designed, fabricated, integrated, tested and deployed by Tobyhanna Army Depot. The DCSS is an essential part of the backbone of Tri-Service strategic satellite communications providing all of the signal processing and jamming protection equipment for transmission of voice, data and imagery over the Defense Satellite Communications System (DSCS). It is a modular system uniquely configured to meet JCS, CINC, and Tri-Service user mission requirements at each of 112 locations worldwide. The DCSS also provides the primary means for tactical/strategic interoperability through the Ground Mobile Forces (GMF) Gateway supporting reachback into command and control, intelligence and weather databases for forward deployed tactical missions. These GMF Gateways are heavily utilized during Joint Task Force deployments, major regional conflicts, emergency humanitarian missions and contingency missions.

3. Since 1975 Tobyhanna Army Depot has been the prime electronics depot supporting the DSCS program by serving as the engineering integration and fabrication element for the DCSS. This tasking from CECOM RDEC Space and Terrestrial Communications Directorate encompasses the design, procurement, fabrication, integration and test of more than 70 modular rack types and 5 types of vans housing almost 100 different types of government developed and commercial off-the-shelf equipment. These racks and equipment are integrated into both fixed and van systems,

AMSEL-RD-ST-D 01 JUN 1995
SUBJECT: Proposed Tobyhanna Army Depot BRAC Closure

staged full system level and interoperability testing and shipped to over 112 DSCS locations worldwide as the DCSS baseband communications for strategic DSCS earth terminals. To date Tobyhanna has made over 4500 shipments for the DCSS program.

4. In addition to this mission, since the early 1970's Tobyhanna Army Depot has been the repair depot for both the DCSS baseband system and the DSCS strategic and tactical earth terminals. The magnitude of the repair and overhaul mission has ensured that Tobyhanna technicians have in depth experience on all aspects of DSCS satellite communications systems. Tobyhanna engineers and technicians have generated and performed over 200 different types of test procedures to ensure quality equipment and system performance.

5. Tobyhanna has supported CECOM RDEC S&TCD with an extremely successful on-call technical assistance program through which uniquely experienced technicians are deployed to the field to troubleshoot, repair and occasionally overhaul DSCS earth terminals and DCSS baseband systems. They have successfully completed numerous real-time missions to locations such as Vietnam, Riyadh, Bahrain, Korea, Panama, etc. Their expertise enables them to analyze, detect and correct nearly any problem encountered in the field.

6. Tobyhanna has maintained an in-house training capability utilizing prototype and staging facilities. In these areas, all DCSS equipment and systems are fully tested for performance and interoperability. Currently over 100 DCSS engineering and systems courses have been held for over 1550 tri-service engineering, O&M and management personnel.

7. In accordance with CECOM RDEC's Space and Terrestrial Communications Directorate's fabrication and integration tasking, Tobyhanna Army Depot performs the configuration management function of generating and updating the rack and site technical data packages for worldwide DSCS sites. Over 26,000 drawings have been generated to date.

8. Tobyhanna's unique capability to provide immediate support to quick reaction priority projects has been an invaluable asset to CECOM, the Army, special user communities and the DoD. Tobyhanna's engineering, fabrication and integration skills have provided for innumerable quick reaction upgrades to the DCSS in support of real time C4I missions to include presidential

AMSEL-RD-ST-D 01 JUN 1995
SUBJECT: Proposed Tobyhanna Army Depot BRAC Closure

communications on-the-move (White House Communications Agency), space shuttle and satellite tracking relays, jam-resistant secure communications for emergency action message dissemination, intelligence gathering and processing missions for a variety of special users, early warning missile attack and assessment networks, Navy fleet flagship communications, warfighting and tactical missions such as Desert Storm, Project Provide Comfort, Project Provide Hope, Drug Interdiction Programs etc.

9. The urgency, classification and changing requirements for programs such as these are not conducive to competitive contracting and require a level of expertise derived over years of experience. The following projects illustrate the tremendous support Tobyhanna has provided to CECOM RDEC Space and Terrestrial Communications Directorate and our customers:

a. In record time, Tobyhanna was able to support CECOM in engineering, integrating and fabricating an entire DCSS baseband communications system for Riyadh, Saudi Arabia in support of Desert Storm. This system provided Central Command their own strategic and tactical communication network for urgent warfighting mission.

b. Tobyhanna has done several intelligence community programs for CECOM's customers by engineering and fabricating baseband systems and integrating them with commercial earth terminals for Army Space Program Office (ASPO) as well as a similar effort producing three systems deployed worldwide for classified users.

c. In support of the drug interdiction initiatives of USCINCSO, Tobyhanna produced a tactical/strategic communications hub gateway at Corozal, Panama on a four month compressed schedule.

d. Another high priority quick reaction fabrication program successfully fielded by Tobyhanna was in support of USCINCCENT and Chief of Naval Operations in Bahrain. Tobyhanna produced a communications subsystem which supported the transfer of the Naval Fleet Command Post for the CENTCOM theatre off of the USS LaSalle flagship establishing the first U.S. military headquarters in Bahrain.

01 JUN 1995

AMSEL-RD-ST-D
SUBJECT: Proposed Tobyhanna Army Depot BRAC Closure

10. These are but a few examples of the valuable support Tobyhanna has provided to CECOM RDEC Space and Terrestrial Communications Directorate and the entire DoD community. Tobyhanna Army Depot has a proven record for delivering unparalleled customer satisfaction through cost effective and timely products and services. They have played a key role in CECOM's ability to successfully execute it's programs. These factors should be considered as part of the BRAC evaluation of Tobyhanna Army Depot.

11. CECOM Bottom Line: THE SOLDIER.

KENNETH A. THOMAS
Colonel, SC
Acting Director, Space & Terrestrial Communications

Tobyhanna Army Depot
Protocol Officer
Mrs. Joan Ofalt
(717) 895-6223
30 May 1995

ITINERARY

for the Site Visit of

BRAC COMMISSIONERS

1 June 1995

TIME	*EVENT*	*PERSONNEL INVOLVED*
1245	*Arrive at Wilkes Barre/Scranton Airport* *- Introduction to Local Officials*	*Congressman McDade*
1255	*Motorcade to Tobyhanna Army Depot*	*Ms. Cox* *GEN Davis* *Mr. Kling* *Ms. Steele*
1340	*Arrive at Tobyhanna Army Depot* *- Welcome* *- Media* *- Overview at Model*	*COL Lindquist*
1345	*Proceed to Keystone Room* *- Working Lunch* *- Remarks* *- Remarks* *- Remarks* *- Remarks* *- Depot Overview* *- BRAC Briefing*	 *Senator Santorum* *Congressman McDade* *Congressman Kanjorski* *Ms. Cervanak.Mr. Grossman* *COL Lindquist* *Mr. Zardecki*

TIME	EVENT	PERSONNEL INVOLVED
1445	Proceed to Maintenance	
	- Tour	
	- - Electronics Enclosure	
	- - Computer Aided Engineering	
	- - Flexible Computer Integrated Manufacturing	
	- - Automated Systems Division	
	- - Tactical End Item Repair Facility	
	- - Systems Integration	
	Driving Tour	
	- PSCC Packaging Lab	
	- Environmental Stress Screening	
	- Shelter Movement & Handling Facility	
	- Hi Tech Regional Training Site	
	- - Personnel Briefing	Mr. McAndrews
	- Satellite Communications	
	- - Interservice Briefing	Mr. Zardecki
1615	Return to Administration Building	
	- Momentos	
1630	Depart Tobyhanna Army Depot	
1645	Arrive at Mount Pocono Airport	

THE DEFENSE LOGISTICS AGENCY
BASE REALIGNMENTS AND CLOSURES TEAM
FAX TRANSMITTAL SHEET

TO Marilyn Wasleski FROM K. McNaramay

DEPT/AGENCY Com PHONE # 703-274-7146

FAX # 696-0550 FAX # 703-274-3966

PHONE # 696-0504 Autovon 284

TOTAL # OF PAGES INCLUDES HEADER 2

COMMENTS/REMARKS:

INVENTORY CONTROL POINTS

DoD RECOMMENDATION

PERSONNEL MOVEMENTS

Inventory Control Point	Personnel Eliminated Military/Civilian	Personnel Realigned Military/Civilian	Personnel Received Military/Civilian	Total Military/Civilian
Defense Construction Supply Center (DCSC) Columbus, OH	0/66 ~~0/358~~	0/292 ~~0/0~~	0/0	Colum. 0/-358
Defense Industrial Supply Center (DISC) Philadelphia, PA	4/215 ~~4/46~~	25/1283 ~~12/323~~	0/0	Phil. -16/-369
Defense General Supply Center(DGSC) Richmond, VA	0/123 ~~0/0~~	0/695 ~~0/0~~	12/1141 ~~12/323~~	Rich. 12/323
Defense Personnel Support Center(DPSC) Philadelphia, PA	0/0	0/0	13/1128 0/0	0/0
Total	4/404	25/2269 ~~12/323~~	25/2269 ~~12/323~~	Not Applicable

06-15-1995 4:21 PM

FY96 COSTS
($ Thousands)

	Columbus DSDC-HQ	DCSC	DGSC	DGSC (LOSE)	DISC	DPSC	DFSC	DDRW-JC	DDRW-MC	DDRW-OU
BOS Non-Payroll, Realign										
Save Nothing	$0	$2,129	$1,929	$2,389	$952	$2,955	$234	$5,082	$6	$588
Save All (Command)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Save All (Other)	$0	$105	$139	$172	$130	$62	$19	$632	$1	$73
Save Per Person	$2,662	$6,197	$5,623	$6,965	$6,037	$6,199	$3,144	$6,889	$9	$797
Total	$2,662	$8,431	$7,691	$9,526	$7,119	$9,215	$3,398	$12,603	$16	$1,458
BOS Non-Payroll, Disestab										
Save Nothing	$0	$2,116	$1,912	$2,368	$944	$2,888	$234	$5,082	$6	$588
Save All (Command)	$0	$803	$478	$592	$514	$768	$143	$255	$0	$29
Save All (Other)	$0	$105	$139	$172	$130	$62	$19	$632	$1	$73
Save Per Person	$2,662	$5,407	$5,162	$6,394	$5,530	$5,498	$3,002	$6,634	$8	$767
Total	$2,662	$8,431	$7,691	$9,526	$7,119	$9,215	$3,398	$12,603	$16	$1,458
Comm Non-Payroll	$769	$16,548	$15,708	$19,457	$9,723	$15,235	$1,111	$5,094	$6	$589
RPMA Non-Payroll	$624	$11,076	$7,075	$8,338	$3,443	$2,496	$52	$1,227	$2	$142
BOS Payroll	$0	$17,393	$13,935	$17,260	$10,540	$24,575	$7,865	$13,314	$17	$1,540

Scenario: ICP22B

Losing Site: DISC
Total People: 1,880

Close Installation? N
Disestablish? Y

Receivers: Move To:	1996	1997	1998	1999	2000	2001	Totals
DGSC	0	0	0	335	0	0	335
DPSC	0	0	0	523	0	0	523
	0	0	0	0	0	0	0
	0	0	0	50	0	0	50
DISC Elims:	412	126	136	298	0	0	972
Force Structure Changes:							1,880

Recurring Costs for: DGSC — Costs

		1996	1997	1998	1999	2000	2001/SS
DISC BOS Non Payroll	944	0	0	0	369	369	369
Save Nothing	514	0	0	0	0	0	0
Save All (Command)	130	0	0	0	0	0	0
Save All (Other)	5,530	0	0	0	985	985	985
Save Per Person	9,723	0	0	0	1,733	1,733	1,733
Comm Non Payroll	Total	0	0	0	3,087	3,087	3,087

Recurring Costs for: DPSC — Costs

		1996	1997	1998	1999	2000	2001/SS
DISC BOS Non Payroll	944	0	0	0	575	575	575
Save Nothing	514	0	0	0	0	0	0
Save All (Command)	130	0	0	0	0	0	0
Save All (Other)	5,530	0	0	0	1,538	1,538	1,538
Save Per Person	9,723	0	0	0	2,705	2,705	2,705
Comm Non Payroll	Total	0	0	0	4,819	4,819	4,819

Recurring Costs for: — Costs

		1996	1997	1998	1999	2000	2001/SS
DISC BOS Non Payroll	944	0	0	0	0	0	0
Save Nothing	514	0	0	0	0	0	0
Save All (Command)	130	0	0	0	0	0	0
Save All (Other)	5,530	0	0	0	0	0	0
Save Per Person	9,723	0	0	0	0	0	0
Comm Non Payroll	Total	0	0	0	0	0	0

Recuring Savings for: DISC — Savings

		1996	1997	1998	1999	2000	2001/SS
Eliminations Savings	15,253	0	0	0	406	0	0
Offset for Receiver Costs		0	0	0	7,905	0	0
Save All (Command), Last Year		0	0	0	514	0	0
Save All (Other), Last Year		0	0	0	0	0	0
Recurring After-Action Savings		0	0	0	0	8,825	8,825
		0	0	0	8,825	8,825	8,825

Scenario: ICP22B

Losing Site:	DCSC	**Close Installation?**	N
Total People:	3,372	**Disestablish?**	N

Receivers:		1996	1997	1998	1999	2000	2001	Totals
		Year						
Move To:		0	0	0	0	0	0	0
		0	0	0	0	0	0	0
		0	0	0	0	0	0	0
DCSC	Elims:	0	0	0	358	0	0	358
Force Structure Changes:		39	15	131	125	0	0	310
								668

Recurring Costs for:	0	1996	1997	1998	1999	2000	2001/SS
		Costs					
DCSC BOS Non Payroll							
Save Nothing	2,129	0	0	0	0	0	0
Save All (Command)	0	0	0	0	0	0	0
Save All (Other)	105	0	0	0	0	0	0
Save Per Person	6,197	0	0	0	0	0	0
Comm Non Payroll	16,548	0	0	0	0	0	0
	Total	0	0	0	0	0	0

Recurring Costs for:	0	1996	1997	1998	1999	2000	2001/SS
		Costs					
DCSC BOS Non Payroll							
Save Nothing	2,129	0	0	0	0	0	0
Save All (Command)	0	0	0	0	0	0	0
Save All (Other)	105	0	0	0	0	0	0
Save Per Person	6,197	0	0	0	0	0	0
Comm Non Payroll	16,548	0	0	0	0	0	0
	Total	0	0	0	0	0	0

Recurring Costs for:		1996	1997	1998	1999	2000	2001/SS
		Costs					
DCSC BOS Non Payroll							
Save Nothing	2,129	0	0	0	0	0	0
Save All (Command)	0	0	0	0	0	0	0
Save All (Other)	105	0	0	0	0	0	0
Save Per Person	6,197	0	0	0	0	0	0
Comm Non Payroll	16,548	0	0	0	0	0	0
	Total	0	0	0	0	0	0

Recuring Savings for:	DCSC	1996	1997	1998	1999	2000	2001/SS
		Savings					
Eliminations Savings	22,745	0	0	0	2,415	0	0
Offset for Receiver Costs		0	0	0	0	0	0
Save All (Command), Last Year		0	0	0	0	0	0
Save All (Other), Last Year		0	0	0	0	0	0
Recurring After-Action Savings		0	0	0	0	2,415	2,415
		0	0	0	2,415	2,415	2,415

Scenario: ICP23B

Losing Site: DISC
Total People: 1,880

Close Installation? N
Disestablish? Y

Receivers: Move To:	1996	1997	1998	1999	2000	2001	Totals
DPSC	0	0	0	596	0	0	596
DGSC	0	0	0	238	0	0	238
	0	0	0	0	0	0	0
DISC Elims:	0	0	0	74	0	0	74
Force Structure Changes:	412	126	136	298	0	0	972
							1,880

Recurring Costs for: DPSC — Costs

		1996	1997	1998	1999	2000	2001/SS
DISC BOS Non Payroll	944	0	0	0	675	675	675
Save Nothing	514	0	0	0	0	0	0
Save All (Command)	130	0	0	0	0	0	0
Save All (Other)	5,530	0	0	0	1,753	1,753	1,753
Save Per Person	9,723	0	0	0	3,082	3,082	3,082
Comm Non Payroll	Total	0	0	0	5,510	5,510	5,510

Recurring Costs for: DGSC — Costs

		1996	1997	1998	1999	2000	2001/SS
DISC BOS Non Payroll	944	0	0	0	269	269	269
Save Nothing	514	0	0	0	0	0	0
Save All (Command)	130	0	0	0	0	0	0
Save All (Other)	5,530	0	0	0	700	700	700
Save Per Person	9,723	0	0	0	1,231	1,231	1,231
Comm Non Payroll	Total	0	0	0	2,200	2,200	2,200

Recurring Costs for: — Costs

		1996	1997	1998	1999	2000	2001/SS
DISC BOS Non Payroll	944	0	0	0	0	0	0
Save Nothing	514	0	0	0	0	0	0
Save All (Command)	130	0	0	0	0	0	0
Save All (Other)	5,530	0	0	0	0	0	0
Save Per Person	9,723	0	0	0	0	0	0
Comm Non Payroll	Total	0	0	0	0	0	0

Recuring Savings for: DISC — Savings

		1996	1997	1998	1999	2000	2001/SS
Eliminations Savings	15,253	0	0	0	600	0	0
Offset for Receiver Costs		0	0	0	7,710	0	0
Save All (Command), Last Year		0	0	0	514	0	0
Save All (Other), Last Year		0	0	0	0	0	0
Recurring After-Action Savings		0	0	0	0	8,825	8,825
		0	0	0	8,825	8,825	8,825

Scenario: ICP23B

Losing Site: DCSC
Total People: 3,372

Close Installation? N
Disestablish? N

	Year 1996	1997	1998	1999	2000	2001	Totals
Receivers: Move To:	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	358	0	0	358
DCSC Elims:	0	0	131	125	0	0	310
Force Structure Changes:	39	15					668

Recurring Costs for:	0	Costs 1996	1997	1998	1999	2000	2001/SS
DCSC BOS Non Payroll							
Save Nothing	2,129	0	0	0	0	0	0
Save All (Command)	0	0	0	0	0	0	0
Save All (Other)	105	0	0	0	0	0	0
Save Per Person	6,197	0	0	0	0	0	0
Comm Non Payroll	16,548	0	0	0	0	0	0
	Total	0	0	0	0	0	0

Recurring Costs for:	0	Costs 1996	1997	1998	1999	2000	2001/SS
DCSC BOS Non Payroll							
Save Nothing	2,129	0	0	0	0	0	0
Save All (Command)	0	0	0	0	0	0	0
Save All (Other)	105	0	0	0	0	0	0
Save Per Person	6,197	0	0	0	0	0	0
Comm Non Payroll	16,548	0	0	0	0	0	0
	Total	0	0	0	0	0	0

Recurring Costs for:		Costs 1996	1997	1998	1999	2000	2001/SS
DCSC BOS Non Payroll							
Save Nothing	2,129	0	0	0	0	0	0
Save All (Command)	0	0	0	0	0	0	0
Save All (Other)	105	0	0	0	0	0	0
Save Per Person	6,197	0	0	0	0	0	0
Comm Non Payroll	16,548	0	0	0	0	0	0
	Total	0	0	0	0	0	0

Recuring Savings for:	DCSC	Savings 1996	1997	1998	1999	2000	2001/SS
Eliminations Savings	22,745	0	0	0	2,415	0	0
Offset for Receiver Costs		0	0	0	0	0	0
Save All (Command), Last Year		0	0	0	0	0	0
Save All (Other), Last Year		0	0	0	0	0	0
Recurring After-Action Savings		0	0	0	0	2,415	2,415
		0	0	0	2,415	2,415	2,415

Scenario: ICP24B

Losing Site: DGSCLose **Close Installation?** Y
Total People: 2,756 **Disestablish?** Y

Receivers:		Year 1996	1997	1998	1999	2000	2001	Totals
Move To:	DPSC	0	0	0	612	0	0	612
	DISC	0	0	0	357	0	0	357
	XDGSC	0	0	0	531	0	0	531
DGSCLose	Elims:	0	0	0	284	0	0	284
Force Structure Changes:		372	318	144	138	0	0	972
								2,756

Recurring Costs for: DPSC		Costs 1996	1997	1998	1999	2000	2001/SS
DGSCLose BOS Non Payroll							
Save Nothing	2,368	0	0	0	966	966	966
Save All (Command)	592	0	0	0	0	0	0
Save All (Other)	172	0	0	0	0	0	0
Save Per Person	6,394	0	0	0	1,420	1,420	1,420
Comm Non Payroll	19,457	0	0	0	4,321	4,321	4,321
	Total	0	0	0	6,707	6,707	6,707

Recurring Costs for: DISC		Costs 1996	1997	1998	1999	2000	2001/SS
DGSCLose BOS Non Payroll							
Save Nothing	2,368	0	0	0	564	564	564
Save All (Command)	592	0	0	0	0	0	0
Save All (Other)	172	0	0	0	0	0	0
Save Per Person	6,394	0	0	0	828	828	828
Comm Non Payroll	19,457	0	0	0	2,520	2,520	2,520
	Total	0	0	0	3,912	3,912	3,912

Recurring Costs for: XDGSC		Costs 1996	1997	1998	1999	2000	2001/SS
DGSCLose BOS Non Payroll							
Save Nothing	2,368	0	0	0	838	838	838
Save All (Command)	592	0	0	0	0	0	0
Save All (Other)	172	0	0	0	0	0	0
Save Per Person	6,394	0	0	0	1,232	1,232	1,232
Comm Non Payroll	19,457	0	0	0	3,749	3,749	3,749
	Total	0	0	0	5,819	5,819	5,819

Recuring Savings for: DGSCLose		Savings 1996	1997	1998	1999	2000	2001/SS
Eliminations Savings	25,851	0	0	0	2,664	0	0
Offset for Receiver Costs		0	0	0	16,438	0	0
Save All (Command), Last Year		0	0	0	592	0	0
Save All (Other), Last Year		0	0	0	172	0	0
Recurring After-Action Savings		0	0	0	0	19,866	19,866
		0	0	0	19,866	19,866	19,866

Scenario: ICP24B

Losing Site: DCSC
Total People: 3,372

Close Installation? N
Disestablish? N

		Year 1996	1997	1998	1999	2000	2001	Totals
Receivers: Move To:		0	0	0	0	0	0	0
		0	0	0	0	0	0	0
		0	0	0	0	0	0	0
DCSC Elims:		0	0	0	358	0	0	358
Force Structure Changes:		39	15	131	125	0	0	310
								668

Recurring Costs for:		Costs 1996	1997	1998	1999	2000	2001/SS
DCSC BOS Non Payroll							
Save Nothing	2,129	0	0	0	0	0	0
Save All (Command)	0	0	0	0	0	0	0
Save All (Other)	105	0	0	0	0	0	0
Save Per Person	6,197	0	0	0	0	0	0
Comm Non Payroll	16,548	0	0	0	0	0	0
	Total	0	0	0	0	0	0

Recurring Costs for:		Costs 1996	1997	1998	1999	2000	2001/SS
DCSC BOS Non Payroll							
Save Nothing	2,129	0	0	0	0	0	0
Save All (Command)	0	0	0	0	0	0	0
Save All (Other)	105	0	0	0	0	0	0
Save Per Person	6,197	0	0	0	0	0	0
Comm Non Payroll	16,548	0	0	0	0	0	0
	Total	0	0	0	0	0	0

Recurring Costs for:		Costs 1996	1997	1998	1999	2000	2001/SS
DCSC BOS Non Payroll							
Save Nothing	2,129	0	0	0	0	0	0
Save All (Command)	0	0	0	0	0	0	0
Save All (Other)	105	0	0	0	0	0	0
Save Per Person	6,197	0	0	0	0	0	0
Comm Non Payroll	16,548	0	0	0	0	0	0
	Total	0	0	0	0	0	0

Recuring Savings for:	DCSC	Savings 1996	1997	1998	1999	2000	2001/SS
Eliminations Savings	22,745	0	0	0	2,415	0	0
Offset for Receiver Costs		0	0	0	0	0	0
Save All (Command), Last Year		0	0	0	0	0	0
Save All (Other), Last Year		0	0	0	0	0	0
Recurring After-Action Savings		0	0	0	0	2,415	2,415
		0	0	0	2,415	2,415	2,415

Scenario: ICP25B

Losing Site: DISC
Total People: 1,880

Close Installation? N
Disestablish? Y

Receivers: Move To:		Year 1996	1997	1998	1999	2000	2001	Totals
	DCSC	0	0	0	1011	0	0	1,011
		0	0	0	0	0	0	0
		0	0	0	0	0	0	0
DISC Elims:		0	0	0	205	0	0	205
Force Structure Changes:		211	70	196	187	0	0	664
								1,880

Recurring Costs for: DCSC

DISC BOS Non Payroll		Costs 1996	1997	1998	1999	2000	2001/SS
Save Nothing	944	0	0	0	944	944	944
Save All (Command)	514	0	0	0	0	0	0
Save All (Other)	130	0	0	0	0	0	0
Save Per Person	5,530	0	0	0	2,974	2,974	2,974
Comm Non Payroll	9,723	0	0	0	5,229	5,229	5,229
	Total	0	0	0	9,147	9,147	9,147

Recurring Costs for: 0

DISC BOS Non Payroll		Costs 1996	1997	1998	1999	2000	2001/SS
Save Nothing	944	0	0	0	0	0	0
Save All (Command)	514	0	0	0	0	0	0
Save All (Other)	130	0	0	0	0	0	0
Save Per Person	5,530	0	0	0	0	0	0
Comm Non Payroll	9,723	0	0	0	0	0	0
	Total	0	0	0	0	0	0

Recurring Costs for:

DISC BOS Non Payroll		Costs 1996	1997	1998	1999	2000	2001/SS
Save Nothing	944	0	0	0	0	0	0
Save All (Command)	514	0	0	0	0	0	0
Save All (Other)	130	0	0	0	0	0	0
Save Per Person	5,530	0	0	0	0	0	0
Comm Non Payroll	9,723	0	0	0	0	0	0
	Total	0	0	0	0	0	0

Recuring Savings for: DISC

		Savings 1996	1997	1998	1999	2000	2001/SS
Eliminations Savings	15,253	0	0	0	1,663	0	0
Offset for Receiver Costs		0	0	0	9,147	0	0
Save All (Command), Last Year		0	0	0	514	0	0
Save All (Other), Last Year		0	0	0	0	0	0
Recurring After-Action Savings		0	0	0	0	11,324	11,324
		0	0	0	11,324	11,324	11,324

Scenario: 1CP25B

Losing Site: DGSCLOSE **Close Installation?** Y
Total People: 2,756 **Disestablish?** Y

Receivers:		Year 1996	1997	1998	1999	2000	2001	Totals
Move To:	DPSC	0	0	0	606	0	0	606
	XDGSC	0	0	0	531	0	0	531
		0	0	0	0	0	0	0
DGSCLOSE	Elims:	0	0	0	631	0	0	631
Force Structure Changes:		372	154	150	312	0	0	988
								2,756

Recurring Costs for: DPSC

		Costs 1996	1997	1998	1999	2000	2001/SS
GSCLOS BOS Non Payroll							
Save Nothing	2,368	0	0	0	1,262	1,262	1,262
Save All (Command)	592	0	0	0	0	0	0
Save All (Other)	172	0	0	0	0	0	0
Save Per Person	6,394	0	0	0	1,406	1,406	1,406
Comm Non Payroll	19,457	0	0	0	4,278	4,278	4,278
	Total	0	0	0	6,946	6,946	6,946

Recurring Costs for: XDGSC

		Costs 1996	1997	1998	1999	2000	2001/SS
GSCLOS BOS Non Payroll							
Save Nothing	2,368	0	0	0	1,106	1,106	1,106
Save All (Command)	592	0	0	0	0	0	0
Save All (Other)	172	0	0	0	0	0	0
Save Per Person	6,394	0	0	0	1,232	1,232	1,232
Comm Non Payroll	19,457	0	0	0	3,749	3,749	3,749
	Total	0	0	0	6,087	6,087	6,087

Recurring Costs for:

		Costs 1996	1997	1998	1999	2000	2001/SS
GSCLOS BOS Non Payroll							
Save Nothing	2,368	0	0	0	0	0	0
Save All (Command)	592	0	0	0	0	0	0
Save All (Other)	172	0	0	0	0	0	0
Save Per Person	6,394	0	0	0	0	0	0
Comm Non Payroll	19,457	0	0	0	0	0	0
	Total	0	0	0	0	0	0

Recuring Savings for: DGSCLOSE

		Savings 1996	1997	1998	1999	2000	2001/SS
Eliminations Savings	25,851	0	0	0	5,919	0	0
Offset for Receiver Costs		0	0	0	13,033	0	0
Save All (Command), Last Year		0	0	0	592	0	0
Save All (Other), Last Year		0	0	0	172	0	0
Recurring After-Action Savings		0	0	0	0	19,716	19,716
		0	0	0	19,716	19,716	19,716

Scenario: ICP26B

Losing Site: DISC
Total People: 1,880

Close Installation? Y
Disestablish? Y

		Year 1996	1997	1998	1999	2000	2001	Totals
Receivers:								
Move To:	DCSC	0	0	0	1011	0	0	1,011
		0	0	0	0	0	0	0
		0	0	0	0	0	0	0
DISC	Elims:	0	0	0	205	0	0	205
Force Structure Changes:		211	70	196	187	0	0	664
								1,880

Recurring Costs for: DCSC

		Costs 1996	1997	1998	1999	2000	2001/SS
DISC BOS Non Payroll							
Save Nothing	944	0	0	0	944	944	944
Save All (Command)	514	0	0	0	0	0	0
Save All (Other)	130	0	0	0	0	0	0
Save Per Person	5,530	0	0	0	2,974	2,974	2,974
Comm Non Payroll	9,723	0	0	0	5,229	5,229	5,229
	Total	0	0	0	9,147	9,147	9,147

Recurring Costs for:

		Costs 1996	1997	1998	1999	2000	2001/SS
DISC BOS Non Payroll							
Save Nothing	944	0	0	0	0	0	0
Save All (Command)	514	0	0	0	0	0	0
Save All (Other)	130	0	0	0	0	0	0
Save Per Person	5,530	0	0	0	0	0	0
Comm Non Payroll	9,723	0	0	0	0	0	0
	Total	0	0	0	0	0	0

Recurring Costs for:

		Costs 1996	1997	1998	1999	2000	2001/SS
DISC BOS Non Payroll							
Save Nothing	944	0	0	0	0	0	0
Save All (Command)	514	0	0	0	0	0	0
Save All (Other)	130	0	0	0	0	0	0
Save Per Person	5,530	0	0	0	0	0	0
Comm Non Payroll	9,723	0	0	0	0	0	0
	Total	0	0	0	0	0	0

Recuring Savings for: DISC

		Savings 1996	1997	1998	1999	2000	2001/SS
Eliminations Savings	15,253	0	0	0	1,663	0	0
Offset for Receiver Costs		0	0	0	9,147	0	0
Save All (Command), Last Year		0	0	0	514	0	0
Save All (Other), Last Year		0	0	0	130	0	0
Recurring After-Action Savings		0	0	0	0	11,454	11,454
		0	0	0	11,454	11,454	11,454

Scenario: ICP26B

Losing Site: DPSC **Close Installation?** Y
Total People: 2,152 **Disestablish?** Y

Receivers:		Year 1996	1997	1998	1999	2000	2001	Totals
Move To:	DGSC	0	0	0	717	0	0	717
		0	0	0	0	0	0	0
		0	0	0	0	0	0	0
DPSC Elims:		0	0	0	447	0	0	447
Force Structure Changes:		372	154	150	312	0	0	988
								2,152

Recurring Costs for: DGSC		Costs 1996	1997	1998	1999	2000	2001/SS
DPSC BOS Non Payroll							
Save Nothing	2,888	0	0	0	2,888	2,888	2,888
Save All (Command)	768	0	0	0	0	0	0
Save All (Other)	62	0	0	0	0	0	0
Save Per Person	5,498	0	0	0	1,832	1,832	1,832
Comm Non Payroll	15,235	0	0	0	5,076	5,076	5,076
	Total	0	0	0	9,796	9,796	9,796

Recurring Costs for:		Costs 1996	1997	1998	1999	2000	2001/SS
DPSC BOS Non Payroll							
Save Nothing	2,888	0	0	0	0	0	0
Save All (Command)	768	0	0	0	0	0	0
Save All (Other)	62	0	0	0	0	0	0
Save Per Person	5,498	0	0	0	0	0	0
Comm Non Payroll	15,235	0	0	0	0	0	0
	Total	0	0	0	0	0	0

Recurring Costs for:		Costs 1996	1997	1998	1999	2000	2001/SS
DPSC BOS Non Payroll							
Save Nothing	2,888	0	0	0	0	0	0
Save All (Command)	768	0	0	0	0	0	0
Save All (Other)	62	0	0	0	0	0	0
Save Per Person	5,498	0	0	0	0	0	0
Comm Non Payroll	15,235	0	0	0	0	0	0
	Total	0	0	0	0	0	0

Recuring Savings for: DPSC		Savings 1996	1997	1998	1999	2000	2001/SS
Eliminations Savings	20,733	0	0	0	4,307	0	0
Offset for Receiver Costs		0	0	0	9,796	0	0
Save All (Command), Last Year		0	0	0	768	0	0
Save All (Other), Last Year		0	0	0	62	0	0
Recurring After-Action Savings		0	0	0	0	14,932	14,932
		0	0	0	14,932	14,932	14,932

Scenario: ICP27B

Losing Site: DGSC
Total People: 2,225

Close Installation? N
Disestablish? Y

Receivers: Move To:		Year 1996	1997	1998	1999	2000	2001	Totals
	DPSC	0	0	0	584	0	0	584
	DISC	0	0	0	357	0	0	357
		0	0	0	0	0	0	0
DGSC	Elims:	0	0	0	4	0	0	4
Force Structure Changes:		372	318	144	138	0	0	972
								1,917

Recurring Costs for: DPSC		Costs 1996	1997	1998	1999	2000	2001/SS
DGSC BOS Non Payroll							
Save Nothing	1,912	0	0	0	894	894	894
Save All (Command)	478	0	0	0	0	0	0
Save All (Other)	139	0	0	0	0	0	0
Save Per Person	5,162	0	0	0	1,355	1,355	1,355
Comm Non Payroll	15,708	0	0	0	4,123	4,123	4,123
	Total	0	0	0	6,372 211	6,372	6,372

6372
211
6583

Recurring Costs for: DISC		Costs 1996	1997	1998	1999	2000	2001/SS
DGSC BOS Non Payroll							
Save Nothing	1,912	0	0	0	547	547	547
Save All (Command)	478	0	0	0	0	0	0
Save All (Other)	139	0	0	0	0	0	0
Save Per Person	5,162	0	0	0	828	828	828
Comm Non Payroll	15,708	0	0	0	2,520	2,520	2,520
	Total	0	0	0	3,895	3,895	3,895

Recurring Costs for:		Costs 1996	1997	1998	1999	2000	2001/SS
DGSC BOS Non Payroll							
Save Nothing	1,912	0	0	0	0	0	0
Save All (Command)	478	0	0	0	0	0	0
Save All (Other)	139	0	0	0	0	0	0
Save Per Person	5,162	0	0	0	0	0	0
Comm Non Payroll	15,708	0	0	0	0	0	0
	Total	0	0	0	0	0	0

Recuring Savings for:	DGSC	Savings 1996	1997	1998	1999	2000	2001/SS
Eliminations Savings	20,870	0	0	0	38	0	0
Offset for Receiver Costs		0	0	0	10,267	0	0
Save All (Command), Last Year		0	0	0	478	0	0
Save All (Other), Last Year		0	0	0	0	0	0
Recurring After-Action Savings		0	0	0	0	10,782	10,782
		0	0	0	10,782	10,782	10,782

Scenario: ICP27B

Losing Site:	DCSC	**Close Installation?**	N
Total People:	3,372	**Disestablish?**	N

Receivers:		Year 1996	1997	1998	1999	2000	2001	Totals
Move To:	DPSC	0	0	0	28	0	0	28
		0	0	0	0	0	0	0
		0	0	0	0	0	0	0
DCSC	Elims:	0	0	0	330	0	0	330
Force Structure Changes:		39	15	131	125	0	0	310
								668

Recurring Costs for: DPSC		Costs 1996	1997	1998	1999	2000	2001/SS
DCSC BOS Non Payroll							
Save Nothing	2,129	0	0	0	22	22	22
Save All (Command)	0	0	0	0	0	0	0
Save All (Other)	105	0	0	0	0	0	0
Save Per Person	6,197	0	0	0	51	51	51
Comm Non Payroll	16,548	0	0	0	137	137	137
	Total	**0**	**0**	**0**	**211**	**211**	**211**

Recurring Costs for:		Costs 1996	1997	1998	1999	2000	2001/SS
DCSC BOS Non Payroll							
Save Nothing	2,129	0	0	0	0	0	0
Save All (Command)	0	0	0	0	0	0	0
Save All (Other)	105	0	0	0	0	0	0
Save Per Person	6,197	0	0	0	0	0	0
Comm Non Payroll	16,548	0	0	0	0	0	0
	Total	**0**	**0**	**0**	**0**	**0**	**0**

Recurring Costs for:		Costs 1996	1997	1998	1999	2000	2001/SS
DCSC BOS Non Payroll							
Save Nothing	2,129	0	0	0	0	0	0
Save All (Command)	0	0	0	0	0	0	0
Save All (Other)	105	0	0	0	0	0	0
Save Per Person	6,197	0	0	0	0	0	0
Comm Non Payroll	16,548	0	0	0	0	0	0
	Total	**0**	**0**	**0**	**0**	**0**	**0**

Recuring Savings for: DCSC		Savings 1996	1997	1998	1999	2000	2001/SS
Eliminations Savings	22,745	0	0	0	2,226	0	0
Offset for Receiver Costs		0	0	0	211	0	0
Save All (Command), Last Year		0	0	0	0	0	0
Save All (Other), Last Year		0	0	0	0	0	0
Recurring After-Action Savings		0	0	0	0	2,437	2,437
		0	**0**	**0**	**2,437**	**2,437**	**2,437**

DEFENSE LOGISTICS AGENCY
HEADQUARTERS
CAMERON STATION
ALEXANDRIA, VIRGINIA 22304-6100

IN REPLY REFER TO CAAJ(BRAC)

5 APR 1995

Honorable Alan Dixon
Chairman
Defense Base Closure and Realignment Commission
1700 North Moore Street, Suite 1425
Arlington, VA 22209

Dear Mr. Chairman:

Enclosed is information being forwarded as a result of verbal requests from Mr. Cook and Ms. Wasleski of your staff. The information includes the following:

a. DLA Distribution Depot Cost Data Analysis Management Briefing (Rev. 1), January 1994 (enclosure 1) was not used in the BRAC decision making process and was not certified.

b. Defense National Stockpile Center letter, 24 Oct 94, subject: Stockpile Assets Stored at DLA Locations (enclosure 2).

c. HQ Air Force Materiel Command (AFMC) letter, undated, subject: ALC Alternatives for DLA Warehouse Space (enclosure 3), was not part of the decision making process or certified because our intention was only to ask for the space later, during implementation, if we needed it. AFMC intended to provide more specific space opportunities after the BRAC 95 announcements were made. AFMC is currently making the post announcement assessment. We expect more information on space availability to be provided this month.

d. Long Beach Availability Survey, 9 Feb 95 (enclosure 4), and Los Angeles Availability Survey, 2 Feb 95. The Long Beach Survey was an update of a survey accomplished for BRAC 93. The Los Angeles survey was requested and received via telephone conversation. The Naval Facilities Engineering Command, Southwest Division, indicated that buildings in the Los Angeles/El Segundo area on the average were $15 square foot more than in the Long Beach area. Based on the average cost identified for Los Angeles, the DLA BRAC Executive Group decided not to pursue purchasing a building in El Segundo. In any case, buying a building in Long Beach will be DLA's last option; our preference is to use DoD/Federal Government space.

5 APR 1995

I certify to the best of my knowledge and belief that the information provided in paragraph b above is accurate and complete. Should you desire additional information or clarification, my staff and I stand ready to assist you.

Sincerely,

4 Encl

Cathy Ann Fellehu
for M. V. McMANAMAY
Team Chief
DLA BRAC

LAWRENCE P. FARRELL, JR.
Major General, USAF
Principal Deputy Director

"DRAFT"

DEFENSE LOGISTICS AGENCY
HEADQUARTERS
CAMERON STATION
ALEXANDRIA, VIRGINIA 22304-6100

IN REPLY REFER TO CAAJ(BRAC)

Honorable Alan J. Dixon
Chairman
Defense Base Closure and Realignment Commission
1700 North Moore Street, Suite 1425
Arlington, VA 22209

Dear Mr. Chairman:

This is in response to your staff's letter of 2 June 1995 and discussions with Commissioner Robles at the Defense Distribution Depot Anniston (DDAA) on 9 June 1995:

a. Requesting the Defense Logistics Agency (DLA) provide a Cost of Base Realignment Actions (COBRA) run incorporating costs for the movement of items among Inventory Control Points (ICPs) and additional costs associated with delaying the Base Realignment and Closure (BRAC) 1993 realignment of the Defense Personnel Support Center (DPSC) to the Aviation Supply Office (ASO) compound. You also asked if the Military Construction (MILCON) cost avoidance for the scenario had been updated.

(1) A COBRA run including costs for movement of items is at enclosure 1. Movement costs were developed as part of implementation planning, and are not certified data. Since neither DLA nor the Department of Defense has historically identified a separate cost for transferring item management, and because DLA's field activities had no basis on which to predict the impact of projected changes in transfer methods, certified data regarding potential costs were not available.

(2) Costs to retain DPSC at the South Philadelphia compound have also been incorporated. As the General Accounting Office pointed out, costs associated with retaining the 185 positions supporting the DPSC facility for two additional years are minimal in any case, and would not have led DLA to change its recommendation.

b. You asked for certain data concerning costs and the ability of DDAA to accept the distribution mission from the Defense Distribution Depot Red River (DDRT).

(1) There were 6,362 wheeled and track vehicles located at Red River in September 1994. We estimated that 3,564 vehicles (10 percent of the serviceable and 75 percent of the unserviceable) would be relocated to the new maintenance site. We estimated it would cost $5.8 million for preparation and transportation. To validate the accuracy of our September 1994 estimate, we had our Red River Depot provide current June 1995 data as to the number of vehicles on hand. There are 9,204 vehicles currently at Red River (enclosure 2). We contacted the Army Tank Automotive Command (TACOM), since they own 6,313 (70 percent of those vehicles) to obtain their estimate of the number of vehicles they plan to move to Anniston. TACOM plans to move 1,238 of these vehicles to Anniston; the remainder will be shipped directly to customers or to disposal (enclosure 3). The remaining 2,891 vehicles are owned by various Army/National Guard customers. We estimate that 75 percent of these vehicles (2,168) will be moved to Anniston. The number of vehicles that are estimated to move based on this June 1995 data is 3,406, which is within 5 percent of our previous BRAC 95 planning number of vehicles to move. The initial cost estimate was also reviewed and determined to be sufficient to prepare and ship this number of vehicles to Anniston. We did not include due-in assets in our numbers. Once the final BRAC decision is made, we will coordinate with the vehicle owner to redirect incoming vehicles to Anniston, if maintenance cannot be started within the closure timeframe.

(2) In the DDRT data call, 165,032 tons of material (versus 120,000 tons noted in referenced letter) was identified as being on hand. Through disposal and attrition initiatives we estimated that 60 percent of the stock would be eliminated prior to closure, thus only 40 percent of the stock (66,013 tons) would be relocated. Less than 20 percent of the stock being relocated would move to DDAA based on the current level of support being provided to Red River depot maintenance by DDRT. DDAA currently has the capacity to store the mission stock being transferred. Cost of shipment preparation and transport was estimated at $12.7 million.

(3) Standard packing costs were used for all distribution depot stock movements commensurate with Defense Base Operating Fund (DBOF) rates for bin and bulk stock. DDRT used different costs.

(4) DLA personnel assigned to Rubber Plant support were projected to move to base X in the DDRT COBRA scenario. Since the operation of the Rubber Plant is an Army mission, we did not calculate costs in the COBRA for supply, preservation and packaging of industrial facilities that support the rubber products mission. The Army recommendation indicated that the Rubber Plant would be cantoned and attached to Lone Star. DLA will work with the Army to determine whether the 25 DLA depot personnel supporting that mission will be transferred back to the the Army or assigned to another DLA depot and duty-stationed on the cantoned facility.

c. In the referenced discussion with Commissioner Robles, we confirmed that DLA currently has sufficient distribution infrastructure to store and provide full support to both maintenance missions planned to move to DDAA from Letterkenny and Red River. The only facility change required, which was included in our COBRA runs, is the 44 acres of hardstand to store 3,564 wheeled and track vehicles from Red River and 36 acres to store the projected 2,913 vehicles from Letterkenny.

Sincerely,

3 Encl

RAY E. McCOY
Major General, USA
Principal Deputy Director

THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

EXECUTIVE CORRESPONDENCE TRACKING SYSTEM (ECTS) # 950421-8

FROM: COOK, BOB	TO: MCMANAMAY, MARGIE
TITLE: INTERAGENCY TEAM LEADER	TITLE: DIRECTOR
ORGANIZATION: DBCRC	ORGANIZATION: OLA · BRAC

INSTALLATION(S) DISCUSSED:

OFFICE OF THE CHAIRMAN	FYI	ACTION	INIT
CHAIRMAN DIXON			
STAFF DIRECTOR	✓		
EXECUTIVE DIRECTOR			
GENERAL COUNSEL	✓		
MILITARY EXECUTIVE			
DIR., CONGRESSIONAL LIAISON			
DIR., COMMUNICATIONS			
EXECUTIVE SECRETARIAT			
DIRECTOR OF ADMINISTRATION			
CHIEF FINANCIAL OFFICER			
DIRECTOR OF TRAVEL			
DIR., INFORMATION SERVICES			

COMMISSION MEMBERS	FYI	ACTION	INIT
COMMISSIONER CORNELLA			
COMMISSIONER COX			
COMMISSIONER DAVIS			
COMMISSIONER KLING			
COMMISSIONER MONTOYA			
COMMISSIONER ROBLES			
COMMISSIONER STEELE			
REVIEW AND ANALYSIS			
DIRECTOR OF R & A	✓		
ARMY TEAM LEADER			
NAVY TEAM LEADER			
AIR FORCE TEAM LEADER			
INTERAGENCY TEAM LEADER	✓		
CROSS SERVICE TEAM LEADER	✓		
MW			

TYPE OF ACTION REQUIRED

	Prepare Reply for Chairman's Signature		Prepare Reply for Commissioner's Signature
	Prepare Reply for Staff Director's Signature		Prepare Direct Response
	ACTION: Offer Comments and/or Suggestions		FYI

Subject/Remarks:
REQUESTING COBRA RUNS FOR VARIOUS COBRA SCENARIOS.

Due Date: 950430	Routing Date: 950421	Date Originated: 950420	Mail Date:

THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1700 NORTH MOORE STREET SUITE 1425
ARLINGTON, VA 22209
703-696-0504

April 20, 1995

ALAN J. DIXON, CHAIRMAN

COMMISSIONERS:
AL CORNELLA
REBECCA COX
GEN J. B. DAVIS, USAF (RET)
S. LEE KLING
RADM BENJAMIN F. MONTOYA, USN (RET)
MG JOSUE ROBLES, JR., USA (RET)
WENDI LOUISE STEELE

Ms Margie McManamay
Director, DLA BRAC
Headquarters Defense Logistics Agency
Cameron Station
Alexandria, VA 22304-6100

Please refer to this number when responding 950421-8

Dear Ms McManamay:

In order to assist this Commission in reviewing DOD's recommendations to close or realign Defense Logistics Agency installations, request that you provide COBRA runs for the following scenarios. Please provide your response no later than 30 April, 1995.

- DISC remaining in place on the ASO compound and redirecting DPSC to Richmond VA. In this scenario, weapons systems ICPs would be located at Columbus, OH and Philadelphia, PA and the Troop and General Support ICP would be established at Richmond VA.

- Disestablishing DGSC and relocating all functions to Philadelphia, PA. In this scenario, one weapons system ICP would be located in Columbus, OH and two ICPs (one weapons system and the Troop and General Support) would be located in Philadelphia PA on the ASO compound.

- Closing the Distribution Depot at Richmond, VA (DDRV) and relocating assets to the remaining distribution depots. Please indicate the attendant DLA-wide distribution system shortfall if such an action were effected.

- An ADDER run for complete closure of the DGSC/DDRV facilities at Richmond, VA.

- Closing the Distribution Depot (DDAA) collocated with the Anniston Army Depot, AL and relocating assets to remaining distribution depots. This scenario is in concert with an Army action which will generate a COBRA to realign the Anniston Army Depot. Please indicate the attendant DLA-wide distribution system shortfall if such an action were effected.

Thank you for your assistance. I appreciate your time and cooperation.

Sincerely,

Bob Cook

Bob Cook
Interagency Issues Team Leader

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

Suite 1425
1700 North Moore Street
Arlington, Virginia 22209

FAX COVER SHEET

DATE: April 21, 1995

TO: Margie McManamay - DLA CINCBRAC
Jack Marshall

FAX #: (703) 274-3966

FROM: Bob Cook

NUMBER OF PAGES (including cover): 2

COMMENTS:

Margie,

Here is a heads up copy of the letter that's coming to you formally via Ruth on Monday.

Jack,

I'm trying to get my hands on a copy of the briefing that Mike Pavich gave at the NM hearing. In the meantime, I do have the pitch that he gave during the Ogden base visit. I don't know if they are the same but I suspect that they are very similar. If you need them, let me know and I'll forward it via Ruth on Monday.

Bob Cook

IF YOU HAVE TROUBLE RECEIVING THIS FAX PLEASE CALL 703-696-0504.

THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1700 NORTH MOORE STREET SUITE 1425
ARLINGTON, VA 22209
703-696-0504

April 20, 1995

ALAN J. DIXON, CHAIRMAN

COMMISSIONERS:
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Ms Margie McManamay
Director, DLA BRAC
Headquarters Defense Logistics Agency
Cameron Station
Alexandria, VA 22304-6100

Please refer to this number when responding 950421-8

Dear Ms McManamay:

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Thank you for your assistance. I appreciate your time and cooperation.

Sincerely,

Bob Cook

Bob Cook
Interagency Issues Team Leader

< CONFIRMATION REPORT >

04-21-1995(FRI) 14:53

[TRANSMIT]

NO.	DATE	TIME	DESTINATION	PG.	DURATION	MODE	RESULT
16058	4-21	14:51	DLA BRAC OFFICE	2	0°00'55"	NORM.E	OK
				2	0°00'55"		

ROBERT A. BORSKI
3D DISTRICT, PENNSYLVANIA

COMMITTEES:
TRANSPORTATION AND INFRASTRUCTURE
RANKING DEMOCRAT—SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT

STEERING COMMITTEE

REGIONAL WHIP

Congress of the United States
House of Representatives
Washington, DC 20515

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DISTRICT OFFICES
7141 FRANKFORD AVE.
PHILADELPHIA, PA 19135
(215) 335-3355
FAX: (215) 333-4508

2630 MEMPHIS ST.
PHILADELPHIA, PA 19125
(215) 426-4616

June 19, 1995

Honorable Alton Cornella
Commissioner
Defense Base Closure and Realignment Commission
1700 North Moore Street, Suite 1425
Arlington, VA 22209

Dear Commissioner Cornella:

Thanks to your latest request for additional data from the Defense Logistics Agency (DLA), the Base Closure Commission will have an opportunity to approve a more cost-effective, lower risk alternative to DLA's ill-advised recommendation to disestablish the Defense Industrial Supply Center (DISC).

The attached COBRA analysis requested by the Commission dramatically shows that the most cost-effective, least-risk-to-readiness option is to maintain the BRAC 1993 decision. I believe that you and several of your colleagues had acknowledged early in the process that the considerable and admitted risk to military readiness should be avoided if a compelling and economic argument could be made. The latest DLA COBRA run makes that compelling argument and presents the Commission with the ammunition to reject the DLA-recommended disestablishment and mass item migration strategy that I feel we both believe is inherently flawed.

Using the data analysis submitted by DLA Headquarters to your staff, the BRAC 1993 option, as I proposed from the outset, provides a more cost-effective option than DLA's original recommendation. The BRAC 1993 alternative:

* involves substantially less risk to readiness than the mass item migration in DLA's recommendation.
* provides for $122.7 million in net present value -- $3.4 million more than DLA's recommendation.
* incurs one-time costs of only $2.5 million -- $140 million less than DLA's recommendation.
* maintains the synergy gains accrued by DISC and the Navy's Aviation Supply Office (which would be permanently lost in DLA's recommendation).
* sustains the expertise of the best ICP workforce in DLA.
* negates community impact <u>anywhere</u> -- Columbus, Richmond o Philadelphia.

PRINTED ON RECYCLED PAPER

Clearly, DLA's own data shows that the BRAC 1993 option is a Win-Win solution for force readiness and operational economy.

The validated DLA data, as well as the qualitative arguments previously discussed with you, and synopsized in the attached, are compelling and incontrovertible. The only prudent course of action at this time is to reject the DLA proposal and adopt the amended BRAC 1993 option which has now been proven to be the most cost-effective and readiness-supportive solution. DLA will still be able to regroup the management of its items, but in a more sensible manner and timeframe outside of the BRAC process.

I hope you will be able to champion this position with the Commission. I appreciate your insight and recognition of the issues and perseverance in pursuing the full disclosure of facts in the this important matter.

Sincerely,

ROBERT A. BORSKI
Member of Congress

RAB/mdv
Enclosure

cc:

Alan Dixon, Chairman
Commissioner Rebecca Cox
Commissioner Gen. J.B. Davis, USAF (RET)
Commissioner S. Lee Kling
Commissioner RADM Benjamin F. Montoya, USN (RET)
Commissioner MG Josue Robles, Jr., USA (RET)
Commissioner Wendi Louise Steele
Mr. Robert Cook, BRAC staff

COBRA RESULTS COMPARISON

	DLA PROPOSAL CORRECTED PER GAO FINDINGS[1]	BRAC-93 WITH SINGLE ICP COMMAND[2]
NPV	$119.3M	$122.7M
ONE-TIME COSTS	$143.2M	$2.5M

NOTES

1. *INCORPORATES ITEM TRANSFER COSTS & "DELTA" DPSC 2-YR BASE COSTS*
2. *DLA RUN OF 6/12/95 REQUESTED BY BRAC COMMISSION*

*ADVANTAGES OF BRAC-93**

- ***NO MILITARY READINESS RISK!***
- **GREATER NPV SAVINGS ($3.4M)**
- **SIGNIFICANTLY LOWER ONE-TIME COSTS ($140M)**
- **ACHIEVES DLA CONCEPT OF OPERATIONS**
- **MAINTAINS DISC EXPERTISE**
- **SUPPORTS DISC/ASO SYNERGY**
- **NO COMMUNITY IMPACT - *ANYWHERE***

***RECOMMENDATION*: IMPLEMENT BRAC-93**

** BASED ON DLA RUN OF 6/12/95 REQUESTED BY BRAC COMMISSION*

Data As Of 16:06 01/27/1995, Report Created 21:15 06/12/1995

Department : DLA
Option Package : ICP22B
Scenario File : C:\COBRA95V.508\DLA95\ICP22B.CBR
Std Fctrs File : C:\COBRA95V.508\DLA95\ICP.SFF

Starting Year : 1996
Final Year : 1999
ROI Year : 2006 (7 Years)

NPV in 2015($K): -119,268
1-Time Cost($K): 143,248

Net Costs ($K) Constant Dollars

	1996	1997	1998	1999	2000	2001	Total	Beyond
MilCon	-27,276	510	510	510	510	0	-25,234	0
Person	0	0	0	-6,235	-15,043	-15,043	-36,321	-15,043
Overhd	636	477	358	-3,066	-3,334	-3,334	-8,263	-3,334
Moving	0	0	0	9,209	0	0	9,209	0
Missio	0	0	0	0	0	0	0	0
Other	8,000	8,000	55,150	56,423	0	0	127,573	0
TOTAL	-18,640	8,987	56,018	56,842	-17,867	-18,377	66,963	-18,377

	1996	1997	1998	1999	2000	2001	Total
POSITIONS ELIMINATED							
Off	0	0	0	4	0	0	4
Enl	0	0	0	0	0	0	0
Civ	0	0	0	404	0	0	404
TOT	0	0	0	408	0	0	408
POSITIONS REALIGNED							
Off	0	0	0	11	0	0	11
Enl	0	0	0	1	0	0	1
Stu	0	0	0	0	0	0	0
Civ	0	0	0	323	0	0	323
TOT	0	0	0	335	0	0	335

Summary:

Disestablish DISC. DISC weapon system items go to DGSC. DISC, DCSC, and DGSC general support items go to DPSC. IPE remains at DGSC; all other DGSC miscellaneous items go to DPSC. Includes $8 M per yr for '96 & '97 for DPSC base operating costs. Includes $55.15 M per yr for '98 & '99 for item transfer costs (placed at DISC; $110 M total)

COBRA REALIGNMENT SUMMARY (COBRA v8.00) - Page 1/2
Date As Of 15:38 06/12/1998, Report Created 15:53 06/12/1998

THIS SCENARIO IS NOT RECOMMENDED BY DLA

Department : DLA
Option Package : DISCDPSC
Scenario File : C:\COBRA800\DISCDPSC.CSR
Std Factrs File : C:\COBRA800\TCP.SFF

Starting Year : 1996
Final Year : 1997
ROI Year : Immediate

NPV in 2015($K): -122,683
1-Time Cost($K): 2,804

Net Costs ($K) Constant Dollars

	1996	1997	1998	1999	2000	2001	Total	Beyond
MilCon	-5,977	0	0	0	0	0	-5,977	0
Person	0	-2,893	-6,524	-6,524	-6,524	-6,524	-28,988	-6,524
Overhd	165	-1,818	-1,942	-1,942	-1,942	-1,942	-9,421	-1,942
Moving	0	1,496	0	0	0	0	1,496	0
Missio	0	0	0	0	0	0	0	0
Other	0	339	0	0	0	0	339	0
TOTAL	-5,812	-2,874	-8,466	-8,466	-8,466	-8,466	-42,549	-8,466

	1996	1997	1998	1999	2000	2001	Total
POSITIONS ELIMINATED							
Off	0	4	0	0	0	0	4
Enl	0	0	0	0	0	0	0
Civ	0	172	0	0	0	0	172
TOT	0	176	0	0	0	0	176
POSITIONS REALIGNED							
Off	0	0	0	0	0	0	0
Enl	0	0	0	0	0	0	0
Stu	0	0	0	0	0	0	0
Civ	0	0	0	0	0	0	0
TOT	0	0	0	0	0	0	0

Summary:

Merge DISC and DPSC at the ASO compound in 1997. No movement of item management responsibility occurs.

THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

EXECUTIVE CORRESPONDENCE TRACKING SYSTEM (ECTS) # 950421-5

FROM: BORSKI, ROBERT	TO: DIXON
TITLE: REP. (PA)	TITLE: CHAIRMAN
ORGANIZATION: U.S. CONGRESS	ORGANIZATION: DBCRC
INSTALLATION (s) DISCUSSED: DEF. INDUSTRIAL SUPPLY CENTER	

OFFICE OF THE CHAIRMAN	FYI	ACTION	INIT	COMMISSION MEMBERS	FYI	ACTION	INIT
CHAIRMAN DIXON				COMMISSIONER CORNELLA	✓		
STAFF DIRECTOR	✓			COMMISSIONER COX	✓		
EXECUTIVE DIRECTOR				COMMISSIONER DAVIS	✓		
GENERAL COUNSEL	✓			COMMISSIONER KLING	✓		
MILITARY EXECUTIVE				COMMISSIONER MONTOYA	✓		
				COMMISSIONER ROBLES	✓		
DIR./CONGRESSIONAL LIAISON		✓		COMMISSIONER STEELE	✓		
DIR./COMMUNICATIONS				REVIEW AND ANALYSIS			
				DIRECTOR OF R & A	✓		
EXECUTIVE SECRETARIAT				ARMY TEAM LEADER			
				NAVY TEAM LEADER			
DIRECTOR OF ADMINISTRATION				AIR FORCE TEAM LEADER			
CHIEF FINANCIAL OFFICER				INTERAGENCY TEAM LEADER		X	
DIRECTOR OF TRAVEL				CROSS SERVICE TEAM LEADER			
				MW	✓		
DIR./INFORMATION SERVICES							

TYPE OF ACTION REQUIRED

✓	Prepare Reply for Chairman's Signature		Prepare Reply for Commissioner's Signature
	Prepare Reply for Staff Director's Signature		Prepare Direct Response
X	ACTION: Offer Comments and/or Suggestions	✓	FYI

Subject/Remarks:

REQUESTING THE DBCRC TO DIRECT THE GAO TO FULLY STUDY THE DOD RECOMMENDATION TO CLOSE THE DEFENSE INDUSTRIAL SUPPLY CENTER.

Date:	Routing Date:	Date Originated:	Mail Date:

ROBERT A. BORSKI
3D DISTRICT, PENNSYLVANIA

COMMITTEES:
TRANSPORTATION AND INFRASTRUCTURE
RANKING DEMOCRAT—SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT

STEERING COMMITTEE

REGIONAL WHIP

Congress of the United States
House of Representatives
Washington, DC 20515

WASHINGTON:
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RAYBURN HOUSE OFFICE BLDG.
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FAX: (202) 225-4628

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(215) 335-3355
FAX: (215) 333-4508

2630 MEMPHIS ST.
PHILADELPHIA, PA 19125
(215) 426-4616

April 20, 1995

Please refer to this number when responding 950421-5

Honorable Alan Dixon
Chairman
Defense Base Closure and Realignment Commission
1700 North Moore Street, Suite 1425
Arlington, VA 22209

Dear Mr. Chairman:

I am writing to request the Base Closure Commission to direct the General Accounting Office (GAO) to fully assess the Department of Defense's recommendation to disestablish the Defense Industrial Supply Center (DISC).

As you know, on March 30, I sent the enclosed letter to GAO requesting their assessment of DOD's recommendation to disestablish DISC. The letter includes my analysis of the flaws found in the recommendation.

Regrettably, none of these issues were addressed in GAO's April 13 report to Congress and the Base Closure Commission.

It is my understanding that the Base Closure Commission can request a GAO study of specific recommendations. I believe such an analysis is necessary, specifically on the following flaws of DOD's recommendation:

* Significant cost omissions in the COBRA for DISC, including the cost of transferring items and the cost of delaying the BRAC93 realignment of the Defense Personnel Support Center to the Aviation Supply Office compound.

* The methodology used to determine the amount of positions that would be eliminated under various ICP scenarios, which is the basis for the preponderance of savings, is patently illogical and contradicts common sense.

I can certainly appreciate the workload and time constraints under which you are working. However, I believe a rational, objective assessment of these issues by GAO is essential to your final decision on DISC.

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Thank you for your expeditious consideration of this extremely important matter. Please do not hesitate to contact me for any additional information.

Sincerely,

ROBERT A. BORSKI
Member of Congress

Enclosure

cc: Mr. Al Cornella, Commissioner
Base Closure and Realignment Commission

ROBERT A. BORSKI
3D DISTRICT, PENNSYLVANIA

COMMITTEES:
TRANSPORTATION AND INFRASTRUCTURE
RANKING DEMOCRAT—SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT

STEERING COMMITTEE

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March 30, 1995

Mr. Charles A. Bowsher
Comptroller General of the United States
General Accounting Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Comptroller:

I am writing to bring to your attention several issues relating to the Defense Logistics Agency's (DLA) recommendation to disestablish the Defense Industrial Supply Center (DISC) located in Philadelphia. I believe these issues must be addressed by the General Accounting Office (GAO) in its April 15 report to Congress analyzing the 1995 base closure recommendations.

As you may know, the DLA has recommended the "disestablishment" of DISC as a part of its 1995 base closure recommendations. After numerous meetings with DISC employees and the DLA base closure executive group (BRACEG), I believe DLA's recommendation is suspect for the following reasons:

Military Value

* DLA did not adequately assess the risk to military readiness associated with the large amount of items transferred.

* Inventory Control Point (ICP) performance and its impact on readiness is not included in the military value analysis.

* The multi-service ICP synergy that exists between DISC and the Navy's Aviation Supply Office (ASO) was not included in the military value analysis. Additional compound synergy is also achieved by DISC partnering with the Defense Printing Service (DPS) in pioneering development of critical procurement applications.

* DLA instead overemphasized a non-essential synergy between ICPs and distribution depots.

* The DLA did not adequately assess the value and available capacity of the ASO compound in its "installation military value analysis."

* Unexplained discrepancies exist among three separate computations of the military value of the ICPs.

PRINTED ON RECYCLED PAPER

Costs

* The significant cost of transferring items was not included in the COBRA analysis.

* The cost of delaying the BRAC93 realignment of the Defense Personnel Support Center (DPSC) to the ASO compound was not included in the COBRA analysis.

* DLA used a flawed methodology to determine the amount of positions that would be eliminated under each scenario.

The bottom line is that DLA is risking the loss of a critical, highly-skilled workforce -- all for savings which are highly suspect.

I have provided a full explanation of each of these major flaws in DLA's recommendation to disestablish DISC. I hope you can add a rational, objective assessment to a recommendation which in my opinion is highly flawed. I believe DLA can achieve higher efficiencies by building on the recommendations accepted by the Base Closure Commission in BRAC93.

Thank you for your expeditious consideration of this extremely important matter. Please do not hesitate to contact me for any additional information.

Sincerely,

ROBERT A. BORSKI
Member of Congress

RAB/mdv
Enclosure

cc: Mr. Barry Holman
General Accounting Office

FLAWS IN THE

DEFENSE LOGISTICS AGENCY'S

RECOMMENDATION

TO DISESTABLISH

THE DEFENSE INDUSTRIAL

SUPPLY CENTER

BY REPRESENTATIVE ROBERT A. BORSKI (PA)

March 30, 1995

In 1993, the Base Closure Commission overturned the Department of Defense's recommendation to close the Defense Industrial Supply Center (DISC), as well as the Aviation Supply Office (ASO) and the Defense Personnel Support Center (DPSC). The Commission recognized that the true military value of these facilities was the people and their skills and experience that maintain our nation's readiness.

Despite this decision, the Defense Logistics Agency (DLA) has once again recommended an action that jeopardizes the entire workforce at DISC.

The following flaws to DLA's recommendation have been discovered by representatives of DISC's workforce. These flaws illustrate what little consideration was given to the military value of DISC's workforce. They also illustrate costs that DLA omitted from its COBRA analysis, and how those costs would eliminate any possible savings DLA hopes to gain from its recommendation.

MILITARY VALUE

1) <u>DLA did not adequately assess the risk to military readiness associated with the large amount of items transferred:</u>

In the 1993 round of base closures (BRAC93), DLA concluded in its ICP recommendation that the mass migration of items was too risky and imprudent. In its recommendation, DLA stated that "with the recommended closures of DESC and realignment with DCSC, the additional move of DISC to DCSC was considered too risky. Scenarios were run splitting DISC among the remaining hardware centers and splitting DISC between DCSC and DGSC. Both options were considered too risky because proposed moves split managed items to multiple locations."(Appendix #1)

Yet two years later the implementation scenario recommends moving approximately <u>2.4 million items</u> among DLA Inventory Control Points (ICPs). Add to that volume of movement a Consumable Item Transfer (CIT II) of approximately 280,000 items from the military services to DLA, the ICPs would experience a logistics transfer of almost 2.7 million items.

DISC currently manages 34.5 percent of all DLA hardware ICP items used on one or multiple weapon systems, and processes 40 percent of all military customer requisitions forwarded to the four DLA hardware ICPs. Yet DLA recommended relocating DISC's weapons-coded workload to the Defense General Supply Center (DGSC), which currently manages the <u>lowest</u> amount of weapons-coded workload of the DLA hardware ICPs.

This transfer will place a huge number (1.07 million) of weapons-coded items at risk. DGSC, which currently manages 630,972 items, would more than double its workload to 1,472,123 items -- but will increase its workforce by only 323 jobs in fiscal year 1999.

DLA chose its scenario relocating DISC weapons-coded work to DGSC over a scenario relocating DGSC workload to DISC. They made this decision, despite the fact that DISC has a larger, higher-skilled pool of federal workers to choose from to meet increased weapons-coded workload. DISC is also collocated with a Navy weapons management ICP and a weapons engineering facility, combining for an impressive on-compound logistics pool of expertise and people.

2) <u>ICP performance and its impact on readiness is included in the military value analysis:</u>

According to the DLA BRACEG, the military value analysis of the ICPs does not measure the performance of the workforce at each ICP. DLA chose to omit performance from this most critical determinant of base closure decisions, despite the fact that the true military value of these facilities is the people and their skills and experience that maintain our nation's readiness.

In meetings with the BRACEG, DLA maintains a position that performance is not a part of the BRAC process, because performance is determined by the quality of management, not where that management is located. This position completely neglects the value of the people currently performing these jobs, and the negative impact on the value that would result from its disestablishment. Management can hardly achieve high performance without a highly-skilled experienced workforce. This fact was one of the key reasons the Base Closure Commission overturned DLA's BRAC93 recommendation to move DISC (and its management and workforce) to New Cumberland, PA.

The disruption of the DISC workforce would have a serious impact on its ability to provide our armed forces with the highest level of service at the lowest level of cost. These employees have been "reinventing government" long before Vice President Al Gore began implementing his reforms, and have been recognized with numerous awards and citations.

DISC currently has proportionally the highest number of requisitions from military customers, yet provides the highest level of support of all hardware centers. DISC currently has the lowest number of chronic below goal systems and provides much better availability to weapon systems items than the other hardware ICPs. Yet none of these performance measures were given any significance in DLA's military value analysis.

"Richmond is our best installation, and the Distribution Depot there will remain open. Therefore, we concluded that disestablishing the Defense Industrial Supply Center in Philadelphia was in the best interest of DLA."

This decision was reached by conducting an "installation military value analysis," which measures the value of all facilities collocated at a particular base. DLA chose to keep DGSC\DDRV open because it received the second highest score in the "installation military value analysis."

However, no "installation military value analysis" was conducted for the ASO compound, which includes ASO, DISC and smaller tenants, and will soon receive DPSC. DLA claims that such analysis was not possible because ASO is a Navy activity.

As a result, the ASO compound was not objectively weighed against the DGSC\DDRV compound. As a result, DLA made a decision that it felt was best for DLA without looking at the best scenario for the Department of Defense and the American taxpayer.

DLA recommended closing DISC, not because of its military value or costs, but because it is not collocated with a depot. Instead of being rewarded for saving taxpayer money through joint-service synergy, DISC is being penalized for being collocated with a Navy facility.

Furthermore, in reflecting on the expendability element of military value, DLA failed to accurately consider the DOD space available at this location, adversely affecting DISC's military value scores.

6) <u>Unexplained discrepancies exist among three separate computations of the military value of the ICPs</u>:

Based on the DLA BRACEG minutes (Appendix #3), DLA conducted computations of military value analysis of the ICPs on three separate occasions (12/5/94, 12/29/94, and 1/5/95) with three different results.

In the 12/5 computation, DISC scored second to DCSC in total points. In the 12/29 computation, DISC once again scored second, but with significant changes to the scores of DGSC, the largest being a 29 point increase in the category of "Additional Mission w/o Additional Personnel."

The 1/5 computation saw a substantial increase in scores for both DGSC and DCSC but a scoring decrease to DISC. The big change occurred in the area of "Base Operating Costs." and "Personnel Costs." Under the revised computations, DISC's score, however, decreased from 171 to 162 points. This change resulted in a 25 point deficit placing DISC with the lowest military value rating.

3) The multi-service ICP synergy that exists between DISC and the Navy's Aviation Supply Office (ASO) was not included in the military value analysis:

A strong synergy currently exist between DISC and ASO, due to the direct relationship between DISC commodities managed and the ASO mission. This synergy was highlighted in BRAC93 and is pivotal in DISC's customer support. Yet in both its military value and COBRA analyses, DLA gave no consideration to this synergy, and how its permanent loss would affect readiness.

DISC currently has joint contracts in place with ASO covering more than 200 items and $30 million. Proximity and a similar weapons orientation between ASO and DISC has accrued savings in both readiness and investment dollars.

Ironically, in its BRAC95 report to Congress, the Navy prominently cited this synergy as a reason to keep ASO in Philadelphia (see Appendix #2). Yet DLA makes absolutely no mention or consideration of the synergy in its recommendation to disestablish DISC.

4) DLA instead overemphasized a synergy between ICPs and distribution depots:

In its report, DLA refers to a synergy existing between DGSC and its tenant depot (DDRV) as a reason to keep both open. However, the type of synergy that exists between DISC and ASO does not occur between a DLA ICP and a Distribution Depot. The real logistics savings are in integrated acquisition and planning between ICPs.

In fact, both DLA's Corporate Strategic Plan and performance plan emphasize a decrease in depot inventory and cost due to Buy Response Vice Inventory efforts, obviating any special synergy between ICP and depot. This is further substantiated by DLA's BRAC95 recommendation to reduce the Columbus depot workforce by 90 percent by relocating its mission to storage of slow moving items. Additionally, if depot/ICP synergy is so important, why are performance statistics at Richmond and Columbus consistently lower than DISC's multi-service ICP site.

5) The DLA did not adequately assess the value of the ASO compound in its "installation military value analysis":

The Military Value of each DLA ICP did not matter in DLA's final decision to disestablish DISC. In its report, DLA stated that "the Executive Group did not consider the difference among the Military Value of the three Hardware ICPs significant enough, by itself, to point toward any obvious closure candidates."

Instead, the decision to close DISC was driven primarily by the decision to keep DDRV open. This fact is evident in General Farrell's testimony before the Base Closure Commission:

Aside from the point changes, however, significant dollar changes were also obvious. As an example, DGSC's total operational costs decreased by $94 million between 12/15 and 12/20. The cause was not explained. An interesting audit trail exists which documents at least seven letters and phone calls to DGSC requesting additional data to reach this final conclusion.

COSTS

1) The significant cost of transferring items was not included in the COBRA analysis:

There is a significant cost associated with transferring 2.4 million of items managed by the ICPs. Yet a thorough examination of DLA's recommendation reveals that these costs were not included in DLA's COBRA analysis. In fact, DLA is just now requesting such information.

Moving items is not simply an electronic process. Physical labor is required of the losing activity to package historical hard copy data, technical drawings and ancillary records. The receiving activities will also incur costs to re-establish the management records and build technical expertise. Continued human communication and interaction between functional experts in all disciplines will still be required even after the transfer. This continued dialogue is a mandatory element to come up to full operational capability.

Based on actual service ICP cost data, the cost of migrating items as required under DLA's recommendation averages $66 per item. This migration process cost does not include the negative impact on material availability and readiness incurred in such a mass migration even if it is spread out over several years. DISC's previous history with CIT Phase I and migrating Federal Stock Classes 1560/1680 to the Defense General Supply Center shows a degradation in service support.

2) The cost of delaying the BRAC93 realignment of the Defense Personnel Support Center (DPSC) to the ASO compound was not included in the COBRA analysis:

Another cost discrepancy apparently overlooked is the cost associated with maintaining the Defense Personnel Support Center (DPSC) at its South Philadelphia compound for an additional two years. As you know, in its recommendation, DLA claims a cost avoidance of $28.6 million by delaying the BRAC93 move of DPSC to the Aviation Supply Office (ASO) compound. In its COBRA analysis, DLA included the $28.6 million as a "one-time saving," but neglected to include the costs of keeping DPSC in South Philadelphia as a "one-time cost." The cost of extending the facility over this period is estimated to be at least $74 million (fiscal year 1994 dollars).

3) <u>DLA used a flawed methodology to determine the amount of positions that would be eliminated under each scenario:</u>

In its report, "The Executive Group determined that the synergy which would be achieved by grouping items requiring the same type of management would result in some savings." The Executive Group decided that 5 percent of direct labor, and 25 percent of indirect labor, and 50 percent of the general and administrative overhead associated with base operations could be saved by consolidating management of related Federal Supply Classes.

By grouping all FSCs under two Weapon Systems ICPs and one Troop and General Support ICP, DLA calculated that it could eliminate 404 civilian jobs throughout all ICPs. DLA calculates that the savings generated from eliminating these positions will result in $15 million in steady state personnel savings.

Appendix #4, which was provided by DLA, and appendix #5, which analyzes these figures, shows how DLA broke down the positions at each ICP attributed to either weapons, troop and general, miscellaneous and base operating. DLA broke each category into direct, indirect, and general and administrative support.

Under each scenario, however, DLA only made the 5%/25%/50% reductions for the positions associated with the items transferred from the losing base. Similar reductions were not made for receiving bases.

For example, under Option IIIA, which disestablishes DISC, DLA calculates that 190 positions will be eliminated by moving DISC's weapon systems items to DGSC. However, under Option IV, which closes DGSC, DLA calculates that only 92 positions will be eliminated by moving DGSC's weapon systems to DISC. The difference of 100 jobs between these two transfer scenario is huge with respect to steady state savings.

Grouping weapon system positions together at one ICP should achieve the same number of eliminated positions, regardless of where that consolidation takes place. Using DLA's methodology, however, allows you to calculate a higher number of positions eliminated based on <u>the amount of items you transfer</u>, not on the extent to which you can consolidate. Because more weapon systems items are transferred in Option III than Option IV, a higher number of positions are eliminated using this flawed methodology.

Ironically, Option IIIA was chosen over Option IV, despite the fact that overall Option IV eliminates more positions (638) because it allows DLA to eliminate 308 Base Operating jobs. However, as mentioned above, the ultimate decision to close DISC was based on the decision to save DDRV, not on cost-effectiveness.

Midatlantic,and other tenants with approximately 800 personnel. DPSC was not reviewed as part of the ICP category since it manages a much smaller number of items which have a significantly higher dollar value than the hardware ICPs. The activity has no administrative space available, but does have a small number of buildable acres. Environmental problems at DPSC would make building or extensive renovations impossible for some time in the future.

With the movement of DCMD Midatlantic and the Clothing Factory out of DPSC, the Working Group examined options to either utilize the base as a receiver or move DPSC to another location. Scenarios were built so that activities moved to locations where excess space had been identified. DISC, currently a tenant at ASO which is recommended for closure by the Navy, was considered for possible realignment to DPSC. A scenario which realigned DPSC to ASO where DLA would assume responsibility for the base was analyzed. Another, which split the three commodities at DPSC between DGSC and DCSC was also examined.

The distribution depot at New Cumberland has available buildable acres. Additionally, another recommendation moves DISC, a hardware ICP from Philadelphia to New Cumberland. This allows several activities to be consolidated. The presence of three ICPs and major DLA facilities in the area will create significant opportunities for savings and efficiencies in the future. As a result of the closure of DPSC, the property will be excess to Army needs. The Army will dispose of it in accordance with existing policy and procedure.

Return on Investment: Total estimated one time cost for these closures is $173.0 million. Annual steady state savings are $90.6 million with an immediate return on investment.

Impacts: Closing the DPSC installation and the Clothing Factory will have an impact on the local economy. The projected potential employment loss, both direct and indirect, is 0.4 percent of the employment base in the Philadelphia Metropolitan Statistical Area, assuming no economic recovery. The closure will ultimately result in a reduction in air emissions, wastewater discharges, and solid waste.

Defense Industrial Supply Center, Philadelphia, Pennsylvania

Recommendation: Relocate the Defense Industrial Supply Center (DISC), a hardware Inventory Control Point (ICP), located in Philadelphia, Pennsylvania, to New Cumberland, Pennsylvania.

Justification: DISC is a tenant of the Navy's Aviation Supply Office (ASO) located in Philadelphia. With the Navy decision to close ASO during BRAC 93, DISC must either be relocated or remain behind and assume responsibility for the base.

The Executive Group considered options where square footage or buildable acres existed. Also, only locations where ICPs currently exis: were considered.

Collocation with DCSC, DESC and DGSC were also considered. DGSC has buildable acres but no space available. DESC has warehouse space and DCSC will have administrative space in 1997. However, with the recommended closures of DESC and realignment with DCSC, the additional move of DISC to DCSC was considered too risky. Scenarios were run splitting DISC among the remaining hardware centers and splitting DISC between DCSC and DGSC. Both options were considered too risky because proposed moves split managed items to multiple locations.

Appendix #2
(see p. L-3)

ATTACHMENT L

DESCRIPTION OF ANALYSIS OF INVENTORY CONTROL POINTS

This Inventory Control Points (ICPs) subcategory was composed of the Aviation Supply Office (ASO), located in Philadelphia, Pennsylvania and the Ships Parts Control Center (SPCC), located in Mechanicsburg, Pennsylvania. These activities provide worldwide wholesale inventory control for all naval fleet units and program logistics support for naval weapons systems.

Data Call Development

The capacity and military value data calls were developed using the BRAC-93 data calls as starting points. Sets of questions were then expanded or compressed based on lessons learned for BRAC-93 and consultations with technical experts. The capacity data call was designed to capture throughput, measured in total government workyears performed. Information was also requested on subsidiary workload categories of Weapons Systems Program Support, Security Assistance workyears, and Requisition Volume, as subsets of the total work performed. The data call obtained both actual performed workload at each command, from FY 1986 to the present, and programmed workload through FY 2001. The data calls also requested information on specific features and capabilities of each activity, including manpower factors, physical space available for industrial support, facility and equipment characteristics, and contingency and mobilization features. Standard modules on quality of life, costs and investments, and environmental issues were included.

Capacity Analysis

Capacity analysis was conducted by comparing the maximum potential capacity of the ICPs to the workload programmed to support the FY 2001 force structure. The maximum potential capacity was determined for both individual and aggregated throughput measures based on the maximum historic performance levels for the period FY 1986-1993. The average of those levels for each ICP was summed to determine a maximum potential for the subcategory. This maximum capacity was compared to required capacity, determined from the reported programmed workload through FY 2001. Maximum capacity for the Inventory Control Points was determined to exceed future requirements by approximately 48 percent.

Maximum potential capacity was also calculated for the secondary measures, the subordinate collections of workload anticipated through the outyears. While the weapons systems program support paralleled the aggregate capacity analysis in identifying significant excess capacity, the other secondary measures remained relatively constant.

The BSEC concluded that sufficient excess capacity existed to warrant analysis of military value.

Military Value Analysis

The military value matrix was developed after review of the BRAC-93 matrix, with modifications based on lessons learned, technical expert perspectives, and matrices already approved by the BSEC. The military value questions were grouped into six subject areas, covering customer service support, features and facilities, costs and investments, environment, quality of life, and strategic factors. Standardized modules assessing facilities, costs and investments, environmental, and quality of life concerns were adjusted for this subcategory to reflect the predominantly civilian workforce and distinct mission at the activities. Primary emphasis in the evaluation was placed on individual executed workload as reflected in questions pertaining to customer service support.

As would be expected in a group of only two activities which so closely parallel each other in mission and requirements, the military value analysis did not provide a clear differentiation. SPCC received a score of 58.1, while ASO was scored at 55.8 (out of 94.2 possible points). The two commands are differentiated primarily by those functions in which each specializes (i.e., support to aviation units or to ships).

Configuration Analysis

Configuration analysis was conducted using a linear programming model to develop solutions that minimized excess capacity in the ICPs while meeting FY 2001 requirements and maintained an average military value. Standard sensitivity analyses were conducted, adjusting the FY 2001 requirement up 10 percent, down 10 percent, and down 20 percent.

The initial solution output from the configuration model closed ASO. The sensitivity analyses which increased the requirement closed no ICP, while the two which reduced the requirement both showed ASO closed. Given the requirement to maintain average military value from a universe of two activities, this was the only solution possible since SPCC has both a higher military value and a larger capacity.

Scenario Development and Analysis

The results of the configuration analysis provided the BSEC with a starting point for deliberations leading to scenario development. The capacity reduction shown by the configuration runs appeared very efficient, suggesting that consolidation of those functions into SPCC would eliminate all but 7.6% of the total excess. Accordingly, the BSEC issued two scenarios which closed ASO. In one, ASO closed and consolidated at SPCC;

in the other, ASO closed and consolidated at SPCC but transferred ASO's compound host responsibilities to its largest tenant, DLA.

After a rigorous review, the COBRA analyses suggested that such a closure would eventually payoff, though one-time costs were quite large. The responses to the data calls indicated that, over the last year, the Naval Supply Systems Command (NAVSUP) has restructured the ICPs by "consolidating in place," to eliminate the large amount of excess capacity identified during BRAC-93. As a result, savings resulting from elimination of personnel were not possible, since significant reductions in the workforce have already occurred. Given these results, the BSEC determined that it would not forward a recommendation to close ASO.

Conclusion

Despite the capacity analysis which demonstrated significant excess capacity, the recommendation to close ASO and consolidate those functions at SPCC was not endorsed for two reasons. First, the gap between attributed costs and savings was most likely to narrow under the realities of implementation, resulting in an even narrower benefit between costs and savings and extending the payoff unacceptably. Secondly, the BSEC acknowledged that NAVSUP has been particularly vigorous in its efforts to restructure the ICPs independent of and external to the BRAC process, and so no further consolidation is required. The consolidation suggested by the BRAC-95 process might well disrupt those efforts, as well as the synergy which currently exists between ASO and DLA within the Philadelphia compound.

Appendix #3

HARDWARE ICP's MILITARY VALUE

4:38 PM
3/21/95
BRAC-A.XLS

	Military Value	DCSC A Points Earned	DGSC B Points Earned	DISC C Points Earned	DCSC A VALUES	DGSC B VALUES	DISC C VALUES	
I. Mission Essentiality								
A. Current/Future Mission								
1. DoD Essentiality	100	100	100	100				
2. Same/Similar Mission	100	0	0	0				
SUBTOTAL	200	100	100	100				
B. Mission Scope								
1. Field Activities Reporting Directly to this Activity	10	0	10	0				
2. % Paid Equivalents Directly Support Field Activities	10	0	10	0				
3. No. of NSN's Managed								
a. Active NSN's	40	40	6.64	12.77				
b. Inactive NSN's	10	7.2	6.28	10				
4. $ Value Inventory Managed								
a. Active Inventory ($M)	40	40	7.04	6.11				
b. Inactive Inventory ($M)	10	4.02	10	6.2				
5. No. of PR'S Awarded	15	15	6.28	6.37				
6. $ Value of Contracts Awarded	15	15	10.15	5.85				
7. % Business ($ Value) Supporting Non-DoD	25	20.96	3.75	25				
8. % Paid Equivalent Supporting Non-DoD	25	25	4.47	0				
SUBTOTAL	200	167.2	74.81	72.3				
TOTAL MISSION ESSENTIALITY	400	267.2	174.81	172.3				
II. Mission Suitability								
A. Current/Future Mission								
1. Age of Buildings	25	9	7	5				
2. Current Condition of Buildings	140	115	118	105				
3. Infrastructure Suitable for Electronic Comms	25	25	25	25				
4. Access to Transportation	10	10	10	10				
a. Air								
b. Bus								
c. Train								
TOTAL MISSION SUITABILITY	200	159	160	145				

HARDWARE ICP's MILITARY VALUE

4:39 PM
3/21/95
BRAC-A.XLS

III. Operational Efficiences				
A. BOS Costs				
1. BOS Costs per Paid Equivalent	50	9.4	7.28	50
2. RPM Costs per Square Feet	50	39.94	50	38.03
3. Comm. Costs per Paid Equivalent	25	25	11.81	18.49
SUBTOTAL	125	74.34	68.87	106.52
B. Personnel Costs				
1. Total G&A Costs per Paid Equivalent	25	18.28	16.06	25
2. Total Direct Costs per Paid Equivalent	25	25	16.04	16.88
3. Total Indirect Costs per Paid Equivalent	25	6.75	25	20.65
SUBTOTAL	75	50.03	57.1	62.53
TOTAL OPERATIONAL EFFICIENCIES	200	124.37	125.97	169.05
IV. Expandability				
A. Facility/Installation Expansion				
1. Total Buildable Acres	40	40	19	5
2. Acceptable DoD Space in MSA (Sq Ft)	10	0	0	10
3. Additional Personnel Accomodated in Current Space	60	60	20	2
4. Excess DLA Warehouse Could be Allocated	50	0	0	0
SUBTOTAL	160	100	39	17
B. Mobilization Expansion-Surge Capability	0			
C. Mission Expansion				
1. Additional Mission w/o Additional Personel (%)	40	29	0	40
SUBTOTAL	40	29	0	40
TOTAL EXPANDABILITY	200	129	39	57
TOTAL MILITARY VALUE	1000	679.57	499.58	543.35
		5-Dec-94		

HARDWARE ICP's MILITARY VALUE

DCSC A Points Earned	DGSC B Points Earned	DISC C Points Earned	DCSC A VALUES	DGSC B VALUES	DISC C VALUES	DCSC A Points Earned	DGSC B Points Earned	DISC C Points Earned	DCSC A VALUES	DGSC B VALUES	DISC C VALUES
100	100	100				100	100	100			
0	0	0				0	0	0			
100	100	100				100	100	100			
0	10	0				0	10	0			
0	10	0				0	10	0			
40	7	13				40	7	13			
7	8	10				7	8	10			
40	7	8				40	7	8			
4	10	8				4	10	8			
15	8	8				15	8	8			
15	10	8				15	10	8			
21	4	25				21	4	25			
25	4	0				25	4	0			
167	75	72				167	75	72			
287	175	172				287	175	172			
9	7	5				9	7	5			
115	118	[redacted]				115	118	[redacted]			
25	25	25				25	25	25			
10	10	10				10	10	10			
159	160	150				159	160	150			

HARDWARE ICP's MILITARY VALUE

28-Dec-94			5-Jan-95		
[illegible]	[illegible]	50	50	36	47
50	[illegible]	[illegible]	50	48	29
24	15	[illegible]	25	16	20
88	66	[illegible]	125	100	86
25	18	24	25	17	25
25	25	[illegible]	25	21	17
8	22	25	8	25	24
[illegible]	64	67	58	63	66
[illegible]	[illegible]	[illegible]	183	183	182
[illegible]	[illegible]	[illegible]	40	19	5
[illegible]	[illegible]	[illegible]	0	0	10
[illegible]	[illegible]	[illegible]	60	20	2
[illegible]	[illegible]	[illegible]	0	0	0
[illegible]	[illegible]	[illegible]	100	39	17
29	[redacted]	40	29	[redacted]	40
29	29	40	29	29	40
[illegible]	[illegible]	57	129	68	57
704	522	356	738	586	541

Appendix #4

Option I
Close DISC/DPSC in 1999

	DISC to DCSC
CSC Weapon Sys (n/c)	2274
ISC W/S	1141
GSC W/S	513
PSC W/S	0
OTAL W/S	3928
ase Ops	381
OTAL REQUIRED	4309
994 DCSC AVAILABLE	-3323
Billets Transferred	986

	DPSC to DGSC
DGSC Troop & Gen (n/c)	655
DGSC Misc (n/c)	260
DPSC T & G	1212
DCSC T & G	292
DISC T & G	141
TOTAL T & G	2560
Base Ops	308
TOTAL REQUIRED	2868
1994 DGSC AVAILABLE	-2198
Billets Transferred	670

Option II
Close DGSC Inst/DISC in 1999

	DISC to DCSC
DCSC W/S (n/c)	2274
DISC W/S	1141
DGSC W/S	513
DPSC W/S	0
TOTAL W/S	3928
Base Ops	381
TOTAL REQUIRED	4309
1994 DCSC AVAILABLE	-3323
Billets Transferred	986

	DGSC to DPSC
DPSC T & G (n/c)	1480
DGSC T & G	552
DGSC Misc	216
DCSC T & G	292
DISC T & G	141
TOTAL T & G	2681
Base Ops	0
TOTAL REQUIRED	2681
1994 DPSC AVAILABLE	-2098
Billets Transferred	583

Option III
Close DISC in 1999

	DCSC
DCSC W/S (n/c)	2274
Base Ops	381
Total Required	2655
1999 DCSC Available	-3013
	-358

	DISC to DPSC
DPSC T & G	1480
DGSC T & G	552
DGSC MISC	216
DCSC T & G	292
DISC T & G	141
TOTAL T & G	2681
Base Ops	0
Total Required	2681
1994 DPSC Avail	-2098
Billets Transferred	583

	DISC to DGSC
DGSC W/S (n/c)	605
DISC W/S	1141
DPSC W/S	0
TOTAL W/S	1746
Base Ops	308
Total Required	2054
1999 Avail	-1828
Billets Transferred	226

Option III A
Close DISC in 1999
IPE Remains at DGSC

DCSC W/S (n/c)	2274
Base Ops	381
Total Required	2655
1999 DCSC Available	-3013
	-358

	DISC to DPSC
DPSC T & G	1480
DGSC T & G	552
DGSC MISC (less IPE)	143
DCSC T & G	292
DISC T & G	141
TOTAL T & G	2608
Base Ops	0
Total Required	2608
1994 DPSC Avail	-2098
Billets Transferred	510

	DISC to DGSC
DGSC W/S (n/c)	605
DGSC IPE (n/c)	97
DISC W/S	1141
DPSC W/S	0
TOTAL W/S	1843
Base Ops	308
Total Required	2151
1999 Avail	-1828
Billets Transferred	323

Option IV
Close DGSC Inst in 1999

	DCSC
DCSC W/S (n/c)	2274
Base Ops	381
Total Required	2655
1999 Available	-3013
	-358

	DGSC to DPSC
DPSC T & G (n/c)	1474
DGSC T & G	552
DGSC Misc	216
DCSC T & G	292
DISC T & G	141
TOTAL T & G	2675
Base Ops	22
Total Required	2697
1994 DPSC Avail	-2098
Billets Transferred	599

	DGSC to DISC
DISC W/S (n/c)	1331
DGSC W/S	513
DPSC W/S	0
Total W/S	1844
Base Ops	0
TOTAL REQUIRED	1844
1999 Avail	-1497
Billets Transferred	347

		FY 94 Peramanent Civilians							FY 96		FY 97		FY 98		FY 99	
		Direct	% Dir	InDirect	% Ind	G & A	% G & A	Total	Total	Pom Chg	Total	Pom Chg	Total	POM Chg	Total	POM chg
DCSC	Weapon Systems Items	1356	40.8	844	25.4	309	9.3	2509								
	Troop & General Support	205	6.17	128	3.85	61	1.84	394								
	Miscelaneous	0		0		0		0								
	Base Operations	0		0		420	12.64	420								
	Totals	1561		972		790		3323	3284	-39	3269	-15	3138	-131	3013	-125
DGSC	Weapons Systems Items	507	23.07	97	4.41	123	5.6	727								
	Troop & General Support	550	25.02	105	4.78	133	6.05	788								
	Miscelaneous	188		71		54		313								
	[IPE]	[25]	[1.14]	[71]	[3.23]	[20]	[.91]	[116]								
	[Other]	[163]	[7.42]	[0]	[0]	[34]	[1.55]	[197]								
	Base Operations	0		0		370	16.83	370								
	Totals	1245		273		680		2198	2066	-132	1983	-83	1904	-79	1828	-76
DISC	Weapon Systems Items	1228	66.34	143	7.73	275	14.86	1646								
	Troop & General Support	146	7.89	25	1.35	34	1.84	205								
	Miscellaneous	0		0		0		0								
	Base Operations	0		0		0		0								
	Totals	1374		168		309		1851	1679	-172	1624	-55	1559	-65	1497	-62

		FY 99				95%	75%	50%	
		Direct	Indirec	G&A	Total	Direct	Indirec	G&A	TOTAL
DCSC	Weapon Systems Items	1229	765	280	2274	1168	574	140	1882
	Troop & General Support	186	116	56	358	177	87	28	292
	Miscellaneous								
	Base Operations			381	381				
	Totals	1415	881	717	3013				
DGSC	Weapons Systems Items	422	81	102	605	401	61	51	513
	Troop & General Support	457	87	111	655	434	62	56	552
	Miscellaneous	157	59	45	260	149	44	23	216
	(IPE)	[21]	[59]	[17]	[97]				
	(Miscellaneous)	[136]	[0]	[26]	[163]	[129]	[0]	[14]	[143]
	Base Operations			308	308				
	Totals	1035	227	566	1828				
DISC	Weapon Systems Items	993	116	222	1331	943	87	111	1141
	Troop & General Support	118	20	28	166	112	15	14	141
	Miscellaneous								
	Base Operations								
	Totals	1111	136	250	1497				

	FY 94 Permanent Civilians						
	DIRECT	% DIR	INDIRECT	% IND	G & A	% G & A	TOTAL
Weapons Systems Items							
Troop & General Support	1179	56.2	280	13.35	426	20.3	1885
Base Operations					185	8.82	185
Personnel Supt. to DISC					28	1.33	28
Total	1179		280		639		2098

	FY 96		FY 97		FY 98		FY 99	
	TOTAL	CHG	TOTAL	CHG	TOTAL	CHG	TOTAL	CHG
POM Stream - DPSC at ASO in 1997	1858	-240	1623	-235	1558	-65	1480	-78
POM Stream - DPSC at ASO in 1999	1858	-240	1787	-71	1716	-71	1647	-69
							1480	-236

	FY 99 DPSC							
	DIRECT	DIRE	G & A	TOTAL	5% DI	5% INDI	50% G &	TOTAL
Weapons Systems Items								
Troop & General Support	926	220	334	1480	879	165	168	1212
Base Operations			145	145				
Personnel Supt. to DISC			22	22				
Total	926	220	501	1647				

Appendix #5

COMPARISON OF POSITIONS ELIMINATED BETWEEN OPTION III A AND OPTION IV
REP. ROBERT A. BORSKI

OPTION III A

CLOSE DISC. MOVE DISC WEAPONS SYSTEMS TO DGSC. MOVE DISC, DGSC AND DCSC TROOP AND GENERAL TO DPSC. MOVE DGSC MISCELLANEOUS TO DPSC. KEEP IPE AT DGSC. NO BASES CLOSED.*

	FY99	AFTER BRAC	JOBS ELIMINATED
DCSC			
DCSC WEAPS	2274	2274	0
DCSC BASE OPS	381	381	0
DISC TO DPSC			
DPSC T&G	1480	1480	0
DGSC T&G	655	552	103
DGSC MISC	163	143	20
DCSC T&G	358	292	66
DISC T&G	166	141	25
DISC TO DGSC			
DGSC WEAPS	605	605	0
DGSC IPE	97	97	0
DISC WEAPS	1331	1141	190
DGSC BASE OPS	308	308	0
TOTAL			**404**
BREAKDOWN BY CATEGORY:			
TOTAL T&G	2659	2465	194
TOTAL WEAPS	4210	4020	190
MISC/IPE	260	240	20
TOTAL FSC			404
BASE OPS	689	689	0
TOTAL MINUS BASE OPS			404

OPTION IV

CLOSE DGSC. MOVE DGSC WEAPONS TO DISC. MOVE DGSC TROOP & GENERAL, MISCELLANEOUS AND IPE TO DPSC. MOVE DCSC TROOP & GENERAL TO DPSC. CLOSES BASE AT DGSC, ELIMINATING BASE OPS PERSONNEL.*

	FY99	AFTER BRAC	JOBS ELIMINATED
DCSC			
DCSC WEAPS	2274	2274	0
DCSC BASE OPS	381	381	0
DGSC			
DGSC BASE OPS	308	0	308
DGSC TO DPSC			
DPSC T&G	1480	1474	6
DGSC T&G	655	552	103
DGSC MISC	260	216	44
DCSC T&G	358	292	66
DISC T&G	166	141	25
BASE OPS	0	22	-22
DGSC TO DISC			
DISC WEAPS	1331	1331	0
DGSC WEAPS	605	513	92
TOTAL			**622**

BREAKDOWN BY CATEGORY:

TOTAL T&G	2659	2459	200
TOTAL WEAPS	4210	4118	92
MISC/IPE	260	216	44
TOTAL FSC			336
BASE OPS	689	403	286
TOTAL MINUS BASE OPS			622

* This methodology eliminates positions associated with items transferred (losing base). It does not eliminate positions associated with items that will remain at their base (receiving base). For example, under both Options, no Weapon System position are eliminated from the 2274 positions at DCSC.

THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

EXECUTIVE CORRESPONDENCE TRACKING SYSTEM (ECTS) # 950324-13

FROM: BORSKI, ROBERT	TO: DIXON
TITLE: REP. (PA)	TITLE: CHAIRMAN
ORGANIZATION: U.S. CONGRESS	ORGANIZATION: DBCRC
INSTALLATION (s) DISCUSSED: DEFENSE INDUSTRIAL SUPPLY CENTER	

OFFICE OF THE CHAIRMAN	FYI	ACTION	INIT	COMMISSION MEMBERS	FYI	ACTION	INIT
CHAIRMAN DIXON				COMMISSIONER CORNELLA			
STAFF DIRECTOR	✓			COMMISSIONER COX			
EXECUTIVE DIRECTOR	✓			COMMISSIONER DAVIS			
GENERAL COUNSEL				COMMISSIONER KLING			
MILITARY EXECUTIVE				COMMISSIONER MONTOYA			
				COMMISSIONER ROBLES			
DIR./CONGRESSIONAL LIAISON		✓		COMMISSIONER STEELE			
DIR./COMMUNICATIONS				REVIEW AND ANALYSIS			
				DIRECTOR OF R & A	✓		
EXECUTIVE SECRETARIAT				ARMY TEAM LEADER			
				NAVY TEAM LEADER			
DIRECTOR OF ADMINISTRATION				AIR FORCE TEAM LEADER			
CHIEF FINANCIAL OFFICER				INTERAGENCY TEAM LEADER		X	
DIRECTOR OF TRAVEL				CROSS SERVICE TEAM LEADER			
DIR./INFORMATION SERVICES							

TYPE OF ACTION REQUIRED

✓	Prepare Reply for Chairman's Signature		Prepare Reply for Commissioner's Signature
	Prepare Reply for Staff Director's Signature		Prepare Direct Response
X	ACTION: Offer Comments and/or Suggestions	✓	FYI

Subject/Remarks:

LETTER OF SUPPORT FOR THE DEFENSE INDUSTRIAL SUPPLY CENTER. ALSO, INFORMING THE CITY IS DEVELOPING ALTERNATIVE PLAN THAT HE WILL FORWARD, WHEN IT IS COMPLETED.

Due Date: 950328	Routing Date: 950324	Date Originated: 950323	Mail Date:

ROBERT A. BORSKI
3D DISTRICT, PENNSYLVANIA

COMMITTEES:
TRANSPORTATION AND INFRASTRUCTURE
RANKING DEMOCRAT—SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT

STEERING COMMITTEE

REGIONAL WHIP

Congress of the United States
House of Representatives
Washington, DC 20515

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(215) 335-3355
FAX: (215) 333-4508

2630 MEMPHIS ST.
PHILADELPHIA, PA 19125
(215) 426-4616

March 23, 1995

Please refer to this number when responding 950324-13

Honorable Alan Dixon
Chairman
Defense Base Closure and Realignment Commission
1700 North Moore Street, Suite 1425
Arlington, VA 22209

Dear Mr. Chairman:

I am writing to express my deep concern about the future of the employees at the Defense Industrial Supply Center (DISC) in Philadelphia under the Defense Logistics Agency's (DLA) recommendation to "disestablish" the activity in the 1995 round of defense base closures.

In its recommendation, DLA claims that the action will result in a loss of only 385 direct jobs at DISC. However, upon further investigation of this matter, I have discovered that the jobs of all of the more than 1800 people currently employed at DISC are in jeopardy. It is my understanding that, after DISC is disestablished, the current employees at DISC will have no right of placement or transfer of function entitlement in any job within the DLA's Inventory Control Points (ICPs).

In 1993, the Base Closure Commission overturned the Department of Defense's recommendation to close DISC, as well as the Aviation Supply Office (ASO) and the Defense Personnel Support Center (DPSC). The Commission recognized that the true military value of these facilities was the people and their skills and experience that maintain our nation's readiness. Despite this decision, the DLA has once again recommended an action that jeopardizes the entire workforce at DISC.

The arguments we made two years ago -- and the Commission ultimately accepted -- certainly still apply today. The disruption of the DISC workforce would have a serious impact on their ability to provide our armed forces with the highest level of service at the lowest level of cost. These employees have been "reinventing government" long before Vice President Al Gore began implementing his reforms, and have been recognized with numerous awards and citations. Instead of disestablishing DISC and its workforce, DLA should hold them up as a model of efficiency for other government agencies to replicate.

I am puzzled as to why DLA chose to disestablish DISC among the four DLA ICPs. DISC manages 34.5 percent of all DLA hardware ICP items used on one or multiple weapon systems, and processes 40 percent of all military customer requisitions forwarded to the four DLA hardware ICPs. Yet DLA recommended relocating DISC's weapons-coded workload to the Defense General Supply Center (DGSC), which currently manages the lowest amount of weapons-

coded workload of the DLA hardware ICPs. Instead, DLA should seek to consolidate its weapons-coded workload at the ICPs that are currently managing the highest amount of weapons-coded workload in the most efficient manner. DISC is also collocated with a Navy weapons management ICP and a weapons engineering facility, combining for an impressive on-compound logistics pool of expertise and people.

DISC currently has proportionally the highest number of requisitions from military customers, yet provides the highest level of support of all hardware centers. DISC currently has the lowest number of chronic below goal systems and provides much better availability to weapon systems items than the other hardware ICPs.

DISC has also achieved synergies with ASO that would be permanently lost through "disestablishment." These multi-service interests are due to the direct relationship between DISC commodities managed and the ASO mission.

In short, any savings DLA hopes to achieve by disestablishing DISC will be more than lost in the reduced efficiencies that will result from the dismantlement of this skilled workforce. Their skills and experience are critical not only to the readiness of our armed services, but also to our efforts to downsize government and save the taxpayer money.

Since the DLA announced its recommendation, I have been working with Mayor Ed Rendell and representatives of DISC employee organizations to develop a more cost-effective alternative that preserves DISC as a weapons-system ICP and maintains most of its current skilled workforce. We believe that such an alternative would allow DLA to achieve its concept of operations without disrupting a major segment of its ICP workforce.

The alternative we are developing would transfer DISC's general support activities to DGSC and DGSC's weapons systems activities to DISC. This would allow DLA to maintain two weapons systems ICPs (DISC and the Defense Construction Supply Center in Columbus, OH), one General Support ICP (DGSC) and one Troop Support ICP (DPSC). To achieve further savings, DISC, DPSC and ASO could be consolidated under one base operating support structure in order to maximize synergies among the three facilities. This alternative would save money with minimal disruption of DLA's ICP workforce and limited customer impact.

Once our alternative is fully developed, we will provide the Base Closure Commission with more detail and supporting data. In the meantime, please do not hesitate to contact me or my staff with any questions you may have.

Thank you in advance for your attention to these important matters. I look forward to hearing from you in the near future.

Sincerely,

ROBERT A. BORSKI
Member of Congress

ROBERT A. BORSKI
30 DISTRICT, PENNSYLVANIA

COMMITTEES:
TRANSPORTATION AND INFRASTRUCTURE
RANKING DEMOCRAT—SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT

STEERING COMMITTEE

REGIONAL WHIP

Congress of the United States
House of Representatives
Washington, DC 20515

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2630 MEMPHIS ST.
PHILADELPHIA, PA 19125
(215) 426-4616

May 25, 1995

Honorable Alan Dixon
Chairman
Defense Base Closure and Realignment Commission
1700 North Moore Street, Suite 1425
Arlington, VA 22209

Dear Mr. Chairman:

I am writing to express my concern that the General Accounting Office did not adequately answer a question I submitted regarding the Department of Defense's recommendation to "disestablish" the Defense Industrial Supply Center (DISC).

In its May 5 letter to you, GAO indicated that it was responding to two questions from my office. GAO's answer to the first question, concerning significant cost omissions, takes up a better part of three pages. However, its answer to the second, concerning the methodology used for calculating position eliminations, takes up only two short paragraphs and does not even begin to adequately address the issue.

The 404 civilian positions that the Defense Logistics Agency (DLA) claims it can eliminate in this recommendation is by far the most important data input used. It is what drives the savings in the DLA's COBRA run (ICP22) and directly accounts for almost 82 percent of the recurring savings stream. Without this input, the DLA recommendation would not make economic sense. The calculation of personnel eliminations was not performed by the COBRA model but instead was computed off line by DLA. Because of the crucial nature of this input, it is important that DLA have a sound methodology for this computation.

GAO's response states that "... the number of positions eliminated vary based on the overhead positions on board at the losing activity." If this is true, then it contradicts the information provided by DLA to my staff. This is how DLA computed the savings in the 1993 round of base closures when there was actually a base closure. There is no base closing this year and, as such, overhead is not the salient issue. DLA provided documentation to my staff that showed positions eliminated were calculated as a function of the number of people -- categorized by direct, indirect and general and administrative -- related to the number and type of items being transferred from the losing activity. As I will demonstrate below, this makes a big difference.

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GAO also states that DLA "... will determine the actual number of people required... during BRAC 1995 implementation...." It is fair for DLA to do this. No one expects estimates to be 100 percent accurate. However, the final numbers should be as a result of changes to the values of the variables used in DLA's equation methodology. The methodology itself should not be subject to change since it represents the basis for the recommendation.

Clearly, my previous letter did not frame the question in sufficient enough detail. What follows is an elaboration on what I feel is the flaw in DLA's methodology:

The DLA Concept of Operations revolves around the idea that a certain number of personnel savings can be obtained through economies of scale obtained by managing the same general groupings of items at a single site. In this case, DLA feels that 404 positions can be saved. It is very fair then to ask what methodology was used to determine these savings.

As explained earlier, DLA keys the savings to the personnel associated with the items being transferred from the losing activity. This is flagrantly illogical and does not pass the common sense test.

Using this methodology, DLA figures that 190 people can be saved by transferring DISC's one million plus weapon systems items to DGSC to be combined with their 400 thousand weapon systems items. Yet if DGSC's items were to be transferred to DISC, DLA would compute a savings of only 92 people! DLA's Concept of Operations claims that savings are tied to managing like items, yet their methodology ties savings to item movement. Where the items are managed should not matter unless one site is more efficient than the other (DLA chose to ignore efficiency, as I will explain later). Using DLA's methodology, maximum savings could be generated simply by moving each activity's items to the other activities!

In addition to using a flawed methodology, DLA also ignored the most obvious criterion -- efficiency. Why not compute personnel savings based on each activity's efficiency managing each of the different groups of items? This makes sense since the whole DLA proposal is based on the notion that items in the same grouping are essentially the same. If this is true then efficiency in managing these items seems to be a perfect way to calculate personnel savings. The problem for DLA is that DISC is a much more efficient manager of weapon system items than DGSC. Based on DLA data, DISC manages 780 weapon system items per direct and indirect personnel while DGSC only manages 637. Therefore, based on the existing level of personnel efficiency, DGSC would need to hire approximately 145 additional people to handle DISC's items.

DLA's methodology is seriously flawed. Because 82 percent of its savings are based on this methodology, the recommendation to disestablish DISC is flawed as well. The BRAC Commission should require the GAO to reevaluate DLA's methodology and adequately document its findings. A recommendation of this magnitude, one that affects thousands of people's lives, should have a firm economical basis. The American taxpayers, as well as the people being directly impacted by this proposal, deserve a thorough explanation of how DLA arrived at its conclusions. For this reason, it is essential that GAO provide a detailed analysis of this methodology.

If necessary, I believe a meeting among DLA representatives, GAO staff, DISC representatives, your staff and my staff could go a long way towards expeditiously resolving this issue. I would be happy to facilitate such a meeting in any way I can.

Thank you for your consideration of this important matter.

Sincerely,

ROBERT A. BORSKI
Member of Congress

RAB/mdv

THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

EXECUTIVE CORRESPONDENCE TRACKING SYSTEM (ECTS) # 950526-5

FROM: BORSKI, ROBERT A.	TO: DIXON
TITLE: U.S. REP (PA)	TITLE: CHAIRMAN
ORGANIZATION: U.S. CONGRESS	ORGANIZATION: DBCRC
INSTALLATION (s) DISCUSSED: DISC / GAO / DLA	

OFFICE OF THE CHAIRMAN	FYI	ACTION	INIT	COMMISSION MEMBERS	FYI	ACTION	INIT
CHAIRMAN DIXON				COMMISSIONER CORNELLA	✓		
STAFF DIRECTOR	✓			COMMISSIONER COX	✓		
EXECUTIVE DIRECTOR				COMMISSIONER DAVIS	✓		
GENERAL COUNSEL	✓			COMMISSIONER KLING	✓		
MILITARY EXECUTIVE				COMMISSIONER MONTOYA	✓		
				COMMISSIONER ROBLES	✓		
DIR./CONGRESSIONAL LIAISON		✓		COMMISSIONER STEELE	✓		
DIR./COMMUNICATIONS				REVIEW AND ANALYSIS			
				DIRECTOR OF R & A	✓		
EXECUTIVE SECRETARIAT				ARMY TEAM LEADER			
				NAVY TEAM LEADER			
DIRECTOR OF ADMINISTRATION				AIR FORCE TEAM LEADER			
CHIEF FINANCIAL OFFICER				INTERAGENCY TEAM LEADER		X	
DIRECTOR OF TRAVEL				CROSS SERVICE TEAM LEADER			
DIR./INFORMATION SERVICES							

TYPE OF ACTION REQUIRED

✓	Prepare Reply for Chairman's Signature		Prepare Reply for Commissioner's Signature
	Prepare Reply for Staff Director's Signature		Prepare Direct Response
	ACTION: Offer Comments and/or Suggestions		FYI

Subject/Remarks:

Concerned that GAO did not adequately answer a question Borski submitted. If necessary, requests a meeting with applicable parties to discuss issue.

Due Date: 950528	Routing Date: 950526	Date Originated: 950525	Mail Date:

ROBERT A. BORSKI
30 DISTRICT, PENNSYLVANIA

COMMITTEES:
TRANSPORTATION AND INFRASTRUCTURE
RANKING DEMOCRAT—SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT

STEERING COMMITTEE

REGIONAL WHIP

Congress of the United States
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Washington, DC 20515

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2630 MEMPHIS ST
PHILADELPHIA, PA 19125
(215) 426-4618

May 25, 1995

Please refer to this number when responding 950526-5

Honorable Alan Dixon
Chairman
Defense Base Closure and Realignment Commission
1700 North Moore Street, Suite 1425
Arlington, VA 22209

Dear Mr. Chairman:

I am writing to express my concern that the General Accounting Office did not adequately answer a question I submitted regarding the Department of Defense's recommendation to "disestablish" the Defense Industrial Supply Center (DISC).

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If necessary, I believe a meeting among DLA representatives, GAO staff, DISC representatives, your staff and my staff could go a long way towards expeditiously resolving this issue. I would be happy to facilitate such a meeting in any way I can.

Thank you for your consideration of this important matter.

Sincerely,

ROBERT A. BORSKI
Member of Congress

RAB/mdv

DEFENSE LOGISTICS AGENCY
HEADQUARTERS
CAMERON STATION
ALEXANDRIA, VIRGINIA 22304-6100

IN REPLY REFER TO D

18 APR 1995

Honorable Edward G. Rendell
Mayor of Philadelphia
Room 215 City Hall
Broad and Market Streets
Philadelphia, PA 19107

Dear Mayor Rendell,

I am troubled that the impact of the recent DoD BRAC recommendation on the Defense Industrial Supply Center (DISC) workforce is still misunderstood by many people. I had hoped that my letter to Congressman Borski on March 31, 1995 would correct the misperception that 1,800 DISC employees were in danger of losing their jobs by 1999. Paragraphs 3 and 4 of my letter to Mr. Borski (enclosed) provide my best estimate of prospective employment for the DISC workforce over the next several years.

Let me summarize the salient points of my letter to Congressman Borski. The military force drawdown between now and 1999 will take both DISC and the Defense Personnel Support Center (DPSC), as well as our other inventory control points across the country, down a 4 percent per year slope. This action is unrelated to our BRAC proposal and will occur in any event. These force-structure-driven reductions will mean that between now and 1999, the DISC and DPSC workforce will drop to approximately 1,500 employees each. We expect that the vast majority of these reductions will be accommodated by normal attrition or other retirement/ separation incentives.

If our BRAC proposal is approved, we will start immediately to move weapon system/ military specification items out of DISC as we move commercial items into DISC. The DISC employees who have been managing DISC weapon system items will be offered jobs managing incoming commercial items. In a worst case scenario, the net loss of jobs at DISC will be 385--not 1,500. **DLA is committed to this action and stands by these projected results**. I hope this additional amplification will help enable you to answer and ease the concerns of our outstanding Philadelphia workforce. If you have any additional questions, please call me directly at (703) 274-6111.

With my respect,

Ed Straw

EDWARD M. STRAW
Vice Admiral, SC, USN

1 Encl

DEFENSE LOGISTICS AGENCY
HEADQUARTERS
CAMERON STATION
ALEXANDRIA, VIRGINIA 22304-6100

IN REPLY REFER TO MMSX

March 31, 1995

Honorable Robert A. Borski
House of Representatives
Washington, DC 20515

Dear Congressman Borski:

I share your concerns for the DLA workforce in Philadelphia. I am also deeply troubled by the inaccurate perceptions that characterize the DLA BRAC recommendation as resulting in a total loss of jobs for the people of DISC. That will definitely not be the result, nor has it ever been our intention. My staff recently met with your staff to clarify our BRAC recommendations and the potential impact on the Philadelphia workforce. I hope the information contained in this letter ameliorates your concerns and helps to further clarify our intentions for the Philadelphia workforce. You have my personal assurance that these loyal and skilled men and women will not be forgotten or set aside in our planning.

Our concept of Inventory Control Point (ICP) operations separates the management of weapon system-type items and commercial items. Several options were analyzed, with one of the highest pay-off options being the establishment of a single weapon system ICP in Columbus, OH and a single commercial support ICP in Richmond, VA. This option was not chosen because of the inordinate risk associated with concentrating management of over 70% of the almost 4 million items we're responsible for in one location. Instead we opted for a less risky, lower pay-off alternative: the recommendation the Secretary of Defense forwarded to the BRAC Commission. That recommendation creates two weapon systems support ICPs, one in Richmond VA and the other in Columbus OH, and a single troop and general support ICP in Philadelphia, PA. Philadelphia was selected as our commercial center because, among other things, it has developed outstanding expertise in executing commercial practices and support arrangements over the last five years. The result is a worst case net loss of 385 military and civilian jobs in Philadelphia.

Our ICP business is on a steep decline as military force structure is being radically cutback due to budgetary constraints. Both DPSC and DISC will shrink in size at approximately 4% per year through 1999. This reduction is simply a reflection of the dwindling workload and as such is totally unrelated to BRAC. In 1999 we expect the Philadelphia workforces of both DISC and DPSC to be about 1500 each; with the reduction being attained, to the maximum extent possible, through workforce buyouts and normal retirement / attrition .

Due to the enormity of the effort involved in implementing our recommendation we have always intended that the workload transfers be phased over several years. We have also determined that we can gain some advantages by initially transferring the general support items to DISC because

of operating and computer system similarities. Although these items will eventually migrate to the Troop and General Support ICP, the workload being transferred into Philadelphia is expected to generate approximately 1100 job opportunities for the DISC workforce. In addition, the ICPs at Richmond and Columbus will be seeking to hire some of the inventory management and procurement professionals from DISC. The vacancies created by those Richmond and Columbus job offers, coupled with the vacancies created by anyone in DPSC who decides to retire or resign rather than move from South Philadelphia to North Philadelphia should provide job opportunities for many, if not all, of the remaining 300 to 400 DISC employees. It also stands to reason that the population of items managed by the Troop and General Support ICP, and thus the employment opportunity, will most likely grow over time as acquisition reform moves us further and further away from military unique specifications.

I am personally committed to taking care of our highly valued ICP workforce. My recent experience with other DLA ICP consolidations suggests that we will able to accommodate all those employees desiring to transfer. While the situation is not exactly the same as Philadelphia, the analogy is still valid. I intend to manage the personnel situation in Philadelphia in the same manner; concerned with, and sensitive to, the impact of BRAC decisions on all DLA employees.

I am available to answer any additional questions you may have.

Sincerely,

And with my respect,

Ed Straw

EDWARD M. STRAW
Vice Admiral, SC, USN
Director

OFFICE OF THE

95 MAY 12 AM 7:46

CITY OF PHILADELPHIA

OFFICE OF THE MAYOR
ROOM 215 CITY HALL
PHILADELPHIA, PENNSYLVANIA 19107-3295
(215) 686-2181
FAX (215) 686-2170

EDWARD G. RENDELL
MAYOR

VIA FACSIMILE

May 10, 1995

The Honorable William J. Perry
Secretary of Defense
1000 Defense Pentagon
Washington, D.C. 20301-1000

Dear Secretary Perry:

I am writing at the suggestion of the Base Closure and Realignment Commission to request your assistance with a defense facility in Philadelphia. The Defense Logistics Agency (DLA) recommended that the Defense Industrial Support Center (DISC) be "disestablished" as part of an overall strategy to reorganize Industrial Control Points. Their plan is to move weapons items from DISC to Richmond and to move general support items from Richmond and Columbus to the Defense Personnel Supply Center (DPSC) in Philadelphia. DISC and DPSC would essentially be merged and DISC employees would be hired by the expanded DPSC facility. The result is that Philadelphia would lose 385 jobs.

Unfortunately, by recommending that DISC be "disestablished," DLA has created a perverse side effect: all of the 1800 employees at DISC would be laid off and would have no claim to jobs at DPSC. Although DLA would like to offer job rights to DISC employees, they cannot do so when they "disestablish" a facility. Attached are letters from Admiral Straw to me and Congressman Borski which state his desire to find a solution to this problem. Last week, Admiral Straw suggested to me that he would support an effort by the BRAC to change this recommendation from "disestablish" to "realign" or "merge" in order to preserve the employees' jobs.

Yesterday, I discussed this issue with Commissioner Al Cornella. He said that the BRAC staff has concluded that there are legal issues which appear to prevent the BRAC from changing the

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recommendation from "disestablish" to something else. He suggested that the solution is for the Department of Defense to change the recommendation that DISC be "disestablished" to "realign" or "merge" and to notify the BRAC of this change.

I wonder if you could look into this matter and let me know whether DOD can change its recommendation. I believe that we can find a non-BRAC solution to this problem which all parties can support.

Thank you for your assistance.

Sincerely,

Ed

EDWARD G. RENDELL
MAYOR

EGR/se

Attachments

THE SECRETARY OF DEFENSE
WASHINGTON, DC 20301-1000

19 JUN 1995

Honorable Edward G. Rendell
Office of the Mayor
Room 215 City Hall
Philadelphia, Pennsylvania 19107-3295

Dear Mayor Rendell:

Thank you for your letter of May 10, regarding the BRAC 95 recommendation to disestablish the Defense Industrial Supply Center (DISC) in Philadelphia. The use of the word *disestablish* understandably causes concern to the employees at DISC. Recognizing this problem, and to ensure equitable treatment of these valued employees, the Director of the Defense Logistics Agency (DLA) has made very positive management commitments, as reflected in the enclosed letters to Congressman Borski, Brigadier General Beauchamp, and yourself, to provide every consideration under the law and regulations to the DISC employees for job vacancies created by the disestablishment of DISC and the redistribution of its workload.

The Office of Personnel Management confirms that changing the term for the disposition of DISC from *disestablish* to *realign* or *merge* would have no practical effect and carry no additional specific employee rights. Indeed, the rights accorded by the aforementioned DLA commitment are stronger than would be provided by changing the BRAC recommendation language. These words, *disestablish* and *realign* are used by the Department to describe organizational and function changes and do not confer or deny specific employee entitlements.

I am convinced that the DISC employees are best served by leaving the BRAC language as written. An implementation plan based on the commitments DLA has made to the DISC workforce will be instituted if the base closure recommendations are approved.

Sincerely,

William J. Perry

Enclosures

DEFENSE LOGISTICS AGENCY
HEADQUARTERS
CAMERON STATION
ALEXANDRIA, VIRGINIA 22304-6100

IN REPLY REFER TO CAAJ(BRAC)

22 JUN 1995

Honorable Robert A. Borski
House of Representatives
Washington, DC 20515

Dear Mr. Borski:

This is in response to your letter of 16 June 1995 regarding immediately changing the names of the Defense Industrial Supply Center (DISC) and the Defense Personnel Support Center. I agree that moving away from the existing commodity-oriented designation of all of the Defense Logistics Agency's (DLA) Inventory Control Points (ICPs) might defuse some resistance to change; however, the change you suggest would be premature at this point in the Base Realignment and Closure process.

Should the Secretary of Defense's recommendation to disestablish DISC be accepted, DLA will evaluate how best to reidentify the ICPs in a way and time that makes sense to our Military customers. Changing the names before item management responsibilities have begun to migrate would only cause confusion.

In closing, let me stress we are confident the Defense Base Closure and Realignment Commission fully understands our intentions on this recommendation, and therefore further clarification is not required. Also, please be assured that DLA remains bound to its commitments to the valued DISC workforce.

Sincerely,

RAY F. McCOY
Major General, USA
Principal Deputy Director

DEFENSE INDUSTRIAL SUPPLY CENTER

DISC-EEP, 700 ROBBINS AVENUE, PHILADELPHIA, PA 19111-5096

FAX

Date: 6/26/95

Number of pages including cover sheet: 3

To:
MARILYN WASLESKI

Phone:

Fax phone:

CC:

From:
ALBERT CAPPIELLA

Phone: (215) 697-4291

Fax phone: 215-697-0311

REMARKS: ☐ Urgent ☑ For your review ☐ Reply ASAP ☐ Please comment

Per our discussion

AC

DEFENSE LOGISTICS AGENCY
HEADQUARTERS
CAMERON STATION
ALEXANDRIA, VIRGINIA 22304-6100

25 APR 1995

IN REPLY REFER TO CAAJ(BRAC)

Honorable Alan J. Dixon
Chairman
Defense Base Closure and Realignment Commission
1700 North Moore Street, Suite 1425
Arlington, VA 22209

Dear Mr. Chairman:

During the recent visits of Commissioner Cornella and other Commission representatives to the Defense Industrial Supply Center (DISC), Philadelphia, I understand that a question was raised regarding the impact of proposed BRAC related Inventory Control Point (ICP) realignments on military readiness. The question was based on an assumption that transferring management of a large number of weapon system coded items from DISC to other ICPs would, necessarily, disrupt the supply of these items to military units. This is not the case.

The BRAC recommendation retains two of the three ICPs which manage weapon system items. Focusing those two ICPs solely on the management of weapon system-related items should improve readiness, not degrade it.

DLA has an excellent track record for reassigning items and workload from the Military Services, civil agencies and between defense supply centers. Over the 3 or 4 years, DLA has successfully reassigned hundreds of thousands of items without any significant degradation of readiness capability. In fact, the DoD transfer process is designed so that the reassignment transactions are transparent to the ultimate customer, and readiness is preserved. DLA is committed to managing the transfer of workload to ensure readiness is maintained.

As a combat support agency, readiness is always in the forefront as the DLA management team considers any type of realignment of workload and downsizing of resources (BRAC or non-BRAC). Given the BRAC decision rules and criteria, the DoD Force Structure Plan and the DLA Concept of Operations for Supply Management, we believe that the proper recommendation has been made. I assure you that the remaining ICPs will be able to more than adequately provide the level of readiness support required by our customers.

Sincerely,

George T. Babbitt

GEORGE T. BABBITT
Major General, USAF
Principal Deputy Director

ROBERT A. BORSKI
DISTRICT, PENNSYLVANIA

COMMITTEES:
TRANSPORTATION AND INFRASTRUCTURE
RANKING DEMOCRAT—SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT

STEERING COMMITTEE

REGIONAL WHIP

Congress of the United States
House of Representatives
Washington, DC 20515

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(215) 426-4616

April 21, 1995

Vice Admiral E.M. Straw, USN
Director, Defense Logistics Agency
Cameron Station
Alexandria, VA 22304-6100

950425-17

Dear Admiral Straw:

Thank you for your March 31 letter clarifying the intent of the Defense Logistics Agency (DLA) with respect to the future of the Defense Industrial Supply Center (DISC) and the Defense Personnel Support Center (DPSC) workforces in conducting the Inventory Control Point (ICP) mission.

I appreciate your extra effort in explaining what has been a confusing situation since the initial announcement of your recommendation.

Given that the bulk of these activities will reside at the Aviation Supply Office (ASO) compound in Northeast Philadelphia, and that military construction (MILCON) is required in any event, I am looking to facilitate a smooth planning for this transition. Since the administrative spaces available, even in fiscal year 1999, will not accommodate the combined total workforce of 2608 personnel in addition to DPSC tenants, it makes no sense to further delay the DPSC MILCON.

It would seem to me that, once the costs of operating the DPSC facility are considered, and given that a MILCON is required in any event, the economical decision is to continue with the original BRAC 93 schedule regarding this aspect.

I would appreciate your direct response to this suggestion. Thank you for your attention to this important matter.

Sincerely,

ROBERT A. BORSKI
Member of Congress

RAB/mdv

cc: Honorable Alan Dixon, Chairman
Defense Base Closure Commission

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DEFENSE LOGISTICS AGENCY
HEADQUARTERS
CAMERON STATION
ALEXANDRIA, VIRGINIA 22304-6100

IN REPLY
REFER TO

June 14, 1995

Rear Admiral Benjamin Montoya, CEC, USN (Ret.)
Commissioner
Defense Base Closure and Realignment Commission
1700 North Moore Street, Suite 1425
Arlington, Virginia 22209

Dear Admiral Montoya:

I view with serious concern RADM (Ret.) Jim Eckelberger's recent letter to you. RADM Eckelberger's unsubstantiated assertions, gross generalizations and parochialism indicate a clear lack of understanding of the current realities of the military logistics business. The "risks" he cites are well understood and manageable. We have vast experience in moving items, having most recently transferred 700,000 from the Services to DLA over the past 3 years without a degradation in readiness. His claims of "risk to readiness" are reminiscent of those echoed in the early 1990's when we began the migration of consumable items from the Services to DLA. Those readiness concerns were unfounded then and they are unfounded now. I urge you to reject the inflammatory rhetoric of RADM Eckelberger. He is not current on the trends, practices and performance of the DLA Inventory Control Points (ICPs). We must consolidate the management of weapon systems items and our infrastructure to improve our business processes, leverage our position in the marketplace and deliver the best logistics support at lower cost to the warfighter.

DLA has not focused on ICP operating costs to the disadvantage of spare pricing. Quite the opposite is true. DLA has delivered over $6 billion in spares budget savings in the last two DoD program reviews. These savings are predicated on business process improvements and not marginal organizational changes. The savings have been verified by the Services and OSD and dwarf the accomplishments of either ASO or DLA during the last decade. Most recently, DLA's management breakthroughs in delivering improved logistics support at lower cost were personally recognized by the Secretary of Defense.

Today, weapon systems spares management is fragmented amongst our ICPs. By realigning our ICPs into two weapons support ICPs and one Troop and General support ICP, we will be able to consolidate like items, leverage our marketplace buying power

to continue to drive down item prices and deliver better support to the warfighter. Additionally, it capitalizes on the well-established commercial practice expertise of the Philadelphia workforce by making them the single focus of our commercial item procurement at the Troop and General Support ICP.

Again, these $6 billion in savings are verifiable, have been recognized in the DoD program reviews and eclipse the undocumented savings cited by RADM Eckelberger. The huge savings are the product of a strategy put in place by three DLA 3-stars (Lt Gen Larry Farrell, Lt Gen George Babbitt and myself). This same group of 3-stars approved DLA's BRAC recommendation (which is an intrinsic part of this savings strategy) with no myopia, but with a focus on the warfighter's bottom line--more tooth; less tail -- $6 billion in logistics savings to the warfighter which is being reused for weapon modernization and service member quality of life improvements.

Unfortunately, RADM Eckelberger seems to be operating from an obsolete database of knowledge. In today's information age, it is naive to assume organizational synergy can only be obtained through physical proximity. All of DLA's ICP-related computing and database maintenance is performed in a megacenter far removed from Philadelphia. Modern information sharing infrastructure and database management promotes synergy without being hampered by physical distance. The ASO-DISC relationship was convenient and productive but not all-important. DISC effectively supported SPCC in Mechanicsburg as well as 12 other Service ICPs (Army, Air Force and Marines) not located in Philadelphia. We are coordinating our procurement efforts with Service ICPs; however, that coordination does not require us to be next-door-neighbors. The lack of integrated thinking spanning the full spectrum of joint logistics reflected in RADM Eckelberger's letter is regrettable.

RADM Eckelberger implies that of the DLA hardware ICPs, only DISC possesses the requisite expertise to manage Navy aviation spares. The facts don't support this assertion. In fact, over 65 percent of Navy aviation interest spares are managed by DLA ICPs other than DISC. Furthermore, in 1989, DISC was struggling to support many complex aviation items and was achieving a level of 65 percent effectiveness on those items. In an effort to spread the workload to improve performance, DLA transferred over 100,000 items to DGSC Richmond. DGSC was able to raise the performance level to 78 percent. I have listed the respective ICPs' Supply Material Availability across several major Navy weapons systems as measured at DLA headquarters. You will note that the ICPs' performance is comparable--apparently achieving equal amounts of synergy and possessing equivalent expertise:

Weapon System	Supply Availability DISC	DGSC
S-3	90.73	92.71
F-14	90.39	88.72
E-2	91.09	93.33
E-6 Tacamo	91.22	94.82
SH-60B	90.27	90.74
F/A-18	88.05	87.77
EA-6B	91.39	93.41
J-52 Engine	91.62	96.67
F-404 Engine	89.93	86.43
TF-30 Engine	93.23	97.15

RADM Eckelberger's suggestion that DISC has achieved a special level of synergy with Navy aviation items is also overstated. DISC performance on Army items is comparable to their Navy weapons system item performance and the performance of DGSC:

Army Weapon System	DISC Supply Availability
Chinook CH-47	92.4
Tow Missile	96.62
M-109 Howitzer	92.60
Abrams Tank	92.28

I am confident that we have made the best recommendation for DoD and Philadelphia. I simply cannot afford to perpetuate the fragmented nature of our weapons systems management inherent in three separate hardware ICPs (e.g., F-16, F-18 and hundreds of other weapons systems are managed at each of our current hardware ICPs). If our recommendation is adopted, the net job loss in Philadelphia will be less than 370. The risk is minimal and we have substantial experience in transferring information and items. The transfer will occur over 6 years and will be done in an orderly fashion. We will not allow readiness to degrade. It will be easier than any other item transfer because it will be DLA to DLA--same data structures, same culture. It can be done, it must be done--for the welfare of the warfighter. The savings achieved through power buying, which can only be achieved through the transfer of weapons systems items as outlined in our BRAC recommendation, greatly exceeds and will be in addition to the infrastructure savings of our BRAC recommendations.

Simply stated, if you remove the emotion and examine the facts, our recommendation is the right move for both the warfighter and the taxpayer.

Sincerely,

and with my respect,

Ed Straw

EDWARD M. STRAW
Vice Admiral, SC, USN
Director

Rear Admiral James E. Eckelberger, SC, USN (Ret.)
Post Office Box 1668
Framingham, Massachusetts 01701
(508) 881-4771

950698-30

5 June 1995

Rear Admiral Benjamin Montoya, CEC, USN, (Ret.)
Commissioner
Defense Base Closure & Realignment Commission
1700 North Moore Street, Suite 1425
Arlington, Virginia 22209

Dear Ben:

I have a great concern about two BRAC recommendations of the Navy and DLA which will lessen the capability of the Aviation Supply Office to buy Navy and Marine Corps aviation support at the cheapest possible price. When I left the Supply Operations job at DLA as a one star and went to command ASO as a two star, I was determined to use everything I had ever learned to change the way the Navy had been supporting aircraft for 50 years. We made those changes. The experience was exhilarating. In three years we saved over 20% of the $7.5 billion we normally would have spent. We also built FYDP plans to save another $1.8 billion before 1995. That number grew to more than $2.5 billion in execution. In the coming years we need to expand these innovations, but the recommendations on the table will lessen them instead.

What really angers me is the way Navy and DLA budgeteers have myopically focused on the operating costs of the ICP in their base closure decisions and ignored the huge investment cost savings in spare parts which would become costs instead of savings if their recommendations were implemented. Two years ago I testified before the commission and the commission recognized that saving several million dollars in operating costs was not worth the risk of interrupting programs that were saving more than $200-$500 million dollars per year in investment costs. Against Navy and DLA recommendations, ASO remained on site and DPSC was directed to move from south Philly to north Philly in order to garner requisite base operating savings.

That was a terrific decision for Navy and for DLA. It certainly reinforced my prime mission in life which has been to bolster the tooth to tail ratio in Naval aviation. Now DLA has recommended closing DISC and Navy has recommended moving NATSF to North Island, both from the ASO compound in Philly. Both actions have an immense cost for Navy and Marine Corps aviation parts support. I am adamantly opposed, yet I suspect little of the problem has been advanced to the commission since this scheme has insignificant impact if one only looks at base operating costs and numbers of flagpoles. Having a colleague of your stature on the commission brings me hope that better thinking can prevail again.

DLA has done some very good planning about consolidating ICPs. Melding DISC and DPSC into a single operation on the base in Philadelphia has great merit for enhancing readiness. This implies that the new ICP has to be a Troop and General Support Agency. However, is mired in the thinking of yesterday. RCA and 3M are no longer known for what those letters stood for because time and products change and too specific designations become directions to the past, not the future. DLA needs to create three generic ICPs, DSC's Columbus, Richmond, and Philadelphia, without further description, and assign management of classes of items wherever the expertise is best for that industry. DLA's argument, that two weapons management ICP's and one of a general nature has more savings potential than three generic ICPs, is built on a level of idealism that can not be reached and would cost a great deal in investment dollars and readiness to approach.

Specifically, this is what I find so very wrong in the DLA recommendation:

- Moving weapons classes out of DISC to DGSC takes huge numbers of former ASO consumables off a compound were there is the greatest concentration of aviation spares expertise in America and sites those items where there is almost no such expertise. The recommended action would nullify the growing interservice contracting effort which has resulted in $140 million of joint contracts and which exists nowhere else in DOD. The proximity of the commands and the ease of sharing expertise has resulted in this effort which has saved over $30 million in spares costs for Navy and Air Force. With over $2.0 billion being spent on the ASO compound each year in aviation spares and repairs, DOD needs to encourage and reward integration and the Navy needs the cost savings. The lack of integrated thinking in the DOD proposal is awful.

- The DLA proposal suggests moving 2.4 million items of supply in order to reach the proposed item management structure. Ludicrous and dangerous! Item movements are usually followed by two to four years of reduced availability while new learning curves are surmounted. That is an unneeded risk for readiness. Furthermore, the two proposed weapons ICP's would still have more than 20% of their items non-weapons coded. DOD would have taken all this risk for a new level of hybrid ICP. The ideal is unattainalbe. It is not worth the potential readiness cost.

- The DLA cost arguments are flawed. First, carried to their logical conclusion as proposed to the commission, the more items DLA moves, the greater the savings. Perpetual motion would seem the best argument. It is obvious it just doesn't work that way! Second, the cost of operating DPSC at its current site for two more years was not part of the costs which resulted in a net savings in the DOD proposal. In fact it is cheaper to proceed with the BRAC 93 recommendation on physical relocation and then combine the DLA ICP's into one command at the ASO compound. It is important to Navy to protect the expertise at DISC, as well as DPSC, but giving neither primacy in the merger.

If you can inject sanity, I recommend following the BRAC 93 plan, then combine DISC and DPSC into DSC Philadelphia rather than eliminating DISC. Item classes should be managed where the expertise for those classes currently exists, except where unusual circumstances require new balance. We should opt for joinness with the service ICP's in contracting and in cost reduction initiatives. The co-located ASO and DSC Philadelphia should set the pattern. This scenario will save multiples of the operating dollars on which DOD has focused and the readiness of Navy, Marine, Army and Air Force aviation will be bought at markedly better prices.

My second issue is moving NATSF to North Island. It also has a deleterious effect on the cost on naval aviation spares. NATSF has two products, technical manuals and drawings. The technical manuals are mailed to customers and could occur from any site in the USA. In the future they will probably be electronically transmitted and location of the servicing office is irrelevant. For the newer planes, where we have bought access to electronic drawing packages, the same may be true in the future. But for the next thirty to forty years, we will be using paper for conveyance of our drawings and we can not afford to convert this huge library to electronic media. ASO is the biggest customer of NATSF drawings, placing nearly 35% of all requirements. Time is of the essence in buying spares. Millions of dollars have been spent on systems to shorten the time ASO has to wait for NATSF drawings. A move to North Island is a move which will increase the time and therefore the costs to ASO for buying spares competitively. The best move would be to make NATSF a part of ASO and then to require ASO to build the kind of integration with the aviation industry on procurement of drawings that has emerged in the past seven years in the procurement of spares. This is a very feasible

solution technically and also fits organizationally because the CO of ASO reports to both NAVAIR and to NAVSUP. The worst choice would be to move NATSF from the ASO compound. I can find no compelling argument in the Navy presentation and hope that the commission will find no such argument either.

I regret the long letter. I wish the subject were easier, but I suspect nothing you have reviewed these past several months has been easy. I remember vividly your ability to surmount the invalid and the dispensable during our days of dealing in NSC real estate in San Diego. Since the costs to the Navy of aviation spares are more than double ship spares, and since aircraft are so very unaffordable these days, I felt compelled to give you the facts and ask you to use your ability to build a better support system for navy air than DOD has suggested. Better readiness will be the result whenever and wherever it is needed next.

With my sincere respect,

James E. Eckelberger
Rear Admiral, SC, USN (Ret.)

Rear Admiral James E. Eckelberger, SC, USN (Ret.)
Post Office Box 1668
Framingham, Massachusetts 01701
(508) 881-4771

Please refer to this number 950608-30

5 June 1995

Rear Admiral Benjamin Montoya, CEC, USN, (Ret.)
Commissioner
Defense Base Closure & Realignment Commission
1700 North Moore Street, Suite 1425
Arlington, Virginia 22209

Dear Ben:

I have a great concern about two BRAC recommendations of the Navy and DLA which will lessen the capability of the Aviation Supply Office to buy Navy and Marine Corps aviation support at the cheapest possible price. When I left the Supply Operations job at DLA as a one star and went to command ASO as a two star, I was determined to use everything I had ever learned to change the way the Navy had been supporting aircraft for 50 years. We made those changes. The experience was exhiliarating. In three years we saved over 20% of the $7.5 billion we normally would have spent. We also built FYDP plans to save another $1.8 billion before 1995. That number grew to more than $2.5 billion in execution. In the coming years we need to expand these innovations, but the recommendations on the table will lessen them instead.

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With my sincere respect,

Jim Eckelberger

James E. Eckelberger
Rear Admiral, SC, USN (Ret.)

THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

EXECUTIVE CORRESPONDENCE TRACKING SYSTEM (ECTS) # 950511-6

FROM: LAKIS, FRANK	TO: DIXON
TITLE: PRESIDENT	TITLE: CHAIRMAN
ORGANIZATION: DLA COUNCIL OF AFGE LOCALS	ORGANIZATION: DBCRC
INSTALLATION (s) DISCUSSED:	

OFFICE OF THE CHAIRMAN	FYI	ACTION	INIT	COMMISSION MEMBERS	FYI	ACTION	INIT
CHAIRMAN DIXON				COMMISSIONER CORNELLA			
STAFF DIRECTOR	✓			COMMISSIONER COX			
EXECUTIVE DIRECTOR	✓			COMMISSIONER DAVIS			
GENERAL COUNSEL	✓			COMMISSIONER KLING			
MILITARY EXECUTIVE				COMMISSIONER MONTOYA			
				COMMISSIONER ROBLES			
DIR./CONGRESSIONAL LIAISON		✓		COMMISSIONER STEELE			
DIR./COMMUNICATIONS				REVIEW AND ANALYSIS			
				DIRECTOR OF R & A	✓		
EXECUTIVE SECRETARIAT				ARMY TEAM LEADER			
				NAVY TEAM LEADER			
DIRECTOR OF ADMINISTRATION				AIR FORCE TEAM LEADER			
CHIEF FINANCIAL OFFICER				INTERAGENCY TEAM LEADER		X	
DIRECTOR OF TRAVEL				CROSS SERVICE TEAM LEADER			
				MN	✓		
DIR./INFORMATION SERVICES							

TYPE OF ACTION REQUIRED

✓	Prepare Reply for Chairman's Signature		Prepare Reply for Commissioner's Signature
	Prepa . Reply for Staff Director's Signature		Prepare Direct Response
X	ACTION: Offer Comments and/or Suggestions	✓	FYI

Subject/Remarks:

~~STAP~~ REQUESTING DBCRC TO MAINTAIN THE RECENT DLA BRAC '95 RECOMMENDATIONS.

Due Date: 950518	Routing Date: 950511	Date Originated: 950508	Mail Date:

AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES

DLA COUNCIL OF LOCALS

(215) 737-3977 Strength in Solidarity AV 444-3977

President Frank L. Lakis | Executive Vice President Carmelita Riley | DRMS Vice President Rich Peternel | Vice President Frank Amari | Vice President Nick Bibko

Vice President Don Fields | Vice President Frank Payan | Secretary Al DiGennaro | Treasurer Nancy Dibble

May 8, 1995

The Honorable Alan J. Dixon
Chairman
Defense Base Closure and
Realignment Commission
1700 North Moore Street
Suite 1425
Arlington, Va. 22209

Dear Chairman:

This letter is provided by the DLA Labor Management Partnership to strongly urge the BRAC Commission to maintain the recent DLA BRAC 95 recommendations. Specifically, this letter highlights our proposal as the strongest military value option to realign our current four Inventory Control Points (ICPs) into two Weapon System Supply Centers and one Troop and General Support Center.

Our Highest economic and readiness pay-off option for troop and general support items management continues to be the Defense Personnel Support Center (DPSC) in Philadelphia, Pa.

Our highest economic and readiness pay-off option for weapon system related management continues to be the two ICPs, Defense Construction Supply Center (DCSC), Columbus OH, and the Defense General Supply Center (DGSC) at Richmond, VA. The workforce expertise within the three metropolitan areas, Columbus, OH; Richmond, VA; and Philadelphia, PA were primary considerations in finalizing this BRAC 95 proposal.

Philadelphia was selected as our ICP for Troop and General Support Item Management because of the outstanding and proven workforce expertise at both DPSC and the Defense Industrial Supply Center (DISC). DPSC is one of the largest and most dynamic business activities within the DLA. This diverse organization provides over $3.5 billion of food, clothing and medical supplies annually to America's Armed Forces worldwide. The DPSC workforce has singularly distinguished itself in DoD as leaders in accomplishing

The Honorable Alan J. Dixon, Chairman
Defense Base Closure and
Realignment Commission

their troop and general support mission not duplicated anywhere else. Any interruption or change in the management and operation of this mission support to our military forces would create an undue risk and cause adverse impact on military operations in the event of a national emergency. DLA's thorough analyses of all other ICPs revealed incontrovertible conclusions that the troop and general support mission be maintained at DPSC. This proposal will cause the lowest disruption to the workforce and least adverse economic impact in Philadelphia. The actual loss of 385 direct jobs between DISC and DPSC's workforce may be even less with the total workload transfer of all non-weapon system items to Philadelphia. DPSC's new reengineered business practices conform to a world class industry standard. Their critical links to their respective industries, bonding in partnerships and valuable business expertise fully supports its high military value as the Troop and General Support ICP with DLA. In 1999, we expect both DISC and DPSC to reduce their workforce to approximately 1500 employees each. With the completion of item workload transfer and realignment into the three ICP's, the DISC and DPSC workforce will be combined. This workforce has established a sophisticated capability to support the new Soldier, Sailor, Airman, and Marine war fighting system for combat operations into the 21st Century.

This unique capability will ensure the highest most economic support readiness to deployed US Forces throughout the world during combat and peace.

We strongly urge that the current DLA Proposal of the BRAC 95 Commission discussed above proceed as planned.

Frank Lakis
President
DLA Council of AFGE Locals

cc: Edward M. Straw
Vice Admiral, SC, USN
Director, Defense Logistics Agency

THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

EXECUTIVE CORRESPONDENCE TRACKING SYSTEM (ECTS) # 950417-6

FROM: FOX, JOHN D.	TO: DIXON
TITLE: REP. (PA)	TITLE: CHAIRMAN
ORGANIZATION: U.S. CONGRESS	ORGANIZATION: DBCRC

INSTALLATION (s) DISCUSSED: DEFENSE INDUSTRIAL SUPPLY CENTER, PHILADELPHIA

OFFICE OF THE CHAIRMAN	FYI	ACTION	INIT	COMMISSION MEMBERS	FYI	ACTION	INIT
CHAIRMAN DIXON				COMMISSIONER CORNELLA	✓		
STAFF DIRECTOR	✓			COMMISSIONER COX	✓		
EXECUTIVE DIRECTOR	✓			COMMISSIONER DAVIS	✓		
GENERAL COUNSEL	✓			COMMISSIONER KLING	✓		
MILITARY EXECUTIVE				COMMISSIONER MONTOYA	✓		
				COMMISSIONER ROBLES	✓		
DIR./CONGRESSIONAL LIAISON		✓		COMMISSIONER STEELE	✓		
DIR. COMMUNICATIONS				REVIEW AND ANALYSIS			
				DIRECTOR OF R & A	✓		
EXECUTIVE SECRETARIAT				ARMY TEAM LEADER			
				NAVY TEAM LEADER			
DIRECTOR OF ADMINISTRATION				AIR FORCE TEAM LEADER			
CHIEF FINANCIAL OFFICER				INTERAGENCY TEAM LEADER		X	
DIRECTOR OF TRAVEL				CROSS SERVICE TEAM LEADER			
DIR. INFORMATION SERVICES							

TYPE OF ACTION REQUIRED

✓	Prepare Reply for Chairman's Signature		Prepare Reply for Commissioner's Signature
	Prepare Reply for Staff Director's Signature		Prepare Direct Response
X	ACTION: Offer Comments and/or Suggestions	✓	FYI

Subject/Remarks:

LETTER OF SUPPORT.

Due Date: 950419	Routing Date: 950417	Date Originated: 950414	Mail Date:

JON D. FOX
13TH DISTRICT, PENNSYLVANIA

BANKING AND
FINANCIAL SERVICES

GOVERNMENT REFORM
AND OVERSIGHT

VETERANS' AFFAIRS

Congress of the United States
House of Representatives
Washington, DC 20515–3813

WASHINGTON OFFICE
510 CANNON BUILDING
WASHINGTON, DC 20515
(202) 225-6111

DISTRICT OFFICES

NORRISTOWN
LOGAN SQUARE SHOPPING CENTER
1708 MARKLEY STREET
NORRISTOWN, PA 19401
(610) 272-8400

EASTERN MONTGOMERY COUNTY
EASTON & EDGE HILL ROADS
ABINGTON, PA 19001
(215) 885-3500

24 HR. TOLL FREE
LEGISLATIVE HOTLINE
1-800-895-5700

April 14, 1995

The Honorable Alan Dixon
Chairman
Defense Base Closure and Realignment Commission
1700 North Moore Street, Suite 1425
Arlington, Virginia 22209

Please refer to this number when responding 950417-6

Dear Mr. Chairman:

I am writing to express my strongest support for the Defense Industrial Supply Center (DISC) in Philadelphia, PA.

As you know, the Defense Logistics Agency (DLA) has recommended that the DISC be "disestablished." Although DLA claims that this action will eliminate 385 direct jobs, I understand that the jobs of all of the more than 1800 employees at DISC would be at risk because the current employees would have no right of placement or transfer of function entitlement in any job within the DLA's Inventory Control Point (ICP).

In 1993, the Base Closure Commission overturned the Department of Defense's recommendation to close DISC. This facility is still crucial to military readiness, and I urge you to uphold the decision of the 1993 Commission.

The workforce at DISC has been recognized as a model of efficiency. DISC has the highest proportion of military requisitions and still maintains the highest level of support of all hardware centers. In addition, DISC has the lowest number of below goal systems and consistently provides better availability to weapons systems items than the other ICP's. Because DISC is housed along with a Navy weapons management ICP and a weapons engineering facility, a talented pool of experienced logistics personnel has developed. As a result, DISC and the Aviation Supply Office (ASO) have developed a strong working relationship that promotes cooperation and productivity.

There is no rationale for choosing to eliminate DISC among the four Defense Logistics Agency ICP's. Of all four ICP's, DISC manages 34.5 percent of all weapons systems hardware and processes 40 percent of all military customer requisitions.

PRINTED ON RECYCLED PAPER

Despite these facts, DLA recommended moving DISC's weapons-coded workload to the Defense General Supply Center (DGSC), which currently manages the least amount of weapons-coded workload of the ICP's.

It is essential that we preserve DISC in order to maintain our defense logistics at the highest level of readiness, promote efficiency and cost-effectiveness, and save the jobs of dedicated DISC employees. Therefore, I would respectfully request your consideration of an alternative which preserves DISC.

Thank you for your personal attention to this urgent matter. Please feel free to contact me or Jason Schwartz of my staff (202/225-6111) should you or your staff require any additional information.

Sincerely,

Jon D. Fox
Member of Congress

JDF:js

THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

EXECUTIVE CORRESPONDENCE TRACKING SYSTEM (ECTS) # 950606-15

FROM: COOK, BOB	TO: BABBITT, GEORGE T.
TITLE: INTER TEAMLEADER	TITLE: PRINC. DEP. DIRECTOR
ORGANIZATION: DBCRC	ORGANIZATION:
INSTALLATION (s) DISCUSSED: DEF INDUSTRIAL SUPPLY CENTER, RED RIVER	

OFFICE OF THE CHAIRMAN	FYI	ACTION	INIT	COMMISSION MEMBERS	FYI	ACTION	INIT
CHAIRMAN DIXON				COMMISSIONER CORNELLA			
STAFF DIRECTOR	✓			COMMISSIONER COX			
EXECUTIVE DIRECTOR	✓			COMMISSIONER DAVIS			
GENERAL COUNSEL	✓			COMMISSIONER KLING			
MILITARY EXECUTIVE				COMMISSIONER MONTOYA			
				COMMISSIONER ROBLES			
DIR./CONGRESSIONAL LIAISON				COMMISSIONER STEELE			
DIR./COMMUNICATIONS				REVIEW AND ANALYSIS			
				DIRECTOR OF R & A	✓		
EXECUTIVE SECRETARIAT				ARMY TEAM LEADER			
				NAVY TEAM LEADER			
DIRECTOR OF ADMINISTRATION				AIR FORCE TEAM LEADER			
CHIEF FINANCIAL OFFICER				INTERAGENCY TEAM LEADER	✓		
DIRECTOR OF TRAVEL				CROSS SERVICE TEAM LEADER			
				MW	✓		
DIR./INFORMATION SERVICES							

TYPE OF ACTION REQUIRED

	Prepare Reply for Chairman's Signature		Prepare Reply for Commissioner's Signature
	Prepare Reply for Staff Director's Signature		Prepare Direct Response
	ACTION: Offer Comments and/or Suggestions		FYI

Subject/Remarks:

FORWARDING QUESTIONS REGARDING THE DEFENSE INDUSTRIAL SUPPLY CENTER AND DEFENSE DISTRIBUTION DEPOT RED RIVER,

Due Date:	Routing Date: 950606	Date Originated: 950602	Mail Date: 950606

THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1700 NORTH MOORE STREET SUITE 1425
ARLINGTON, VA 22209
703-696-0504

ALAN J. DIXON, CHAIRMAN

COMMISSIONERS:
AL CORNELLA
REBECCA COX
GEN J. B. DAVIS, USAF (RET)
S. LEE KLING
RADM BENJAMIN F. MONTOYA, USN (RET)
MG JOSUE ROBLES, JR., USA (RET)
WENDI LOUISE STEELE

June 2, 1995

Major General George T. Babbitt, USAF
Principal Deputy Director
Defense Logistics Agency
Cameron Station
Alexandria, VA 22304-6100

950606-15

Dear General Babbitt:

To assist the Commission in its analysis, please provide the following data and/or comments:

(a) Defense Industrial Supply Center - The GAO has concluded that DLA should have included costs in the DISC COBRA for the movement of items to DGSC and the additional costs associated with delaying the BRAC 1993 realignment of DPSC to the ASO compound. They contend these are BRAC related costs. Please provide the Commission with a certified updated COBRA data disk on this installation with these costs included. Further, if MILCON cost avoidance for this scenario has been updated, please also include it in the updated COBRA.

(b) Distribution Depot Red River - The Community at Red River contends that the cost to move the stock at DDRV is understated in the COBRA by $319 million, primarily due to the relocation of 14,000 vehicles and 120,000 tons of mission stock. Additionally, the Community contests the cost of construction required at Anniston to accept the distribution mission. They state that additional construction will be required since Anniston is shown as having zero excess supply capacity. Currently, the DLA COBRA reflects only $8 million for the moving of stock and $19 million for the construction of 44 acres of hardstand. Will adequate hardstand area be available to accommodate all anticipated vehicle movements? Will other than hardstand area be required and is the condition acceptable? Please comment.

The Community at Red River also contends that the costs for supply, preservation and packaging, and storage requirements in support of the rubber products mission were not in the COBRA. Please comment on this contention as well.

Sincerely,

Robert Cook
Interagency Issues Team Leader

THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

EXECUTIVE CORRESPONDENCE TRACKING SYSTEM (ECTS) # 950509-22

FROM: FOGLIETTA, TOM	TO: DIXON
TITLE: REP. (PA)	TITLE: CHAIRMAN
ORGANIZATION: U.S. CONGRESS	ORGANIZATION: DBCRC
INSTALLATION (s) DISCUSSED: DEFENSE PERSONNEL SUPPORT CENTER	

OFFICE OF THE CHAIRMAN	FYI	ACTION	INIT	COMMISSION MEMBERS	FYI	ACTION	INIT
CHAIRMAN DIXON				COMMISSIONER CORNELLA	✓		
STAFF DIRECTOR	✓			COMMISSIONER COX	✓		
EXECUTIVE DIRECTOR	✓			COMMISSIONER DAVIS	✓		
GENERAL COUNSEL	✓			COMMISSIONER KLING	✓		
MILITARY EXECUTIVE				COMMISSIONER MONTOYA	✓		
				COMMISSIONER ROBLES	✓		
DIR./CONGRESSIONAL LIAISON		✓		COMMISSIONER STEELE	✓		
DIR./COMMUNICATIONS				REVIEW AND ANALYSIS			
				DIRECTOR OF R & A	✓		
EXECUTIVE SECRETARIAT				ARMY TEAM LEADER			
				NAVY TEAM LEADER		X	
DIRECTOR OF ADMINISTRATION				AIR FORCE TEAM LEADER			
CHIEF FINANCIAL OFFICER				INTERAGENCY TEAM LEADER	✓		
DIRECTOR OF TRAVEL				CROSS SERVICE TEAM LEADER			
				MW	✓		
DIR./INFORMATION SERVICES							

TYPE OF ACTION REQUIRED

✓	Prepare Reply for Chairman's Signature		Prepare Reply for Commissioner's Signature
	Prepare Reply for Staff Director's Signature		Prepare Direct Response
X	ACTION: Offer Comments and/or Suggestions	✓	FYI

Subject/Remarks:

LETTER OF SUPPORT FOR RETAINING THE FACILITY IN PHILADELPHIA.

INTERAGENCY LEAD

Due Date: 950512	Routing Date: 950509	Date Originated: 950509	Mail Date:

Congress of the United States
Washington, DC 20515

May 9, 1995

The Honorable Alan J. Dixon
Chairman
Defense Base Closure
and Realignment Commission
1700 North Moore Street
Suite 1425
Arlington, Virginia 22209

Dear Mr. Chairman:

We write to urge the Commission on Base Closure and Realignment ("Commission") to maintain the 1993 Commission's decision to move the Defense Personnel Support Center ("DPSC") from its present location to the site of the Navy Aviation Supply Office ("ASO") compound in Northeast Philadelphia. DPSC performs the critical task of buying and moving food, clothing, medical supplies and other support products for the military services. Thus, DPSC plays a critical role in military readiness. It also has played an important role in restoring credibility to military procurement, putting to rest the images of gold plated toilet seats, hammers and ash trays. It is also important that the Commission give certainty to past Commission orders, rather than exposing the Defense Department to a revolving door of inconsistent decisions.

It is vital that we keep the DPSC workforce together, and the best way to do that is to maintain it in Philadelphia. The men and women at DPSC have developed an impressive record. Just this month, DPSC won two important awards for their commitment to excellence in public administration and efficiency. They won the National Performance Review's Golden Hammer award for the Department of Defense. The Public Employee Roundtable cited DPSC as its federal winner for efficiency. DPSC is also a finalist for an award from the Harvard University Kennedy School of Government for innovations in government in conjunction with the Ford Foundation.

DPSC won this recognition because of their commitment to efficiency, cost-savings and innovation. The numbers speak for themselves.

- DPSC has significantly reduced the time for delivery of products. Clothing is now delivered in 72 hours, when it used to take 40 days.
- Medical supplies are delivered in 24 hours, when it used to take 30 days. DPSC can now get medical emergency supplies to an operating room in six hours, as it did following the air crash at Pope Air Force Base in North Carolina.

- The overhead cost to DPSC customers has been reduced by 22 %.
- DPSC now uses "best value contracting"--which evaluates prospective contractors based on cost and other criteria measuring performance, instead of merely looking at the lowest bidder--in $1.4 billion out of its $3.5 billion in purchasing.
- DPSC's use of sophisticated "electronic data interchange" has revolutionized its delivery capacity. It is the only governmental entity which matches and sometimes exceeds Fortune 500 private companies in "sales accomplished."

Based on the foregoing, it is clear that the decision of the 1993 Commission to maintain DPSC in Philadelphia should take effect. This would keep this workforce together, and continue the progress they are making to improve military readiness as well as save significant dollars in military purchasing.

Further, the Commission should give certainty to prior Commission decisions. The Commission should resist proposals from other regions to break up DPSC's activities.

The Commission can build on the success of DPSC's imposing track record by merging other purchasing activities with DPSC in Philadelphia. Additional savings could be achieved if the Defense Industrial Supply Center ("DISC") were kept intact in Philadelphia. DISC manages 34.5 % of all Defense Logistics Agency ("DLA") hardware items used on one or multiple weapons systems and processes 40 % of all military customer requisitions forwarded to the four DLA hardware inventory control points. These important activities could be consolidated under one base operating support structure. This alternative would enhance military readiness, better utilize a valued workforce, and achieve significant cost savings.

Based on these consideration, we strongly urge the Commission to follow the decision made by the 1993 BRAC to keep the DPSC workforce intact and in Philadelphia. We thank you for your consideration of the Commission's past precedent with regard to DPSC.

Sincerely,

THOMAS M. FOGLIETTA
Member of Congres

ROBERT BORSKI
Member of Congress

CHAKA FATTAH
Member of Congress

JON D. FOX
Member of Congress

DEFENSE INDUSTRIAL SUPPLY CENTER
DISC-EEP, 700 ROBBINS AVENUE, PHILADELPHIA, PA 19111-5096

FAX

Date: 5/19/95

Number of pages including cover sheet: 3

To:
MARILYN WASLESKI

Phone: (703) 696-0504
Fax phone: (703) 696-0550
CC:

From:
ALBERT CAPPIELLA

Phone: (215) 697-4291
Fax phone: 215-697-0311

REMARKS: ☐ Urgent ☑ For your review ☐ Reply ASAP ☐ Please comment

Attached is recent DLA lts to employee. Note that it does not allude to "General" items coming directly to DISC as cited in VADM Steen's previous letter.

DEFENSE LOGISTICS AGENCY
HEADQUARTERS
CAMERON STATION
ALEXANDRIA, VIRGINIA 22304-6100

IN REPLY REFER TO CAAJ(BRAC)

4 MAY 1995

[redacted]

Dear Ms. Fein:

Thank you for your letter of 20 March 1995 to President Clinton concerning the Secretary of Defense's Base Realignment and Closure (BRAC) recommendation to disestablish the Defense Industrial Supply Center (DISC). Your letter was referred to the Defense Logistics Agency (DLA) for direct response.

You expressed concern that current DISC employees would have no rights to DLA or Department of Defense (DoD) jobs as a result of disestablishing DISC, and would have to reapply for government jobs. The recommendation to disestablish DISC is part of an overall restructuring of DLA's Inventory Control Points (ICPs) to aggregate management of items by the type of management required. Since the recommendations largely involve moving workload among activities doing the same type of work, the majority of the associated personnel actions would not meet the Office of Personnel Management's definition of functional transfer. However, it is our hope that a phased migration of workload will allow us to minimize the disruption to DLA's workforce.

During the course of DLA's detailed analysis of its base structure, it was determined that the management of the materiel which DLA provides for the Military Departments could be accomplished more efficiently and effectively by disestablishing one of DLA's five remaining ICPs and aggregating management of items by the type of management required. Troop and General Support items are more conducive to commercial-type support practices than Weapon System-related items. Managing Troop and General Support items at a single ICP will allow us to take full advantage of commercial acquisition practices. The Defense Personnel Support Center (DPSC) in Philadelphia, PA, which currently manages exclusively Troop and General Support items, was chosen to form the core of the Troop and General Support ICP. General Support items currently managed by three other ICPs (DISC, the Defense Construction Supply Center in Columbus, OH, and the Defense General Supply Center in Richmond, VA) would migrate to the Troop and General Support ICP, which will be located at the Aviation Supply Office compound in Northeast Philadelphia in Fiscal Year 1999. Management of Weapon System items currently assigned to DISC would move to the Weapon System ICP in Richmond, VA. Simply merging DISC and DPSC would not allow DLA to achieve the synergy of aggregating items by the type of management required.

Military force structure is being radically curtailed. Our ICP work, and therefore our ICP workforce, will continue to decline, regardless of any BRAC actions. In 1999, DLA would expect to have approximately 3,000 employees in our Philadelphia ICPs (approximately 1,500 each at DISC and DPSC) if no BRAC action occurred. We estimate that upwards of 2,600 personnel will be required to manage Troop and General Support items in the consolidated ICP in Philadelphia. Therefore, only 385 jobs would be lost as a result of the BRAC recommendation.

DISC employees have a proven performance record, as well as all of our ICP workforce. However, we simply do not need as many ICPs as we now have. It is our confidence in the professionalism and dedication of our employees which persuaded the Agency that moving management of items to take advantage of the synergy we expect will not degrade the high level of support we provide to our Military customers.

Please be assured that this Agency is committed to mitigating, to the greatest extent feasible, any adverse impact on our excellent workforce. DLA will make DISC employees affected by our BRAC 95 recommendations the primary source of selection for filling vacancies at the Troop and General Support ICP, and will establish an aggressive outplacement unit at DISC, make full use of the DoD Priority Placement Program, and offer early retirement and buyouts, as appropriate. DLA has no intention of discarding loyal government employees.

Sincerely,

George T. Babbitt

GEORGE T. BABBITT
Major General, USAF
Principal Deputy Director

THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

EXECUTIVE CORRESPONDENCE TRACKING SYSTEM (ECTS) # 950328-5

FROM: RENDELL, EDWARD G.	TO: DIXON
TITLE: MAYOR	TITLE: CHAIRMAN
ORGANIZATION: CITY OF PHILADELPHIA	ORGANIZATION: DBCRC
INSTALLATION (s) DISCUSSED: NAVAL SURFACE WARFARE CENTER, PHILADELPHIA	

OFFICE OF THE CHAIRMAN	FYI	ACTION	INIT	COMMISSION MEMBERS	FYI	ACTION	INIT
CHAIRMAN DIXON				COMMISSIONER CORNELLA	✓		
STAFF DIRECTOR	✓			COMMISSIONER COX			
EXECUTIVE DIRECTOR	✓			COMMISSIONER DAVIS			
GENERAL COUNSEL				COMMISSIONER KLING			
MILITARY EXECUTIVE				COMMISSIONER MONTOYA			
				COMMISSIONER ROBLES			
DIR., CONGRESSIONAL LIAISON		✓		COMMISSIONER STEELE			
DIR., COMMUNICATIONS				REVIEW AND ANALYSIS			
				DIRECTOR OF R & A	✓		
EXECUTIVE SECRETARIAT				ARMY TEAM LEADER			
				NAVY TEAM LEADER	✓		
DIRECTOR OF ADMINISTRATION				AIR FORCE TEAM LEADER			
CHIEF FINANCIAL OFFICER				INTERAGENCY TEAM LEADER	✓		
DIRECTOR OF TRAVEL				CROSS SERVICE TEAM LEADER			
				MW	✓		
DIR., INFORMATION SERVICES							

TYPE OF ACTION REQUIRED

✓	Prepare Reply for Chairman's Signature		Prepare Reply for Commissioner's Signature
	Prepare Reply for Staff Director's Signature		Prepare Direct Response
	ACTION: Offer Comments and/or Suggestions	✓	FYI

Subject/Remarks:

REQUESTING THAT MR CORNELLA VISIT THE NAVAL SURFACE WARFARE CENTER DURING HIS VISIT ON APRIL 7. ALSO MR RENDELL IS OFFERING TO DISCUSS REUSE ISSUES AT BALTIMORE REGIONAL HEARING.

Due Date: 950330	Routing Date: 950328	Date Originated: 950320	Mail Date:

CITY OF PHILADELPHIA

OFFICE OF THE MAYOR
ROOM 215 CITY HALL
PHILADELPHIA, PENNSYLVANIA 19107-3295
(215) 686-2181
FAX (215) 686-2170

EDWARD G. RENDELL
MAYOR

March 20, 1995

The Honorable Alan Dixon
Chairman
Base Closure & Realignment Commission
1700 N. Moore Street, Suite 1425
Arlington, Virginia 22209

Dear Senator Dixon:

I am sorry that I was unable to testify about reuse of defense facilities before the Base Closure and Realignment Commission last week on behalf of the National Conference of Mayors. A previous obligation made it impossible for me to go to Washington, DC, that morning.

I do look forward to testifying at the regional BRAC hearing on the Department of Defense's recommendations regarding Philadelphia's defense facilities, scheduled to be held in Baltimore on May 4. At that time, I would also be pleased to discuss reuse issues, if you want to allocate additional time for that topic.

I understand that Commissioner Cornella is scheduled to tour DISC and the ASO compound on April 7. I would like to invite Mr. Cornella to also visit the Naval Surface Warfare Center while he is in Philadelphia. As you know, DOD recommended that NSWC-Philadelphia receive 261 jobs from Annapolis. We believe that Mr. Cornella could obtain an excellent understanding of this facility, and the rationale for realigning Annapolis to the site, by visiting it. We would be happy to tailor the length of the visit to Mr. Cornella's schedule.

I look forward to seeing you again on May 4.

Sincerely,

Ed Rendell

EDWARD G. RENDELL
MAYOR

EGR/se

cc: Commissioner Al Cornella

THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

EXECUTIVE CORRESPONDENCE TRACKING SYSTEM (ECTS) # 950323-23

FROM: BORSKI, ROBERT A.	TO: CORNELLA, AL
TITLE: REP. (PA)	TITLE: COMM.
ORGANIZATION: U.S. CONGRESS	ORGANIZATION: DBCRC
INSTALLATION (s) DISCUSSED: NAVAL AIR TECHNICAL SERVICES FACILITY NAVAL AVIATION ENGINEERING SUPPORT UNIT	

OFFICE OF THE CHAIRMAN	FYI	ACTION	INIT	COMMISSION MEMBERS	FYI	ACTION	INIT
CHAIRMAN DIXON				COMMISSIONER CORNELLA		X	
STAFF DIRECTOR	✓			COMMISSIONER COX			
EXECUTIVE DIRECTOR	✓			COMMISSIONER DAVIS			
GENERAL COUNSEL				COMMISSIONER KLING			
MILITARY EXECUTIVE				COMMISSIONER MONTOYA			
				COMMISSIONER ROBLES			
DIR./CONGRESSIONAL LIAISON		✓		COMMISSIONER STEELE			
DIR./COMMUNICATIONS				REVIEW AND ANALYSIS			
				DIRECTOR OF R & A	✓		
EXECUTIVE SECRETARIAT				ARMY TEAM LEADER			
				NAVY TEAM LEADER			
DIRECTOR OF ADMINISTRATION				AIR FORCE TEAM LEADER			
CHIEF FINANCIAL OFFICER				INTERAGENCY TEAM LEADER	✓		
DIRECTOR OF TRAVEL				CROSS SERVICE TEAM LEADER			
				NW	✓		
DIR./INFORMATION SERVICES							

TYPE OF ACTION REQUIRED

	Prepare Reply for Chairman's Signature	✓	Prepare Reply for Commissioner's Signature
	Prepare Reply for Staff Director's Signature		Prepare Direct Respons
X	ACTION: Offer Comments and/or Suggestions	✓	FYI

Subject/Remarks:

REQUESTING COMMISSIONERS VISIT THE NATSF AND NAESU DURING THER VISIT TO THE DEFENSE INDUSTRIAL SUPPLY CENTER ON APRIL 7.

Due Date: 950327	Routing Date: 950323	Date Originated: 950322	Mail Date:

THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1700 NORTH MOORE STREET SUITE 1425
ARLINGTON, VA 22209
703-696-0504

ALAN J. DIXON, CHAIRMAN

COMMISSIONERS:
AL CORNELLA
REBECCA COX
GEN J. B. DAVIS, USAF (RET)
S. LEE KLING
RADM BENJAMIN F. MONTOYA, USN (RET)
MG JOSUE ROBLES, JR., USA (RET)
WENDI LOUISE STEELE

April 6, 1995

The Honorable Robert A. Borski
United States House of Representatives
Washington, D.C. 20515

Please refer to this number
when responding 950323-23R1

Dear Representative Borski:

Thank you for your letter requesting that I visit the Naval Air Technical Services Facility (NATSF) and the Naval Aviation Engineering Support Unit (NAESU) while visiting other facilities in the Philadelphia area on April 7, 1995. I certainly understand your interest in the base closure and realignment process and welcome your comments.

You will be pleased to know that I do plan to visit NATSF while in the Philadelphia area. In addition, Mr. David Epstein of the Commission's Navy team, will be visiting both facilities on April 6, 1995. NATSF and NAESU will have an opportunity to make presentations about their respective facilities during my visit to the Defense Industrial Supply Center, Philadelphia, on April 7, 1995. I look forward to hearing from representatives of both facilities as well as the opportunity to visit the NATSF site. You may be certain that the information gained from our visits will be shared with the other Commissioners.

I look forward to working with you during this difficult and challenging process. Please do not hesitate to contact me whenever you believe I can be of service.

Sincerely,

Alton W. Cornella
Commissioner

AWC:js
ECTS#: 950323-23

Cth
MW

THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1700 NORTH MOORE STREET SUITE 1425
ARLINGTON, VA 22209
703-696-0504

ALAN J. DIXON, CHAIRMAN

COMMISSIONERS:
AL CORNELLA
REBECCA COX
GEN J. B. DAVIS, USAF (RET)
S. LEE KLING
RADM BENJAMIN F. MONTOYA, USN (RET)
MG JOSUE ROBLES, JR., USA (RET)
WENDI LOUISE STEELE

March 31, 1995

The Honorable Robert A. Borski
United States House of Representatives
Washington, D.C. 20515

Please refer to this number when responding 950324-13R1

Dear Representative Borski:

Thank you for your letter expressing support for the Defense Industrial Supply Center (DISC), Philadelphia. I certainly understand your interest in the base closure and realignment process and welcome your comments.

You may be certain that the Commission will thoroughly review the information used by the Defense Department in making its recommendations. I can assure you that the information you have provided will be considered by the Commission in our review and analysis of the Secretary of Defense's recommendation on DISC, Philadelphia.

I look forward to working with you during this difficult and challenging process. Please do not hesitate to contact me whenever you believe I can be of service.

Sincerely,

Alan J. Dixon
Chairman

AJD:js
ECTS#: 950324-13

Questions regarding this presentation should be directed to:

James M. Geiger, Senior Manager
Federal Services Group 2001 M Street NW, Washington D.C., 20036 (202) 467-3036

The purpose of this management briefing is to present the results of KPMG Peat Marwick's DLA Distribution Depot Cost Data Analysis

1 **Task Overview**

2 **Methodology**

3 **Analysis**

4 **Findings**

KPMG Peat Marwick
Management Consultants

The purpose of this management briefing is to present the results of KPMG Peat Marwick's DLA Distribution Depot Cost Data Analysis

1 **Task Overview**

2 **Methodology**

3 **Analysis**

4 **Findings**

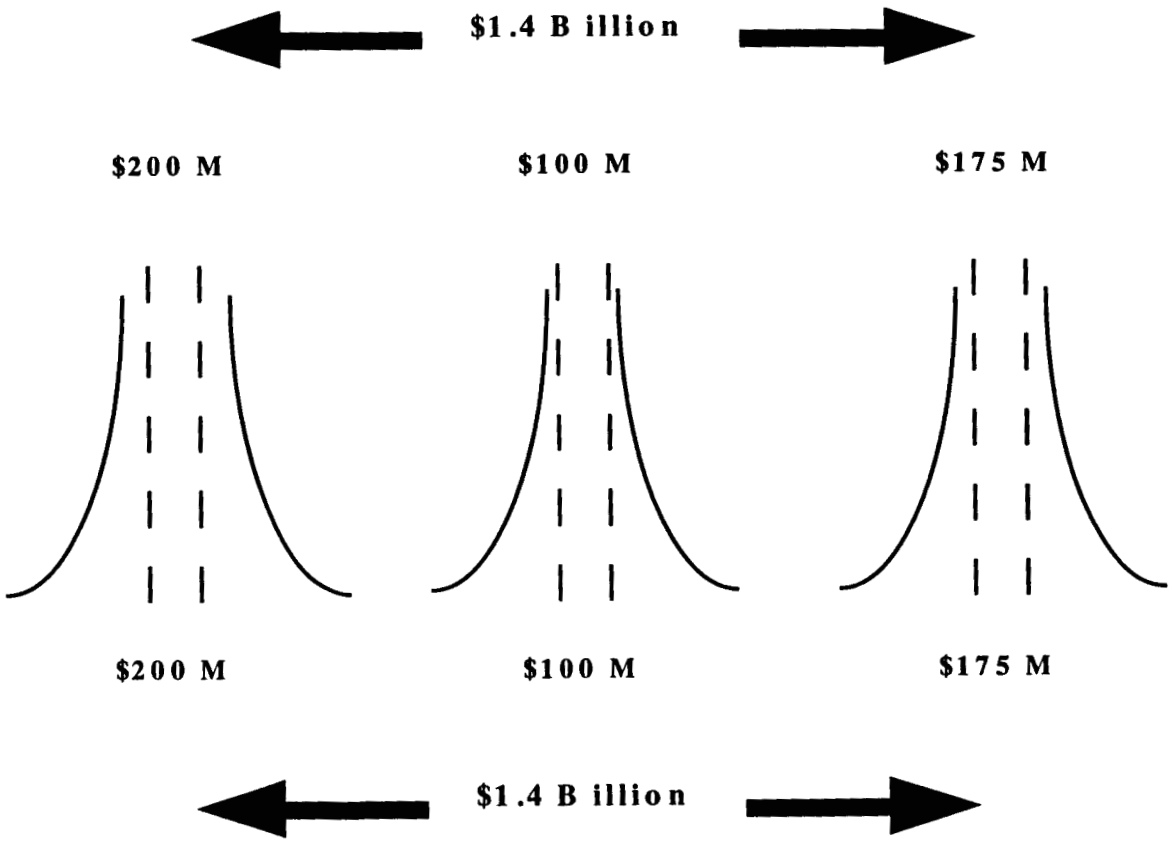
The purpose of this task was to review FY93 cost data and provide adjustments for FY94 at selected DLA distribution depots

Financial Infrastructure Differences

- **Chart of Accounts**
- **Accounting Methods / Systems**
- **Workload Implications**
- **Coding Consistency**

Goal: Data Comparability

Our approach was to evaluate the sample depots and develop the basis for an "apples to apples" comparison



KPMG Peat Marwick
Management Consultants

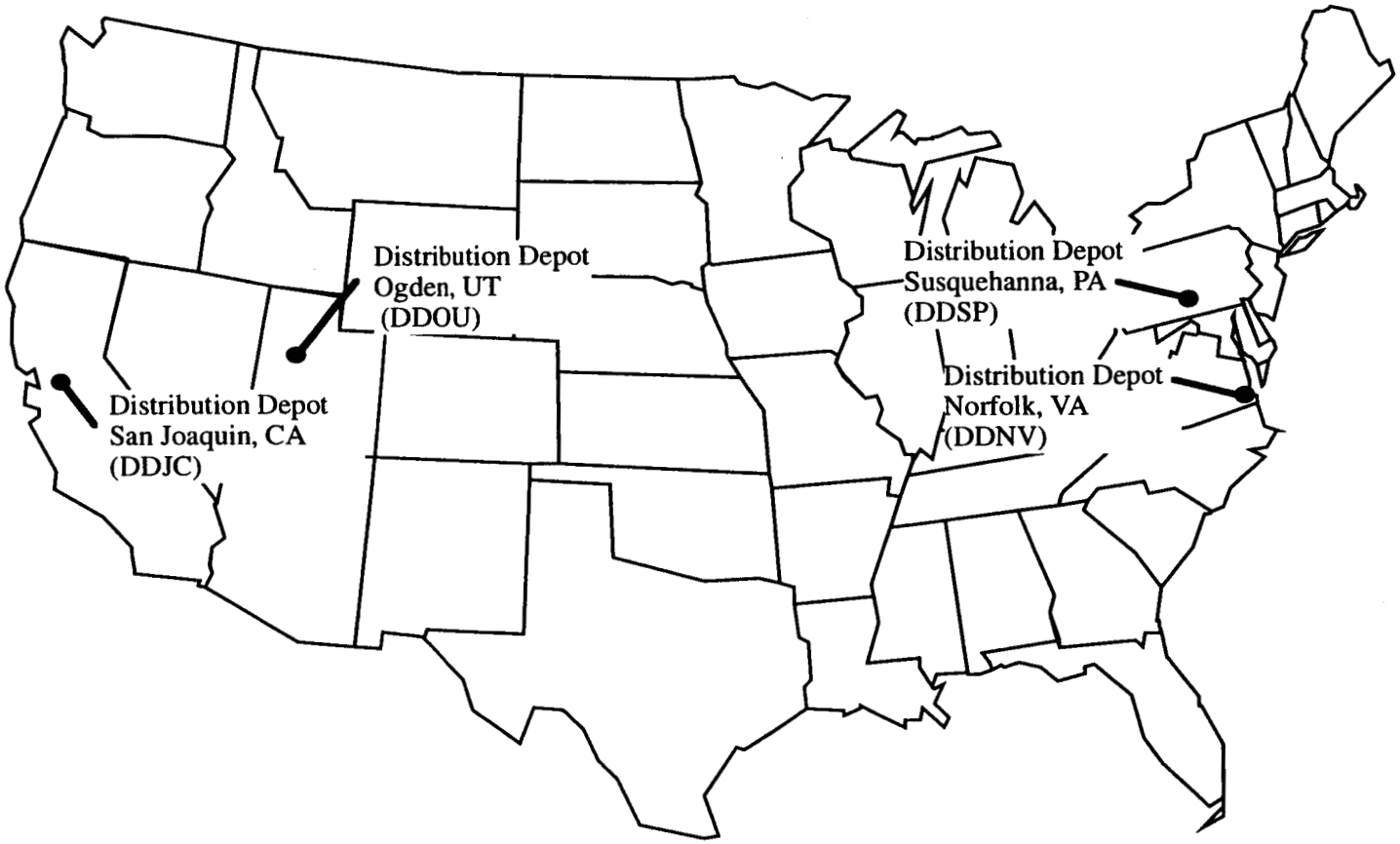
The study was designed to address concerns proposed by HQ DLA

- Is the data usable?
- Do we capture all the costs?
- What are the regional allocation methodologies?
- What are the impacts of the financial and operational systems?
- Which categories of cost data are comparable across the depots?

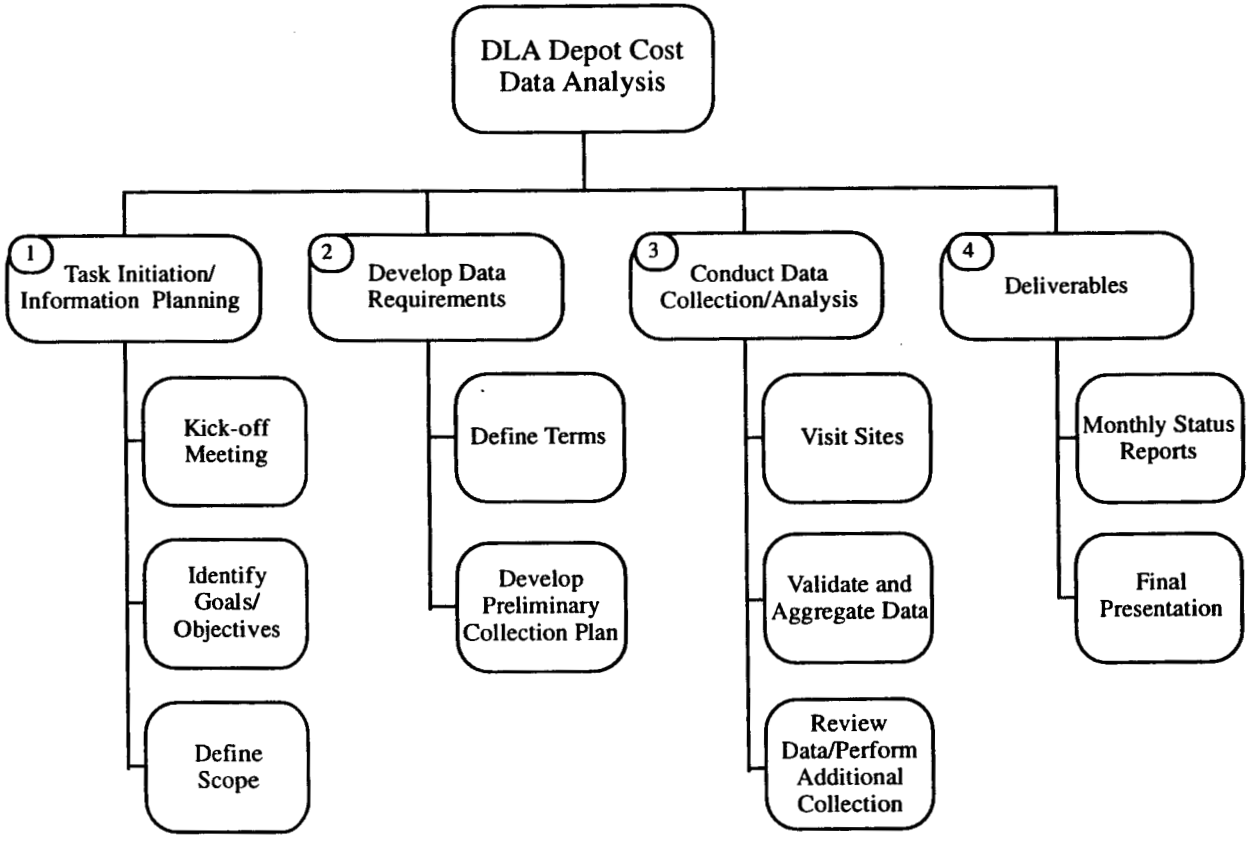
Major cost drivers at the regions and individual depots were reviewed during the course of this analysis

- Direct operational costs
- Indirect operational and mission support costs
- General and administrative costs
- Headquarters and regional allocations
- Reimbursable work
- Host/tenant and ISA relationships

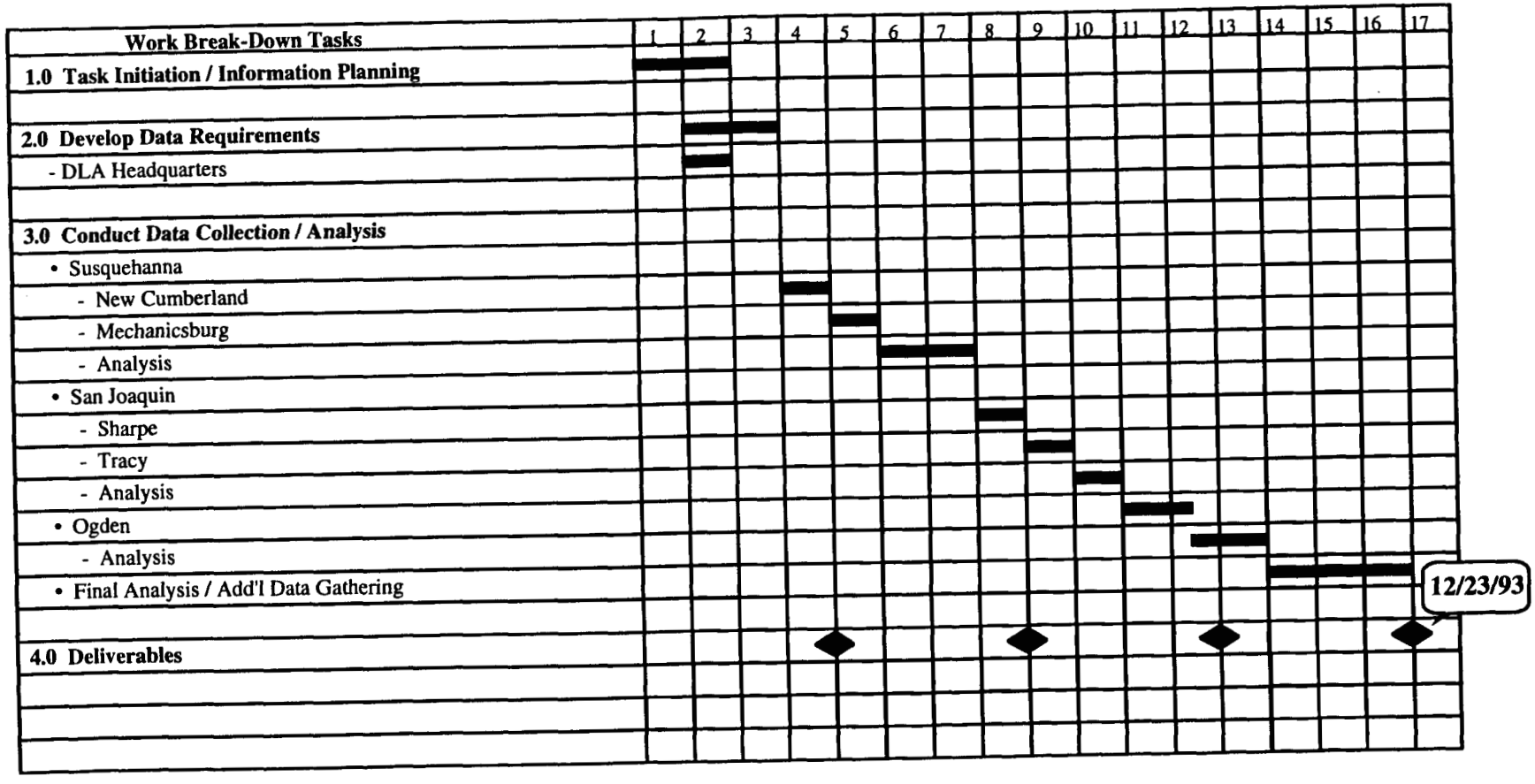
Three defense distribution depots were selected by HQ DLA for this cost data analysis and DDNV was visited for comparative purposes



Our overall plan was implemented through a work breakdown structure



This timeline depicts our approach in a pro forma chronological sequence



KPMG Peat Marwick
Management Consultants

Each of our deliverables built on its predecessors throughout the course of the analysis

- Preliminary FY93 data identification
- Refinement of data; identification of data adjustments
- Viability of FY93 data; refined adjustments
- Management Brief
  - FY93 Analysis
  - FY94 Adjustments
  - Systems Perspective
  - Supporting Materials

Supplemental activities and tasks were undertaken to ensure a complete and comprehensive analysis

- Site overview visits
  - Distribution Depot Hill, Utah
  - Distribution Depot Norfolk, Virginia
  - DDNV South Annex
  - DDJC Rough & Ready Island
- Additional data gathering
  - DFAS
  - DSAC
  - DISO
- Status Briefings
  - After each site visit
  - Weekly conferences during final analysis phase

With DLA support, critical events were completed in a timely manner

Date	Event
13 Sep 93	Kick-off Meeting
14-16 Sep 93	HQ DLA Site Visit
17 Sep 93	Data Gathering Plan Finalized
20-24 Sep 93	HQ DLA Site Visit
27 Sep-08 Oct 93	DDSP Site Visit
12 Oct 93	Status Briefing
12 Oct 93	Deliverable: FY93 Data Identification
18-29 Oct 93	DDJC Site Visit
05 Nov 93	Status Briefing

Date	Event
08-12 Nov 93	DDOU Site Visit
17 Nov 93	Status Briefing
17 Nov 93	Deliverable: Data Adjustments
22 Nov-02 Dec 93	Additional Data Gathering From Sites
03 Dec 93	Status Briefing
06 Dec 93	Deliverable: Data Viability
08 Dec 93	DDNV Site Visit
10 Dec 93	Status Briefing
17 Dec 93	Status Briefing
23 Dec 93	Deliverable: Management Brief

Much has been accomplished in a short time frame

DLA commitment was received at all levels to meet the objectives of this analysis

- Meetings
- Interviews
- Data preparation
- Data follow-up
- Supporting documentation
- Coordination

KPMG appreciates DLA's support

The purpose of this management briefing is to present the results of KPMG Peat Marwick's DLA Distribution Depot Cost Data Analysis

1 **Task Overview**

2 **Methodology**

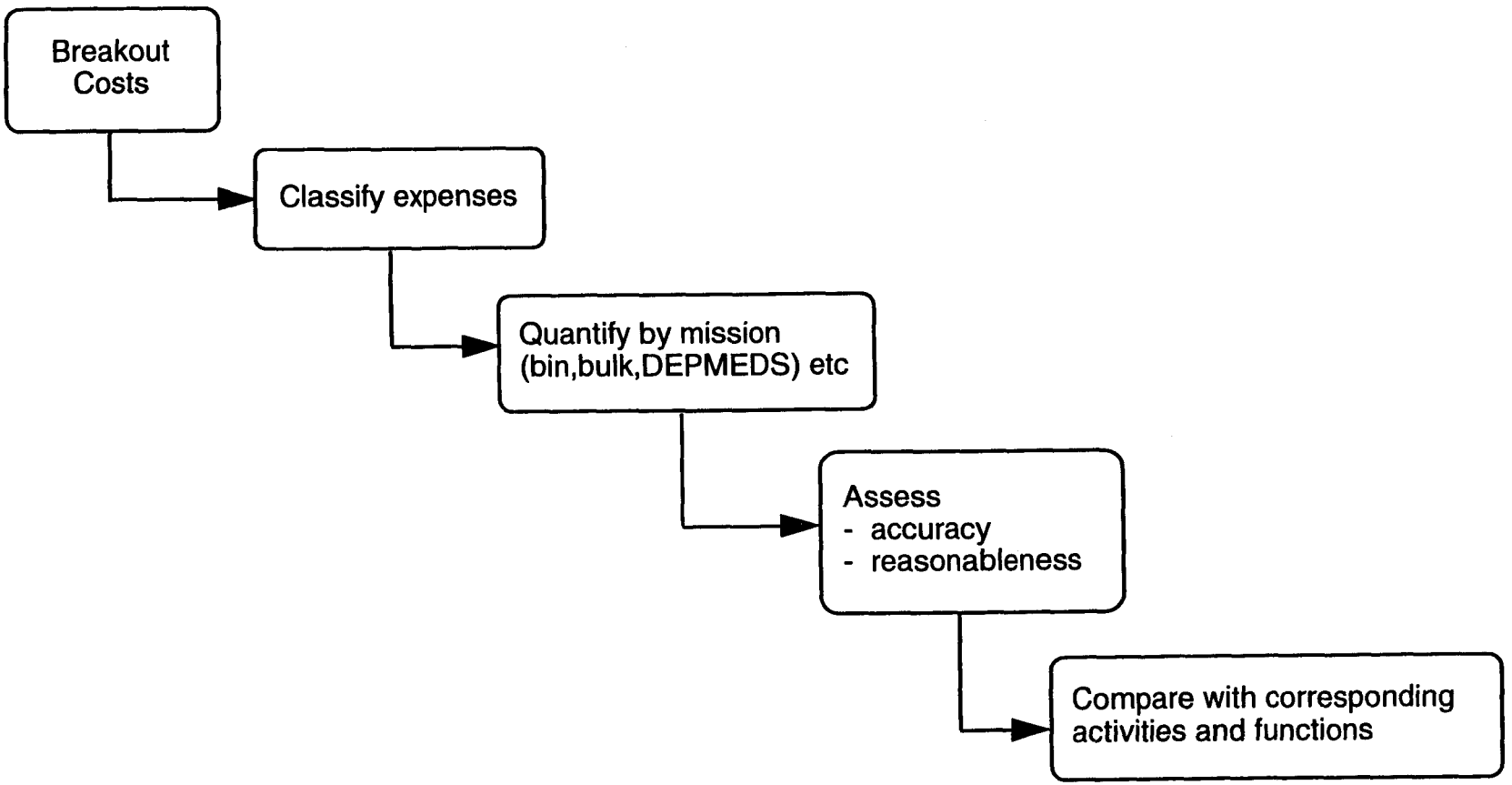
3 **Analysis**

4 **Findings**

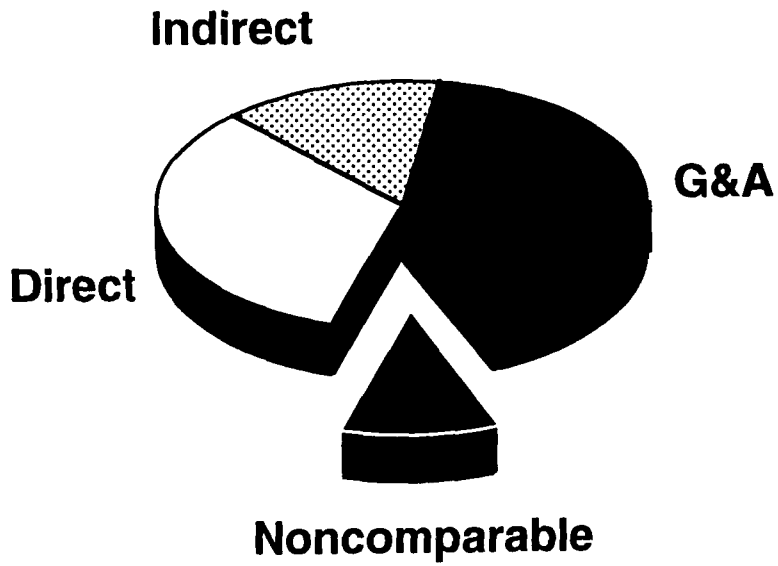
Our cost data analysis was not an "audit", but we used accounting techniques and reasonableness to gather and review information

- Reviewed existing documents and developed a data gathering plan
- Analyzed data as collected and reported
- Developed a management-level "macro" view
- Applied tests of reasonableness
- Considered materiality
- Reviewed supporting documentation for selected expenses

Our primary analytic approach was the employment of techniques for functional cost decomposition



Costs were isolated and classified in a traditional commercial business manner



Direct	Indirect	G&A	Noncomparable
- Receipts	- Rewarehousing	- HQ/Regional Allocation	- SDT
- Issues	- Storage Administration	- Planning and Resource Mgmt	- DEPMEDS
- Reimbursables	- Stock Readiness	- Security	- Etc.
- Etc.	- Etc.	- Etc.	

Costs were evaluated from different perspectives for applicability and comparability

- Mission vs. non-mission (reimbursable) work
- Commodity storage characteristics
- Handling characteristics - Bin, Bulk, Hazardous, Other
- Application of indirect and G&A costs
- Regional and Headquarter allocations

A focused data gathering plan was developed as an initial step for this analysis, which included:

General
- Statistics
- Missions
- Lines of Inventory

Operational
- Processing
- Transportation
- Returns
- CCP
- Systems Support

Financial
- Chart of Accounts
- Cost Code Descriptions
- Master Account Record
- Reimbursables
- Host/Tenant Information
- ISAs
- Labor Costs
- G&A Allocations
- Depreciation

Interviews with key DLA HQ and field management personnel were crucial to refining this plan and analysis

Pertinent DLA documents were reviewed in gathering and analyzing data, including the following:

- Chart of Accounts
- Expense Reports (RCS-DD-DLA(m) 48(C))
- Unit Cost Spreadsheets
- Transportation Movement Analysis-Commodity/IPG/Mode (F129)
- Storage Space Management Reports (DD Form 805)
- Project Budget Summary Reports (760A)

Addressing all of the concerns and objectives targeted for this analysis required a detailed site visit agenda

Agenda

- Inbrief (with HQ DLA presence)
- Identify key players/resources
- Tour facility
- Review data provided
- Conduct interviews (approx.175)
- Review expense documentation

Agenda (cont.)

- Gather additional data
- Conduct follow-up interviews
- Develop site findings
- Outbrief key staff
- Outbrief depot/region commander

This process was "open" and communicated clearly to all levels at all locations

The data review process continued beyond site visits and led to requests for additional information during such activities as:

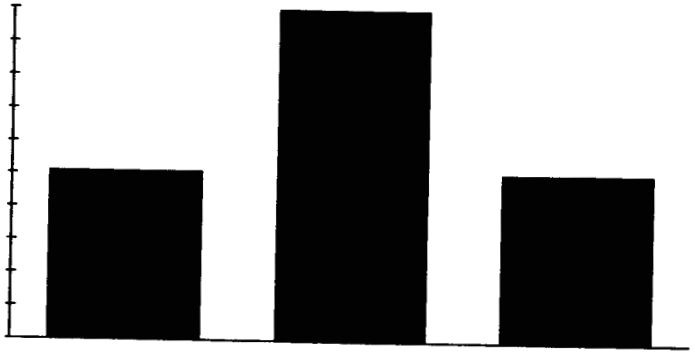
- Detailed review of data elements
- Scrutiny of allocation methodologies
- Reconciliations
- Assessment of cost classifications
- Comparability checks
- Development of cost accounting adjustments

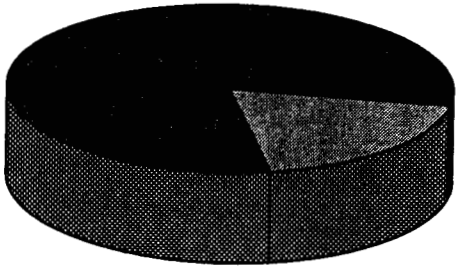
Once data viability was determined for all sites, the issue of comparability was addressed

- Assess cost recording and allocation processes across sites
  - apply tests of reasonableness
  - assess materiality
- Array data for financial analysis
  - Given cost account data as of 30 June 93
  - Adjust direct, indirect, G&A classifications
  - Apply standard method to allocate HQ and regional costs
  - Standardize allocation of indirect costs
  - Address inconsistent expense applications and manual adjustments to data
  - Review cost classification using unit cost mapping
  - Breakout comparable areas of work and cost

A wide variety of cost analysis and comparison techniques were employed in the evaluation of site data

- Total Cost Comparisons
- Cost Component Evaluations
- Peer-to-Peer Costs
- Burden Rate Comparisons
- Production Based Measures





The purpose of this management briefing is to present the results of KPMG Peat Marwick's DLA Distribution Depot Cost Data Analysis

1 **Task Overview**

2 **Methodology**

3 **Analysis**

4 **Findings**

Several key factors framed the scope of our analysis

- 6/30/93 data used as baseline
- Analyzed three depots
  - Susquehanna (Mechanicsburg and New Cumberland)
  - San Joaquin (Sharpe and Tracy)
  - Ogden
- Impacting our analysis through 6/30/93:
  - Central region was separated in the accounting structure; therefore, central region depots did not receive DDRE or DDRW allocations
  - Ogden did not receive allocations from DDRW

Regional allocation methodology was reviewed because of its importance to overall depot costs

- To determine the total cost of a depot, regional support costs must be allocated to the depots. These support functions included Command and staff, security, personnel, public works, etc., and varied among regions.

- In addition, other costs are recorded at the region-level which were allocated to the depots, e.g., depreciation, DLA-HQ costs, RPM reserve, and second destination transportation (SDT).

- We reviewed the regional allocation methodologies employed at DDRE, DDRW, and Ogden. Our discussion of the methodologies is presented as follows:
  1. Labor
  2. Non-labor
  3. DLA-HQ support
  4. RPM Reserve
  5. Depreciation
  6. Other

1. Regional labor allocation methodology

During our review, we found that each location employs different methods to allocate regional costs. The following is an overview of the methods:

DDRE

For each region staff organization, calculate the direct support provided to DDSP; the remainder is allocated to all depots based on headcount.

DDRW

Identify direct and indirect costs at region staff which are attributable to depots. Manually adjust depot unit cost spreadsheets to reflect directs and indirects (from region) as if they were recorded at the depot.

Next, analyze support that each region organization provides to each depot. Determine percentages for each organization to apply to each depot. These costs are recorded as G&A at the depot level.

OGDEN

For "sub-region" functions, allocate 94% to Ogden site, 3.5% to Hill, and 2.5% to Tooele based on growth in staffing when the sub-region was formed.

1. Regional labor allocation methodologies (cont.)

- KPMG reviewed the allocation methodologies employed at each location. For purposes of our analysis, **we then selected one method to apply to all locations.** We based our selection on the data available, reasonableness, and consistency. The method we selected most resembles the method used by DDRE.

- For each functional organization within the region staff, KPMG determined:
  - direct support provided to co-located depot (DDRE-DDSP; DDRW-DDJC; Ogden)
  - direct support provided to any other depots within the region
  - general support provided to entire region

- The following slide presents a summary of our analysis for each regional organization.

Organization	DDRE 6/30/93 Personnel	DDRE Support Directly to DDSP	DDRE Support to all Depots	DDRE Support to other Depots	DDRW 6/30/93 Personnel	DDRW Support Directly to DDJC	DDRW Support to all Depots	DDRW Support to other Depots	DDOU 6/30/93 Personnel	DDOU Support Directly to OG	DDOU Support to all 3 Depots
D - Commander	35	0%	100%	0%	17	0%	100%	0%	19	0%	100%
B - Public Safety	---	---	---	---	132	75%	25%	0%	---	---	---
G - Counsel	6	0%	100%	0%	9	0%	100%	0%	2	0%	100%
I - Security	65	80%	16%	4%	---	---	---	---	49	85%	15%
K - Personnel	62	54%	21%	25%	76	50%	50%	0%	38	40%	60%
M - Public Works	---	---	---	---	339	95%	5%	0%	---	---	---
P - Contracting	26	100%	0%	0%	41	50%	50%	0%	---	---	---
Q - Quality	18	0%	100%	0%	48	0%	100%	0%	---	---	---
R - Planning & Mgmt.	89	0%	100%	0%	88	0%	100%	0%	48	0%	100%
T - Distribution	50	0%	100%	0%	474	50%	50%	0%	---	---	---
W - Installation Svcs.	---	---	---	---	---	---	---	---	268	90%	10%
X - Administration	236	96%	4%	0%	---	---	---	---	---	---	---
Z - Telecom & Info.	145	93%	7%	0%	152	73%	10%	17%	---	---	---
Subtotal	732				1,376				424		
PWC - Public Works	375	100%	0%	0%							
Total	1,107										

- This analysis is based on information obtained from region management at each location

1. Regional labor allocation methodologies (cont.)

- The labor cost associated with direct support to a co-located depot is allocated to the depot (e.g., 100% of DDRE's Contracting labor is allocated by DDRE to DDSP).

- The labor cost associated with general support to all region depots is allocated to the depots based on **adjusted headcount**

  - Regional staff supports operations at each depot. Therefore, a consistent method for allocating the costs must be determined. KPMG chose headcount (e.g., DDSP headcount / all other DDRE depots, excluding region staff).

  - However, certain functions which directly support DDSP, DDJC, and DDOU are not located at the depot. Rather, these functions are located at the co-located region HQ. Additionally, organizational structures differ between sites. Thus, headcounts by depot-level functions are not directly comparable and require adjustments.

1. Regional labor allocation methodologies (cont.)

- To derive a reliable depot headcount on which to allocate regional costs, KPMG:
  - Determined the headcount attributable to regional functions which directly support their co-located depot (e.g. 80% of DDRE-I (Security) directly supports DDSP).
  - Added the regional staff headcount directly supporting the co-located depot to the depot headcount
- The following is a summary of our headcount analysis:

DDRE

Organization	Headcount	DDSP %	Headcount Attrib. to DDSP
I (Security)	65	80%	52
K (Personnel)	63	54%	34
P (Contracting)	26	100%	26
X (Administration)	236	96%	227
Z (Telecom & Info)	145	93%	135
			473
PWC (Public Works)	375	100%	375
			848

DDRW

Organization	Headcount	DDJC %	Headcount Attrib. to DDJC
B (Public Safety)	132	75%	99
K (Personnel)	76	50%	38
M (Public Works)	339	95%	322
P (Contracting)	41	50%	21
T (Distribution)	474	50%	237
Z (Telecom & Info)	152	73%	111
			828

DDOU

Organization	Headcount	Ogden Site %	Headcount Attrib. to Ogden Site
I (Security)	49	85%	42
K (Personnel)	38	40%	15
W (Installation Svcs.)	268	90%	241
			298

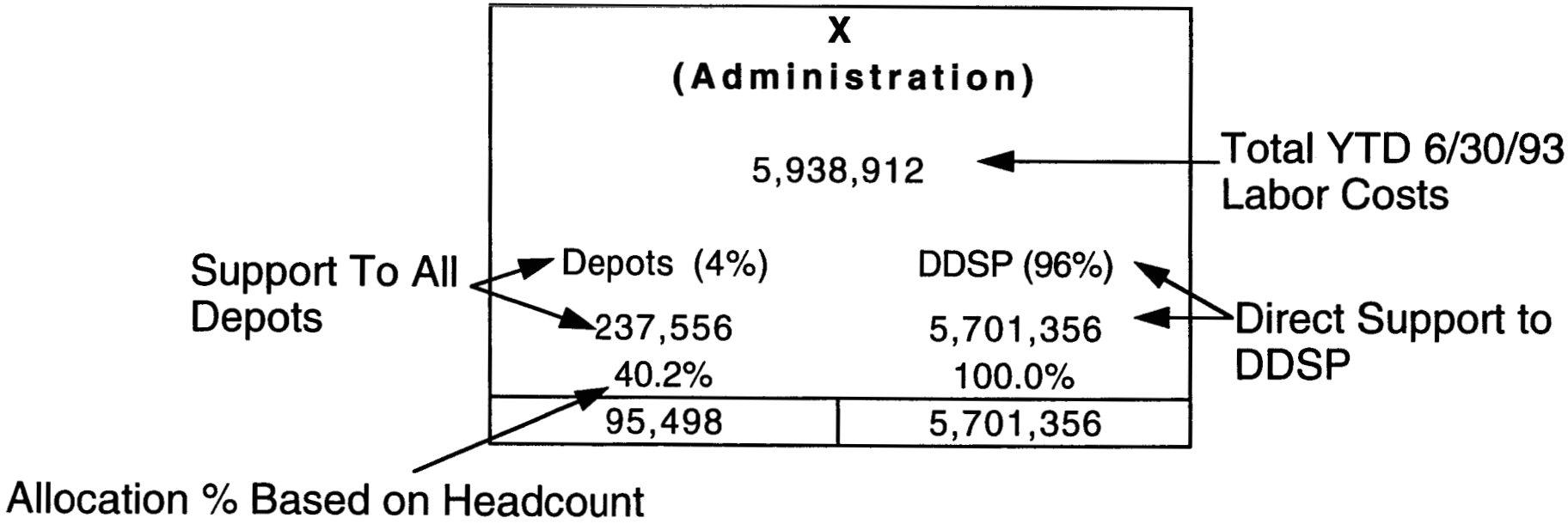
1. Regional labor allocation methodologies (cont.)

- Based on our headcount analyses, we determined allocation percentages as follows:

	DDSP	DDJC	DDOU
Depot Headcount	2,131	1,420	1,036
Regional Headcount attributable to the depot	848	828	298
Adjusted Depot Headcount	2,979	2,248	1,334
Total Region Headcount (excluding region staff)	7,418	8,317	2,322
Percentage	40.2%	27.1%	57.5%

1. Regional labor allocation methodologies (cont.)

- For each regional organization, we determined the appropriate allocation based on direct support and headcount. For example, DDRE-X (Administration) was allocated as follows:



1. Regional labor allocation methodologies (cont.)

- After all labor costs were determined for the depot, we established the overall percentage of regional labor allocated to the depot
  - The overall rate combines direct support (allocated 100%) and general support (allocated via headcount)
  - KPMG determined the following overall labor allocation percentages

$\frac{\text{DDSP}}{\text{DDRE}} = 74.1\%$	$\frac{\text{DDJC}}{\text{DDRW}} = 70.4\%$	$\frac{\text{DDOU (Ogden Site)}}{\text{DDOU (Sub-Region)}} = 85.7\%$

- These percentages were used as the basis to allocate appropriate non-labor costs

2. The regional non-labor allocation was the second methodology reviewed

- To allocate non-labor regional costs to the depots KPMG first isolated the costs to allocate, as appropriate, then multiplied these costs by the overall labor allocation percentage already determined

- Included in regional costs are certain items which KPMG allocated separately or did not allocate at all. These costs were deducted from non-labor costs to allocate.
  - DLA-HQ support, RPM reserve, and Depreciation, all of which were allocated separately.
  - Second Destination Transportation (SDT) costs which were not allocated to the depot as regional G&A. Rather, SDT was recorded at the depot as a direct cost.
  - Non-expense items: capital equipment and minor construction obligations which are not expenses and were, therefore, not allocated
  - Reimbursements from tenants: where the region HQ acts as host, costs incurred for tenant services were not allocated. Note: DDRW provided tenant reimbursement information on 12/20/93. These costs were <u>not</u> deducted from DDRW costs, but are considered immaterial.
  - Others: Asbestos settlement at DDRE costs were not allocated; SPCC-ISA cost at Mechanicsburg were allocated 100% to DDSP.

3. We reviewed the regional DLA-HQ support cost allocation methodologies

- DLA-HQ and other supporting entities (such as DASC, DACO, DOSO, etc.) incur costs in support of DLA operations

- DLA-HQ obtains the projected annual cost estimates for these activities. DLA-HQ then determines how much to allocate to DLA's primary activities
  - In 1993 this allocation was based on manpower strength of the field organizations.
  - For 1993, Distribution (MMD) received approximately 40% of these costs

- DLA-HQ allocates to the regions based on their respective workloads

- DDRE, DDRW and Ogden Sub-Region use the budgeted amount as their expense

3. DLA-HQ support cost allocation methodology (cont.)

- Each region employs a unique methodology to allocate DLA-HQ costs to the depots. The following summarizes the methodologies employed:

DDRE	DDRW	OGDEN
Total region DLA-HQ support cost is obtained from AOB. Allocate budgeted DLA-HQ support costs to depots based on headcount.	Total region DLA-HQ support cost is obtained from AOB. Allocate budgeted DLA-HQ support costs to depots based on $1.54 per line item as specified in latest budget.	Total DLA-HQ support cost for Ogden, Hill, and Tooele is obtained from AOB. DLA-HQ support costs are allocated to Ogden, Hill, and Tooele at 60%, 25%, and 15%, respectively.

3. DLA-HQ support cost allocation methodology (cont.)

- At DDRW and DDOU, applying the regions' allocation methodologies to the DLA-HQ amounts in the Annual Operating Budgets (AOB's) does not result in the balances reported in the unit cost models. KPMG did not analyze this anomaly.

- DLA-HQ periodically adjusts regions' AOB's during the year. Each region's budgeted DLA-HQ support costs can change significantly from budget to budget. For example, Ogden sub-region's budget amount changed $3.2 million from its first budget to its third. Such a change significantly affects depot costs.

3. DLA-HQ support cost allocation methodology (cont.)

- For our analysis, KPMG allocated the **final** AOB DLA-HQ support costs to the depots based on adjusted headcount. The following is a summary of KPMG's allocations:

	DDSP	DDJC	DDOU
Total Region/ Sub-Region per AOB.4. AOB.2, AOB.3, respectively	32,181	20,622	8,262
Adjusted HQ %	40.2%	27.1%	57.5%
Subtotal	12,937	5,589	4,750
YTD 6/30/93 (75%)	75%	75%	75%
Total	9,703	4,191	3,563

4. Real property maintenance (RPM) reserve

- DLA establishes a reserve for repairs/maintenance to real property costing in excess of $15,000 but less than $300,000. A reserve is established and recorded equally throughout the year to avoid trends or spikes in unit costs caused by varying timing of RPM spending.

- KPMG noted two issues relating to the RPM reserve:

  — Allocation of the RPM reserve

  — Accounting treatment of the RPM reserve

4. RPM reserve allocation

- KPMG reviewed the allocation methodology from DLA-HQ to the regions and from the regions to the depots
- At DLA-HQ, the total FY93 reserve amount was derived based on historical data, adjusted to reflect the addition of new depots. The total was allocated to the East and West regions by DLA Headquarters.
- DDRE, DDRW and Ogden all use the RPM Reserve in the AOB as the basis for the expense. However, the regions allocate to the depots differently. The following is a summary of the methodologies employed:

DDRE	DDRW	OGDEN
Total region RPM Reserve is obtained from AOB. Allocate budgeted RPM Reserve to depots based on headcount.	Total region RPM Reserve is obtained from AOB. Allocate budgeted RPM Reserve to depots based on Attainable Cubic Feet (ACF) of storage space.	Total RPM Reserve for Ogden, Hill, and Tooele is obtained from AOB. RPM Reserve is allocated to Ogden, Hill, and Tooele at 70%, 21%, and 9%, respectively.

4. RPM reserve allocation (cont.)

- Based on our review of the methodologies employed, KPMG chose to allocate RPM reserve based on depot net attainable cubic feet (ACF) of storage space. This methodology most resembles DDRW's methodology, although we disagreed with the result of their process. KPMG used 6/30/93 DD Form 805 data for the basis of our analysis.

- KPMG determined ACF percentages by dividing depot ACF by total ACF in the region.

- The following is a summary of the ACF% calculated (in 000's):

DDSP / DDRE	DDJC / DDRW	DDOU (Site) / DDOU (Total)
$\frac{70,755}{244,789} = 32.2\%$	$\frac{67,231}{308,566} = 21.8\%$	$\frac{40,741}{76,721} = 53.1\%$

4. RPM reserve allocation (cont.)

- The following is the calculation of depot-level RPM Reserve and a comparison of each region's calculation to KPMG's result:

	DDSP	DDJC	DDOU
Total Region (Sub-Region) per AOB.4, AOB.2, and AOB.3, respectively (in 000's)	$23,272	$13,279	$5,974
ACF%	32.2%	21.8%	53.1%
Subtotal	7,494	2,895	3,172
YTD 6/30/93	75.0%	75.0%	75.0%
Total per KPMG	5,620	2,171	2,379
Total per Unit Cost Spreadsheets	$5,668	$4,840	$3,289

4. RPM reserve accounting

- Under generally accepted accounting principles (GAAP), the costs of any repair/preservation activity which extends the useful life of an asset should be capitalized as an asset
  - The RPM Reserve is for RPM projects costing >$15,000. Any repair project which costs >$15,000 should be reviewed to determine whether or not the useful life of the asset is extended.
  - DLA currently records the RPM Reserve as an expense which impacts Unit Cost. However, the work performed could potentially be capitalized and not recorded as an expense.
  - When actual project costs are recorded as an expense, it is thus double counted.

5. KPMG also reviewed the regional depreciation allocation methodologies

- The cost of an asset is one of the costs of the services it renders during its useful economic life. GAAP requires that this cost be spread over the expected useful life of the asset in such a way as to allocate it as equitably as possible to the periods during which services are obtained from the use of the asset. This procedure is known as **depreciation accounting**, a system of accounting that aims to distribute the cost or the basic value of tangible assets in a systematic and rational manner. [ARB43, ch9C, ¶5].

- A large complex commercial organization will calculate depreciation for each separate busines unit. For example, General Motors would evaluate the Pontiac division's operation vis a vis the Chevrolet division, including depreciation in the operating results for each division. Likewise, Pontiac would record depreciation at each of its separate locations individually.

5. Depreciation (cont.)

- When examining costs of a depot, the actual depreciation incurred on the assets for a particular depot should be included in the costs **of that depot**.
  - Depots with new and expensive buildings and equipment will cost more than a depot with older buildings/equipment
  - To evaluate the return on investment in assets, DLA should charge the cost of the assets (i.e., record depreciation) against revenues generated by the assets

- *However*
  - To ensure the unit cost incurred at a depot with significant depreciable assets is competitive, the depot must operate at the capacity planned for the building(s) / equipment
  - If such a depot cannot generate competitive unit costs due to depreciation, DLA management should make some type of change, for example:
    - » Improve efficiency
    - » Increase throughput
    - » Dispose of the building

5. Depreciation (cont.)

- Currently, DDRE and Ogden generate depreciation as follows:
  - Approximately two years ago, DLA-HQ surveyed the depots for depreciable asset data
  - Using this data, DLA-HQ generated budgeted depreciation
  - DDRE and Ogden used the budgeted depreciation as the basis to allocate to the depots

- DDRW calculated depreciation using listings of depreciable assets at each site. However, since the listings are incomplete (buildings are not listed) and out of date, management adds an estimate to the calculation.

5. Depreciation (cont.)

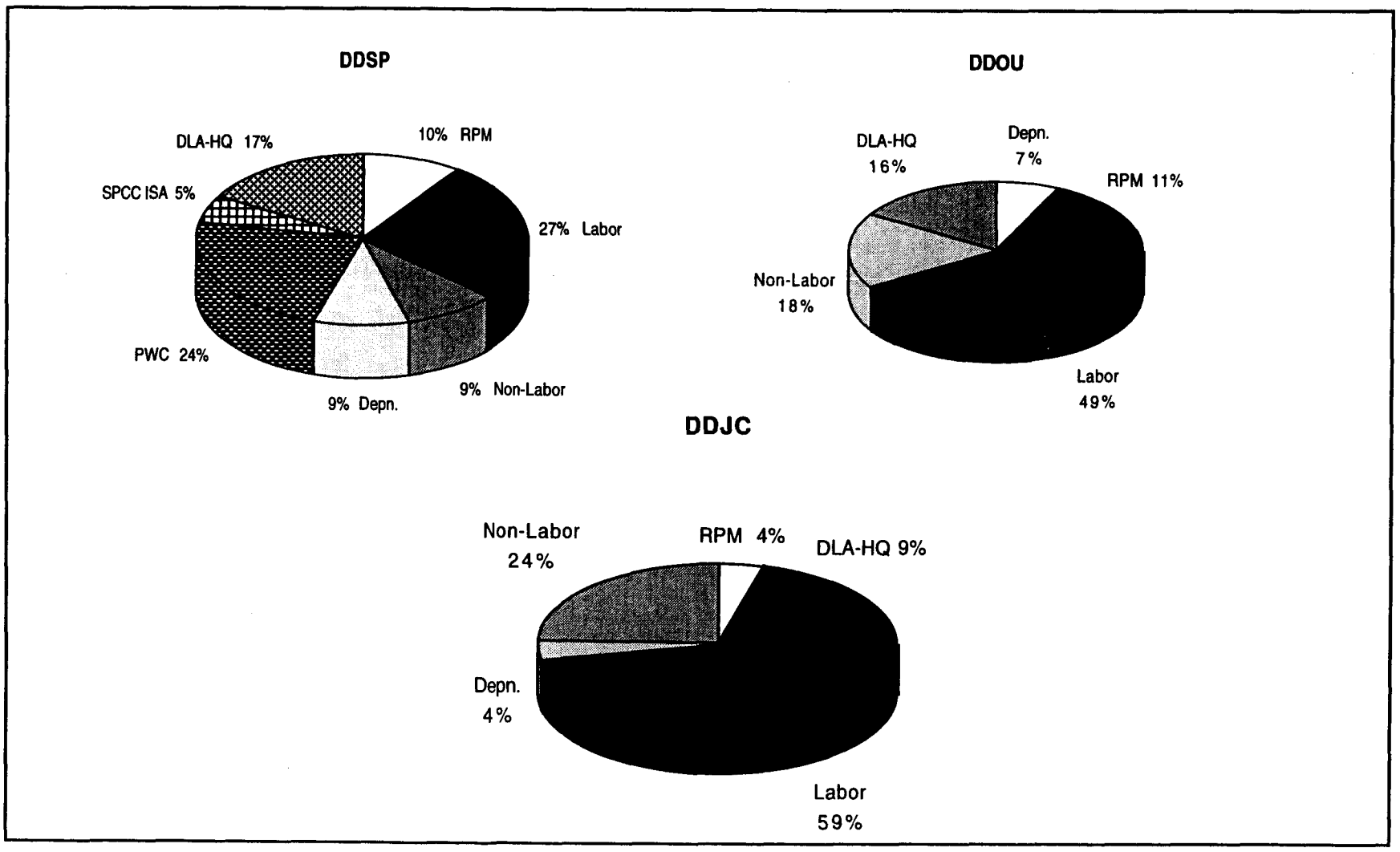
- Based on our observations, the financial data reviewed did not support a calculation of depreciation at each depot
- KPMG, therefore, did not develop a method to calculate depreciation, nor did KPMG apply a consistent allocation method across the depots
- Because KPMG could not support any depreciation amount, we used the amounts recorded in the Unit Cost Spreadsheets at each depot

6. Other regional allocation information

- The Public Works Center (PWC) supporting DDSP reports to DDRE Region Staff, not the depot. Through 6/30/93, the PWC acted as a separate function, accumulating its' costs under an activity identifier different from DDRE Region Staff. That is, PWC accumulated its costs in a separate RCS48 Report and they were included in our analysis.

- To allocate its costs, DDRW Region Staff identifies costs incurred at Region Staff which directly support depot functions. In the depot unit cost spreadsheets, DDRW manually adjusts depot data to include the direct Region costs. Thus, certain region costs are allocated to the depots as direct and indirect costs rather than as G&A. For our analysis, KPMG allocated all DDRW region staff costs as G&A at DDJC for consistency with DDSP and DDOU.

The following depicts the cost components of the regional costs that KPMG allocated to the depots:



KPMG conducted an in-depth review of depot level cost data

- As a result of our analysis we noted:
  - Differences between KPMG's cost data and the methodology presented in the Unit Cost Spreadsheets (UCS)
  - Differences in manual adjustments made to Expense Report (RCS 48) cost data

Differences between KPMG and the Unit Cost Spreadsheets

- Cost account codes 341 and 342, Transportation and Traffic Management.
  - –The UCS classifies these accounts as direct Bulk Issue costs. KPMG classifies them as indirect costs of the depot because these cost support more than just bulk issue.
  - –Our method lowers the unit cost for bulk issue and raises the unit cost for all other cost objectives.
  - –These accounts are as follows:
    - » DDSP = $3,311,000
    - » DDJC = 339,000
    - » DDOU = 1,635,000

Differences between KPMG and the Unit Cost Spreadsheets (cont.)

- DDJC, cost account code 334, CCP Operations
  - The UCS lists this account as a direct bulk issue. KPMG classifies it as direct CCP operations.
  - This account balance is $72,000.

Differences between KPMG and the Unit Cost Spreadsheets (cont.)

- Account codes 311.02 and 311.05, Depot Consolidation and Arbitrary Award, respectively, are classified on the UCS as direct costs. KPMG included them in the indirect cost pool.
  - These items, although not comparable between sites, support the operation of the depot, and therefore should be allocated as indirects.
  - This reclassification increases the indirect cost pool, thereby raising the unit cost of all of the cost objectives.
  - These accounts at each site are as follows:
    - » DDSP = $642,000
    - » DDJC = 0
    - » DDOU = 0
  - KPMG noted that Ogden included account 311.02, containing $120,000 in the indirect cost pool. This treatment is not consistent with the UCS mapping, and therefore differs from DDSP's and DDJC's methodology.

Differences between KPMG and the Unit Cost Spreadsheets (cont.)

- Capital Budgeted Items and Real Property Maintenance
  - The UCS separates these items and does not allocate indirect or G&A costs to them. KPMG removed these items from the analysis completely since the items are not expenses of the depot, but are obligations or disbursements for capital items.
  - The net effect lowers the total cost of each depot but has no effect on the unit cost calculation. The reduction to total cost is as follows:
    - » DDSP = $6,035,000
    - » DDJC = 7,188,000
    - » DDOU = 3,090,000

Differences between KPMG and the Unit Cost Spreadsheets (cont.)

- Account codes 315.05 and 922.05, Defense Career Acquisition Enhancement Training Program:
  - The UCS lists these items as direct costs. KPMG determined the costs to be indirect (315.05) and general and administrative (922.05) since the training program supports the mission of the depot and is not a separate cost objective.
  - The net effect is zero since none of the depots had any costs charged to these accounts during the period under review

Manual adjustments to Expense Report (RCS 48) cost data

- At all sites the following must be allocated from the region level:

  - RPM Reserve
  - Depreciation
  - Corporate Overhead
  - Second Destination Transportation (DDOU records SDT at Ogden site for entire sub-region)

- KPMG removed the non-expense items, Capital Budget Items and Real Property Maintenance, from each site.

- DDJC and DDOU allocate region/sub-region costs to the depots/sites as direct, indirect, and general and administrative costs. KPMG included these costs in the Corporate Overhead adjustment (i.e., only as general and administrative).

- Depot adjustments reflect KPMG's attempt to reconcile the UCS to the RCS 48 cost data.

Summary of DDSP Manual Adjustments ($000s)

	DDSP Adjustments	KPMG Adjustments
RPM Reserve		
Depreciation	$5,668	$5,620
Corporate Overhead	5,412	5,412
Second Destination Transportation	50,372	47,718
Bin Issue (Asbestos settlement posting error)	12,103	12,103
General and Administrative Costs	491	491
Double Posting of Cost Account Code #984.20	9	9
Capital Budget and Real Property Maintenance	513	
		(6,036)
	$74,568	$65,317
% of Total (Top Line) Reported Cost	35%	

DDJC Manual Adjustments ($000s)

	DDJC Adjustments	KPMG Adjustments
RPM Reserve	$4,840	$2,171
Depreciation	2,150	2,150
Corporate Overhead	5,437	44,685
General and Administrative Costs	27,742	
Direct Costs	8,108	
Second Destination Transportation	6,542	6,542
Indirect Costs	6,750	
Capital Budget and Real Property Maintenance	5,820	(1,368)
	$67,389	$54,180

% of Total (Top Line) Reported Cost 51%

DDOU Manual Adjustments ($000s)

	DDOU Adjustments	KPMG Adjustments
RPM Reserve	$3,289	$2,379
Depreciation	143	143
Corporate Overhead	4,014	18,404
General and Administrative Costs	16,853	
Second Destination Transportation	(5,200)	(5,200)
Direct Costs	647	
Indirect Costs	128	
Capital Budget and Real Property Maintenance	2,921	(169)
	$22,795	$15,557

% of Total (Top Line) Reported Cost 34%

The purpose of this management briefing is to present the results of KPMG Peat Marwick's DLA Distribution Depot Cost Data Analysis

1 **Task Overview**

2 **Methodology**

3 **Analysis**

4 **Findings**

Discussion of the Findings is organized as follows:

- Data Comparability
- Key Measures
  - General indicators
  - Comparable indicators
  - Other indicators
- Cost Account Structure Usage
- Systems Perspective
- Site and Region Observations

Data Comparability: Our analysis revealed that bin, bulk, and hazardous receipts and issues were comparable missions within the depots analyzed

- Originally, depot personnel suggested that within these categories there are items whose handling characteristics are much different than typical mission stock. These items were originally thought to adversely affect unit cost comparability. These hard to handle items include:

  - Steel
  - Tires
  - Helicopter Blades
  - Concertina and Barbed Wire
  - Rope, Cable, and Wire
  - Tank Tracks
  - Pipe
  - Aluminum Airplane Skins
  - Lumber

Data Comparability (cont.)

- We investigated the possibility of isolating the hard-to-handle items. These items would have the following estimated unit cost in aggregate:

	DDJC	DDOU
Estimated fully absorbed cost	$3,080,000	$740,000
Estimated Work Counts	101,223	33,351
	$30.43	$22.19

- DDSP was unable to provide us with an estimate of the costs of their hard to handle items.

Data Comparability (cont.)

- Excluding these costs from the calculation of unit cost for other mission stock would show the following:

	DDJC		DDOU	
Mission Total Costs	$96,500,000		$40,450,000	
Less: Costs of Other Comparables	3,080,000	93,420,000	740,000	39,710,000
Total Mission Work Counts	3,530,198		1,988,352	
Less: Work Counts of Other Comparables	101,223	3,428,975	33,351	1,955,001
Revised Unit Cost		$27.24		$20.31
Total Mission Unit Cost		$27.34		$20.34
Difference		**$00.10**		**$00.03**

- We determined that the impact of hard-to-handle items was negligible in terms of comparability, hence these items were included as part of the comparable depot missions

Data Comparability (Cont.)

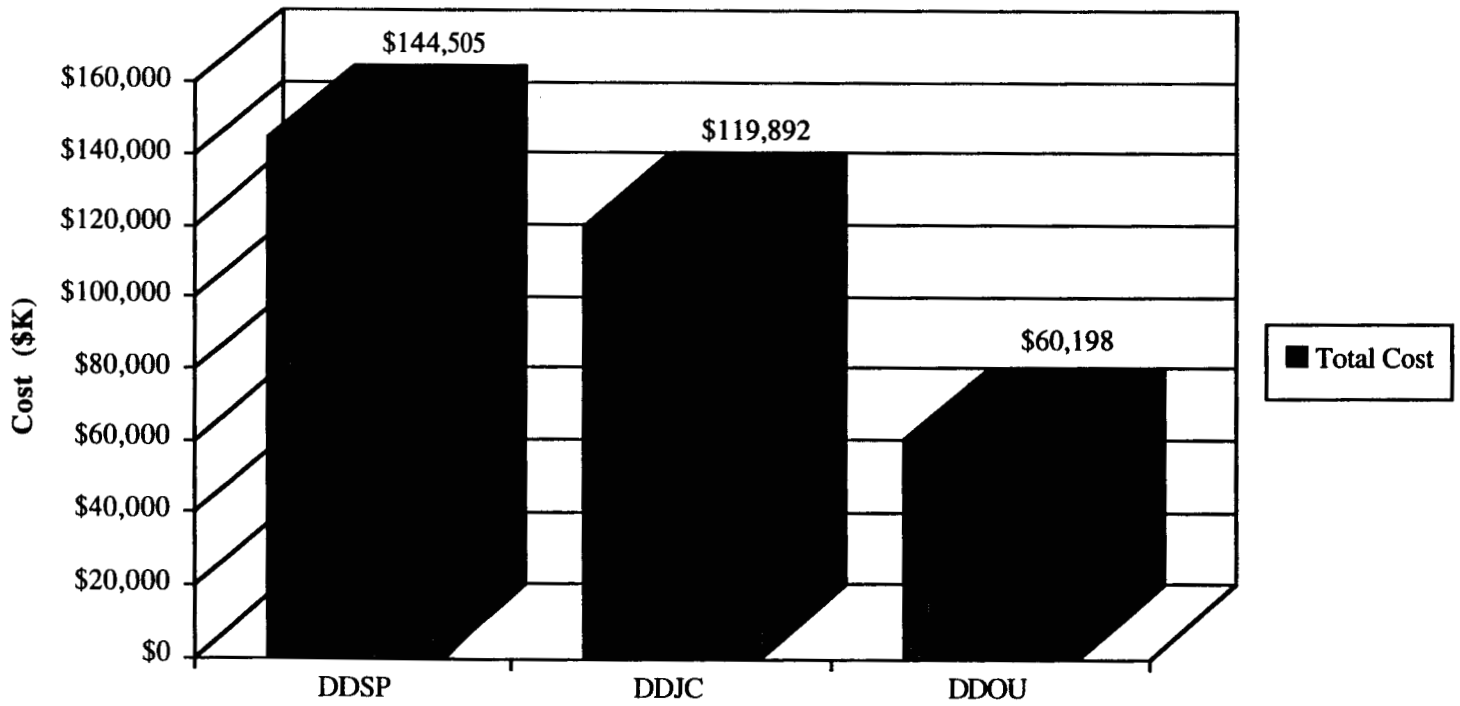
- Given the adjustments made by KPMG for the depots analyzed, the following categories are comparable:
  - Bin issue
  - Bin receipt
  - Bulk issue
  - Bulk receipt
  - Hazardous issue
  - Hazardous receipt
- Two costs were not considered directly comparable:
  - Second Destination Transportation
  - Reimbursable work

Comparisons of depots can be made by looking at indicators which can be grouped into three categories

- Comparable general indicators including:
  - Total direct costs per employee
  - Total G&A as a percentage of direct
  - Total indirect as a percentage of direct
- Comparable mission indicators including:
  - Unit Cost by category (i.e. Bin, Bulk, Hazardous)
  - Direct Cost per line
  - Workload by category
- Other comparable indicators including:
  - Headcount analysis

Information that follows reflects adjustments by KPMG unless otherwise noted

General Indicators: The "box," total depot cost, includes mission, reimbursables, and SDT



The total "box" as of 6/30/93

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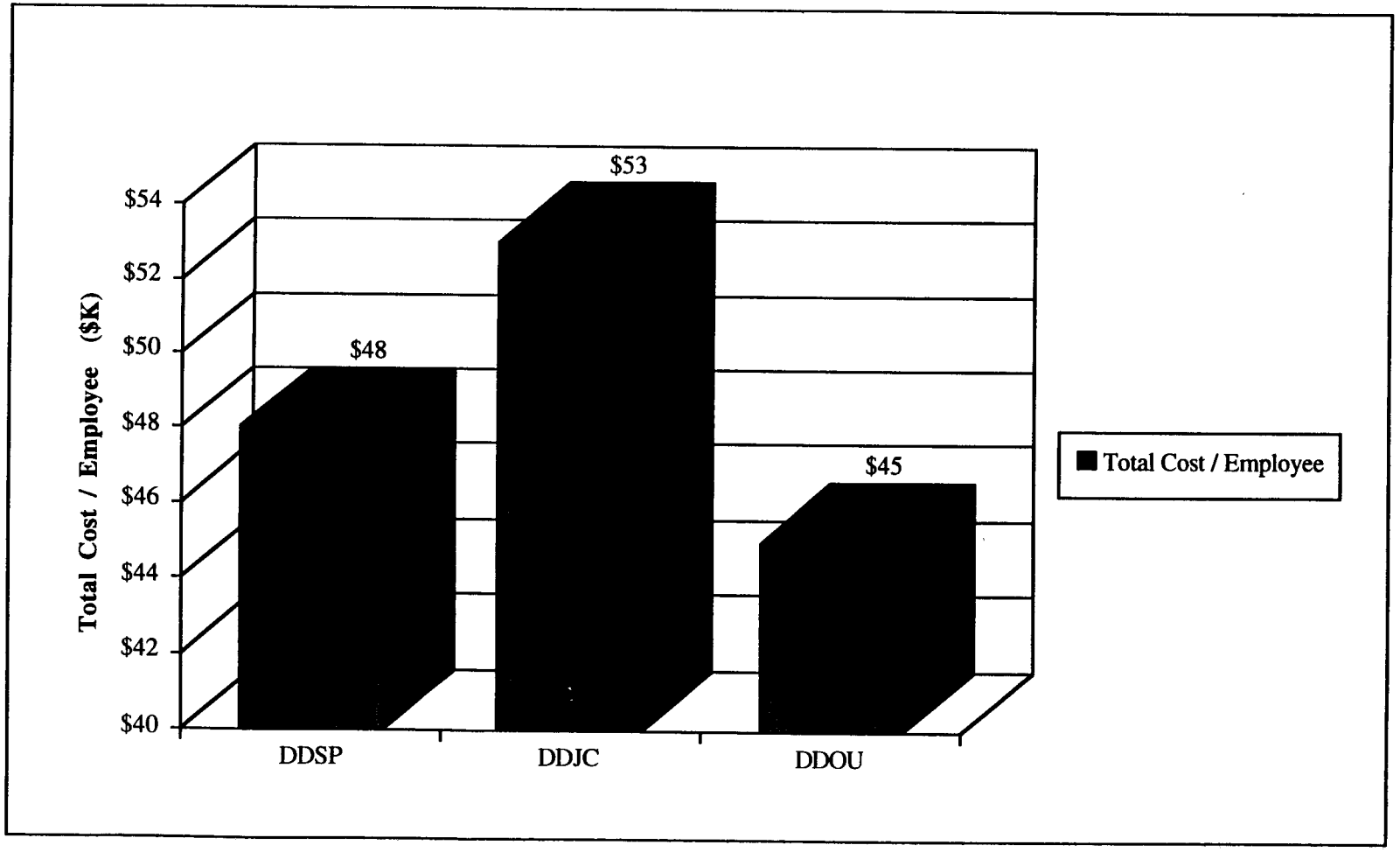
Total depot cost (mission, reimbursables, SDT), per employee



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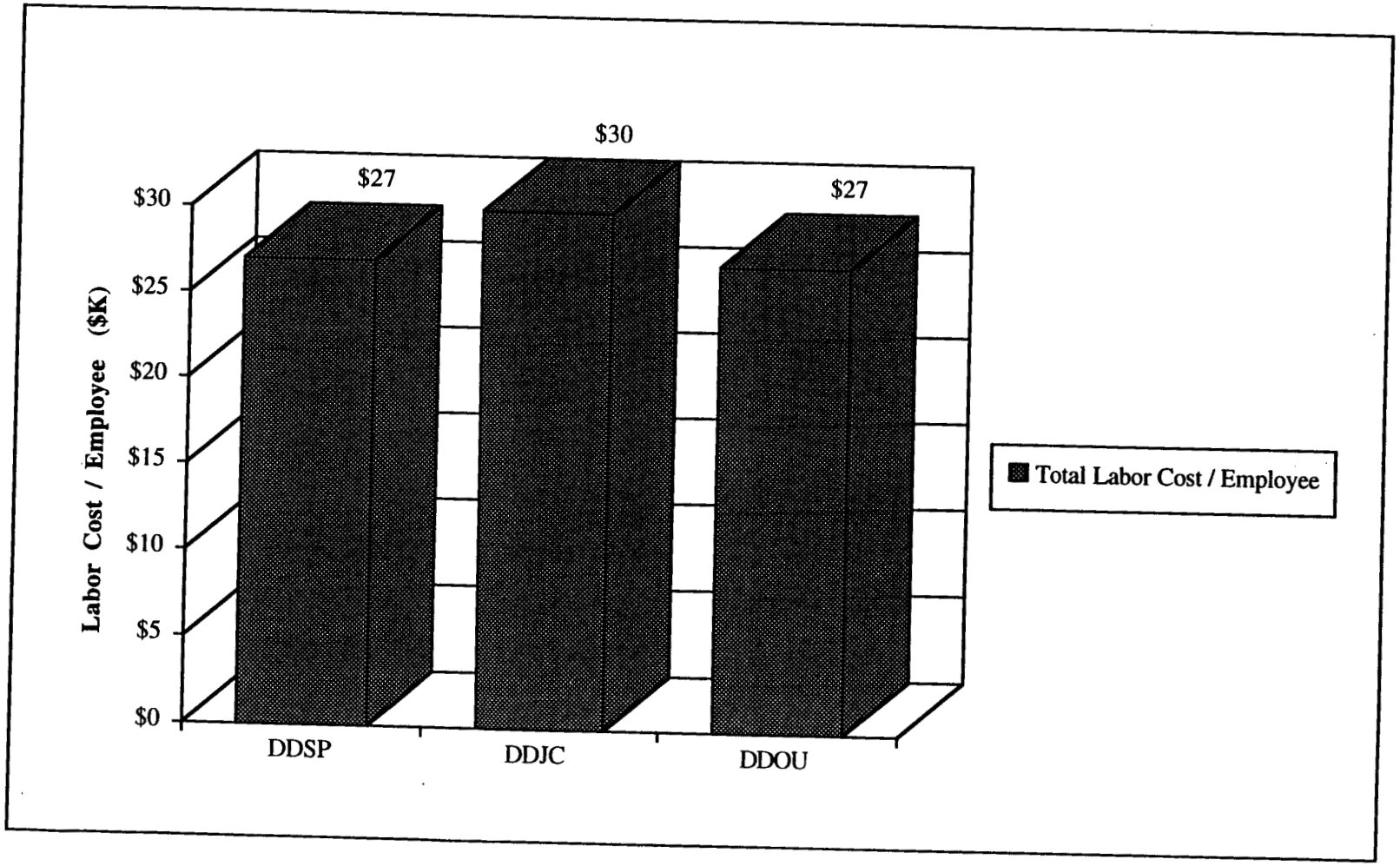
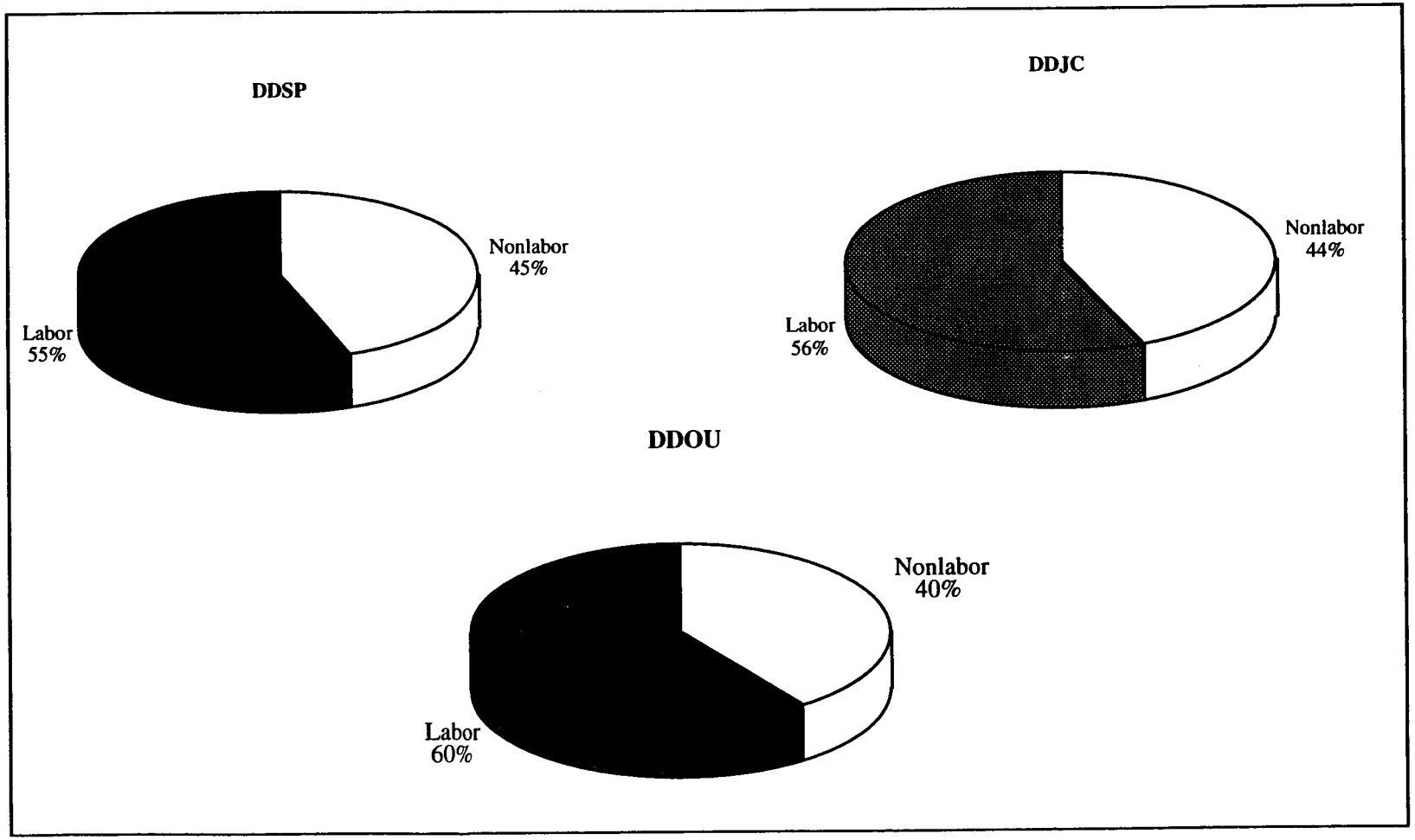
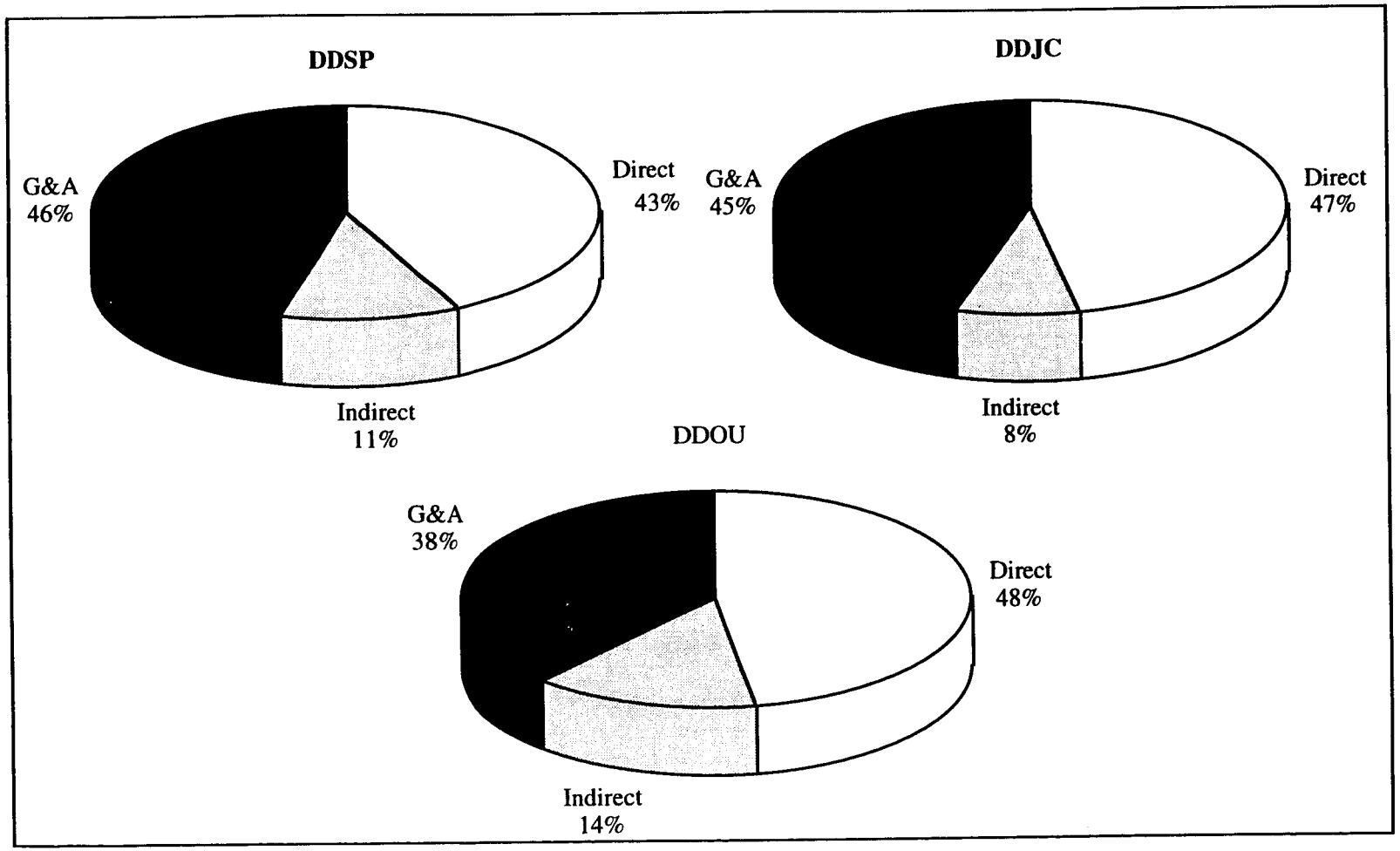
Total labor cost (including regional labor allocation), per employee



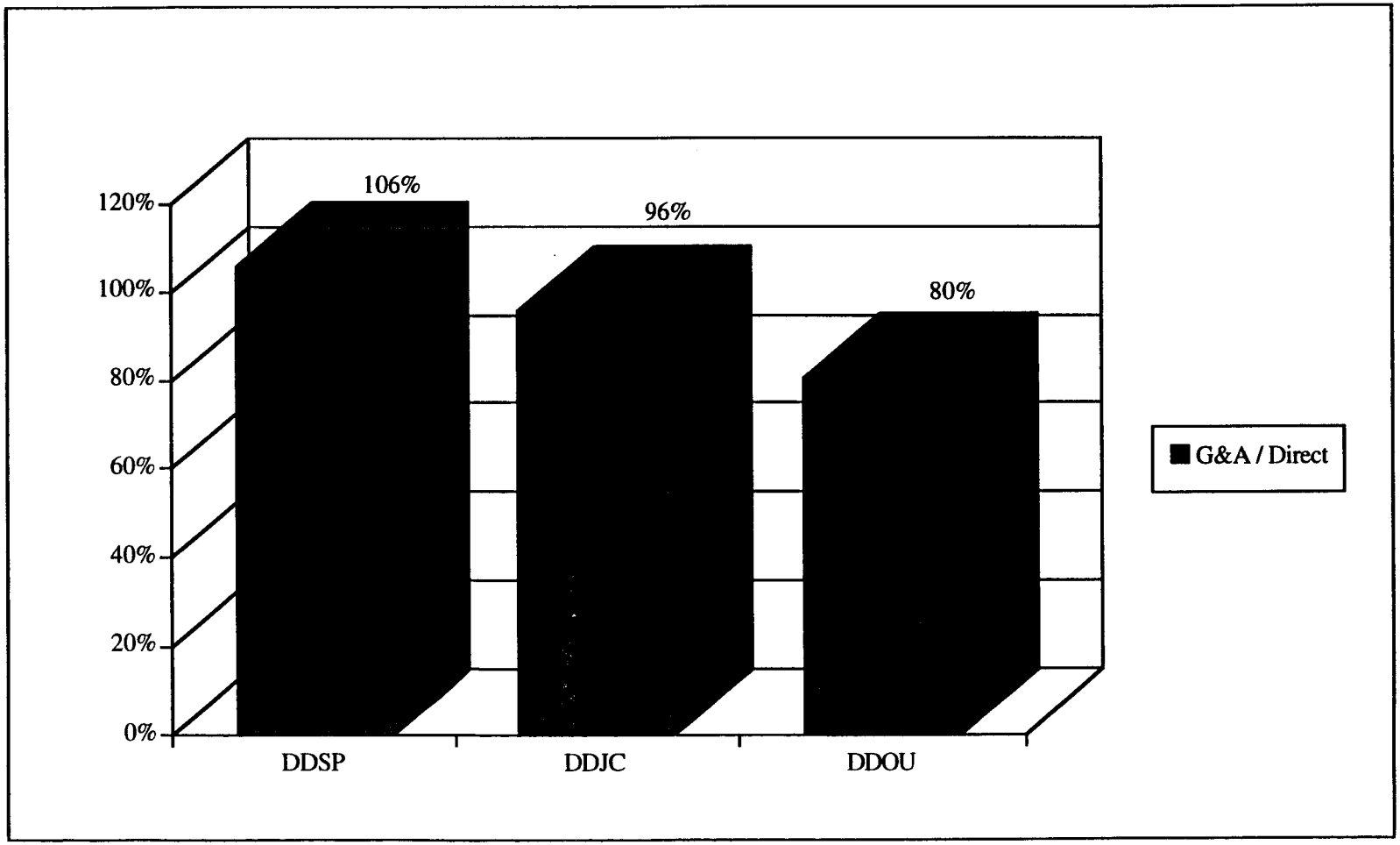
The following depicts the labor and non-labor components of total depot costs



General & Administrative (G&A) costs account for a large percentage of the total depot cost



G&A as a percentage of direct cost



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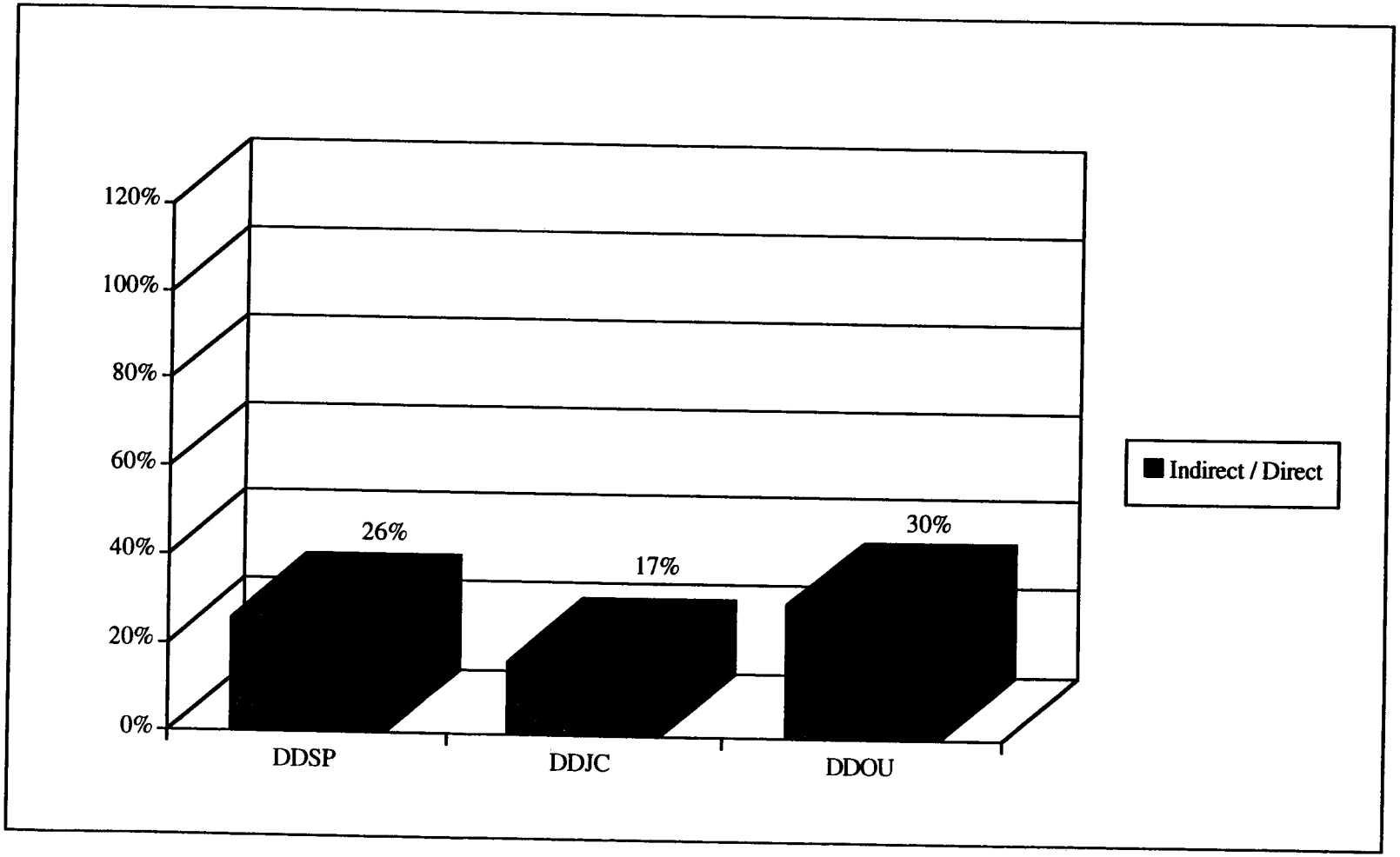
Indirect as a percentage of direct cost



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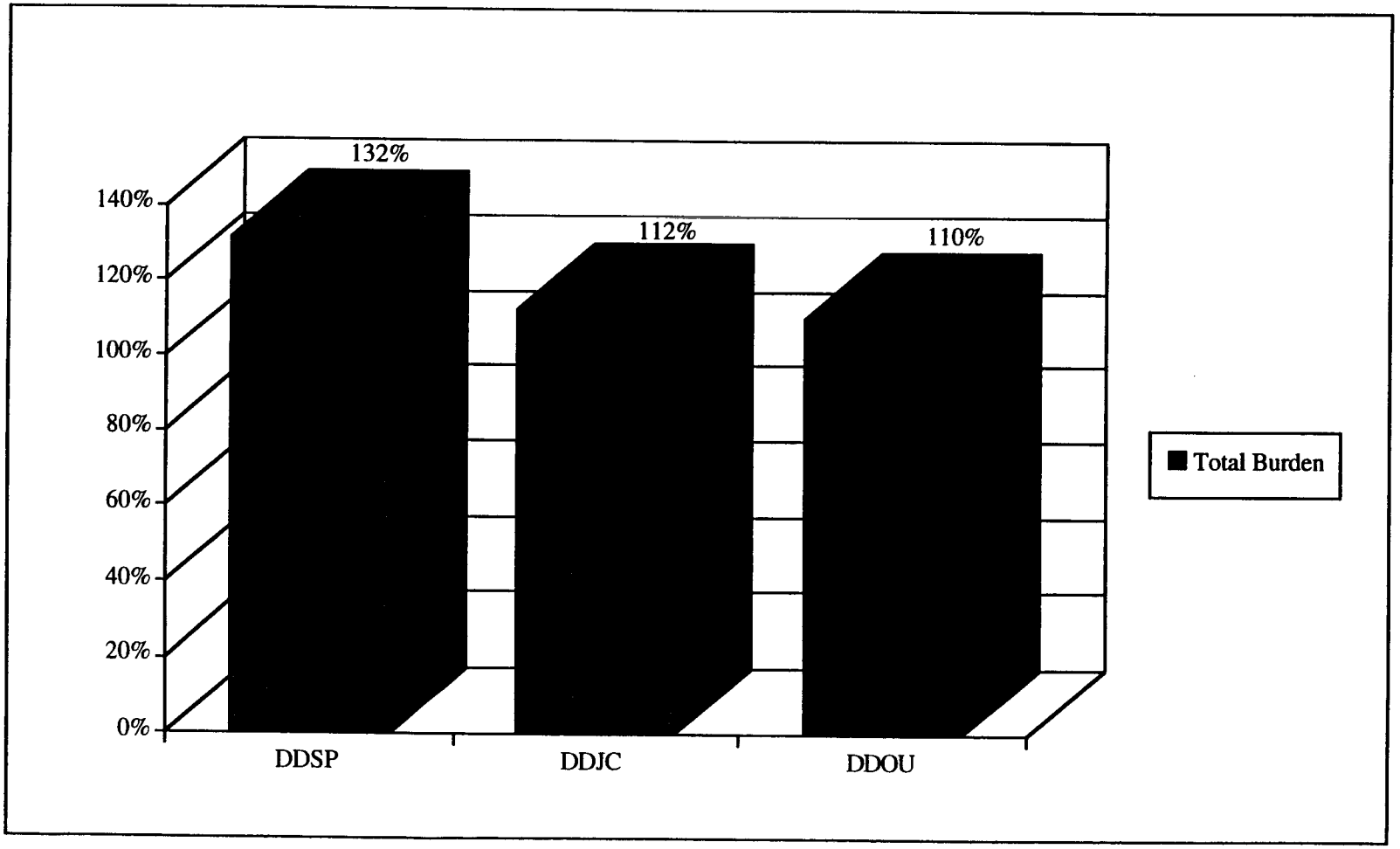
Total Burden as a percentage of direct cost



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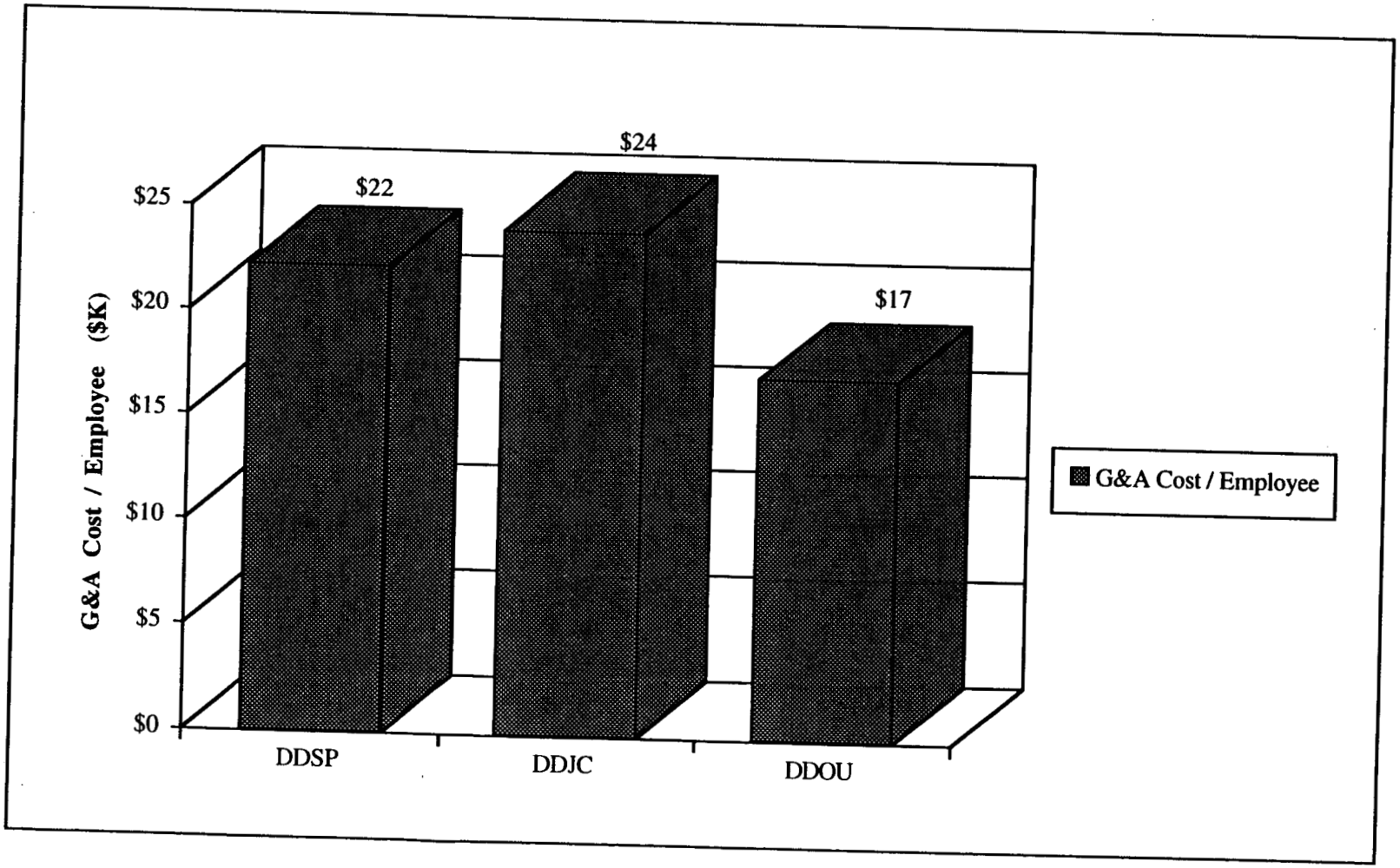
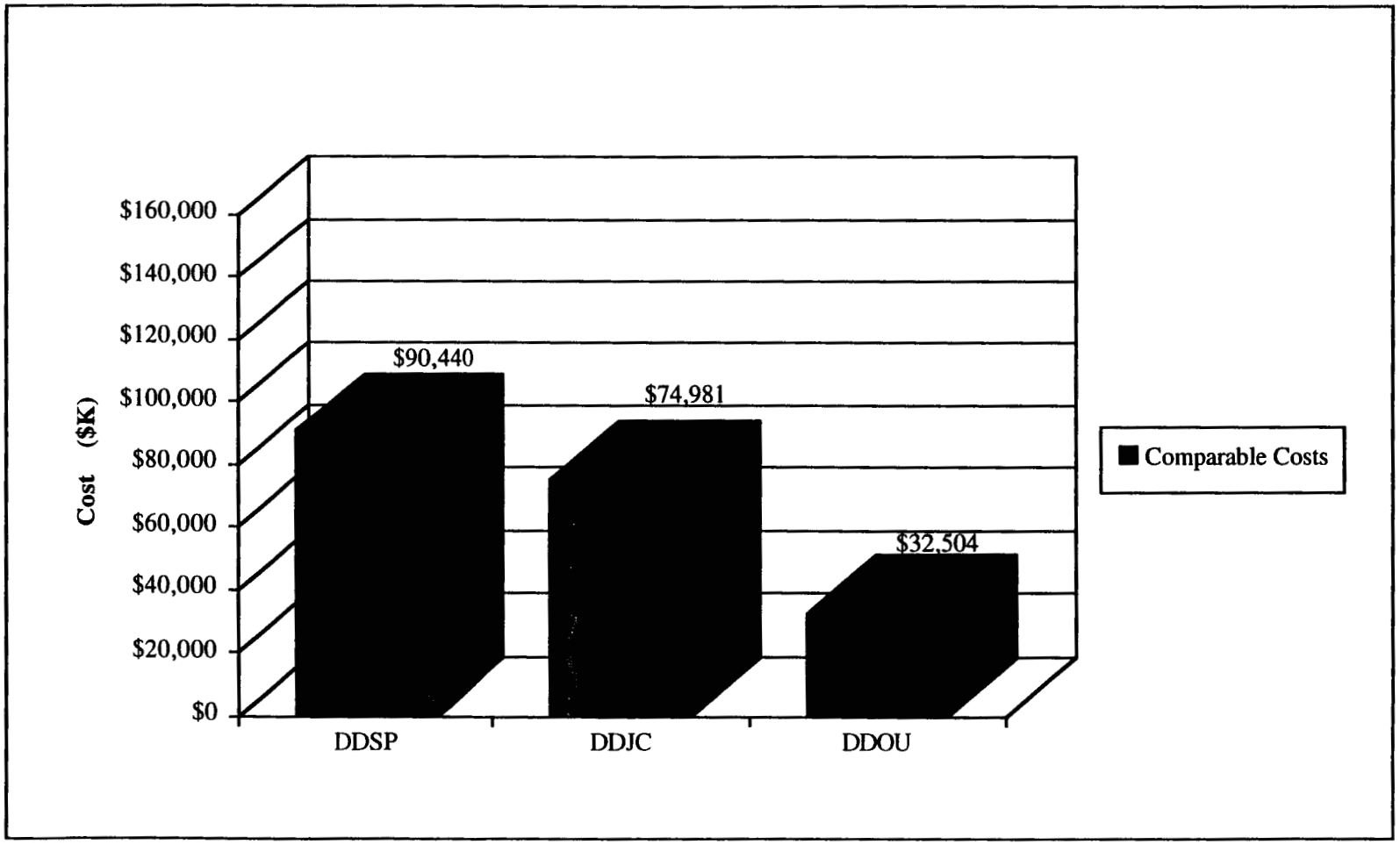
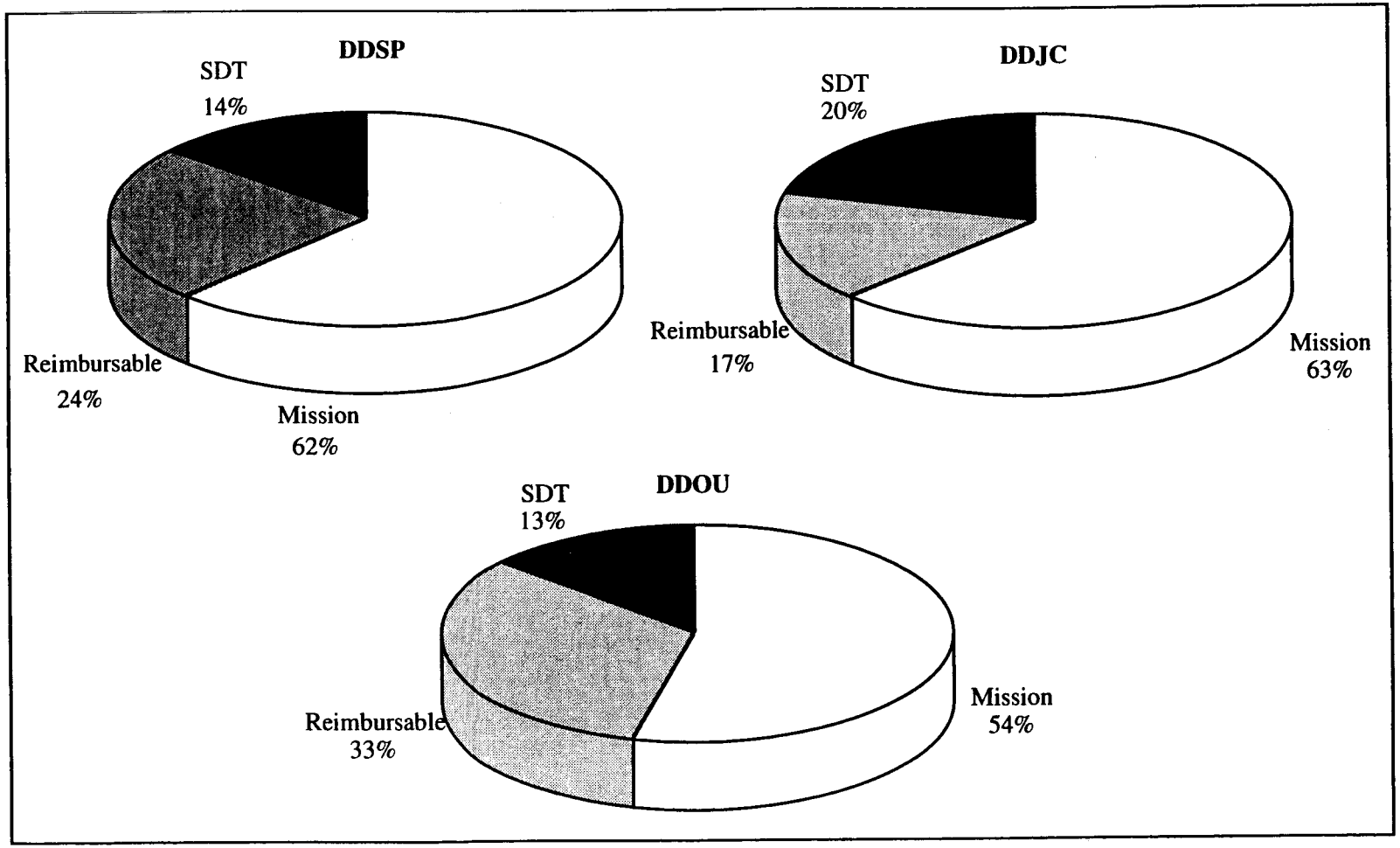
G&A (labor and nonlabor) cost per employee



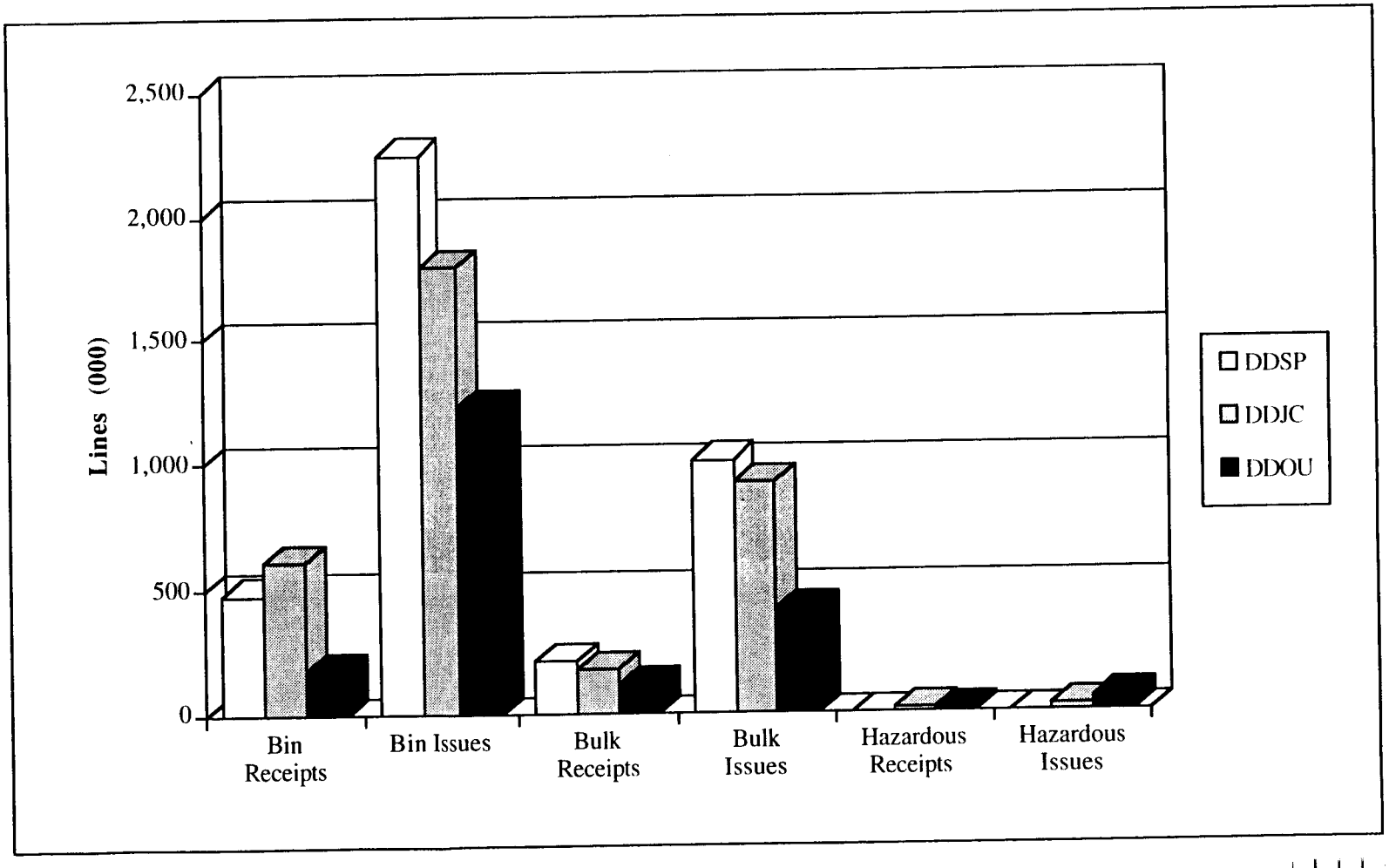
Mission Indicators (excluding SDT): After extracting the non-comparable costs from the "box" and applying adjustments, comparable costs include bin, bulk, and hazardous



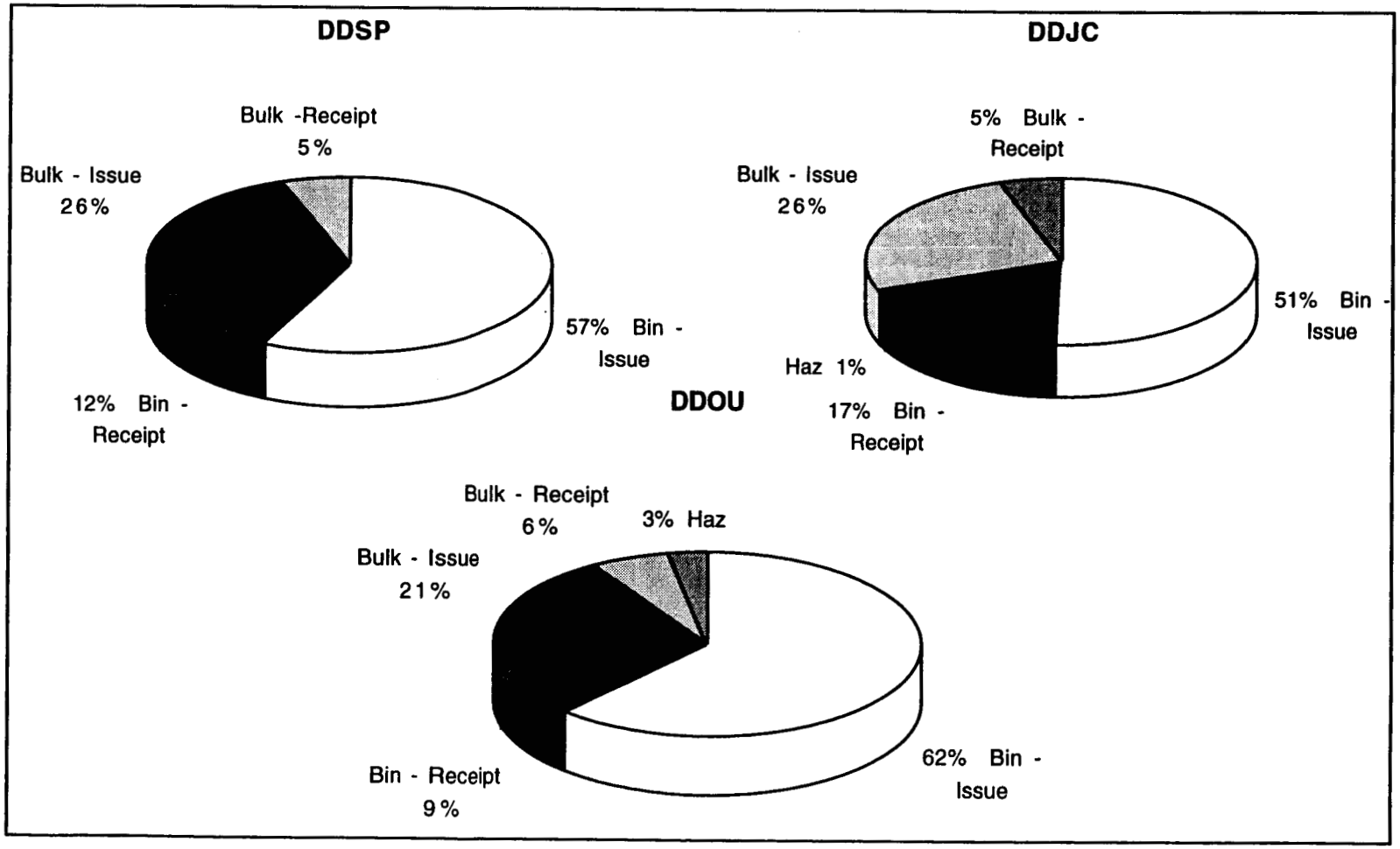
Comparable costs (bin, bulk, hazardous receipts and issues) account for the majority of the total depot cost



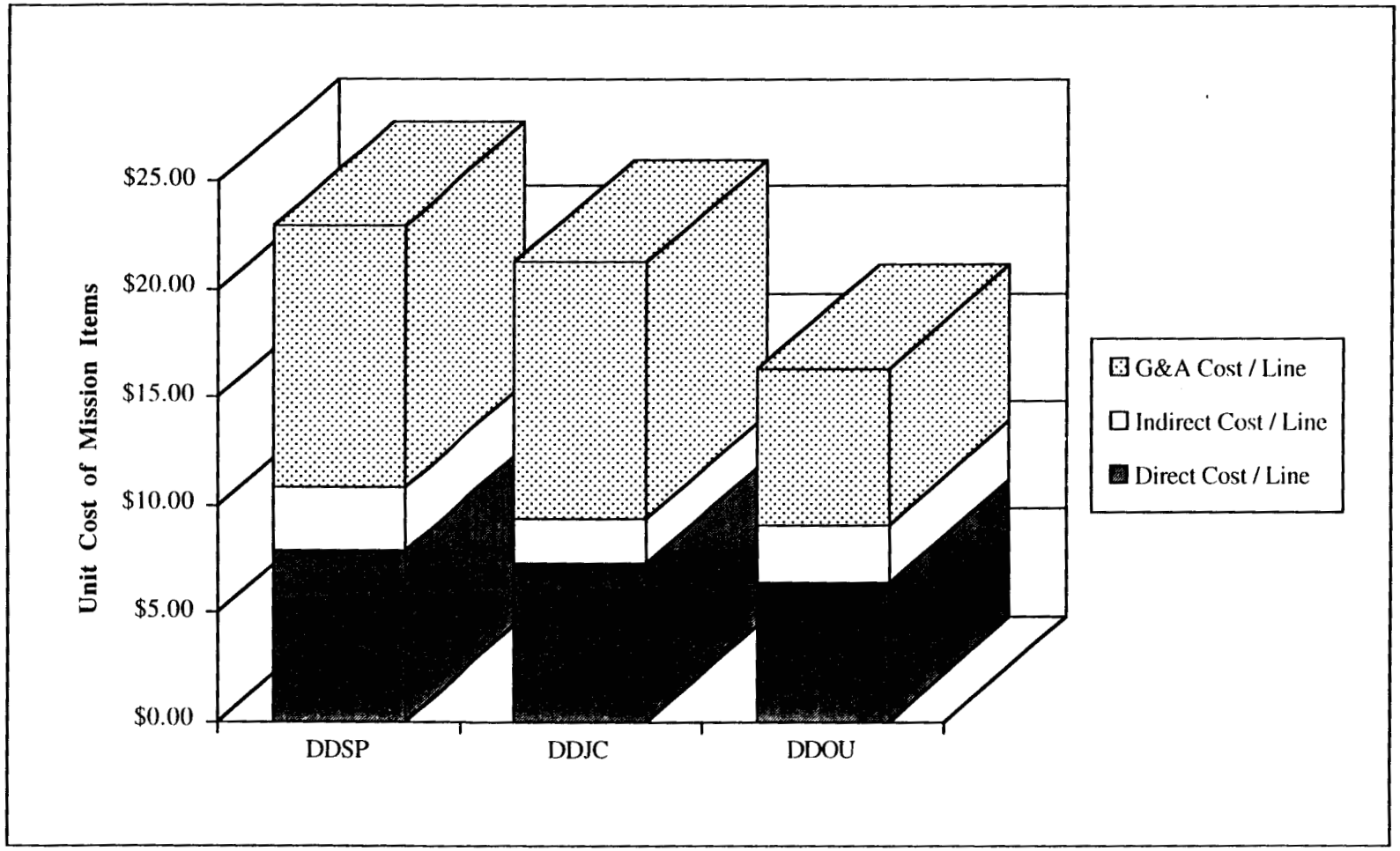
Workload (line count) at Susquehanna, San Joaquin, and Ogden
Note: Analysis based on line count may not accurately reflect differences in handling characteristics for a unit cost comparison



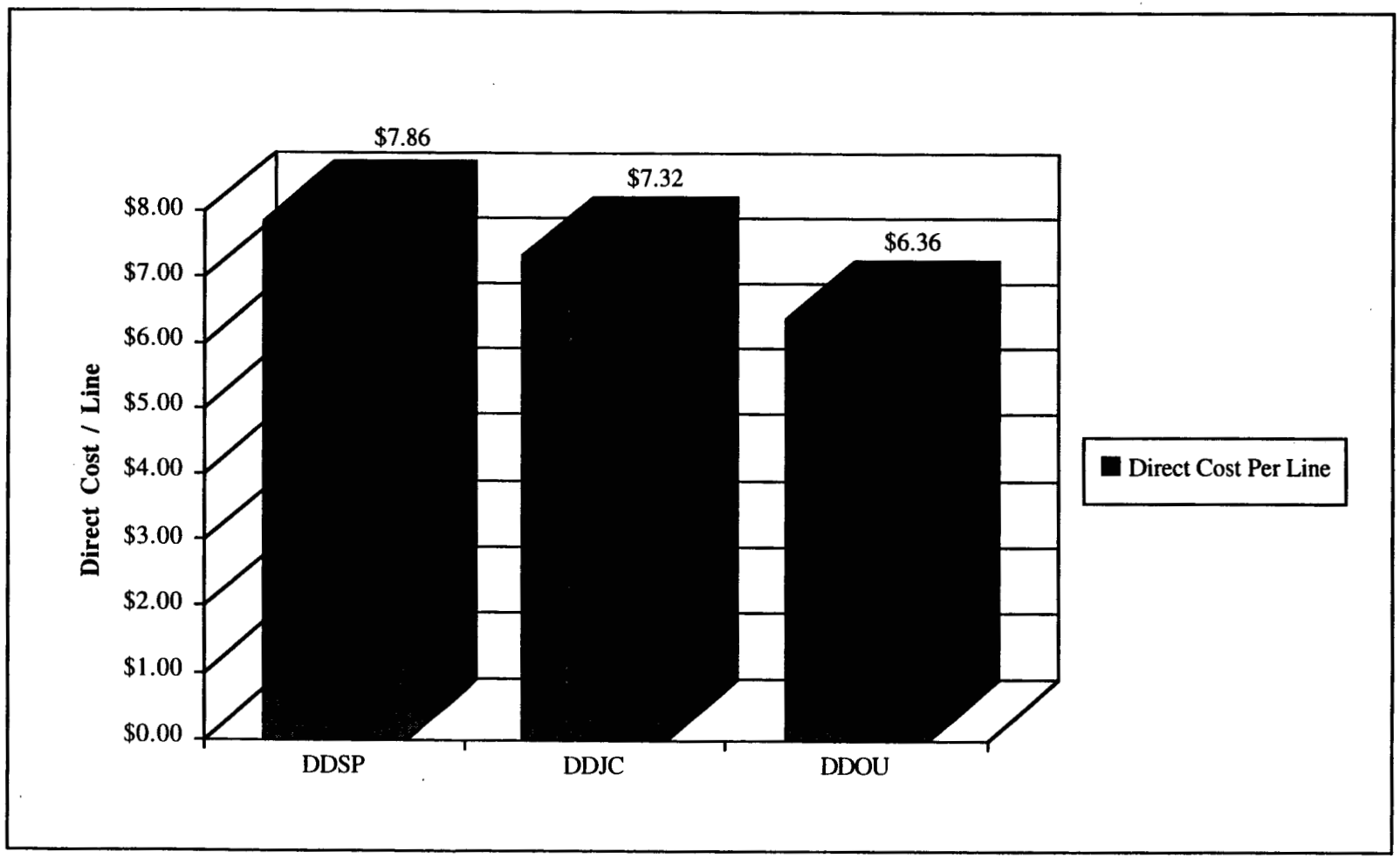
The following depicts the components of comparable work count:



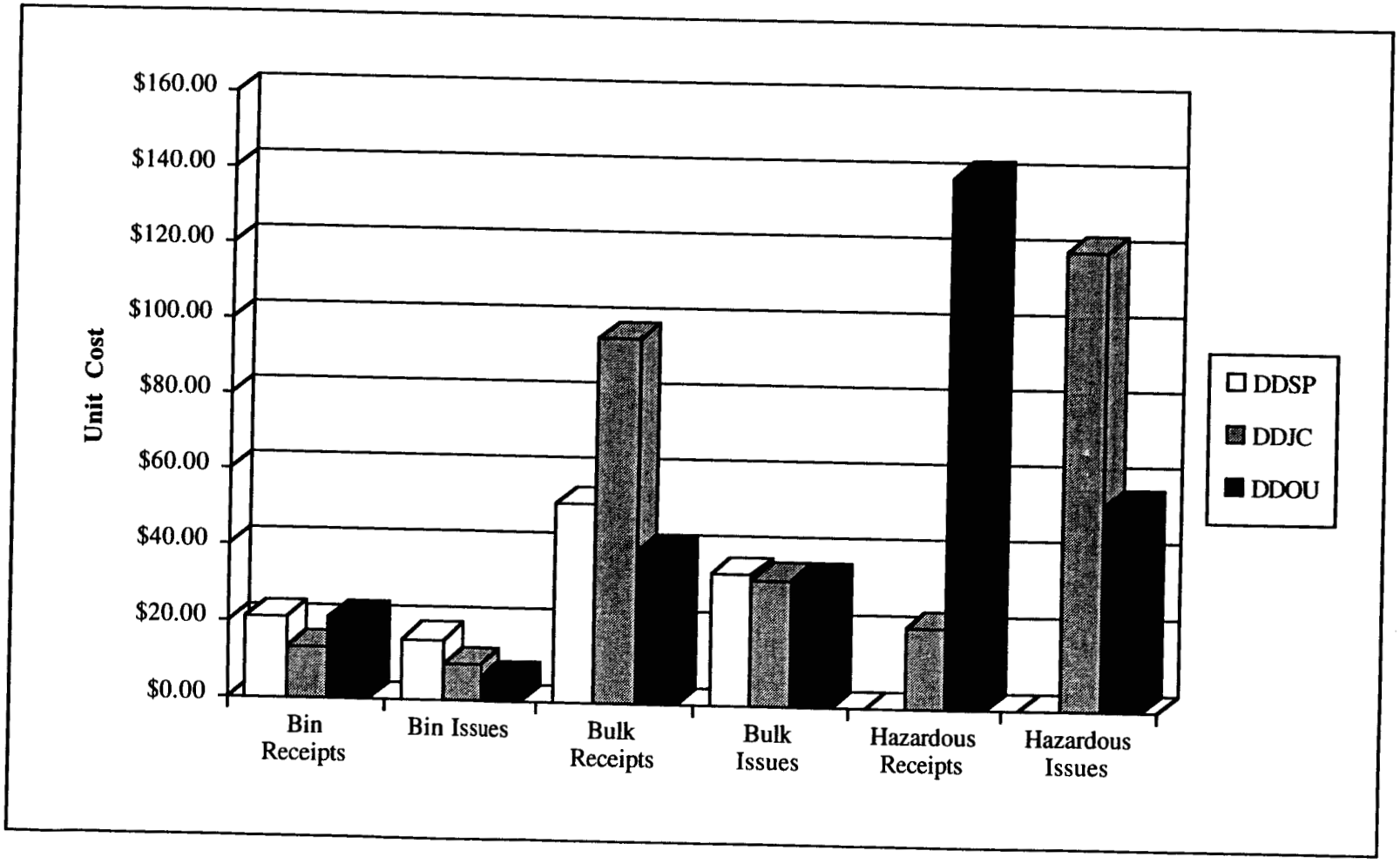
Unit cost (excluding SDT) of bin, bulk, hazardous (Note: Analysis based on line count for this and other depictions may not accurately reflect differences in handling characteristics for a unit cost comparison)



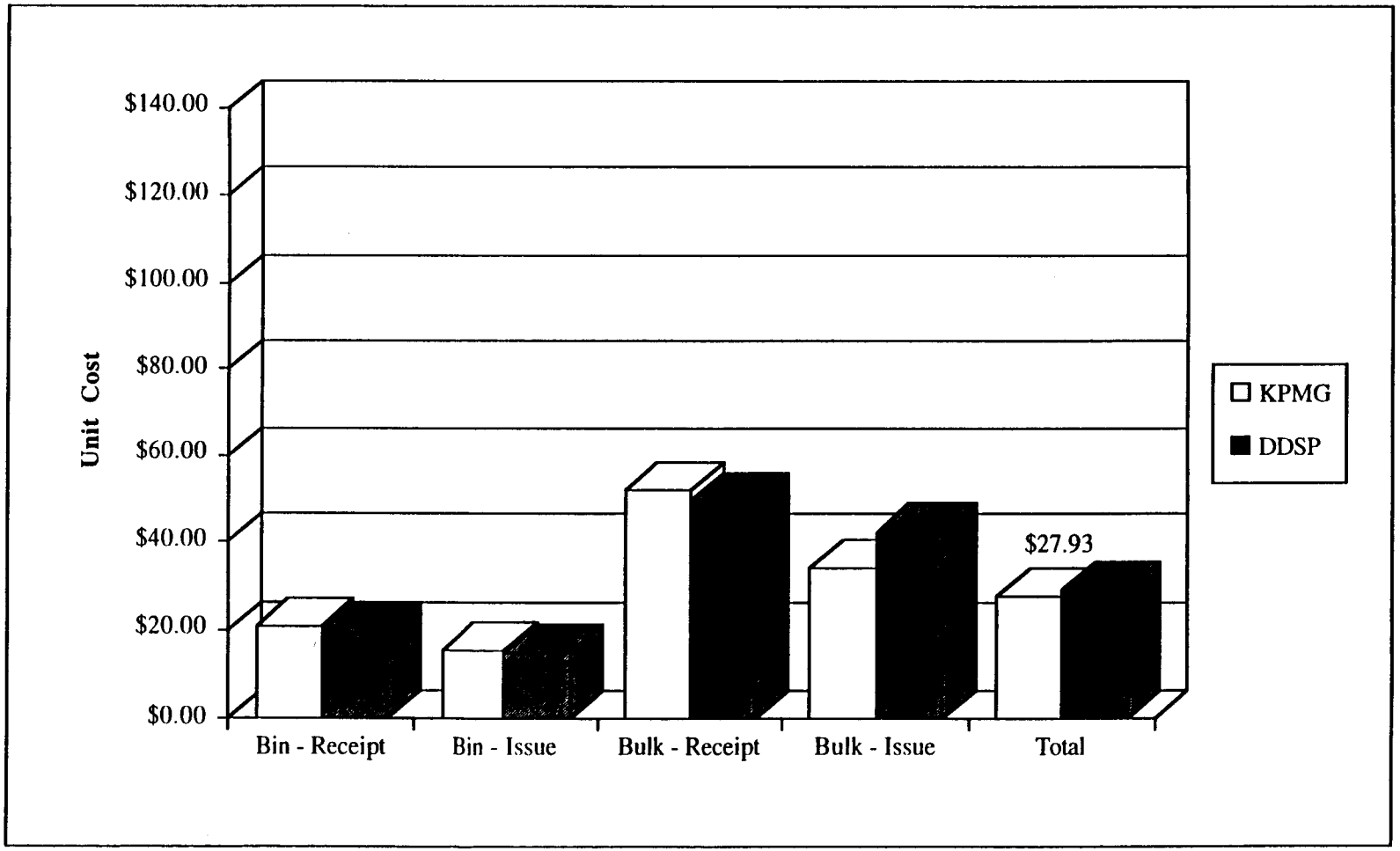
The **direct** cost of a line item for bin, bulk, and hazardous is depicted below for each of the depots visited



Total comparable unit cost of receipts and issues at the three sites varied significantly



Comparison of KPMG calculated unit cost versus DDSP's (total includes SDT)



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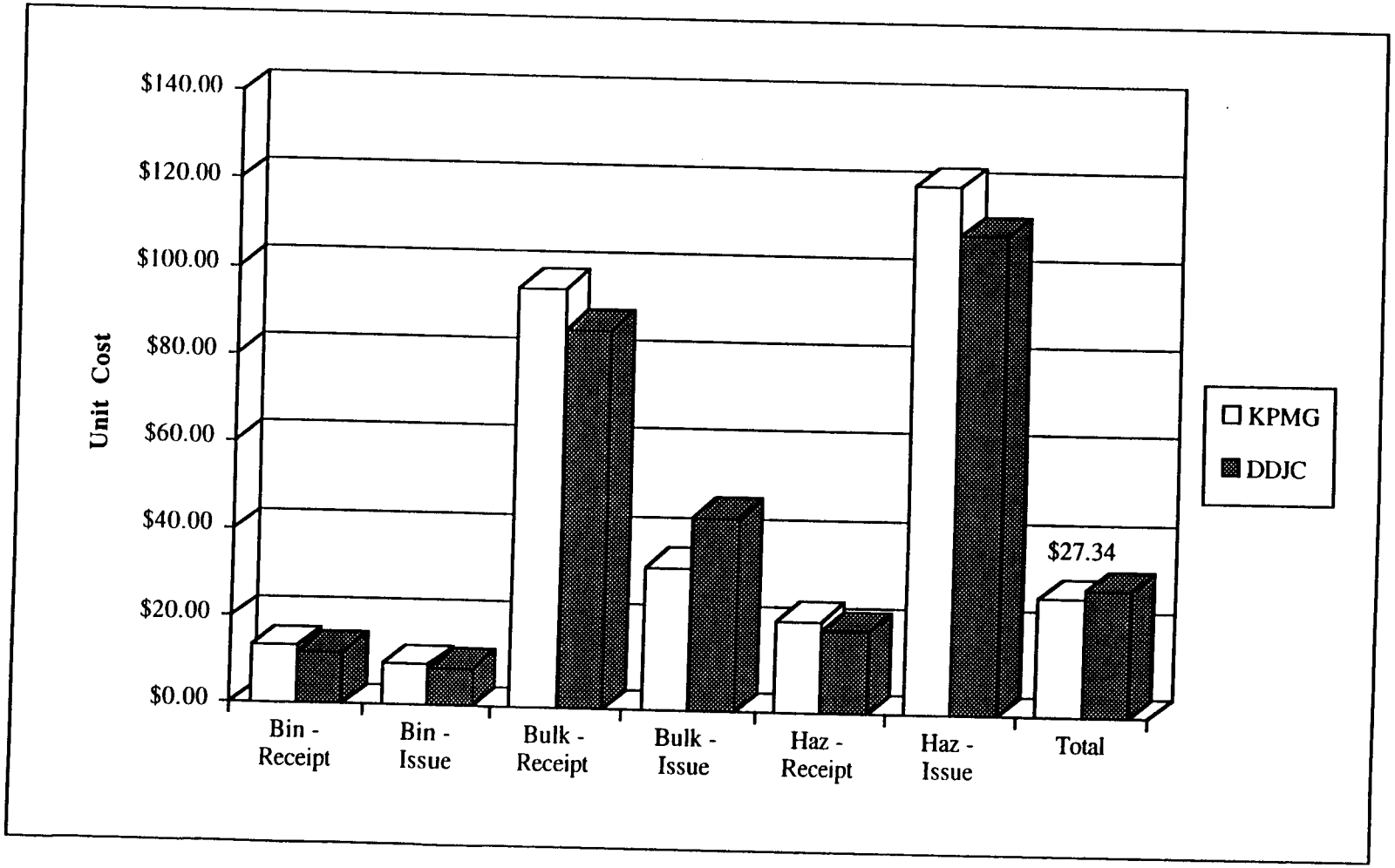
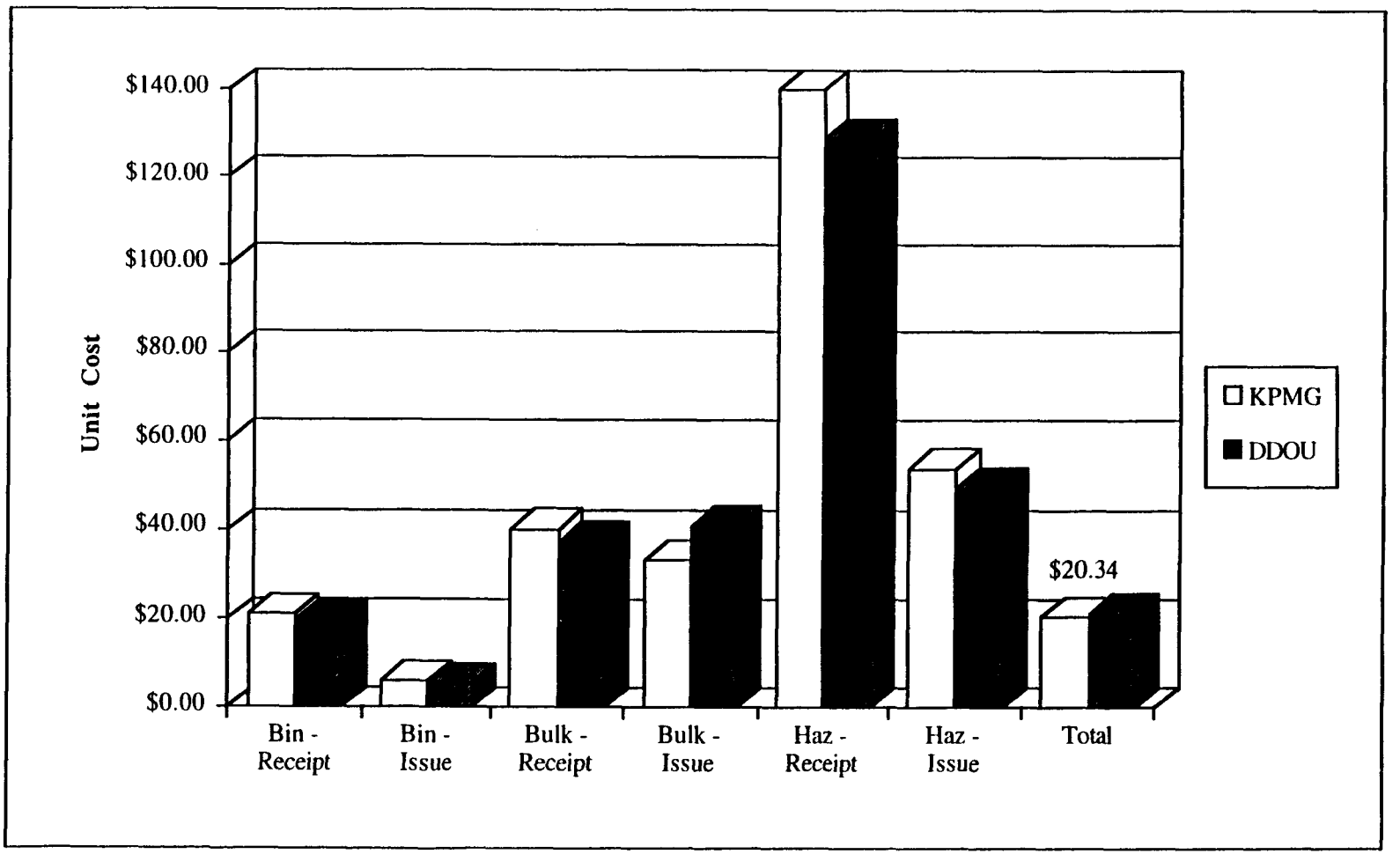
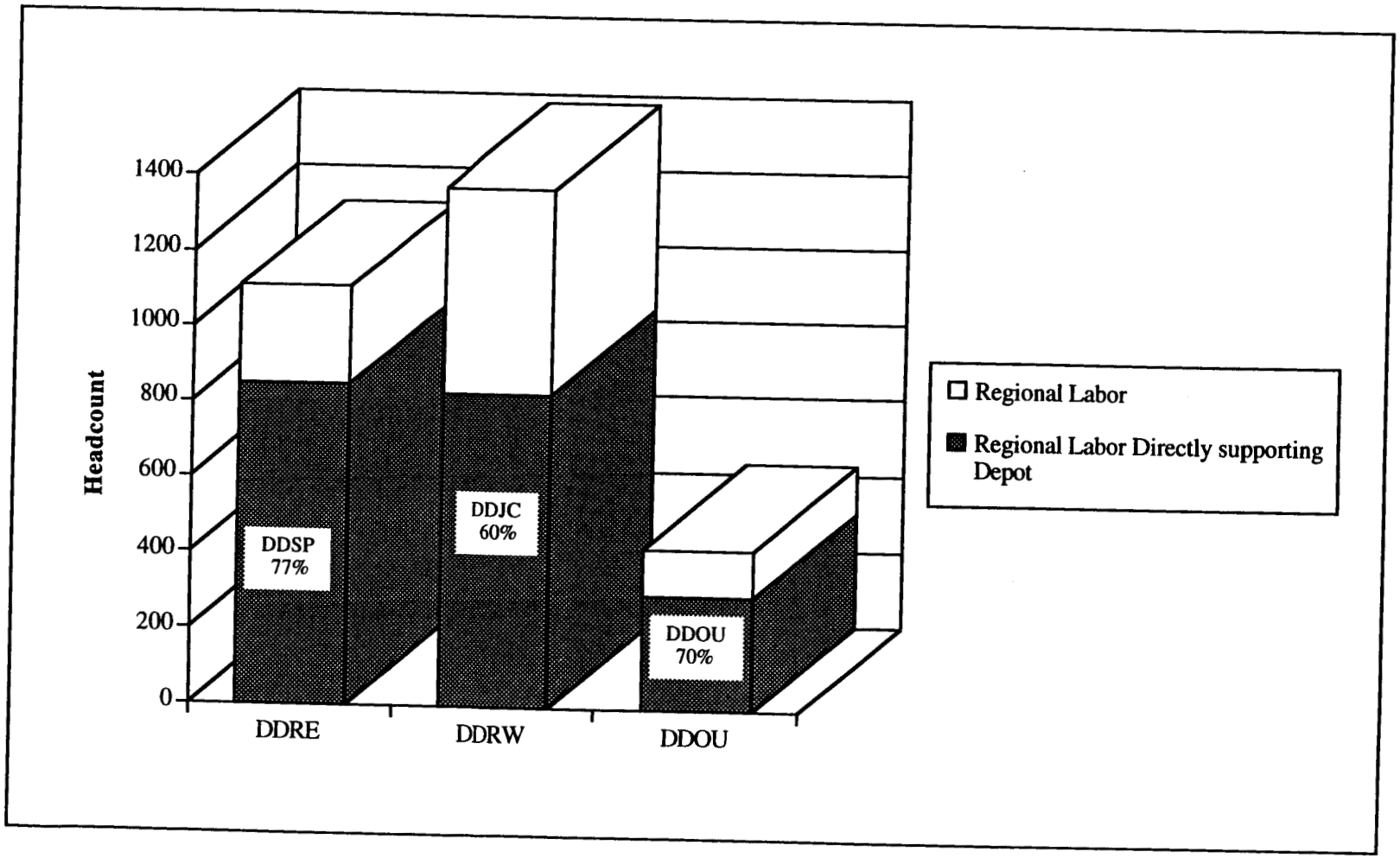
Comparison of KPMG calculated unit cost versus DDJC's (total includes SDT)



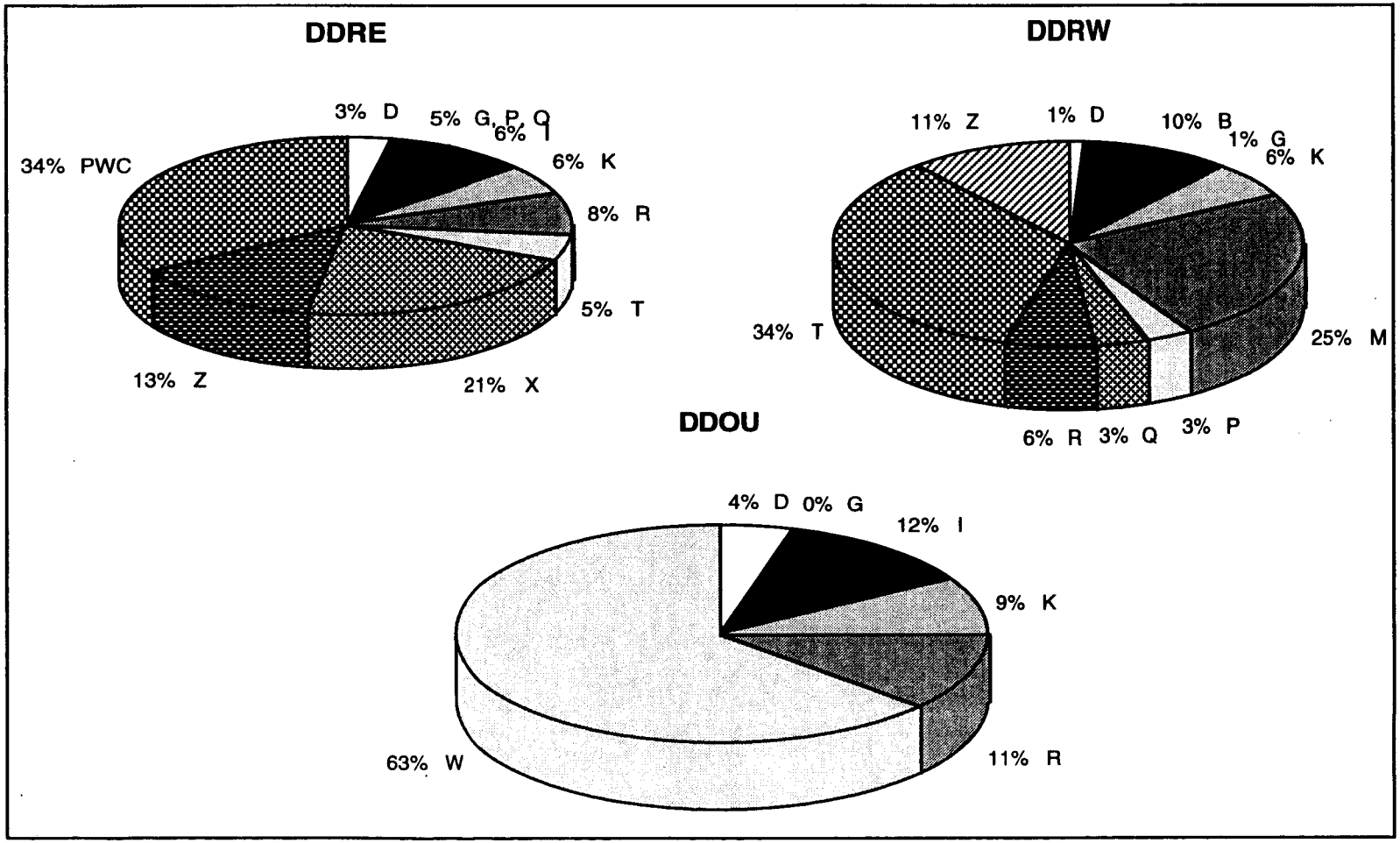
Comparison of KPMG calculated unit cost versus DDOU's (total includes SDT)



Other Indicators: Of the total regional/subregional headcount a large percentage directly supports the co-located depot



Regional headcount analysis by function:



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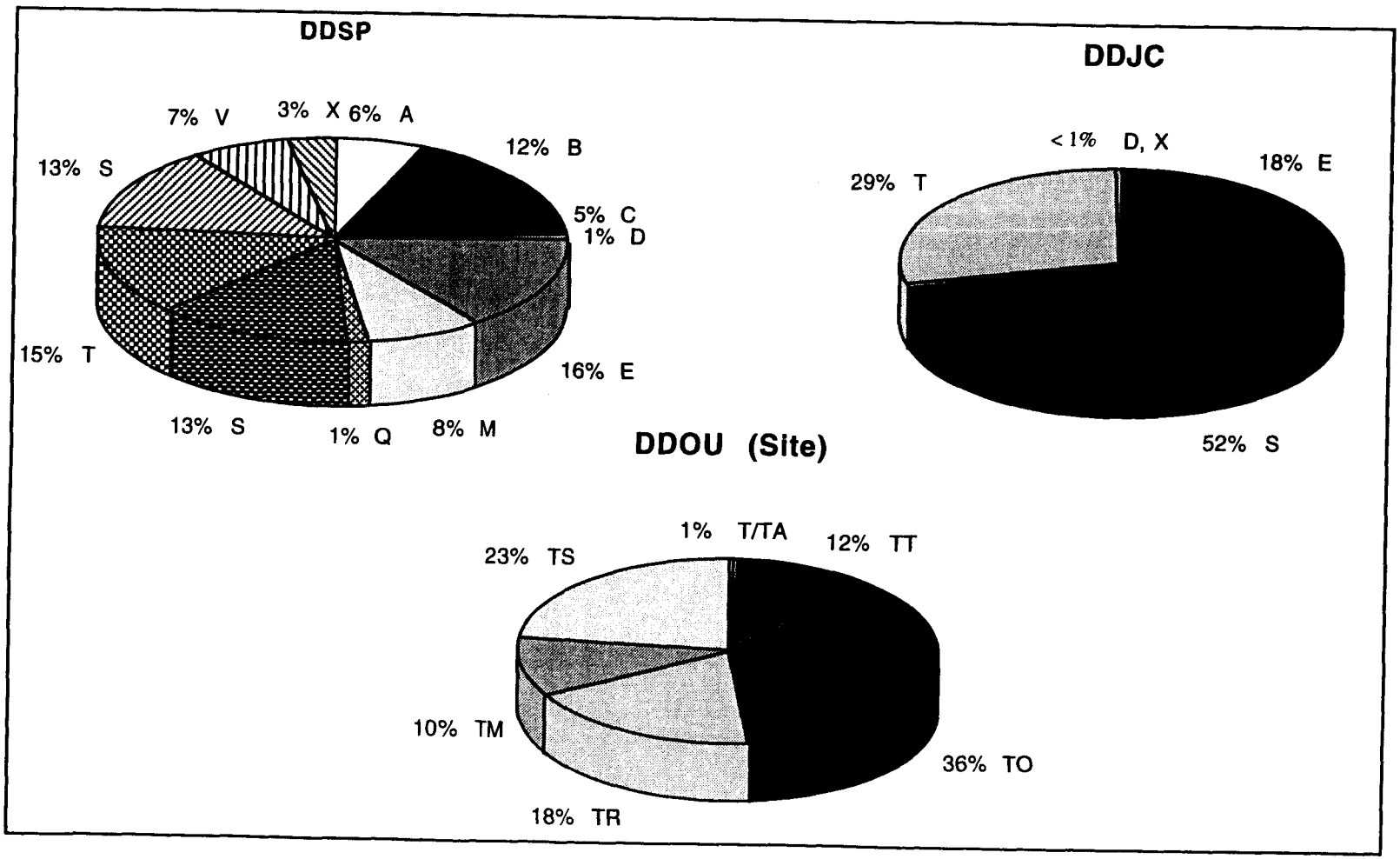
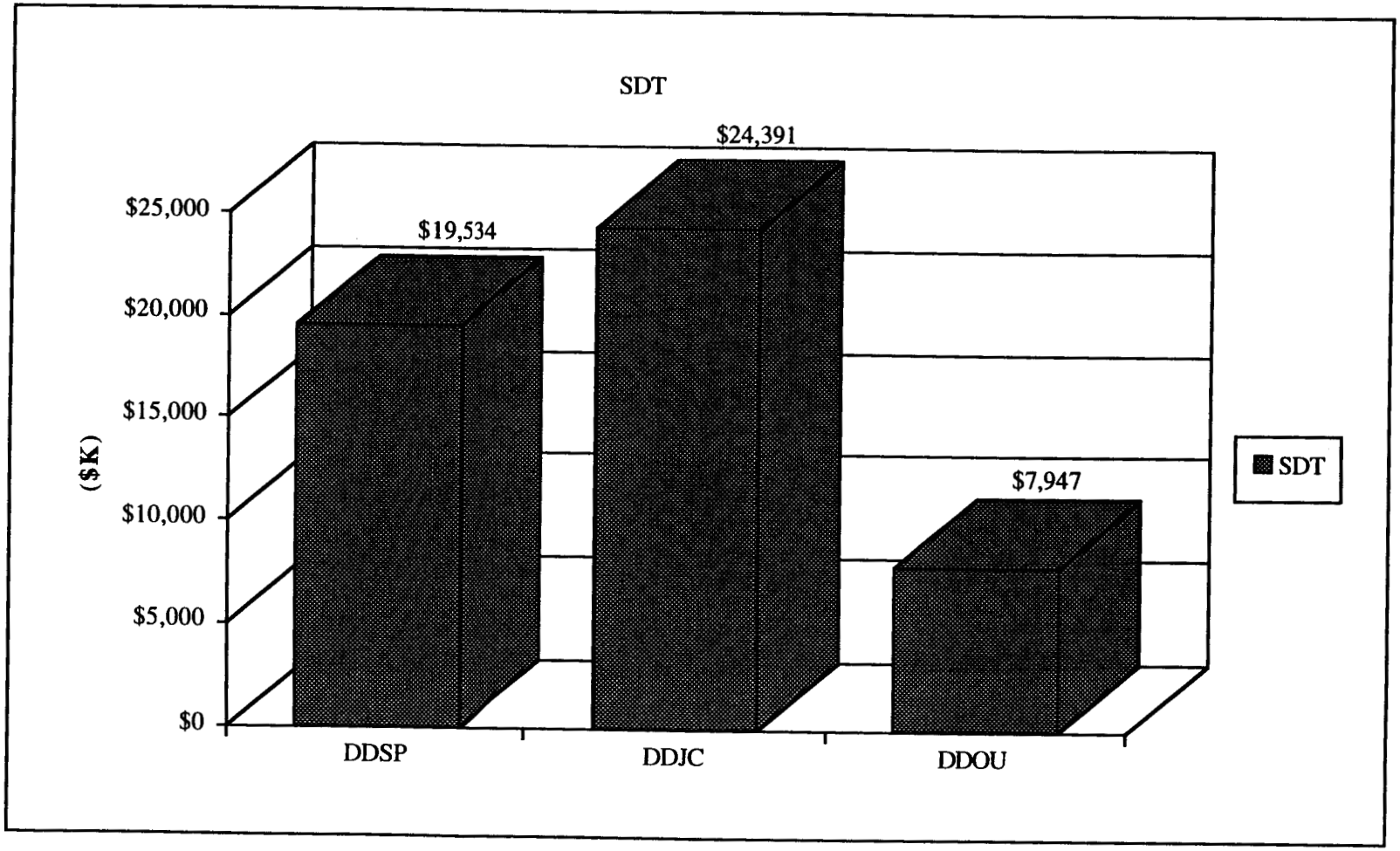
Depot headcount analysis by function:



Even though second destination transportation (SDT) has been deemed non-comparable it represents a significant dollar figure



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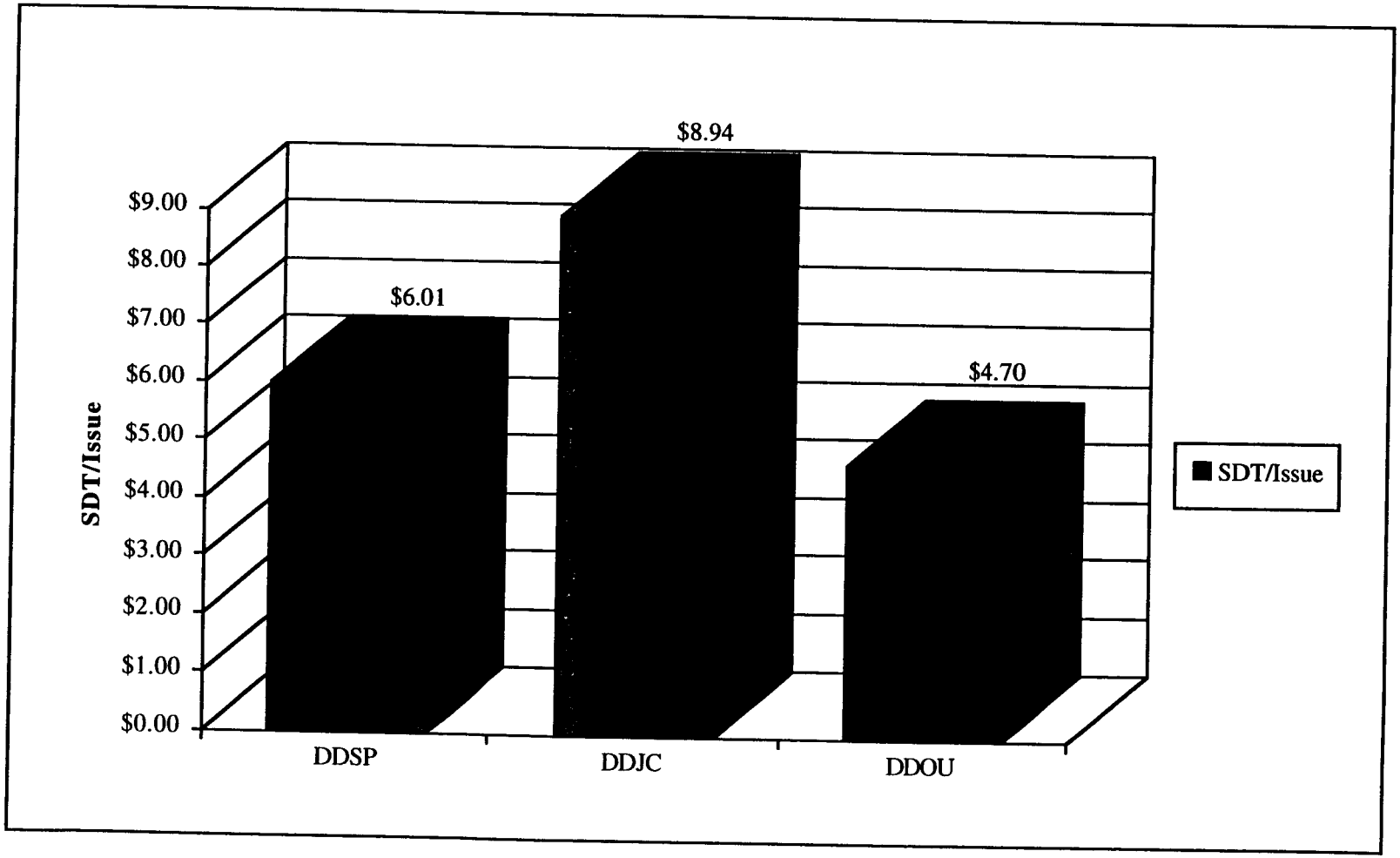
SDT per issue for bin, bulk, and hazardous



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Cost Account Code Structure Usage: Within each depot's chart of accounts, costs are clustered within a few accounts for direct cost (excluding SDT)

	% of Depot Total Direct Cost		
Category	**DDSP**	**DDJC**	**DDOU**
331 Bin Issue	26%	18%	13%
332 Bulk Issue	31%	34%	26%
321 Bin Receipt	7%	8%	6%
322 Bulk Receipt	8%	12%	7%
368 PPP&M	3%	5%	7%
Total	75%	77%	59%
Remaining 111 direct cost codes	25%	23%	41%

Clustering also occurs within the indirect Cost Account Codes of the depot's chart of accounts

	% of Depot Total Indirect Cost		
Category	**DDSP**	**DDJC**	**DDOU**
358 Support for Warehouse Operations	27%	36%	14%
342.01 In-bound transportation, Not RFCC	19%	2%	15%
356 PPP&M	5%	18%	10%
351.01 Stock Inspection, not COSIS	6%	7%	5%
311.01 Admin/Mgmt - Special Projects	7%	2%	10%
Total	64%	65%	54%
Remaining 24 indirect cost codes	36%	35%	46%

Each depot's G&A expense is comprised predominately of headquarters and regional allocations which are not entered on the depot's chart of accounts

	% of Depot Total of G&A Expense		
Category	**DDSP**	**DDJC**	**DDOU**
HQ/Regional/Allocation	72%	83%	80%
RPM	9%	4%	10%
Depreciation	8%	4%	7%
Total	89%	91%	97%
Remaining $ value for 242 cost codes	11%	9%	3%

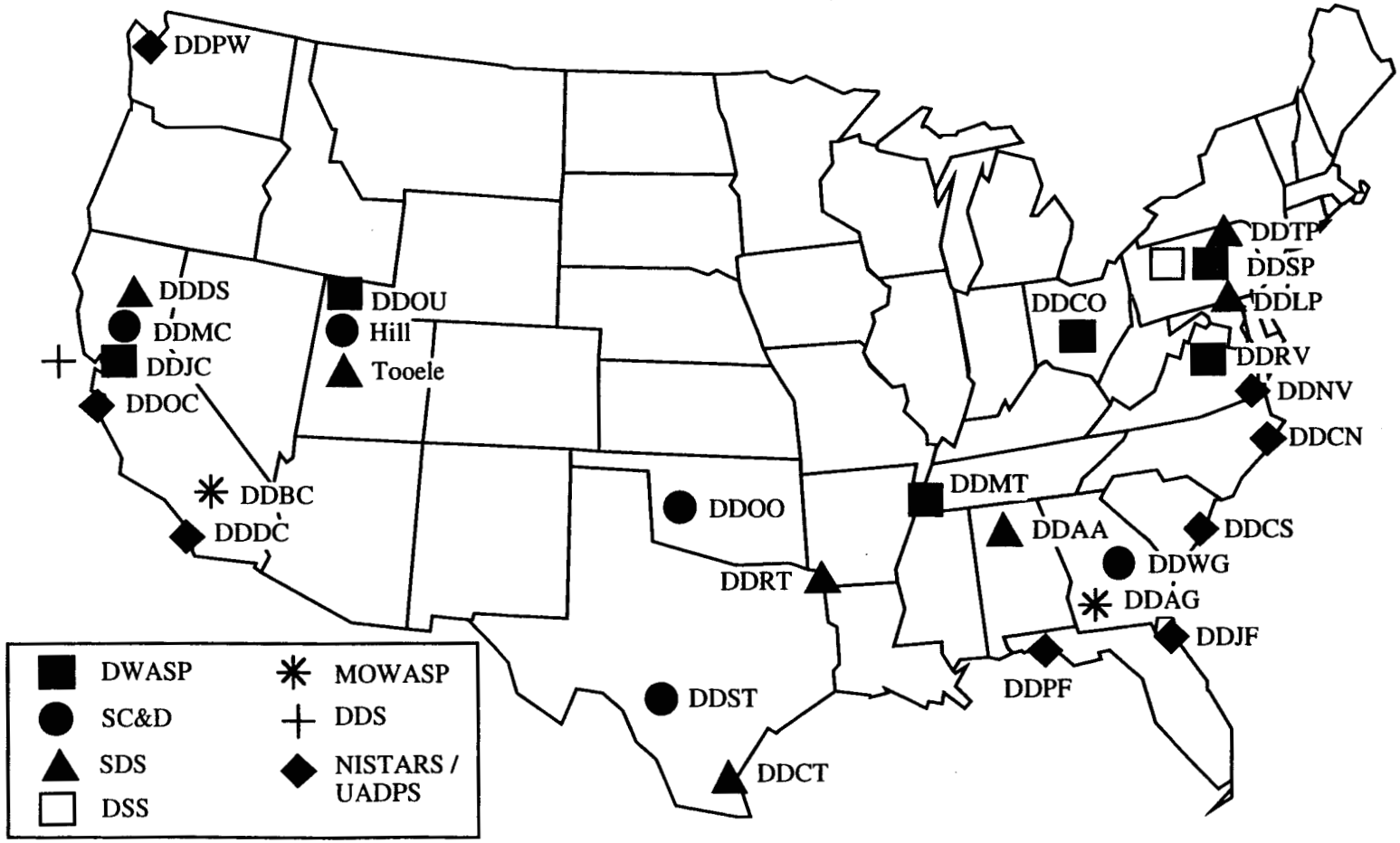
Cost Account Code Structure Usage: DDSP example

Defense Distribution Depot Susquehanna, PA (DDSP)

	Total	Used	% Used
Direct Cost Codes (300's & 900's)	116	57	49%
Indirect Cost Codes (310's & 350's)	29	22	76%
G&A Cost Codes (900's)	242	111	46%
Totals	387	190	49%

12 account codes, plus region allocations, comprise approximately 80% of the total costs reported at the depot level

Systems Perspective: The vast array of depot operating systems indicates a need for standardization and control



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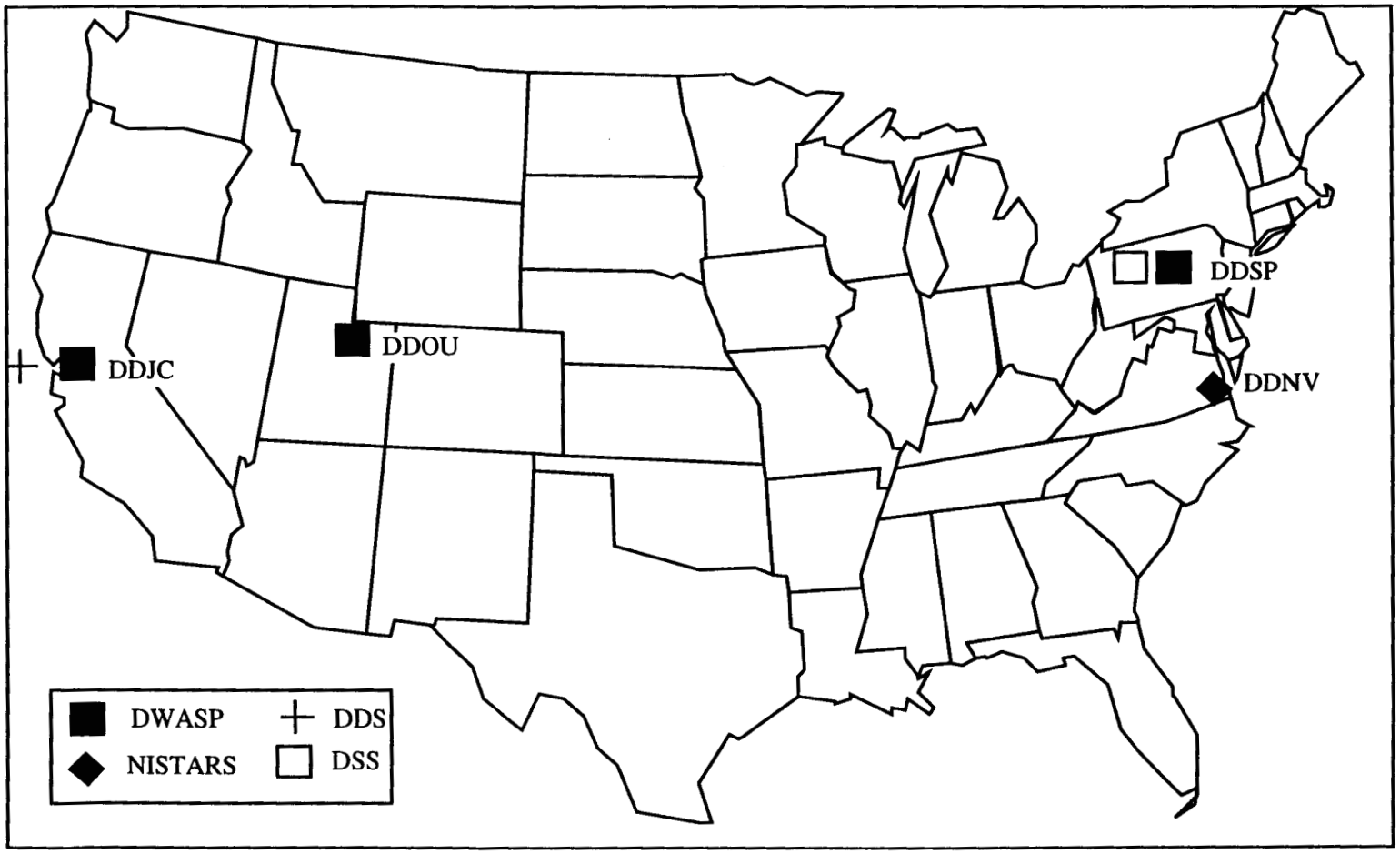
During our site visits we came in contact with the following depot operating systems



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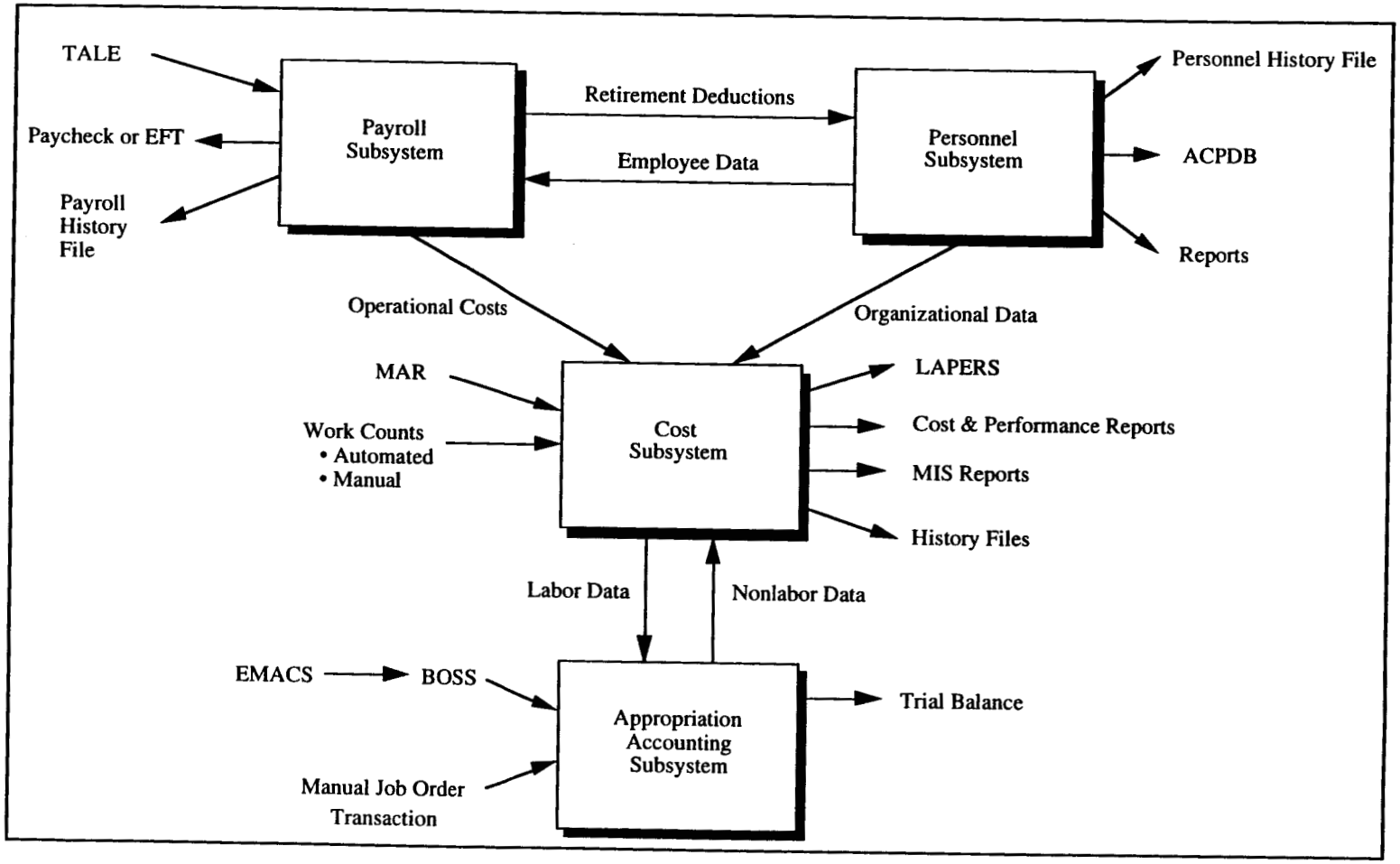
The complexity of the Defense Business Management System requires constant control of interagency system development



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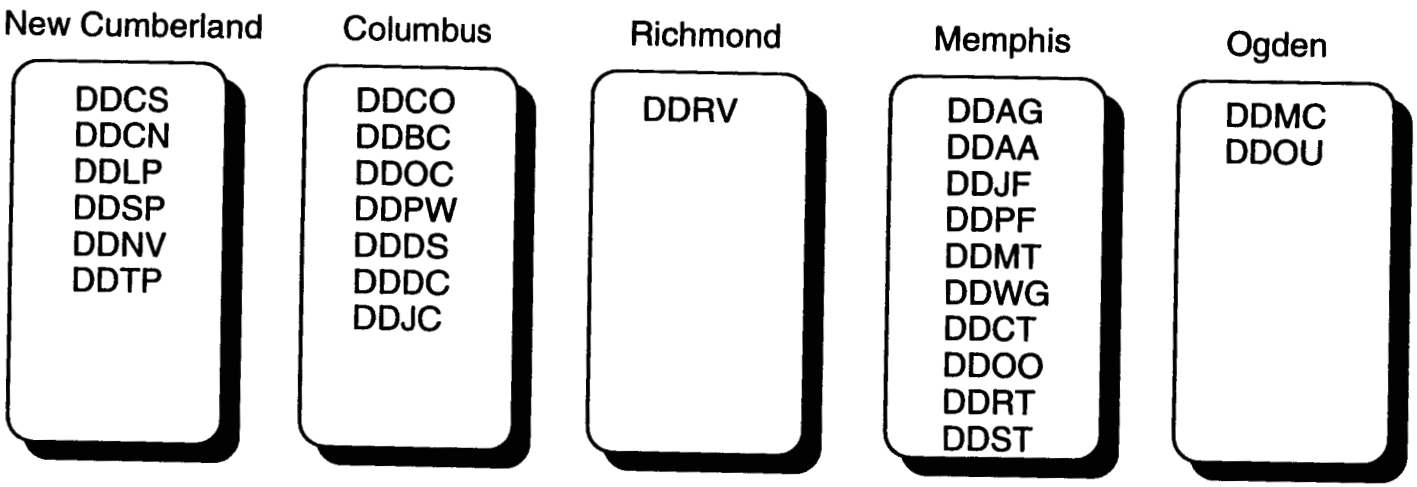
Not only does systems development require constant control, but so does daily operations and configuration management



Five DBMS copies serve the depot community

In the future MIS will provide substantially more data to management than the legacy systems, thereby increasing the need for information system controls

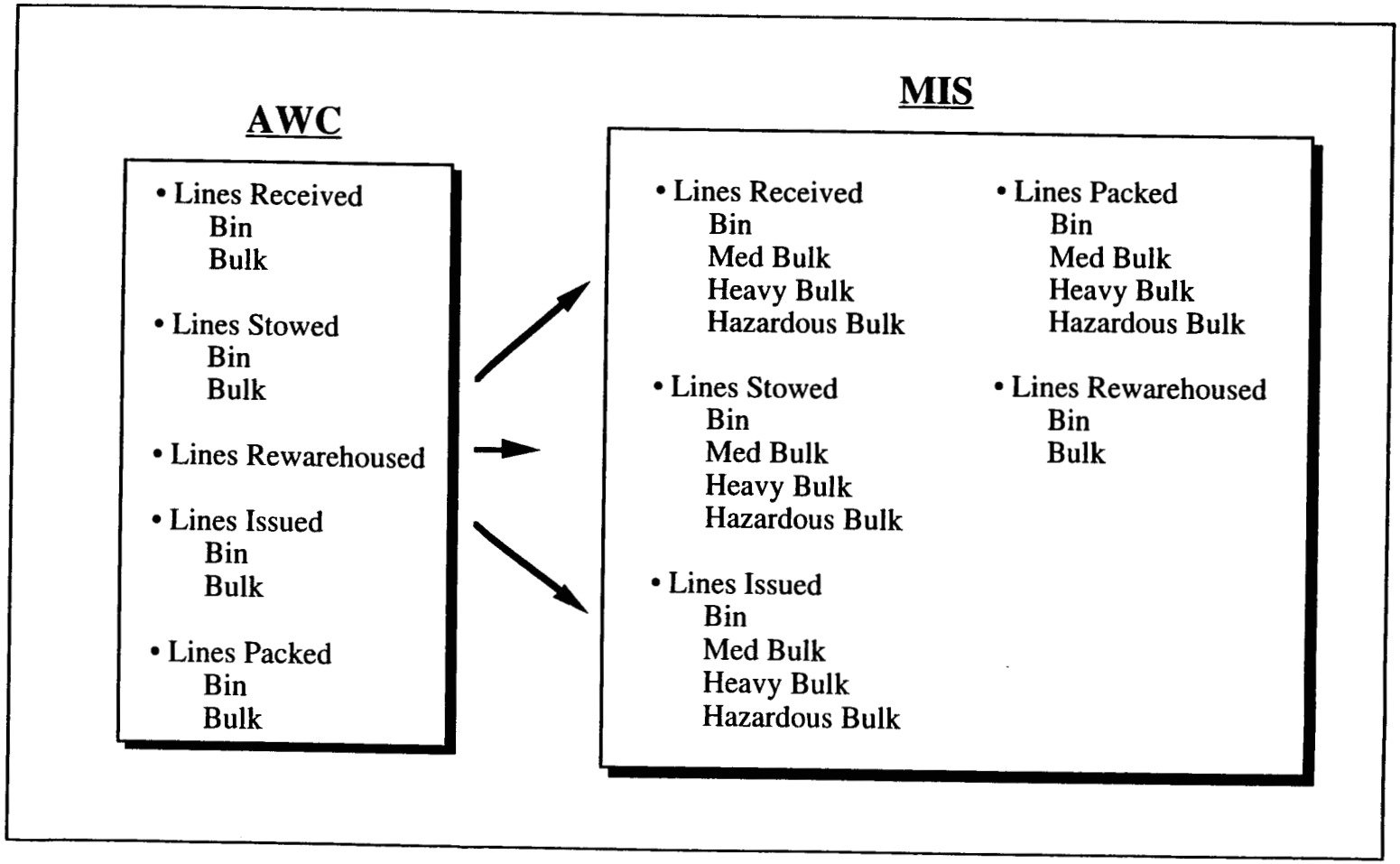
AWC/LAPERS

- Work Counts
- LAPERS Standards

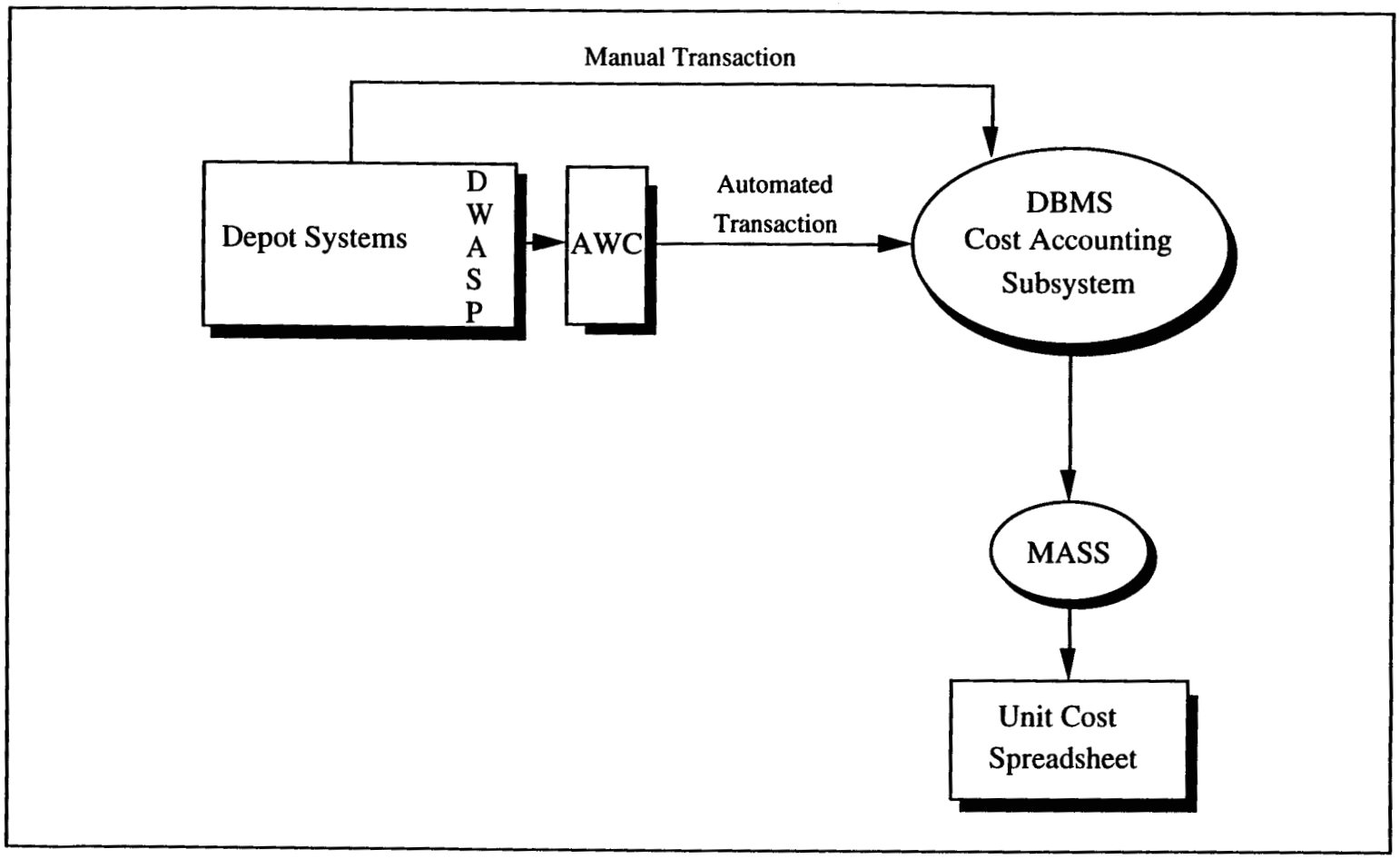
MIS

- Work Counts
- LAPERS Standards
- Mission Goals
- Mission Performance
- Additional Tracking

Standardization of depot operating systems and data reporting is currently underway



In FY 93 the Automated Work Count (AWC) system collects and processes the work counts passing on the totals to DBMS



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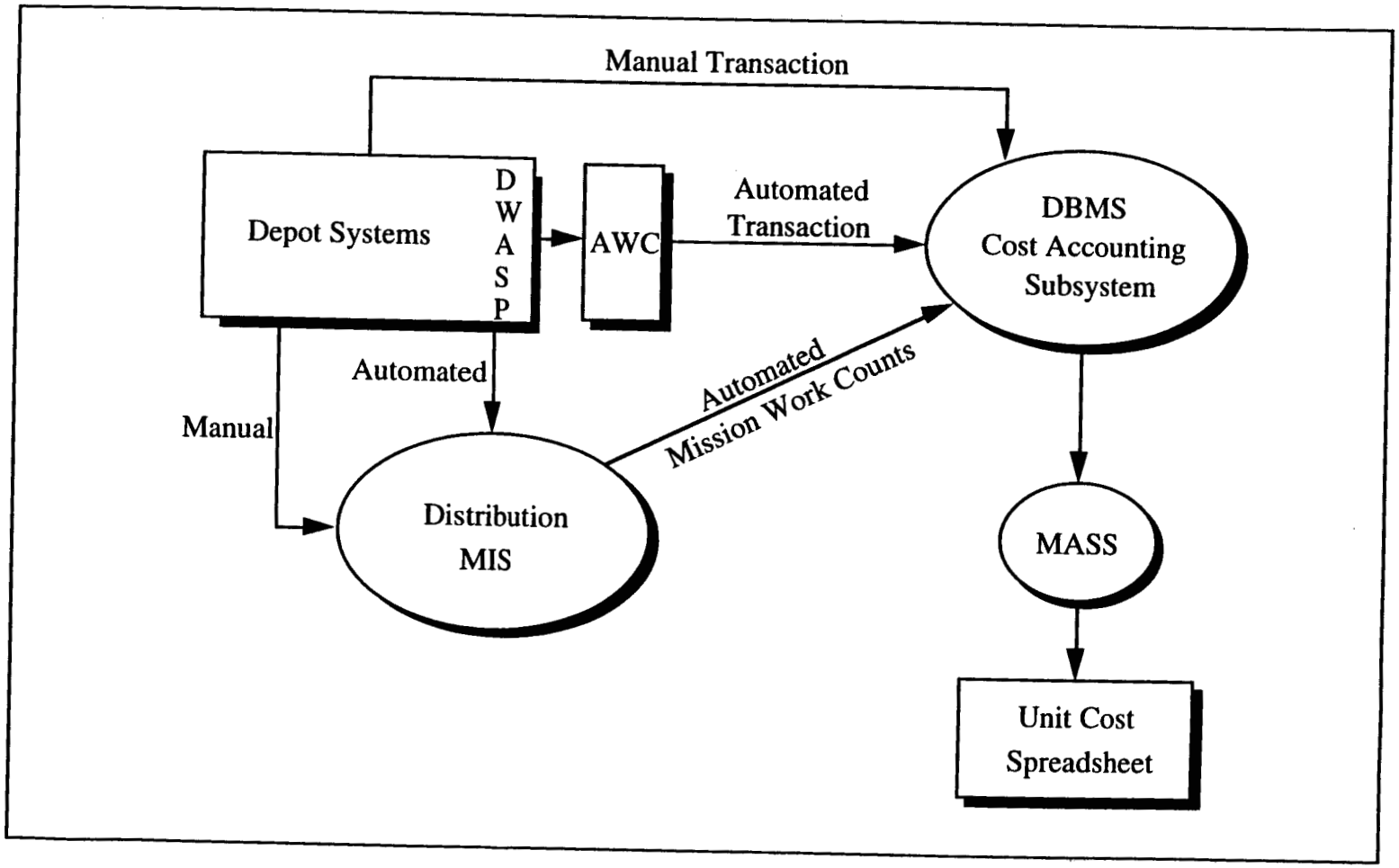
In FY 94 the Distribution MIS will collect and process work counts passing a more detailed list onto DBMS



The MIS standardizes the management of space by location code, handling characteristics, and work center

LOCATION	SPCL-HDLG	RCVG	STOR	PACK	TERML	INV
A03	B	E1	UB	UB1	TG	V
A1	B	E1	UC	UC1	TG	V
A4	C	E2	UB	UB1	TG2	V

Handling Category for Location (B=Bin, C=Hvy Bulk)

Responsibility of Work Centers (i.e. Work Center UB stores medium bulk for locations A03 &A4)

Location within facility (i.e. warehouse #52)

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The MIS tracks the costs associated with each work center using the Type Transaction Code (TTC), Performance Standard Number (PSN), and Subsidiary Cost Code (SCC)

Work Center	TTC	PSN	SCC
A	AE6	9990	331013100
A	DXA	9990	331013100
A	Z6X	9980	353013100

Work Center Codes

MILS Transaction Code

Performance Standard Number

Subsidiary Cost Code

Site and Regional Observations: At the conclusion of our DDSP site visit we discussed our observations with depot, region, and headquarters management

- CCP costs at DDSP are understated because the supplies of the CCP are classified as bulk issue costs
  - EDC orders supplies for bulk issue and the CCP together, and the costs are classified as bulk issue
  - Ordering and custody of the supplies for the CCP should be separate from the bulk issue supplies so that DLA may determine the true cost of the CCP and be fully reimbursed for these costs
- Breakout of Mechanicsburg and New Cumberland costs would require significant estimation
- Bin and bulk work counts within DDSP are determined based on the identification of a storage location as predominantly bin or bulk
- LAPER efficiency report is not being used to its fullest potential

DDSP Site Observations (cont.)

- Changing budgets for RPM Reserve and DLA-HQ Corporate Overhead affect unit cost calculations
- Late change over from obligation to expense accounting caused significant FY92 costs to be recorded in FY93
- Unit cost goals are supplied in aggregate to the depot, not by individual function

At DDJC, we continued to discuss all of our observations with depot, region, and HQ management, including issues that recurred from depot to depot

- Breakout of Sharpe and Tracy costs would require significant estimation
- DDJC costs are overstated due to employees working for DRMO
- Bin and bulk work counts within DDJC are determined based on the identification of a storage location as predominantly bin or bulk
- Receiving inspectors do not except their time for reimbursable mission receipts, thus overstating mission costs
- Late change over from obligation to expense accounting caused significant FY92 costs to be recorded in FY93

DDJC Site Observations (cont.)

- RFC costs are not charged to a unique DLA cost code
  - Cost account code #334 (CCP Operations) is available for the capture of these costs
  - A job order number may also be used to track the customer who will be billed for the work
- Chill facilities may be under-utilized and consolidation may be possible
- LAPER efficiency report is not being used to its fullest potential
- Changing budgets for RPM Reserve and DLA-HQ Corporate Overhead affect unit cost calculations

Our DDOU site visit yielded additional observations and also confirmed previous management observations from other sites

- LAPER efficiency report is not being used to fullest potential
- Bin and bulk work counts within DDJC are determined based on the identification of a storage location as predominantly bin or bulk
- DDOU's methodology for allocating costs to Tooele and Hill could be enhanced
- Depreciation budgeted by DLA-HQ and recorded on the depots books does not correspond to the supporting detail maintained at DDOU
- Late change over from obligation to expense accounting caused significant FY92 costs to be recorded in FY93
- Unit cost goals are supplied in aggregate to the depot, not by individual function
- Changing budgets for RPM Reserve and DLA-HQ Corporate Overhead effect unit cost calculations

During our site visit to DDRE HQ, we discussed several region-oriented observations with management

- DDRE's methodology for allocating costs to the depots could be enhanced
- Unit cost goals are supplied in aggregate to the depots not by individual function(bin issue, bin receipts, etc.)
  - Region management could provide unit cost goals, by function, to the depot level Commanders
  - Managers would have additional incentive to monitor cost codes and track performance measures
- Late change over from obligation to expense accounting causing significant FY92 costs to be recorded in FY93

While DDRW cost accounting methods and practices differ from DDRE, observations from DDRE were generally applicable to DDRW

- DDRW's methodology for allocating costs to the depots could be enhanced
- DDRW's accounting reports have not been completely reconciled since DFAS assumed the accounting function from DLA
  - The DDRW Liaison Office believes they do not have sufficient manpower to perform the reconciliations themselves
- Unit cost goals are supplied in aggregate to the depots not by individual function (bin issue, bulk receipt, etc.)
- Late change over from obligation to expense accounting caused significant FY92 costs to be recorded in FY93
- DDRW utilizes the 700 series cost account codes for the Summer Work Program
  - According to DLA HQ the 700 cost codes are no longer in use
  - Effected employees could charge to the areas in which they worked or charge to a job order set-up for the Summer Work Program

United States General Accounting Office

GAO

Report to the Congress and the Chairman, Defense Base Closure and Realignment Commission

April 1995

MILITARY BASES

Analysis of DOD's 1995 Process and Recommendations for Closure and Realignment

GAO/NSIAD-95-133

GAO

United States
General Accounting Office
Washington, D.C. 20548

National Security and
International Affairs Division

B-261024

April 14, 1995

To the President of the Senate and the
Speaker of the House of Representatives

The Honorable Alan J. Dixon
Chairman, Defense Base Closure and
Realignment Commission

The Secretary of Defense announced his 1995 recommendations for base closures and realignments to the Defense Base Closure and Realignment Commission on February 28, 1995. This report responds to the Defense Base Closure and Realignment Act of 1990 (P.L. 101-510), as amended, which requires that we provide the Congress and the Commission, by no later than April 15, 1995, a report on the recommendations and selection process. We have identified issues for consideration by the Commission as it completes its review of the Secretary of Defense's recommendations. Given that this is the last of three biennial reviews authorized under the 1990 act, we are also including matters for consideration by the Congress regarding the potential need for continuing legislation to authorize further commission reviews and authorize changes, as needed, to prior decisions.

We are sending copies of this report to the Chairmen, Senate Committee on Appropriations, Subcommittee on Defense; Senate Committee on Armed Services; House Committee on Appropriations, Subcommittee on National Security; House Committee on National Security; the Secretaries of Defense, the Army, the Navy, and the Air Force; and the Directors of the Defense Logistics Agency and the Defense Investigative Service. We will make copies available to others on request.

This report was prepared under the direction of David R. Warren, Director, Defense Management and NASA Issues, who may be reached on (202) 512-8412 if you or your staff have any questions. Other major contributors are listed in appendix VI.

Henry L Hinton Jr.

for Charles A. Bowsher
Comptroller General
of the United States

Executive Summary

Purpose

On February 28, 1995, the Secretary of Defense recommended closures, realignments, and other actions affecting 146 domestic military installations. Of that number, 33 were described as closures of major installations, and 26 as major realignments; an additional 27 were changes to prior base closing round decisions. The Secretary projects that the recommendations, when fully implemented, will yield $1.8 billion in annual recurring savings. As required by the Defense Base Closure and Realignment Act of 1990, as amended, this report presents GAO's analysis of the Secretary's recommendations and the selection process used by the various defense components.

Background

Closing unneeded military facilities is not easy, partly because of public concern about the effects on communities and their economies and concerns about the impartiality of the decision-making process. To overcome impediments to base closures, Congress enacted legislation in 1988 (P.L. 100-526) that facilitated a successful round of base closures. Because of that success, Congress enacted the 1990 Defense Base Closure and Realignment Act (Title XXIX, P.L. 101-510), which authorized base closure rounds in 1991, 1993, and 1995. The 1990 legislation outlined a process to close and realign military installations, including the establishment of an independent, bipartisan commission to review the Secretary of Defense's closure recommendations. Base realignment and closure (BRAC) rounds in 1988, 1991, and 1993 resulted in decisions to fully or partially close 70 major domestic bases and to close, realign, or otherwise downsize hundreds of other bases, installations, and activities. DOD estimates that when fully implemented, these actions will produce savings of $4 billion per year.

The current BRAC round retained basically the same requirements and procedures as those in 1993. It included the requirement to use certified data, that is, information that was accurate and complete to the best of the originator's knowledge and belief. This requirement was designed to overcome concerns about the consistency and reliability of data used in the process. For the 1995 round, DOD emphasized the exploration of opportunities for cross-service use of common support assets. It therefore established cross-service review groups to provide the services with alternatives for realignments and closures in the areas of depot maintenance, laboratories, test and evaluation facilities, undergraduate pilot training, and medical treatment facilities.

As before, the Secretary's recommendations were to be based on selection criteria established by DOD and on a 6-year force structure plan. As indicated in table 1, DOD established eight selection criteria; they have remained unchanged since 1991.

Table 1: DOD Criteria for Selecting Bases for Closure or Realignment

Category	Criteria
Military value (priority consideration is to be given to the four military value criteria)	1. Current and future mission requirements and the impact on operational readiness of DOD's total force.
	2. The availability and condition of land, facilities, and associated airspace at both the existing and potential receiving locations.
	3. The ability to accommodate contingency, mobilization, and future total force requirements at both the existing and potential receiving locations.
	4. Cost and manpower implications.
Return on investment	5. The extent and timing of potential costs and savings, including the number of years, beginning with the date of completion of the closure or realignment, for the savings to exceed the costs.
Impact	6. The economic impact on communities.
	7. The ability of both the existing and potential receiving communities' infrastructures to support forces, missions, and personnel.
	8. The environmental impact.

Results in Brief

Although the Department of Defense (DOD) has in recent years undergone substantial downsizing in funding, personnel, and force structure, commensurate infrastructure reductions have not been achieved. Despite some progress in reducing excess infrastructure, it is generally recognized that much excess capacity will likely remain after the 1995 BRAC round. This view is supported by the military components' and cross-service groups' analyses, which showed far greater excess capacity than will be eliminated by the Secretary's recommendations. Currently, DOD projects that its fiscal year 1996 budget represents, in real terms, a 39-percent reduction to its fiscal year 1985 peak of recent times. By way of comparison, its 1995 BRAC recommendations would produce cumulative BRAC reductions of 21 percent in inventory of major domestic bases since 1988.

DOD's 1995 BRAC process was generally sound and well documented and should result in substantial savings. However, the recommendations and selection process were not without problems and, in some cases, raise questions about the reasonableness of specific recommendations. At the same time, GAO also noted that improvements were made to the process from prior rounds, including more precise categorization of bases and activities; this resulted in more accurate comparisons between like facilities and functions and in better analytical capabilities.

GAO raises a number of issues it believes need attention by the Congress and the Commission in considering DOD's recommendations:

- DOD's attempt at reducing excess capacity by suggesting cross-service opportunities to the services facilitated some important results. However, agreements for consolidating similar work done by two or more of the services were limited, and opportunities to achieve additional reductions in excess capacity and infrastructure were missed. In particular, this was the case at depot maintenance activities and laboratory facilities.
- Although the services have improved their processes with each succeeding BRAC round, some process problems continued to be identified. In particular, the Air Force's process remained largely subjective and not well documented; also, it was influenced by preliminary estimates of base closure costs that changed when more focused analyses were made. For these and other reasons, GAO questions a number of the Air Force's recommendations. To a less extent, some of the services' decisions affecting specific closures and realignments also raise questions. For example, the Secretary of the Navy did not consistly apply DOD's criteria when he excluded certain facilities from closure for economic impact reasons. Because the legislation authorizing BRAC expires this year, some process will be needed to handle changes and problems that arise during implementation of this and earlier rounds.

Principal Findings

BRAC Savings Are Expected to Be Substantial, but Estimates Are Preliminary

GAO estimates that the 20-year net present value of savings from DOD's recommendations will be $17.3 billion, with annual recurring savings of almost $1.8 billion. GAO notes that these estimates are not based on budget quality data and are subject to some uncertainties inherent in the process. However, GAO believes the savings will still be substantial. At the same

time, it should be noted that environmental restoration was not a factor in the DOD base closure decision-making process, and such restoration can represent a significant cost following a base closure.

DOD and its components improved their cost and savings estimates for BRAC 1995 recommendations. In developing cost estimates, they took steps to develop more current and reliable sources of information and placed greater reliance, where practicable, on standardized data. Some components sought to minimize the costs of base closures by avoiding unnecessary military construction. For example, the Navy proposed a number of changes to prior BRAC decisions that will further reduce infrastructure and avoid some previously planned closure costs.

GAO has identified a number of instances where projected savings from base closures and realignments may fluctuate or be uncertain for a variety of reasons. They include uncertainties over future locations of activities that must move from installations being closed or realigned and errors in standard cost factors used in the services' analyses. Additionally, some projected savings involve salaries for military personnel associated with BRAC reductions. It is not clear that such positions are always eliminated from the force structure. GAO completed a number of sensitivity tests to assess the potential impact of these various factors on projected costs and savings and found that they had a rather limited impact.

It should be noted that shortly after the Secretary of Defense announced his list of proposed closures and realignments, most DOD components began undertaking more rigorous assessments of expected costs of implementing the recommendations as a basis for developing budget quality data. Such efforts are currently underway primarily in the Army and Air Force, and to less extent in the Navy.

Service Recommendations Will Reduce Infrastructure, but With Little Gain in Cross-Servicing

The BRAC 1995 process reduced some infrastructure in common support areas such as hospitals and pilot training facilities. However, the lack of progress in consolidating similar work done by two or more of the services limited the extent of infrastructure reductions that could have been achieved.

DOD tried to strengthen the 1995 BRAC process by establishing cross-service groups to provide the services with proposals for consolidating similar work in the areas of depot maintenance, laboratories, test and evaluation facilities, undergraduate pilot training, and medical treatment facilities.

However, in the laboratories and test and evaluation areas, the cross-service groups were narrowly focused, and their initial proposals represented minor workload shifts that offered little or no opportunity for a complete base closure or cost-effective realignment. While the depot maintenance group identified excess capacity of 40.1 million direct labor hours, the services' recommendations would eliminate only half that amount. DOD received the services' recommendations too late in the process for meaningful give-and-take discussions to achieve greater consolidations. More time for such interactions and stronger DOD leadership will be required should there be future BRAC rounds.

DOD Components' Processes Were Sound, With Some Exceptions

While GAO found the components' processes for making their recommendations were generally sound and well supported, it did have some concerns. This was particularly the case as it related to the Air Force. Regarding the Air Force, key aspects of its process remained largely subjective and not well documented. Documentation of the Air Force's process was too limited for GAO to fully substantiate the extent of Air Force deliberations and analyses.

However, GAO determined that the initial analytical phases of the Air Force process were significantly influenced by preliminary estimates of base closure costs. For example, some bases were removed from initial consideration based on these estimates. Also, in some instances, closure costs appeared to materially affect how the bases were valued. For example, Rome Laboratory, in Rome, New York, was ranked high for retention purposes largely because of projected high closure costs. When the Air Force later looked at the laboratory at the suggestion of a cross-service group, it found that the closing costs were much lower. Consequently, the Air Force recommended closure of the laboratory. Without the cross-service group's suggestion, the Air Force might have missed this opportunity to reduce excess capacity and produce savings. The Air Force's more numerous recommendations on Guard and Reserve activities were developed outside its process for grouping or tiering bases for retention purposes, and were based largely on cost-effectiveness.

Regarding the Navy, the Secretary of the Navy's actions excluded four activities in California from consideration for closure because of concerns over the loss of civilian positions. For the activities in California, he based his decision on the cumulative economic impact of closures from all three BRAC rounds. But the economic impact of the four California activities, as defined by Office of the Secretary of Defense (OSD) criteria, is less for

individual localities than that for similar activities recommended for closure either by the Navy or by other DOD components. However, OSD did not take exception to this inconsistency.

Regarding the Army, it did not fully adhere to its regular process for installations in assessing military value when recommending minor and leased facilities for closure. In selecting 15 minor sites for closure, the Army based its decision on the judgment of its major commands that the sites were excess and of low military value. In considering leased facilities, the Army relied on its stationing strategy and its guidance to reduce leases but did not assess the facilities separately as it did for other installations. The decisions were arrived at through some departure from the process used for installations.

Some Service Recommendations Raise Issues That Should Be Considered by the BRAC Commission

GAO generally agrees with the Secretary's recommendations. However, it has specific unresolved questions about a number of Air Force recommendations and to much less extent the other components' recommendations. The following are some examples.

Even though the Air Force recognized that it had excess capacity at its five maintenance depots and was considering closing two, it opted late in the process to realign the workload rather than close any depots. However, the Air Force based its decision on preliminary data from incomplete internal studies on the potential for consolidating and realigning workload and reducing personnel levels at the depots. Some of these studies were completed after DOD's BRAC report was published and do not fully support the BRAC-recommended consolidations. These recommended consolidations appear to expand the workload at some depots that are in the process of downsizing. Thus, the Air Force's recommendation may not be cost-effective and does not solve the problem of excess depot capacity.

The Air Force also proposed the realignment of Kirtland Air Force Base, New Mexico, because it rated low relative to the other five bases in the same category. Again, closure costs appeared to heavily influence this base's rating. However, in the military value criterion most important to this group of bases, mission requirements, Kirtland rated among the highest of the six bases. Kirtland's realignment would reduce the Air Force's operational overhead, including support previously provided to the Department of Energy (DOE) and its Sandia National Laboratory located on Kirtland. However, the Air Force's savings could mean an increase in base operational support costs borne by DOE. As GAO has recommended in the

past, it believes DOD should consider the impact of significant government-wide costs in making its recommendations.

The Army's proposed realignment of the Letterkenny Army Depot has generated some concerns not only about the completeness of closure cost data but also about the extent to which the current BRAC recommendation represents a change from a 1993 BRAC decision. BRAC 1993 produced a decision to consolidate all tactical missile maintenance at one location—Letterkenny. The Army's 1995 BRAC recommendation would split up some of the work by transferring the missile guidance system workload to Tobyhanna Army Depot while preserving the tactical missile disassembly and storage at Letterkenny. Maintenance on the associated ground support equipment, such as trucks and trailers, would be done at Anniston Army Depot. There are differences of opinion concerning the impact that separating these functions would have on the concept of consolidated maintenance.

GAO also noted that the services considered closing a number of bases, but ultimately rejected them for operational and cost considerations.

Future BRAC Legislation May Be Needed to Reduce Remaining Excess Activities

According to DOD, its major domestic bases will be reduced by 21 percent after implementation of all BRAC recommendations from the current and prior rounds; however, DOD fell short of meeting the goal it established for BRAC 1995. To bring DOD's base infrastructure in line with the reductions in force structure, DOD's goal for the 1995 round was to reduce the overall DOD plant replacement value by at least 15 percent—an amount at least equal to the three previous base closure rounds. However, DOD's 1995 recommended list of base closures and realignments is projected to reduce the infrastructure by only 7 percent.

The Secretary of Defense recently stated that excess infrastructure will remain after BRAC 1995, and he suggested the need for additional BRAC rounds in 3 to 4 years, after DOD has absorbed the effects of recommended closures and realignments. However, the current authority for the BRAC Commission expires with the 1995 round. Should the Congress seek further reductions, some process will be needed. The current BRAC process, while not without certain weaknesses, has proven to be effective in reducing Defense infrastructure. Also, without new BRAC legislation, there is no process to approve modifications of BRAC decisions if implementation problems arise. BRAC Commissions in 1991 and 1993 ruled

on changes to prior BRAC round decisions, and GAO sees nothing to indicate that changes may not occur in the future.

Matters for Congressional Consideration

GAO suggests that as the Congress considers the need for future defense infrastructure reductions, it consider a process similar to that authorized in the 1990 BRAC legislation. In the meantime, it should also consider legislation to provide a process for reviewing and approving changes to prior BRAC decisions, should DOD components face difficulties in implementation.

Recommendations

GAO is making recommendations to the Secretaries of Defense and the Air Force to strengthen DOD's process should there be future BRAC rounds. It is also making recommendations to the Base Closure and Realignment Commission for its consideration.

Agency Comments

GAO did not request written comments from the Department of Defense. However, GAO informally discussed its findings, conclusions, and recommendations with DOD officials and included their comments where appropriate.

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Abbreviations

AAA	Army Audit Agency
ABM	Anti-Ballistic Missile
AFAA	Air Force Audit Agency
AFB	Air Force Base
AFEWES	Air Force Electronic Warfare Evaluation Simulator
AFMC	Air Force Materiel Command
AFRES	Air Force Reserve
AGMC	Aerospace Guidance and Metrology Center
AGS	Air Guard Station
ALC	Air Logistics Center
AMSA	Area Maintenance Support Activity
ARB	Air Reserve Base
ARS	Air Reserve Station
ASO	Aviation Supply Office
ATCOM	Aviation Troop Command
BEA	Bureau of Economic Analysis
BLS	Bureau of Labor Statistics

BOS	Base Operating Support
BRAC	Base Realignment and Closure
BSAT	Base Structure Analysis Team
BSEC	Base Structure Evaluation Group
C4I	Command, Control, Communications, Computers, and Intelligence
CERCLA	Comprehensive Environmental Response, Compensation and Liabilities Act
CHAMPUS	Civilian Health and Medical Program of the Uniformed Services
COBRA	Cost of Base Realignment Actions
DCMC	Defense Contract Management Command
DCMD	Defense Contract Management District
DCSC	Defense Construction Supply Center
DDCO	Defense Depot Columbus, Ohio
DDMT	Defense Depot Memphis, Tennessee
DDOU	Defense Depot Ogden, Utah
DDRV	Defense Depot Richmond, Virginia
DFSC	Defense Fuel Supply Center
DGSC	Defense General Supply Center
DIS	Defense Investigative Service
DISC	Defense Industrial Supply Center
DLA	Defense Logistics Agency
DLSC	Defense Logistics Services Center
DOD	Department of Defense
DOD IG	Department of Defense, Inspector General
DOE	Department of Energy
DOSO	DLA's Operations Support Office
DPSC	Defense Personnel Support Center
DRMS	Defense Reutilization And Marketing Service
DSDC	DLA Systems Design Center
EFA NW	Engineering Field Activity Northwest
EIG	Engineering Installation Group
FISC	Fleet and Industrial Supply Center
GSA	General Services Administration
IAP	International Airport
IG	Inspector General
IC&AD	Investigations Control and Automation Directorate
ICP	Inventory Control Point
ISSC	Information Systems Software Command
IUSS	Integrated Undersea Surveillance System

JPAT	Joint Process Action Team
LANTIRN	Low Altitude Navigation and Targeting Infrared System (Night)
LMI	Logistics Management Institute
MCAS	Marine Corps Air Station
MSA	Metropolitan Statistical Area
NADEP	Naval Aviation Depot
NAESU	Naval Aviation Engineering Service Unit
NAF	Naval Air Facility
NAS	Naval Air Station
NATSF	Naval Air Technical Services Facility
NAVFAC	Naval Facility
NAVMASSO	Naval Management Systems Support Office
NAVSEA	Naval Sea Systems Command
NAWC	Naval Air Warfare Center
NBDL	Naval Biodynamics Laboratory
NCCOSC	Naval Command, Control, and Ocean Surveillance Center
NHRC	Naval Health Research Center
NISE	Naval In-Service Engineering
NISMC	Naval Information Systems Management Center
NMRI	Naval Medical Research Institute
NPRDC	Navy Personnel Research and Development Center
NPS	Nuclear Power School
NPV	Net Present Value
NRC	Naval Reserve Center
NRD	Naval Recruiting District
NRL	Naval Research Laboratory
NSWC	Naval Surface Warfare Center
NSY	Naval Shipyard
NTC	Naval Training Center
NTTC	Naval Technical Training Center
NUWC	Naval Undersea Warfare Center
NWAD	Naval Warfare Assessment Division
OEA	Office of Economic Adjustment
OMB	Office of Management and Budget
ONR	Office of Naval Research
OSD	Office of the Secretary of Defense
PWC	Public Works Center
R&D	Research and Development
RDT&E	Research, Development, Test, and Evaluation
REDCAP	Real-Time Digitally Controlled Analyzer Processor

REDCOM	Readiness Command
ROI	Return on Investment
SAILS	Strategic Analysis of Integrated Logistics Systems
SDIV	Southern Division
SIMA	Shore Intermediate Maintenance Activity
SIOP	Single Integrated Operational Plan
SPAWAR	Space and Naval War Systems Command
SRF	Ship Repair Facility
SSN	Attack Submarine, Nuclear-Powered
SUPSHIP	Supervisors of Shipbuilding, Conversion and Repair
UPT	Undergraduate Pilot Training
WDIV	Engineering Field Activity West

Introduction

In recent years, the Department of Defense (DOD) has seen substantial reductions in its funding, personnel, and force structure, and to less extent in its facilities infrastructure. DOD's attempts to close and realign military bases represent an opportunity to ensure that scarce defense resources are devoted to the most pressing operations and investments rather than to maintenance of unneeded property, facilities, and overhead.

On February 28, 1995, the Secretary of Defense announced recommendations for closures, realignments, and other actions affecting 146 domestic military installations. Of that number, the Secretary described 33 as being closures of major installations and 26 as major realignments; 27 were requested changes to prior BRAC round decisions. The recommendations were submitted to the Defense Base Closure and Realignment Commission, which will consider them as it develops its list of proposed closures and realignments for the President and the Congress. This year's efforts will mark the fourth round of major base closures since 1988.

Previous Base Closure and Realignment Efforts

Historically, closing unneeded facilities has not been easy, partially because of the public's concerns about the effects of closures on communities and their economies and about the impartiality of the decision-making process. Additionally, 1970s legislation requiring congressional notification of proposed closures and preparation of economic, environmental, and strategic consequence reports greatly impeded base closure efforts. Legislation enacted in 1988 (P.L. 100-526) facilitated a successful round of base closure decision-making. It outlined a special process for considering base realignment and closure (BRAC) actions, authorized a special commission to review proposed closures and realignments, and provided relief from certain statutory provisions that hindered the base closure process.

In 1990, acting without use of special enabling legislation, the Secretary of Defense found it difficult to initiate, and could not complete, additional base realignment and closure actions. Concerned about the Secretary's proposals in January 1990, the Congress passed the Defense Base Closure and Realignment Act of 1990 (Title XXIX, P.L. 101-510), which halted any major closures unless DOD followed the new act's requirements. The act created the independent Defense Base Closure and Realignment Commission; it also outlined procedures, roles, and time lines for the President, the Congress, DOD, us, and the Commission to follow. It required that all bases be compared equally against (1) selection criteria to be

developed by DOD and (2) DOD's current force structure plan. The legislation mandated rounds of BRAC reviews in 1991, 1993, and 1995.[1]

For the 1991 and 1993 rounds under the 1990 legislation, the services and defense agencies submitted their candidates for closure and realignment to the Secretary of Defense for his review. After reviewing these candidates, the Secretary submitted his recommendations to the BRAC Commission for its review. The BRAC Commission, which could add, delete, or modify the Secretary's recommendations, then submitted its recommendations to the President for his consideration. The President could either accept or reject the Commission's recommendations in their entirety; if he rejected them, the Commission could give the President a revised list of recommendations. If the President accepted the Commission's recommendations, he forwarded the list to the Congress, and the list became final unless the Congress enacted a joint resolution disapproving it in its entirety.

By DOD's count, base closure rounds in 1988, 1991, and 1993 produced decisions to fully or partially close 70 major domestic bases and close, realign, or otherwise downsize scores of other bases, installations, and activities.[2] The number of bases recommended for closure or realignment in a given BRAC round is often difficult to tabulate precisely because closure decisions are not necessarily complete closures and closures vary in size. The term base closure often conjures up the image of a larger facility being closed than may actually be the case. Military installations are rather diversified and can include a base, camp, post, station, yard, center, home port, or leased facility. Further, more than one mission or function may be housed on a given installation. For example, in 1993, the Navy closed the Norfolk Naval Aviation Depot, one of its six aircraft maintenance facilities. The Norfolk depot was located on the Norfolk Navy Base, which includes the Norfolk Navy Station, Supply Center, and Air Station.

An individual DOD base closure and realignment recommendation may actually affect a variety of activities and functions without fully closing an installation. Full closures, to the extent they occur, may involve relatively

[1]For each BRAC round, this legislation mandated that we analyze the Secretary's selection process and recommendations, and submit a report to the Congress and the BRAC Commission. Depending on the BRAC round, these reports must be completed within 30 or 45 days after the Secretary of Defense makes public the proposed realignments and closures. For information on the 1991 and 1993 rounds, see: Military Bases: Observations on the Analyses Supporting Proposed Closures and Realignments (GAO/NSIAD-91-224, May 15, 1991) and Military Bases: Analysis of DOD's Recommendations and Selection Process for Closures and Realignments (GAO/NSIAD-93-173, Apr. 15, 1993).

[2]See appendix I for definitions pertaining to DOD's base realignment and closure actions.

small facilities, rather than the stereotypically large military base. Thus, this report refers generically to a variety of sized facilities, installations, and activities as base closures.

DOD is still completing the base closures and realignments approved in 1988, 1991, and 1993. By law, DOD must currently initiate closure or realignment actions no later than 2 years after the President submits his list to the Congress and must complete implementation within 6 years. As of January 1995, DOD data shows that 51 percent of the 70 major closing actions of the prior three rounds had been completed. Bases selected for closure in BRAC 1995 must be closed by 2001.

DOD calculated that BRAC rounds in 1988, 1991, and 1993 resulted in decisions to close 14 percent of its major domestic bases, representing a 15-percent reduction in plant replacement value.[3] DOD data shows that reductions in military and civilian personnel levels during this time period have been much steeper and are slated to reach 32 percent within the next several years. Similarly, DOD states that its budget request for fiscal year 1996 is, in real terms, 39 percent below fiscal year 1985, the peak year for inflation-adjusted budget authority in recent times. Firm correlations between these data sets are problematic. Nevertheless, differences in the extent of reductions among these categories have been used to suggest the need for significant additional infrastructure reductions in BRAC 1995.

The 1995 Base Realignment and Closure Round

The 1995 BRAC round was subject to the same legislatively mandated requirements and procedures enacted in 1990, and subsequently amended, that governed BRAC rounds in 1991 and 1993. However, for the 1995 round, DOD also required that its components explore opportunities for the cross-service use of common support assets. Thus, the Office of the Secretary of Defense (OSD) organized cross-service review groups to propose alternatives for the components to consider in the following five functional areas: (1) maintenance depots, (2) laboratories, (3) test and evaluation facilities, (4) undergraduate pilot training, and (5) medical treatment facilities.

On January 7, 1994, the Deputy Secretary of Defense issued policy guidance for the 1995 BRAC round. He stipulated that his goal was to further reduce the overall DOD domestic base structure by a minimum of 15 percent of DOD-wide plant replacement value.

[3]Plant replacement value is DOD's estimate of what it would cost to replace all the buildings, pavements, and utilities at its bases using today's building standards.

Actions Taken to Help Ensure the Integrity of the Process

Several requirements of the BRAC process are designed to contribute to its fairness and integrity, including the following:

- Closure and realignment decisions must be based upon selection criteria and a current force structure plan (fiscal years 1996 to 2001) developed by the Secretary of Defense.
- All installations must be considered equally for possible closure or realignment.
- All components must use specific models for assessing (1) the cost and savings associated with BRAC actions and (2) the potential economic impact on communities affected by those actions. We have identified shortcomings in these models in prior BRAC rounds and have seen improvements made in each round to enhance their effectiveness.
- Decisions to close defense facilities with authorization for at least 300 civilians must be made under the BRAC process. Decisions to realign defense facilities authorized at least 300 civilian that involve a reduction of more than 1,000 civilians, or 50 percent or more of the civilians authorized, also must undergo the BRAC process. DOD components retain the option of including facilities/activities that fall below the threshold.
- Information used in the BRAC decision-making process must be certified; that is, the information is accurate and complete to the best of the originator's knowledge and belief. This requirement was designed to overcome concerns about the consistency and reliability of data used in the process.
- DOD components must develop and implement internal control plans identifying how they intend to conduct their BRAC process, foster accurate data collection and analyses, and document decisions.
- Service audit agencies and DOD Inspector General (IG) personnel must be extensively involved in auditing the process to better ensure the accuracy of data used in decision-making and enhance the overall integrity of the process.

Selection Criteria

DOD has used the same eight selection criteria in BRAC 1995 as it did in the prior two rounds (see table 1.1).

Table 1.1: DOD Criteria for Selecting Bases for Closure or Realignment

Category	Criteria
Military value (priority consideration is to be given to the four military value criteria)	1. Current and future mission requirements and the impact on operational readiness of DOD's total force.
	2. The availability and condition of land, facilities, and associated airspace at both the existing and potential receiving locations.
	3. The ability to accommodate contingency, mobilization, and future total force requirements at both the existing and potential receiving locations.
	4. Cost and manpower implications.
Return on investment	5. The extent and timing of potential costs and savings, including the number of years, beginning with the date of completion of the closure or realignment, for the savings to exceed the costs.
Impact	6. The economic impact on communities.
	7. The ability of both the existing and potential receiving communities' infrastructures to support forces, missions, and personnel.
	8. The environmental impact.

Force Structure Plan

Decisions under each of the last three BRAC rounds have been predicated on the most current force structure plan. The force structure plan for fiscal years 1995 through 2001 governs BRAC 1995. The planned force structure includes 10 active Army divisions, 11 Navy aircraft carriers, and 936 active Air Force fighter aircraft. This contrasts with the force structure in effect for BRAC 1993, which included 12 active Army divisions, 13 Navy aircraft carriers, and 1,098 fighter aircraft.

Key Steps in DOD Components' Decision-Making

Each of the DOD components participating in BRAC 1995—including the Air Force, Army, Navy, Defense Logistics Agency (DLA), and Defense Investigative Service (DIS)—had its own unique organization and process for identifying candidate bases or activities for closure and realignment. Yet, in varying degrees, each component incorporated similar key steps.

Establishing Base Closure Review Organizations

Each DOD component participating in BRAC 1995 was responsible for completing a review and giving the Secretary of Defense its candidates for base closure and realignment. To accomplish this objective, each

component established an internal organization for conducting the reviews. The Air Force, Navy, and DLA had executive-level review groups, with senior civilian and military personnel overseeing the BRAC process. Each organization also formed working groups functioning under its executive review group. Decisions on candidate bases to be forwarded to the Secretary of Defense were made by the respective service secretaries and agency heads.

The Army's principal organization for conducting its base closure review was a working group that functioned under the direction of a brigadier general. Periodic briefings were provided, as needed, to the senior Army leadership, including the Vice Chief of Staff, Chief of Staff, and Secretary of the Army. DIS had an executive group composed of senior agency officials who directed the functions of working groups under them.[4]

Categorizing Bases and Activities

Each DOD component grouped its bases, installations, or activities with like missions, capabilities, or attributes into categories and, where appropriate, subcategories. The Army and Air Force tended to establish categories according to the type of installations and bases. The Navy and DLA categories were more oriented to functional activities. Specifically, the services and DLA grouped their installations and bases as follows:

- The Army had 15 categories of facilities, the major ones being combat maneuver installations, major training areas, command and control/administrative support, training schools, and ammunition storage facilities.
- The Navy placed all its activities into one of five categories: operational support, industrial support, technical centers/laboratories, educational/training, and personnel support/other. Within these categories were 27 subcategories. The largest category, operational support, had 12 subcategories, which included operational air stations, reserve air stations, and naval bases. The industrial support category included subcategories such as shipyards and aviation depots. Within these subcategories were individual Navy and Marine Corps installations and activities subject to review for closure or realignment.
- The Air Force had seven base categories encompassing operations —small and large aircraft and missile bases; technical training and education facilities; undergraduate flying training; other/administrative; space

[4]DIS' interest in BRAC 1995 was limited to seeking a change to a 1988 BRAC Commission action that realigned Fort Holabird, Maryland, leaving DIS as the fort's primary tenant. During BRAC 1995, DIS sought relocation from Fort Holabird and construction of an office building at Fort Meade, Maryland. Accordingly, DIS had a rather abbreviated BRAC program and review process.

operations; industrial/depot test facilities and laboratories; and Guard and Reserve facilities.

- DLA had four functional categories: command and control, distribution depots, inventory control points, and service/support activities. Distribution depots represented the largest category, which was subdivided into stand-alone depots and specialized depots collocated with non-DLA maintenance depots of individual services. Compared with the services, which normally own or otherwise control their bases, DLA is almost always a tenant on another component's facility.

Data Gathering and Analysis to Identify Excess Capacity and Establish Military Values for Activities/Bases

Initial steps in BRAC 1995 evaluations were to (1) determine whether bases/facilities in categories/subcategories had excess capacity for future requirements and (2) assess bases and facilities against the military value selection criteria. These were important steps toward identifying bases/facilities/activities for further study as potential candidates for closure or realignment.

Data used to make these initial determinations of capacity and military value (and satisfy data requirements for other review criteria) were obtained by the DOD components through questionnaires, or data calls, that went out to their activities, facilities, and installations. This quantifiable data was unique to each category about facilities, missions, operations, and personnel. Individuals that provided this data had to certify that it was accurate and complete.

A starting point for assessing excess capacity was examining changes in future years' force structure. Beyond that, how excess capacity was evaluated varied by and within component, depending on the type of activity. The Navy, for example, used personnel throughput as a capacity indicator for its training air stations; for operational air stations, capacity was measured by the number of air squadrons that could be housed in terms of hangar and required support space. Likewise, capacity for Air Force bases with aircraft missions was evaluated in terms of the maximum number of mission aircraft that could be parked at the bases.

The Army relied upon measures besides quantifiable data to assess excess capacity. Guidance and insights on potential excess capacity were derived from a study entitled "The Army Stationing Strategy." This study, produced by the Deputy Chief of Staff for Operations and Plans at the outset of the 1995 BRAC review process, served as a frame of reference, or operational blueprint, for the Army's BRAC review process. Drawing on input from

senior leaders in the Army, this study provided operational insights and military judgments regarding each category of Army base/facility, including possible operational requirements and opportunities to reduce infrastructure. For example, the study cited the need to maintain the capability to station 10 division equivalents plus 2 armored cavalry regiments in the United States—the equivalent of 32 maneuver brigades. This requirement was predicated on the Army's force structure remaining as it is now and included contingency planning for stationing all Army forces in the United States. The study estimated that the Army could now house 29 brigades in the United States without any new construction; with military construction, it could increase its capacity to station 38 brigades. This stationing strategy formed the basis for military value assessments and was used to identify a list of installations to be studied closer for closure or realignment.

Key measures of capacity for DLA were the amount of physical space and throughput capacity available and used. Although it depended on data calls for information about storage capacity, DLA's BRAC review also used as a frame of reference "concepts of operation" for each of its organizational categories to guide decision-making. Examples of concepts of operations were increased emphasis on modern means to eliminate old, excess items; less reliance on item stockage in government depots; and greater reliance on industry delivery systems for direct delivery to military customers.

Each component developed a unique analytical approach to using DOD's military value criteria to analyze, rank, or tier facilities within its categories. Data call responses were keyed to the selection criteria. Data calls were designed to permit comparisons among installations and activities. The components assigned values to particular data call items based on their importance to the individual elements of military value. Subsequently, ranked or tiered installations and activities were used as a frame of reference by most components in selecting specific installations and activities for further assessment in terms of potential closing or realignment action. Thus, the ranking or tiering of installations was viewed more as the beginning of the deliberative process, rather than the end of it.

Identifying Potential Realignment and Closure Candidates and Analyzing Scenarios

After DOD components identified candidates for further study, they examined the feasibility of various realignment and closure scenarios. For a component with primarily one function/activity/mission at a given base or facility, scenarios focused on options for eliminating or relocating that single function or mission. The potential for closing these bases was more

Military Judgment, Including Operational and Policy Considerations, Affects Ultimate Closure and Realignment Decisions

Although each DOD component goes through a phased and largely quantified process in evaluating its facilities and installations, final closure and realignment decisions are often influenced by military judgments, operational and policy imperatives, and other factors. These are important parts of the BRAC process. Such factors may include a service's decision to maintain certain capabilities on both the east and west coasts, or to maintain a facility having relatively low military value because of its strategic location and importance.

Military judgment and other policy factors are applied at various points throughout the evaluation process to eliminate facilities and installations from further consideration for closure or realignment. To some extent they may also be applied by a service secretary before forwarding candidates to the Secretary of Defense. Likewise, OSD, the Joint Chiefs of Staff, and the war-fighting Commanders-in-Chief also review proposed base closures and realignments, applying their military judgment as a final check on proposed recommendations.

Bases Recommended for Closure and Realignment in BRAC 1995

After reviewing a consolidated list of recommendations for closures and realignments from the services and Defense agencies, and without making any changes, the Secretary of Defense publicly announced his list of recommendations on February 28, 1995. The Secretary recommended closures, realignments, and other actions affecting 146 domestic military installations. Of that number, the Secretary described 33 as being closures of major installations and 26 as major realignments, and 27 involve requests to change (redirect) prior BRAC decisions (see app. IV).

DOD projects that its 1995 BRAC recommendations, if approved, will produce a 6-year net savings of $4.0 billion, with annual recurring savings of $1.8 billion after implementing actions are completed.

Objectives, Scope, and Methodology

The Defense Base Closure and Realignment Act of 1990, as amended, requires that we provide to the BRAC Commission and the Congress a detailed analysis of the Secretary of Defense's recommendations and selection process. Accordingly, from March 8, 1994, to February 28, 1995, we monitored the process as it was being implemented by DOD components. We analyzed the Secretary's recommendations and further analyzed the process between March 1 and April 10, 1995.

DOD and its components granted us varying degrees of access. For example, DLA allowed us to monitor all phases of its decision-making process, including all executive-level sessions at which BRAC issues were being discussed and decisions made. At the other extreme, the Air Force gave us very limited direct access to its process until after the Secretary of Defense announced her recommendations on February 28, 1995. This limited our ability to fully assess the Air Force's process.

We did our work at OSD, the military services' and defense agencies' headquarters and field locations, and various military commands and installations. We interviewed and obtained pertinent documentation from officials at these locations. At OSD, we obtained information about policy guidance provided to DOD components and OSD's oversight role in the base closure and realignment process. We also interviewed and obtained pertinent documentation from officials involved in the cross-service working groups.

For each of the services, DLA, and DIS, we reviewed documentation and interviewed officials to determine whether their decision-making processes complied with legislative requirements and OSD guidance and employed sound methodologies and techniques. We broadly examined categories of bases and individual decisions within those categories to determine whether recommended closures and realignments logically flowed from available documentation and decision-making processes. For major recommendations, we tracked the recommendation in detail through the decision-making process to test the decision logic, consistency, reasonableness, and correlation with military value assessments and other decision criteria. We applied the same approach to examine alternatives suggested to the services by the five functional cross-service groups.

If the services used special cost or analytical models, we reviewed them to understand how they fit into the analytical process and examined technical documentation to ensure that these tools were appropriate for their use. We also independently examined the outputs of these models, particularly COBRA. Any errors we detected, such as in cost data, were immediately referred to DOD components for their consideration. In most instances, service audit agencies and the DOD IG made more in-depth assessments of these models and verified data entries and output pertaining to these models; they also referred errors to the components on a real-time basis to ensure needed corrections were made. In most situations, we reviewed and assessed the results of the audit agencies'

work; in selected instances, we observed the work of the audit agencies in making their assessments.

Each of the DOD components used its respective audit agency to provide real-time audit coverage of data collection and analyses processes to ensure that the data used were adequately documented and accurately incorporated in the process. Therefore, we maintained a liaison with these groups to facilitate our monitoring efforts and in selected instances observed their verification of data.

We performed our work in accordance with generally accepted government auditing standards. We did not request written comments from DOD, but we informally discussed our findings, conclusions, and recommendations with DOD officials and included their comments where appropriate.

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BRAC 1995 Savings Are Expected to Be Substantial, Although Somewhat Imprecise for Now

Although projected annual recurring savings from DOD's BRAC 1995 recommendations are substantial, various sensitivity tests we completed indicated they could be overstated by 2 percent, and implementation costs could be understated by 4 percent. At the same time, the cost and savings data remain somewhat imprecise pending development of budget quality data for implementation of the recommendations.

The COBRA model is used by DOD components to estimate the costs and savings of base closures and realignments. Improvements have been made to the model after each BRAC round; however, it remains more of a comparative tool rather than a precise indicator of budget costs and savings. DOD has employed a different, but appropriate, discount rate approach for BRAC 1995 than was used in earlier BRAC rounds to project the net present value (NPV) of long-term savings. Recent changes in the actual discount rate for this approach, and DOD's reaction to that change, have created some confusion regarding the extent of long-term savings.

Cost of Base Realignment Actions Model

The COBRA model estimates the costs and savings associated with a proposed base closure and realignment action, using data that are readily available to DOD without extensive field studies. COBRA incorporates data pertaining to three major costs: the current cost of operations, the cost of operations after the closure or realignment, and the cost of implementing the realignment or closure action. Using these costs, COBRA calculates the number of years it takes to generate enough savings to offset the cost of the closure or realignment. Stated another way, it determines how long it takes for the closure or realignment action to be paid for.

COBRA computes the NPV of the BRAC action over a 20-year period, as well as one-time costs, 6-year costs and savings, and annual recurring costs and savings. COBRA data depict costs as accurately as possible; however, when uncertainty exists, COBRA inputs have tended to overestimate costs and underestimate savings as a conservative safeguard to guide decision-making.[1] While COBRA does not produce budget-quality data, it does aggregate relevant cost data to provide a consistent comparison between realignment and closure options.

[1]Environmental cleanup costs, which by OSD policy direction are not included in COBRA calculations. These costs are not a part of base-closing decisions, since they are expected to occur whether a base closes or not.

Substantial Savings Are Expected, Despite Some Errors and Uncertainties

In several instances, variances may exist in cost and savings estimates for BRAC 1995 recommendations. In other instances, cost and savings estimates remain uncertain. However, assuming the Commission approves all recommendations as presented, our analysis indicates that these variances would not significantly alter the substantial savings expected from the BRAC recommendations.

A DOD IG review completed and made public after DOD's BRAC report, including COBRA summaries, showed that several of OSD's standard cost factors supplied for the components' use either were not well supported or were outdated. These standard factors related to civilian personnel and housing costs. As a result of using these faulty standard factors, one-time costs were understated by $101 million, and in at least two instances, one-time costs increased enough to extend the return on investment (ROI) an additional year. However, our analysis also indicated the use of faulty factors caused a reduction in net present value only by approximately $68 million.

Questions have been raised about the accuracy of OSD's standard factors regarding (1) the willingness of civilian employees to relocate if their positions are moved to a new base and (2) the percentage of civilian personnel who would receive other government jobs as a result of the Priority Placement Program.

OSD's standard factor of 6 percent of civilian personnel that would be unwilling to move was based on a 1991 study of one air base. Because of concern that the percentage could be much higher, we completed a sensitivity analysis, assuming that more than two-thirds of affected civilian personnel would be unwilling to move. Our analysis showed a net result of less than a 1-percent change in one-time costs. Increased costs associated with separation of persons unwilling to move was largely offset by decreased costs associated with moving personnel.

The standard factor of 60 percent placement of civilian personnel through the Priority Placement Program (used in all of DOD's COBRAs) was challenged by the DOD IG and subsequently revised by OSD to 50 percent based on historical data. In spite of the reduction, concern remained that the percentage could be much lower. To test the impact of this factor on overall cost, we reran the COBRAs using a 20-percent placement rate. The result was a slight increase (2 percent) in one-time costs, due to a rise in severance pay that was mitigated by a decrease in moving costs.

COBRA uses authorized personnel positions for analysis; however, we found that the actual number of civilian personnel at a base may be less. To determine the impact of this difference, we completed a sensitivity analysis, assuming that the actual civilian personnel levels were 98 percent of what was authorized (an approximation based on differences in recent fiscal years). The results indicated that one-time costs decreased by $17 million, with a 6-year net increase in savings of $27.7 million. This appeared to be caused by (1) reduced moving costs because fewer positions were being realigned and (2) greater overhead savings.

DOD's BRAC policy guidance stipulates that personnel reductions associated with force structure reductions are not to be included in BRAC savings. Other military personnel reductions occurring at bases slated for closure or realignment may be counted as savings to the extent that they represent reductions in salary costs. While such reductions are taken, they may not always result in reductions in authorized end strength. The Navy and the Air Force indicate that they reduce their end strengths to match military personnel reductions resulting from BRAC; the Army, which is claiming savings from such reductions in BRAC 1995, indicates that it does not expect to take commensurate reductions in end strength. We calculate that approximately $41 million of the Army's annual recurring BRAC savings is related to such personnel reductions. Since these personnel will be reassigned elsewhere rather than taken out of the force structure, they do not represent dollar savings that can be readily allocated outside the personnel accounts.

We also found that DOD components were not always able to identify where activities from closing or realigning bases would relocate. Therefore, to fully capture costs and savings, a generic "base X" was used.[2] Collectively, the services and DLA included base X in 32 (22 percent) of their BRAC 1995 recommendations, accounting for 12 percent of all personnel realignments and 3 percent of costs. Further, in 15 of these 32 recommendations, more than half of the personnel realignments were to base X. Because base X represents an average cost option, or in the case of the Navy and Air Force a higher than average cost option, the difference between the COBRA cost estimate and the eventual implementation cost could be more or less for these recommendations. The components with the greatest number of base-X recommendations were the Army and DLA. Army and DLA officials indicated that prior BRAC experience has shown that

[2]For anticipated relocations of less than 50 miles, a generic "base Y" was used. Relocations to base Y, as for actual relocations less than 50 miles, do not include personnel moving costs.

costs associated with such moves have been similar or less than initially projected.

The net result of various sensitivity tests we completed showed that DOD's projected $1.8 billion annual recurring savings from BRAC 1995 recommendations could be overstated by $31 million, or 2 percent, and the cost to implement the recommendations could be understated by $160 million, or 4 percent. This represents a relatively limited diminution in projected cost savings.

It should be noted, however, that most DOD components undertake more rigorous assessments of expected costs very quickly after the Secretary of Defense announces his list of proposed closures and realignments, as they begin to more fully consider how to implement the recommendations and develop budget quality data for doing so. Such efforts are currently underway, primarily in the Army and Air Force, and to a lesser extent in the Navy. A more current estimate of projected costs and savings should be available before the Commission completes its work and issues its report to the President.

Comparability of COBRA Data and Implementing Budget Estimates

Various concerns have been voiced about the comparability of prior BRAC COBRA data and subsequent budget estimates prepared to implement BRAC decisions, and the same concerns pertain to the 1995 BRAC round. It is important to note that COBRA is only a starting point for preparing BRAC implementation budgets, and there are important differences in how cost data is developed for COBRA and for subsequent budget submissions. Thus, no services or defense agencies routinely compare COBRA estimates with implementing budgets. At the same time, the services and defense agencies do not update their initial estimates of BRAC savings once implementing budgets are completed.

Differences between COBRA estimates and the BRAC budget exist for myriad reasons, including the following:

- COBRA estimates, particularly those based on standard cost factors, are averages. Not surprisingly, those averages must be refined for budget purposes.
- COBRA costs are expressed in constant-year dollars; budgets are expressed in then-year (inflated) dollars.
- COBRA costs can be understated if a closing base has several tenant organizations that must be relocated. Understatement has occurred in the

past where decisions had not been finalized when the COBRA costs were estimated.

- Environmental restoration costs are not included in COBRA, but these costs are included in the BRAC implementation budgets.
- COBRA data capture costs and savings pertinent to a given installation, even if multiple tenants are involved; BRAC implementation budgets represent only a single component's costs.
- Homeowners Assistance Program costs are included in COBRA but excluded from BRAC implementation budgets.

While COBRA and budget data are not routinely compared across the board, some ad hoc assessments have shown that budgeted costs related to COBRA cost factors were less than originally projected by COBRA or even initial budget estimates. For example, the Army has found over time that actual BRAC-related personnel costs were less than initially forecast. Also, the DOD IG has done a series of audits comparing most recent budget requests for BRAC construction with the COBRA estimates for 38 affected bases. It found that the budget requests, on average, were 7.79 percent ($170.5 million) less than original estimates.

To the extent that implementation costs are less than those projected by COBRA, BRAC savings can obviously be greater than initially projected. However, as indicated previously, DOD and its components do not routinely update their initial savings estimates. In another review, we are examining the extent to which actual cost savings vary from initial estimates of prior BRAC closures and realignments.

BRAC 1995 Used a Different Discount Rate Approach to Calculate Long-Term Savings

All BRAC 1995 COBRA costs and savings are projected over a 20-year period and are adjusted, or discounted, to fiscal year 1996 dollars. COBRA uses a discount rate to calculate the present value of net savings over the 20-year period. Discounting reflects the time value of money by transforming gains and losses from different time periods to a common unit of measurement. The discount rate is also used as a factor in determining the number of years before the government realizes a return on its ROI, that is, the point at which savings begin to exceed costs associated with the closure or realignment action.

Office of Management and Budget (OMB) Circular A-94, "Guidelines and Discount Rates for Benefit-Cost Analysis of Federal Programs," provides guidance on the discount rates to be used in evaluating federal programs whose benefits and costs are distributed over time. In prior BRAC rounds,

the discount rate approach used was one that OMB said approximated the rate of return on private capital. According to OMB, that approach is appropriate for analyzing public investments and regulatory programs that provide costs and savings to the general public, such as building a dam. Because the benefits of such programs occur in the private sector, the government's ROI is comparable to the rate of return expected in the private sector. The discount rates for this approach as used in BRAC 1991 and 1993 were 10 percent and 7 percent, respectively, for 20-year programs. Had this approach been used in BRAC 1995, the applicable discount rate would have remained at 7 percent.

OSD opted to use a different discount rate approach for BRAC 1995. After consulting with OMB, OSD elected to use a discount approach tied to the U.S. Treasury's borrowing rate.[3] That approach is considered appropriate for analyzing programs where a given objective is to be achieved at the least cost. An example of a program for which the use of this discount approach is applicable is an investment in an energy-efficient building system that reduces federal operating costs. At the time most BRAC 1995 COBRA analyses were done, the discount rate for this approach was 2.75 percent for 20-year programs—this rate was used by the services in completing their COBRA analyses.[4] However, on February 7, 1995, OMB completed its annual reassessment of the rate and changed it to 4.85 percent.[5] OSD did not revise its COBRA assessments to reflect this higher rate.

Although OMB officials approved of DOD's shift in the discount rate methodology for BRAC 1995, they acknowledge that economists have reached no consensus on a single conceptual approach for such analyses. It should be noted, however, that the use of a discount rate tied to the Treasury's borrowing rate is consistent with our approach in evaluating benefits and costs of public policies over time. Thus, we believe DOD's use of this approach is appropriate for BRAC.

What is the practical impact of changing discount rate approaches on expected BRAC costs and savings? In general, for base closures with closing

[3]OMB first authorized government agencies to use this discount rate in October 1992. This rate is updated each year with the President's budget submission.

[4]In subsequent chapters dealing with individual DOD components' recommendations and other bases they considered for closure, we also used the 2.75-percent rate to show NPV, since that rate was used in their decision-making.

[5]In its report to the Commission, OSD inadvertently summarized its BRAC 1995 cost data using a discount rate of 4.2 percent rather than 4.85 percent. It used the 2.75-percent rate for reporting specific recommendations.

costs concentrated in the early years and savings occurring later, the lower the discount rate, the greater the net present value of savings and the shorter the time period before net savings begin to accrue. To more precisely determine the impact of different discount rates on expected BRAC net present value savings, we reran the COBRA model for BRAC 1995 recommendations using 7 percent, 4.85 percent, 4.2 percent, and 2.75 percent discount rates (see table 2.1).

Table 2.1: Impact of Various Discount Rates on BRAC 1995 Net Present Values

Fiscal year 1996 dollars in millions

DOD component	2.75-percent discount	4.2-percent discount	4.85-percent discount	7-percent discount
Army	$8,184.2	$6,945.2	$6,463.9	$5,134.1
Navy	8,528.0	7,457.0	7,039.2	5,878.4
Air Force	3,656.1	3,056.7	2,824.6	2,186.4
DLA	1,276.7	1,077.7	1,000.6	788.4
DIS	4.2	3.4	3.1	2.2
Total	**$21,649.2**	**$18,540.1**	**$17,331.4**	**$13,989.6**

Note: Totals may not add due to rounding.

In recalculating COBRA estimates, we also sought to determine when the DOD components would receive a return on their investments, using a 2.75-percent and a 4.85-percent discount rate. In most cases, we found no appreciable difference, although in several instances (11 percent) the ROI years increased by 1 year to 2 years under the higher discount rate.

A Short-Term View of Savings Without Using a Discount Rate

Another perspective on expected savings from BRAC 1995 base closures, realignments, and redirects, without including the impact of a discount rate, is seen in the costs and savings expected during the 6-year implementation period and in the projected recurring annual savings after the 6-year implementation period. Table 2.2 summarizes those projected costs and savings.

Table 2.2: Projected 6-Year Costs and Savings From BRAC 1995

Fiscal year 1996 dollars in millions

DOD component	6-year costs	6-year savings	6-year net savings	Recurring annual net savings[a]
Army	$1,594.2	$2,796.0	$1,201.8	$725.1
Navy	1,729.5	4,501.8	2,772.3	605.3
Air Force	1,392.7	1,505.3	112.6	363.3
DLA	464.2	577.2	113.0	119.6
DIS	12.8	12.3	(.5)	.5
Total	**$5,193.4**	**$9,392.7**	**$4,199.3**	**$1,813.8**

Note: Totals may not add due to rounding.

[a]Recurring annual net savings begin after BRAC recommendations have been implemented.

Environmental Cleanup Costs Are Not Considered in Making Closure Decisions

Environmental restoration was not a factor in the DOD base closure decision-making process; however, it can represent a significant cost following a base closure. The Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) of 1980 (P.L. 96-510) and the Superfund Amendments and Reauthorization Act of 1986 (P.L. 99-499) require the Department to restore contaminated sites on military bases, whether the bases are closing or not. Environmental cleanup costs, however, are likely to have a significant budgetary impact since pressure for rapid conversion and reutilization of closed bases will not allow these costs to be spread over many years.

For the 123 bases affected by the 1988, 1991, and 1993 closure actions, the estimated cleanup costs contained in the 1995 BRAC budget justification document will be about $4 billion. For the 33 major bases proposed for closure by BRAC 1995, the estimated cleanup costs contained in the Defense Environmental Cleanup Program Annual Report to Congress for Fiscal Year 1994 (Mar. 31, 1995) are about $2 billion.[6] For the cleanup of minor bases, for which DOD provided data, the cost estimate was $147.3 million.

The cost estimates are only preliminary ones because (1) detailed environmental surveys for BRAC 1995 bases have not been done to reflect shorter time frames to accomplish restoration and expedite the transfer of property following a base closure, (2) CERCLA cleanup studies have not been done, (3) the amount and types of contaminants to be cleaned up are

[6]DOD has not completed the cost estimate for the accelerated cleanup of the BRAC 1995 bases.

unknown, (4) changes in requirements are being issued often, and (5) technology improvements could decrease costs. As shown in our report entitled Military Bases: Environmental Impact at Closing Installations (GAO/NSIAD-95-70, Feb. 23, 1995), past cleanup cost estimates have proven to be low. For the 84 bases included in earlier BRAC rounds, where additional information was supplied in April 1994, the cost to clean up these bases rose to $5.4 billion, or over $1.6 billion more than the total estimate for these same bases in the fiscal year 1995 budget request.

It is too early to assess what impact environmental cleanup will have on the timely disposal of properties, since most of them have not closed.

Conclusions and Recommendation

Projected savings from BRAC 1995 recommendations are expected to be substantial, despite some potential areas of overstatement. At the same time, COBRA estimates included in the Secretary of Defense's report to the Commission are recognized as somewhat imprecise. Currently, some DOD components are working to obtain more complete cost data. Accordingly, we recommend that the Commission consider obtaining updated cost and savings data to the extent it is available and include this data in summary form in its report for the recommendations it forwards to the President for his consideration.

OSD Attempted to Play a Stronger Role in BRAC 1995, With Limited Success in Cross-Servicing

OSD took actions to improve its oversight of the BRAC 1995 process. It also sought to encourage the consolidation of workloads across the services and thereby reduce DOD-wide capacity for performing five common support functions. Based on the services' recommendations, some reductions in excess capacity would be achieved within the services, but the services' recommendations for closures and realignments would move very little work from one service's facilities to another's. OSD's efforts to encourage the services to share assets, consolidate workloads, and reduce capacity in the five functions were limited because of reliance on service decision-making and consensus; insufficient time; and, in some cases, a narrow analytical approach.

OSD Established Oversight and Cross-Service Groups

In prior BRAC rounds, OSD involvement was generally limited to issuing guidance and reviewing the services' recommendations just before the Secretary forwarded them to the Commission. For BRAC 1995, OSD continued its policy guidance role but also established a senior-level review group to oversee the entire BRAC process and a steering group to support it. These two groups brought key senior OSD officials into the BRAC process for the first time in a substantive way. The review group was chaired by the Deputy Secretary of Defense; the secretaries or under secretaries of the services, chairpersons of the cross-service groups, and others were members. The group met six times between January 1994 and February 1995.

The review group was authorized to review BRAC 1995 policies, procedures, and excess capacity analyses; establish closure or realignment alternatives, numerical excess capacity analyses, and reduction targets for DOD components; review BRAC 1995 work products of the DOD components and cross-service groups; and make recommendations to the Secretary of Defense regarding cross-service trade-offs and asset-sharing opportunities.

The BRAC 1995 steering group assisted the review group. It was chaired by the Assistant Secretary of Defense for Economic Security; the team leaders of each joint cross-service group, service representatives, and others were members. The steering group met 10 times between January and August 1994.

Between January and November 1994, the periodic meetings of the review and steering groups helped focus the attention of senior DOD officials on the potential for cross-servicing and facilitated the cross-service groups' process. In November and December 1994, each cross-service group sent

one or more sets of alternatives (proposals for closures, realignments, and workload consolidations) to the services for their consideration in making their final recommendations. After this point, the review group met one more time to endorse, without changes, the services' recommendations to the Secretary of Defense.

We did not attend the review, steering, and cross-service groups' meetings. However, we reviewed the minutes of their meetings and interviewed OSD and service officials who led and worked with each of the groups, DOD IG officials who attended the meetings of each group, and service audit officials who verified the data submitted to the groups. We observed service auditors verifing data collected at several activities and DOD IG auditors verifing data consolidation, analyses, and calculations for each of the cross-service groups. We assured ourselves that data discrepancies were identified and corrected. In March and April 1995, we analyzed how the cross-service groups calculated excess capacity and developed the proposals they sent to the services. We also evaluated the services' response to the cross-service groups and their recommendations for closures and realignments.

The Timing of the Cross-Service Process Limited Its Impact on OSD and Service Decisions

The cross-service group process began in January 1994. In March and April 1994, the cross-service groups sent their data calls to the services, after the services had sent their own data calls to the field activities. In July and August 1994, the steering group approved the plans the groups proposed for analyzing the data they had requested. The groups identified amounts of excess capacity, but except for depot maintenance, they did not set capacity reduction goals, as originally envisioned. In late 1994, the groups sent their proposals to the services that were responsible for considering the cross-service alternatives in their service decisions. Subsequently, OSD received the services' recommendations too late in the process for meaningful give-and-take discussions to achieve greater consolidations. Had the cross-service groups started earlier, they might have had more fully developed proposals and greater influence on the services' and the Secretary of Defense's recommendations for closures and realignments.

DOD officials told us that, ideally, the groups should have decided how they would use the information they requested before asking the questions. This would have avoided needless work on the part of the responding activities. Also, this would have given the groups more time at the end of the process to formulate their proposals to the services. In addition, if OSD

had established capacity reduction goals for each function early in the process, the services might have more carefully considered the interservicing opportunities that the groups identified.

As it was, despite the efforts of the review and steering groups, milestones slipped repeatedly throughout the process. When the groups sent their proposals to the services in late 1994, the services were already completing their analyses of their own installations. Consequently, little time remained for the review group to work with the services on additional opportunities for cross-service trade-offs and asset-sharing.

Services' Recommendations Will Reduce Some Infrastructure, but Few Workloads Will Be Cross-Serviced

In prior BRAC rounds, each service's base closure and realignment process and recommendations focused almost exclusively on its activities. They did not consider the potential for consolidating work across service lines. Recognizing this potential, the Secretary of Defense designated five common support functions as areas of special attention in BRAC 1995 and established joint cross-service groups to deal with them. The functions were depot maintenance, test and evaluation, laboratories, medical treatment facilities, and undergraduate pilot training. Appendix II discusses the structure of and analytical process used by these groups.

Among other things, the groups computed the capacity of each site performing a specific function. Then they compared the cumulative capacity of all sites with the workload projected for a given year to determine the amount of excess capacity in each area. Table 3.1 shows how much excess capacity each group identified.

Table 3.1: Amount of Excess Capacity Identified by Each Cross-Service Group

Cross-service group	Amount of excess capacity
Depot maintenance	40.1 million direct labor hours (equal to 24,830 work years[a])
Test and evaluation	495,000 test hours
Laboratories	9,800 work years
Medical treatment facilities	1 medical center is excess, and 2 medical centers and 13 hospitals should be realigned.
Undergraduate pilot training	33 percent of available airfield operations for fixed-wing aircraft and 108 percent of available ramp space for rotary-wing aircraft

[a]Direct labor hours as a measure of capacity represents the amount of workload a facility can accommodate with all work stations manned, on a single shift, 5-day, 40-hour week.

Early in the process, DOD officials debated the role of the cross-service groups. The Vice Chairman, Joint Chiefs of Staff, advocated a strong role for these groups and recommended that the services be required to incorporate the groups' alternatives in their final recommendations. Other officials believed the services had to retain the final say on closures and realignments to meet their Title 10 responsibilities.[1] The latter view prevailed. This key decision meant that cross-service groups were subordinate to the services. In other words, the services retained the power to make the final recommendations for closures and realignments of their activities.

The cross-service groups' perspective on the activities they studied differed from that of the services. They looked only at functions performed at two or more sites, or by two or more services, and those with the potential for being consolidated. In most cases, these functions represented only a portion of what was done at a specific site. Furthermore, the activity was usually only part of a base or installation. The services had the broader perspective of the entire base and its future needs. In addition, the cross-service groups did not calculate the ROI of the closures, realignments, and workload consolidations they proposed to the services. Using these factors, the services determined whether the groups' proposals were feasible and cost-effective. Finally, the groups' proposals were not definitive; four of the groups proposed two or more sets of alternatives. In effect, the groups said that given the magnitude of excess capacity, the services could close or realign one facility or another; the remaining sites could handle the workload, and would meet the objective of eliminating capacity with either choice.

In some cases, despite their different analytical approaches, both the services' and cross-service groups' analyses supported closure or realignment of the same activity. However, in most cases, the services' final recommendations were based on their own analyses, not those of the cross-service groups. Moreover, virtually all of the services' recommendations resulted in moving workloads to like facilities within the same service, as compared with the cross-service groups' proposals, which generally involved moving some workloads to other services' facilities. In most cases in which the services analyzed the ROI of the alternatives developed by the cross-service groups, they did so with some

[1]Under Title 10, DOD activities are required to "maintain a logistics capability . . . to ensure a ready and controlled source of technical competence and resources necessary to ensure effective and timely response to a mobilization, national defense contingency situations, and other emergency requirements." (10 U.S.C. 2464(a). The Secretary of Defense shall identify those logistical activities that are necessary to maintain the logistics capability described in paragraph (a). (U.S.C. 2464 (a)(2).

variation of what the groups' recommended. Generally, the variation moved more work to that service's own facilities than the alternatives presented by the cross-service groups.

As discussed below, the services' recommendations for closures and realignments eliminate some of the excess capacity in the area covered by the cross-service groups, but much of it will remain.

Depot Maintenance

The cross-service group for depot maintenance analyzed the capacity of 24 facilities to maintain and repair 57 commodities, such as aircraft engines and landing gear. The group identified 40.1 million direct labor hours of excess capacity. It provided two sets of alternatives to the services, each of which would close up to eight depots. The two sets of alternatives would have consolidated 12 or 13 workloads at single sites, and various other workloads at two or more locations.

Although some differences existed between which depots were included in each set of alternatives, the capacities of the eight depots and various workload transfers suggested for closure in the group's first alternative amounted to 30.5 million direct labor hours. The second alternative would have eliminated between 34.5 million and 36.8 million direct labor hours. In comparison, the services' BRAC 1995 recommendations for depot closures and realignments will reduce excess capacity by about 20 million direct labor hours. The services recommended (1) realigning Letterkenny Army Depot, Pennsylvania; and the Naval Undersea Warfare Center, Keyport, Washington; and (2) closing Red River Army Depot, Texas; Long Beach Naval Shipyard, California; and the Naval Surface Warfare Center, Louisville, Kentucky. These recommendations paralleled cross-service group alternatives but were fewer in number. The Air Force recommended downsizing its five air logistics centers in lieu of closing San Antonio and Sacramento Air Logistics Centers, as suggested by the group.[2] The group also suggested closing the Naval Aviation Depot, Jacksonville, Florida, and an additional shipyard—either Portsmouth, New Hampshire, or Pearl Harbor, Hawaii. The Navy did not concur with these suggestions due to strategic and operational considerations.

Even if the services' recommendations are accepted by the BRAC Commission, the excess capacity remaining will be equivalent to about four average-sized depots (5 million direct labor hours), on the basis of the

[2]The Air Force reported that downsizing these depots will eliminate 9 million of the 20 million direct labor hours the cross-service group estimated would be reduced by BRAC 1995. As discussed in chapter 4, we have concerns about the Air Force's plans for downsizing these depots.

cross-service group's approach to calculating excess capacity. Much of this excess will be in Air Force and Navy aviation repair capability.

Had the services designated a joint depot or consolidated more workloads through interservicing, one or more additional depots might have been closed. On May 4, 1994, the Deputy Secretary of Defense directed the Secretaries of the Navy and the Air Force to consider establishing a joint fixed-wing aviation depot. However, the cross-service group decided that a joint depot should be designated from among those remaining after BRAC 1995 and did not suggest establishing one in the alternatives it sent to the services.

Test and Evaluation and Laboratories

The cross-service groups for test and evaluation and laboratories had little impact on the services' recommendations. The groups identified large amounts of excess capacity, much of which will remain after BRAC 1995. DOD officials identified a number of problems that constrained the groups' efforts. These included the following:

- Test and evaluation and laboratory functions were split between the two cross-service groups, thereby creating artificial barriers around the functions and facilities that each could consider.
- The groups chose analytical frameworks that broke work down into such small pieces that some of the sets of alternatives they suggested to the services proposed numerous transfers of small workloads from one facility to another. The services did not find most of these options feasible or cost-effective.

The cross-service group for test and evaluation analyzed the capacity of 23 activities that supported test and evaluation of air vehicles, electronic combat, and armaments/weapons and identified about 495,000 test hours of excess capacity.[3] However, the group did not set capacity reduction goals.

The group provided two sets of alternatives to the services. The first set of alternatives, developed by the group as a whole, suggested numerous transfers of small workloads from one facility to another. The second set of alternatives, which was controversial, proposed larger realignments of work and, in the view of the chairpersons, had the greatest potential for reducing excess capacity. Among other things, these alternatives proposed

[3]This excess capacity existed at many installations in air vehicles, electronic combat, and armament/weapons functions and in 18 test facility categories, including open air ranges, integration laboratories, and measurement facilities.

consolidating the air vehicle test and evaluation missions of the Naval Air Warfare Center, Patuxent River, Maryland, primarily at Edwards AFB, California, or vice versa, and consolidating the electronic combat test and evaluation missions of Eglin AFB primarily at the Naval Air Warfare Center, China Lake, California, or vice versa. The chairpersons said the services did not sufficiently analyze this set of alternatives and that opportunities for consolidations, cross-servicing, and infrastructure reductions were being missed.

While the Navy and the Air Force recommended some reductions and consolidations of test and evaluation activities, each service's recommendations were based on its own analysis. The services' analysis involved little transfer of workloads to other services' facilities, and were largely unrelated to the work of the cross-service group. The Navy and the Air Force were unable to agree on the assumptions to be used in COBRA scenarios. The Army did not recommend closing or realigning any test and evaluation facilities proposed by the cross-service group. Despite the lack of time at the end of the process and the need to further refine their proposals for major realignments, the chairpersons of the cross-service group said they were reasonable and should be carefully analyzed by the services.

The cross-service group for laboratories analyzed the capacity and functions of the 29 common support functions it identified as having potential for consolidation, collocation, and cross-servicing. The group estimated that about 9,800 work years of excess capacity were within these 29 common support functions. On initial analysis, the group found its approach yielded piecemeal results that usually considered workload packages that fell below the BRAC threshold of 300 authorized civilians. At this point, the group recognized that a broader approach was needed to identify opportunities to eliminate infrastructure through cross-servicing. In late September 1994, the group identified alternatives where it thought the services could benefit from cross-servicing. The chairperson directed the group to focus data collection and analysis on the following alternatives:

- Consolidate most command, control, communications, computers, and intelligence (C^4I) acquisition and research and development (R&D) at Fort Monmouth, New Jersey.
- Consolidate air launched weapons research, development, test and evaluation at Naval Air Warfare Center, China Lake.

- Consolidate explosives at the Armament Research Development Engineering Center, Picatinny Arsenal, New Jersey, and the Naval Air Warfare Center, China Lake.
- Consolidate propellants at the Naval Air Warfare Center, China Lake.

The Navy eliminated a significant number of laboratory installations. In a more expansive recommendation, it moved its C^4I activities to San Diego rather than Fort Monmouth. The Air Force elected to realign these functions within its own infrastructure, with a contingent moving to Fort Monmouth. The Army proposed closing one laboratory, realigning its functions internally, and chose not to move its propellant work to China Lake. Subsequently, the cross-service group concluded that if the BRAC Commission accepted the services' recommendations as submitted, about 4,300 work years of excess capacity would still remain.

Medical Treatment Facilities

Of the 14 medical centers and 86 hospitals it analyzed,[4] the group suggested closing 1 medical center and realigning 2 medical centers and 13 hospitals. The group did not set an overall capacity reduction goal for BRAC 1995. The services recommended closing one medical center and two hospitals, and realigning two hospitals to clinics. The two closing hospitals are on bases that will be closed. At the time it made its suggestions, the cross-service group did not know which bases the services would recommend for closure.

For various operational reasons, the services said some of the group's suggestions were not feasible. The Air Force did not calculate the ROI for the cross-service group's suggestions. However, both the Air Force and the Navy said they were downsizing some facilities outside of the BRAC process. Because in many cases a small number of jobs are involved, a hospital can be reduced to a clinic, and clinics can be eliminated outside of the BRAC process. Both services expressed concern that downsizing hospitals to clinics as BRAC actions would limit future flexibility in that congressional action would be required if plans needed to be revised.

DOD's health care system's primary mission is to maintain the health of 1.7 million active-duty service personnel and to be prepared to deliver health care during times of war. As we have reported, a crucial task facing the Congress and DOD as they plan for the future of the military health

[4]Medical centers provide patient care and have at least two graduate medical education programs. Hospitals provide inpatient and outpatient care, and clinics provide only outpatient care.

services system is to agree on the size and structure of the medical force needed to meet wartime requirements.[5]

A recent DOD study has challenged the Cold War assumption that all medical personnel employed during peacetime are needed for wartime. Its conclusion that wartime medical requirements are much lower than the medical system programmed for fiscal year 1999 raises the question of whether U.S. military medical forces should be reduced to only those needed for wartime. Thus, as we have reported, several key variables that greatly affect the wartime demand for medical care are still in debate. And, while the cross-service group's analysis and other studies indicate that some excess capacity in medical facilities will remain after BRAC 1995, it is unclear that there is consensus on wartime requirements and therefore on how much excess capacity exists DOD-wide. In addition, because DOD is still obligated to meet the health care demands of nonactive-duty beneficiaries,[6] downsizing decisions must also be made on the cost-effectiveness of maintaining a military medical capacity larger than that needed for wartime purposes.

Undergraduate Pilot Training

The cross-service group measured capacity for undergraduate pilot training for fixed-wing aircraft by number of airfield operations at 12 installations, and ramp space availability for rotary-wing aircraft at 2 installations. For fixed-wing aircraft, the group identified excess capacity of 33 percent. For rotary-wing aircraft, the ramp space capacity was more than twice the amount needed. The group provided three sets of alternatives for the services to consider. The first, which aimed to reduce capacity and minimize the movement of functions to new sites, proposed closing Naval Air Station (NAS), Meridian, Mississippi; NAS, Whiting Field, Florida; and Reese AFB, Texas. Fixed-wing training was to be moved at the services' discretion, while rotary-wing training was to move from NAS, Whiting Field to Fort Rucker. The second alternative assumed redistribution of excess airfield operations capacity and added the closure of Vance AFB, Oklahoma, to the first alternative. The third alternative added the closure of NAS, Corpus Christi, to alternative two and transferred its outlying field and air-space capacity to NAS Kingsville.

[5]See Wartime Medical Care: Aligning Sound Requirements With New Combat Care Approaches Is Key to Restructuring Force (GAO/T/NSIAD-95-129, Mar. 30, 1995).

[6]See Defense Health Care: Issues and Challenges Confronting Military Medicine (GAO/HEHS-95-104, Mar. 22, 1995).

The Air Force recommended closing Reese AFB, and the Navy recommended closing Meridian and realigning Corpus Christi from a naval air station to a naval air facility (NAF). The group estimated that the Air Force and Navy recommendations would reduce excess capacity for fixed-wing pilot training to about 8 percent. Capacity for rotary-wing training would remain at more than twice the ramp space needed.

The Air Force disagreed with the cross-service group's second and third alternatives, which included closing Vance AFB. It viewed these alternatives as unacceptable because they both exceeded 100 percent of capacity when planned capacity requirements were considered. The Air Force concluded that for the foreseeable future, it was necessary to account for the uncertainty of such factors as the turmoil of multiple base closings and the fielding of new aircraft, including the Air Force's T-1, the Navy's T-45, and both services' joint pilot training system.

The Navy rejected the group's proposal to move its helicopter training from Whiting to Fort Rucker because its cost analysis indicated high closure costs with a 15-year ROI. The proposal, as interpreted by the Navy, would simply have collocated the Army and Navy helicopter training at Fort Rucker, not consolidated the training—a concept the Navy continues to oppose.

The Navy retained Corpus Christi as a NAF in order to provide additional airfield capacity. This additional capacity will enable the Navy to locate all of its strike training at NAS Kingsville, Texas; to accept mine warfare helicopter assets in support of the Mine Warfare Center of Excellence at Naval Station, Ingleside, California; and to move additional aviation assets to the NAF as operational considerations dictate. Because the cross-service group made no recommendations that affected the Army, no Army analysis was required.

A key policy decision for undergraduate pilot training consolidations and potential base closings was the Secretary of Defense's April 15, 1993, directive to the services to consolidate initial training on fixed-wing aircraft and to transition to a common primary training aircraft. The Secretary also directed the Army and the Navy to study alternatives for consolidating Army, Navy, and Marine Corps initial training on helicopters at Fort Rucker and to develop detailed proposals for implementation within 90 days.

The Navy and the Air Force agreed to a joint primary aircraft training system for fixed-wing aircraft and began planning for the joint training aircraft acquisition, syllabus development, and common training philosophies. The cross-service group's proposals and the services' recommendations factored in the requirements for the new joint training system. However, the Navy has not agreed to consolidate helicopter training at Fort Rucker because it considers its training requirements unique. A firm decision to consolidate helicopter training would be needed to facilitate further reductions in the infrastructure for undergraduate pilot training.

Conclusions and Recommendations

Some reductions in excess capacity were achieved within each service in support areas. However, OSD's efforts to encourage the services to share assets, consolidate workloads, and reduce capacity in five functional areas met with limited success because of reliance on service decision-making and consensus; insufficient time; and, in some cases, a narrow analytical approach. More time for interactions between the services and with OSD, and stronger DOD leadership will be required to ensure progress in the future.

Because the services did not completely analyze the set of alternatives developed by the chairpersons of the cross-service group for test and evaluation, the BRAC Commission may wish to have the services complete detailed analyses, including cost analyses, for its consideration.

If there is another BRAC round, we recommend that the Secretary of Defense

- begin the cross-service process 1 year before the services' BRAC process, and for each common support function studied, incorporate specific capacity reduction goals in OSD's initial BRAC guidance and
- prior to the BRAC round, identify and make the policy decisions necessary in each area to merge service functions that would result in further reductions in infrastructure.

The Air Force's Process Made It Difficult to Easily Track Resulting Recommendations

The Air Force recommended closures, disestablishments,[1] and realignments of 23 installations, including 7 air reserve bases. It also proposed reconsideration of seven prior BRAC decisions. The Air Force considered the alternatives suggested by the cross-service groups and incorporated five of them in its recommendations.

While some improvements in the process were made, certain aspects of the Air Force's evaluation process remained largely subjective. Initial analytical phases of the Air Force's process were influenced by preliminary estimates of base closure costs. In some instances, these closure costs appeared to materially affect how the bases were valued and thus what bases were first considered for closure and realignment. Restricted access to the Air Force's process as it was unfolding, the subjective nature of the decision process, and limited documentation in some areas affected our ability to fully assess the analyses behind some decisions, particularly those decisions excluding bases from closure or realignment. These and other factors caused us to question a number of the Air Force's recommendations.

Air Force excess capacity analyses suggested the potential for a greater number of closures and realignments than was recommended. The Air Force did not propose closure of any active-duty operational aircraft bases, although its capacity analyses showed a potential to close eight. Factors limiting Air Force closures and realignments included operational, environmental, and closure cost considerations.

Although Some Improvement Has Been Made, Concerns About the Process Remain

As in previous BRAC rounds, the Secretary of the Air Force established a group of senior Air Force military and civilian personnel—the Base Closure Executive Group—to administer BRAC 1995. The Executive Group was assisted by the Air Staff Base Closure Working Group. Minutes of the Executive Group's meetings indicated extensive interaction with, and direction from, the Secretary, for example, in setting capacity reduction goals or in selecting bases to evaluate for closure. However, when the Secretary met with members of the Executive Group and others to discuss specific closure options, the meetings were not considered official Executive Group meetings, and details of these meetings were not documented.

An important part of the Air Force process was evaluating its bases against DOD's selection criteria. The Air Force weighed all eight criteria

[1]According to OSD's BRAC definitions, bases are closed and activities are disestablished.

simultaneously, emphasizing the first five criteria, to place its bases in three tiers, suggesting high (tier 1) to low (tier 3) value for retention purposes.[2]

In prior BRAC rounds, the Air Force used a subjective color-coded scale to assign a value to individual criteria and their subelements and used subjective judgments to tier its bases.[3] The lowest-tiered bases provided the starting point for considering bases for possible closure and realignment. We reported in 1993 that the Air Force's rating and tiering approach, including limited documentation, made it difficult to track and verify the decision-making process.[4] The Air Force did improve its rating process for BRAC 1995 by establishing a numerical approach to determine the scores for five of DOD's eight selection criteria that had not been quantified in BRAC 1993 (the first three and last two). However, these values were ultimately translated once again to color codes. The color codes were still used to represent individual subelement scores and to aggregate the subsequent scores for each of the five criteria. Cost to close, ROI, and economic impact information, the three remaining selection criteria, were given numerical values.

A cumulative rating, either color-coded or numerical, was not calculated for each base, unlike the other DOD components. Instead, the Executive Group's members subjectively weighed the five criteria rated by color codes and the three criteria with numerical values, with emphasis on the military value and cost criteria, and voted by secret ballot on a base's score. A 3-point scale was used, with a base's score ranging from high to low. With 13 members voting, an individual base could receive a maximum score of 39 points. Natural break points were used to place bases in one of the three tiers. Bases placed in the lowest, or third, tier provided the starting point for considering bases for potential closure or realignment.

Prior to voting, a co-chairman of the Executive Group summarized for the members which of the eight selection criteria were most important. For the Air Force's small aircraft and large aircraft subcategories, depots, and product centers and laboratories, the co-chairman emphasized giving the greatest weight to the first criterion dealing with mission requirements and

[2]The Air Force, unlike the other services, did not establish a distinct military value for its bases.

[3]A "green" rating meant that for a particular attribute, a base was desirable for retention; "red" meant less desirable; and a "yellow" rating fell between the two. Each color could also have a plus or minus designation. In prior rounds, after scoring the bases or individual subelements, the Air Force gave each base an overall color rating for six of the eight DOD selection criteria.

[4]Military Bases: Analysis of DOD's Recommendations and Selection Process for Closures and Realignments (GAO/NSIAD-93-173, Apr. 15, 1993).

then to the fourth and fifth criteria dealing with cost and savings estimates associated with closing the bases. The minutes do not provide information about how the members actually weighed the eight criteria when voting.

Concerns About Aspects of the Air Force's Process

As in past rounds, the process was not sufficiently documented to substantiate the extent of deliberations and analyses leading to decisions to close or realign individual bases. This was especially problematic for bases where deliberations occurred and decisions were made that bases could not be closed or realigned. In these cases, we relied on oral discussions to gain insight into the rationale behind some decisions. Although Air Force Audit Agency (AFAA) personnel were permitted access to portions of the Air Force's process from the beginning, they too were not given access to all the documentation for the final recommendations until they were made public. Therefore, they are still working to complete their final reviews.[5]

Second, closure costs played a major role in the Air Force's decision-making from the beginning of its process. Unlike previous BRAC rounds, the 1995 BRAC process appeared more influenced by options that would have smaller closure costs and quicker savings. The closure costs used in the tiering process were preliminary, based on the premise that installations would be closed and, with few exceptions, all personnel, equipment, and functions would move to other locations. However, in a number of instances, we found these initial estimates were significantly higher than might be the case later, when more definitive assessments were made.

The preliminary cost estimate could vary significantly from actual costs for full or partial closures or realignments. We are concerned that this approach could have affected the extent to which bases with high closing costs or long payback periods were seriously examined for closure or realignment. However, the nature of the Air Force process and its associated documentation did not provide the basis to conclusively determine whether this was the case.

[5]AFAA oversaw and reviewed each phase of the process. It (1) reviewed and reported on the Air Force's internal control program, (2) reviewed the data collection process through statistical sampling of the color-coded criteria, (3) reviewed cross-service data collection, and (4) performed a limited review of the economic and cost data. During its reviews, AFAA provided at least 17 interim memorandums to the Air Force to disclose discrepancies to ensure timely corrective action. At the time of our report, it was completing its reviews and reports for each segment. AFAA estimates the reports will be completed between late April and June 1995.

In one instance, our analysis showed that Rome Laboratory, New York, was placed in the top tier rather than a lower tier, where it more likely would have been placed had closure costs not been emphasized. An Air Force Working Group official stated that the high preliminary closure cost ($134 million) and long payback period (over 100 years) were reasons for this placement. Later in the process, the Air Force took a closer look at Rome Laboratory based on a cross-service group suggestion to close the laboratory. The Air Force found that the costs were much lower ($52 million) and the payback period was much shorter (4 years) after calculating more precise closing cost data for this specific recommendation. Without the cross-service group suggestion, the Air Force might not have seriously considered this recommendation and might have missed an opportunity to reduce this excess capacity and produce savings.

In another instance, we found that a second-tier base (Offutt AFB, Nebraska) had lower color-coded scores in the first three criteria than a third-tier base (Ellsworth AFB, South Dakota). While not precisely stated in the Air Force documentation, the tiering decision may have resulted from significant differences in closure costs. Ellsworth's closure costs were estimated to be $41 million, while Offutt's were projected to be $515 million. However, Air Force documentation does not provide the rationale for the base's relative standing. In this case, the relative standing apparently would not have affected any decisions, since no bases were selected for closure in this basing category.

Identifying Closure and Realignment Candidates

To begin the process for selecting bases for closure, the Air Force identified all bases (active and reserve components) in the United States that had at least 300 authorized civilian positions. The Air Force identified 99 bases (72 active and 27 reserve) that for the most part met this criterion and grouped them into 7 categories, with a total of 13 subcategories.[6] The Air Force also looked at Air National Guard and Air Force Reserve bases that did not meet the base closure threshold of 300 civilian positions.

The Executive Group sent a detailed data call to the 99 bases to gather information for a comparative analysis. It also developed preliminary closure cost estimates for each base using the COBRA model.

[6]Three bases—Onizuka in California, Vance in Oklahoma, and Arnold in Tennessee—had less than the 300 authorized civilian positions but were included because of their missions.

The Secretary of the Air Force excluded 15 installations from the analysis process because they were either essential to the Air Force's mission or located in geographical areas that were strategically important. For example, McChord AFB, Washington, was excluded because it is the primary deployment base for the Army's I Corps and supports the rapid deployment of Army troops to the Pacific theater. Based on the Executive Group's analysis, the Secretary eliminated two categories and one subcategory that encompass nine additional bases because in its judgment, no significant excess capacity existed. We found no reason to question the basis for these decisions.

Capacity Analysis

To identify excess capacity, the Executive Group compared each of the 99 bases' projected force structure requirement with its total capacity and future mission requirements. For example, for bases with an aircraft mission, the Executive Group compared the maximum number of mission aircraft that could be parked at the base with the base's projected requirement. Table 4.1 displays the Air Force's categories and subcategories along with the number of bases initially considered; the number of bases excluded due to mission essentiality or insufficient capacity; and the number of bases that were selected as candidates for further study, that is, evaluated against DOD's eight selection criteria.

e 4.1: Air Force Basing Categories and Subcategories

gory/subcategory	Total bases	Reason bases were eliminated from detailed study: Mission/ geography	Reason bases were eliminated from detailed study: No excess capacity	Bases left for detailed study
ations	4	1	0	3
ssiles	19[a]	4	0	15
ge aircraft	15	4	0	11
all aircraft	5	0	0	5
graduate flying training				
rial/technical support	5	0	0	5
ots	6	0	0	6
duct centers and labs	3	2	0	1
and evaluation				
cation and training	4	0	4	0
nical training	2	2	0	0
cation				
e support[b]	3	2	1	0
lite control	2	0	0	2
dministrative	4	0	4	0
erve component[c]	13	0	0	13
ational Guard	14	0	0	14
rce Reserve				
	99	**15**	**9**	**75**

[a]Three additional large aircraft bases were considered in the missile bases subcategory.

[b]The entire space support subcategory was eliminated because the Air Force found no excess capacity. Two of its bases, Patrick AFB, FL, and Vandenburg AFB, CA, were eliminated because of mission considerations.

[c]Air reserve component bases were generally not compared against each other. Instead, they were reviewed separately for potential cost-effective relocations to other bases.

As a result of the capacity analysis, the Executive Group, in consultation with the Secretary, identified the maximum targeted number of base closures that could be achieved within each subcategory. Table 4.2 shows, by subcategory, the number of bases studied and the number of bases that the Air Force considered excess to requirements. This excess became the Air Force's base reduction goal.

Table 4.2: Air Force Bases Studied and Considered Excess

Category/subcategory	Number of bases studied	Reduction goal (excess bases)
Operations		
Missiles	3	1
Large aircraft	15	4
Small aircraft	11	3
Undergraduate flying training	5	1
Industrial/technical support		
Depots	5	2
Product centers and laboratories	6	3
Test and evaluation	1	0
Education and training		
Technical training	0	0
Education	0	0
Space		
Space support	0	0
Satellite control	2	1
Other/administrative	0	0
Air Reserve component		
Air National Guard	13	3
Air Force Reserve	14	5
Total	**75**	**23**

The Executive Group indicated that it was unlikely the Air Force could achieve reduction goals due to its constrained ability to provide parking space and facilities for aircraft. That information would be developed during later analyses when actual realignments of force structure were considered.

After considering the preliminary closing costs, capacity analyses, operational factors such as the type of aircraft supported and the impact on air quality standards, and air encroachment potential at receiving bases,[7] the Secretary of the Air Force directed the Executive Group to assess how the missions of third-tier bases might be allocated to other bases. An analysis of third-tier bases was completed, and if none were considered candidates for closure or realignment, the Secretary then directed that bases in the other tiers also be considered. During these

[7]Environmental impact is the eighth DOD selection criterion. However, because of its perceived importance, the Air Force also considered air quality within criteria two, which concerns the availability and condition of land, facilities, and associated air space. An Air Force Working Group official told us that beside being a factor in deciding whether to keep open or close a base, it was also a factor in excluding bases. For example, Beale and McGuire were eliminated from consideration as receivers of other bases' missions, because adding a new type or additional aircraft could increase the air pollution (measured in tons) beyond the allowed limits.

analyses, more detailed COBRA estimates were developed for various scenarios.

Some Air Force BRAC 1995 Recommendations Raise Questions

The Air Force recommendations addressed the targeted active component excess capacity primarily through realignments and the targeted reserve component excess capacity through closures. The Air Force recommended 23 closures, realignments, and disestablishments, and 7 changes to prior BRAC decisions. Three of the closures and the two disestablishments affect active duty facilities; no operational aircraft bases are recommended for closure. Table 4.3 shows the bases the Secretary of the Air Force recommended for closure/disestablishment and realignment by category/subcategory.

Table 4.3: Air Force BRAC Recommendations by Category

Category	Number recommended	Closure or disestablishment	Realignment
Large aircraft/missile	2	0	Grand Forks AFB Malmstrom AFB
Small aircraft	0	0	0
Satellite control	1	0	Onizuka AFB
Depots	5	0	Hill AFB Kelly AFB McClellan AFB Robbins AFB Tinker AFB
Product centers and laboratories	3	Brooks AFB Rome Laboratory	Kirtland AFB
Test and evaluation	4	AFEWES REDCAP	Eglin AFB Hill AFB
Undergraduate flying training	1	Reese AFB	0
Air Force Reserve	2	Bergstrom ARB Greater Pittsburgh IAP ARB	0
Air National Guard	5	Moffett Federal Airfield AGS Ontario IAP AGS Roslyn AGS Springfield-Beckley Municipal Airport AGS North Highlands AGS	0
Total	**23**	**12**	**11**

While we have some concerns about the Air Force's process, we found information that would lead us to question 15 of the 23 decisions. Seve

the 15 decisions involved cost-effective closures of air reserve component bases, which will reduce excess capacity. Our review of the other eight showed that the decisions were based on bases and activities having relatively lower scores from the eight selection criteria, excess capacity, and low projected workloads. However, we do have unresolved questions about the basis for the remaining eight recommendations.

Reese AFB Closure

The Air Force recommended closing Reese AFB, Texas, because it rated last relative to the other four bases in the undergraduate flying training category when measured against the eight DOD selection criteria. However, community concerns arose over the issues of potential errors in the Air Force's scoring of selection criterion 1 (mission requirements) and its reliance on data gathered under the cross-service group process to make this assessment.

The Air Force's initial review of the community concerns indicated that while there were data errors, they did not significantly alter the relative scoring of the bases for criterion 1 and would not have changed the recommendation. The Air Force was finalizing its response to these issues when we completed our fieldwork. Accordingly, we did not have time to fully assess the situation.

Grand Forks AFB Realignment

The Joint Chiefs of Staff review of this recommendation found that the realignment of Grand Forks AFB, North Dakota, was problematic because of questions about its potential impact on future antiballistic missile (ABM) system deployment rights under terms of the ABM treaty. Thus, the Air Force's BRAC recommendation was adjusted to specify that the missile unit at Grand Forks AFB would inactivate unless, prior to December 1996, the Secretary of Defense determined that the need to retain ballistic missile defense options would preclude this action. The Secretary of the Air Force recommended that if such a determination was made, that the Minot AFB missile group be deactivated. After receiving the Secretary of Defense's recommendations, the BRAC Commission, on March 7, 1995, added Minot AFB to the realignment list to reflect its potential for realignment.

Kirtland AFB Realignment

According to the Air Force, Kirtland AFB, New Mexico, was recommended for realignment because it rated low relative to the other five bases in the product center and laboratory subcategory, considering all eight selection criteria. Our analysis of the eight criteria does not support the Air Force's

reasoning. In addition, other issues need to be addressed: (1) certain costs to operate existing facilities may be transferred to DOE; (2) the realignment of Kirtland AFB will not reduce excess capacity in the product center and laboratory subcategory, since the Phillips Laboratory at Kirtland will not close or move; and (3) the Air Force may not have considered other issues regarding those facilities that are scheduled to remain at Kirtland.

Our analysis shows that Kirtland's first military value criterion was among the highest of the six bases rated in the subcategory. From our analysis of the remaining seven criteria, it appears that closure cost considerations (criterion 4 and 5 in the Air Force process, involving NPV and ROI years) made Kirtland an attractive realignment candidate.

Kirtland's realignment would reduce the Air Force's operational overhead, including support previously provided to DOE and its Sandia National Laboratory located on Kirtland. However, the Air Force's savings could mean an increase in operational support costs borne by DOE. Thus, while DOD might reap some savings, the government would see much less savings. We did not have time to fully assess the magnitude and validity of costs that would be shifted to DOE; however, DOE estimates they would exceed $30 million per year in addition to one-time costs of over $60 million.

In previous BRAC rounds, we expressed concern that some DOD BRAC decisions excluded costs that may be incurred by other federal agencies as a result of its actions, and we recommended that DOD at least disclose such costs. DOD did not concur with our recommendation and in this BRAC round did not identify those costs.

The Air Force will reduce overall infrastructure but not laboratory capacity with this recommendation. The Air Force's Phillips Laboratory at Kirtland will remain in place. Finally, there are questions about whether the Air Force gave adequate consideration to security and operational issues regarding weapons storage facilities at Kirtland. To all appearances, the Air Force did not thoroughly consider all the factors associated with leaving this activity at Kirtland.

Five Depot Realignments

Citing the high costs of closure, the Air Force recommended that none of its five maintenance depots be closed, but instead that each be realigned. The Air Force based the realignments, which included the consolidation of 14 commodity groups, on studies that were incomplete and ongoing

outside the BRAC process. Thus, we question the validity of the Air Force's resulting depot realignment recommendations.

The studies—considered to be a regular depot workload planning evaluation and conducted independent of the BRAC process—were initiated by the Air Force Materiel Command (AFMC) in July 1994. The purpose of the studies was to evaluate the feasibility of realigning 24 commodity/process workloads. The depot maintenance workloads for almost all weapon systems and some functional processes are currently consolidated at specific air logistics centers. For example, depot maintenance for the F-16 aircraft and for landing gear for all Air Force aircraft is consolidated at the Ogden Center, Hill AFB, Utah. The Command expected that further realignments, if approved, would occur along with other realignments as a result of the BRAC review. However, Command officials said that even though the studies were incomplete, they were asked to provide their data for use in formulating the Air Force's BRAC depot consolidation recommendation.

The workload consolidation studies are expected to be completed and reviewed by the Command and the air logistics centers by mid-April 1995. Command officials stated that once the review process is complete, they can present a coordinated position on recommended commodity or workload consolidations. Given that data from their incomplete studies were used to help make BRAC recommendations, these officials believe that they should have the opportunity to suggest revisions to them.

The findings and recommendations of the current versions of the Command's studies do not fully support the realignments and consolidations recommended in DOD's February 1995 BRAC report. For example, the Command's study team report recommends no consolidation of the plating function.[8] However, for the BRAC recommendation, the Air Force recommended this function be eliminated at one of the five depots and at the same time designated the depot as a consolidation center for hydraulics—a function dependent on plating capability. The March 10, 1995, AFMC commodity study on plating recommended no plating consolidation, noting that other consolidation study teams assumed that plating is available at each depot. Likewise, the March 1, 1995, consolidation study for the instrument and display workload recommended consolidating this workload at two sites versus the three sites called for in the BRAC report. Also, the report on advanced

[8]Plating is a metal finishing process that restores dimensions and improves properties, such as corrosion resistance, hardness, and surface smoothness to a part so that it can perform its designed functions.

composites, plastics, and metal bonding recommended workload consolidation at two sites instead of the one site recommended in the BRAC report.

In addition to inconsistencies between the preliminary Command studies and the BRAC recommendations, we noted that the studies did not cover two areas critical to making a meaningful assessment of the cost-effectiveness of proposed consolidations. Command officials affirmed that the workload consolidation reports do not address (1) the potential impact of workload consolidation on the rates charged by the air logistics centers for their services and (2) the extent to which residual workload capability would have to be retained at each depot subject to workload transfers to other depots. However, the officials said that the Command is studying both of these issues and plans to report on them as part of the workload consolidation study. These data appear to be essential for making a meaningful assessment of the cost-effectiveness of the proposed consolidations.

We also noted that workload shifts resulting from realignments proposed by the Air Force would move workload to depots that appear to be downsizing apart from BRAC. For example, one depot, Sacramento Air Logistics Center, California, is losing almost all its unique airframe workload as a result of force structure downsizing. As workload declines and commensurate personnel positions are reduced, it would become less costly in the future to close this facility. However, if the Air Force continues to spread workload among all five depots, it will continue to be costly to close any of these activities in the future.

Changes to 1991 and 1993 Base Closure Commission Recommendations

The Air Force recommended seven changes to recommendations for the closure and realignment of five bases in 1991 and 1993. These changes were made because of either force structure changes or Air Force evaluations that redirected missions and functions. The Air Force believes they will result in about $20.6 million recurring annual savings. Table 4.4 shows the recommended changes to 1991 and 1993 BRAC Commission recommendations.

Table 4.4: Recommended Changes to Prior BRAC Decisions

Base	Recommended change	Justification
Griffiss AFB	Inactivate the 485th Engineering Installation Group (EIG) and transfer its functions elsewhere.	Renovation of originally planned receiver site too costly.
Griffiss AFB	Close the airfield at Griffiss AFB and use the Fort Drum airfield for mobility, contingency, and training support to the 10th Infantry (Light) Division.	Operation of airfield at Griffiss AFB far exceeds earlier estimated costs.
Homestead AFB	Relocate 301st Rescue Squadron (AFRES) to Patrick AFB, FL, instead of reconstructing its facilities at Homestead AFB.	The relocation will enable the 301st to provide primary support to space shuttle missions more efficiently and cost-effectively with less disruption to the unit and mission.
Homestead AFB	Relocate 726th Air Control Squadron to Mountain Home AFB, ID.	Original receiving base, Shaw AFB, SC, does not have adequate radar coverage of training airspace.
Lowry AFB	Inactivate Det. 1, Space Systems Support Group; some personnel and equipment will relocate to Peterson AFB, CO.	Consolidate software support at Peterson AFB with resulting elimination of personnel positions and cost savings.
MacDill AFB	Retain MacDill airfield as part of MacDill AFB.	Deputy Secretary of Defense and Chairman of the JCS have validated airfield requirements of the two unified commands at MacDill AFB.
Williams AFB	Retain Armstrong Laboratory Aircrew Training Research Facility at its present location as a stand-alone activity.	Facilities at Orlando, FL, are not available at the estimated cost and Navy actions in 1993 BRAC reduced pilot resources necessary for the facility's work.

Impact of Cross-Service Group Alternatives on Air Force Decisions

As part of its process, the Air Force assessed alternatives offered by the five functional cross-service groups. The Air Force collected data on behalf of and under the direction of the joint cross-service groups. From the responses to the data calls, the cross-service groups conducted functional analyses of the bases within each subcategory for criterion 1 and developed ratings for them. The Air Force then developed a criterion 1 grade for each base from this data. The final Air Force recommendations incorporated five of the cross-service groups' alternatives. The Air Force considered and analyzed the following cross-service alternatives:

- Test and Evaluation. The Air Force incorporated two of the five alternatives related to test and evaluation facilities in its recommendations—the disestablishment of the Air Force Electronic Warfare Evaluation Simulator (AFEWES) Activity at Fort Worth, Texas, and the Real-Time Digitally Controlled Analyzer Processor (REDCAP) Activity at Buffalo, New York. The two activities were not part of the Air Force process because they did not meet DOD's threshold of 300 authorized civilian positions. The Air Force rejected the other three alternatives,

which included moving Air Force functions to other services, because it did not consider the moves cost-effective or operationally beneficial.

- Product Centers and Laboratories. The Air Force incorporated parts of 2 of 11 recommended alternatives related to laboratories—the closure of Rome Laboratory and relocation of its functions to Hanscom AFB, Massachusetts, and Ft. Monmouth, New Jersey. It rejected the rest, citing cost and operational considerations.
- Undergraduate Pilot Training. The Air Force incorporated one of three alternatives related to undergraduate pilot training—the closure of Reese AFB, Texas. This alternative supported the Air Force's own analysis. The other two alternatives were to close a second Air Force pilot training base. The Air Force concluded that too much capacity would be reduced if two pilot training bases were closed.
- Medical Treatment Facilities. The Air Force rejected all eight alternatives for medical treatment facilities. The Air Force said that four of the alternatives would affect readiness or have service-specific mission implications. The other alternatives were rejected because the Air Force either thought they required a more extensive evaluation of availability of other resources or wanted to keep open options to size the medical asset to fit future requirements.
- Maintenance Depots. The Air Force considered the two proposed alternatives to close two maintenance depots because they supported its own analysis, which placed both bases in the bottom tier. The two depots—Kelly AFB, Texas, and McClellan AFB, California—became the initial focus for possible closure, and, until early February 1995, the Air Force was analyzing this option. However, the Air Force concluded that one-time costs to close one or both depots would be significant ($653 million for Kelly and $514 million for McClellan and over $1 billion for both). According to a Working Group official, recommending closure of one or both depots would have precluded recommending other actions. This official also said that, although not a factor in the Air Force's analysis, the Air Staff knew that considerable additional costs would be incurred for environmental cleanup if any depots were closed. On February 3, 1995, the Secretary directed the Executive Group to concentrate on other alternatives, such as consolidations and downsizing. This new direction led to a recommendation to consolidate 14 commodity groups, realign workloads within the 5 depots, and downsize personnel.

Cost Was an Important Factor in Air Force Decisions

As indicated earlier, closure costs were an important factor in the Air Force's decision-making process. The closure and realignment of AFBs selected for the most part had relatively small implementation costs and provided immediate or near-term savings. According to a Working Group

official, the planning target to spend on implementing all recommendations was $1 billion. Table 4.5 summarizes costs and savings data for the bases recommended for closure and realignment.

Table 4.5: Estimated Costs and Savings Resulting From Air Force Recommendations

Fiscal year 1996 dollars in millions

Installation	One-time costs[a]	6-year net savings[b]	Recurring annual savings[c]	ROI[d] years	20-year NPV[e]
Grand Forks AFB	$11.9	$111.8	$35.2	Immediate	$447.0
Malmstrom AFB	17.4	5.2	5.1	4	54.3
Onizuka AFB	124.2	(125.7)	30.3	8	181.6
Five Air Logistics Centers	183.0	138.6	89.0	2	991.2
Brooks AFB	185.5	(138.7)	27.4	7	142.1
Kirtland AFB	277.5	(158.8)	62.0	3	464.5
Rome Laboratory	52.8	(15.1)	11.5	4	98.4
AFEWES	5.8	(2.6)	0.8	7	5.8
Eglin AFB	2.2	6.3	2.6	1	31.4
REDCAP	1.7	1.9	0.9	1	11.0
Utah Test and Training Range, Hill AFB	3.2	62.4	12.4	Immediate	179.9
Reese AFB	37.3	51.9	21.5	2	256.8
Bergstrom ARB	13.3	93.4	20.9	Immediate	291.4
Greater Pittsburgh ARS	22.3	36.3	13.1	2	161.1
Moffett Federal Airfield AGS	15.2	4.4	4.8	4	50.1
North Highlands AGS	1.3	(0.5)	0.2	8	1.5
Ontario IAP AGS	0.8	(0.3)	0.1	8	0.9
Roslyn AGS	2.4	0.7	0.7	4	7.6
Springfield-Beckley Municipal Air Port AGS	23.4	(5.6)	4.2	6	35.1
485th Engineering Installation Group, Griffiss AFB	0.5	26.8	2.9	Immediate	53.6
Airfield Support for Army, Griffiss AFB	51.3	(12.9)	12.7	5	110.8
301st Air Rescue Squadron, Homestead AFB	4.6	1.5	1.5	4	15.4
726th Air Control Squadron, Homestead AFB	7.4	2.3	0.2	Immediate	4.6
Det.1, Space Support Group, Lowry AFB	1.7	10.9	3.0	1	39.0
Williams AFB	0.0	18.4	0.3	Immediate	21.0
Total	**$1,046.7**	**$112.6**	**$363.3**		**$3,656.1**

(Table notes on next page)

Note: Totals may not compare to those in DOD's report due to rounding.

[a]This represents unique one-time costs to implement the recommendation.

[b]This represents net savings within the 6-year implementation period.

[c]Projected recurring annual savings after the 6-year period.

[d]Return on investment (ROI) years means the number of years after completion of the implementing action until savings begin to exceed the costs associated with the implementing action. "Immediate" means upon completion of the implementing action.

[e]Net present value (NPV) is net savings after closure costs, measured over 20 years and discounted at the rate of 2.75 percent.

AFAA did a limited review of COBRA cost and savings data associated with its service's recommendations. AFAA audited a sample of the higher cost elements calculated by COBRA for the Air Force's preliminary and more detailed closing cost analyses and determined that data entered into the COBRA model could be traced to an appropriate source. They did not verify that all inputs to COBRA were certified. Since the public announcement of the BRAC recommendations, the Air Force has sent teams of personnel, including AFAA representatives, to affected bases to develop more comprehensive data regarding expected costs and savings.

Cost and Operational Factors Eliminated Some Candidates From Consideration

Several bases (see table 4.6) were screened for possible closure but not selected because of operational considerations, environmental issues, and closure costs.

Table 4.6: Summary of Estimated Costs and Savings for Air Force Bases Not Recommended for Closure or Realignment

Fiscal year 1996 dollars in millions

Installation	One-time costs[a]	6-year net savings[b]	Recurring annual savings[c]	ROI years	20-year NPV
Beale AFB	$199.0	$62.6	$52.6	3	$566.9
Ellsworth AFB	40.7	247.7	63.4	1	849.1
Scott AFB	239.6	11.2	53.6	5	528.3
Cannon AFB	72.9	118.8	40.2	2	501.8
Holloman AFB	257.2	36.7	65.1	4	663.2
Moody AFB	97.5	85.6	36.9	2	438.4
Kelly AFB	652.8	(558.7)	70.4	10	179.5
McClellan AFB	513.7	(366.1)	95.8	5	607.0
Hanscom AFB	421.3	(370.2)	50.5	9	158.0
Los Angeles AFB	449.7	(375.8)	49.5	10	142.0
Total	**$2,944.4**	**($1,108.2)**	**$578.0**		**$4,634.2**

Note: Totals may not compare to those in DOD's report due to rounding.

[a]This represents unique one-time costs to implement the recommendation.

[b]This represents net savings within the 6-year implementation period.

[c]Projected recurring annual savings after the 6-year period.

As part of our analysis of the recommendations, we obtained information about the reasons that potential candidates were not selected for closure or realignment. Some information came from the Executive Group's minutes, while other information came from extensive discussions with Air Force Working Group officials.

Operational Aircraft and Missile Bases

The Air Force did not recommend closing any operational-type (large and small aircraft/missile) bases, even though its analysis indicated a potential excess of eight of these bases. In rating and tiering the bases, the Air Force placed only six bases in the lowest, or third, tier. Although these bases, as well as some from the second tier, were extensively reviewed as closure candidates, the Secretary of the Air Force did not recommend any for closure for operational and cost reasons.

Large Aircraft and Missile Bases

Three large aircraft bases—Ellsworth AFB (which bases the B-1 bomber), Grand Forks AFB, and Scott AFB, Illinois—were rated in the bottom tier and were considered for closure. In discussions between the Air Force

Secretary and the Executive Group regarding Ellsworth, concerns were raised about overloading Dyess AFB, Texas, the other B-1 bomber base. Other concerns were the placement of all B-1 assets at a single location and provisions in the Strategic Arms Reduction Treaty that preclude collocation of nonnuclear-capable aircraft (the B-1) with nuclear-capable aircraft (the B-52). The Secretary and the Executive Group were also concerned about the high one-time costs ($250 million) to close Scott and the disruption of the U.S. Transportation Command's activities at the base. For Grand Forks, a Working Group official said that the Executive Group's analyses and discussions with the Secretary centered on finding a base that could receive Grand Forks' 48 KC-135 aircraft as a single package. Consideration was given to moving the aircraft to McGuire AFB, New Jersey, but air quality issues there precluded the action. Also, Grand Forks is a prime location for single integrated operational plan (SIOP) purposes.

After discussing the bases in the bottom tier, the Secretary looked at candidate bases from the middle tier, giving primary attention to Minot AFB; Beale AFB, California; and Malmstrom AFB. According to a Working Group official, Minot AFB could have been closed; however, the Air Force does not intend to decrease its B-52 inventory, as planned, and a suitable receiver base could not be found. For example, moving Minot's B-52 aircraft to other bases like Beale raised air quality environmental concerns, as well as concerns over the high cost ($183 million) to move the mission. Beale AFB was cited as a potential base to receive a special operations wing returning from overseas. The Executive Group minutes point out that closing Beale and moving its U-2 aircraft would create problems of overloading aircraft and encroachment problems at the potential receiving base (Davis-Monthan AFB, Arizona). The Working Group official also said that the importance of the Minuteman Missile Field at Malmstrom AFB precluded it from being a closure candidate. The Secretary also discussed the other second tier bases (Offutt AFB and McGuire AFB) but eliminated them from further consideration because of their missions. The Secretary did recommend the realignment of Grand Forks and Malmstrom AFBs.

Small Aircraft Bases

Three small aircraft bases were rated in the bottom tier—Cannon AFB, New Mexico; Holloman AFB, New Mexico; and Moody AFB, Georgia. According to Executive Group minutes, potential receiving bases (Hill AFB, Utah; Nellis AFB, Nevada; and Shaw AFB, South Carolina) have operational constraints affecting their ability to accommodate aircraft and meet range and training requirements. According to the minutes, Cannon and Holloman had airspace and range capabilities that would be difficult to

replace if both closed. Holloman, according to a Working Group official, had the unique mission of maintaining the F-117 aircraft and had the airspace and training ranges needed to support that aircraft; therefore, it could not be considered a candidate for closure. Also, relocating its aircraft to other locations (Nellis and Shaw) would overload their base facilities. Moreover, according to a Working Group official and Executive Group minutes, moving aircraft from Moody AFB to other locations would cause air congestion problems and overloading of facilities at the prospective receiving bases (Hill and Shaw AFBs). Finally, the four active F-16C LANTIRN-equipped squadrons at Moody AFB would require a receiving base to be able to support the aircraft's specialized equipment.

After discussing the bases in the bottom tier, the Secretary looked to the middle tier bases for closure options, but basically the same operational impacts and concerns surfaced. From these analyses, the Secretary concluded that no small aircraft bases could be closed.

Product Center and Laboratory Bases

Two bases were discussed as candidates but not selected—Los Angeles AFB, California, and Hanscom AFB. According to a Working Group official, the bases were not recommended for closure or realignment because they are collocated with Federally Funded Research and Development Centers (Aerospace Corporation and MITRE Corporation). Closing either base would be costly because its respective corporation would also have to be moved. Furthermore, the Air Force did not want to lose its relationship with the high-technology industry close to those bases.

Need to Reassess Closure of Newark AFB Aerospace Guidance and Metrology Center

In our December 9, 1994, report entitled Aerospace Guidance and Metrology Center: Cost Growth and Other Factors Affect Closure and Privatization (GAO/NSIAD-95-60), we noted that the justification for closing Newark AFB/Aerospace Guidance and Metrology Center (AGMC) is not clear for several reasons. Among other things, one-time closure costs had doubled and may still be underestimated. As a result, the payback period has increased to at least 17 years and as much as over 100 years—depending on the assumptions used. Moreover, projected costs of conducting post-privatization operations could exceed the cost of current Air Force operations and reduce or eliminate projected savings. This report also pointed out other closure and privatization problems that created uncertainty about the feasibility of the Air Force's planned action.

Although DOD generally concurred with our report, the Department responded on March 8, 1995, that there was currently not enough data to

conclude that privatizing the Center's workload in place is not a feasible and cost-effective alternative. DOD noted that the Air Force strategy is to continue moving toward privatization while concurrently reassessing organic alternatives, such as moving all the AGMC workloads to other Air Force and interservice depots. DOD also noted the Air Force has engaged a contractor to provide an independent cost assessment of alternative approaches to privatization-in-place and an independent certification of the privatization source selection board methodology/conclusions. However, our review of the contractor's recent assessment of the costs of privatizing the Center's workload and of moving the workload to other organic depots indicates that the costs of both of these options may be much higher than continuing the operation of the Center as a government facility.

Conclusions and Recommendations

The Air Force is recommending the closure/disestablishment or realignment of 23 installations, including 7 reserve bases, plus 7 changes to prior BRAC decisions. Only five of the closures and disestablishments affect active-duty facilities; no operational bases are recommended for closure. The Air Force's recommendations to realign rather than close any maintenance depots did not appear to be well thought out or adequately supported. They do not fully address the problem of significant excess capacity in the depot system, and it is not clear that the realignments will achieve indicated savings. Moreover, they also appear to be adding work to depots that are being downsized outside the BRAC process.

The realignment of Kirtland AFB is estimated to save the Air Force money, but a significant amount of these savings would be offset by added costs to DOE. Also, questions arise concerning whether the Air Force gave adequate consideration to security and operational issues at Kirtland before reaching its realignment decision. Additionally, as the Commission is aware, the realignment of the Grand Forks AFB depends on a DOD decision to retain ballistic missile defense options. Likewise, community concerns regarding the Reese AFB closure were not fully resolved at the time we completed our work. These issues will need to be addressed by the Commission before a final decision is reached.

The Air Force gave great weight to preliminary closing costs before rating its bases, which influenced the relative rating of bases. The impact of closure costs on BRAC decisions cannot be fully assessed, but their greater impact may have been on eliminating bases from closure consideration. Documentation of the Air Force's process was too limited for us to

substantiate the extent of its deliberations and analyses; this made it difficult to verify what had actually transpired.

Recommendations to the Secretary of the Air Force

If the Congress should mandate future BRAC rounds and DOD retains its eight selection criteria, we recommend that the Secretary of the Air Force more fully document all analyses and decisions, including cost data.

Recommendations to the Commission

Given the uncertainty associated with the Air Force's recommendation regarding its depots, we recommend that the BRAC Commission, at a minimum, require more complete plans for eliminating excess capacity and infrastructure from the Air Force before approving the recommendation. Also, we recommend that the Commission closely examine expected cost savings and operational impacts associated with the Kirtland AFB realignment. Additionally, we recommend that the Commission have DOD identify those closures and realignments that have costs and savings implications that affect other federal agencies.

Further, in light of the available evidence indicating that closure of AGMC may not be cost-effective, we recommend that the Commission consider requiring that DOD report to the Commission on the comparative cost-effectiveness of both options under consideration, privatization-in-place or the transfer of workload to other DOD depots, versus the current cost of performing AGMC operations.

The Army's Process and Recommendations Were Generally Sound, With Cost Considerations Eliminating Some Potential Closures and Realignments

The Army is recommending the closure and realignment of 44 installations, including 3 leases of facilities, and 15 minor sites. These recommendations incorporate several alternatives provided by cross-service groups. The Army's process for evaluating and recommending installations for closure or realignment was generally sound and well documented. However, we are highlighting some recommendations for the Commission's attention because of a variance in how they were assessed compared to others or because of other open issues.

Implementation costs were a significant factor in the Army's decision-making, but only after military value analyses had identified candidate installations for study. At the same time, some candidate installations/facilities ranked relatively low in military value and had the potential for long-term savings, but they were excluded from closure or realignment consideration because of closing costs and other considerations.

Few Changes Were Made to the Army's Sound Process

The Army completed its BRAC 1995 review using basically the same process it had used in prior rounds. Only a few changes were made to the process for BRAC 1995, including (1) the basing categories for some facilities to provide a different grouping for a better assessment of relative military value and (2) a more direct and clear link between the Army's data calls and DOD's four military value selection criteria. The Army's process for evaluating and recommending installations for closure and realignment generally complied with legislation and OSD policy guidance, was well documented, was supported by generally accurate data, and appeared reasonable.[1] Although explainable, there was some variance in the Army's application of its process for two groups of installations and facilities.

In keeping with a suggestion from the 1993 BRAC Commission's report, the Army also established a separate review category for leased facilities. All leases (including groups of leases in the same headquarters and same geographical area) costing more than $200 thousand per year were identified as study candidates. However, the Army's military value analysis for leased facilities was not done in the same way as it was for installations. To assess the military value, an installation assessment was

[1]The Army Audit Agency (AAA) provided comprehensive review and oversight of each segment of the process, to include reviewing the primary data sources and analytical approaches; this included checking COBRA entries against source documents. In all cases where discrepancies were found, corrections were made. None of the discrepancies, however, were considered material or affected any of the recommended closures or realignments.

coupled with the operational requirements in the stationing strategy. In contrast, the stationing strategy alone provided the basis for the military value of leased facilities. One tenet of the stationing strategy was to minimize the use of leased facilities. The Army did not prepare installation assessments for leased facilities because it believed that they do not have the same measurable attributes and characteristics as installations and were not competing against each other for retention purposes.

The Army also included within its BRAC process a review of minor sites, many of which contained less than 100 acres and had few, if any, tenants or employees. These sites were identified by the major commands as being excess to their needs and of low military value. These sites were added during the latter stages of the Army's BRAC process and also underwent a different review from the normal military value assessment completed under the Army's BRAC process. Once identified as excess to the Army's needs and of low military value by the major commands, the Army's BRAC group evaluated the impact of closing each site on operations and the ROI.

We monitored all aspects of the decision process from the beginning. We had access to and reviewed key documents, discussing aspects with key officials, and observed the process as it occurred. We also sat in on selected meetings and were able to verify that the Army was following its established policies and procedures. As a result, we were able to track the analysis of each installation through the process. The Army gave priority consideration to military value criteria, as required, and its decision-making appeared logical, consistent, and fair. Some installations were not selected for closure, based on closing costs and/or operational considerations, even though they ranked relatively low in military value compared with other installations in the respective installation categories.

An important part of the Army's process, as in prior BRAC rounds, was periodic consultation with senior military and civilian Army officials. These key Army officials were involved in each phase of the process. Deliberative minutes were kept for each of the meetings with the key officials. These minutes documented key decisions made during the process relative to the Army's installations. The end result was the closure and realignment recommendations made by the Secretary of the Army to the Secretary of Defense.

Identifying Closure and Realignment Candidates

The Army initially identified 112 installations/facilities (including the 15 leases of facilities), which it placed in 14 categories for initial screening in BRAC 1995. The Army later added 20 minor sites for closure or realignment consideration as a separate category. Selected installations/facilities were eliminated from further consideration at various points in the process due to their strategic importance or continuing operational need. For example, Fort Bragg, North Carolina, was excluded from further study; it has a high military value because it is the home of the 82nd Airborne Division and is located near Pope AFB.

By the time the Army completed its military value assessments, it had reduced the number of candidates for further consideration to 45 installations and 15 leases of facilities. At this point, the Army selected candidates that were relatively low in military value and that the Army's stationing strategy indicated could be excess. The documentation for this part of the process clearly supported the Army's conclusions concerning the candidates selected. Table 5.1 shows the installation categories and the number of installations and candidates in each category.

Table 5.1: Army's BRAC Installations, by Category, and Potential Candidates for Closure

Installation category	Number of installations	Closure candidates
Maneuver areas	11	4
Major training areas	10	8
Command and control/administrative support	15	11
Training schools	14	5
Professional schools	4	0
Ammunition production	8	0
Ammunition storage	8	5
Commodity	9	3
Ports	3	2
Depots	4	2
Proving grounds	4	1
Medical centers	3	1
Industrial facilities	4	3
Subtotal	**97**	**45**
Leased facilities	15	15
Total	**112**	**60**

Table 5.1 does not include the 20 minor sites, which were not originally aligned with any of the BRAC installation categories. Also, the Army did not

identify candidates in the professional schools and ammunition production categories because it believed that these categories had no excess capacity. These conclusions were supported by the stationing strategy, which said that none of the schools/installations in these categories should be closed.

Once the candidates were selected and approved by the Secretary of the Army and the Army Chief of Staff, alternatives or action scenarios were identified and examined for their viability to facilitate implementing potential closures or realignments. The scenarios were derived from several sources such as force structure decisions, the Army's stationing strategy, and major Army command recommendations.

For each scenario, the Army analyzed (1) affordability, (2) economic impact, (3) environmental impact, (4) community impact, and (5) the ability to complete closure or realignment within 6 years as required.

Army's 1995 BRAC Recommendations Were Largely Well Supported

The Army recommended 44 closures and realignments (26 installations, 3 leases of facilities, and 15 minor sites) to the Secretary of Defense. From our analysis of available documentation, we concluded that the candidates recommended for closure or realignment were generally among those ranking lowest in military value in their respective categories. However, the Commission may want to more closely examine three of the Army's recommendations. One involves the recommended closure of an Army base previously rejected in two prior BRAC rounds. The other two involve realignments. One realignment involves a change in a prior BRAC decision involving the consolidation of missile maintenance functions at a single location. The other realignment, while appearing sound, is caught up in debate over the accuracy of some data. Table 5.2 shows the installations recommended for closure or realignment by installation category.

Table 5.2: Army BRAC Recommendations by Installation Category

Installation category	Number recommended for closure and realignment	Installations recommended for closure or realignment
Maneuver areas	0	None
Major training areas	6	Fort Chaffee Fort Dix Fort Greely Fort Hunter Liggett Fort Indiantown Gap Fort Pickett
Command and control/administrative support	8	Fort Buchanan Fort Hamilton Kelly Support Center Fort Meade Price Support Center Fort Ritchie Fort Totten Selfridge
Training schools	2	Fort Lee Fort McClellan
Professional schools	0	None
Ammunition production	0	None
Ammunition storage	3	Savanna Depot Seneca Depot Sierra Depot
Commodity	0	None
Ports	1	Bayonne
Depots	2	Letterkenny Red River
Proving grounds	1	Dugway
Medical centers	1	Fitzsimons
Industrial facilities	2	Stratford Plant Detroit Tank Plant
Leased facilities	3	Aviation and Troop Command Army Concepts Analysis Agency Army Information Systems Software Command
Minor sites	15	See app. IV, table 3.

Recommended Change to a Previous BRAC Decision

The Army recommended one change to a 1991 BRAC Commission recommendation regarding "Tri-Service Project Reliance." This change would cancel the relocation of environmental and occupational toxicology

research from Fort Detrick, Maryland to Wright-Patterson AFB. The Army now recommends relocating the health advisories environmental fate research and military criteria research functions of the Environmental Quality Research Branch to the Army Environmental Hygiene Agency, Aberdeen Proving Ground, Maryland, and keeping the remaining functions at Fort Detrick. The Army has determined that implementing the 1991 recommendation gives it no operational advantage. In addition, the Army found that significant new construction will be avoided because Aberdeen Proving Grounds has facilities available. We found no basis to question the Army's assumptions.

Open Issues That Should Be Addressed by the BRAC Commission

In our examination of the Army's recommendations, a question was raised about Fort McClellan being proposed for closure in BRAC 1995 after previously having been rejected for closure by the BRAC Commission. Also, some questions were raised concerning the accuracy of some data used in the military value analysis for ammunition storage installations. In addition, concerns were expressed regarding the recommendation to realign Letterkenny Army Depot. These issues are summarized below.

Fort McClellan

Of the Army's closure recommendations, only one involves an installation the BRAC Commission previously rejected for closure—Fort McClellan. Unlike its prior recommendations, the Army's BRAC 1995 recommendation would relocate the Chemical Defense Training Facility along with the Chemical School to Fort Leonard Wood. In BRAC 1993, the Army planned to keep the training facility at Fort McClellan but move the Chemical School to Fort Leonard Wood. The 1993 BRAC Commission had questioned the wisdom of separating the training facility from the Chemical School.

The report of the 1993 BRAC Commission states that if the Secretary of Defense wanted to move the Chemical School and the training facility in the future, the Army should obtain the required permits and certification for the new site before the 1995 BRAC process. However, the Army did not officially begin this process until it was certain that Fort McClellan would be recommended for closure. According to the Secretary of the Army, obtaining the required permits before Fort McClellan was recommended for closure would have been premature and also would have created unnecessary apprehension among personnel at the base. The Secretary also stated that if the permits and certifications cannot be obtained, Fort McClellan will not be closed.

Ammunition Storage Installations

Community concerns about the development of military value for ammunition storage installations centered around the accuracy of some of the information used to score all of the installations. Specifically, data in two of the attributes were questioned—ammunition storage and total buildable acres. For example, buildable acres at one facility increased by over 300 percent between BRAC rounds in 1993 and 1995. Our follow-up and that of the Army's seem to support the existence of some data inaccuracies; however, the correct information has not yet been ascertained. Army officials have informed us that they will determine what is correct and make the necessary adjustments. Using available data, we performed a sensitivity analysis (using the lower buildable acre figure from BRAC 1993) to determine the impact of changes and did not notice any change in the installation rankings. The Commission may want to ensure that the corrected data has been obtained and assessed prior to making a final decision on this recommendation.

Letterkenny Army Depot

Concerns regarding the recommendation to realign Letterkenny Army Depot, Pennsylvania, centered around the completeness of closure cost data and the extent that the current BRAC recommendation represents a change from the 1993 BRAC decision to consolidate all tactical missile maintenance at one location. Concerns have been expressed that costs associated with the proposed realignment of the tactical missile maintenance mission from Letterkenny to Tobyhanna Army Depot, Pennsylvania, are understated and could be much greater than initially indicated. We found that some one-time moving and site preparation costs were not included but currently appear to be relatively small, between $3 million to $5 million. Assuming no significant additional costs are identified, the inclusion of the $3 million to $5 million in the COBRA would have no impact on the current ROI.

Concerns also have been expressed that the 1995 recommendation represents some departure from the plan for consolidating tactical missile maintenance at one site. The 1995 recommendation would split up some of the work by transferring the missile guidance system workload to Tobyhanna while preserving the tactical missile disassembly and storage at Letterkenny. Maintenance on the associated ground support equipment, such as trucks and trailers, would be done at Anniston Army Depot, Alabama. There are differences of opinion concerning the impact of separating these functions on the concept of consolidated maintenance. The Commission may want to examine this issue further.

Impact of Cross-Service Group Alternatives on Army Decisions

In addition to completing affordability and other analyses of its study candidates, the Army assessed various alternatives suggested by the five functional cross-service groups. The Army analyzed only those cross-service group alternatives in which the Army was the "losing" military department, that is, an Army activity/function would be shifted to another service. In analyzing its cross-service group alternatives by functional category, the Army concluded the following:

- Test and Evaluation. Each alternative represented minor workload shifts and offered no opportunity for a base closure or realignment. It therefore rejected the alternatives.
- Laboratories. Each alternative represented minor workload shifts and offered no opportunity for a base closure or realignment. It therefore rejected the alternatives.
- Undergraduate Pilot Training. No alternatives were presented where the Army was the losing department. Therefore, no Army analysis was done.
- Medical Treatment Facilities. The Army accepted three of the six alternatives proposed by the cross-service group, including closure of Fitzsimmons Army Medical Center and the realignments of Kenner (Fort Lee) and Kimbrough (Fort Meade) Army hospitals to clinics. The Army modified the alternative to realign Noble Army Hospital (Fort McClellan) and recommended closure instead, since the Army is recommending the closure of Fort McClellan. The Army cited operational considerations in not accepting the remaining two alternatives.
- Maintenance Depots. The cross-service group recommended the realignment of 17 work packages that required Army analysis as the losing service,[2] and 2 closures. The Army accepted 3 work packages, modified 6 others, and rejected 8 due to either cost or operational reasons. The Army's own recommendations to close Letterkenny and Red River depots coincided with alternatives of the cross-service group.

Cost as a Factor in Army Decisions

Army installations/facilities selected for closure or realignment generally had relatively small one-time closing costs and provided almost immediate savings after completing the closure. In fact, the estimated cost of closure or realignment was one of the factors that limited the size of the Army's recommendation list. For those facilities/installations selected for further study but not recommended for closure or realignment, the reasons most frequently cited by the Army were cost and operational requirements.

[2]A work package contains the proposed transfer of a defined body of work.

To execute its 1995 BRAC actions, the Army was guided in its decisions by a $729-million budget for the 6-year implementation period. The Army exceeded the planning budget by approximately $400 million, for a total cost of $1.1 billion. Although costs were a factor in the decision-making process, we found no evidence, based on our review of the documentation and our exposure to the process, that the study group withheld any potential recommendations from the Secretary of the Army because of costs. The Army had no minimum financial criteria for closing or realigning an installation. Each was considered on its own merits. Nevertheless, a ROI during the 6-year period was viewed as favorable. In fact, recommended actions for each of the candidates were briefed to the Secretary of the Army for his approval or disapproval. Table 5.3 summarizes estimated costs and savings resulting from Army BRAC recommendations.

Table 5.3: Estimated Costs and Savings Resulting From Army BRAC Recommendations

Fiscal year 1996 dollars in millions

Installation	One-time costs[a]	6-year net savings[b]	Recurring annual savings[c]	ROI years	20-year NPV
Chaffee	$9.6	$39.4	$13.5	1	$168.2
Dix	19.4	112.2	38.3	1	477.9
Greely	22.7	43.0	19.0	1	224.8
Hunter Liggett	6.5	11.7	5.5	1	64.4
Indiantown	12.7	66.6	22.5	1	281.5
Pickett	25.5	41.1	20.7	Immediate	240.6
Buchanan	74.4	(49.6)	9.6	7	45.4
Hamilton	2.1	3.2	7.2	Immediate	74.0
Kelly	35.7	(21.9)	5.0	6	27.5
Fort Lee	2.1	15.5	3.7	1	50.5
Fort Meade	1.6	16.4	3.5	1	49.5
Price	3.6	35.5	8.5	Immediate	116.3
Ritchie	92.8	82.9	65.1	1	712.1
Totten	3.7	0.1	1.7	1	16.8
Selfridge	5.3	47.3	9.8	Immediate	139.7
McClellan	259.1	(122.0)	44.8	6	315.9
Savanna	37.8	(12.2)	12.7	2	111.9
Seneca	14.9	34.0	21.5	Immediate	241.9
Sierra	14.1	54.5	28.8	Immediate	333.0
Bayonne	44.1	(7.6)	10.1	5	90.1

(continued)

Fiscal year 1996 dollars in millions

Installation	One-time costs[a]	6-year net savings[b]	Recurring annual savings[c]	ROI years	20-year NPV
Letterkenny	50.3	206.6	77.8	Immediate	952.2
Red River	59.6	313.1	123.5	Immediate	1,497.3
Dugway	25.4	61.0	25.6	1	306.7
Fitzsimons	102.9	179.1	83.6	Immediate	983.2
Stratford	2.1	23.9	5.9	Immediate	79.7
Detroit Tank Plant	1.4	7.9	3.1	Immediate	38.2
Subtotal	**$929.4**	**$1,181.7**	**$671.0**		**$7,639.3**
Minor installations	15.6	12.6	6.6		72.5
Leases	155.2	5.7	47.6		468.2
Redirect	0.3	4.5	0.0	Immediate	4.1
Total	**$1,100.5**	**$1,204.5**	**$725.2**		**$8,184.1**

Note: Totals may not compare to those in DOD's report due to rounding and other adjustments to correct minor errors.

[a]This represents unique one-time costs to implement the recommendation.

[b]This represents net savings within the 6-year implementation period.

[c]Projected recurring annual savings after the 6-year period.

Costs and Other Factors Eliminated Some Closure Candidates

Senior Army leadership exercised operational, financial, military, and other judgments in making ultimate decisions not to recommend some installations for closure. The Secretary of the Army eliminated some candidates having (1) sizable cost savings but significant up-front closing costs, (2) relatively low military value, and/or (3) operational value considerations precluding their closure. Table 5.4 summarizes cost and savings information for selected Army installation/facilities studied but not recommended for closure or realignment.

Table 5.4: Estimated Costs and Savings for Selected Army Installations Excluded From Consideration

Fiscal year 1996 dollars in millions

Installation	One-time costs[a]	6-year net savings[b]	Recurring annual savings[c]	ROI years	20-year NPV
Drum	$405.3	$(127.2)	$121.3	4	$1,070.6
Riley	690.2	(413.4)	110.8	7	688.4
Richardson	392.8	(266.4)	56.3	8	300.4
Wainwright	390.8	(280.9)	48.5	10	213.1
A.P. Hill	5.0	45.5	14.1	Immediate	180.1
McCoy	119.5	206.9	95.4	1	1,121.6
Gillem	65.1	(16.1)	15.0	5	129.3
Meade	653.9	(499.2)	64.2	12	149.9
Monroe	93.9	(24.4)	23.8	2	208.3
Eustis/Story	480.9	(322.8)	48.4	11	152.7
Lee	716.9	(606.9)	32.1	35	(273.3)
Leonard Wood	623.9	(348.8)	82.6	8	462.9
Presidio of Monterey	429.3	(392.3)	13.5	86	(246.2)
Pueblo	17.0	2.6	29.1	Immediate	290.3
Umatilla	10.0	2.9	19.0	Immediate	190.1
Cold Laboratory	52.9	(41.4)	4.1	18	(0.5)
Natick	160.4	(77.1)	26.6	7	185.3
Picatinny	314.3	(156.3)	48.0	8	317.2
Oakland	34.6	25.2	16.1	2	179.9
Lima	3.0	20.4	6.2	Immediate	79.7
Total	**$5,659.7**	**($3,269.7)**	**$875.1**		**$5,399.8**

Note: Totals may not add due to rounding.

[a]This represents unique one-time costs to implement the recommendation.

[b]This represents net savings within the 6-year implementation period.

[c]Projected recurring annual savings after the 6-year period.

As part of our analysis of the recommendations, the following are brief summaries of the reasons that potential candidates were not selected for closure or realignment.

Maneuver Areas

Forts Drum, New York, and Riley, Kansas. The Army considered these two installations because of their relatively low military value as maneuver

installations and the Army's desire to do a broader assessment of this category. While estimated savings from closing these installations were significant, so were the associated closing costs. Citing the overall importance of maneuver installations to station and train ground forces and to support the stationing strategy, along with the high costs associated with closure, the Army decided that Forts Drum and Riley should remain open.

Forts Richardson and Wainwright, Alaska. The Army's stationing strategy seems to suggest that only one base is needed in Alaska to support one maneuver brigade and support forces. Initial Army studies show that keeping Fort Wainwright open was the better choice and that Fort Richardson would therefore be the best candidate for closure. The strategy stated that as the maneuver division is reduced to a maneuver brigade, the installation can be structured to meet the specific needs of the brigade and supporting forces. Each can support one light brigade without additional military construction. However, the Army later decided that due to strategic requirements in the Pacific and high closure costs, Fort Richardson would remain open.

Major Training Areas

Forts AP Hill, Virginia, and McCoy, Wisconsin. The Army's stationing strategy emphasized the need to reduce the number of major training areas and focused primarily on reserve component training support. As a result, Forts AP Hill and McCoy were chosen as candidates for further study. The Army decided that their closure was operationally infeasible due to the training requirements of the reserve components. It should be noted that six major training installations are being recommended for closure or realignment.

Command and Control/Administrative Support Installations

Fort Gillem, Georgia. Because of its low military value, Fort Gillem was selected as a candidate for closure. The Army concluded that Fort Gillem must remain open because of the operational support it provides to Fort McPherson, Georgia, and the high closure costs. The 1993 BRAC Commission considered Fort Gillem as a potential addition to DOD's list but ultimately concluded it should remain open.

Fort Meade, Maryland. Because of Fort Meade's large non-DOD population and its low operational value to the Army, its study for closure was suggested by the stationing strategy. Due to the high costs associated with closure and its importance to the National Capital Region, its close

proximity to Washington, D.C., and the number of tenants, the Army decided to keep it open. However, the Army recommended realigning Fort Meade by downsizing its hospital to a clinic.

Fort Monroe, Virginia. In BRAC 1993, the Secretary of the Army deleted Fort Monroe from closure consideration, citing operational reasons. However, other information suggested that high environmental clean-up costs played a part in this decision. The environmental concerns did not conform with DOD policy guidance, which states that environmental restoration costs are to be expected whether a base closes or not; therefore, they are not a basis for closure decisions.[3] The 1993 BRAC Commission added Fort Monroe to its list of candidates but did not direct its closure. The Commission did ask the Army to investigate the extent of unexploded ordnance at Fort Monroe. The Army completed the requested study and found that unexploded ordnance posed a minimal risk to the public health and environment if identified sites were left undisturbed. The Army estimated the cost to safely remove all hazards to a 10-foot depth at about $22 million.

In BRAC 1995, the Army's stationing strategy emphasized that the Training and Doctrine Command headquarters (currently located at Fort Monroe) should be stationed in the joint environment of the Tidewater, Virginia, region to allow immediate access to doctrine development agencies of other services and joint-service organizations in the region. However, Fort Monroe ranked relatively low in military value and was still recommended for further study. The Army did study closing Fort Monroe and moving the majority of its tenants to Fort Eustis. This scenario provided the basis for savings estimates shown in table 5.4. Ultimately, the Army concluded that Fort Monroe was well suited and well situated to meet its mission and that military judgment indicated that Fort Monroe should remain open.

Training Schools

Forts Eustis/Story, Virginia; Lee, Virginia; Leonard Wood, Missouri; and the Presidio of Monterey, California. Fort Eustis/Story, Fort Lee, and the Presidio of Monterey were rated relatively low in military value for training schools. Accordingly, they were selected for further study. However, citing the high cost of closure, the Army decided to keep them open. Additionally, the Army studied Fort Leonard Wood because it also was examining the closure of Fort McClellan and relocation of its schools to Fort Leonard Wood. It should be noted that under the recommendations

[3]See our report, Military Bases: Analysis of DOD's Recommendations and Selection Process for Closures and Realignments (GAO/NSIAD-93-173, Apr. 15, 1993).

finally adopted, Fort Leonard Wood became a receiving installation. Also, the Army recommended realigning Fort Lee by downsizing its hospital to a clinic.

Ammunition Storage

Pueblo, Colorado, and Umatilla, Oregon, Depot Activities. Because of their low military value, each of these depot activities was selected for further study. However, because their missions involve demilitarizing chemical agents, the Army would be unable to close either of them before the deadline of the 1995 Commission, which is 2001. Therefore, the Army discontinued its study of these installations.

Commodity Installations

Cold Regions Research and Engineering Laboratory, New Hampshire. Because this laboratory ranked relatively low in the Army's military value assessment, it was selected for further study. The only reason cited by the Army for not closing this installation was the high closing costs.

Natick Research, Development, and Engineering Center, Massachusetts. Natick's research focuses on the soldier and soldier support systems. Because of its relatively low military value, the Army reviewed the operational and financial impact of transferring Natick and associated research activities and elected to discontinue further study of closure/realignment options. Natick ultimately gained functions related to soldier systems relocating from the Aviation and Troop Command in St. Louis, Missouri.

Picatinny Arsenal, New Jersey. Picatinny's mission is to conduct and manage the research, development, and engineering for assigned armaments and ammunition systems. Picatinny scored high in the installation assessment, but it ranked low in military value. According to the Army, its facilities are older and require substantial funds for renovation or replacement. In addition, it is a single-purpose installation that cannot support integrated life-cycle functions. The closure of Picatinny was found to be costly.

Ports

Oakland Army Base, California. Oakland is an Army-owned terminal facility that supports Alaska, Hawaii, and the Pacific and Far East theaters of operation. It provides secure water terminal facilities for the rapid movement of forces into theaters of operation around the world during conflicts or fast-breaking contingencies. Because Oakland's primary

capabilities can be duplicated by commercial activities, it was selected as a candidate for study. After a review of available West Coast port activities, the Army decided that operational risks precluded the closure of Oakland. However, the Army did not elaborate on what these risks were. It only stated that the availability of West Coast commercial port facilities was insufficient to meet contingency demands.

Industrial Facilities

Lima Army Tank Plant, Ohio. Because of its low military value, Lima was selected for further study. Since the Army is recommending the closure of the Detroit Tank Plant, it decided that the Lima plant should remain as the only operating tank plant.

Conclusions and Recommendations

The Army's process and recommendations were generally sound, although some recommendations on leases of facilities and minor sites involved some variance in the process. Although there was some logic in the Army's rationale for these variances, we recommend that the Commission further assess these actions and make a determination, under its legislative authority, whether these variances represent substantial deviation from the selection criteria.

Also, some questions remain about the accuracy of some data used in assessing Army ammunition depots. Therefore, we recommend that the Commission ensure that the Army's ammunition depot recommendations are based upon accurate and consistent information and that corrected data would not materially affect military value assessments and final recommendations.

Further, the proposed realignment of Letterkenny Army Depot involves a change to a prior BRAC decision to consolidate tactical missile maintenance at a single location. Some questions exist about the impact of the realignment on the concept of consolidated maintenance. The Commission may want to examine this issue further.

Finally, the Commission will want to ensure that the Army has met all permit requirements related to the closure of Fort McClellan.

The Navy's Process and Recommendations Were Sound, With Costs, Economic Impact, and Other Factors Eliminating Some Potential Recommendations

The Navy is recommending the closure or realignment of 62 activities, including 2 leases and 18 changes to previous BRAC decisions. Its recommendations reflect 20 of the alternatives suggested by the cross-service groups. Eliminating excess capacity while maintaining or improving the average military value of Navy activities was the principal goal. The Navy believes that keeping any remaining excess capacity is prudent because of the uncertainty of future force structure levels. Operational, strategic, cost, and civilian job loss concerns were factors in excluding some candidates from closure or realignment consideration. The process employed by the Navy to arrive at these decisions appeared generally sound and well documented. However, we have identified issues associated with several recommendations that warrant additional attention by the Commission.

The Navy's Process Was Strengthened

The Navy conducted a generally thorough and well-documented evaluation of its basing requirements in developing its 1995 recommendations. The Navy conducted its 1995 base closure review in essentially the same manner as it did in 1993. The Secretary of the Navy established a group of senior military officers and civilian executives, the Base Structure Evaluation Committee (BSEC), to conduct the process and another group, the Base Structure Analysis Team (BSAT), to assist BSEC.

The Navy made several improvements to its process for 1995. One improvement was that BSAT staff consisted of officers with a greater variety of operational experience than the staff in previous rounds. For example, BSAT had an "industrial" team that included staff with substantial aircraft depot and shipyard practical experience. Its technical centers/laboratories team included the previous director of a major Navy test and evaluation center. Most of the 1993 staff had facilities and civil engineering backgrounds and relied on various functional commands for technical expertise. Although this same expertise was available and used in 1993, the Navy believes having staff with operational and technical experience on site generally enhanced the process. On the basis of our observations of the Navy's process as it was being conducted, we agree.

Another improvement in the Navy's process was that BSEC developed alternative scenarios for review. The development of alternative scenarios was a change from the 1993 process, when generally only one scenario was developed for each recommendation. In 1993, a scenario producing the greatest elimination of excess capacity in a subcategory was developed, and if the ROI was acceptable, that scenario generally became

BSEC's recommendation. In 1995, BSEC developed alternatives that reduced excess capacity by varying degrees and additional alternatives based on increases and decreases in requirements. The additional alternatives provided a form of sensitivity analysis important for areas such as ordnance activities and shipyards, in which BSEC was uncertain about the level of future workload requirements. From the various alternatives, BSEC selected specific scenarios and collected cost and savings data from activities affected by the scenarios. The results of cost and savings analyses were the basis of final BSEC deliberations in making closure and realignment recommendations.

An important part of the Navy's process, as in all prior BRAC rounds, was periodic consultation with the Navy's most senior military leaders, including the Commanders of the Atlantic and Pacific Fleets and Marine Forces, Atlantic and Pacific. In responding to closure and realignment scenarios forwarded from BSEC, these officers were encouraged to suggest alternative receiving sites for consideration.[1] BSEC also held periodic consultations with the Chief of Naval Operations, the Commandant of the Marine Corps, and senior civilian officials in the Department of the Navy. Policy imperatives that reflected current and future Navy priorities were presented to BSEC as guidance for use throughout the BRAC process. Such imperatives ensured that a capability deemed vital to the Navy would not be harmed by the process. For example, one policy imperative was that the Navy must be able to drydock large deck and complex Navy ships, refuel/defuel nuclear-powered ships, and dispose of nuclear ship reactor compartments. Such a concern was important for the Navy as a whole, as it was in previous BRAC rounds.

The final stage in the Navy's process was a review of BSEC recommendations by the Secretary of the Navy. During this review, the Secretary made a decision to eliminate several BSEC recommendations due to concerns over the cumulative job losses[2] in California. In the case of each of these activities, other activities in other states were recommended for closure or realignment that had the same or greater economic impact at the local level. In making his decision, the Secretary of the Navy expressed concern about the statewide impact. BSEC had previously removed an activity in Guam from consideration due to economic impact concerns. In no case was another activity recommended for closure or

[1]Receiving sites are Navy activities that absorb remaining equipment and personnel from closing activities.

[2]Cumulative job losses include those estimated to result from all the proposed 1995 Navy actions.

realignment as a substitute for an activity removed for economic impact reasons.

The Naval Audit Service reviewed the Navy's 1995 process to ensure that the data and processes used in developing Navy recommendations were complete and accurate. The Audit Service's involvement included validation of data being submitted by field activities, compliance with the certification requirements throughout the chain of command, and accuracy of the analytical process. We observed Navy auditors conducting their review at numerous field activities during their data validation phase and during the BSEC analytical phase. The auditors we observed were aggressive in obtaining support for data submitted through the various chains of command. They also checked final COBRA data entries against certified source documents. The Naval Audit Service report, issued to the Secretary of the Navy on February 28, 1995, concluded that the data used in the process was reasonably accurate and complete and that the analysis was conducted accurately.[3] We have no basis to dispute the conclusions of the Naval Audit Service. Further, we believe the Naval Audit Service's effort enhanced the Navy's process.

Identifying Closure and Realignment Candidates

The Navy's 1995 base closure review included all activities, regardless of size. Although only 140 of over 800 Navy activities reviewed met the Base Closure and Realignment Act's personnel threshold, BSEC believed that its review should include all activities. BSEC viewed the Navy's infrastructure as "complementary and mutually supportive"; that is, all Navy activities existed to support each other as a whole, regardless of their size. BSEC placed all Navy activities in 5 categories and 27 functional subcategories.[4] The Navy's analytical process took place at the subcategory level. Table 6.1 displays the Navy's 27 subcategories, the number of activities in each subcategory, and the activities that had excess capacity.

[3]The Navy's Implementation of the 1995 Base Closure and Realignment Process (Naval Audit Service 026-95, Feb. 28, 1995).

[4]These categories were operational support, industrial support, technical centers/laboratories, education/training, and personnel support/other.

Table 6.1: The Navy's BRAC Subcategories

Subcategory	Number of activities assessed in 1995	Activities with excess capacity
Naval bases	15	X
Marine Corps bases	3	
Operational air stations	20	X
Reserve air stations	6	X
Reserve activities	286	X
Training air stations	5	X
Training/education	29	X
Naval aviation depots	3	X
Naval shipyards	6	X
Ordnance activities	11	X
Marine Corps logistics bases	2	X
Inventory control points	2	X
Shore intermediate maintenance activities	14	X
Fleet and industrial supply centers	9	X
Public works centers	8	X
Construction battalion centers	2	
Naval security group activities	4	
Integrated undersea surveillance system facilities	2	X
Naval computer and telecommunications stations	17	
Naval meteorology and oceanography centers	6	
Medical activities	142	X
Dental activities	104	
Military Sealift Command activities	2	
Technical centers/labs	65	X
Administrative activities	33	X
Engineering field divisions & activities	9	X
Supervisors of shipbuilding	13	X
Total	**818**[a]	

[a]The Navy review started with a list of 830 activities. However, when activities were placed in subcategories, BSAT determined that 12 minor activities had been closed or were closing outside of BRAC.

Capacity and Military Value Analyses Were the Beginning Point for the Navy's Deliberative Process

Capacity analysis for each subcategory consisted of estimating the maximum available capacity and comparing it to the requirements projected in the future force structure plan. As in 1993, BSAT developed different measures of capacity, or measures of throughput, for each subcategory. For some subcategories, such as training air stations, the throughput indicator was the number of students that could be trained in a year. Throughput capacity indicators for other subcategories included direct labor hours, staff years, and spatial measures (e.g., length or width). For example, the capacity indicator for operational air stations was the "squadron module." Air station capacity was thus characterized as the number of air squadrons and their necessary support requirements that could be housed in terms of two hangar types, based on existing Navy facilities standards. In some cases, BSAT refined the indicators used in 1993. In fact, for operational air stations, BSAT developed the squadron module as a less complicated way of characterizing the space available to house air squadrons.

BSEC began its military value analysis by reviewing the matrices of questions, by subcategory, used in 1993. It then revised the matrices by adding new categories of questions and removing or modifying others. BSEC was concerned with keeping questions similar to those used in 1993 but updating them to reflect changes in the Navy's infrastructure, force structure, and operational outlook. We and the Naval Audit Service found instances where there were differences in answers to the same questions between the 1993 and 1995 matrices for a specific activity. However, we generally found that these differences were due mostly to differing circumstances between the two time periods or in the methodology required for developing answers. For example, during a review of the 1993 and 1995 shipyard military value matrices, we found that the Naval Shipyard (NSY) Long Beach, California, received credit in 1993 for conducting overhauls on submarine rescue ships and salvage ships but did not receive credit in 1995. Like many of the differences we found, this was due to the change in circumstances between the two time periods; in this case, Long Beach is no longer scheduled to perform work on those types of ships.

Whether such differences were errors or attributable to the reasons cited, our analysis showed that they would not change the relative shipyard military value ranking. Also, corrections to the relative military value scores were made throughout the process in response to errors identified by the Naval Audit Service.

The Navy used its military value analysis and the results of its capacity analysis as inputs to its configuration analysis to help identify the optimum approach to reducing excess infrastructure. The average military value of activities in a subcategory was more important in the Navy's process than the relative military value score of any one activity. The Navy's goal was to maintain the average military value of the remaining activities in each subcategory after it had identified closure and realignment recommendations.

Configuration Analysis Used for Developing Alternatives

As the starting point for the derivation of alternatives aimed at reducing excess capacity, the Navy used a computer-based model to compare existing capacity with future requirements and arrive at solutions for each subcategory that would eliminate excess capacity to the maximum extent practicable. This process was known as configuration analysis. Rules were applied to the model for each subcategory for solutions to be reasonable, though rules were kept to a minimum so as not to artificially distort the results of the model. One such rule for all subcategories was that the average military value of any solution must be at least as high as the average for the existing activities in each subcategory. An example of a rule applied to the naval shipyard subcategory was that nuclear workload must be accomplished at nuclear-capable shipyards. This reflects the realities of the workload distribution to naval shipyards. For naval bases, one rule was that the current force level distribution between the Atlantic and Pacific fleets would be maintained. This prevented the model from placing ships on either coast in a manner that was inconsistent with operational or strategic realities.

The configuration model was programmed to derive the three best alternatives for each subcategory. Each alternative successively reduced less excess capacity. For most subcategories, sensitivity analyses were also performed, whereby future requirements were increased by 10 percent and then decreased by 10 and 20 percent. This enabled BSEC to evaluate the effect of such changes on possible configuration alternatives.

BSEC generally chose several alternatives from the results of configuration analysis as scenarios to conduct cost and savings analyses. Cost and savings data for each scenario was then obtained from the affected activities and certified by the providers throughout the chain of command. BSEC then used this data in the COBRA model to evaluate relative cost and savings of scenarios.

After arriving at a set of scenarios that it was prepared to recommend to the Secretary of the Navy, BSEC conducted analyses on the impact of the proposed actions on the affected economic areas, the ability of the receiving sites' communities to absorb an increase in Department of the Navy personnel, and the environmental considerations of closing or realigning those bases. Upon reviewing the results of the impact analyses, BSEC, through its own deliberations and consultations with senior military and civilian executive officials, arrived at the recommendations provided to the Secretary of the Navy.

The Navy's 1995 BRAC Recommendations Were Generally Sound

The Navy is recommending 62 closure or realignment actions. Several actions affect large activities, such as a shipyard and a training air station. The Navy's recommendations logically flowed from its analytical process; however, one technical center facility located at an activity recommended for closure, the Naval Surface Warfare Center (NSWC) White Oak, Maryland, may be required by DOD in the future. The majority of closure and realignment actions are in the technical centers subcategory. In addition, 11 reserve activities are being recommended for closure. Four of the 12 subcategories (operational air stations, naval shipyards, training air stations, and technical centers/laboratories) accounted for 34 of the 62 Navy recommendations. The recommendations in these subcategories include about 60 percent of the total one-time costs and over 80 percent of the total job losses associated with the Navy's recommendations. Table 6.2 summarizes the number of the Navy's closure and realignment recommendations by subcategory.

Table 6.2: The Navy's 1995 BRAC Recommendations, by Subcategory

Subcategory	Closure and realignment recommendations	Redirects of previous BRAC recommendations
Naval bases	1	0
Operational air stations	2	6
Reserve air stations	1	1
Reserve activities	11	0
Training air stations	2	0
Training/education	1	3
Naval aviation depots	0	1
Naval shipyards	2	1
Fleet and industrial supply centers	2	0
Technical centers/laboratories	20	1
Administration activities	1	5
Supervisors of shipbuilding	1	0
Total	**44**	**18**

Operational Air Stations

In the operational air station subcategory, the configuration analysis indicated that excess capacity equivalent to several activities could be eliminated. As a result, several closure scenarios for cost and savings analyses were developed. The recommended closure of NAF Adak, Alaska, resulted from these analyses. However, substantial excess capacity remained in the subcategory. BSEC then reassessed 1993 BRAC decisions so it could better use existing air station capacity, rather than attempt to close additional air stations. BSEC determined that such a solution was feasible and would save construction money budgeted for the move of aircraft based on BRAC 1993 decisions.

The changes to the 1993 BRAC decisions included moving F/A-18 squadrons from NAS Cecil Field, Florida, to NAS Oceana, Virginia, rather than NAS Cherry Point, North Carolina, and moving all F-14s to NAS Oceana rather than locating some at NAS Lemoore, California. In assessing the costs and savings of these changes, the Navy used the COBRA model, but only in considering costs and savings items that would be different from the 1993 cost and savings analysis. For example, some military construction would be required at Oceana and Jacksonville, Florida, as a result of the changes made in 1995, and these costs were included. Budgeted military construction projects that would no longer be required were counted as a savings. We verified the amount of the savings. We also reviewed additional costs and savings items in the 1995 COBRA analysis and believe

that they are generally reasonable and represent what would, in fact, be different from the items in the 1993 analysis. For the air stations subcategory as a whole, the Navy made recommendations to close or reduce operations at several activities, such as NAF Adak and NAS Key West, Florida.

Training Air Stations

The capacity analysis for the training air stations subcategory indicated that future requirements for the various training paths, such as primary pilot and advanced helicopter training, was from 19 to 42 percent below peak historic levels. The Navy's best configuration analysis indicated that with even a 10- or 20-percent increase in requirements, NAS Meridian, Mississippi, should close. The Navy evaluated several scenarios involving the projected closure of NAS Meridian; NAS Corpus Christi, Texas; and NAS Whiting Field, Florida, which was recommended by the undergraduate pilot training (UPT) cross-service group. The scenario that included the closure of Whiting was rejected due to high costs and protracted ROI period. BSEC determined that the best solution was the closure of Meridian and the realignment of Corpus Christi as a NAF, which was what the Navy recommended.

The Secretary of the Navy queried BSEC about the possibility of NAS Meridian and Columbus AFB, Mississippi, being used as a joint fixed-wing training activity due to their proximity, airspace, outlying fields, and bombing range. Thus, in making its recommendation to close NAS Meridian and acknowledging that the air station is not needed for Navy UPT, the Navy suggested the potential for Meridian NAS and Columbus AFB being linked as a joint UPT base.

Naval Shipyards

As was the case for the naval shipyard subcategory in 1993, the Navy was primarily concerned with satisfying future nuclear workload requirements. Nonnuclear work could be performed at any shipyard, whereas nuclear work could be performed only at nuclear-capable shipyards. The configuration analysis produced several scenarios, all of which indicated that at least one naval shipyard, Long Beach, California, should be closed. Other scenarios also pointed to the closure of Ship Repair Facility (SRF) Guam or Portsmouth, New Hampshire, or both. BSEC determined that Portsmouth should not be closed because of uncertainties in the future of the SSN-21 program and the nature of the evolving submarine threat. If the SSN-21 program is terminated or if there is a need for an increase in total submarine force structure levels that could not be met through new

construction, the Navy would likely decide to lengthen the service life of existing SSN-688 submarines. This would involve refueling those submarines whose reactor cores are nearing the end of their design lives rather than retiring them. Thus, workload requirements for refueling SSN-688s would increase. The Portsmouth shipyard is the sole site for most SSN-688 work. The Chief of Naval Operations consulted with BSEC and concurred with these conclusions.

In 1993, the Navy did not recommend Long Beach for closure, despite demonstrated excess capacity, because of concerns about losing the capability to drydock aircraft carriers on the West Coast. The Navy's 1995 analysis indicated that Long Beach was not needed to satisfy the Navy's future requirements. In deliberating the possible closure of Long Beach, BSEC and senior naval officers and civilian officials did not believe it was necessary to retain the large drydock capability at Long Beach to support the fleet. Therefore, along with the SRF Guam, NSY Long Beach was recommended for closure. The Navy also recommended the closure of the two large surge drydocks at Philadelphia—a change from the 1991 BRAC decision—for the same reason.

Questions have been raised about the risk involved in the loss of organic shipyard depot capability on the West Coast if Long Beach is closed. These questions center around the viability of private shipyards in performing work now done at Long Beach as well as the loss of the large drydock. The Navy does not share this concern and points out that much of the work scheduled for Long Beach will be moved to the private sector and thus help these private yards.

BSEC sought to reduce the substantial excess capacity remaining in the shipyard subcategory by transferring depot-related work from two technical centers. Those two centers were then recommended for closure or realignment because the remaining technical work could be transferred to other technical centers.

Technical Centers

During the 1995 process, the Navy was concerned that excess capacity in technical centers/laboratories subcategory had not been reduced in BRAC 1993 to the same degree as in other subcategories. The Navy also wanted to further enhance the multispectrum nature of the technical centers, which encompass research, development, test, and evaluation (RDT&E). The configuration analysis for this subcategory involved complicated assessments of the existing capabilities and requirements for 29 functional

categories, such as undersea and surface ships platforms, across four phases of work: RDT&E, acquisition, lifetime support, and general. This analysis involved satisfying future requirements by transferring specific functions from various categories, such as undersea and surface ship platforms, to only those activities that performed the same function. However, functional workload could be transferred to an activity that does different life-cycle phase work; for example, undersea and surface ship platform lifetime support work could be moved to an activity with undersea and surface ship platform acquisition work.

The Navy analyzed cost and savings projections for 43 scenarios in the technical centers/laboratories subcategory and recommended 21 closure or realignment actions. As indicated earlier, capacity reductions were also realized through the transfer of depot work from technical centers to industrial activities. Depot work from NSWC Louisville, Kentucky, and the Naval Undersea Warfare Center (NUWC) Keyport, Washington, was transferred to existing shipyards. Depot work from the Naval Air Warfare Center (NAWC) Lakehurst, New Jersey, and support work from the Naval Aviation Engineering Service Unit (NAESU) Philadelphia, Pennsylvania, and Naval Air Technical Services Facility (NATSF) Philadelphia, were transferred to existing naval aviation depots (NADEPs).

The Secretary of Defense's recommendations include the complete closure of NSWC White Oak. However, in testimony before the BRAC Commission on March 1, 1995, the Chairman of the Joint Chiefs of Staff indicated that the White Oak activity houses a hypervelocity wind tunnel that serves military research and development needs and is used by other agencies, such as the National Aeronautics and Space Administration. The Chairman stated that the wind tunnel probably should be retained. The Navy maintains that the wind tunnel is excess to its needs and has no plans to retain the facility. Should a DOD component or other government agency determine that it needs the wind tunnel, that agency would have to obtain the wind tunnel facility from the Navy.

The Navy removed several technical centers from consideration for various reasons after COBRA analysis. BSEC determined that AEGIS Moorestown, New Jersey, and AEGIS Wallops, Virginia, performed work that was both dissimilar and required in each case. BSEC's concern about the possible loss of the organic explosives capability at NSWC Indian Head, Maryland, prompted it to remove that activity from consideration. As discussed later, the Naval Warfare Assessment Division (NWAD) Corona,

California, was removed from consideration in response to the Secretary of the Navy's concern about eliminating further civilian jobs in California.

Impact of Cross-Service Group Alternatives on Navy Decisions

As part of its process, the Navy assessed alternatives offered by the five functional cross-service groups. The Navy developed separate closure or realignment scenarios based on the cross-service group alternatives or incorporated alternatives into existing Navy scenarios. The Navy then issued cost-related data calls to its activities in those cases in which a joint scenario indicated that a Navy function would be shifted to another service. The Navy also obtained data in these cases from the affected activities of other services. The Navy's final recommendations include 20 that reflect portions of cross-service group alternatives. In analyzing the cross-service group alternatives, the Navy concluded the following:

- Test and Evaluation. The Navy's analyses included all alternatives provided by the test and evaluation and laboratories cross-service groups. The detailed approach utilized by the cross-service groups in this area focused on specific functions, whereas the Navy focused its review on functions in broader categories. In addition, the nature of Navy technical centers is multispectrum and includes both test and evaluation and laboratory (R&D) functions. Thus, there was not a one-for-one correlation with Navy technical center scenarios. Of the alternatives offered by the cross-service groups, many were already being considered under the Navy's process. Much more Navy technical capacity was reduced by the Navy's recommendations than was suggested within the cross-service group reports.
- Laboratories. See Test and Evaluation.
- Undergraduate Pilot Training. The Navy's recommendations incorporated parts of two of the three joint alternatives forwarded by the UPT cross-service group. BSEC rejected a third alternative that would have closed NAS Whiting Field because of high one-time costs and a long ROI period.
- Medical Treatment Facilities. Naval hospitals are true "followers" in that their presence is closely tied to the presence of other Navy and Marine Corps units in their area. The cross-service group for medical treatment facilities and graduate medical education recommended no closures of naval hospitals and the realignment of only two (Corpus Christi and Beaufort, South Carolina) into clinics. Both hospitals suggested by the cross-service group were in areas with a large active duty presence, so BSEC determined it was imprudent to lower the military medical presence. Since no operational bases with tenant hospitals were recommended for

closure, no hospitals were recommended for closure or realignment by the Navy.

- Depot Maintenance. BSEC analyzed four scenarios arising from this cross-service group, including one that examined application of a developing regional maintenance concept, which would align several depot and intermediate maintenance activities under a single regional management structure. The Navy said that the results of its COBRA analysis demonstrated that none of the scenarios resulted in a consolidation or interservicing distribution of workload that was more cost-effective than the Navy's best scenario, which was adopted as its final recommendation.

In response to the cross-service group's proposed closure of NADEP Jacksonville, the results of the Navy's scenario that contemplated creation of a Regional Maintenance Activity, Southeast, suggest that some operational and economic efficiencies could be achieved. However, the Navy concluded that prudent military judgment dictated that the application of the regional maintenance concept to NADEP Jacksonville, with its restructuring of the principal industrial activity in this area's fleet concentration, was premature. It concluded that such a concept could be executed outside the BRAC framework in the future.

Alternatives issued by the cross-service group also suggested closure or realignment of segments of functional workload by commodities from each of the five naval shipyards to other DOD depot maintenance activities. The Navy concluded that none of the scenarios resulted in a consolidation or interservicing distribution of workload that was more cost-effective than the Navy scenarios under evaluation. The cross-service group alternatives suggesting the movement of industrial workload from NUWC Keyport; NSWC Crane, Indiana; and NSWC Louisville to other naval activities were incorporated into existing Navy scenarios, consistent with the Navy's intent to move industrial work out of technical centers.

Cost as a Factor in Navy Decisions

The Navy used the COBRA algorithms as a tool to ensure that recommendations for closure and realignment actions were cost-effective. The Navy did not use COBRA as a means of finding the lowest cost alternative, but the analysis of several alternatives permitted the Navy to find ways to reduce excess capacity for less cost and satisfy operational requirements. In considering various cost and savings scenarios, the Navy was concerned with the up-front costs associated with closures and realignments and the length of time required to obtain a ROI. The Navy's process for developing cost data for closures has led to some controversy

over the reasonableness of cost estimates pertaining to several technical center recommendations.

The Navy's process was unique in that it obtained input on cost and savings data from activities identified as potential closure or realignment candidates. This has contributed to concerns about the accuracy of such data. As described earlier, BSEC obtained cost and savings data from affected activities by issuing scenario data calls through the chain of command to closing activities. The major claimant for these activities, such as the fleet commander for an air station, was responsible for coordinating data collection from all other affected activities in that scenario.

Although the cost and savings data was certified through the chain of command, in several instances involving technical centers, the reasonableness of cost and savings estimates was questioned by BSEC. This final review resulted in some substantial changes to original estimates by BSEC, which ultimately certified the data. We reviewed the changes made to several scenarios, including NSWC Louisville, NAWC Indianapolis, and NAWC Lakehurst. Some costs were disallowed by BSEC because they were already included in the COBRA algorithms. Some were disallowed because they were environmental cleanup-related costs, which are not included in BRAC analyses. Other disallowed costs involved more difficult judgments and decisions, for example, military construction requirements, productivity, and "disruption" loss. Although time constraints prevented us from completing a full review of more than a few recommendations, we found no basis to question the BSEC decisions we examined. Nevertheless, we believe the Commission should more thoroughly examine the basis for the cost exclusions associated with scenarios in the technical centers subcategory.

The estimated up-front costs of the Navy's closure and realignment recommendations are the lowest of any round of base closures for the Navy. The Navy has also estimated the longest period for ROI as being only 4 years, and most actions experience an immediate ROI. Table 6.3 displays the costs and ROI for Navy activities recommended for closure.

Table 6.3: Estimated Costs and Savings Resulting From Navy Recommendations for Closure

Fiscal year 1996 dollars in millions

Activity	One-time costs[a]	6-year net savings[b]	Recurring annual savings[c]	ROI years	20-year NPV
NAF Adak	$9.4	$108.0	$26.0	Immediate	$354.8
NSY Long Beach	74.5	725.6	130.6	Immediate	1948.6
SRF Guam	8.4	171.9	37.8	Immediate	529.0
NAWC Indianapolis	77.6	7.8	39.2	1	392.1
NSWC Louisville	103.9	(39.4)	28.6	3	243.7
NSWC White Oak	2.9	28.7	6.0	Immediate	85.9
NAS South Weymouth	17.3	50.8	27.4	1	315.2
NAS Meridian					
NTTC Meridian	83.4	158.8	33.4	Immediate	471.2
NAS Alameda					
NAS Corpus Christi					
NAWC Lakehurst	96.9	(5.0)	37.2	3	358.7
NAWC Warminster					
NCCOSC Warminster	8.4	33.1	7.6	Immediate	104.6
NISE San Diego	1.8	19.3	4.3	Immediate	60.0
NHRC San Diego	6.2	(2.0)	1.4	4	11.4
NPRDC San Diego	7.9	(4.3)	1.9	4	14.9
SUPSHIP Long Beach	0.3	0.8	0.3	1	3.3
NUWC New London	23.4	14.3	8.1	3	91.2
NRL Orlando	8.4	3.7	2.8	3	30.1
FISC Guam	18.4	14.3	31.1	Immediate	437.3
NBDL New Orleans	0.6	14.1	2.9	Immediate	41.8
NMRI Bethesda	3.7	19.0	9.5	1	111.0
NSWC Annapolis	25.0	36.7	14.5	1	175.1
NAESU Philadelphia	2.5	5.9	2.5	1	29.5
NATSF Philadelphia	5.7	1.5	2.2	3	22.7
NAWC Oreland	0.1	0[d]	0[e]	3	0.2
FISC Charleston	2.3	2.3	0.9	2	10.8
NISE Norfolk	4.6	0.1	2.1	3	20.4
NAVMASSO Chesapeake	2.2	9.0	2.7	1	34.9
NRC Huntsville	0.1	2.6	0.5	Immediate	7.2
NRC Stockton	0	2.0	0.4	Immediate	5.4
NRC Santa Ana	0	3.0	0.5	Immediate	8.1
NRC Pomona	0	1.9	0.3	Immediate	5.1

(continued)

Fiscal year 1996 dollars in millions

Activity	One-time costs[a]	6-year net savings[b]	Recurring annual savings[c]	ROI years	20-year NPV
NRC Cadillac	0	1.8	0.3	Immediate	5.0
NRC Staten Island	0	4.5	0.6	Immediate	9.8
NRC Laredo	0	1.4	0.3	Immediate	3.8
NRC Sheboygan	0	1.5	0.3	Immediate	4.1
NRC Olathe	0.2	3.9	0.7	Immediate	10.9
REDCOM New Orleans	0.6	6.0	1.9	Immediate	23.8
REDCOM Charleston	0.5	14.4	2.7	Immediate	39.9
Total	**$597.2**	**$1,418.0**	**$469.5**		**$6,021.5**

Note: Totals may not compare to those in DOD's report due to rounding.

[a]This represents unique one-time costs to implement the recommendation.

[b]This represents net savings within the 6-year implementation period.

[c]Projected recurring annual savings after the 6-year period.

[d]The 6-year net savings for NAWC Oreland is $33,000.

[e]The annual savings after implementation period for NAWC Oreland is $15,000.

As indicated in table 6.3, for some scenarios, the Navy analyzed cost, savings, and ROI data for several activities together. The nature of these scenarios did not lend itself to a separate cost and savings analysis. For example, since units, equipment, and people would be moving from NAS Meridian and NAS Alameda, California (a redirect of a BRAC 1993 decision) to NAF Corpus Christi (a realignment), and units, equipment, and people would be moving from Corpus Christi to Pensacola, Florida, the entire group of moves was considered together. In addition, since the closure of NAS Meridian depended on the closure of the Naval Technical Training Center (NTTC) Meridian and the movement of its functions to several activities, the latter was also part of the overall cost and savings analysis.

Table 6.4 displays the cost and savings information for activities the Navy has recommended for realignment. (The realignment of NAS Corpus Christi was included in table 6.3 as part of the NAS Meridian scenario.)

Table 6.4: Estimated Costs and Savings From Navy Recommendations for Realignment

Fiscal year 1996 dollars in millions

Activity	One-time costs[a]	6-year net savings[b]	Recurring annual savings[c]	ROI years	20-year NPV
NAS Key West	$0.4	$8.2	$1.8	Immediate	$25.5
Naval activities, Guam	93.1	66.2	42.5	1	474.3
NUWC Keyport	2.1	9.8	2.1	1	29.7
NISMC Arlington	0.1	0.3	0.1	2	1.7
Total	**$95.7**	**$84.5**	**$46.5**		**$531.2**

Note: Totals may not compare to those in DOD's report due to rounding.

[a]This represents unique one-time costs to implement the recommendation.

[b]This represents net savings within the 6-year implementation period.

[c]Projected recurring annual savings after the 6-year period.

Table 6.5 displays cost and savings information for activities associated with redirects of previous BRAC decisions by the Navy. (The redirect of the NAS Alameda decision is included in table 6.3 as part of the NAS Meridian/NAF Corpus Christi scenario.)

Table 6.5: Estimated Costs and Savings From Navy-Recommended Reconsiderations of Prior BRAC Decisions

Fiscal year 1996 dollars in millions

Activity	One-time costs[a]	6-year net savings[b]	Recurring annual savings[c]	ROI years	20-year NPV
MCAS El Toro	$90.2	$293.0	$6.9	Immediate	$346.8
MCAS Tustin					
NRD San Diego	0.3	0.1	0.0	1	0.1
NTC San Diego	0.6	20.0	0.1	Immediate	20.7
NTC Orlando	5.2	4.8	0.0	Immediate	5.0
NAS Cecil Field	66.6	335.1	11.5	Immediate	437.8
NADEP Pensacola	1.5	2.4	0.2	Immediate	3.8
NPS Orlando	148.0	19.5	5.3	1	71.1
NAS Agana	43.7	213.8	21.7	Immediate	418.0
NAS Barbers Point	0	17.6	0.1	Immediate	18.4
NAF Detroit	0	9.4	0	Immediate	9.3
NSY Norfolk—Philadelphia	0	51.9	8.8	Immediate	134.7
NAVSEA Arlington	159.7	47.6	9.4	Immediate	144.0
ONR Arlington[d]					
SPAWAR Arlington	24.0	120.0	25.3	Immediate	360.0
Naval Recruit Command, Washington, D.C.	6.5	1.1	0	Immediate	1.2
Naval Security Group, Washington, D.C.	0	0[e]	0	Immediate	0[e]
Total	**$546.3**	**$1,126.3**	**$89.4**		**$1,945.2**

Note: Totals may not compare to those in DOD's report due to rounding.

[a]This represents unique one-time costs to implement the recommendation.

[b]This represents net savings within the 6-year implementation period.

[c]Projected recurring annual savings after the 6-year period.

[d]The Navy reevaluated its BRAC 1993 decision, which would have involved about $9.4 million in one-time costs and a 10-year time to realize a payback. Thus, no new COBRA was run.

[e]The 6-year net savings and the 20-year net present value are both $4,000.

In some scenarios, such as MCAS Tustin and MCAS El Toro, California, the Navy analyzed the cost, savings, and ROI for several activities together. This was due to the interdependence of moves associated with these scenarios.

Costs, Economic Impact, and Other Factors Eliminated Some Candidates for Closure or Realignment

The Navy eliminated activities from closure or realignment consideration as part of its process. If no excess capacity was found in a subcategory, no further analysis was performed on that subcategory. Additionally, concerns of an operational nature, based on military judgment, caused BSEC to eliminate some activities from consideration. Once BSEC developed closure and realignment scenarios, the results of costs and savings and economic impact analyses were used to eliminate individual activities from consideration. The Secretary of the Navy eliminated some activities from consideration due to concerns about cumulative job losses. Table 6.6 shows the cost and savings information for activities in the subcategories the Navy identified as having excess capacity but did not recommend for closure or realignment. The table also includes information on the activities eliminated from consideration by the Secretary of the Navy because of concern about the magnitude of job losses in California.

Table 6.6: Estimated Costs and Savings From Selected Navy Scenarios Eliminated From Consideration

Fiscal year 1996 dollars in millions

Activity	One-time costs[a]	6-year net savings[b]	Recurring annual savings[c]	ROI years	20-year NPV
ASO Philadelphia	$68.7	($26.4)	$12.0	6	$91.4
NAVFAC Whidbey Island	27.5	(19.4)	4.6	7	27.0
SDIV Charleston	30.6	1.0	7.1	5	69.1
EFA NW Bangor	6.9	(8.1)	0.5	24	(2.4)
NAVHOSP Corpus Christi	2.7	5.1	1.4	Immediate	18.5
NAVHOSP Beaufort	1.0	(1.9)	(0.8)	Never	(9.5)
WDIV San Bruno[d]	5.5	5.8	4.8	1	51.9
NWAD Corona[d]	76.0	(31.7)	21.3	3	178.3
SUPSHIP San Francisco[d]	0.4	1.6	0.5	1	6.8
FISC Oakland[d]	25.3	47.3	18.9	Immediate	228.6

[a]This represents unique one-time costs to implement the recommendation.

[b]This represents net savings within the 6-year implementation period.

[c]Projected recurring annual savings after the 6-year period.

[d]These activities were eliminated from consideration by the Secretary of the Navy.

Capacity and Operational Concerns and Cost and Savings Analysis

The Navy's capacity analyses revealed that seven subcategories did not have sufficient excess capacity to warrant closure or realignment consideration. Those subcategories were Marine Corps bases,

construction battalion centers, naval security group activities, naval computer and telecommunications stations, naval meteorology and oceanography centers, dental activities, and Military Sealift Command activities.

In the Marine Corps bases subcategory, for example, some degree of excess capacity was indicated among the five capacity measures: maintenance space, covered storage space, barracks, messing, and administrative space. However, BSEC determined that the distribution of the relative excess capacity did not allow reductions in any combination of these categories to the extent that one of the Marine Corps bases could be closed. The capacity analysis for Military Sealift Command activities indicated that ongoing reorganization within the Command matched the changing force structure; subsequently, there was little excess capacity to eliminate. In the dental activities subcategory, BSEC determined there to be a 21-percent deficiency in dental workload, after a comparison of existing capacity to future requirements. Thus, this subcategory was also eliminated from further consideration.

The elimination of the 7 subcategories that did not have sufficient excess capacity left 20 subcategories, which BSEC analyzed to develop recommendations. BSEC did not make recommendations in 8 of the 20 subcategories: ordnance activities, Marine Corps logistics bases, inventory control points (ICP), shore intermediate maintenance activities, public works centers, Integrated Undersea Surveillance System (IUSS) facilities, medical activities, and engineering field divisions and activities.

Recommendations were not made in these eight subcategories for various reasons. In the ordnance activities subcategory, BSEC was concerned about uncertainties in future weapon storage and wartime surge requirements. BSEC also did not recommend closing either of the two Marine Corps logistics bases because the distribution of capacity at existing activities would not permit future requirements to be met if one of the activities were closed.

Of the Navy's two ICPs, the Aviation Supply Office (ASO), Philadelphia, Pennsylvania, was identified as a suitable candidate for closure. However, the results of the cost and savings analysis associated with this scenario were unsatisfactory to BSEC in that the up-front costs were considered too large and the ROI time was considered too long. In addition, current efforts by the Naval Supply Systems Command in streamlining management

structures precluded significant personnel savings from a potential 1995 action.

BSEC identified excess capacity in its shore intermediate maintenance activity (SIMA) subcategory. BSEC determined SIMAs to be "follower" activities, since they are closely tied to the presence of other Navy units in their area or their host activity. Since none of these hosts were included in the Navy's final recommendations, no SIMAs were recommended for closure or realignment. BSEC determined that public works centers (PWC) were also essentially follower activities. Thus, should the customers they support leave, they themselves would become excess. Since BSEC approved the closure or realignment of several activities on Guam (the ship repair facility, fleet and industrial support center, and piers), many public works center customers would be leaving the area. Concerned about civilian job losses on Guam that would result from the PWC's closure, BSEC determined that a sufficient number of customers would remain to justify leaving the center open.

BSEC determined through its capacity analysis that it was feasible for only one of the two IUSS facilities (Whidbey Island, Washington, and Dam Neck, Virginia) to perform all necessary functions in the subcategory. Since the naval facility (NAVFAC) at Whidbey Island had a lower military value than the facility at Dam Neck, BSEC assessed a scenario identifying NAVFAC Whidbey Island for closure. However, BSEC subsequently determined that the projected costs and savings associated with such a recommendation did not justify the loss of operational flexibility to fleet commanders of having a facility on each coast.

Even though excess capacity was also found in the medical activities subcategory, BSEC determined these to be follower activities. The cross-service group provided the Navy with an alternative to realign two naval hospitals (Beaufort and Corpus Christi) into clinics. However, since no activity with a tenant hospital in any subcategory was recommended for closure by the Navy, no hospitals were included in final recommendations.

Excess capacity was identified in the engineering field divisions and activities subcategory, although BSEC recognized that these activities were closely tied to Navy presence in a region. Southern Division, Charleston, South Carolina, and Engineering Field Activity Northwest (EFA NW), Bangor, Washington, were eliminated from consideration for closure because the scenarios did not offer a favorable payback.

In several instances, the Navy eliminated closure and realignment options due to the results of COBRA analysis. For example, the closure of NSWC Crane was dropped due to high one-time costs and no return on investment resulting from two alternatives and high one-time costs relative to the 20-year NPV for a third alternative. The decision not to recommend ASO Philadelphia for closure was also partially due to the high one-time costs and long payback period. The decision not to close the IUSS activity at NAVFAC Whidbey Island was due to BSEC's decision that the high one-time costs and limited savings did not justify the loss of operational flexibility. The realignment of the naval hospital at Beaufort to a medical clinic was not pursued because the COBRA analysis indicated that the resulting increase in CHAMPUS costs would result in the scenario never achieving a ROI.

Economic Impact Concerns

Five activities were eliminated from consideration due to concern about cumulative job losses. The Secretary of the Navy removed four activities in California from consideration because of concerns about total cumulative direct job losses in the state. BSEC removed PWC Guam because of concerns about civilian job losses that would result from that closure. The Engineering Field Activity West (WDIV), San Bruno; NWAD Corona; Supervisors of Shipbuilding, Conversion and Repair (SUPSHIP) San Francisco; and the Fleet and Industrial Supply Center (FISC) Oakland were eliminated from consideration for closure by the Secretary of the Navy based on his concerns about cumulative civilian job losses in California.

The Navy's decisions on these five activities raise several questions. Navy officials stated that the Secretary of the Navy made his decisions based on cumulative civilian job losses statewide rather than on economic impact as a percentage of an economic area's employment population. OSD guidance stipulates that economic impact is to be assessed at the economic area level (metropolitan statistical area or county) and that priority consideration should be given to the military value criteria. However, as in previous BRAC rounds, OSD has no other guidance on how the services are to consider economic impact in their deliberative process.

The cumulative job losses in California are greater than the comparable job loss in any other state. However, the individual economic impact of each of the four California activities, as defined by OSD criteria, is less than the impacts estimated for other activities in other states recommended for closure. For example, the closure of NWAD Corona would have meant a total loss of 3,055 jobs, but the closure of NAS Meridian will result in an

estimated loss of 3,324 jobs. Yet NAS Meridian remained in the Navy's final recommendations for closure. The total losses in California before the removal of the four activities was estimated to be 19,994 jobs, roughly a 0.1-percent decrease in statewide employment, whereas the estimated total losses for Mississippi are estimated to be 3,249 jobs, roughly a 0.3-percent decrease in statewide employment. Because the BRAC law (P.L. 101-510, as amended) states that all bases must be considered equally, the Commission may wish to more closely examine the Navy's decisions regarding the consideration of job losses in California.

Recommendations

We recommend that the Defense Base Closure and Realignment Commission

- explore the need for a DOD component or some other government agency to obtain the wind tunnel facility at NSWC White Oak from the Navy in order to operate it in support of its mission;
- thoroughly examine the basis for exclusions to the cost and savings data associated with closure and realignment scenarios such as NSWC Louisville, NAWC Indianapolis, and NAWC Lakehurst in the technical centers subcategory; and
- examine, from an equity standpoint, the Navy's exclusion of activities from closure and realignment consideration due to concerns over job losses.

DLA Based Its BRAC Recommendations on Sound Military and Business Analyses

The decision-making process that DLA employed to arrive at its BRAC recommendations was well documented and flowed logically from the data presented. DLA recommended nine activities for closure, disestablishment, or realignment, including a proposed change to a 1993 BRAC decision. DLA was not directly affected by the cross-service groups' recommendations.

DLA made significant improvements for its 1995 BRAC process. The installation analysis and the commercially accepted Strategic Analysis of Integrated Logistics Systems (SAILS) model provided additional insight in the decision-making process. Although DLA eliminated a sizable amount of excess capacity with the closure and disestablishment of four depots, it could reduce additional infrastructure in the future. However, such reductions are largely dependent on DLA and the services further reducing their inventories.

DLA's 1995 Process Was Much Improved Over Its 1993 Process

DLA first participated in the BRAC process in 1993. BRAC 1993 was problematic because questions arose about how decisions were made and how accurate the cost and savings estimates were. We found that DLA's BRAC 1995 process for evaluating and recommending activities for closure and realignment was well documented and that the data used was generally accurate. DLA consistently followed the requirements of the applicable BRAC law, force structure plan, DLA's concepts of operations,[1] DOD selection criteria, and OSD policy guidance to ensure that all activities reviewed were evaluated fairly and equitably.

We found that DLA took significant actions to strengthen its process for BRAC 1995. Improvements were made in nearly every phase of DLA's BRAC review process to ensure its integrity for BRAC 1995. DLA

- refined its BRAC decision rules for scenario evaluation,
- used an off-line spreadsheet approach to calculate more reliable cost and savings estimates associated with nonlabor base operating support (BOS) and communications costs,
- used independent assessments of its facilities' conditions,
- standardized procedures for calculating and reporting storage space capacity and utilization,

[1]DLA developed concepts of operations for its business areas. These concepts summarize the current position and future direction of DLA missions and activities in relation to the changes noted in the DOD force structure plan.

- incorporated a detailed analysis for evaluating its host activity installations,[2]
- adopted a commercially accepted optimization model to determine the relative operating costs of the DLA distribution depots, and
- involved the DOD IG in the data verification and validation phases of the BRAC process.

As in BRAC 1993, DLA established decision rules to assist in evaluating closure or realignment scenarios. In BRAC 1995, DLA refined these rules and placed more emphasis on adhering to them. Under the new rules, DLA was to make decisions that

- minimized infrastructure costs,
- made closing installations a top priority,
- eliminated duplicate activities and functions,
- maximized the use of shared overhead,
- optimized the use of remaining DLA space, and
- moved DLA activities from leased space to DOD-owned installations.

The decision rules determined whether a scenario was abandoned, refined, or retained for further analysis.

One of the most significant of all improvements made to DLA's 1995 BRAC process was DLA's approach to estimating costs and savings associated with BOS and communications. In BRAC 1993, we reported that DLA's savings were overstated because DLA did not adequately consider differences between base operating costs, such as nonlabor BOS and communications, when dissimilar operations were combined.[3] For BRAC 1995, DLA calculated the impact of the nonlabor BOS and communication costs and savings outside of the COBRA model; these costs were then entered into the COBRA model. DLA's method of carrying the losing site's BOS and communications costs and savings to the receiving site was more realistic and reflective of DLA's operations.

In 1993, DLA did not have a consistent basis for gathering data on the condition of its buildings and facilities. Between BRAC 1993 and 1995, DLA commissioned the Navy PWC to perform long-range maintenance planning for its facilities. This data was provided to activity commanders for

[2]At six installations, DLA is the primary tenant and hosts other DOD and non-DOD federal tenant activities.

[3]Military Bases: Analysis of DOD's Recommendations and Selection Process for Closures and Realignments (GAO/NSIAD-93-173, Apr. 15, 1993).

verification and certification under BRAC 1995. Also, during this time the DLA Operations Support Office (DOSO) developed similar data on the condition of DLA's administrative space. This data also was given to DLA activities to check and certify for use in the BRAC process. We found that by using PWC and DOSO data, consistency was gained in analyzing DLA facilities.

As in BRAC 1993, DLA required its distribution depots to use data from their Storage Space Utilization Report (805 Report) to calculate storage capacity and utilization rates for BRAC 1995. However, in an audit completed before BRAC 1995 data calls went out, the DOD IG found that these reports inconsistently reported and documented storage space capacity and utilization. On the basis of this audit, DLA provided guidance that standardized procedures for calculating and reporting storage space capacity.[4]

In BRAC 1993, DLA only assessed the military value of its activities and did not consider or analyze the military value of its installations where it was the host and other DOD and non-DOD activities were tenants. For BRAC 1995, DLA not only evaluated its activities on these installations but also analyzed the military value of these installations.[5] We believe the installation analysis provided a broader basis for considering the closure of an installation as a whole.

For BRAC 1995, DLA used SAILS, a commercially available optimization model, to help make closure and realignment decisions regarding its stand-alone distribution depots.[6] The model helped DLA identify which depots could be closed while minimizing transportation and infrastructure costs. Information such as the type of commodities, workload capacity, transportation rates, and supplier and customer geographic locations for all of DLA's distribution depots was loaded into SAILS. The model considered various configurations of closing one or two stand-alone depots based on this information.

DLA did not rely solely on the SAILS model results to decide which depots to close; these results were considered along with the military value and

[4]According to a DOD IG official, in its validation of data call questionnaire responses, no discrepancies in the storage space data were reported by the activities.

[5]DLA's six host installations are located in Columbus, Ohio; New Cumberland, Pennsylvania; Richmond, Virginia; Tracy/Sharpe, California; Ogden, Utah; and Memphis, Tennessee.

[6]Stand-alone depots distribute a wide range of material to customers in many locations. These depots are not located with a military service maintenance function.

COBRA analyses. We believe that the SAILS model was a valuable tool in assessing the operating costs of its stand-alone depots, because it helped DLA identify the most cost-effective solution.

In BRAC 1993, DLA's data was validated by DLA's Office of Internal Review and augmented by field auditors. Audit coverage was strengthened in BRAC 1995 with the addition of the DOD IG to oversee the audit effort. In order to maintain independence and objectivity in the 1995 BRAC process, we recommended, and DLA agreed, that DLA field auditors should review the data collection process of activities that were not in the same category as their own activity. This differed from the approach taken in BRAC 1993.

The DOD IG was responsible for verifying the accuracy and completeness of the certified field data, determining the adequacy of the supporting documentation, and evaluating DLA's analyses. DOD IG audit teams visited sites to verify that field activity data was collected in accordance with DLA's data collection plan and recommended corrective action where necessary. We accompanied the DOD IG on some visits and facilitated its reviews by ensuring that they were validating the most current data requested by DLA. We also independently validated some data and found the data was generally well documented and supported. For locations we did not visit, we selectively reviewed the DOD IG's workpapers.

Data used in the 1995 process was reviewed and favorably reported on by the DOD IG audit teams. The majority of errors found were due to lack of supporting documentation; all errors that were essential to DLA's analyses were subsequently corrected by the activities.

Identifying Closure and Realignment Candidates

DLA selected candidates to close, realign, or disestablish by first grouping its 39 activities into four categories and five subcategories (as shown in table 7.1). DLA then analyzed the capacity and military value of all activities within their respective categories.

Table 7.1: Categories and Subcategories of DLA Activities

Category	Subcategory	Number of activities
Command and control	Defense contract management districts	4
	Defense distribution regions	2
	Defense reutilization and marketing operations	2
Inventory control points		5
Distribution depots	Stand-alone depots	6
	Collocated depots	17
Service/support		3
Total		**39**

Capacity Analysis

An excess capacity analysis was done for activities in each BRAC category and subcategory. The intent of this analysis was to determine the usage of physical space and compare it with anticipated future requirements. Future requirements were based on (1) force structure projections, (2) military service basing and operational changes, and (3) DLA's initiatives for improving operational efficiencies and effectiveness. Activities that had significant amounts of excess capacity were considered as potential receiver sites in realignment recommendations.

In all categories except the distribution depots, excess capacity was based on the (1) total current existing administrative space, less any special use space, and (2) number of additional personnel that could be accommodated in that space. The excess capacity analysis for DLA's distribution depots was evaluated differently because of their distribution mission. For these depots, excess capacity was measured in terms of (1) workload capacity—the depot's ability to handle the in and out processing of material—and (2) physical storage space capacity—the depot's ability to store material in support of active issue, slow-moving, and war reserve material.

Military Value Analysis

DLA analyzed military value to determine the relative ranking of each activity with respect to other activities in the same category or subcategory. Military value rankings did not, by themselves, provide the basis for closure and realignment decisions. Military value was used in conjunction with DLA's concepts of operations, decision rules, other analyses (e.g., installation analysis and SAILS model results), and military judgment to make realignment and closure recommendations.

DLA's 1995 BRAC Recommendations Were Based on Multiple Analyses

DLA recommended nine activities for closure, realignment, or disestablishment. In one of these recommendations, DLA sought to change or redirect a 1993 BRAC decision. These recommendations were the culmination of extensive deliberations by DLA's Executive Group.[7] We observed these sessions firsthand and witnessed extensive deliberations about each activity and the factors and analytical tools that were used in the decision-making process.

For the nine targeted activities, DLA examined whether these decisions would have adverse economic, community infrastructure, and environmental impacts. It found that the impacts would be negligible. Table 7.2 shows DLA's 1995 BRAC recommendations by category.

Table 7.2: DLA's 1995 BRAC Recommendations, by Category

DLA category	Number of activities	Activities studied	Number of activities recommended for closure, realignment, or disestablishment	Names of activities recommended for closure, realignment, or disestablishment
Command and control	8	All	3	Defense Contract Management District South Defense Contract Management District West[a] Management Command International
Inventory control points[b]	5	All	1	Defense Industrial Supply Center[c]
Distribution depots[b]	23	All	5	Defense Depot Columbus Defense Depot Ogden Defense Depot Memphis Defense Depot Letterkenny Defense Depot Red River
Service/support activities	3	All	None	

[a]This is a redirect of a 1993 BRAC decision.

[b]The installation analysis aided in the decision-making process for selecting recommendations in these categories.

[c]This decision requires the disestablishment of the Defense Industrial Supply Center and the realignment of the workload of the Defense Construction Supply Center, the Defense General Supply Center, and the Defense Personnel Support Center.

[7]DLA's Executive Group consisted of senior-level civilian and military executives from DLA's business and staff areas. The Executive Group was chaired by the Principal Deputy Director of DLA.

Command and Control

For each subcategory of activities in the command and control category, DLA sought to determine (1) the need for those oversight capabilities; (2) the optimum location for performing the activities' missions; and (3) in the case of the Defense Contract Management Districts (DCMD), the ability of a one-, two-, or three-regional structure to provide the most manageable level of risk.

DLA's closure and realignment recommendations in this category primarily affected DCMDs. Facilities in the other subcategories were left intact due to their assessed high military value and importance to providing management oversight.

DCMD South, located in Marietta, Georgia, was recommended for disestablishment for three reasons: (1) it had the lowest military value, (2) it had a lower concentration of workload and administration offices to oversee than the Northeast District, and (3) COBRA results indicated that closing it was the most cost-effective decision of the two-district scenario options. DLA decided that although the scenario that reconfigured the three districts into one large district had the greatest ROI, the span of control overseeing 90 subordinate offices throughout the United States was not feasible.

The recommendation regarding DCMD West, located in El Segundo, California, was a redirect of a 1993 BRAC decision. The BRAC 1993 decision called for the movement of this district from leased space to DOD-owned property in Long Beach, California. The 1995 BRAC decision expanded this earlier decision by incorporating the purchase of a building by the Navy on behalf of DLA in the Long Beach area. DLA recommended this redirect action because (1) the Navy had not successfully negotiated a land exchange with the Port Authority/City of Long Beach and (2) the Long Beach Naval Shipyard, which was another option for DLA, was placed on the Navy's BRAC 1995 list for closure.

Defense Contract Management Command (DCMC) International, located in Dayton, Ohio, was not compared with the other contract management districts because its workload was not comparable to the DCMDs. On the basis of the results of DLA's analysis and military judgment, DLA recommended the merger of DCMC International with its headquarters organization in the Washington, D.C., metropolitan area. Because DCMC International could be located anywhere, DLA had the opportunity to take advantage of the location's proximity to the State Department and to the

international support infrastructure in Washington, D.C., and the surrounding area.

Inventory Control Points

DLA operates five ICPs: (1) the Defense Personnel Support Center (DPSC), Philadelphia, Pennsylvania; (2) the Defense Industrial Supply Center (DISC), Philadelphia, Pennsylvania; (3) the Defense General Supply Center (DGSC), Richmond, Virginia; (4) the Defense Fuel Supply Center (DFSC), Fort Belvoir, Virginia; and (5) the Defense Construction Supply Center (DCSC), Columbus, Ohio.

Each ICP is responsible for acquiring and managing an inventory of supply items. DFSC manages fuel-related items, while the other four manage differing mixes of weapon system, troop support, and general support items. The number of troop and general support items managed by the ICPs is relatively small, although they have high demand patterns. DLA manages nearly five times as many weapon system items as troop and general support items combined.

All activities were evaluated in terms of their military value. However, because DFSC and DPSC are one-of-a-kind activities, DLA evaluated them separately. On the basis of the results of the military value analyses on both of these activities, DLA decided that they should not be disestablished because of their unique missions. Therefore, in the case of DPSC, DLA evaluated DPSC as a receiver of similar workloads managed by the other ICPs.

DGSC, DISC, and DCSC were hardware centers and were evaluated as a group in terms of military value. Of the three, DISC received the lowest military value score. However, DLA did not consider the results of the ICP military value analysis sufficient by itself to reveal any obvious closure candidates. On the basis of DLA's ICP supply management concept of operations, DLA considered four scenarios that analyzed the types of items each ICP managed and the way they are managed. DLA determined that maintaining one troop and general support ICP was feasible, considering the small number and the commercial nature of the items. Holding the single troop and general support ICP constant, DLA varied the scenarios between having one and two weapon system ICPs.

Although one weapon system ICP and one troop and general support ICP had the greatest ROI, DLA considered the risk of having a single weapon system ICP as too great because (1) the large number of weapon system

items posed a management challenge and (2) the ICP could adversely affect the national defense if it failed to properly manage critical weapon system items. Therefore, DLA decided that two weapon system ICPs posed an acceptable level of risk to the agency. From our perspective in observing DLA's process, we found that this became a consensus decision within the Executive Group following considerable internal discussions weighing the various options.

DLA's recommendation to disestablish DISC and realign DCSC and DGSC was influenced primarily by the ICP supply management concept of operations, which stated that synergy could be gained by combining commodities with similar management requirements. Other considerations affecting the decision to retain DCSC and DGSC included (1) DLA's decision rule that emphasized maximizing the use of shared overhead (i.e., taking advantage of the depots collocated with these two ICPs), (2) the installation analysis indicating that it was more beneficial to keep DCSC and DGSC because of their relatively high military value rankings, and (3) the considerable expansion capabilities of DCSC and DGSC.

DLA recommended consolidating the troop and general support items at DPSC because (1) DPSC is almost exclusively a troop support ICP, and no other ICP manages these items; (2) the percentage of general support items at the other ICPs is minimal; and (3) the consolidation would reduce the potential management responsibilities between the ICPs. Weapon system items were realigned between DGSC and DCSC.

By disestablishing DISC and delaying the implementation (until 1999) of a 1993 BRAC recommendation to relocate DPSC to the Navy's Aviation Supply Office compound in Philadelphia, DLA avoided a substantial cost. It did so by backfilling the space already occupied by DISC and substantially reducing the amount of conversion of existing warehouse space.

Distribution Depots

DLA operates 17 collocated and 6 stand-alone distribution depots. Collocated depots are located with a service maintenance depot or major fleet support point, which is usually the distribution depot's principal customer. Stand-alone depots are not located with a maintenance function but distribute a wide range of material to customers in many locations.

Of the five BRAC recommendations in this category, three involved stand-alone depots (Columbus, Ogden, and Memphis) and two are collocated with military service facilities (Letterkenny, Pennsylvania, and

Red River, Texas). Decisions regarding the distribution depots were based on various types of analyses; a single analysis, in itself, did not drive DLA's realignment, closure, or disestablishment recommendations. Separate military value analyses were performed for the collocated and stand-alone depots.

Collocated Depots

Military value for the collocated depots was influenced by their capacities and the strategic advantage of being located with a military service maintenance customer. DLA evaluated 17 collocated depots. However, the ultimate decision to realign or close any of these activities was influenced by whether the depots' primary military service customer was closed or realigned. DLA considered various closure and realignment scenarios for its collocated depots, based on discussions with each military service's BRAC office regarding the maintenance depots each was considering for BRAC action. As a result of service decisions, DLA recommended its depots at Letterkenny and Red River for disestablishment.

Stand-Alone Depots

To assess the military value of the stand-alone depots, DLA measured the full range of support they provide to customers worldwide. DLA's recommendations were influenced by current and future capacity requirements, military value analysis, installation analysis, and the SAILS model. On the basis of the results of these analyses, DLA recommended that two stand-alone depots be closed and one realigned.

Although Defense Depot Columbus, Ohio (DDCO), ranked last in military value in the stand-alone category, the separate installation analysis ranked Columbus highest. This was a determining factor in DLA's decision to recommend Columbus for realignment and not closure. Other considerations included (1) the decision to keep the ICP open that was collocated with the Columbus depot and (2) DLA's concept of operations that cited the need for storage space for slow-moving and war reserve material.

Considered but not recommended for closure or realignment was Defense Depot Richmond, Virginia (DDRV). Its relatively low military value in the depot analysis suggested that it was a prime candidate for closure or realignment. However, the key factors that prevented its closure or realignment included (1) the Richmond installation's third-place ranking in the installation analysis, (2) the Navy PWC's assessment that the depot's facilities were the best maintained in DLA, (3) the SAILS model's favoring this depot's location on the East Coast, and (4) DLA's decision to keep the collocated Richmond ICP open.

Defense Depot Memphis, Tennessee (DDMT), and Defense Depot Ogden, Utah (DDOU), tied for third place in the stand-alone depot military value analysis. Both depots had the lowest rankings in the installation analysis, and the SAILS model showed that closing these two depots resulted in the lowest operating costs for the remaining depot structure. According to DLA, the capacities of the other depots remaining in the system could make up for the loss of the production and physical space of these two depots. By closing these two depots, DLA can eliminate excess and close entire installations. Closing DDCO and DDRV would not have produced installation closures.

Historically, we have reported that government storage capacity far exceeds storage requirements.[8] DLA officials agree with us on this issue. DLA's recommendations to close DDOU and DDMT, in addition to disestablishing two collocated depots, are based on anticipated declining inventory requirements.[9] Such reductions, if they fail to occur, could cause DLA to fall short in storage capacity. To guard against such an occurrence, DLA negotiated with the Air Force and the Navy for use of space on their bases (where DLA already has a presence) should it be needed. Conversely, if DLA and the services further reduce their inventories, additional infrastructure reductions could be possible.

Service/Support Activities

The following service/support activities were evaluated in DLA's BRAC selection process: (1) the Defense Logistics Services Center (DLSC) located in Battle Creek, Michigan; (2) the Defense Reutilization and Marketing Service (DRMS) also located in Battle Creek, Michigan; and, (3) the DLA Systems Design Center (DSDC) headquartered in Columbus, Ohio, with 12 operational sites geographically dispersed throughout the United States. These activities were evaluated independently because they do not have peer organizations within DLA and are unique in terms of their nature, mission, and function. On the basis of its analysis, DLA decided not to recommend these three activities for closure or realignment.

DLA considered two different realignment alternatives that moved DLSC from General Services Administration leased space in Battle Creek, to DOD-owned property. Military value analysis indicated that both

[8]Defense Inventory: DOD Actions Needed to Ensure Benefits From Supply Depot Consolidation Efforts (GAO/NSIAD-92-136, May 29, 1992).

[9]The decline in inventory requirements is based on DLA initiatives that DLA believes will allow it to provide supply support without holding costly inventories, drawing down troops, and disposing of obsolete material. DLA worked with the services to determine the amount of inventory that could be reduced.

realignment scenarios were feasible, although COBRA results showed that both produced relatively small savings. However, since DLSC's workload could be performed anywhere and officials could find no clear reason why the activity should be realigned, DLA decided to maintain the status quo.

DLA considered two different realignment scenarios that moved DRMS from GSA-leased space in Battle Creek, Michigan, to DOD-owned property. Military value analysis and COBRA results were similar to those for DLSC. Moreover, DLA determined that it did not make sense to move DLSC or DRMS if a decision was not made to move both activities.

DLA considered two scenarios that involved realigning all or some of DSDC's 12 satellite locations scattered throughout the United States. DLA decided that because these scenarios involved the movement of fewer than the BRAC threshold of 300 authorized civilian personnel and COBRA results showed modest savings, it would not make any changes unless a host activity was being closed. Thus, on the basis of other DLA BRAC recommendations, the three satellite sites that were tenants at the Defense Depot Memphis, Defense Depot Ogden, and Defense Depot Letterkenny were identified for realignment to other locations. A total of 140 DSDC employees are to be relocated.

Cost as a Factor in DLA Decisions

DLA considered the cost associated with its BRAC recommendations, but this did not appear to be a significant factor in determining its recommendations. Table 7.3 displays the costs, savings, and ROI for the nine activities DLA recommended for closure, realignment, or disestablishment.

Table 7.3: Estimated Costs and Savings Resulting From DLA BRAC Recommendations

Fiscal year 1996 dollars in millions

Activity	One-time costs[a]	6-year net savings[b]	Recurring annual savings[c]	ROI years	20-year NPV
Defense Contract Management District South	$3.8	$17.9	$6.1	1	$75.8
Defense Contract Management Command International	3.1	8.7	3.1	1	38.7
Defense Contract Management District West	10.3	10.9	4.2	Immediate	51.2
Defense Industrial Supply Center	16.9	59.3	18.4	Immediate	236.5
Defense Distribution Depot Columbus	7.9	51.2	11.6	Immediate	161.0
Defense Distribution Depot Memphis	85.7	14.8	23.8	3	244.3
Defense Distribution Depot Ogden	110.8	(27.8)	21.3	4	180.9
Defense Distribution Depot Letterkenny	44.9	(21.2)	12.4	3	102.1
Defense Distribution Depot Red River	58.9	(.8)	18.9	2	186.1
Total	**$342.3**	**$113.0**	**$119.8**		**$1,276.6**

Note: Totals may not compare to those in DOD's report due to rounding.

[a]This represents unique one-time costs to implement the recommendation.

[b]This represents net saving within the 6-year implementation period.

[c]Projected recurring annual savings after the 6-year period.

Conclusions

The decision-making process that DLA employed to arrive at its 1995 BRAC recommendations was well documented and flowed logically from the data presented. Although DLA eliminated a sizable amount of excess capacity with the closure and disestablishment of four depots, it could reduce additional infrastructure in the future. However, such reductions are largely dependent on DLA and the services further reducing their inventories.

Defense Investigative Service Requested a Change to Prior BRAC Decision Affecting Its Location

DIS has recommended that its Investigations Control and Automation Directorate (IC&AD) function be moved from Fort Holabird, Maryland, to a newly constructed facility at Fort Meade, Maryland. This move would reverse a 1988 BRAC Commission decision that permitted DIS to remain while other DOD entities moved from Fort Holabird. A BRAC team at DIS analyzed the proposed move and assessed its cost and savings and economic impacts.

DIS Recommendation Is Supported by Its Analysis

DIS currently has a building hosting 458 civilian employees on what remains of Fort Holabird. Fort Holabird was partially closed by the 1988 Commission, which, at DIS's request permitted it to remain. DIS will soon be the base's only tenant. The building occupied by IC&AD is old and needs refurbishment. The Corps of Engineers surveyed the building and documented many of its problems. Identified hazards include lead-based paint and asbestos, both of which would pose significant health hazards should renovations begin while employees remain in the building.

DIS formed a BRAC working group and an executive group to assess the need to move the Investigations Directorate to a new site. The DOD IG reviewed the working group's draft internal control plan, which was then approved by the DIS BRAC Executive Group. Through a military value analysis, the Executive Group determined that the Directorate could not perform its mission in a substandard facility.

The Working Group considered the future DIS personnel and workload requirements in its assessment of the size of any new site and the necessity of a new building. DIS queried the military services at installations in the Baltimore/Washington area about the possibility of moving IC&AD into existing space on those installations. The services indicated that no existing buildings would meet DIS requirements. The DIS Working Group then conducted cost and savings analyses on three options: (1) renovation of the existing building, (2) movement of the Directorate into leased space, and (3) construction of a new building on Fort Meade.

The first option (renovation) would cost about $9.2 million and would not produce a ROI for more than 100 years. The second option (lease) would produce annual lease costs of about $1.3 million and a return on investment in 14 years. The third option (construction of a new building) would cost an estimated $9.4 million and produce a ROI in 5 years. The construction option was determined to be the best from a military value

standpoint, as the Directorate's function would remain in the Baltimore/Washington area with little or no disruption in the work performed.

The Executive Group approved the recommendation to move the IC&AD function to a newly constructed building at Fort Meade. The results of a COBRA analysis showed the 6-year net cost to be $.48 million; the annual savings in the years after implementation to be $.49 million; a ROI to be realized in 5 years; and the 20-year NPV to be $4.23 million. Most of the savings would result from avoidance of the costs associated with the support services agreement between the Army and DIS for the Fort Holabird building. Since the construction and move would take place within the same economic area, the economic impact analysis indicated no impact associated with the recommendation.

The analyses performed by DIS were well documented. The results of its analyses support its subsequent recommendation. In addition, the DOD IG observed all stages of the DIS BRAC process, including its assessment of the DIS internal control and analysis plans. The DOD IG also reviewed the data used by DIS in its military value, cost and savings, and economic impact analyses.

Future Directions

The 1995 BRAC is the last round of base closure reviews authorized under the 1990 legislation. Since excess infrastructure will likely remain even if all current BRAC recommendations are adopted, future BRAC rounds may be needed. If a policy decision is made to continue BRAC rounds, legislative authority, similar to the 1990 BRAC legislation may be necessary to mitigate prior impediments to base closures.

The current and prior BRAC round recommendations, once implemented, will reduce DOD's inventory of major domestic bases by 21 percent. On the other hand, DOD states that its budget request for fiscal year 1996, in real terms, is 39 percent below fiscal year 1985. While such data are not directly comparable, they suggest the need for greater reductions in defense infrastructure and various base categories show that excess infrastructure is expected to remain.

In fact, the Secretary of Defense recently acknowledged that excess infrastructure would remain after the 1995 BRAC. He has suggested the need for additional BRAC rounds in 3 to 4 years, after DOD components have had a chance to absorb closures and realignments under this and prior rounds. The Chairman of the Joint Chiefs of Staff, in March 1, 1995, testimony before the BRAC Commission, said that excess capacity would remain after the 1995 BRAC. He cited the need for future base closure authority and said that opportunities remain regarding cross-servicing, particularly in the area of joint-use bases and training facilities. He also noted that the Commission on Roles and Missions was expected to recommend measures to enhance efficiency and interoperability. He indicated that implementing those recommendations could require a process similar to BRAC.

Our examination of DOD's BRAC process, as well as other work underway examining infrastructure, also suggests that costly excess infrastructure could remain after the 1995 BRAC. We also agree that opportunities remain for significant consolidations that will not only enhance joint operations but also reduce additional infrastructure in the process.

Our work in examining the 1995 BRAC recommendations, particularly in identifying those not proposed by defense components, suggests that a number of installations with relatively low military value were not proposed for closure because of the significant up-front closure costs, despite projecting savings in the long term. Therefore, the success of future BRAC rounds may be even more contingent on the willingness of DOD to make these up-front investments.

The current BRAC process may have certain weaknesses, but it has proven to be an effective mechanism for reducing defense infrastructure. BRAC Commission deliberations in 1993 and 1995 have included changes to prior BRAC round decisions, and future changes are likely. Since DOD cannot unilaterally change a BRAC Commission decision, and the authority for the BRAC Commission soon expires, no process will exist to authorize changes to prior decisions.

Conclusions and Matters for Congressional Consideration

Excess infrastructure is expected to remain after the 1995 BRAC process is completed, even if all of DOD's recommendations are approved. This could indicate the need for future BRAC rounds. We suggest that as the Congress considers the need for future defense infrastructure reductions, it consider a process similar to that authorized in the 1990 BRAC legislation. In the meantime, the Congress may wish to consider legislation to provide a process for reviewing and approving changes to prior BRAC round decisions that may encounter difficulties in implementation.

Office of the Secretary of Defense Base Realignment and Closure Definitions

The following definitions were provided by OSD to the Department of Defense components for use in the 1995 base closure and realignment process. The definitions remain unchanged from the 1993 process, and are presented as stated by OSD.

Close

All missions of the base will cease or be relocated. All personnel (military, civilian, and contractor) will either be eliminated or relocated. The entire base will be excessed and the property disposed. Note: A caretaker workforce is possible to bridge between closure (missions ceasing or relocating) and property disposal which are separate actions under Public Law 101-510.

Close, Except

The vast majority of the missions will cease or be relocated. Over 95 percent of the military, civilian, and contractor personnel will either be eliminated or relocated. All but a small portion of the base will be excessed and the property disposed. The small portion retained will often be facilities in an enclave for use by the reserve component. Generally, active component management of the base will cease. Outlying, unmanned ranges or training areas retained for reserve component use do not count against the "small portion retained." Again, closure (missions ceasing or relocating) and property disposal are separate actions under Public Law 101-510.

Realign

Some missions of the base will cease or be relocated, but others will remain. The active component will still be host of the remaining portion of the base. Only a portion of the base will be excessed and the property disposed, with realignment (missions ceasing or relocating) and property disposal being separate actions under Public Law 101-510. In cases where the base is both gaining and losing missions, the base is being realigned if it will experience a net reduction of DOD civilian personnel. In such situations, it is possible that no property will be excessed.

Relocate

The term used to describe the movement of missions, units or activities from a closing or realigning base to another base. Units do not realign from a closing or a realigning base to another base, they relocate.

Receiving Base

A base which receives missions, units or activities relocating from a closing or realigning base. In cases where the base is both gaining and losing missions, the base is a receiving base if it will experience a net increase of DOD civilian personnel.

Mothball, Layaway

Terms used when retention of facilities and real estate at a closing or realigning base are necessary to meet the mobilization or contingency needs of Defense. Bases or portions of bases "mothballed" will not be excessed and disposed. It is possible they could be leased for interim economic uses.

Inactivate, Disestablish

Terms used to describe planned actions which directly affect missions, units or activities. Fighter wings are inactivated, bases are closed.

The Joint Cross-Service Groups' Analytical Process

Each cross-service group was composed of an executive group and one or more working groups. Senior OSD officials served as the chairpersons of each executive group. Representatives from each service and other DOD officials were members. Decisions were made at the executive level, after receiving input from the working groups. The cross-service groups reported to the OSD steering and review groups, which provided oversight and guidance (see ch. 3). Table II.1 lists the titles of the chairpersons of each cross-service group.

Table II.1: Chairpersons of the Five Functional Joint Cross-Service Groups

Cross-service group	Chairperson
Depot maintenance	Deputy Under Secretary of Defense for Logistics
Test and evaluation	Director, Test, Systems Engineering, and Evaluation Director, Operational Test and Evaluation
Laboratories	Director, Defense Research and Engineering
Medical treatment facilities	Assistant Secretary of Defense for Health Affairs
Undergraduate pilot training	Deputy Under Secretary of Defense for Readiness

The working groups were composed of technical experts from each of the services and OSD. They drafted the cross-service groups' data calls and analyses plans, calculated the amount of excess capacity, ranked all the activities under consideration, and prepared sets of alternative workload transfers, closures, and realignments for consideration by the services. In general, the executive groups approved products prepared by their working groups.

The Cross-Service Group Process

OSD defined the cross-service process in a BRAC 1995 policy and procedures memorandum, dated January 7, 1994; an internal control plan for managing cross-service opportunities, dated April 13, 1994; and policy memorandum number two on the analysis process, dated November 23, 1994. The following is a description of the cross-service process in the order that the steps were taken. Some steps were taken by the cross-service groups; others were accomplished by the services. To ensure accuracy, the DOD IG audited and reported on the cross-service groups' data analyses, and the service audit agencies audited the data provided by the services.

Data Collection

Each cross-service group defined the functions that were candidates for cross-service consolidation in the areas with which they dealt and the sites that performed these functions. Unlike the services, which focused on

bases or installations, the cross-service groups focused on functions that were performed in two or more locations or by two or more services or facilities with similar capabilities. Table II.2 shows the categories that each group selected for analysis and the number of locations.

Table II.2: Categories for Analysis and Locations Selected by the Cross-Service Groups

Cross-service group	Analysis categories	Locations
Depot maintenance	57 commodities, such as aircraft engines and landing gear	24 depots
Test and evaluation	Air vehicles, electronic combat, and armaments/weapons	23 activities[a]
Laboratories	29 functions, such as avionics for fixed-wing air vehicles	81 laboratories
Medical treatment facilities	Number of operating beds	14 medical centers 86 hospitals
Undergraduate pilot training	Undergraduate flying training in 10 functional groupings	12 installations for fixed-wing aircraft, 2 installations for rotary-wing aircraft

[a]Unlike the other cross-service groups, the test and evaluation group did not develop a list of activity locations to be included in its study. Instead, the group charged the military services with determining which of their facilities should be included. Twenty-three activities were included in its final analysis.

Like the services, the cross-service groups developed data calls to obtain information for their BRAC analyses. The cross-service groups submitted their data calls to the services for distribution through regular BRAC channels to the targeted activities in each service. Activities responded following the same procedures they used in responding to the service data calls. The services and their audit agencies monitored the data collection phase.

Capacity Analysis

Using data obtained in their data calls, the cross-service groups computed the capacity of each site performing a specific function. Then they compared the capacity with the projected workload to determine the amount of excess capacity in each of the functional areas. The amount of excess capacity depended on how much work was planned and the measure of capacity employed. Table II.3 shows how much excess capacity each group identified and how each measured capacity.

Table II.3: Amount of Excess Capacity and Methodology Used by Each Cross-Service Group

Cross-service group	Amount of excess capacity	Methodology for measuring excess capacity
Depot maintenance	40.1 million direct labor hours (equal to 24,830 work years).	Fiscal year 1999 capacity minus the core-funded work load[a] for fiscal year 1999.
Test and evaluation	495,000 test hours.	Peak annual work load between fiscal year 1986 and 1993 minus projected work load of .72 times the average work load in fiscal years 1992 and 1993.
Laboratories	9,800 work years.	Peak work years between fiscal year 1986 and 1993, minus the 1997 requirement, minus 20 percent.
Medical treatment facilities	1 medical center is excess, and 2 medical centers and 13 hospitals should be realigned.	Acute care occupancy rate in fiscal year 1994 for each facility compared to the active duty and family population it serves within a 40-mile area projected to 1998-99.
Undergraduate pilot training	33 percent of available airfield operations for fixed-wing aircraft and 108 percent of available ramp space for rotary-wing aircraft.	The number of airfield operations for fixed-wing and ramp space availability for rotary-wing aircraft needed to train the number of students required annually.

[a]The logistics capability maintained for national defense by DOD activities (including personnel, equipment, and facilities) to ensure the availability of a ready and controlled source of technical competence and resources to provide an effective and timely response to a mobilization, national defense contingency situations, and other emergency requirements.

The cross-service groups' data calls, like those used by the services, were also keyed to obtaining information related to the first four BRAC criteria dealing with military value. The services used these same criteria in completing the military value analyses of installations and facilities in their basing categories. The cross-service groups used these criteria to assign a functional value to each activity. Functional values represented the value of performing each function at each site in comparison with all sites in a given category.

Military Value Analysis

The services computed the military value for each of their own activities and provided this ranking to the cross-service groups. The services used their own procedures to assign military value, and each was required to present the results on a scale of one (least valuable) to three (most

valuable). The Air Force ranked its activities in three tiers in lieu of military value.

Configuration Analysis

Combining the functional values developed by the cross-service groups and the military values provided by the services, a linear program called the optimization model was used to derive sets of alternatives for each cross-service group. Other inputs to the model included total capacity, capacity reduction goals, and the policy constraints defined by each group and approved by the steering group. Table II.4 shows some of the policy constraints employed by each cross-service group.

Table II.4: Examples of Policy Constraints Employed by the Cross-Service Groups

Cross-service group	Policy constraint
Depot maintenance	The Army, Navy, Marine Corps, and Air Force will each retain at least one depot to perform essential maintenance.
Test and evaluation	DOD will retain irreplaceable air, land, and sea space that will provide at least one sea range and land range and at least one of each type of topography and climatology.
Laboratories	None.
Medical treatment facilities	Facilities will remain open if they are in an underserved primary care area, acute care beds in the community are insufficient, or less than two accredited acute care facilities are available.
Undergraduate pilot training	There will be no helicopter training at sites with less than two auxiliary fields.

The model identified options for moving workloads based on the criteria the groups wanted to optimize. The model could provide suggested workload transfers that would (1) minimize the number of sites, (2) minimize the amount of excess capacity, (3) maximize the average military value of all sites, or (4) maximize the average functional value of all sites. A group could also direct variations that would, for example, eliminate as much excess capacity as possible while maintaining an average functional value at least as high as the original set of sites.

The cross-service groups evaluated the feasibility of the various sets of alternatives for closures, realignments, and workload transfers. Then the chairpersons provided what they considered to be the best sets of options to the services for their consideration. Table II.5 summarizes the alternatives that the groups submitted to the services.

Table II.5: Alternatives the Cross-Service Groups Sent to the Services

Cross-service group	Summary of alternatives
Depot maintenance	Two options with some variations—both would close eight depots, consolidate about 13 work loads at single sites and others at two or more sites.
Test and evaluation	Core alternatives: realign work load among five core activities, which are part of the major range and test facility base. Non-core alternatives: realign work load from 11 activities to core activities.
Laboratories	Consolidate broad functional areas of work at major sites. Transfer 72 functional life cycle work load.
Medical treatment facilities	Close 1 medical center; realign 2 medical centers and 13 hospitals.
Undergraduate pilot training	Three options—close undergraduate pilot training at three, four, or five installations.

Air Force, Army, and Navy responses to each cross-service group's proposals are summarized in chapters 4, 5, and 6, respectively.

Cost of Base Realignment Actions Model (COBRA)

The COBRA model uses a set of formulas, or algorithms, that rely on three types of data elements in its calculations: base-specific data, scenario-specific data, and standardized data. Base-specific data is applied to all closure and realignment scenarios involving a given base. Examples of base-specific data include base operating and family housing costs. Scenario-specific data changes for each BRAC action and includes the number of personnel positions to be eliminated or relocated and the amount of required military construction. Standardized data elements—or standard factors—are common to a class of bases and are applicable for all scenarios that involve those bases. Some standard factors apply only to one DOD component or a subset of a component's bases, while others are applicable to all bases DOD-wide. Average salaries and moving costs are examples of standard factors used in the COBRA model.

Improvements to Model Have Been Made

The COBRA model has been used in the base closure process since 1988, and in the intervening years it has been considerably revised to deal with problems we and others identified after each BRAC round. Perhaps the most significant change was conversion of the original LOTUS spreadsheet version to PASCAL programming language prior to BRAC 1991. This change prevented the model's algorithms from being altered by anyone other than the model's programmers and better ensured consistent application of the model. Another major revision allowed the user to enter costs and savings unique to a specific base or scenario without deactivating the model's algorithms.

Refinements to the model are initiated and controlled by a COBRA Joint Process Action Team (JPAT). The JPAT is comprised of representatives from user organizations, including OSD.

Some of the more significant enhancements that affected COBRA's ability in BRAC 1995 to overcome weaknesses reported by us and others in BRAC 1993 are shown in table III.1.

Table III.1: Some COBRA Improvements Affecting BRAC 1995

BRAC 1993 shortcoming	BRAC 1995 improvement
COBRA algorithms not independently verified.	Key COBRA algorithms verified by Army Audit Agency.
Inconsistency in cost data for certain factors.	Greater emphasis on standardized cost factors.
Unable to summarize cost and saving data for multiple scenarios.	Cost and savings data for multiple scenarios can be aggregated.
ROI year is understated by 1 year in an output report.	Calculation of ROI year has been corrected.
Inconsistent treatment of recurring costs and savings.	All recurring costs and savings are half-year in the year of the BRAC action, except base operating support costs, which are full-year and unique costs entered by the user.
Time phasing of administrative planning and support costs is evenly distributed.	Administrative planning and support costs are phased according to the movement and elimination of personnel.
Additional base operating support personnel required at gaining bases are not identified.	Model considers the impact of more base operating support personnel.
Overhead savings for non-DOD salaried personnel are not considered.	Overhead savings for non-DOD personnel are considered.

Two of the more significant actions affecting BRAC 1995 are the validation of the COBRA model and a greater emphasis on using standardized cost factors.

Errors discovered in COBRA formulas during prior BRAC rounds, although corrected, indicated a need for COBRA's algorithms and programming to be validated. Thus, in 1994, the Army Audit Agency agreed to examine whether the COBRA model accurately calculated cost and savings estimates. The audit agency tested four of the model's algorithms against several of the Army's BRAC 1993 recommendations.[1] The Army Audit Agency concluded that the COBRA model correctly calculated the cost and savings estimates.

In earlier BRAC rounds, the DOD components frequently differed in the values they assigned to COBRA standard factors. Thus, in an effort to minimize differences in BRAC 1995 the JPAT agreed on common values for 36 standard factors, more than four times as many as in BRAC 1993.

[1]Tests were run on four of the model's algorithms: (1) military construction costs, (2) miscellaneous recurring costs, (3) civilian salary savings, and (4) base operating support savings. These areas represented 54 percent of the costs and 81 percent of the savings associated with the Army's BRAC 1993 recommendations.

Standardized factors introduced in BRAC 1995 included two large areas—personnel and relocation costs. The remaining standard factors were developed independently by the DOD components to account for differences deemed too large to standardize, such as factors for construction, the percentage of officers and enlisted personnel who are married, and permanent change of station costs.

Bases Affected by the Secretary of Defense's February 28, 1995, Base Closure and Realignment Recommendations

This appendix shows, by military service and DOD agency, the bases and activities that would be affected by the Secretary of Defense's recommendations. Table IV.1 shows the major bases that were recommended for closure; table IV.2 shows the major bases that were affected by realignment recommendations; table IV.3 lists the smaller bases and activities that were affected by closures, realignments, and other actions; and table IV.4 lists the changes to previously approved BRAC recommendations.

Table IV.1: Major Bases Recommended for Closure

Service/agency	Base/installation/activity
Army	Fort McClellan, Alabama Fort Chaffee, Arkansas Fitzsimons Army Medical Center, Colorado Price Support Center, Illinois Savanna Army Depot Activity, Illinois Fort Ritchie, Maryland Selfridge Army Garrison, Michigan Bayonne Military Ocean Terminal, New Jersey Seneca Army Depot, New York Fort Indiantown Gap, Pennsylvania Red River Army Depot, Texas Fort Pickett, Virginia
Navy	Naval Air Facility, Adak, Alaska Naval Shipyard, Long Beach, California Ship Repair Facility, Guam Naval Air Warfare Center, Aircraft Division, Indianapolis, Indiana Naval Surface Warfare Center, Crane Division Detachment, Louisville, Kentucky Naval Surface Warfare Center, Dahlgren Division Detachment, White Oak, Maryland Naval Air Station, South Weymouth, Massachusetts Naval Air Station, Meridian, Mississippi Naval Air Warfare Center, Aircraft Division, Lakehurst, New Jersey Naval Air Warfare Center, Aircraft Division, Warminster, Pennsylvania
Air Force	North Highlands Air Guard Station, California Ontario IAP Air Guard Station, California Rome Laboratory, Rome, New York Roslyn Air Guard Station, New York Springfield-Beckley MAP, Air Guard Station, Ohio Greater Pittsburgh IAP Air Reserve Station, Pennsylvania Bergstrom Air Reserve Base, Texas Brooks Air Force Base, Texas Reese Air Force Base, Texas
Defense Logistics Agency	Defense Distribution Depot, Memphis, Tennessee Defense Distribution Depot, Ogden, Utah

Table IV.2: Major Bases Recommended for Realignment

Service/agency	Base/installation/activity
Army	Fort Greely, Alaska Fort Hunter Liggett, California Sierra Army Depot, California Fort Meade, Maryland Detroit Arsenal, Michigan Fort Dix, New Jersey Fort Hamilton, New York Charles E. Kelly Support Center, Pennsylvania Letterkenny Army Depot, Pennsylvania Fort Buchanan, Puerto Rico Dugway Proving Ground, Utah Fort Lee, Virginia
Navy	Naval Air Station, Key West, Florida Naval Activities, Guam Naval Air Station, Corpus Christi, Texas Naval Undersea Warfare Center, Keyport, Washington
Air Force	McClellan Air Force Base, California Onizuka Air Station, California Eglin Air Force Base, Florida Robins Air Force Base, Georgia Malmstrom Air Force Base, Montana Kirtland Air Force Base, New Mexico Grand Forks Air Force Base, North Dakota Tinker Air Force Base, Oklahoma Kelly Air Force Base, Texas Hill Air Force Base, Utah

Table IV.3: Smaller Bases and Activities Recommended for Closure, Realignment, Disestablishment, or Relocation

Service	Base/installation/activity
Army	Branch U.S. Disciplinary Barracks, California
	East Fort Baker, California
	Rio Vista Army Reserve Center, California
	Stratford Army Engine Plant, Connecticut
	Big Coppett Key, Florida
	Concepts Analysis Agency, Maryland[a]
	Publications Distribution Center, Baltimore, Maryland
	Hingham Cohasset, Massachusetts
	Sudbury Training Annex, Massachusetts
	Aviation-Troop Command (ATCOM), Missouri[a]
	Fort Missoula, Montana
	Camp Kilmer, New Jersey
	Caven Point Reserve Center, New Jersey
	Camp Pedricktown, New Jersey
	Bellmore Logistics Activity, New York
	Fort Totten, New York
	Recreation Center #2, Fayettville, North Carolina
	Information Systems Software Command (ISSC), Virginia[a]
	Camp Bonneville, Washington
	Valley Grove Area Maintenance Support Activity (AMSA), West Virginia

(continued)

Service	Base/installation/activity
Navy	Naval Command, Control and Ocean Surveillance Center, In-Service Engineering, West Coast Division, San Diego, California Naval Health Research Center, San Diego, California Naval Personnel Research and Development Center, San Diego, California Supervisor of Shipbuilding, Conversion and Repair, USN, Long Beach, California Naval Undersea Warfare Center-Newport Division, New London Detachment, New London, Connecticut Naval Research Laboratory, Underwater Sound Reference Detachment, Orlando, Florida Fleet and Industrial Supply Center, Guam Naval Biodynamics Laboratory, New Orleans, Louisiana Naval Medical Research Institute, Bethesda, Maryland Naval Surface Warfare Center, Carderock Division Detachment, Annapolis, Maryland Naval Technical Training Center, Meridian, Mississippi Naval Aviation Engineering Support Unit, Philadelphia, Pennsylvania Naval Air Technical Services Facility, Philadelphia, Pennsylvania Naval Air Warfare Center, Aircraft Division, Open Water Test Facility, Oreland, Pennsylvania Naval Command, Control and Ocean Surveillance Center, RDT&E Division Detachment, Warminster, Pennsylvania Fleet and Industrial Supply Center, Charleston, South Carolina Naval Command, Control and Ocean Surveillance Center, In-Service Engineering East Coast Detachment, Norfolk, Virginia Naval Information Systems Management Center, Arlington, Virginia Naval Management Systems Support Office, Chesapeake, Virginia Naval Reserve Centers at: Huntsville, Alabama Stockton, California Santa Ana, Irvine, California Pomona, California Cadillac, Michigan Staten Island, New York Laredo, Texas Sheboygan, Wisconsin Naval Air Reserve Center, Olathe, Kansas Naval Reserve Readiness Commands New Orleans, Louisiana (Region 10) Charleston, South Carolina (Region 7)
Air Force	Moffett Federal Airfield AGS, California Real-Time Digitally Controlled Analyzer Processor Activity, Buffalo, New York Air Force Electronic Warfare Evaluation Simulator Activity, Fort Worth, Texas

(continued)

Service	Base/installation/activity
Defense Logistics Agency	Defense Contract Management District South, Marietta, Georgia Defense Contract Management Command International, Dayton, Ohio Defense Distribution Depot, Columbus, Ohio Defense Distribution Depot, Letterkenny, Pennsylvania Defense Industrial Supply Center, Philadelphia, Pennsylvania Defense Distribution Depot, Red River, Texas
Defense Investigative Service	Investigations Control and Automation Directorate, Fort Holabird, Maryland

[a]This is a leased facility.

Table IV.4: Changes to Previously Approved BRAC Recommendations

Service/agency	Base/installation/activity
Army	Army Bio-Medical Research Laboratory, Fort Detrick, Maryland
Navy	Marine Corps Air Station, El Toro, California Marine Corps Air Station, Tustin, California Naval Air Station, Alameda, California Naval Recruiting District, San Diego, California Naval Training Center, San Diego, California Naval Air Station, Cecil Field, Florida Naval Aviation Depot, Pensacola, Florida Navy Nuclear Power Propulsion Training Center, Naval Training Center, Orlando, Florida Naval Training Center, Orlando, Florida Naval Air Station, Agana, Guam Naval Air Station, Barbers Point, Hawaii Naval Air Facility, Detroit, Michigan Naval Shipyard, Norfolk Detachment, Philadelphia, Pennsylvania Naval Sea Systems Command, Arlington, Virginia Office of Naval Research, Arlington, Virginia Space and Naval Warfare Systems Command, Arlington, Virginia Naval Recruiting Command, Washington, D.C. Naval Security Group Command Detachment Potomac, Washington, D.C.
Air Force	Williams AFB, Arizona Lowry AFB, Colorado Homestead AFB, Florida (301st Rescue Squadron) Homestead AFB, Florida (726th Air Control Squadron) MacDill AFB, Florida Griffiss AFB, New York (Airfield Support for 10th Infantry (Light) Division) Griffiss AFB, New York (485th Engineering Installation Group)
Defense Logistics Agency	Defense Contract Management District West, El Segundo, California

Economic Impact Assessments

The economic impact on affected communities has been one of DOD's eight criteria for making base closure and realignment decisions in the current and two previous BRAC rounds. DOD's sensitivity to this issue has increased with each succeeding round, as the cumulative impact of base realignments and closures has increased. This has caused DOD to strengthen its process for assessing potential economic impact. DOD also placed greater emphasis on aggregating the impacts of tentative closure decisions across the services for the 1995 round, as well as assessing the cumulative impact of the current and prior BRAC rounds. Though not a precise predictor of outcome, the methodology employed by OSD is considered a reasonable use of existing tools of economic impact analysis.

Economic Impact Analysis Has Improved Over the BRAC Rounds

The services and defense agencies have been required to assess the economic impact of their recommendations for potential closure or realignment in each of the recent BRAC rounds. Economic impact assessments are intended to define the impact BRAC recommendations could have on the affected community's economy in terms of total potential job change (direct and indirect). The assessments estimate impact in absolute terms and as a percentage of employment in the economic area. An affected economic area is generally defined as a metropolitan statistical area (MSA) or non-MSA county(s), unless there is evidence calling for some other definition.

Once the services and Defense agencies completed their economic impact assessments, they were reported to OSD along with the BRAC recommendations. OSD then considered economic impact from a DOD-wide perspective. The extent to which either OSD or the services and Defense agencies used the results of their analyses has varied in each BRAC round.

1991 Round

In the 1991 BRAC process OSD guidance required the services to consider the economic impact of proposed BRAC actions and report their impact calculations, but it did not specify how this assessment was to be used in the process. As a result, the services differed in the methods they employed and the extent to which they examined economic impact. However, economic impact was not a major factor for any of the services in their decision-making processes in the 1991 round.

A separate assessment was done by OSD, using the Office of Economic Adjustment (OEA) to calculate the full impacts of actions proposed by all DOD components. The OEA methodology was derived with assistance from

the Logistics Management Institute (LMI), which was retained for this purpose. The methodology appeared sound, but we noted in our 1991 report that the definition of economic areas in some cases could have overstated the potential impact. For example, if a county was identified as the economic area of a given base and that county was rural, the impact may have been overstated if the base drew employees from several counties. Having completed an assessment of economic impact, OSD did not use it to make any changes to the services' proposed closures. The cumulative impacts of the proposed 1991 actions were not considered significant because of the limited number of BRAC actions up to that time.

1993 Round

In 1993 OSD guidance to DOD components included how economic impact analyses were to be conducted but, again, did not specify how such impact was to be considered in the overall decision-making process. The DOD components were mandated by OSD to use the approach developed by OEA to calculate the direct and indirect employment impacts of a potential closure or realignment. Impacts were to be expressed in terms of job changes as a percentage of area employment. The issue of cumulative impact became more important, because of the increased numbers of recommendations. When OSD considered the estimated impact of all proposed actions in 1993, they established a standard against which to evaluate economic impact. Information from DOD components was compiled into a master spreadsheet that calculated the cumulative effect on an economic area of 1988, 1991, and recommended 1993 actions across all services and DOD agencies. A job loss of 5 percent or greater in an area with 500,000 or more jobs was determined by OSD to constitute the standard for unacceptable economic impact.

OSD subsequently used economic impact to cancel proposed closure actions affecting Sacramento, California, without explicitly addressing the implications for military value. Alternative candidates were not proposed, largely because DOD's consideration of cumulative economic impact came too late in the 1993 process, which made it difficult to assess alternative closure and realignment scenarios.

In our 1993 report we expressed concern about the subjective method OSD used to derive its threshold for determining unacceptable economic impact and the basis for not considering those areas whose impact fell close to that threshold. Further, there was no evidence to support OSD's assumption that economic recovery would be more difficult in a larger metropolitan area than in a smaller one. In reviewing DOD's proposed

closures and realignments, the BRAC Commission also expressed concern about how the economic impact criterion had been applied. Thus, the BRAC Commission recommended to DOD that, in future, they state clearly that cumulative economic impact alone would be insufficient cause for removing a base from consideration without adequate military value justification.

1995 Round

On January 7, 1994, the Deputy Secretary of Defense established the Joint Cross-Service Group on Economic Impact. This group was the vehicle through which the methodology for calculating economic impact was derived. The group was also responsible for the analysis of DOD component recommendations in order to evaluate cumulative impacts. The issue of cumulative economic impact was important once again. The cross-service group was chaired by the Deputy Assistant Secretary of Defense for Installations and included members from the military departments and OEA.

The cross-service group worked to refine the process of estimating economic impact. Its principal function was developing and refining its approach and ensuring that it would be standard across all DOD components. Representation by all services on the cross-service group greatly facilitated this.

As was the case in 1993, DOD retained LMI to provide technical assistance in developing a methodology and a computer database for use in calculating impacts by the DOD components and the cross-service group. The cross-service group defined the geographic areas they would use in the analysis process—in this case "economic areas." If an installation was part of an MSA, as defined by OMB, then the MSA was the economic area for analysis purposes. The 1993 BRAC Commission recommended that DOD clarify and standardize its geographic areas of measurement. In response, DOD established a set of rules for assigning installations to economic areas for BRAC 1995. For example, several MSAs were not appropriate for BRAC purposes in that they did not reflect the locations where those affected by BRAC actions live and work. Input from the BRAC offices of the military services on the geographic location of the military and civilian personnel associated with particular bases helped further define economic areas.

The database program developed by the cross-service group and LMI was constructed using the most recent information available from official U.S. government sources, such as the Bureau of Labor Statistics and from the

DOD components. The resulting database was much larger than that used in 1993, providing a more comprehensive set of basic economic data more closely associated with each individual economic area. The military services provided basic information to the cross-service group for input to the economic impact program. This input included such information as installation functions, base personnel numbers, and base identification codes. Each base or installation was linked in the database to background and employment information as well as economic indicators necessary to review economic impact.

The impact of a potential 1995 BRAC action, or actions, on an area is measured in terms of direct and indirect job changes estimated for 1994 through 2001, expressed in absolute terms and as a percentage of the total number of jobs in an economic area. Direct job changes are the estimated net addition or loss of jobs for military personnel, DOD civilian employees, and on-base contractors that work in support of the installation's military missions. Such changes are directly associated with base closures and realignments. Indirect job changes are the estimated net addition or loss of jobs in each affected economic area that could potentially occur as a result of the estimated direct job changes. The cross-service group and LMI developed multipliers as a means of gauging the effect of direct job changes on surrounding communities. For example, in one area, each civilian DOD job may be estimated to create or support 1.5 jobs in that area. The numbers are different for each economic area. Such multipliers essentially represent the expected purchasing level in the local economy of military personnel, military trainees, and civilian DOD employees. When multiplied by the number of people moving out of an economic area due to a proposed closure, the resulting figure represents an estimated decrease in the number of jobs in that area.

For purposes of deriving employment multipliers, DOD installations were placed into two groups: (1) facilities performing specialized functions and (2) all others. Military personnel, military trainees, and civilian DOD personnel were assigned multipliers according to their expected level of purchases in the local community. Multipliers for specialized installations were higher than other installations due to the generally higher-skilled and higher-paying positions associated with them. Specialized installations were further classified as depots, research and development facilities, or ammunition production facilities. Multipliers for the specialized functions were based on the local economic activity patterns of industries that perform similar functions. Multipliers also vary according to the size of the local economy, with larger economic areas having larger multipliers. This

is because, in small areas, a higher proportion of goods are imported into the area. Using a statistical technique, the cross-service group developed their multipliers based on actual Department of Commerce multipliers for 53 communities. The estimated values for the sample multipliers were then adjusted upward so that the resulting multipliers would reduce the likelihood that the process would underestimate the potential employment effects of BRAC.

The cross-service group asked the Bureau of Economic Analysis (BEA), Department of Commerce, to provide an independent review of its BRAC 1995 multiplier methodology. The BEA indicated that the cross-service group methodology was sound and "consistent with good regional economic impact estimation practices." They also recognized that economic impact calculated using the cross-service group multipliers would be overstated.

Assessing economic impact in 1995 involved estimating the impact of each recommendation on an economic area, the impact of all other BRAC 1995 recommendations on the same area, and the impact of previous BRAC actions on that economic area. In this round, the military services were also to include in their estimates of 1995 impacts the impacts of all previous BRAC actions, including those of other DOD components. In keeping with the recommendations of the 1993 BRAC Commission, OSD stressed that the existence of economic impact on an area due to actions in prior BRAC rounds or multiple 1995 recommendations would not, by itself, cause a recommendation to be changed. Priority was to be placed, once again, on military value in making decisions or reexamining recommendations. OSD also stated that it would not establish threshold values.

The impact of realized closures resulting from previous BRAC rounds was based on consideration of historic economic data. These included changes in unemployment rates and per capita personal income for each economic area from 1984 through 1993. Historic economic data were obtained by the cross-service group from the BEA and the Bureau of Labor Statistics and were included in the database. These economic indicators provided an indication of the current economic condition of each given area and recent trends in that condition and were presumed to reflect the effects of previous BRAC actions on local areas. When considered with potential job changes from proposed 1995 actions, they were the principal means by which the cumulative impact of proposed and past BRAC actions was considered. Thus, an area containing bases closed in 1989 and 1992 and a

base recommended for closure in 1995 could be assessed through its 1984 through 1993 unemployment rates, change in employment levels, and change in per capita personal income in order to put any estimated 1994 through 2001 employment impacts into perspective.

Once constructed, the database program was given to the services and DOD agencies for their review. Each of the services and DOD agencies reviewed the program and discussed any necessary changes with the cross-service group. This process produced refinements in the program, which was employed by every component in the BRAC process.

Economic Impact Methodology Has Limitations but Seems Reasonable for BRAC Purposes

As was the case in previous BRAC rounds, there are many types of models and computer-assisted tools in use by the private sector and the government that could be used to estimate the economic impact of base closures to some degree. The methodology used by DOD in BRAC 1995 does have some limitations in that it does not fully account for all impacts. However, these limitations appear to be more than offset by other factors that would overstate impact. One limitation in the program's data for BRAC 1995 was that current data was not available on changes in military employment levels after 1992. The data used represented the most recent official U.S. government information available. Data for 1993 and 1994 was still being compiled and analyzed during the BRAC 1995 DOD deliberative process and was therefore unavailable. DOD was concerned about abandoning its principle of relying on authoritative data by attempting to project changes in employment data for the hundreds of economic areas involved in BRAC 1995.

Additionally, the database does not develop economic multipliers individually for each economic area. Using the BEA's multiplier development technique for the large number of economic areas involved in the BRAC process would have been time-consuming and expensive. As discussed earlier, DOD arrived at its multipliers by adjusting current estimates upward. This essentially increased the multipliers for all economic areas and resulted in overstatement of impacts from BRAC actions.

The DOD database also does not consider factors that might offset local impacts, such as the potential reemployment of separated employees in other local area businesses, or possible civilian reuse of closed facilities. Thus, DOD's database is not the most accurate tool for predicting the economic picture of areas that might experience a closure or realignment.

A more accurate tool would be much more complicated, employing more community-specific information. While such a tool might be more accurate, the DOD methodology's relative simplicity and tendency to overstate the employment impact on local areas seems reasonable for BRAC purposes in terms of ensuring that the most severe potential impact is considered. Also important to DOD's estimation of economic impact is that the use of the database applies a consistent analysis to all proposed actions.

OSD's methodology for assessing economic impact was reviewed by an independent panel of six government, academic, and private sector economic experts in May 1994 and was found to be sound. The panel agreed that the use of direct and indirect job change was a reasonable way to characterize the impact of proposed closures or realignments and that DOD's planned use of historic data would adequately capture the impacts of previous BRAC actions. The reviewers noted that the methodology did not account for any of the ameliorating factors local areas would experience, such as land reutilization or reemployment associated with any economic expansion occurring in the area. The reviewers concluded that since job change multipliers were adjusted upward to avoid understating employment impacts, the results of the analyses proposed by DOD would represent a "worst-case" estimate of economic impact. It is important to note that the impact analysis done for BRAC is not a method for precisely predicting the economic events of areas that may experience a closure or realignment. It considered only the effects of current BRAC actions in the context of an areas historical economic condition, rather than taking into consideration any mitigating factors.

In addition to the independent review discussed above, the DOD IG performed an audit of a sample of the computer program's data elements in order to validate the multipliers and historic data in the program. This audit revealed a small number of instances of data inaccuracy, none of which affected subsequent economic impact calculations. It also revealed an initial lack of documentation for the sources of certain important data elements, such as unemployment figures. However, these issues were satisfactorily resolved by the DOD IG, the cross-service group, and LMI.

DOD Components and OSD Conducted Economic Impact Analyses

As the military services began to develop their closure/realignment scenarios, they used the database program to compute the economic impact of their component-unique scenarios. We found little documentation indicating that DOD components eliminated potential closure or realignment candidates from consideration for economic impact reasons. The only exceptions appeared to be in the Navy, where the Secretary of the Navy expressed his intent to minimize other closures in California if he recommended the closure of the Long Beach NSY. This prompted the Navy BSEC to keep several activities open that they were prepared to recommend for closure (see ch. 3). The Navy also decided to keep PWC Guam open, in part due to economic impact considerations. Nevertheless, the BSEC believed sufficient customers will remain on Guam to justify keeping the PWC open.

Once the services and DOD agencies submitted their recommendations to the OSD, the cross-service group on economic impact collected and merged the economic impact data files of each service and agency. The cross-service group then calculated updated values for cumulative economic impact to account for multiple BRAC 1995 actions from different DOD components in the same economic areas. The chairman of the cross-service group sent a memorandum to the services and defense agencies requesting that they review their recommendations for those installations located in areas with multiple BRAC 1995 actions. The services and defense agencies reviewed their recommendations in light of the updated cumulative economic impact values and the other seven criteria. None decided to change its recommendations. In examining the cumulative impact data, OSD also determined that no changes were required in the components' recommended closures and realignments.

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