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STATEMENT OF THE HONORABLE WILLIAM J. PERRY SECRETARY OF DEFENSE

BEFORE THE

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

MARCH 1, 1995

Good morning, Mr. Chairman and distinguished members of the Commission. I appear before you today to present the Department of Defense's 1995 base realignment and closure, or BRAC, recommendations. As you know, this is the last list authorized under the current, streamlined base closure authority.

Our recommendations were not easily arrived at. We were forced to consider and choose among many excellent facilities. But there is no alternative. The BRAC process is a critical part of our efforts to bring the Department into the post-Cold War era. The dramatic changes in the global security environment have allowed us to carry out responsible reductions in our country's investment in defense. Since the 1980s, the defense budget has declined by roughly 40 percent. Our force structure has declined as well, shrinking by about 33 percent. Reductions in our base structure, however, have not kept pace. Even after the previous three BRAC rounds are implemented fully, we will have reduced our domestic infrastructure by only 15 percent. It is clear that we still have more bases than we need.

What may not be as clear are the increased risks that our nation's defense will face if we do not address the imbalance between our force structure and our base structure. Closing excess bases produces important savings over the long term, savings that we have already earmarked for maintaining readiness and modernizing our forces. Put simply, we will not have adequate funding for our highest priorities -- readiness and

modernization -- if we do not continue to close bases that we no longer need.

Our BRAC 95 recommendations are the result of a process that began well over a year ago. The Congress designed the base closure process to be objective, open, and fair. Each potential recommendation is measured by published criteria. The data we used have been certified; our procedures have been overseen by our Inspector General and the General Accounting Office. Both, of course, will be reviewed in detail by the public and this Commission. The process has worked well, so far, and we have followed it to the letter.

Our process was based a force structure plan and eight selection criteria. This was the first BRAC round based on the force structure called for in the Bottom-Up Review (BUR), which details our plans for the future size of the military. For BRAC 95, the Military Departments and Defense Agencies assessed their basing needs from the bottom-up to bring them into line with the BUR. The eight selection criteria give priority consideration to military value, and also address costs and savings as well as economic and environmental impacts.

We created new organizations in the Office of the Secretary of Defense to improve the process. Deputy Secretary Deutch chaired the BRAC 95 Review Group, which provided high-level oversight. The Review Group included senior representatives fro

the Office of the Secretary of Defense, Military Departments, and Defense Agencies. The BRAC 95 Steering Group, chaired by the Assistant Secretary of Defense for Economic Security, assisted the Review Group.

We also placed a strong emphasis on common support functions in BRAC 95. Joint cross-service groups in five functional areas with significant potential for cross-servicing worked for over a year to develop cross-cutting alternatives. Joint groups addressed depot maintenance, test and evaluation activities, laboratories, medical treatment facilities, and undergraduate pilot training. The groups developed measures both of the functional value and the capacity of these facilities. They compared this to projected needs and suggested to the Services both reduction goals and possible alternatives in their own review process. In some cases, the Services adopted these suggestions as recommended or in modified form; in other case they declined to do so because of the bases' underlying mili value or for other reasons. Overall, the joint cross-servi effort did assist in reducing excess capacity and determi where joint or collocated functions made functional and sense. Further, their DoD-wide review of support func provides a road map for further cross-servicing in t The Department also established a cross-service gr impact to develop common methods and measures.

Within the Department, recommendations were made first by each Military Department and Defense Agency. Each made its best judgment about the facilities it has and the capacities it needs, applying the force structure and selection criteria as required by law.

At the beginning of February, the Services made their recommendations to me. Since that time, my staff and the Joint Staff have reviewed the recommendations and underlying analyses to ensure that the law and DoD policies were followed. We were particularly looking for concerns or effects that the Military Departments might not have fully taken into account, such as the war fighting requirements of the Unified and Specified Commanders, treaty obligations of the United States, or economic impacts from other Services' recommendations. In exercising military judgment, the Services have retained domestic capacity to accommodate their forward deployed forces if need be. I am confident, therefore, that the remaining base structure can accommodate any foreseeable force resizing -- even a significant degree of reconstitution.

As General Shalikashvili will tell you shortly, he concurs in this view and supports our recommendations fully.

The Department recommends 146 actions in BRAC 95. Our recommendations include a number of smaller closures and realignments.

As I stated a few moments ago, the BRAC process is essential because it saves money. Some have questioned whether BRAC savings are real, or whether they are as significant as we claim. Let me state clearly and unambiguously that the savings from the BRAC process are real. They are substantial by any measure.

Like many efficiencies, however, closing bases requires us to invest some money up front. Implementing our BRAC 95 recommendations will result in one-time costs of about $3.8 billion -- excluding certain environmental costs. These funds cover the costs of closing and realigning bases, such as costs for relocating personnel and equipment and preparing facilities for transfer to the public. However, even within the six year period for which we budget, this BRAC round will save enough to cover all these costs and still provide about $4 billion in net savings.

Over the long run, the up-front costs will pay for themselves several times over. If implemented, our recommendations will create annual recurring savings of $1.8 billion. When measured by their net present value -- a commonly used approach to capture a stream of costs and savings in a single number -- our BRAC 95 recommendations would save over $18 billion in the long run.

With the recommendations I am making this morning, the four BRAC rounds combined will have effected 548 BRAC actions. Annual savings for all four rounds would rise to $6.0 billion, and the net present value of all BRAC savings would climb to about $57 billion. We will have reduced our domestic base structure by about 21 percent -- measured in plant replacement value.

As you know, BRAC 95 is the last round authorized under our current legal authority for streamlined closings and realignments. If circumstances do not change, however, there is no doubt in my mind that the Department will need future base closure rounds.

It is fair to ask why, after four BRAC rounds, we need to continue the closure and realignment process. The answer is straightforward. First, we will continue to carry excess infrastructure, even after BRAC 95 has been implemented. So we will need to continue the process of balancing our bases and our forces. Second, we need time to absorb current closures. If we close too much too soon, we will jeopardize readiness in the near turn. Third, we need to continue to assess future threats and to examine our future force structure needs.

I look forward to working with you and the Congress to lay the foundation for future rounds, which I believe will be needed about three or four years from now.

As we implement these closures, we recognize a special obligation to those men and women -- military and civilian -- who won the Cold War. We will meet that obligation.

In addition to a variety of personnel transition programs, the Department is determined to implement President Clinton's promise to help base closure communities reshape their economic future. This assistance comes in many forms: technical assistance and planning grants, on-site base transition coordinators to provide a focal point for Federal assistance; accelerated property disposal to make surplus property available for civilian reuse; and fast-track environmental clean-up in coordination with Federal and state regulators and community reuse authorities.

In some cases, reused bases are now home to more civilian jobs than there were before closure. Many communities have found that base property can be the bedrock for a healthier and more diverse economy. What it requires is strong local leadership and a lot of hard work. We at the Department stand ready to help.

Let me conclude by noting the critical role that your Commission plays. Your review is an essential confirmation of the integrity of our procedures and the soundness of our judgments. We know your review of our recommendations will be as searching, thorough, and careful as the process by which we made them. We stand ready to provide any information you require and

to discuss any judgment we have made. In the end, we hope you endorse our recommendations for this process is so essential to our Nation's security.

Thank you. With your approval, I would now like to allow General Shalikashvili to say a few words.

DEFENSE LOGISTICS AGENCY

Table of Contents

Hearings

Index	Contents
A	April 17 Hearing Information
B	March 1 Hearing Information
C	March 7 Hearing Information

A

THE DEFENSE BASE CLOSURE AND REALIGNMENT

EXECUTIVE CORRESPONDENCE TRACKING SYSTEM (ECTS) # 950424-26

FROM: DIXON
TITLE: CHAIRMAN
ORGANIZATION: DBCRC

TO: GCT BAUM, JOSHUA
TITLE: ASST SEC DEF. (ECON SEC)
ORGANIZATION: DEPT OF DEF

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			

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 FOR THE RECORD FROM THE APRIL 17 HEARING.

Due Date: [redacted] | Routing Date: 950424 | Date Originated: 950424 | Mail Date: 950424

THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
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WENDI LOUISE STEELE

April 24, 1995

The Honorable Joshua Gotbaum
Assistant Secretary of Defense (Economic Security)
Chairman, BRAC 95 Steering Group
3310 Defense Pentagon
Room 3E808
Washington, D.C. 20301-3310

Please refer to this number for recording 950424-20

Dear Secretary Gotbaum:

I would like to thank the Joint Cross Service Group Chairmen and the military service and Defense Logistics Agency representatives for their testimony before the Commission on April 17, 1995.

I have attached a number of questions that the Commission would like answered for the record. I would appreciate the responses to these questions by May 5, 1995 in order that the Commission can consider them during its deliberative process. An interim response will suffice for those issues requiring additional time.

Thank you for your assistance in this matter. I appreciate your time and cooperation.

Sincerely,

Alan J. Dixon
Chairman

AJD/sma
encl.

DEPOT MAINTENANCE

QUESTIONS SUBMITTED TO MR. KLUGH FOR THE RECORD

1. You identified a spreadsheet of a database created by a team of operations research systems analysts that would be provided for the record. Please provide the constraint equations to minimize and maximize the functional military value rankings. In addition, please identify where the flexibility exists in the algorithm assumptions.

2. Please provide the core functions by commodity for each Air Force depot, and the co-located weapon system for those commodities.

3. Describe how your Joint Cross Service Group assigned functional values to each of the depots and shipyards?

4. When assigning workload, how did the functional value scores impact the positioning of workload?

5. What is the excess capacity by Service, and by depot?

6. Please provide the capacity charts that describe excess capacity with implementation of this BRAC by Service, and by depot?

7. Cross Service Alternative Two proposes the closure of Long Beach and either Pearl Harbor or Portsmouth. Did the Joint Cross Service Group view Pearl Harbor and Portsmouth as equivalent in terms of capability as well as capacity?

8. In both Alternatives One and Two, specific workload transfers are identified for each commodity group except for sea systems. In that case, the alternative states, "Consolidate as possible within the Department of the Navy." Why was the sea systems commodity area proposal not specific concerning workload distribution?

9. What does the DoD BRAC recommendation do to your ability to inter-service depot maintenance work in the future?

10. Why did the Joint Cross Service Group initially recommend decentralization of tactical missile maintenance and then later "approve" the Army plan to consolidate at Tobyhanna?

Did the JCSG consider the centralization of tactical missile maintenance at Hill Air Force Base? If so, what were the findings?

Was Anniston Army depot considered for missile maintenance consolidation?

DEPOT MAINTENANCE

QUESTIONS SUBMITTED TO GENERAL BLUME FOR THE RECORD

1. The Commission staff was recently briefed on a revision to the 1 March DoD recommendation from the Air Force.

a. Please outline for the Commission the revision to the recommendation.

b. Would you please explain why the Air Force found it necessary to revise its BRAC recommendation 7 weeks into the process?

2. All of the savings from the Air Force's BRAC recommendation to downsize all Air Force depots in place is the result of a 15 % reengineering factor.

a. Have the reengineering studies been performed yet?

b. What is the basis of the 15 % factor?

c. Do your site surveys confirm that a 15% productivity savings is achievable?

3. The downsizing of ALCs would not breach the BRAC thresholds if actions were to be evenly phased over the next several years. Why did the Air Force choose to use the BRAC process if it could independently accomplish the same result?

4. Military value is the most important criterion to be considered when sizing the DoD infrastructure through the base closure process. The Air Force has used a tiering system in place of assigning military values.

a. What was the basis for assigning Kelly and McClellan Air Force Bases to "tier" 3?

b. What was the basis for assigning the depot at Kelly to "tier" 3?

c. The Air Force Base Closure Executive Group minutes indicate that the Air Force was studying the closure of Kelly and McClellan for 11 months. Were tier values a significant basis for studying Kelly and McClellan as closure candidates?

d. How did the low military values of Kelly Air Force Base and McClellan Air Force Base impact the Air Force's final base closure recommendations?

e. The Air Force's depot downsizing recommendation would result in a "tier" 3 base (lowest ranking) receiving workload from "tier" 1 bases (highest ranking). What is the reason for this?

f. Why was there not a means to measure the value of co-located missions on Air Force Bases?

g. Why did the Air Force only look at the ability to receive different operational missions?

5. Secretary Widnall testified that a depot closure is prohibitively expensive. We are interested in understanding the relatively high cost that you estimated for the closure of an Air Force depot.

a. Why does the closure of an Air Force installation result in the elimination of such a low percentage of jobs, particularly compared to the closure of industrial facilities in the other services?

b. Why do 86 percent of the authorized manpower positions have to be moved with the closure of a depot installation?

c. What was the projected cost to close McClellan Air Force depot in the 1993 BRAC compared with the cost to close estimate of the 1995 BRAC?

d. What factors changed the estimates of '93 vs '95?

DEPOT MAINTENANCE

QUESTIONS SUBMITTED TO GENERAL SHANE FOR THE RECORD

1. In terms of buildings and acres, Letterkenny is a considerably larger depot than Tobyhanna Army Depot. Did the Army look at possibly closing Tobyhanna Army Depot and transferring the electronics workload to Letterkenny, a facility that is partly focused on electronics and partly focused on ground vehicle maintenance?

2. In determining military value, why did the Army place heavy emphasis on capacity, which is based on the number of work stations to produce a particular workload, and relatively less emphasis on building square footage and expandable acreage?

Were other options considered as an alternative to the Letterkenny / Tobyhanna scenario recommended by DoD? For example, did the Army look at sending all of the tactical missile storage and maintenance workload to Hill Air Force Base and sending the residual conventional ammunition storage mission to other DoD storage locations? This would result in a total base closure, rather than a partial realignment.

3. The Army plans to transfer ground vehicle workload from Letterkenny to Anniston, but none of the personnel authorizations would be realigned. How can this work be accomplished at Anniston with no additional people?

4. Did the Army look at moving the Tobyhanna Depot workload to Letterkenny? If so, what were the results? Do you believe this would be a good idea?

DEPOT MAINTENANCE

QUESTIONS SUBMITTED TO MR NEMFAKOS FOR THE RECORD

1. Did the Navy consider consolidating plating operations at Louisville's new $36 million modern plating facility?

2. Regarding the Naval Air Warfare Center in Indianapolis, could you explain why the Navy gave this installation a 0 in the Military Value category for integrated capabilities?

3. During the Commission's recent visit to the Naval Air Warfare Center in Indianapolis, we were shown the systems design facility for the EP-3 and ES-3 aircraft. We were told by the Naval Air Warfare Center that the cost to relocate those facilities to China Lake would be $30 million. Could you please explain why the Navy only provided $1.17 million for Military Construction at China Lake to accommodate these facilities?

4. The Navy says that "continuing decreases in force structure eliminates the need to retain the capacity to dry-dock large naval vessels for emergent requirements." How many large-decked ships (CV, CVN, LHA & LHD) are in the Pacific Fleet now? How many less are expected to be in the Pacific Fleet in 2001?

5. How many positions has the Navy historically saved with the closure of a Naval Aviation Depot or comparable industrial activity?

UNDERGRADUATE PILOT TRAINING

ITEMS FOR INCLUSION IN THE RECORD

1. Mr. Finch, during your testimony, you stated to Commissioner Robles that you would provide a list of those criteria used by the UPT-Joint Cross-Service Group to constrain the linear programming model from presenting nonsensical results. Please provide these criteria.

2. Mr. Finch, during your testimony, you stated to Commissioner Cornella that Flight Screening was "basically" included as a matter of completeness. For the record, please respond to the following question:

Why did you include Flight Screening, a function not now nor envisioned to be done at UPT bases, but did not include Introduction to Fighter Fundamental (IFF) training, a function that is done at UPT bases, in the scope of your analysis?

3. General Blume/Mr. Nemfakos/General Shane, during your testimony, Commissioner Davis asked how much surge capacity exists in each service. Please respond to this question in terms of capacity to recover from temporary situations, such as a period of prolonged bad weather, and also in terms of capacity to accommodate an increase in the Pilot Training Rate in the event of a long-term increase in pilot requirements.

4. General Blume/Mr. Nemfakos/General Shane, during your testimony, Commissioner Robles requested that each Service provide data summarizing the costs to train pilots. Please include in this information the fixed costs for Base Operating Support (BOS), Real Property Management Account (RPMA), Overhead and Personnel at each UPT base, and the variable costs which vary by the number of students and flight hours/sorties flown. These costs should reflect only the portion attributable to UPT for the installations that also host other tenant units.

5. Mr. Finch, during your testimony, you stated that in order to achieve uniformity when making comparisons between the services, the UPT-Joint Cross-Service Group drafted rules used by the FAA to measure airfield operations capacity at each UPT base. Please provide the formula that the FAA uses and how these rules were applied by your group.

6. General Blume, during your testimony, you stated you would provide answers to several questions relating to weather. Please respond to the following questions:

Why was the percent of time at which the ceiling and visibility are better than 1000 feet and 3 miles given any weight in the analysis when it is 1500 feet and 3 miles that represents a key weather decision factor in conducting Air Force flight training operations?

In tracking weather attrition, factors such as actual attrition experience, cancellations due to forecast icing conditions, and the occurrence of crosswinds out of limits can be used. Why was so much weight placed on crosswinds rather than some of these other factors in the UPT-Joint Cross-Service Group functional value analysis?

The T-38 attrition rate planning factor at Reese is 28 percent compared to 17 percent for the T-1. Since the T-1 factor is currently in use at Reese, why did the UPT-Joint Cross-Service Group use the T-38 instead of the T-1 planning factor in its functional value analysis?

7. Mr. Nemfakos, during your testimony, you stated to Commissioner Davis that you would provide for the record your analysis on Strike Pilot Training Rates. Please provide that general data along with your response to the following specific questions:

Are the flight operations per strike Pilot Training Rate (PTR) at NAS Meridian and NAS Kingsville used in your capacity analysis the same? Please explain any differences.

What is the current operations per strike Pilot Training Rate at NAS Kingsville? How does this compare with the figure used to determine strike Pilot Training Rate capacity at NAS Kingsville?

To what extent was the Navy's determination that a single intermediate/advanced strike UPT base containing sufficient capacity to conduct training to support the strike Pilot Training Rate (PTR) in the future and under surge operations based upon the availability of NAS Corpus Christi as an outlying field?

What is the maximum strike Pilot Training Rate (PTR) that NAS Kingsville could support with Orange Grove and NAS Corpus Christi available as outlying fields?

To what extent would the strike training capacity of NAS Kingsville be impacted if NAS Corpus Christi was not available?

8. Mr. Finch, your optimization analysis apparently placed primary emphasis on the installation military value data provided to you by the services, and less emphasis on the functional values developed by the UPT-Joint Cross-Service Group.

Please explain the reasoning for this approach?

9. Mr. Finch, your Joint Cross-Service Group minutes of March 24, 1994, state that the UPT category is largely installation oriented. If the value of a UPT base is best reflected in its functional rather than military value, why didn't you base your alternatives on model output which maximized functional value unconstrained by installation military value?

Since there is a direct correlation between the Joint Cross-Service Group's functional value rating and the Air Force's determination of military value, didn't the use of both functional and military value in the model simply increase the impact of functional value in the result?

10. General Blume, since the Air Force relied so heavily on the results of the Joint Cross-Service Group's computer model, did you analyze the model for calculation errors?

11. General Blume/Mr. Nemfakos, your Service recommendations used your own BRAC process as well as non-BRAC policy decisions to chose which UPT bases to close or realign. Why didn't your recommendations necessarily reflect the high functional value scores from the UPT-Joint Cross-Service Group?

12. Gen Blume, the average functional value for each Air Force UPT base is shown (the Reese score is adjusted based on your recent memo to us).

Columbus AFB	6.74
Vance AFB	6.67
Randolph AFB	6.53
Laughlin AFB	6.50
Reese AFB	6.22

The Air Force Base Closure Executive Group (BCEG) apparently used the functional values from the UPT-Joint Cross-Service Group. These averages were used to find military value by performing a standard deviation analysis to assign a color "Stop Light" code to Criteria I, "Flying Mission Evaluation." All eight criteria were then considered to derive an overall Air Force ranking: the result was Tier I for Columbus, Laughlin, Randolph, and Vance, and Tier III for Reese.

Why didn't the Air Force simply use the functional value for the training that is actually accomplished at each specific UPT base to determine its score? Would the result have been different?

13. Mr. Finch, did the UPT-Joint Cross-Service Group run any excursions using the Linear Programming Optimization Model, such as the ones shown on below:

a. Examining only Air Force Bases
b. Examining only Naval Air Stations
c. Excluding flight screening
d. Excluding Navy-unique functional areas
e. Excluding Air Force-unique functional areas
f. Changing the weights on various factors, such as airspace

What would the results be if these excursions were run?

14. Mr. Finch, what were the options you considered for measuring capacity, and why did you choose the methods you did?

15. Mr. Finch, a separate functional value for the Air Force's post-UPT Introduction to Fighter Fundaments (IFF) training was not included among the 10 functional areas selected for assessing the overall functional value of each UPT-category base.

Even though it is conducted after "Wings" are awarded, IFF is conducted at a UPT base, consumes capacity, and is similar in content to training events contained within the latter stages of the Navy's Strike Training syllabus.

Why didn't the UPT-Joint Cross-Service Group include IFF as an additional functional area?

16. General Blume, did the Air Force consider transferring the Introduction to Fighter Fundamentals training from Columbus AFB to another location such as Luke AFB in order to increase the capacity to do other training at Columbus?

17. Mr. Finch, in the consideration of training airspace for both capacity analysis and functional value, the UPT-Joint Cross-Service Group methodology permitted a base to claim credit for large sectors of airspace so long as any portion of it was within 100 nautical miles of the base. For bases near the Gulf of Mexico, this meant credit for huge over-water sectors.

Both Air Force and Navy UPT programs train predominantly over land. This is to permit such over-land flight training events as ground reference maneuvers and low level navigation. Over-water training is performed close to shore. Since actual UPT practice precludes the use of large blocks of over-water airspace, doesn't giving credit for such over-water airspace unfairly skew the results in favor of coastal bases?

18. Mr. Finch, did either the Services or the UPT-Joint Cross-Service Group consider the impact of contracting some UPT functional training areas to outside sources?

19. General Blume, does closing Reese AFB leave sufficient capacity in the UPT area to provide for surge capability in pilot training?

20. Mr. Finch, all of your alternatives move the Navy's helicopter training to Fort Rucker. There are several different ways to implement this alternative. For example, the Navy could retain their current helicopter training process and be collocated at Fort Rucker as an Army tenant; or the Navy's pilots could be integrated into the Army training through a consolidation. Did the Joint Cross Service Group consider the issue of consolidation vs. collocation when developing its alternatives?

21. Mr. Finch, the Navy responded to your alternatives to close Whiting Field with COBRA analyses that showed a high cost of implementing the move of primary training to Naval Air Station Pensacola and helicopter training to Fort Rucker.

Did the UPT-Joint Cross Service Group look at variations to this scenario, such as the relocation of helicopter training to Fort Rucker with primary training remaining at Whiting Field?

22. Mr. Nemfakos, would moving helicopter training out of Whiting Field help the Navy meet its requirement for outlying fields for primary training?

Does your answer change when considering the transition to any of the Joint Primary Aircraft Training System (JPATS) aircraft?

23. Mr. Nemfakos, the Navy Base Structure Evaluation Committee (BSEC) record states that the reason for rejecting the movement of helicopter training to Fort Rucker is the high one-time cost and long return on investment.

Did operational concerns also enter into this decision or was it strictly an economic decision?

24. General Blume, please summarize the main reasons why the Base Closure Executive Group (BCEG) choose Reese AFB to close?

25. Mr. Nemfakos, please summarize the main reasons why the Base Structure Evaluation Committee (BSEC) choose NAS Meridian to close?

26. Mr. Finch, please discuss the process used to analyze a potential NAS Meridian/Columbus AFB complex.

What alternatives or "strawmen" did the UPT-Joint Cross-Service Group consider?

What COBRA runs were performed to assess a potential NAS Meridian/Columbus AFB complex?

What cost advantages were considered (for example, NAS Meridian and Columbus AFB using joint targets and outlying fields and sharing excess capacity during runway maintenance)?

27. Mr. Nemfakos, if the redirect of mine warfare helicopter assets to NAS Corpus Christi is not approved, what impact would that have on the operations per day available for pilot training at Corpus Christi?

How much do other flight operations at Corpus Christi reduce daily operations available for pilot training?

28. Mr. Finch, will Joint Primary Aircraft Training System (JPATS) increase or decrease the number of bases required for UPT training?

29. Mr. Finch, what was the impact of Joint Primary Aircraft Training System (JPATS)-related issues on the group's assessment of functional value?

What specific facility and airspace requirements were used to determine Joint Primary Aircraft Training System (JPATS) functional values?

CONGRESSIONAL QUESTIONS SUBMITTED FOR THE RECORD

UNDERGRADUATE PILOT TRAINING

Questions submitted by Congressman Smith:

1. Since the Navy has recommended relocating the Naval Air Technical Training Center (NATTC) from Lakehurst, NJ, to Pensacola, do you envision recreating the Carrier Aircraft Launch and Recovery System (COLASSES) at Pensacola or do you expect to disassemble, package, ship and reinstall those devices that are critical to training pilots for flying off and onto aircraft carriers?

2. At what cost do you envision recreating the unique aircraft flight training facility in Pensacola?

3. Do facilities exist at Pensacola for the housing of the Lakehurst NATTC students?

4. What type of delay or disruptions are anticipated or planned for in the training of these aircraft carrier student pilots while the training facility is disassembled, moved and recreated in Pensacola?

Questions submitted by Senators Shelby and Heflin and Congressman Everett:

1. In November of 1994, the Joint Cross-Service Group on Undergraduate Pilot Training submitted three different alternatives for consideration by the military departments and Secretary Perry. According to documents submitted to the BRAC, each alternative reduced excess capacity while maintaining high military value. Each of the three alternatives consistently recommended consolidating all military undergraduate helicopter pilot training at Fort Rucker.

However, these recommendations were not adhered to in there entirety. Secretary Perry chose not to consolidate UHPT at Fort Rucker as recommended due to high MILCON costs associated with closing Whiting NAS. He then directed consolidating all Navy initial fixed wing training at Whiting NAS.

a. Why is it that consolidation of UHPT at Ft. Rucker was not adopted?

b. Since the Navy is moving all of its initial fixed wing training to Whiting NAS, wouldn't limited space be freed-up if UHPT was moved to Ft. Rucker?

c. From an efficiency standpoint, doesn't it make sense to have all initial rotary wing training dedicated at one location?

2. On March 30, 1993 General Colin Powell stated at the House Armed Services Committee Army Posture Hearing that, "I believe the proper place to do the centralization (of UHPT) and where it can be done very well is at Fort Rucker, Alabama." He went on to say, "I am committed to push this as hard as possible because there are real savings here and this is where we ought to find the savings."

The cost to transfer the UHPT operation at Whiting Field to Fort Rucker is less than $18 million dollars. In 1992 the DoD IG reported that relocation of UHPT to Fort Rucker would save at least $79 million dollars over 5 years.

a. Is this savings estimate still valid today?

3. In a proposal to the Roles & Missions Commission, the Army has stated that by consolidating all primary DoD rotary wing training, integration and standardization among the services would be enhanced to truly support jointness. Each of the services would continue to provide advanced training for their own unique aspects of rotary wing aviation.

The Army has the capacity to train all of DoD's primary helicopter pilot requirements without any need for expansion or new construction.

a. From an efficiency and interoperability standpoint, doesn't it make sense for all introductory helicopter pilot training to be conducted by the Army?

4. During the BRAC 95 Navy hearing earlier this year, General Mundy commented that in the 1970's the Army was training Marine helicopter pilots, and that this arrangement worked very well.

a. Is there any reason why the Marine Corps couldn't return to this arrangement?

5. In 1992, the JCS report on Roles & Missions recommended consolidation of all primary helicopter training with the Army. A team led by the Navy was tasked by Secretary of Defense Aspin to review this recommendation. Their findings concluded that consolidation would need to be put on hold until primary training for both fixed wing and rotary wing could be evaluated together, the service and operating costs of the new TH-67 trainer had been determined, and that the decision would be made with the context of a base closure round.

a. Each of these points has been satisfied, yet DoD only adopted the fixed wing portion of the Cross-Service Group recommendation. Why was rotary wing training ignored?

6. Earlier this year, the Navy testified before the BRAC 95 commission that the consolidation of Navy helicopter training with the Army was not feasible because it was a "people" issue, or a quality of life issue and that Navy Pilots fly in more extreme weather conditions at sea than the Army does. If that in fact is the case, why does the Pentagon continue to request Army helicopters and pilots to support naval missions?

A number of Army missions in support of Naval operations:

1983: Operation Urgent Fury
*Shipboard operations involving the Army's 18th Airborne Corps: UH-60's, OH-58A/C's, AH-1's

1987: Operation Prime Chance
*Shipboard and overwater operations involving the Army's 4/17th CAV (now 4/2) with OH-58D's
*valid CONOPS mission today

1994: Operation Uphold Democracy - Haiti
*10th Mountain Division operated from the USS Eisenhower
*OH-58D's had extensive missions prior to invasion
*UH-60's, CH-47's, OH-58A/C's and AH-1's transported troops and equipment to the AO for several days, followed by command & control missions

Each Army Aviation unit has a task for shipboard operations incorporated in their mission essential list of tasks. The Army trains for shipboard operations and performs shipboard operations.

7. In 1992, MGen. Dave Robbins, then-Commander of the Army Aviation Center, noted that one of the main reasons the Navy was opposed to consolidating this training with the Army was because the Navy used initial fixed-wing training as a "cutting" tool for students.

a. Do you believe this to be the case, and is there any legitimate reason why the Navy needs this extra "cutting" tool?

b. Could the Navy use the Army's training syllabus that places student pilots directly into the rotary wing pipeline?

8. According to the DoD IG, "Relocating the Navy's primary helicopter training to Fort Rucker would relieve ground and air traffic congestion at Whiting Field NAS."

a. Is there a problem with congestion at Whiting Field, both in the air and on the ground? If so, would relocation of the Navy's Undergraduate Helicopter Pilot Training program free up space at Whiting Field?

b. How does Fort Rucker compare with Whiting with regard to available space?

c. Since the Army already owns nearly 80% of all DoD helicopters, does Fort Rucker have the capacity to train all of DoD's primary helicopter pilot requirements?

MEDICAL JOINT CROSS-SERVICE GROUP

PROCESS

Questions submitted to Dr. Edward Martin

1. All but one of the 16 Joint Cross Service Group alternatives describe realignment of an acute care hospital to an outpatient clinic.

Why were so many of the Joint Cross Service Group's alternatives realignments rather than closures?

Is realignment to a clinic a cost effective way to eliminate excess capacity?

Would it be more cost effective to close rather than realign hospitals, especially in areas that have additional military hospitals or substantial civilian capacity?

2. What exactly did the Joint Cross Service Group have in mind when it used the word "clinic?"

3. Who has the final say as to what is included in a clinic, and who decides how many people it takes to operate one?

4. Given that direct care services in military hospitals are essentially free to beneficiaries, while services received under CHAMPUS involve copayments and deductibles, do you believe it is reasonable to conclude that demand for services may diminish when direct care services are reduced?

PRIOR ROUND AND NON-BRAC ACTIONS

5. Please describe how reductions in the medical area fit into the larger, DOD-wide drawdown context?

6. Do past BRAC actions and the current set of recommendations keep pace with changes in the rest of the military or are medical assets drawing down at a faster or slower pace?

7. In meetings with Commission staff, you described a number of hospital realignment actions taking place outside of the BRAC process.

Please specify what the Department is doing to eliminate excess inpatient capacity beyond the recommendations sent to this Commission. Please include name of hospital, details of the action, and the time frame during which the action is to occur.

In particular, please describe current or planned actions for realignment, consolidation, or other "right-sizing" at the following facilities:

-- Blanchfield Army Community Hospital, Fort Campbell, KY
-- Ireland Army Community Hospital, Fort Knox, KY

-- Madigan Army Medical Center, Fort Lewis, WA
-- Naval Hospital Bremerton, WA
-- Naval Hospital Oak Harbor, WA

-- Walter Reed Army Medical Center, DC
-- DeWitt Army Community Hospital, Fort Belvoir, VA
-- National Navy Medical Center, MD
-- Malcolm Grow USAF Medical Center, Andrews AFB, MD

-- McDonald Army Community Hospital, Fort Eustis, VA
-- Naval Hospital Portsmouth, VA
-- 1st Medical Group, Langley AFB, VA

-- Munson Army Community Hospital, Fort Leavenworth, KS
-- Irwin Army Community Hospital, Fort Riley, KS
-- 351st Medical Group, Whiteman AFB, MO

-- Womack Army Medical Center, Fort Bragg, NC
-- Naval Hospital Cherry Point, NC
-- Naval Hospital Camp Lejeune, NC
-- 4th Medical Group, Seymour Johnson AFB, NC

-- Naval Hospital Camp Pendleton, CA

-- Naval Hospital San Diego, CA

-- Evans Army Community Hospital, Fort Carson, CO
-- USAF Academy Hospital, CO

-- Bliss Army Community Hospital, Fort Huachuca, AZ
-- 355th Medical Group, Davis-Monthan AFB, AZ

-- Naval Hospital Pensacola, FL
-- 646th Medical Group, Eglin AFB, FL
-- 325th Medical Group, Tyndall AFB, FL
-- Keesler USAF Medical Center, Keesler AFB, MS

-- Martin Army Community Hospital, Fort Benning, GA
-- Lyster Army Community Hospital, Fort Rucker, AL
-- 502nd Medical Group, Maxwell AFB, AL
-- 653rd Medical Group, Robins AFB, GA

-- Reynolds Army Community Hospital, Fort Sill, OK
-- 97th Medical Group, Altus AFB, OK
-- 654th Medical Group, Tinker AFB, OK
-- 396th Medical Group, Sheppard AFB, TX

-- Moncrief Army Community Hospital, Fort Jackson, SC
-- 363rd Medical Group, Shaw AFB, SC

-- Winn Army Community Hospital, Fort Stewart, GA
-- Naval Hospital Beaufort, SC

In regards to planned actions, please be specific about the status of those plans in Defense Health Program budgeting.

Also, please describe in detail the status of current plans to convert Naval Hospital Charleston, SC; Naval Hospital Patuxent River, MD; 9th Medical Group, Beale AFB, CA; 323rd FTW Hospital, Mather AFB, CA; and 438th Medical Group, Fort Dix, NJ into outpatient clinics.

Why isn't the Department doing these actions through the BRAC process?

Given the frequency with which budgets can and do change, what assurances do you and the Commission have that these actions are really going to take place?

Do you believe it would be beneficial for the Commission to add any or all of the actions you describe to its list of actions to consider?

8. San Antonio, Texas is home to two large military medical centers and a large number of civilian hospitals. This appears to be an example of an opportunity to eliminate a substantial portion of excess capacity, and, indeed, the Air Force facility, Wilford Hall, was on the Joint Cross Service Group list of realignment alternatives. Yet neither facility is on the DOD list.

Why?

Why did the Air Force choose not to realign Wilford Hall to either a clinic, as the Joint Cross Service Group alternative suggests, or a community hospital?

Is there a plan to realign and consolidate services at Wilford Hall and Brooke Army Medical Center? If so, what is its status?

Are you comfortable with the Army and Air Force plans to enact such an alternative through the budget process? If not, do you feel that Commission action could better ensure that the necessary realignment takes place?

Given the unique aspects within both the Brooke Army Medical Center and Wilford Hall, would you envision any actual infrastructure operating efficiencies by a consolidation? Would you actually be able to close a facility by consolidation?

REQUIREMENTS

9. The Commission staff understands that there is some disagreement within the Department in the area of wartime readiness requirements for hospital beds.

However, do even the highest estimates of required wartime beds exceed the current inventory of over 20,000 mobilization beds?

SERVICES' RESPONSES TO JOINT CROSS SERVICE GROUP ALTERNATIVES

10. Eleven of the sixteen alternatives provided to the Services by the Joint Cross Service Group were not accepted.

Are you satisfied that the DOD list goes as far as it should in reducing medical infrastructure?

Do the eleven rejected alternatives represent missed opportunities?

TESTIMONY BEFORE THE COMMISSION

11. In testimony before the Commission on April 17, 1995, you stated that there is a significant change in how DoD delivers care to eligible beneficiaries within its facilities. Specifically, you stated that the Air Force has stopped doing emergency services in 11 hospitals and closed 17 others. In addition, you testified that the Navy is in the final process of making judgment about downsizing five hospitals to clinics.

Please provide for the record the details upon which your statements were based. At a minimum, please include the locations of affected hospitals, the date the change became or will become effective, and what other plans your office may have to continue the significant changes in how DoD delivers care.

Questions Submitted for General Shane

1. How did the Army define "clinic" for the Fort Lee and Fort Meade realignments and what was the basis for the size of the staff reductions in the recommendations for these two hospitals?

2. In developing the cost savings estimates for the two Army hospital realignment actions, what assumptions did the Army make about both inpatient and outpatient CHAMPUS cost increases?

3. Please explain why the Army accepted some of the Joint Cross Service Group alternatives but not others?

Questions Submitted for Major General Blume

1. Based on documents provided to the Commission and discussions between the Commission staff and DoD representatives, it is understood that both the Army and the Navy performed COBRA analyses for all of the Joint Cross Service Group alternatives, but that the Air Force did not perform any.

Is this correct? If so, why didn't the Air Force do the analyses needed to determine such an important aspect of the feasibility of the alternatives?

Did the Air Force actively participate in the Joint Cross Service Group effort?

If the Air Force wasn't going to consider the Joint Cross Service Group alternatives, why did the Joint Cross Service Group bother to consider Air Force Hospitals at all?

Question Submitted for Mr. Nemfakos

1. Please explain why the Navy did not accept either of the two Naval Hospital realignment alternatives on the Joint Cross Service Group list?

LABORATORY AND TEST AND EVALUATION

LABORATORY

QUESTIONS FOR THE RECORD

1. Dr. Dorman, please explain the context in which your group proposed the closing of Rome Lab and the alternative for cross service collocation of common Command, Control, Communications, Computers, and Intelligence (C4I) activities at Fort Monmouth.

2. Dr. Dorman, what organizations and how many personnel would have been located at Fort Monmouth under this alternative?

3. Dr. Dorman, as you know, Rome was designated as one of the Air Force's four Tier I laboratories. As Director of Defense Research and Engineering, are you concerned that closing the lab and moving some of its C4I functions to Fort Monmouth and the others to Hanscom Air Force Base will have a major impact on the DoD's and the Services' ability to conduct current and further C4I research and development?

4. Dr. Dorman, does it make sense to split Rome Lab's C3I functions between two military installations?

5. General Blume, how did the Air Force determine the cost and savings of the Rome Laboratory recommendation? Did anyone from the Air Force involved in the decision to close the lab and realign its functions visit the lab before the recommendation was made to: (1) discuss these actions with the lab's managers, (2) evaluate the impact of these actions on the lab's current and future C4I work, (3) determine the Lab's requirements at the receiving locations, and (4) determine what had to be moved to the new location and at what cost?

6. Major General Blume, during the Commission's visit of Brooks, the San Antonio community presented a plan to establish a cantonment area, close Brooks, and preserve the functions of the Human Systems Center, that is, Armstrong Laboratory, the School of Aerospace Medicine, and other related activities.

Had the Air Force considered this option previously?

How does the Air Force plan to eliminate excess capacity at Wright-Patterson Air Force Base should the San Antonio community proposal be adopted?

7. Major General Blume and Dr. Dorman, the current DoD recommendations dictate that the Aircrew Training Research Division of Armstrong Laboratory remain as a stand-alone facility at the closed Williams Air Force Base.

Nearby Luke Air Force Base already conducts the majority of the fighter weapons training for the Air Force, and has a long history of cooperation with Williams.

How strongly did the Air Force consider moving this unique and necessary function from Williams Air Force Base to Luke Air Force Base? Have any COBRA runs performed?

If so, could they be provided to the Commission as soon as possible?

8. As indicated during the hearing, Dr. Dorman agreed to provide, for the record, what the impact on excess capacity would have been had the Laboratory Joint Cross Service Group's four alternatives been accepted by the separate services within the Department of Defense. Please provide this information for the record.

TEST AND EVALUATION

QUESTIONS FOR THE RECORD

1. Major General Blume, the Joint Cross Service Group stated "electronic combat Test and Evaluation capability at Eglin and China Lake have approximately 85% overlap." One alternative suggested was to move China Lake test assets to Eglin.

Why is the Air Force, in light of this alternative, proposing to move Electronic Combat Testing from Eglin Air Force Base to Nellis Air Force Base?

What will be the cost for the relocation of the Electronics Combat Testing to Nellis Air Force Base?

Will there be a scheduled delay and a negative impact on programs from this proposed move of Electronic Combat Testing to Nellis Air Force Base?

Mr. Nemfakos, did the Navy consider the alternative to move China Lake T&E missions primarily to Eglin?

2. General Blume, why did the Air Force not implement any of the core alternatives presented by the Joint Cross-Service Group?

3. Mr. Nemfakos, why did the Navy not implement any of the core alternatives presented by the Joint Cross-Service Group?

4. Mr. Nemfakos, did the Navy consider moving the test activities from Pt. Mugu to China Lake or Eglin Air Force Base to eliminate excess test infrastructure?

Would this be the prudent course to follow considering the excess capacity identified by the Joint Cross-Service Group?

5. General Blume, The Joint Cross-Service Group recommended the Air Force Electronic Warfare Evaluation Simulator Activity (AFEWES) at Fort Worth, Texas, and the Real-Time Digitally Controlled Analyzer Processor Activity (REDCAP) at Buffalo, New York (Electronic Combat test simulation systems) be moved to Patuxent River or to Edwards Air Force Base.

The Air Force recommended to move these activities to Edwards Air Force Base. Why?

Please provide specific information on the methodology the Air Force used for determining projected workloads at the AFEWES and the REDCAP facilities.

6. Mr. Coyle, the Joint Cross Service Group on Test and Evaluation put forth the alternative to consolidate Armament/Weapons testing at Eglin Air Force Base eliminating these missions at China Lake and Point Mugu.

Do you still support this alternative?

7. Mr. Coyle, since you suggested an alternative to consolidate testing at the Eglin Air Force Base Test Range, does the proposed movement by the Air Force of the Electromagnetic Test Environment effort to Nellis Air Force Base eliminate the opportunity to consolidate DoD electronic combat testing?

8. Mr. Burt, as you indicated during testimony, you agreed to provide, for the record, the percent of excess Test and Evaluation capacity that could be eliminated had the alternatives put forward by the Joint Cross Service Group been adopted. Please provide this information for the record.

LABS, TEST AND EVALUATION

Questions submitted by Representative Smith

1. In studying the catapult and arresting gear testing for aircraft carriers that is performed at Lakehurst, New Jersey, it seems that the Navy concluded that this mission cannot be done today at any other military facility in the world. Having reached that conclusion, why did the Navy decide to move the prototyping and manufacturing of the catapult and arresting gear devices nearly 1000 miles away to Jacksonville, Florida?

2. Is it possible that the Navy underestimated the obvious industrial, economic, and performance advantages of manufacturing and prototyping these items where they are tested, as is done today?

3. One of the alternative recommendations of the Laboratory Cross Service Group was to consolidate the Fixed Flight Subsystems ED work and the Fixed Flight Subsystems ISE work (now done at 9 separate bases) at the Naval Air Warfare Center at Lakehurst. Why were these recommendations made? And why were they not thoroughly explored?

Questions submitted by Representative Scarborough

1. The Board of Directors Report of February 1994 addressed the question of consolidating DoD Electronic Combat (EC) Open Air Ranges from three (Elgin, China Lake, and the Nellis complex) to two. The report cited clear financial and capability reasons for closing China Lake' EC open air range and leaving Eglin to complement the Nellis complex. In November 1994, T&E Joint Cross Service Group (JCSG) optimization model output results based upon JCSG-developed functional values, projected workload, and capabilities identified closing China Lak as the DoD alternative to analyze. Similar opportunities appear to exist in Armament/Weapo T&E. These JCSG results were developed by the most knowledgeable individuals in DoD o T&E issue. It appears that cross-servicing alternatives involving these "core" T&E activiti were ground ruled out. Why didn't DoD analyze these cross-service opportunities?

2. The 1995 Defense Authorization bill prohibited DoD from spending any mor Electronic Combat equipment from the Elgin range until DoD delivered an Electro Master Plan to the Congress. Considering this direction and the JCSG-cited supe Eglin Electromagnetic Test Environment (EMTE) to all other DoD ranges evalu Air Force chosen to dismantle the Eglin EMTE and replicate it in the Nellis co eliminating forever the opportunity to consolidate DoD EC testing and realiz savings the JCSG identified?

Questions submitted by Representative Farr

1. As the person responsible for operational testing in DoD, you state in your February 10, 1995 memorandum to the Assistant Secretary of Defense for Economic Security (Economic Reinvestment & BRAC) that the recommendation to realign Fort Hunter Liggett is a "showstopper." Please explain.

2. We understand that there are conditions at Fort Hunter Liggett which enhance it as a site for performing operational testing. These include: a varied terrain, isolation, no artificial light contamination and no radio frequency interference. Do these conditions exist at Fort Bliss? If not, could they be created?

3. From a military value standpoint, is the "laser-safe bowl" (which allows for non-eye safe laser testing in an instrumented valley) at Fort Hunter Liggett a critical component of operational testing?

4. Do you think the instrumentation suite (used to monitor and record every player's activity during a test) could be duplicated at Fort Bliss? If so, would it be as effective?

5. From a military value standpoint, is Fort Hunter Liggett essential to operational testing to DoD?

Questions submitted by Representative Hansen (to Dr. Coyle)

1. Can you explain to the commission your position your position on the Army's recommendation to realign biological and chemical test and evaluation missions from Dugway Proving Grounds as outlined in the memorandum you signed dated February 10, 1995, to the Assistant Secretary of Defense for Economic Security.

2. From a military value standpoint, do you feel it is essential to keep chemical, biological and smoke/obscurant testing at Dugway Proving Grounds rather than moving these missions t Yuma Proving Ground or Aberdeen Maryland?

3. Can you outline for the Commission the unique features of Dugway Proving Gro which cannot be replicated elsewhere?

4. In your memo dated February 10, 1995, you indicated that since Dugway co chem/bio testing for all of the services, that each of the services would have to sig that their services' testing needs could still be met under the Army's recommen Dugway. To your knowledge, did the Department of Defense or the Army ch services prior to the final recommendation coming forward from the Army?

Questions submitted by Senators Mikulski and Sarbanes and Representative Wynn (To Dr. Coyle)

1. During testimony before the Commission on March 1, General Shalikashvili expressed concerns about how the proposed closure of the Naval Surface Warfare Center at White Oak, Maryland, would affect the hypervelocity wind tunnel located there. Do you have similar concerns?

2. Is it your view that this wind tunnel must continue to stay in operation, either by the Navy, or some other agency, at White Oak or some other location.

3. Just to clarify, the certified data call responses indicate that the US government has no other wind tunnel with the capabilities of the one at White Oak. Is this the case?

Additional Questions submitted by Senators Mikulski and Sarbanes

4. Were the hypervelocity wind tunnel and the nuclear weapons effects simulation facility at NSWC White Oak considered by the Test and Evaluation or Laboratory Joint Cross Service Groups?

GAO

United States
General Accounting Office
Washington, D.C. 20548

National Security and
International Affairs Division

950424-13

May 5, 1995

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

Re: 950424-13

Dear Chairman Dixon:

Following our testimony before your Commission on April 17, 1995, you requested that we respond to numerous additional questions pertaining to the base realignment and closure process. Enclosed are our answers to those questions.

Sincerely yours,

Henry L. Hinton, Jr.
Assistant Comptroller General

Enclosure

COSTS

Question: GAO previously criticized DOD's decision to expend no effort capturing the total costs to government of BRAC recommendations. You cited the example of Kirtland AFB where DOD might not have captured total costs. Please provide your estimate of the costs to the U.S. Government for the DOD proposal to realign Kirtland AFB.

Answer: The Air Force's ongoing reassessments do not allow us to give such an estimate. However, available information indicates that the Air Force's initial estimate of $62 million a year in recurring savings is overstated from a government-wide cost perspective. This is because the Air Force did not reflect between approximately $18 and $31 million in annual operating costs identified in subsequent Air Force and Department of Energy (DOE) studies identifying the costs required to support a DOE cantonment at Kirtland. The above variance results from DOE's assumption that it must independently establish base support operations for its cantonment while the Air Force study indicated a lower estimate of incremental Air Force cost to support DOE as part of the planned remaining active Air Force cantonment under a host-tenant relationship.

Additionally, the Air Force now recognizes that it overstated personnel savings by 179 personnel which we calculate overstated savings by about $7 million using average Air Force salary factors. However, the Air Force has not yet recognized increased salary costs of about $6 million that could be required if Kirtland transitioned to a largely civilian operated facility. These latter costs are based on our review of Phillips Laboratory and Kirtland Underground Munitions Storage Complex analyses. Further, the Air Force's one-time cost estimate of $278 million for the realignment could increase significantly, including between $18 and $64 million in estimated one-time DOE costs depending on the host-tenant relationship, and $227 million in DOD construction costs depending on the final results of Air Force site surveys and reviews. Air Force officials cautioned that both their initial cost and savings estimates, and the revised site survey data, are subject to on-going reviews, refinement, and consideration of other options that will continue for some time.

DOD SELECTION CRITERIA

Question 1: Written guidance for the selection process was provided by the Office of the Secretary of Defense (OSD) to the services. What is GAO's opinion of the OSD guidance? Did you detect instances of substantial deviation from the Secretary's guidance by the Joint Cross Service Groups or by the Services?

Answer: Our report noted some areas where there were

inconsistencies in some services' application of policy guidance or established processes, such as the Navy's action in applying economic impact criteria. More generally, however, we found that DOD components and cross-service groups adhered to OSD guidance and their internal decision-making processes. We recognize, however, that under law, the determination of "substantial deviation" is committed solely to the Commission's discretion.

OSD guidance provided an important framework for BRAC decision-making by the services. At the same time, it was sufficiently broad that it permitted the components to establish decision-making processes unique to their individual organizations. An important element of consistency between BRAC rounds resulted from DOD's decision to retain the same eight selection criteria in BRAC 1995 as it used in both the 1991 and 1993 rounds. Much of the guidance OSD issued for BRAC 1995 was similar to that issued for BRAC 1993. In general, this guidance has improved with each BRAC round. The Joint Cross-Service Groups were new in BRAC 1995, and OSD guidance pertaining to them likewise was also new.

ECONOMIC IMPACT

Question 1: Some of the functions on installations recommended for closure or realignment are operated by contractors' employees. When we asked what is the appropriate way to count these job losses, you offered to provide a response. Please provide your answer.

Answer: The portion of overhead costs (base operating support) attributable to contractor or non-appropriated fund employees is included in COBRA for BRAC 1995; that cost was not included in COBRA in prior BRAC rounds. Also, on-base contractors (those in support of a base's mission) are counted in the economic impact database in a manner similar to civilian employees. They are included in the calculation with multipliers for civilians. Sub-contractors were considered as part of indirect impact as were off-base contractors. This approach makes sense from a consistency standpoint, since it is similar to the manner in which military and civilian employees are counted.

EXCESS CAPACITY/CROSS SERVICE

Question 1: When discussing Joint Cross-Service Group recommendations, Commissioner Kling addressed the subject of GAO's review of Wilford Hall and excess capacity in the San Antonio, TX area. Do you agree with the Air Force's decision not to downsize Wilford Hall Medical Center? Do you believe the issue of excess hospital bed capacity (both military and civilian) in the San Antonio area warrants further study?

Answer: As we stated in our report,[1] a crucial task facing the Congress and DOD as they plan for the future of the military health services system is reaching agreement on the size and structure of the medical force needed to meet wartime requirements. Also, as we have noted, several key variables that greatly affect the wartime demand for medical care are still a matter of debate, making it difficult to prescribe the extent of additional infrastructure reductions that could or should be undertaken at this time. Further study of excess hospital bed capacity is certainly warranted as requirements become more clearly defined. However, at this time, we have not studied, nor are we able to definitively establish within the short time remaining in the 1995 BRAC process, the amount of military and civilian excess hospital bed capacity in the San Antonio, Texas area.

Question 2: Mr. Kling also discussed the number of small, close-proximity military hospitals around the country. Do you believe the DOD missed opportunities to close, realign, or consolidate services at small military hospitals?

Answer: As discussed in question one above, until DOD resolves the requirements issue, conclusive answers are not possible. However, DOD still has the opportunity to close, realign, or consolidate services at small hospitals outside of the BRAC process. Many hospitals or the realignment of some larger facilities would fall below the current BRAC threshold of authorized civilian positions.

Question 3: One early Joint Cross-Service Group decision was to separate the evaluation of research and development activities (Labs) from test and evaluation (T&E) activities. What is your view on the decision to separate these functions? To what extent did that result in retaining excess capacity/infrastructure?

Answer: If there are further BRAC rounds these two functions should not be separated. One of the problems DOD officials identified in this area was the separation of test and evaluation and laboratory functions between two cross-service groups. This created artificial barriers around the functions and facilities that each group could consider. While it would appear that this was a contributing factor affecting the retention of excess capacity/infrastructure in this area, sufficient data is not available to accurately quantify its impact.

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[1] Military Bases: Analysis of DOD's 1995 Process and Recommendations for Closure and Realignment (GAO/NSIAD-95-133, Apr. 14, 1995).

Question 4: According to the DOD closure and realignment report, the services concluded that the need to preserve "core" test facilities precluded major closures, and that cross-servicing of T&E functions would not be cost effective. What is GAO's view on the controversy over the "core" alternatives suggested by the T&E Joint Cross-Service Group? What happened in the process that resulted in service non-responsiveness?

Answer: Because the services did not completely analyze the core set of alternatives developed by the chairpersons of the cross-service group for test and evaluation, we suggest that the Commission have the services complete detailed analyses, including cost analyses, of these alternatives for its consideration. Since the cross-service group identified a large amount of excess capacity and analyzed certified data collected within the BRAC process, the Commission may find it useful to know if the core alternatives were feasible and cost-effective options.

Question 5: Commissioner J.B. Davis asked Mr. Holman to define GAO's recommendation for the Commission to review the DOD recommendation on Letterkenny Army Depot. The GAO report expresses concerns that the BRAC 95 recommendation represents a change to the BRAC 93 decision consolidating tactical missile maintenance. What is the impact of the separation of missile disassembly/storage at Letterkenny, guidance systems at Tobyhanna, and ground support equipment (including trucks and trailers) at Anniston? Do the Army assumptions and associated costs for the Letterkenny recommendation appear to support the recommendation? Are there additional costs associated with the Letterkenny recommendation? What is the impact of these costs on the ROI?

Answer: As we indicated in our report, we identified about $3 to $5 million in additional costs to implement the realignment than indicated by the Army. We are also aware, as we indicated in our testimony, that the Army is currently developing an implementation plan for the realignment. The process of developing this plan should identify any operational impacts and impediments to its implementation, as well as additional costs. For that reason, we suggest that the Commission obtain a briefing on the implementation plan and updated cost data from the Army in the late May or early June 1995 timeframe to more completely assess the operational and cost factors and the impact on the Army's projected return on investment. Until this information is provided, the feasibility of the maintenance concept and cost implications cannot be fully determined.

ARMY

Question 1: The Army's cost data concerning Fort McClellan, Alabama includes barracks construction expenditures at Fort Leonard Wood, MO to accommodate joint-service training, and costs at other

bases to move basic training out of Fort Leonard Wood. None of these moves (or costs) is required by the Army's realignment recommendation. Please review Fort McClellan's Cost of Base Realignment Actions (COBRA) analysis and provide your opinion on the inclusion of discretionary costs.

Answer: According to an Army official, the Inter-Service Training Review Organization (ITRO) construction included in this recommendation is necessary because ITRO personnel are currently housed in permanent party facilities planned for use by incoming Fort McClellan personnel. According to the Army, the ITRO personnel in question should be housed in trainee barracks which are less costly to renovate to required standard. To ensure that both permanent party and trainee personnel are in adequate facilities, ITRO personnel are expected to occupy renovated trainee barracks. An Army official told us that there is some indication that the construction costs may have been overestimated. However, the Army is currently reviewing this situation and has indicated that appropriate adjustments will be made as needed.

Also, an Army official told us that they included discretionary moves in the COBRA submitted to the Commission because they believed that this provided a more accurate picture of the cost of executing this recommendation. However, this official also indicated that the Army's Training and Doctrine Command may determine that there is a better way of breaking out student loads during the execution phase. A number of options are currently being explored as part of the implementation phase. Options which may develop from implementation planning could warrant revising COBRA analyses at a later date. However, the Army believes that at present the current COBRA analysis provides the most viable analysis.

Question 2: Chairman Dixon noted concerns over Army recommendations that dealt primarily with closing family housing areas, especially in view of recent SecDef comments on housing inadequacies. At issue is the cost to upgrade and maintain family housing versus the cost and availability of suitable housing on the local economy. Please provide the Commission with GAO's analyses of the cost alternatives regarding the Army's recommendations to close family housing at Price Support Center, Fort Totten, Fort Buchanan, Army Garrison-Selfridge, and Dugway's English Village Housing Area.

Answer: This issue was not covered in the scope of our review. However, based on inquiries made since the April 17, 1995 hearing, we noted the following. The family housing in question is located on what the Army considers to be installations that are of low military value and that it no longer requires. Initial Army studies showed that these facilities can be closed at savings to the Army. Subsequently, the issue was raised regarding non-Army

personnel who reside in the family housing in question. The cost impact of such personnel was not included in some of the Army's original COBRA data. The Army has now adjusted its COBRA analysis to include increased BAQ/VHA for those personnel which will be forced to relocate on the local economy. The effect of this was that BAQ/VHA recurring costs were increased by $4.2 million. There was no change in the return on investment years as a result of the increased costs.

Housing is currently an area of major concern in the Department of Defense. In recent congressional testimony, the Deputy Assistant Secretary of Defense (Installations) said that 12 percent of military families living in civilian communities are in substandard housing. One reason cited for this is cost. Families who live off base receive about 21 percent less in allowances than they pay on the average for their housing. Families in government housing do not have this additional expense. On the other hand, the Deputy Assistant Secretary pointed out that there are also serious problems with government owned housing. The inventory is aging--average age of military housing is 33 years--and about 250,000 unsuitable houses need to be fixed up or closed.

The Deputy Assistant Secretary went on to say that DOD is collaborating with the services to develop and use both private capital and private sector management techniques to meet the Department's housing requirements. They are looking at such things as joint public/private housing ventures and sale/lease-back arrangements.

In view of the above statements, we believe it would be appropriate for the Commission to request DOD to explain how its BRAC recommendations affecting the Army's military family housing fit into overall concerns about and plans for addressing family housing needs.

Question 3: The Army recommended consolidating its Baltimore and St. Louis Publications Center at St. Louis. Please examine the possibility of consolidating all DOD publications centers, and provide the results of your examination to the Commission.

Answer: Such an examination is not possible in the timeframe available. However, information available within DOD indicates the following. A 1994 DOD-wide Business Process Reengineering Task Force recommended that a study be undertaken to determine the best alternative for carrying out the missions of the services' and Defense Logistics Agency's publication distribution centers--there are 18 such centers. The DOD study, which is expected to take eight months to complete, is expected to begin in late 1995. It is expected to examine the consolidation potential and the impact of long-term alternatives such as electronic forms creation. Adoption of an electronic forms alternative could radically change the

business process for publications management from storing paper in warehouses to storing digital files in data centers and thus create the potential for increased infrastructure reductions in the future.

The Army recommended the closure of its Baltimore Publication Center because, in its estimation, it is no longer needed, and it could no longer afford two separate distribution centers. In view of the upcoming study, and potential changes, Army officials continue to express the view that closure of the Baltimore Publication Center is a sound decision and will not adversely impact any future DOD consolidations. The Army believes that as DOD continues to downsize and as the publication management process further changes, the demand for storage space will continue to significantly decrease. Our work on other storage capacity issues shows that space reduction can be achieved by using compact discs. (See Space Operations: Archiving Space Science Data Needs Further Management Improvements (GAO/NSIAD-94-25, Dec. 9, 1993.)

Question 4: In discussion with Commissioner Cornella, you noted GAO was aware that Fort Indiantown Gap, PA community groups had submitted alternate cost data challenging Service estimates. Please provide your analysis of new COBRA data provided by the community on Fort Indiantown Gap.

Answer: The Fort Indiantown Gap community raised several concerns about the accuracy and reasonableness of the Army's cost data. We analyzed each of the concerns including average annual civilian salary expenses, base operating support costs, operating funds and real property that will remain at Fort Indiantown Gap to support a National Guard enclave, and travel costs to satisfy National Guard training requirements. As part of our analysis, we also reran the COBRA using the community's cost estimates.

Based on data available at this time, we believe that the Army's recommendation to close Fort Indiantown Gap continues to project a significant cost savings. We found no indication that the Army deviated from its standard data sources and methodologies to project the savings that would result from this closing action. We were not able to validate the cost estimates cited by the community; however, for purposes of making a sensitivity assessment, we employed their figures in a COBRA run to assess their impact. We found that if the community's cost estimates were valid, the return on investment (ROI) associated with closing Fort Indiantown Gap would remain approximately one year; the net present value over 20 years would decrease from $281.5 million to $90.6 million. However, discussions remain ongoing between Army and Fort Indiantown Gap officials to reconcile differences in their cost data.

Question 5: The GAO report cites errors found in the data supporting recommendations on ammunition storage depots. In your view, would correction of the errors justify changing the Army's recommendations for closure of ammunition storage installations?

Answer: As indicated in our report, we performed some sensitivity tests on the ammunition storage installation data. We basically used lower data amounts from the 1993 BRAC round and found that those tests did not materially change the relative rankings of the facilities. However, we cannot conclusively say that the rankings would not change without knowing the results of applying correct data for these facilities.

Question 6: The General Services Administration has stated that the Army's recommendation to disestablish the Aviation-Troop Support Command and relocate its functions to four different locations will result in a potential increase in Federal facilities costs of over $130 million in a 10-year period. Does GAO agree with GSA's contention? Please provide your rationale.

Answer: GSA has stated that the Federal Government would incur significant costs if ATCOM's missions are shifted to other Army locations. Some of these costs are already recognized by the Army and reflected in its COBRA analyses. For example, COBRA does contain about $59 million in military construction costs, most at Redstone Arsenal, that would be required to implement the realignment. The Army's COBRA assessment for this realignment also recognizes additional facility base operating costs of $11 million at the new locations, compared to $7.6 million for the current GSA lease. Other costs cited by GSA are not included in the Army's COBRA analyses. For example, GSA suggests that an additional $11 million will be required to move the remaining tenants at the ATCOM site after the realignment. We have not validated that estimate but have assessed its impact on the Army's projected 20-year net present value (NPV) from the realignment; we found that it decreased the 20-year NPV by $9 million and increased the return on investment (ROI) period from 3 to 4 years.

GSA has suggested that tenants that remained at the GSA facility in St. Louis could incur an additional recurring annual rental cost of $3 million since overhead costs will continue to be allocated among the tenants who remained at the facility. It is not known whether the remaining tenants would absorb such an increase or decide to relocate elsewhere.

While facilities costs are important, a more significant factor affecting the Army's projected costs and savings from this realignment involves personnel costs. Under the Army's COBRA analysis, a significant portion of the projected cost savings are derived from reduced personnel costs resulting from the realignment. By collocating aviation and troop support commodity

functions with their research and development/testing functions, the Army estimates that significant personnel reductions will occur and are expected to more than offset the costs associated with implementing the recommendation.

NAVY

Question: Please provide for the record the work GAO has done studying options available to the Navy to maintain attack submarine force structure levels.

Answer: Recent GAO studies have examined this topic. (See Attack Submarines: Alternatives for a More Affordable SSN Force Structure (GAO/NSIAD-95-16, Oct. 13, 1994) and Navy Shipbuilding Programs: Nuclear Attack Submarine Requirements (GAO/T-NSIAD-95-120, Mar. 16, 1995). Several options for maintaining attack submarine forces were presented in these reports. Most of these options involve cancellation of construction of SSN-23, the third boat in the Seawolf class, or deferment of construction on a less expensive follow-on submarine. We are on record as questioning continuation of the Seawolf program in its current form on fiscal grounds and have disagreed with Navy concerns about losing the submarine industrial base, should further SSN construction be deferred.

We are much less certain about an assessment of the submarine threat and subsequent future SSN force structure requirements. The Navy has stated that the continuing improvement in Russian attack submarines represents a capability it must be prepared to counter. In addition, the threat posed by increasingly capable Third World diesel-electric submarines is viewed by the Navy as an important consideration in continuing to improve US SSNs.

AIR FORCE

Question 1: The Air Force made a "conditional" recommendation to inactivate the missile group at Grand Forks AFB--unless the Secretary of Defense determined that ABM Treaty considerations preclude the recommendation. What are your views on a "conditional" recommendation to the Commission?

Answer: The Defense Base Closure and Realignment Act of 1990, as amended, does not address "conditional" recommendations such as this one. The Secretary's recommendations must be based on the final criteria and the force-structure plan, and that evaluation appears to have been done here for both bases. The outcome of that evaluation indicates that Grand Forks was the preferred base for realignment except for the complicating factor of treaty considerations.

Question 2: In December 1994, GAO issued a report concerning the Newark AFB Aerospace Guidance and Metrology Center, which was closed by the 1993 Commission. The report challenged the Air Force attempts to privatize the Center's workload in place and recommended the Secretaries of the Air Force and Defense reevaluate the 1993 DOD recommendation to close and challenged the Air Force's approach to implementing the recommendation through privatization-in-place. Given that the Air Force and the Department of Defense did not request the Commission to redirect its 1993 recommendation and given that the Air Force appears not to have fully investigated other approaches to the 1993 recommendation other than privatization in place, do you believe that the Secretary of Defense has substantially deviated from the eight selection criteria or the force structure in not requesting a redirect of the Newark AFB? Do you believe the Commission should revise the 1993 recommendation to close Newark AFB?

Answer: While the Commission can make changes to a recommendation of the Secretary of Defense upon a determination of "substantial deviation" from the final criteria and force structure plan (section 2903(e)(2)(B)), there is a question of whether there can be a "substantial deviation" determination where, as here, no Secretarial recommendation is made and what is at issue is the recommendation of a prior BRAC Commission. In any event, the determination of "substantial deviation" is committed solely to the Commission's discretion. Consequently, GAO has not developed standards for such a determination and is not in a position to express an opinion at this time on what constitutes a "substantial deviation."

In light of the matters raised in our report on Newark AFB, we believe the Secretaries of the Air Force and Defense should have recommended Commission reconsideration of the 1993 Newark AFB closure.

Question 3: The GAO report states "the Air Force may not have considered other issues regarding those facilities that are scheduled to remain at Kirtland." What are the "other issues"?

Answer: The other issues deal with whether the Air Force gave adequate consideration to sensitive security and operational matters for the Kirtland Underground Munitions Storage Complex. There are issues related to perimeter security; the provision of security personnel, either military or civilian; and the adequate and timely provision for backup alert personnel in the event of an emergency. Additionally, there are indications that conversion of the facility largely to a civilian operation could make it subject to more stringent and costly Occupational Safety and Health Act (OSHA) provisions than are currently encountered by the military operation.

Question 4: The Air Force's Base Closure Executive Group deliberated and voted on base closures for both Active and Reserve Components. Please assess the impact of changing base ownership from the Active Component to the Reserve Component.

Answer: Changing base ownership from active to reserve components may result in overall savings to the active component. However, it will result in the shifting of some base operating costs to the reserve component; the amount would depend upon the size of the cantonment area. Since 1988, BRAC recommendations have converted portions of at least 6 active-duty Air Force bases to reserve component bases. These conversions generally consist of closing most of the base and leaving an existing reserve component unit in cantonment. Therefore, while some operating costs remain, the overall cost of operating the remaining portions of the bases should decrease in line with the smaller cantonment areas.

Question 5: The Services must consider the DOD Force Structure Plan when making closure and realignment recommendations to this Commission. How did the Air Force use the Force Structure Plan regarding the Reserve Components in making its base closure and realignment recommendations?

Answer: Based on our review of minutes of the Air Force Base Closure Executive Group's meetings, it appears that the Executive Group considered, to some extent, the force structure plan during its deliberations regarding the Air Force Reserve. Documentation is less clear regarding the Air Guard where the minutes indicate that primary consideration focused on achieving cost saving opportunities.

Question 6: In discussion with Commissioner Steele, Mr. Hinton noted that a final study of the Air Force's scoring of selection criteria number 1 regarding Reese AFB has just been completed. Please provide GAO's analysis of your review of the Air Force's final study.

Answer: This assessment of criteria 1 was predicated on community concerns raised concerning the Air Force's evaluation of Reese. We discussed the community concerns with cognizant Air Force officials. Particular emphasis was given to criterion 1 (mission requirements) since it showed the greatest differentiation among the Air Force bases. The community had pointed out what it considered to be errors in the Air Force's scoring in the measurements of mission requirements such as airspace, weather, and airfield pavement.

We noted that the Air Force has addressed the issues raised by the community and that changes were made to the functional values where appropriate. For example, the community pointed out data call

differences between Air Force and Joint Cross-Service Group (JCSG) measurements of available airspace. However, Air Force officials indicated that their data base was not used; instead they opted to use cross-service group functional values as the basis for criterion 1 scores. However, some of Reese's areas with 11,000 feet of altitude were credited with 9,000 feet due to transcribing errors. The Air Force also agreed with the community's finding that Reese should receive credit for two additional areas and for having an alert area. The Air Force provided data showing that the net total effect of making these airspace corrections would increase Reese's functional value by only about 0.08 point.

We also noted that some of the community issues came from non-certified data or data otherwise not part of the Air Force's BRAC process. For example, the community questioned why Reese fell from being the Air Force's "second highest ranked UPT base" during BRAC 1991 to the lowest ranked UPT base in BRAC 1995. An Air Force official told us that they did not rank these bases as part of their BRAC process in 1991 or 1995.

The Air Force has concluded that the net effect of incorporating the community's valid points would only increase Reese's average functional score by less than 1.5 percent and would have no impact on its recommendation to close Reese AFB. Based on available information, the Air Force's actions in addressing the issues in question appear reasonable.

Question 7: GAO reviewed the Air Force's data and analysis on projected workloads of total available capacity at Electronic Combat facilities (particularly the AFEWES and REDCAP missions). Do you agree with the Air Force recommendation to disestablish these two facilities?

Answer: Neither of these facilities were originally considered by the Air Force in its own BRAC review process because they did not meet the DOD BRAC threshold of 300 authorized civilian personnel. The Air Force considered them for disestablishment because they were suggested to them as alternatives by the Test and Evaluation Cross-Service Group. Available information indicates that REDCAP consists of government-owned equipment located in a contractor facility and AFEWES is a government-owned/contractor-operated facility. The cross-service group reported that realigning both of these facilities to other bases met its policy imperative of migrating workload to core activities. The cross-service group found that the future projected workload at each of these two facilities was less than 30 percent of facility capacity. The cross-service group's analysis shows that disestablishing these two facilities will eliminate nearly all identified excess capacity in one test category.

The Air Force's recommendation was to relocate the facilities' unique workloads to existing facilities at Edwards AFB, California. It indicated that the remaining workloads are duplicated elsewhere and are not needed. Based on available documentation, we found no information to suggest that these were not viable recommendations.

DEFENSE LOGISTICS AGENCY

Question: Congressman Robert Borski, PA, requested that the Commission review the DOD recommendation to disestablish the Defense Industrial Supply Center (DISC) based on his belief that: (1) there were significant cost omissions in the COBRA for DISC, including the cost of transferring items and the cost of delaying the BRAC 93 realignment of the Defense Personnel Support Center to the Aviation Supply Office compound; and (2) 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. What are your views on the disestablishment of DISC? What is your assessment of Congressman Borski's contentions?

Answer: We are unable to comment on whether every item should be moved or not, and what the associated costs are likely to be. However, it is our view that to the extent the movements occur as a direct result of the BRAC recommendation, we believe they should be accounted for in DLA's analysis. In addition, we also believe that some costs associated with delaying the BRAC 1993 realignment of DPSC to the ASO compound in North Philadelphia should have been captured in DLA's analysis. Unfortunately, a precise determination of these costs is difficult to determine at this time. However, we performed a sensitivity analysis to readily assess the potential impact of these costs on DLA's recommendation. We found that capturing these c to be a worst case scenario, still r from this recommendation.

Get new Cobra on DISC with How moved cost / DPSC costs are in - check on people problem

DLA officials hav believe that the cost of transferring i opy data, technical drawings and anci the BRAC process because this trar which ICP was disestablished. oup meetings the driving force bei he fact that excess capacity existed d be disestablished. DLA officials st t did not consider these costs in i e costs associated with the transfe ectrical Supply Center to Columb 1993 were not included in that

DISC personnel b ed with the transfer of items between ICPs as a result of the 1995 BRAC action should

have been considered. They contend that if it were not for BRAC, this transfer of DISC items would not occur. They believe it will cost about $66 million to physically transfer DISC items. DLA contends that greater reliance on commercial practices requires changes in item management assignments, whether or not an ICP is eliminated as a result of BRAC. And, while eliminating an ICP results in a greater volume of movement, the increase would occur regardless of which ICP was disestablished. DLA officials believe that the associated costs would be much less than $66 million, because most items will be transferred electronically as opposed to the physical transfer that DISC personnel describe. This official stated that the actual number of items and associated costs will be determined during BRAC 1995 implementation. Implementation planning is currently underway.

During a 1995 BRAC Executive Group meeting, the cost of delaying the BRAC 1993 realignment of the Defense Personnel Support Center (DPSC) to the Aviation Supply Office (ASO) compound was discussed. According to the Chief of the BRAC Working Group at that time, she had received guidance from OSD on how to address this issue in the 1995 BRAC round. Based on this guidance, DLA only claimed as savings the military construction costs avoided, and not the associated real property maintenance (RPMA) and payroll costs associated with the number of people required to maintain the facility for an additional two years. DLA officials told us that they sought OSD guidance because (1) the move to the ASO compound was still within the BRAC 1993 timeframe and they were unsure whether any costs and savings could be attributable to DLA BRAC 1995 recommendations; and (2) DLA's methodology for computing RPMA and base operating support (BOS) costs in 1995 were different from what was used in BRAC 1993; and (3) the COBRA model, the discount rate, and standard factors were different.

DISC personnel believe that the cost of delaying the BRAC 1993 realignment of DPSC to the ASO compound in North Philadelphia should have been included in DLA's analysis. They believe that this cost is at least $74 million in fiscal year 1994 dollars. According to DISC officials, they used BRAC 1993 data to arrive at this figure. In our discussions with DLA officials, they do not believe that BRAC 1993 data should be used because of the various changes that have occurred since BRAC 1993. We concur with DLA on that issue. However, we do believe that some costs to maintain the facility for two years should have been captured in their analysis. Therefore, using BRAC 1995 data, we developed what we believe are the associated RPMA, personnel, and BOS non-payroll costs for staying at the South Philadelphia compound for an additional two years. We estimate the associated costs could be $7.9 million for this two-year period. We calculated this number based on 185 personnel (who currently remain at the South Philadelphia compound) remaining on DLA's rolls to maintain the facility. We did not include the item managers or other operational personnel because the costs associated with these personnel were already captured in

DLA's analysis. Although it is not clear that 185 personnel would be retained for a full two years, we used this number because it represents what appears to be a worst case scenario.

Given the absence of firm data relating to the movement of DISC items, and OSD's guidance that precluded DLA from including the two-year associated DPSC costs, we conducted our own COBRA sensitivity analysis to determine the impact on DLA's decision to disestablish DISC by incorporating these additional costs. We conducted this analysis with four variations while keeping the $7.9 million costs constant over 1998 and 1999: (1) placing the $66 million as a one-time cost in 1996; (2) placing the $66 million as a one-time cost in 1999; (3) placing a third of these costs in years 1996 through 1998; and (4) placing a third of these costs in years 1997 through 1999 (see the following table). For comparison purposes, we also showed DLA's recommended action. As shown in the table, regardless of the scenario, the decision to disestablish DISC still pays for itself. While the net present value (NPV) and return on investment (ROI) years change, the annual recurring savings once the action is completed remains the same.

Impact of Various Cost Considerations on DLA's Decision to Disestablish DISC

Fiscal year 1996 dollars in millions

Scenario	Recurring annual savings	ROI years	20-year NPV
DLA's recommended action	$18.4	Immediate	$236.5
$66 million one-time cost in 1996 plus $7.9 million allocated over two years (1997 and 1998)	18.4	4	156.4
$66 million one-time cost in 1999 plus $7.9 million allocated over two years (1997 and 1998)	18.4	4	161.5
$66 million one-time cost allocated over three years (1996-1998) plus $7.9 million allocated over two years (1997 and 1998)	18.4	4	158.1
$66 million one-time costs allocated over three years (1997-1999) plus $7.9 million allocated over two years (1997 and 1998)	18.4	4	159.8

In its data call questionnaire, each ICP provided the number of positions which allowed the DLA BRAC Working Group to determine the

number of direct, indirect, and G&A positions. The number of positions by category differs at each ICP. When analyzing DLA's various ICP scenarios, the number of positions eliminated vary based on the overhead positions on board at the losing activity.

DLA officials told us that they will determine the actual number of people required at each of the remaining ICPs during BRAC 1995 implementation; this will occur as a result of DLA refining its breakout of workload into weapon system, and troop and general support items.

COST OF BASE REALIGNMENT ACTIONS (COBRA)

Question: During testimony questions, the rationale and effects of cost estimate discount rates was a topic of discussion. Does GAO have a recommendation on a discount rate the Commission should use in preparing its cost analyses?

Answer: As indicated in our report, DOD's use of a different discount rate approach for BRAC 1995 tied to the Treasury's borrowing rate appears reasonable, and we see no reason why it should not be used. However, in using that approach, we believe that a discount rate of 4.85 percent should be employed to calculate NPV since that is the current rate approved by the Office of Management and Budget.

BUSINESS EXECUTIVES FOR NATIONAL SECURITY REPORT

Question: During testimony questions GAO expressed concern over DOD's decision to place 11 new Defense Finance and Accounting Service (DFAS) offices on bases previously slated to close as a result of prior base closure rounds. Please provide for the record a copy of GAO's current draft report on the Defense Finance and Accounting Service.

Answer: We expect to provide a copy of this draft report to DOD for comment within the week and plan to make a draft available to the Commission shortly thereafter.

QUESTIONS FROM CONGRESSMAN RICHARD GEPHARDT

Question 1: The General Accounting Office report states that the Army "did not fully adhere to its regular process for installations in assessing military value when recommending...leased facilities for closure." It specifically notes that the "Army did not prepare installation assessments for leased facilities." Is it true the Army's installation assessment consisted of an evaluation based on the four DOD military value criteria? If so, were leased facilities therefore excluded from an evaluation based on these

four criteria? Is it true that the base closure law requires the Army to make closure recommendations on the basis of the DOD criteria?

Answer: Yes, the Army's installation assessment did consist of an evaluation based on the four DOD military value criteria. As we indicated in our report, the Army did not prepare installation assessments for leased facilities; however, the Army's stationing strategy provided the basis for the military value of leased facilities. Yes, the services are required to employ DOD's selection criteria in making BRAC decisions. See our response to question 2 below for a fuller discussion of these issues.

Question 2: In response to a question by the Commission, the Army stated its leaders considered the military value of the Aviation and Troop Command (ATCOM) in their deliberations. The community in which ATCOM is located contends that no such consideration occurred. Did the General Accounting Office find any evidence that the Army's leaders considered the specific military value of ATCOM in their deliberations? Is it legitimate for the Army to claim that vacating leased facilities owned by the General Services Administration will result in a savings to the government?

Answer: The Army did send out a data call related specifically to leases. This data call was sent to the Major Commands that had leases costing more than $200,000 per year. The data call requested the following empirical information on each lease: location, tenants by lease and location, size of leased facility, cost, buy-out penalties, reorganization plans affecting leases (planned changes), and population.

The Army prepared a letter, dated April 14, 1995, addressed to the Commission, which explains how the Army addressed each of the four military value criteria for each of the leases. In this letter, the Army stated that "in no instance did the Army assess the military value of a leased facility solely according to the qualitative guidance provided by the Army's Stationing Strategy." The Army maintained that it used the empirical data collected in the data call along with other corporate data bases such as the facility data base in analyzing military value both from a quantitative and qualitative standpoint.

The qualitative assessment of leases appeared to be inherent in the stationing strategy. However, we found no other documentation supporting an analysis of, or addressing, the military value of leases. Further, the Army's Management Control plan does not describe a process to be used for determining military value of leases. Yet, Army officials state that military value considerations were present and inherent in the Army's consideration of alternative scenarios. For example, Army officials said that mission impact and operational considerations

were key in their analysis of the ATCOM and other leases. The conclusion reached was that affected operational efficiencies would be optimized through the ATCOM realignment. Also, Army officials indicated that consideration regarding the ability of the receiving installation to accommodate ATCOM (availability and condition of land and facilities) at both the existing and potential receiving locations was also necessary in reaching the decision that this lease could be vacated. Data regarding the ability to expand, and costs at the receiving and losing locations, was also available for consideration.

The Army's COBRA analysis did not take into consideration costs to GSA in this realignment proposal; however, the precise cost to the government is not clear given the uncertainty over future use of the vacated space. Also, see our response to question 6 under the Army portion of these Q&As.

QUESTIONS FROM CONGRESSMAN GERRY E. STUDDS

Questions 1 and 2: In recommending NAS South Weymouth for closure, the Navy has apparently overlooked two facilities (NAS Atlanta and NAS Fort Worth) with a lower "military value," according to the Navy's own criteria. In the case of NAS Atlanta--which is significantly lower in military value than South Weymouth and was initially considered for closure--the Navy has argued that the area is "rich in demographics" and should remain open. Yet the Navy's own Military Value matrix for reserve Air Stations rates NAS Atlanta last and NAS South Weymouth first in demographics.

In its 1993 report to the BRAC the GAO identified a "problem" with the Navy's process in instances when "a base recommended for closure, even though its military value was rated higher than bases that remained open." I see no reason that these concerns would not be relevant to the Navy in 1995. While the GAO's 1995 report describes the Navy's recommendations as "generally sound," does the GAO continue to view the Navy's disregard for military value--particularly in the case of South Weymouth--as a problem in its decision-making process?

Answer: The goal of the Navy's 1995 BRAC process, as in the 1993 round, was to reduce excess capacity and maintain average military value across each subcategory of activity. This approach gave rise to instances where activities with higher military value were recommended for closure over activities with lower military value in their respective subcategories. The recommendation to close NAS South Weymouth is such an example.

The Navy's military value analysis is the second step in what is, essentially, a four step process: (1) capacity analysis, (2) military value analysis, (3) configuration analysis, and (4) the derivation and assessment of BRAC alternatives/scenarios. The

determination of relative military values for each activity in a subcategory was not the sole determinant for closing activities. The results of capacity and military value analyses were used in a configuration analysis to identify potential BRAC actions.

In the case of reserve air stations, the Navy's configuration analysis indicated the possibility of closing NAS Atlanta. However, the results of the Navy's analysis of operational air stations left NAS Brunswick, Maine, open, after CINCLANT indicated that the Navy should retain an operational air station north of Norfolk. This permitted the BSEC to consider another reserve air station option. By closing NAS South Weymouth and moving any necessary aircraft and functions to NAS Brunswick, which the Navy determined to be a more capable air station, excess capacity was reduced in both operational and reserve air station subcategories, while not adversely affecting demographic concerns in that area. The resulting average military value for operational air stations increased, while the reserve air station subcategory essentially maintained its average value, dropping only a few decimal points (61.12 vice 61.16).

QUESTIONS FROM CONGRESSMAN HAROLD FORD, SENATOR BILL FRIST, AND SENATOR FRED THOMPSON

Question 1: The Department of Defense and Defense Logistics Agency created a 1,000 point ranking system to evaluate its distribution depots. Within this 1,000 point system, only 20 points related to a depot's transportation capabilities. Does GAO believe it was appropriate to allocate only 2 percent of the evaluation of a distribution depot to the issue of transportation capabilities?

Answer: DLA's methodology provided that a total of 90 points could be awarded for transportation related questions in its military value analysis of stand-alone depots. Of those 90 points, 60 points were possible based on a depot's transportation capabilities, and 30 points were possible based on a depot's transportation cost operational efficiency. Had a greater number of points been assigned to these questions, the number of points awarded would still be proportional to the points awarded to other depots. The points each depot received was based proportionally on the number of points awarded to the depot which had the greatest transportation capability or the lowest transportation cost. An important aspect of the BRAC process, one enhancing its credibility, was the assignment of values and weights before data is collected and evaluated.

Question 2: How can the GAO validate DLA's procedures when the installation military value rankings placed the oldest depot with the highest real property maintenance as the top installation?

Shouldn't this result have sent a red flag to the GAO that mission scope was skewing the military value analysis?

Answer: In terms of real property maintenance, DLA's operational efficiency section of the stand-alone depot military value analysis shows that the San Joaquin depot (Tracy/Sharpe, California) had the highest real property maintenance cost and was awarded the least number of points. That analysis also showed that the Ogden depot received the greatest points, while the Columbus depot (DLA's oldest depot), rated second best. Memphis rated third.

Mission scope, by itself, was not the basis on which DLA made its decisions. DLA's excess capacity and military value analyses of installations and depots, in conjunction with other analytical tools, were considered by DLA in making its closure and realignment recommendations. At the same time, since mission scope was one of four measures of merit which were considered in the installation military value analysis, it is not clear to us that mission scope skewed the installation military value analysis results, or the final decision.

The Richmond installation was assessed as having the best facility condition and therefore received the greatest number of points; the New Cumberland facility received the least number of points. In addition, in the stand-alone depot military value analysis, the Richmond depot was rated the best in terms of facilities, while the Susquehanna depot (New Cumberland, Pennsylvania) scored the fewest points.

Question 3: Did the GAO analyze DOD's process of selecting DLA depots for closure that are collocated with other service ~~branch~~ bases?

Answer: GAO analyzed DLA's overall process for selecting activities for BRAC action, including its process for selecting collocated depots for closure.

QUESTIONS FROM CONGRESSMAN WALLY HERGER

Question 1: Do you know of any instances, other than Sierra Army Depot, where a Member of Congress needed to resort to FOIA in order to obtain supposedly public information from the Army?

Answer: We did not examine Freedom of Information Act (FOIA) issues in connection with the BRAC process and, therefore, do not know the extent to which this situation occurred.

Question 2: Please confirm that GAO report statements cited below apply in the case of Sierra Army Depot:

(a) "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." (p.5)

Answer: This statement refers to possible changes to BRAC savings that could affect a number of BRAC recommendations. Although not specifically directed at, it potentially could affect Sierra, to the extent changes in projected cost and savings data are determined to be required.

(b) "The other realignment...is caught up in debate over the accuracy of some data." (p. 75)

Answer: This statement does apply to Sierra.

(c) "Also, some questions were raised concerning the accuracy of some data used in the military value analysis for ammunition storage installations." (p.77)

Answer: The data in question applies to Sierra as well as other ammunition storage installations. For example, corrections to the other installations' data could affect the installation value of Sierra relative to other ammunition depots.

(d) "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...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...The Commission may want to ensure that the corrected data has been obtained and assessed prior to making a final decision on this recommendation." (p.78)

Answer: As indicated above, use of correct data for all ammunition depots is important to individual ammunition depot installation values and also to confirming the relative ranking of each facility, including Sierra.

(e) "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." (p.86)

Answer: As stated above, use of correct data for all ammunition depots is important to individual ammunition depot installation

values and also to confirming the relative ranking of each facility, including Sierra.

Question 3: Did you independently verify that Army data was certified by viewing either original data call information and/or signed letters of certification?

Answer: We did verify that the data received from the Army Materiel Command relative to ammunition storage installations was certified.

Question 4: Did you review the procedure by which installations were allowed to review, correct, and verify data? Did you talk to any installation personnel or only Army Audit Agency and WDC officials?

Answer: We did not review this specific procedure. However, the Army Audit Agency examined the installation review process. They concluded that the installation assessments were reliable for further use in the study. It should be noted that even though some errors were found in the statistical sampling of data completed by the Army Audit Agency, it determined the errors it identified as not being materially significant so as to affect the outcome for which they were used.

Question 5: Do you still contend, in light of Army failure to provide information on inconsistences, that the Army Audit Agency corrected all discrepancies (as noted in footnote on p. 72)?

Answer: According to Army Audit Agency officials, and as reflected in their report, all material discrepancies found by their audit work were corrected.

Question 6: If the Army cannot provide basic information, how can it be certified as required by law?

Answer: The Army's BRAC process accumulated a great deal of required information regarding its facilities. As indicated in our report, certification statements accompanying such data are intended to ensure that it is accurate to the best of the certifying official's knowledge.

Question 7: If a facility cannot be closed (by the Army's own admission) because it houses the three largest operational project stock missions, then shouldn't it be more fully utilized?

Answer: A key objective of the BRAC process is to eliminate excess infrastructure. Many facilities could be more fully utilized by shifting around workloads or more fully utilizing those facilities, but this would not necessarily lead to infrastructure reductions.

Question 8: Has the Army documented the fact that it can complete all demilitarization at SIAD prior to 2001? If so, why could they not complete chemical demilitarization at two regional depots within the designated timeframe?

Answer: According to Army officials, the Sierra depot stores conventional ammunition, and if funding is available, as planned, there is no reason that all conventional ammunition demilitarization at Sierra cannot be accomplished by the year 2001. If for some reason, the total demilitarization could not be accomplished at Sierra, Army officials indicate that the munitions would be moved for demilitarization to another ammunition depot. On the other hand, munitions stored at Umatilla and Pueblo are chemical and must be demilitarized in place--they are prohibited by law from being moved. In addition, incinerators must be built at those locations before the demilitarization can take place.

Question 9: Since the Army is required by law (PL 101-510, as amended) to evaluate all facilities equally for closure consideration, why were five facilities exempted early in the process (three for military value and two for inability to meet closure parameters)?

Answer: DOD components are required to include in their BRAC process installations meeting a threshold of having 300 authorized civilian personnel. This provides a baseline for ensuring that all eligible facilities are considered for closure. As the process progresses, installations are removed from consideration at various stages. In the final analysis only those Army installations identified as low in military value were selected as study candidates for closure or realignment. Regarding the two installations exempted from study because of the inability to complete any potential closure or realignment in 6 years, this decision was in keeping with a requirement of the BRAC law.

Question 10: Since GAO states in their report (p. 79) that "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," if it was learned that the one-time closing costs would be significantly higher and not provide the proposed long term savings, would GAO agree that a decision should be reconsidered?

Answer: Military facilities recommended for closure and realignment varied in the extent of one-time closing costs and savings. Our report indicates that fluctuations do occur in projected costs and savings for a variety of reasons; the magnitude of such changes have to be examined on a case-by-case basis.

Question 11: Has the Army provided specific data regarding transport cost of ammunition from SIAD to destination locations?

Answer: Army officials have told us that they expect any movement of the munitions to occur through issuances to meet operational requirements rather than as part of a BRAC related move. Otherwise, Army officials indicate they expect to demilitarize much of the excess munitions at Sierra.

Question 12: Why is 5% or more unemployment produced by closure considered unacceptable in populous areas (where diversity and recovery are more likely) and a 10% unemployment result in an entire county considered acceptable? Especially since GAO indicates (p. 145) that "...there was no evidence to support OSD's assumption that economic recovery would be more difficult in a large metropolitan area than in a smaller one."

Answer: A 5 percent figure was an arbitrary ceiling established in the BRAC 1993 round. There was no ceiling established in BRAC 1995 and the decision as to excess economic impact was left to the judgment of the service secretaries or the Secretary of Defense. No Army installation was removed from BRAC consideration in 1995 because of economic impact concerns.

BRIEFING SLIDES TO ACCOMPANY THE TESTIMONY OF THE

SECRETARY OF DEFENSE

BEFORE THE

1995 DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

March 1, 1995

Why BRAC?

- Budget Down by 38%
- Force Structure Down by 33%
- Infrastructure Down by 21%

Process

- Bottom Up
  - Military Departments
  - OSD Guidance/BRAC Review Group
- Based on BUR Force Structure
- Joint Cross-Servicing
- SecDef/JCS Review

BRAC Criteria

- Military Value
- Costs and Savings
- Community Impacts
  - Economic
  - Environmental

BRAC Costs & Savings*

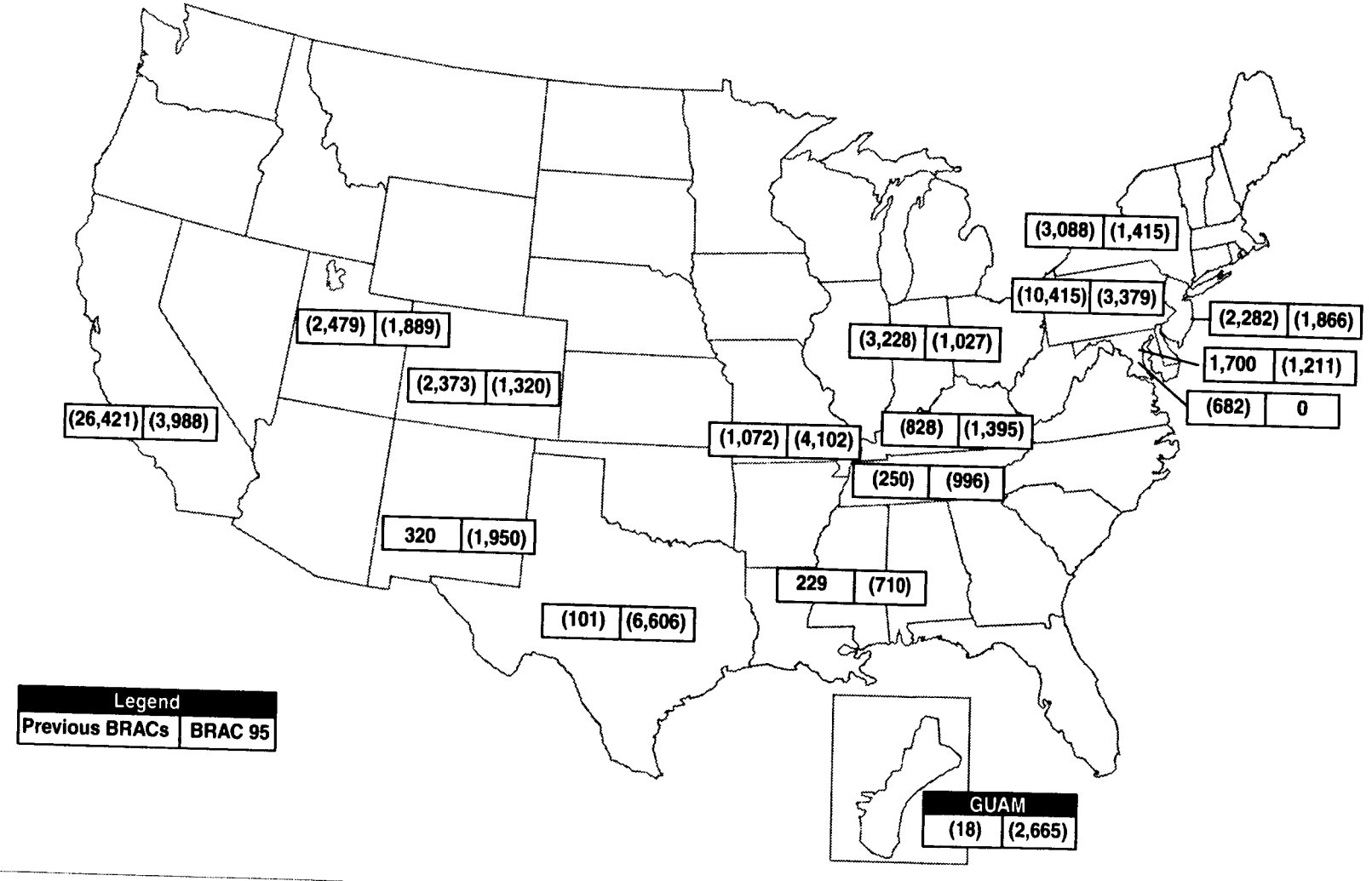
FY 96 $Billions

		BRAC Actions	Closure Costs	6 Year Net Savings**	Annual Savings	Total Savings***
BRAC	88	145	$2.2	$0.3	$0.7	$6.8
	91	82	4.0	2.4	1.6	15.8
	93	175	6.9	0.4	1.9	15.7
	95	146	3.8	4.0	1.8	18.4
Total		548	$16.9	$7.1	$6.0	$56.7

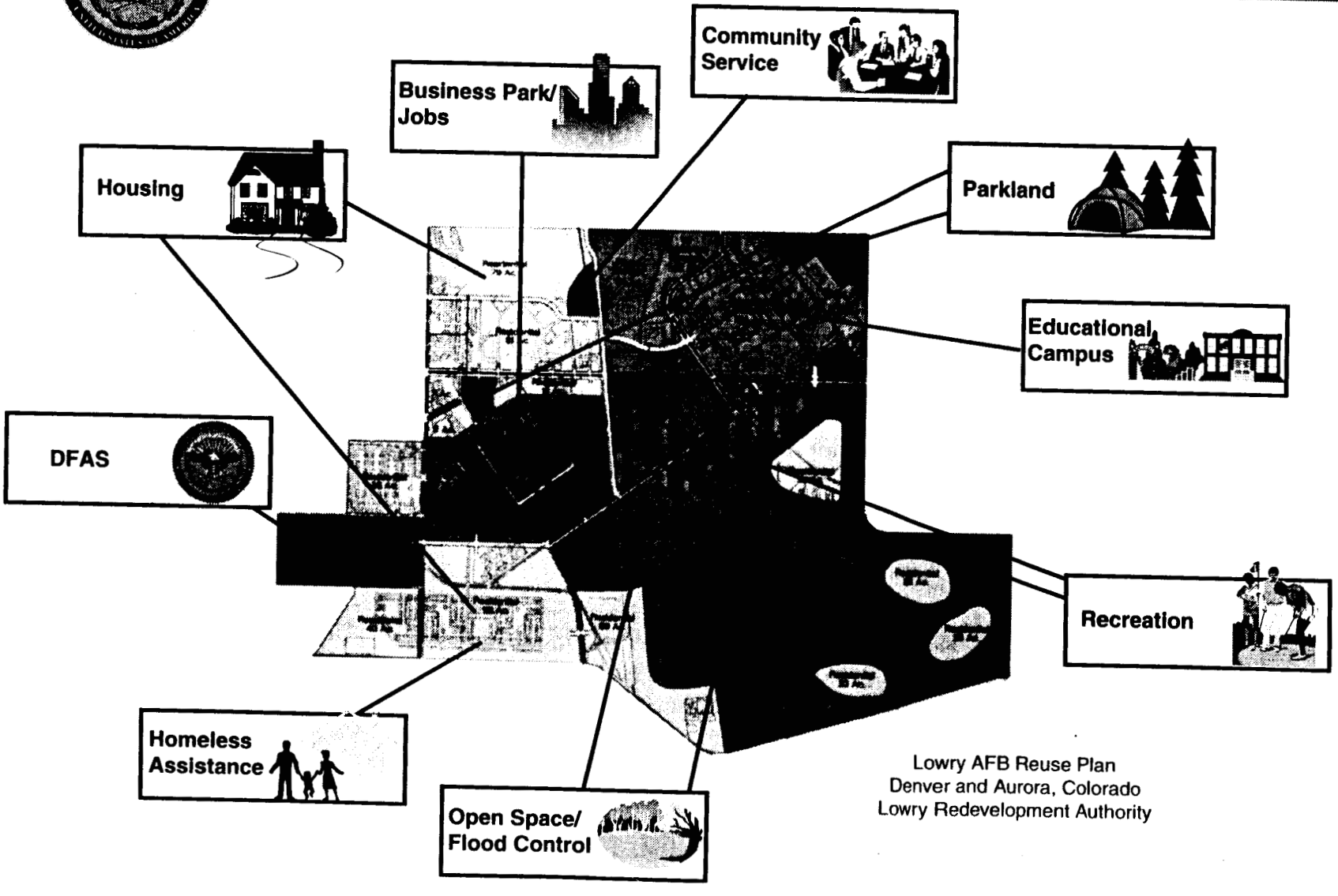
* Excluding environmental costs and land sale revenues
** Net savings over the 6 year statutory implementation period
*** Net savings over 20 years, discounted to present value at 4.2%

Selected State Impacts

Net Direct Civilian Job Losses



Base Reuse



Lowry AFB Reuse Plan
Denver and Aurora, Colorado
Lowry Redevelopment Authority

Future BRAC

- Need Time to Absorb Current Closures
- Assess Future Threats/Force Structure Needs
- Another BRAC desirable in 3-4 Years

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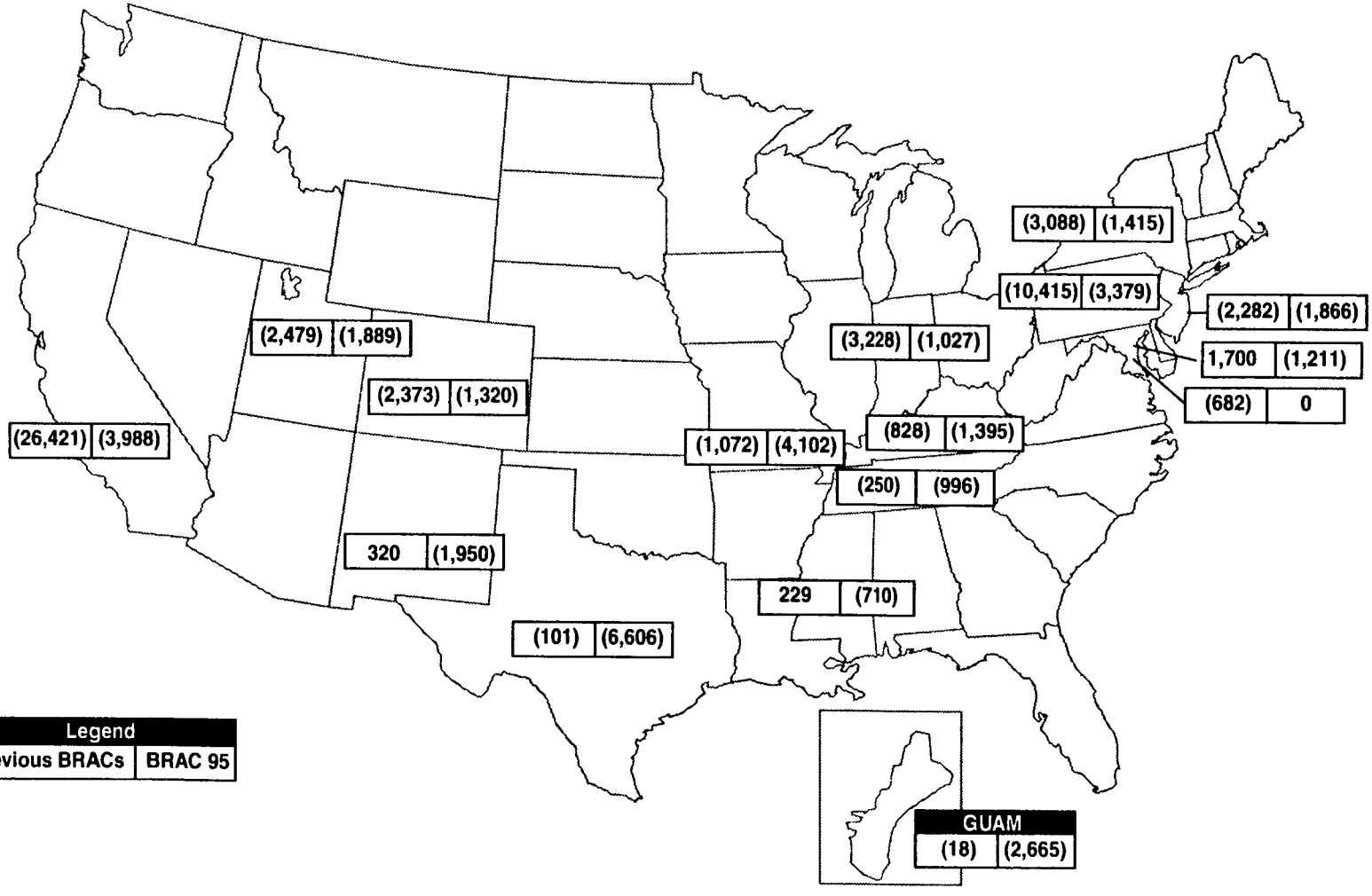

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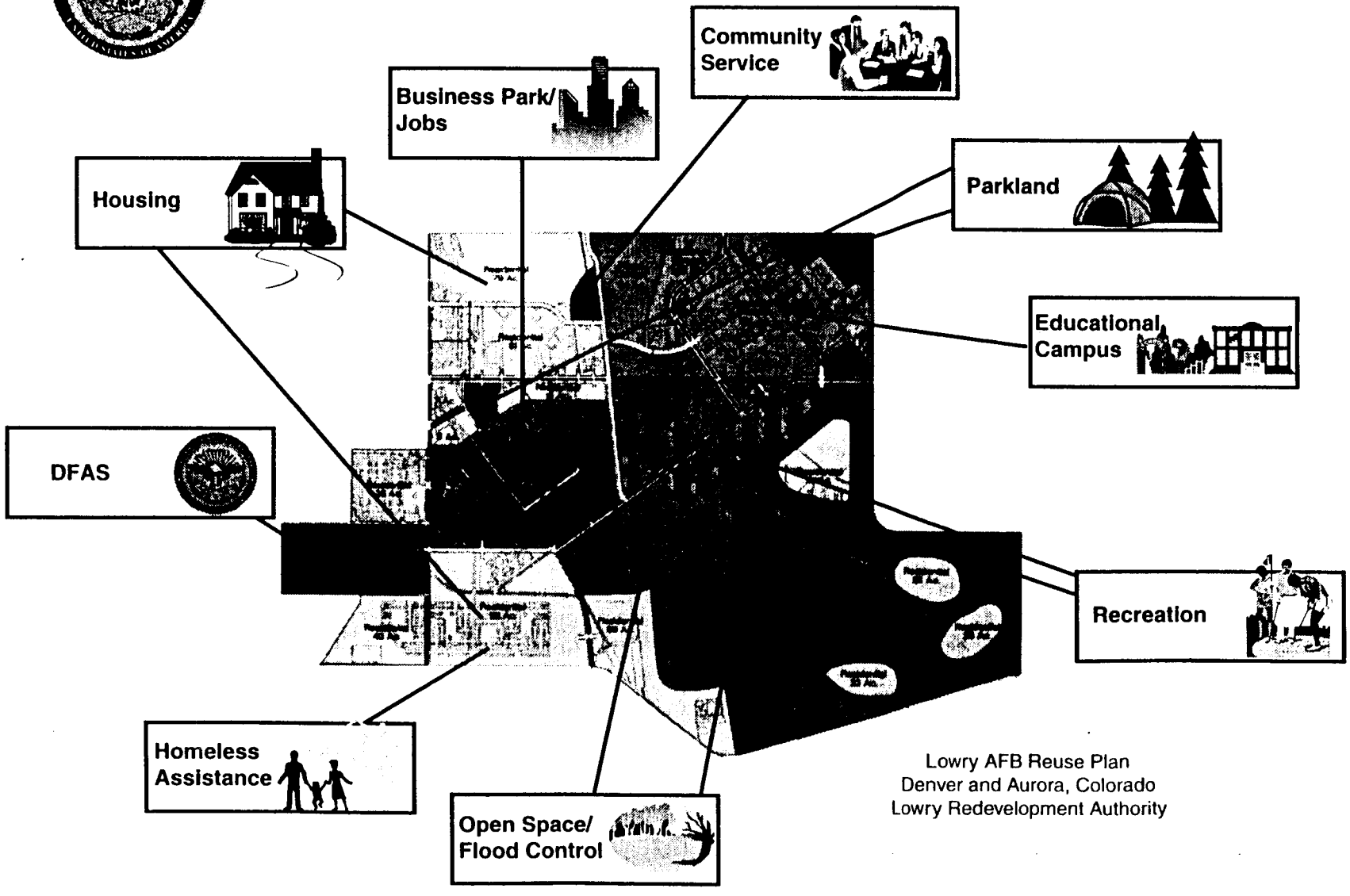

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DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
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INTRODUCTORY REMARKS OF SENATOR DIXON

AFTERNOON HEARING

MARCH 1, 1995

WASHINGTON DC

GOOD AFTERNOON, LADIES AND GENTLEMEN AND WELCOME.

AT THIS AFTERNOON'S HEARING, WE ARE PLEASED TO HAVE WITH US THE HONORABLE JOSHUA GOTBAUM, THE ASSISTANT SECRETARY OF DEFENSE FOR ECONOMIC SECURITY. MR. GOTBAUM SERVES AS CHAIRMAN OF THE DEFENSE DEPARTMENT'S "BRAC 95" STEERING GROUP AND IN THAT CAPACITY HAS HAD RESPONSIBILITY FOR REVIEWING THE DEPARTMENT'S BASE CLOSURE PROCESS.

HE IS ACCOMPANIED BY MR. ROBERT E. BAYER, DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR INSTALLATIONS.

THEY WILL EXPLAIN FOR US THE METHODOLOGY THE DEPARTMENT USED IN DEVELOPING ITS CLOSURE AND REALIGNMENT RECOMMENDATIONS, AND I HOPE THEY WILL ALSO ADDRESS TWO IMPORTANT AREAS THAT WERE UNDER MR. GOTBAUM'S PURVIEW -- NAMELY, ESTABLISHING GUIDELINES TO MEASURE BOTH THE ECONOMIC IMPACT AND THE CUMULATIVE ECONOMIC IMPACT OF BASE CLOSURES ON LOCAL COMMUNITIES; AND THE WORK OF THE JOINT CROSS SERVICE GROUPS THAT WERE ESTABLISHED IN THE PENTAGON FOR THE 1995 BRAC ROUND TO EXAMINE AREAS WITH SIGNIFICANT POTENTIAL FOR CROSS-SERVICE COOPERATION.

THE DEFENSE BASE CLOSURE & REALIGNMENT PROCESS

STATEMENT OF

JOSHUA GOTBAUM

ASSISTANT SECRETARY OF DEFENSE
(ECONOMIC SECURITY)

BEFORE THE

DEFENSE BASE CLOSURE & REALIGNMENT COMMISSION

MARCH 1, 1995

Good afternoon. I am Joshua Gotbaum, the Assistant Secretary of Defense for Economic Security. With me is Robert Bayer, the Deputy Assistant Secretary of Defense for Installations.

You have asked that we review for you the process and procedures that the Department followed in developing the recommendations. We welcome the opportunity to do so, because they are, necessarily, very complicated. Nonetheless, we believe that they are sound, that they are fair, and that they meet both the spirit and the letter of the law.

I will cover our procedures in general and our joint cross-service work, then ask Bob to describe how we considered economic impact.

Before I turn to the details, there are four points about our process that I would like to emphasize.

First, that it is fair. Congress, when it recognized that the existing procedures for base closing did not work and proposed BRAC as a substitute, recognized that it must, unquestionably, be fair. We go to extraordinary efforts to make sure that it is. As the law directs, we consider all installations equally. We direct the use of a common public force structure and public selection criteria. The services develop their tests and measures for applying those criteria, where possible, in advance of seeing any data for particular installations. All the data used is certified by its providers to be, to the best of their knowledge, complete and accurate. We performed more analysis in BRAC 95 than we did in any of the prior rounds. All of it is done under the watchful eyes of auditors from the DoD Inspector General, auditors within each Military Department, and the General Accounting Office.

These requirements form an extraordinary discipline. Only then do we make these critical, difficult judgments. And then those judgments are reviewed by the Office of the Secretary of Defense, by the General Accounting Office, by the public, and -- most importantly -- by this Commission.

Second, that it is undeniably painful. As the Secretary has already noted, we did not arrive at our recommendations easily. We were forced to choose among many excellent facilities. The facilities are on this list, not because they aren't excellent, but because they are more than we need or can afford. And in every case, this is a facility with a Commander who is justifiably proud of his or her operation. And in every case, there is a community that has supported our Nation's defense, sometimes for hundreds of years.

Third, that it is extraordinarily complicated. In the base closure process, we must make judgments about many different kinds of facilities in a way that is at the same time effective, accurate, consistent, public and fair. To do so we have developed many methods of analysis and many methods for implementation of the selection criteria. Because these are so complicated, in some cases where the results are relatively close people will argue that the Department's recommendation is arbitrary. Once you understand the extraordinary level of analysis that we have undertaken, it should be clear that there is nothing in this process that is arbitrary. Others will argue that some additional factor ought to be taken into account that would help their base

survive. You will, of course, make your own judgments on these arguments, but we hope you recognize that every ad hoc addition for a specific site makes the result less consistent, less fair, and even more complicated.

My last point before turning to the process is that, as we discuss the details of this or that procedure and this or that base, we must not lose sight of the reasons why we must close bases in the first place. And that, quite simply, is because we need those funds. Even after the three previous BRAC rounds, we still have too many bases. Reductions in our forces and our budget have far outpaced reductions in our basing structure. We estimate that the BRAC process will produce total savings of some $50 billion dollars -- savings that are critical to maintain readiness and modernize the armed forces in the decades to come.

A Bottom Up Process Under Secretarial Guidance

Most of the analysis and review that is carried out in the base closure process is performed by the Military Departments and Defense agencies under the policy guidance and review of the Secretary of Defense.

The Deputy Secretary of Defense established the policy, procedures, authorities, and responsibilities for selecting bases for realignment and closure. Over a year ago, in January 1994, he set out by memorandum the basic policies under which all service and the Defense agencies must operate. This guidance required them to:

- develop recommendations based exclusively upon the force structure plan and eight selection criteria;
- consider all military installations inside the United States equally;
- analyze their base structure using like categories of bases;
- use objective measures for the selection criteria wherever possible; and
- allow for the exercise of military judgment in selecting bases for closure and realignment.

The Deputy Secretary also established the BRAC 95 Review Group and the BRAC 95 Steering group to oversee the entire BRAC process. The Review Group was composed of senior level representatives from each of the Military Departments, Chairpersons of the Steering Group and each Joint Cross-Service Group, and other senior officials from the Office of the Secretary of Defense, Joint Staff, and Defense Logistics Agency. It provided oversight and policy for the entire BRAC process.

The BRAC Steering Group was established to handle day-to-day issues and assist the Review Group in exercising its authorities. Upon confirmation, I chaired that group. I was given the responsibility to oversee the process on a day-to-day basis, and was delegated authority to issue additional instructions.

The Chairman of the Joint Chiefs issued force structure plans in February 1994. The force structure plan was updated in January and again this month to reflect budget decisions, and we have already provided the plan to the Commission. As the Secretary noted, this was the first round of base closures based upon the Bottom Up Review.

The selection criteria, which the Deputy Secretary issued in November, remained unchanged from BRAC 93. They give priority consideration to military value, and also consider costs and savings and environmental and economic impacts. (Those criteria are attached to this testimony.)

These criteria have not been changed. However, we have made some improvements in the way we implement them. For example, the Army never analyzed air space in analyzing its training schools; it now does so. They now also give extra credit for ranges that are computerized. In 1991, the Air Force took 80 different attributes of each base into account; this year they use 250.

The Service Recommendation Process

Each Service begins by categorizing its bases. For example, the Air Force divides its activities into large aircraft and missile bases, small aircraft bases, air reserve/guard components, industrial/depot, and so forth.

Then they must define -- in advance -- those factors that should be taken into account to apply the criteria for each type. Obviously, different factors are important for different types of installations. They defined data -- again, in advance -- that would measure those factors. The Services were directed and sought to develop measures that were, as much as possible, objective and quantifiable.

Furthermore, they assigned a weighting in advance to each criterion. The weighting reflected their best military judgment as to the likely importance of each factor to the particular criterion and to the Department as a whole.

There are two key points here:

- One, that BRAC 95 was a process conducted from the bottom-up, based on the judgments of the military services about the relative value of their installations.
- Second, that before any data was collected, before any alternatives were considered, before any decisions were made, the Services defined what was important, what measures they would use in ranking facilities, and how they would evaluate those measures.

Once the Services had completed these tasks, they sent to their installations requests for data, to collect the information on which to base their decisions. Personnel at bases around the country collected the data, certified that it was accurate and complete to the best of their knowledge and belief, and sent it back to headquarters where it could be analyzed.

The Services next developed rankings of their installations by type, using the approved selection criteria, the common force structure plan, and the measures that they had previously defined. In many cases, they considered alternatives developed by the Joint Cross-Service Groups, and/or modifications of those alternatives.

The process of assessing alternatives is itself a difficult undertaking. The Services had to balance numerous considerations. For example, they examined how much capacity they have now, and how much they need to keep. They had to evaluate the military value of numerous alternatives, and examine these in light of differing costs and savings, economic impacts, and environmental concerns. Also, as Secretary Perry stated this morning, closing bases costs money up front. So each Service had to determine how much of a near-term investment they could afford to make in order to realize long-term savings.

At the end of this rigorous, labor-intensive, analytical process, the Services decided on their recommendations, and presented them to the Secretary of Defense.

Within each military department, these decisions are of course the responsibility of the service secretary. But in every case, they were discussed, reviewed, analyzed and debated -- sometimes for days -- by a group composed very senior, experienced military and civilian officials. The chiefs of service were completely involved in the process. The resulting recommendations reflect the best judgment of both the civilian and military leadership. And they are never made lightly.

Cross-Service Alternatives

The 1993 Commission recommended that the Department develop procedures for considering joint or common activities among the Military Departments. For BRAC 95, the Deputy Secretary directed the creation of Joint Cross-Service Groups to consider these issues in conjunction with the Military Departments. Each such group included membership from the Office of the Secreatry of Defense and each of the Military Departments.

We established a process, involving the Joint Groups and the Military Departments, through which we developed alternatives in five areas: depot maintenance, medical treatment facilities, test and evaluation, undergraduate pilot training, and laboratories.

Each of the Joint Groups developed excess capacity reduction goals, established data collection procedures and milestone schedules, presented alternatives to the Military Departments for their consideration in developing recommendations. The Joint Groups issued their alternatives to the Military Departments in November 1994, and they considered them as part of their ongoing BRAC analyses. In some instances, the Departments adopted the alternatives and recommended them, as made or modified, to the Secretary of Defense. In other instances, the Services declined to endorse them, because the particular alternative was not considered to be cost effective, the base too valuable militarily, or for other reasons. Our report to you -- in Chapter 4 -- summarizes the Joint Groups' efforts. Further, we have already provided you with detailed documentation of each Joint Group's activities, methods, and analyses.

We also established a Joint Group to address economic impact. Bob will discuss their efforts in a few minutes.

Review & Decision by the Secretary of Defense

Once the services reported their recommendations to the Secretary of Defense, these were in turn reviewed by the Office of the Secretary and of the Joint Staff.

The Joint Staff reviewed the recommendations from a warfighting perspective, to ensure they would not impair the military readiness of the armed services and the particular war fighting requirements of the Unified and Specified Commanders. After that review, the Chairman of the Joint Chiefs of Staff endorsed all of the recommendations without exception.

Within the Office of the Secretary, the recommendations were review by many different offices. For example, the Undersecretary for Policy, the General Counsel, and the Assistant to the Secretary for Atomic Energy reviewed recommendations that might affect compliance with various treaties. We considered whether recommendations made by a particular service might have failed to consider sufficiently the interests of other parts of the Department or other Federal agencies with national security concerns. Furthermore, the staff assistants to the secretary who had been responsible for particular cross-service analyses were asked to review the responses of the Services to their recommendations. Finally, my office reviewed the recommendations, to ensure that they conformed to the Secretary's guidance, and to consider possible economic impacts from independent actions of several Services on a particular locale. After considering the results of our review, Secretary Perry endorsed all of the recommendations of the Service Secretaries and Defense Agency Directors.

HOLD UNTIL RELEASED
BY COMMISSION

THE DEFENSE BASE CLOSURE & REALIGNMENT PROCESS

STATEMENT OF

ROBERT E. BAYER
DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR INSTALLATIONS

BEFORE THE
DEFENSE COMMISSION ON BASE CLOSURE AND REALIGNMENT

MARCH 1, 1995

Good afternoon, Mr. Chairman, and distinguished members of the Commission. I am Robert Bayer, the Deputy Assistant Secretary for Installations. I serve as one of Assistant Secretary Gotbaum's Deputies and the BRAC 95 process is one of my principal responsibilities. I served as the Chairman of the BRAC 95 Joint Cross-Service Group on Economic Impact. I also served as Chairman of the BRAC Steering Group during the early months of the process, until Mr. Gotbaum was confirmed in his current position. I welcome the opportunity to discuss with you how the Defense Department conducted its BRAC 95 process and in particular, how the Department applied the economic impact criterion in our BRAC 95 process.

GENERAL OBSERVATIONS

Before I turn to the specifics of economic impact, I would like to make three general observations.

First, the Department fully recognizes that communities face economic challenges when military installations are realigned or closed. Economic impact is not something that we try to sweep under the rug. On the contrary, our approach has been to recognize that closures and realignments do have economic impacts. As a matter of past and current BRAC policy, we assess these impacts on a "worst case" basis.

Second, I want to highlight the improvements we made in analyzing economic impacts for BRAC 95. Over a year ago, we established the Joint Cross-Service Group on Economic Impact. This Group which included Service representatives, reviewed our methods from the ground up; established common measures and approaches; and developed a greatly enhanced computer-based system for analyzing economic impact and cumulative economic impact. While our policy direction did not change from previous BRAC efforts, it is no exaggeration to say that we reinvented the way economic impact was considered in our BRAC processes.

Finally, our focus on economic impact was local...MSA or county. We did not analyze economic impacts on either a state or regional basis, believing that we should measure impacts where they occur.

Now let me turn to the specifics. First, I will discuss in some detail the method that we used to analyze economic impact. Then, I will discuss the economic implications of our recommendations.

ECONOMIC IMPACT IN THE BRAC PROCESS

Under the law, the Department developed BRAC recommendations based on consistent application of the eight selection criteria and the force structure plan. The first four selection criteria pertain to military value and are accorded priority consideration. "The economic impact on communities" is the sixth criterion.

The Department considered cumulative economic impact as part of the economic impact criterion. In response to concerns raised by the 1993 Defense Base Closure and Realignment

Commission and the General Accounting Office, DoD analyzed economic impact and cumulative economic impact as relative measures for comparing alternatives. DoD did not establish threshold values above which, for example, it would remove bases from consideration.

ECONOMIC IMPACT MEASURES

DoD measured economic impact by analyzing:

(1) the potential job change in the economic area and

(2) that change expressed as a percentage of total, that is, military and civilian, employment in the economic area in which the installation is located.

There are some limits to the scope of our analysis. Our estimates of job changes include "direct job losses," that is military, DoD civilian, and on-base contractor jobs. We did not account for off base contractor personnel as direct impacts, even if their sole purpose was to support a base's missions. Our job change figures include only jobs directly associated with base closures and realignments.

Our analysis also included indirect job losses that are calculated by applying multipliers to the direct personnel reduction. The multipliers, which we developed working with data from the Department of Commerce, vary by the type of personnel, the principal activity performed at each installation, and the size of its economic area. Because the our goal for estimating indirect job changes was to examine the "worst-case" potential outcome, we selected multiplier values that represent the high end of a reasonable range of potential indirect impacts. These multipliers ranged from 0.13 for some military trainees to 2.42 for some civilians. We also used data from the Bureau of Economic Analysis to estimate employment in levels economic areas.

ECONOMIC IMPACT AREAS

We assigned installations to economic areas based on our estimates of where people who would be affected by BRAC actions live and work. We defined and consistently applied a set of rules for assigning installations to economic areas. These rules are included at the end of my written statement.

Our approach focused on the local level. We have already provided the Commission with a listing of the economic areas for each military installation. In short, we generally used metropolitan statistical areas (MSAs) as the economic area for installations located within an MSA. The Office of Management and Budget defines MSA boundaries, and they are the standard Federal unit for economic analyses of metropolitan areas.

Under some circumstances, we felt that using current MSA definitions would unnecessarily dilute one of our measures of economic impact--the percentage of area jobs affected. We made changes on a case-by-case-basis when recent changes to MSA boundaries or other factors suggested that the standard MSA definitions would not be an appropriatedepiction of where local economic activity occurred. For these exceptions, which our rules define, we

assigned installations to smaller economic areas. This has the effect of increasing those particular measures of economic impact. Out of 351 areas, approximately 66 (or 19 percent) were altered to better reflect economic impact.

The Department placed installations located in non-metropolitan areas in a single county economic area, or in a multi-county area when that was more appropriate based on estimated labor and expenditure patterns.

For BRAC 95 purposes, we determined that there is no economic impact associated with relocating personnel from one installation to another within the same economic area.

CUMULATIVE ECONOMIC IMPACTS FROM PRIOR BRAC ROUNDS

Improving our consideration of cumulative economic impact in BRAC 95 was a high priority for the Department. We developed a much more sophisticated approach to measure and consider cumulative economic impact. Here is an overview.

Cumulative economic impact can arise for two reasons, so it was measured in two dimensions: retrospectively and prospectively. First, cumulative impact can occur if we recommend a BRAC 95 action in an area that has had BRAC actions in the prior rounds. Second, cumulative impact can occur if more than one BRAC 95 action is recommended in the same location.

We used our same two measures to estimate cumulative impact -- the maximum potential job loss, expressed in absolute numbers and as a percent of area employment -- but we adjusted them to include prior-round BRAC actions.

To place these estimates of past and future impacts in a broader context, we considered historic economic information, covering the period 1984 through 1993. This information included local information on the level and rate of growth of employment, the level and rate of growth of personal income per capita, and unemployment rates. This information describes recent economic conditions in each economic area, and, more importantly, it captures the economic effects, through 1993, of prior-round BRAC actions and other factors that have affected local economies. Although some areas around our bases have been affected by the drawdown in defense industry, we could not capture these discrete impacts. However, by assessing overall economic activity in an area, we captured these industrial reductions, along with other economic impacts on the economy.

CUMULATIVE ECONOMIC IMPACTS FROM MULTIPLE BRAC 95 ACTIONS

After the Secretaries of the Military Departments and the Directors of the Defense Agencies submitted recommendations to the Secretary of Defense, we identified economic areas with multiple proposed BRAC 95 recommendations. These numbered about 46. The Military Departments and Defense Agencies reassessed their recommendations considering the cumulative economic impact, along with the other seven selection criteria. Fortunately, most of these

multiple actions involved small numbers of personnel. In no case did a Military Department or Defense Agency change its recommendation as a result of this review.

PROCESS VALIDATION

From the start, we wanted to make sure that our approach to analyzing economic impact was sound and consistent among all Services and Defense Agencies. In the past the Services used different approaches which while valid, were inconsistent. Since we anticipated consideration of cross service closure alternatives, we were determined to develop and use a uniform approach in this area. We felt that the best way to ensure that we were on the right track was to have independent reviewers from outside the Defense Department evaluate our plans for analyzing economic impact. To accomplish this, we sponsored an independent review in May 1994. Six experts from government, academia, and the private sector participated in the review.

The reviewers agreed that our proposed measures of economic impact were reasonable. They also supported our approach to defining economic areas--that is, based on estimates of local labor and expenditure patterns. The reviewers suggested several improvements, many of which we incorporated into our final methods. In addition, they emphasized a point that I have already stressed -- namely, that our estimates are "worst case," and often overstate economic impact. The reviewers stressed the need for the Department to make this point in our presentations to this Commission, the Congress, and the public.

In addition to the independent review, we asked the Bureau of Economic Analysis of the Department of Commerce to review our methodology for deriving indirect job multipliers. Their written response, a copy of which we will provide to you, pronounced the methodology to be of "good, sound quality, consistent with good regional economic impact estimation practices."

PROCESS LIMITATIONS

That being said, I feel that it is important for you to understand the limits of methodology. Like the data used to apply the other seven criteria, we wanted it to be as accurate as possible. However, its primary purpose is to help make valid comparisons, not to provide "budget quality projections". The entire BRAC analysis is a balance between accuracy and timeliness to achieve the functional goal of even handed comparisons. Our measures of economic impact helped us compare alternative closures and realignments. We have used them to judge the relative differences, under worst-case scenarios, of the potential economic impacts of various BRAC alternatives. We believe that our measures are very well suited for that limited purpose.

Let me stress, however, that these measures are not detailed forecasts of how economies will ultimately adjust to BRAC actions. Forecasting how any particular local economy will adjust over a period of many years is a highly uncertain undertaking, and one that we stayed away from. In essence, our process compares the magnitude of the economic challenges presented by alternative closures and realignments. It does not predict how well communities will meet these challenges.

DATA IS WORST CASE

Finally, let me touch briefly on the point stressed by our independent reviewers. The method we use to derive the our key measures overstates economic impact for numerous reasons. For example, the measures do not take into account the creation of new jobs in base closure communities. Experience strongly suggests that the creation of new jobs can, over time, offset job losses from base closures. Also, the job losses associated with base closures will occur over a period of several years, rather than all at once as the measures imply. Further, there are many programs administered by DoD and other federal and state agencies to ease the transition for base personnel and for the surrounding communities. For these and other reasons, the measures should be considered a "worst-case" potential outcome, rather than a likely prediction of future economic impact.

We intentionally chose to use this "worst-case" methodology. We sought to create a reasonable, fair, and consistent tool to compare the potential economic impacts of alternative BRAC recommendations. We believe that the BRAC decision making process was enhanced through consistent comparisons of these worst-case potential economic impacts.

DATABASE TOOL

We developed the BRAC 95 Economic Impact Database to facilitate our analysis of the measures of economic impact, cumulative economic impact, and historic economic information. The Database allows users to measure the economic impact and cumulative economic impact of BRAC actions. We have already made the Database available to the Commission staff. The public may obtain a copy of the Database by downloading it from the Internet, beginning at the end of this week. The Internet address is (HTTP://GLOBE.LMI.ORG/BRAC.HTM).

CONCLUSION

In conclusion, I believe that the Department conducted a fair, consistent, and auditable assessment of the economic impacts of proposed BRAC actions. While the tools we developed did not address every conceivable economic impact, we believe that it captured a sufficiently broad and timely set of economic data so that BRAC decision makers - the Secretaries of the Military Departments and Directors of Defense Agencies, and ultimately the Secretary of Defense, could appropriately weigh economic impact in making difficult base realignment and closure actions.

I would be pleased to respond to your questions.

DETERMINATION OF ECONOMIC AREAS

In response to changes by the Office of Management and Budget (OMB) in metropolitan area definitions related to the 1990 Census, and a review of earlier BRAC economic area definitions, the Joint Cross-Service Group on Economic Impact has established the following rules to guide the assignment of installations to economic areas for BRAC 95:

1. The economic area should include residences of the majority of the military and civilian employees at the activity.

2. An economic area is generally defined as a metropolitan statistical area (MSA) or a non-MSA county(s) unless there is evidence to support some other definition.

3. In those cases where OMB's 1993 redefinition of an MSA added counties which increased the MSA population by 10 percent or more, then continue to use the old MSA definition unless certified residency data shows that the new MSA definition is more appropriate.

4. An economic area should only be expanded to include an additional county if the resulting percentage increase in the number of employee residences included in the expanded economic area is greater than the resulting percentage increase in the total employment of the expanded economic area.

5. Installations in the same county should be in the same economic area.

6. If the economic area was previously defined (in prior BRAC rounds) as a non-MSA county(s), it should continue to be that county, even if that county has now been incorporated into an MSA.

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DRAFT

GENERAL BACKGROUND

1. Secretary Perry, in January 1994, you put out guidance to the military services that stated: "For the 1995 base closure round, the goal is to further reduce the overall DoD domestic base structure by a minimum of 15 percent of DoD-wide plant replacement value"-- a level of reductions that would be approximately equal to the 1988, 1991, and 1993 rounds combined.

In December, you stated in an interview concerning the 1995 closure round that: "We don't have goals as to what the size should be. ...But I think it's reasonable to expect that the 1995 round is going to be approximately comparable in size to the last one."

In January, you noted in a speech to the US Conference of Mayors that the 1995 round of base closings "will not be as large as the last one, not because we don't need to close more bases from the point of view of saving infrastructure, but simply because in the previous three closure rounds we have closed all of the bases that were relatively easy to close."

Mr. Secretary, can you tell us what caused you to alter your original guidance to the Services regarding the closure of 15% of the plant replacement value and how you determined the size of the base closure list you are presenting to the Commission this morning?

2. General Shalikashvili, in your view when the 1995 base closure and realignment proposal is combined with the closures and realignments of previous rounds, is there an appropriate balance between the general drawdown of forces and base infrastructure?

3. Secretary Perry, you were quoted in the press last month as saying that even after this year's closure process is finished, the nation will have more bases than it needs to support the scaled-down military of tomorrow.

If the Commission, the President, and the Congress endorsed the list of closures and realignments that you are presenting today, would there still be excess capacity in the Defense Department's basing structure?

Would the Services still have more bases than needed in the future to support the force levels in your force structure plan?

4. Secretary Perry, to your knowledge, were any of the closure or realignment recommendations submitted to you by the Services changed by your office?

If so, which ones and for what reasons?

5. Secretary Perry, did your office instruct the Services to exclude certain installations as they developed their recommendations?

If so, which ones and for what reasons?

6. Secretary Perry, did the Services provide your staff with their approaches for determining excess capacity, and if so, were these approaches adequately documented and reasonable in your opinion?

7. Secretary Perry, the Fiscal Year 96 Defense budget proposal includes civilian personnel reductions totaling 38,300 in 1996 and 137,500 through 2001 in accordance with your expressed desire to expand the civilian drawdown to match the percentage of active duty reductions.

Mr. Secretary, how have these proposed civilian personnel reductions affected the number and specific type of installations on the closure and realignment list?

8. Secretary Perry, some communities have expressed concern that not all communities are receiving the same level of assistance from local base officials as they prepare their rebuttals to closure or realignment. One community says that their base officials have received orders to provide no assistance.

Is there a DoD policy that restricts base officials from providing assistance to communities as they prepare positions or materials to present to the Commission?

9. Secretary Perry, how do you answer critics who say that by leaving excess infrastructure in place you have joepardized the future ability of the Services to train and to modernize their forces--particularly since there is not another round of base closings authorized under the current law?

DRAFT

FORCE STRUCTURE

1. General Shalikashvili, would you review for this Commission the force structure that was used in developing this year's base closure and realignment recommendations?

2. General Shalikashvili, recognizing that our national military strategy remains in a state of transition, are you satisfied that sufficient capacity has been retained to support the potential need for a more robust force structure in the future?

3. Secretary Perry, was any consideration given to consolidating and realigning smaller bases or functions to those larger bases which were essentially exempt from closing because of their strategic location?

4. General Shalikashvili, are there any functional areas with excess capacity that you recommended not be considered by your staff or the Services because changes in the basing structure might preclude future force structure or roles and missions changes?

5. General Shalikashvili, are you and the Joint Warfighting Commanders-in-Chief satisfied that the basing infrastructure that remains provides sufficient mobilization and deployment capabilities to support a two Major Regional Conflict scenario with the force structure that has been programmed in the Fiscal Year 96 budget proposal?

6. General Shalikashvili, will the basing infrastructure that is being proposed today be sufficient to support any probable restationing of forward deployed forces, in terms of available land, usable facilities, and necessary training facilities and ranges?

7. General Shalikashvili, has a region by region force projection analysis, such as an analysis of our ability to respond to contingencies in the Caribbean, revealed any significant loss of responsiveness as a result of the proposals you are presenting today?

8. General Shalikashvili, on July 8, 1994 Deputy Secretary Deutch issued instructions to the Secretary of the Air Force and to you regarding the operation of the runway at MacDill AFB. In those instructions, the Secretary directed the Air Force to continue operating the runway until October 1, 1995 and for you to prepare a report stating once and for all the operational requirements of the Central Command and the Special Operations Command for an operating runway at MacDill AFB.

General, do the Joint commands actually require an operational runway at MacDill AFB for their direct mission support?

General, are you comfortable that the Air Force plans for operation of the MacDill AFB airfield will satisfy your requirements once and for all?

9. Secretary Perry, during the 1993 Commission proceedings, testimony was received from former Ambassador Rowny, among others, that the intercontinental ballistic missile field at Grand Forks AFB must be retained because of its proximity to the sole Anti-Ballistic Missile site in the United States. That testimony, and correspondence to the Commission since, indicated that any dismantling or change in operational status of Grand Forks AFB or its missile field would jeopardize, not only the Anti-Ballistic Missile Treaty itself, but also any ongoing negotiations in this matter.

Mr. Secretary, would closure of the Grand Forks missile field jeopardize the Anti-Ballistic Missile Treaty?

10. Secretary Perry, did the Air Force or your staff exclude FE Warren AFB from consideration because of Peacekeeper missile basing?

DRAFT

JOINT CROSS-SERVICE ISSUES

1. Secretary Perry, what impact did the work of the Joint Cross-Service Groups that you set up last year have on the final recommendations that you are presenting here this morning?

2. Secretary Perry, in May 1994 the Vice Chairman of the Joint Chiefs of Staff, Admiral Owens, recommended to the Deputy Secretary of Defense that the Services be required to incorporate the recommendations of the Joint Cross-Service Groups into their base closure recommendations. The Deputy Secretary elected not to require this of the Services.

   Mr. Secretary, why wasn't the Joint Chiefs of Staff recommendation accepted?

3. General Shalikashvili, did the Joint Chiefs, the Joint Warfighting Commanders-in-Chief and the Joint Staff have any role in developing or critiquing the work of the Joint Cross-Service Groups?

   Are you satisfied that the Services have consolidated some of their common functions as much as they need to or as much as they can?

4. Secretary Perry, in June of 1993 the Secretary of Defense and the Chairman of the Joint Chiefs of Staff asked the Commission not to address fixed wing aviation depots separately from other interservicing issues. They asked instead for the opportunity to come forward with comprehensive interservicing recommendations in 1995.

   Are you satisfied, Mr. Secretary, that your recommendations in the area of fixed wing aviation depots represent a comprehensive approach to the problems of interservicing and excess capacity in this area?

5. Secretary Perry, the Air Force has had five major air logistics centers since the Vietnam Era. In the 1993 round, the Air Force recommended the closure of one of these five depots, but that depot was removed from the list by the Secretary of Defense. This year with the same selection criteria and a smaller force structure plan there is once again no Air Force depot on the list.

On what basis did you determine that the Air Force continues to need five air logistics centers?

6. Secretary Perry, in 1993 both the General Accounting Office and the Commission were critical of DoD for not making more progress in consolidating common functions across the Services. Your January 1994 guidance to the Services stated: "It is the DoD policy to make maximum use of common support assets. DoD components should, throughout the 1995 base closure analysis process, look for cross-service or intra-service opportunities to share assets and look for opportunities to rely on a single Military Department for support."

Mr. Secretary, in your view, do the recommendations you are presenting today represent a significant step forward in terms of consolidating common functions--such as depot maintenance, research labs, and test and evaluation facilities--across the Services?

7. Secretary Perry, are you satisfied that your interservicing recommendations to the Commission remove most or all of the excess capacity in each of the five Cross-Service study areas?

If there are areas where this is not the case, please explain why not?

DRAFT

COST TO CLOSE

1. Secretary Perry, the proposed Fiscal Year 1996 budget you presented to Congress last month represents a reduction of almost $6 billion, or 5.3 percent in real terms, from the Fiscal Year 1995 level, and it includes $785 million to begin implementing the 1995 closures in Fiscal Year 1996.

Was the size of the 1995 closure and realignment list that you are presenting today limited by your ability to budget adequate up-front closing costs to carry out these closures beginning in Fiscal Year 1996?

2. Secretary Perry, the Future Year Defense Program proposed by the Administration last month relies on savings from the 1995 round of closures and realignments to round out the defense budget beginning in the late 1990s. How significant would the budget shortfall be if these savings are not realized?

3. Secretary Perry, there are reports that the cost to close bases and the time required to recover those costs from previous rounds are significantly greater than anticipated.

Is this accurate, and what steps have you directed to ensure that cost and savings estimates are realistic for the 1995 round?

4. Secretary Perry, your report to us uses the results of Cost of Base Realignment Actions (COBRA) analyses to project the anticipated costs and savings that would result from implementing your recommendations.

Recognizing that the figures used in the COBRA analyses are not budget quality, how accurate do you believe the projections are?

How closely have the figures in the COBRA analyses prepared in 1991 and 1993 compared to the actual costs for closures?

DRAFT

ECONOMIC ISSUES

1. Secretary Perry, for the 1993 closure round your staff established cumulative economic impact thresholds that resulted in the removal of at least one installation from the Service recommendations by your staff. Were any similar cumulative economic thresholds set for the 1995 round?

2. Secretary Perry, you have been quoted as saying that you would "try to avoid having any one state suffer inordinately as a result of the closure process." Was any installation removed from or added to a Service list primarily because of economic impact, including cumulative economic impact, within a state or a community?

3. Secretary Perry, in calculating cumulative economic impact, how did DoD differentiate between economic impacts caused by previously announced force structure changes and those that were due to closure or realignment decisions?

4. Secretary Perry, was DoD reluctant to close major industrial, laboratory, or test & evaluation installations because of economic impact?

   Was any decision taken to downsize, rather than close an installation, as a result of economic impact considerations?

DRAFT

ENVIRONMENTAL IMPACT/RESTORATION ISSUES

1. Secretary Perry, according to your policy guidance, "environmental restoration costs at closing bases are not to be considered in cost of closure calculations." Your policy further states that "unique contamination problems requiring environmental restoration will be considered as a potential limitation on near-term community reuse."

   Were any installations not recommended for closure or realignment due to unique contamination problems? If so, please elaborate.

2. Secretary Perry, were any installations eliminated from closure consideration because of the high cost of environmental cleanup?

3. Secretary Perry, how many installations recommended for closure in this or prior rounds are expected to have substantial portions of land placed into caretaker status due to unique contamination problems?

   How long are such caretaker costs accounted for under base closure funding?

4. Secretary Perry, did the overall cost of environmental restoration at closure bases, which is a budget factor in closing bases even though it is not a decision factor, limit the size of the list presented to the Commission?

5. Secretary Perry, in the 1993 round, one community pointed out that the cost of cleaning up an installation directed to close could be three to ten times as great as the cost of cleaning up an active installation. This difference is due to expected technological advances in environmental restoration.

Mr. Secretary, do you believe the difference between routine and closure related cleanup costs, if factual, should be considered in cost of closure calculations?

6. Secretary Perry, could you describe any efforts by DoD or the Environmental Protection Agency to establish variable levels of environmental cleanup, tied to specific plans for reuse?

7. Secretary Perry, in making closure decisions what role did environmental compliance play in your analysis?

For example, did the fact that a base's expansion potential is limited by environmental restrictions play a major role in the analysis?

Were Bases in Clean Air Act non-attainment areas viewed differently from those in attainment areas?

DRAFT

MEDICAL ISSUES

1. Secretary Perry, military medical facilities play an important role in terms of both readiness for war and in supporting the force during peacetime. For families of military members, retirees and their families, and survivors, the local military hospital is often of particular importance. Military medical assets are also important from a Department budget point of view, in their ability to reduce Civilian Health and Medical Program for the Uniformed Services costs. However, the fate of military hospitals is often tied to larger closure and realignment decisions about the installations on which they are located.

Mr. Secretary, what guidance did the Department provide to the Services and to the Joint Cross-Service Groups to ensure that decisions that impact military hospitals and military beneficiaries are made in consideration of those impacts?

2. Secretary Perry, in 1993 the Commission made specific recommendations to the Department regarding improvements in health care operations and increased cost effectiveness.

Mr. Secretary, did you direct your Assistant Secretary for Health Affairs to examine the consolidation of resources across military departments?

What was the outcome of that examination?

How is that examination reflected in the Departments new list of recommended closures and realignments?

3. Secretary Perry, in developing the current list, did you direct the Services to consider closing military hospitals that are not cost effective, given their patient load and the cost a

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CROSS SERVICE
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GENERAL BACKGROUND

1. Mr. Gotbaum, did DoD achieve their objectives in the cross-service areas?

2. Mr. Gotbaum, we understand that the five joint cross-service functional groups reported to you and were established to develop closure and realignment alternatives with a "strong emphasis on cross-service utilization of common support assets."

   Please outline for the Commission the interservicing and consolidation proposals emerging from your cross-service groups and list those that were included in the DoD's recommended list of closures and realignments.

   Did the Office of the Secretary of Defense conduct an independent analysis of cross-service opportunities?

3. Mr. Gotbaum, to your knowledge were any installations removed from the recommendations of the military departments by your office?

   If so, which ones, and for what reasons?

4. Mr. Gotbaum, why were the joint cross-service groups' alternatives given to the Services for their consideration rather than included as part of the Office of the Secretary of Defense's base closure deliberation process?

5. Mr. Gotbaum, once the 1995 Base Closure recommendations are implemented, where will excess capacity remain? Please identify for the Commssion where excess capacity will exist by Service, by category of base or functional area.

6. Mr. Gotbaum, if implemented, will the Department's recommendations to the Commission reduce a major portion of the excess capacity in any or all of the five cross-service functional areas? Please discuss those areas in which this was not the case and explain.

7. Mr. Gotbaum, the joint cross-service groups calculated functional value. How does functional value relate to military value?

8. Mr. Gotbaum, what was the role of the 1995 Base Realignment and Closure Steering Group, which you chair, compared with that of the Review Group chaired by the Under Secretary of Defense for Acquisition and Technology?

9. Mr. Gotbaum, what was your role in the cross-service decision process, beyond that of setting standards and guidelines?

10. Mr. Gotbaum, will the Commission receive *all* of the data and study options produced by the joint cross-service groups? When will we receive it?

COSTS/SAVINGS

1. Mr. Gotbaum, the Administration's Fiscal Year 1996 budget reflects net savings of $6.6 billion over 5 years for the first three rounds of base closures. This budget also includes requests for $785 million and $824 million Fiscal Years 1996 and 1997, respectively, to cover costs for the 1995 Commission closures.

How do actual costs and savings compare with what had been anticipated in previous budgets?

What are the annual costs and savings expected from your recommendations on the 1995 round of closures?

How does the Department keep track of savings and costs from the base closure process?

At what point is it more cost effective to keep excess infrastructure rather than pay the up-front closure costs?
Is there a formula?
Have thresholds been established?
Or, is this just a financial judgement decision?

2. Mr. Gotbaum, what is the annual cost of the excess infrastucture remaining after the 1995 round?

Will this excess infrastructure cost cause a drain on Operations and Maintenance funds?

7. Washington

3. Mr. Gotbaum, in the past, despite specific DoD guidance, the Services have used different baselines. For example, the Navy and Air Force used different base years for computing manpower numbers and job losses.

Have these inconsistencies been corrected for your 1995 analysis?

What have you done to ensure a common baseline for analysis among services?

Are there any significant differences among services?

4. Mr. Gotbaum, how did you apply cost of base realignment action (COBRA) analysis to cross-service groups given the different way of computing costs among services? What were the major cost problems and how did you overcome them?

5. Mr. Gotbaum, did DoD factor any external costs, such as leases, into the analysis? If so, what were they and will all such data be provided to the Commission?

FORCE STRUCTURE/CAPACITY

1. Mr. Gotbaum, since the end of the Cold War, the DoD has reduced the Armed Forces by approximately 30 percent. The prior rounds of the base closure process have reduced the size of the DoD infrastructure by approximately 15 percent. The current Defense Planning Guidance and the 1995 Base Realignment and Closure (BRAC) policy guidance set a goal of reducing the infrastructure by another 15 percent.

Does the 1995 list of recommended closures achieve the goal of a 15 percent reduction in infrastructure?

In your view, did DoD need to achieve an additional 15% reduction in infrastructure to bring it in line with the force levels?

What measures of infrastructural capacity did you and the Department use to measure reductions:

1) the number of bases?
2) plant replacement value?
3) building square footage?

DEPOT MAINTENANCE

1. Mr. Gotbaum, several years ago, the Went study of DoD maintenance depots done for the Chairman of the Joint Chiefs concluded that there was 25 to 50 percent excess capacity in the depots. The General Accounting Office reviewed the study and concurred that there was significant excess capacity. An April 1994 study by the Defense Science Board concluded that 24 depots remaining after the BRAC 93 closures round will have 20 to 30 percent excess capacity. One of the goals of the Joint Cross-Service Depot Maintenance Group was to eliminate unnecessary duplication and excess capacity.

Do the closure recommendations that you have submitted result in significant elimination of excess depot maintennace capacity?

2. Mr. Gotbaum, we understand that the joint-cross service Maintenance depot group recommended that eight depots should be closed but DoD's list includes fewer.

How do we know this?

What were the eight maintenance depots?

Why wasn't the joint cross-service group's recommendation accepted?

How much excess capacity would be eliminated if the Secretary's recommendations are accepted?

How much additional excess capacity would be eliminated if all eight maintenance depots closed?

3. Mr. Gotbaum, as you know, excess capacity is one of the primary factors considered by this Commission in deciding whether or not a particular base or activity should be closed or realigned. An April 1994 Defense Science Board study indicates Air Force aviation depots expect to reduce their capacity by more than 4.9 million direct labor hours between fiscal years 1994 and 1997.

Please explain how the Air Force will reduce the total depot capacity for its aviation depot facilities by 4.9 million direct labor hours.

Will the Air Force eliminate workstations through permanent divestiture of plant equipment and facilities or will the maintenance capability simply be placed on layaway?

4. Mr. Gotbaum, in May 1994, the Deputy Secretary of Defense stated that "Core is the capability maintained within organic Defense depots to meet readiness and sustainability requirements...Core depot maintenance capabilities will comprise only the ***minimum facilities, equipment and skill personnel necessary*** to ensure a ready and controlled source of required competence. " (emphasis added)

After the implementation of the proposed closure recommendations, will any of the Services retain capacity above their core level? If so, what are the reasons for retaining this capacity?

Will the DoD's base closure list result in the minimum number of facilities to ensure readiness and sustainability? If not, what means other than the base closure process will the Department use to implement the Deputy Secretary's direction to achieve the minimum number of depot maintenance facilities?

Did you seek to minimize the number of facilities through use of a two-shift per day operation similar to that used by the private sector? If not, did you study the impact that use of the private sector standard would have on achieving the Deputy Secretary's May 1994 guidance.

Please explain how Air Force plans to accomplish this reduction.

Will this reduction result in the closing of one or more of the five Air Force Depots? If not, won't retaining the remaining infrastructure be exceptionally expensive?

5. Mr. Gotbaum, you indicated in testimony last week that the Joint Cross Service Group Depot Team calculated capacity of depots based on a 40-hour work week, or just one shift per activity.

Of course, this is a very conservative eay of measuring capacity since people work more than one shift in times of crisis.

Even with this conservative one-shift calculation, how much excess capacity did the Joint Cross Service Group Depot Team find in the five Air Force depots?

6. Mr. Gotbaum, in May 1994, the Deputy Secretary of Defense stated that private and public competition for maintenance depot workload would be halted due to DoD's ability to determine actual costs. He also stated that efficiencies in the maintenance function will be achieved through interservicing.

What maintenance depot workloads will be done on an interservice basis if the Secretary's recommendations are accepted?

How did interservicing impact the Department's recommendation for maintenance depot closures?

How will interservicing decisions be made if not through competition or the base closure processes?

7. Mr. Gotbaum, in May 1994 the Deputy Secretary of Defense directed all system upgrades and modifications will be performed by the private sector. Furthermore, he directed that new weapon systems will no longer transition to organic DoD maintenance facilities, but instead be supported by the private sector.

What is the impact of these policy changes on workload projections in the future?

Do the Department's base closure recommendations reflect the impact of the workload changes which will result from these policy changes?

8. Mr. Gotbaum, the 1993 Commission report stated that the Commission "...strongly supports a joint organization responsible for assigning workloads to DoD's maintenance depots. Joint oversight could mandate cost effective interservicing actions circumventing Services parochial interests...the Commission recommends the Secretary of Defense consider during his bottom up review of the Department, a single defense depot system with a joint responsibility..."

Did the joint cross-service depot maintenance group consider this option as part of their analysis? If so, what was the result of the analysis?

RESEARCH AND DEVELOPMENT LABORATORIES

1. Mr. Gotbaum, an April, 1994 Defense Science Board (DSB) report states the Defense Laboratory System is an obsolescent artifact of the Cold War which has not kept pace with the shrinking military force structure and changing patterns of technology advancement generation.

The DSB recommended a 20 percent cut in the laboratories' Civil Service personnel, in addition to the 4 percent per annum cut directed by Defense Policy Guidance 1995 through 1999. According to a senior DoD official, these cuts will result in a 35 percent reduction in these personnel by the turn of the century.

How much of a reduction in DoD laboratory infrastucture is contained in your recommendations?

How and when is DoD going to eliminate the excess infrastructure?

TEST AND EVALUATION

1. Mr. Gotbaum, as you know, test and evaluation was one of the joint cross service areas selected for special emphasis during the 1995 Base Realignment and Closure process (BRAC 95). Several studies and key officials have pointed out that the greatest opportunities for reduction in test and evaluation infrastructure exist in testing of high performance aircraft, electronic warfare systems, weapons and munitions testing, test support aircraft, and selected test and training functions.

Why did DoD's BRAC 95 not recommend significant consolidations in the above areas?

How does the Department plan to reduce its test and evaluation infrastructure?

2. Mr. Gotbaum, please state for the record the specific consolidation and realignment alternatives proposed by the Test and Evaluation Joint Cross Service Group at DoD.

3. Mr. Gotbaum, how was capacity measured for laboratories and test and evaluation facilities? Was the basic 8-hour workday used to measure capacity or were additional measures used, such as a two-shift operation? If a two-shift operation was not used, why not?

Medical

SAME COMMENTS AS PREVIOUS ~~A~~ ADEQUATE INFRASTRUCTURE TO MEET WARTIME REQUIREMENTS

Closure and Realignment Decisions

1. Mr. Gotbaum, in 1993 the Commission made specific recommendations to the Department regarding improvements in health care operations and increased cost effectiveness. Most of these recommendations relate directly to cross-service issues.

   Did your joint cross-service medical group examine the consolidation of resources across military departments?

   If so, what was the outcome of that examination?

   How are the results of that examination reflected in the Department's new list of recommended realignments and closures?

2. Mr. Gotbaum, did you direct the joint cross-service medical group to review the costs and benefits of closing military hospitals when bases served by those hospitals are closed? What was the result of that review? Does the Department's list reflect an attempt to ensure that the most cost effective means of delivering care to all beneficiaries are maintained, irrespective of other base closure actions?

3. Mr. Gotbaum, in developing the joint cross-service medical group alternatives, did the group recommend closing military hospitals that are not cost effective, given their patient load and the cost of medical care in their communities? Did the group explore the potential for consolidation, including consolidation across Service lines, in order to increase efficiency?

Medical

Impacts on Beneficiaries

4. Mr. Gotbaum, with only Medicare to fall back on, many retirees, their family members, and survivors over age 65 view their local military hospital as an important source of health care services. Many retirees viewed access to those hospitals for themselves and their spouses as an important inducement to make a career of military service. However, these beneficiaries have always had the lowest priority for receiving most direct care services. Furthermore, it appears that the TRICARE goal of maximizing use of military hospitals for enrolled beneficiaries will further erode their chances of accessing the military health services system because only under 65, civilian health and medical program of the uniformed services (CHAMPUS) eligible beneficiaries are eligible for TRICARE.

> Mr. Secretary, is the Department taking steps to ensure that these beneficiaries are not doubly penalized by the closure of military hospitals and their exclusion from the TRICARE program?

UNDERGRADUATE PILOT TRAINING

1. Mr. Gotbaum, in your view, what are the pros and cons of DoD integrating fully Air Force and Navy Undergraduate Pilot Training (UPT) programs?

2. Mr. Gotbaum, did the Undergraduate Pilot Training (UPT) Joint Cross Service Group recommend that any Air Force or Navy UPT bases be closed?

4. Mr. Gotbaum, does DoD have a policy regarding the cross-servicing of UPT? If so, please discuss.

5. Mr. Gotbaum, did DoD or the Services consider integrating operations at the same base, using the same training aircraft, in a way that still permits Service-specific training programs?

ECONOMIC IMPACT

1. Mr. Gotbaum, would you define for the record cumulative economic impact? How are losses from previous closure rounds captured? Can impacts from previous closures be differentiated from other negative impacts on the economic area, such as civilian downsizing, or is everything lumped together?

2. Mr. Gotbaum, for the 1993 closure round your staff established cumulative economic impact thresholds that resulted in the removal of at least one installation from the Service recommendations by your staff. Were any similar cumulative economic thresholds set for the 1995 round?

3. Mr. Gotbaum, in calculating cumulative economic impact, how did DoD differentiate between economic impacts caused by previously announced force structure changes and those that were due to closure or realignment decisions?

4. Mr. Gotbaum, was DoD reluctant to close major industrial, laboratory, or test & evaluation installations because of economic impact?

Was any decision taken to downsize, rather than close an installation, as a result of economic impact considerations?

ENVIRONMENTAL IMPACT/RESTORATION

1. Mr. Gotbaum, according to the Departments policy guidance, "environmental restoration costs at closing bases are not to be considered in cost of closure calculations." But your policy further implies that "unique contamination problems requiring environmental restoration will be considered as a potential limitation on near-term community reuse."

   Were any installations not recommended for closure or realignment to the Commission due to unique contamination problems? If so, please elaborate.

2. Mr. Gotbaum, did the overall cost of environmental restoration at closure bases limit the size of the list presented to the Commission?

3. Mr. Gotbaum, were any installations eliminated from closure consideration because of the high cost of environmental cleanup?

DEFENSE AGENCIES

1. Mr. Gotbaum, in 1993, the Defense Base Closure Commission realigned a part of the Defense Information Services Agency (DISA) into 16 information processing megacenters. At that time, all officials concluded there would be excess capacity even within these megacenters. Some have suggested that DISA actually requires only 5 megacenters. To realign, DISA would have to come to the Commission to change the 1993 recommendation.

> Given that there is excess capacity within DISA, why are there not recommendations for further consolidation?

2. Mr. Gotbaum, the Defense Finance and Accouonting System (DFAS) is currently slated to consolidate its 300+ offices at the 5 centers it currently operates (Denver, Columbus, Kansas City, Indianapolis, Cleveland). Further, it will add 21 new offices, many of which will be placed on installations slated to close as a result of previous Base Realignment and Closure rounds.

> Why did DoD place most of the 21 new DFAS offices on bases which are to close rather than on bases remaining open which have existing excess capacity?

3. Mr. Gotbaum, about one-third of the 21 new DFAS sites have yet to open. There is a Military Construction (MILCON) requirement for nearly $200 million to make improvements to many the sites, particularly among those not yet open.

> In light of the ongoing consolidation efforts taking part in other parts of DoD, would it be worthwhile to consider further reductions in the number of DFAS sites?

ECONOMIC
SECURITY

ASSISTANT SECRETARY OF DEFENSE

3300 DEFENSE PENTAGON
WASHINGTON DC 20301-3300

April 19, 1995

950321-2R1

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

Dear Mr. Chairman:

I would like to thank you for the opportunity to testify before the Commission on the Department's efforts to enhance the reuse process at closing bases. Enclosed are my responses to your questions for the record.

Also, at the hearing, Commissioner Robles asked me to provide the backup data associated with my chart showing BRAC costs and savings that results in $56.7 billion net savings over 20 years discounted to present value of 4.2%. The cost data for this calculation is contained in the biennial budget estimates for the three previous BRAC rounds plus the COBRA estimate for BRAC 95. The biennial budget estimates the three previous BRAC rounds are attached in response to a similar question from Commissioner Cox.

I believe the Department has made great strides in the base reuse process but, as I testified before your Commission, there is much more that needs to be done. I look forward to assisting the Commission in the weeks ahead as you explore opportunities to enhance base reuse and develop recommendations in your report to the President.

Sincerely,

Joshua Gotbaum

Enclosure

Responses to Questions for the Record
from the
Defense Base Closure and Realignment Commission

From Commissioner Davis:

Mr. Secretary, you indicated that you supported legislative changes to the current law which gives DoD little latitude when another Federal Agency claims all or part of a military base.

There is a situation now where a Federal Agency has indicated that it would like a base closed in 1993 so that it might trade that property for other property not on the base which it would like to acquire. This would leave the base in the hands of private interests and might be construed as avoiding the reuse process altogether.

Question #1a: Is this appropriate use of the military lands?

Answer: DoD is committed to promoting economic recovery and rapid job creation in the communities affected by base closure, while still ensuring that Federal resources are available for other important public uses. The law requires that Federal agencies be notified whenever excess property is available. Traditionally, this has meant that Federal agencies are given priority, even before other uses are considered. This means we must still decide whether to transfer base closure property to another Federal agency before declaring it "surplus" and making it available for community development. We need to change the law to evaluate the needs and requests of all parties at the same time, rather than sequentially, in order to make the best transfer decisions.

With respect to a transfer of property for a trade for other property, this is considered an inappropriate request and would be denied based on the criteria in the Federal Property Management Regulations (FPMR).

Question #1b: If not, do you have the authority to prevent it? If not, should the law be changed?

Answer: We have the authority we need to reject requests for indirect transfers of property for the purpose of trading.

Question #2: With regard to the chart showing that BRAC savings are greater than expected, please explain the impact on the numbers of the cuts in defense spending and/or changes in the force structure.

For example, in 1991 the Commission accepted a recommendation to close a base, a cost to close of $10 million. By the time it closed in 1994, however, cuts in defense spending or force structure changes dictated that functions on the base be

terminated. Therefore, the costs were incurred for reasons other than closure. Would that show up as less "closure costs" and therefore greater savings"?

Answer: In calculating the savings associated with base closures our policy precludes the consideration of the savings associated with force structure drawdowns. If, as cited in your example, reductions in force structure impact a base closure plan during the implementation period then closure costs would decrease and net savings would be greater than originally anticipated. This reduction in costs and commensurate increase in net savings is partially attributable to the reduced requirement for military construction needed to support reduced missions at receiving bases. Reductions in force structure probably contributed to some of the $1.4 billion increase in BRAC net savings depicted on our chart. This is understandable given the highly volatile period (1990-1995) in which substantial force structure reductions and BRAC implementation were occurring simultaneously.

From Commissioner Cox:

Question 1a: Does the BRAC savings and cost chart include the cost to the Department of Defense of the reuse efforts (for example, monies that apparently went to the Department of Labor and the Economic Development Agency for economic development and training or the Department's personnel and travel costs involved in reuse) ?

Answer: No it does not.

Question 1b: Please provide for the record all DoD costs involving base closures/reuse since 1988 that are not included as part of the costs to close a base.

Answer: In general, DOD's costs associated with closing a base are included in the DoD Base Realignment and Closure Executive Summary and Budget Justification FY 1996/1997 Biennial Budget Estimates book. This justification document highlights the total DoD cost to close or realign bases and includes funds from a variety of appropriation sources. The costs are two-fold. First, the document displays the budget request for the BRAC accounts. Secondly, in addition to discussing the BRAC budget request, the document displays the funds the Services provide from outside the BRAC accounts for related costs. Examples of these related costs include funding for environmental cleanup, operation and maintenance and the homeowner assistance program. The attachments highlight DOD's biennial budget estimates associated with the BRAC budget request and the related costs for BRACs 88, 91 and 93. They are DOD's best estimate of the costs associated with closing a base.

Base reuse costs, such as funding for DoD's Office of Economic Adjustment (OEA), are generally not included in these figures since by definition they are not costs of closing a base. However, for the period of FY 1989-1994, OEA funding totaled

$67.1 million (grants: $54.6 million; salaries and expenses: $12.5 million). DoD funding for the Economic Development Administration (EDA), for infrastructure grants, and the Department of Labor (DoL), for worker retraining and job placement assistance, was approximately $70 million and $100 million, respectively, during the period FY 1993 -FY 1994.

From Representative Horn:

Question #1: If the City of Long Beach were a state, it would rank fifth -- behind California, Virginia, Pennsylvania, and Texas -- in total base closure related economic impact. Yet the Navy analysis indicates that the Long Beach Naval Shipyard closure would amount to only 0.3 percent of economic area employment. This is because the Navy economic data is based on the Los Angeles-Long Beach PMSA economic area, which has a total population of several million, instead of the City of Long Beach which has a population of 437,816. PMSA economic areas are also used in determining eligibility for federal funding related to military installation closures and Economic Development Conveyances for former military property. Due to PMSA geographic boundaries, some deserving communities are deemed to be ineligible.

Why has an arbitrary geographic criterion, rather than real world economic conditions, been established as the basis to make these decisions, which are critical to the economic well-being of our nation's most severely impacted communities?

Answer: First, let me say with regard to Representative Horn's concerns expressed in his letter to Chairman Dixon that we understand that he and the residents of Long Beach are upset about the recommended closure of the Long Beach Naval Shipyard. We don't like closing bases, but as you well know, it is necessary.

Communities hear all sorts of stories about closure decisions. Many of them are inaccurate. So, it is important to clear the air. The Long Beach Naval Shipyard recommendation, like all others, was "by the book." The BRAC process was designed to be as objective, as public, as auditable as any process in government.

The law requires that every DoD recommendation must be made in accordance with the force structure plan. It must be made in accordance with a specific set of published criteria. All the data must be signed, certified, and made available to the public and every interested party. Finally, the entire process is audited and overseen by the General Accounting Office.

Regarding Representative Horn's first question, Primary Metropolitan Statistical Areas (PMSAs) were used to measure economic effects because the closure of the shipyard affects communities outside Long Beach as well.

The DoD BRAC 95 Joint Cross-Service Group on Economic Impact established and then consistently applied standard rules to assign each military installation in the United States to an economic area. DoD assigned installations to economic areas to reflect employment and commuting patterns. Far from being "arbitrary" these assignments were made painstakingly over a period of many months, base-by-base, taking into account local commuting and economic patterns. An independent panel of government, academic, and private sector economic experts endorsed this general approach in May 1994.

In general, DoD used PMSAs as the economic areas for installations because of the close conceptual match between the standards used by the Office of Management and Budget (OMB) to define PMSAs and the Department's goal for defining economic areas for BRAC 95. OMB defines PMSAs based on information from the US Census on commuting patterns and population density. In some circumstances, which are clearly defined in the Joint Cross-Service Group's standard rules, DoD assigned installations to multi-county areas, rather than the PMSA defined by OMB.

In no case did the Joint Cross-Service Group assign an installation to an economic area smaller than a county. In addition to the theoretical reasons discussed above, there are practical reasons why counties are the smallest economic units used for BRAC 95. Counties are the smallest economic units for which uniform and authoritative national economic statistics are available from the Departments of Commerce and Labor. DoD analyzed economic information at the county- and PMSA-levels to provide objective, fair, and consistent comparisons of alternative realignments and closures.

Also, it should be noted that DoD considered the total potential job change as an absolute number and historic economic information, in addition to the percentage of area jobs that could be affected, in its BRAC 95 decision processes.

Finally, with regard to Economic Development Conveyances (EDC) for former military property, PMSAs are not used in determining eligibility. Any base closure community can make an EDC application.

Question #2: Was the Office of Economic Adjustment (OEA) in any way involved in the Department of Defense and Military Services processes which recommended base closure candidates to the 1995 Defense Base Closure and Realignment Commission?

Answer: No. Unfortunately some parties have misrepresented the role of OEA. OEA was not in any way involved in the process that recommended base closure candidates to the Commission. OEA plays no part whatsoever in any BRAC closure decision. All of their work focuses on helping communities after the fact, for which their work is justly recognized as thoroughly professional.

Question #3: Does OEA provide funding to the National Association of Installation Developers (NAID) either directly, or through the Department of Labor?

(a): How much funding is provided?

Answer: OEA does not provide funding to NAID either directly or indirectly. Over a three-year period, the Congress directed the transfer of $225 million of DoD funding to the Department of Labor (DoL) in support of their efforts to help base closure, as well as defense industry dislocated workers. DoL has awarded two grants to NAID for a total of $700,000. As with OEA, NAID and DoL have no role in the BRAC closure recommendations.

(b): What is the purpose of this funding?

Answer: The funds are used to help pay salaries, benefits, and operating costs of the organization.

(c): Are there limitations on the use of this funding?

Answer: Yes. The limitations on the DoL/NAID funding are governed by the Grant Agreement and Common Rule implementing OMB Circular A-110.

Question #4: Does OEA influence the positions the NAID takes with regard to base closures and installation reuse issues?

Answer: No.

Question #5: Does OEA, or personnel working for the agency, ever attempt to recommend consultants to local communities which may be affected by Department of Defense closure recommendations?

Answer: No. See Question 2.

Question #6: Has OEA, or personnel working for the agency, ever attempted to recommend consultants near bases already closed under previous decisions of the BRAC?

Answer: No. Inquirers are generally referred to NAID or to other communities.

Finally, let me close by saying that it is unfortunate that such misleading and erroneous charges were made about OEA and other organizations that are trying to help communities.

THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

EXECUTIVE CORRESPONDENCE TRACKING SYSTEM (ECTS) # 950327-5

FROM: NEMFAKOS, CHARLES	TO: DIXON
TITLE: EXECUTIVE DIRECTOR	TITLE: CHAIRMAN
ORGANIZATION: BASE STRUCTURE ANALYSIS	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	✓		
DIRECTOR OF TRAVEL				CROSS SERVICE TEAM LEADER	✓		
				MW	✓		
DIR. INFORMATION SERVICES				See Chip			

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:

ANSWERS TO "QUESTIONS FOR THE RECORD" FROM THE MARCH 6 HEARING.

Due Date:	Routing Date: 950327	Date Originated: 950324	Mail Date:

DEPARTMENT OF THE NAVY
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20350-1000

LT-0650-F13
BSAT/CD
24 March 1995

Please refer to this number
when responding 950327-5

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

Dear Chairman Dixon:

In response to your letter of March 10, 1995, I am forwarding the responses to the questions for the record contained therein. The remainder of the response to the Commission question number 10 and responses to questions 1 through 4 with respect to NUWC New London from Senator Christopher Dodd will be answered in separate correspondence. In accordance with Section 2903(c)(5) of the Defense Base Closure and Realignment Act of 1990, I certify the information provided to you in this transmittal is accurate and complete to the best of my knowledge and belief.

I have provided two identical copies of this information to the United States Congress and these can be found in the Reading Rooms established by the Office of the Secretary of Defense, Room B15 in the Russell Senate Office Building and Room G2L2 in the Rayburn House Office Building, respectively.

Sincerely,

Charles P. Nemfakos
Vice Chairman
Base Str re Evaluation Committee/
Executive ector
Base Structure Analysis Team

NAVY QUESTIONS FOR THE RECORD RESULTING FROM THE 06 MARCH NAVY HEARINGS

1. Question: Has the Navy provided to the Commission all of the information used in its decision-making process? If not, please provide it within the next five days.

Answer: Yes. The Base Structure Data Base, which contains the certified data used for analysis, and the minutes and deliberative reports, which contain the decision-making record, were transmitted to the Commission on March 1, 1995. Copies of the analytical tool outputs for each subcategory (including capacity analysis summaries, military value matrices, and configuration analysis summaries) were transmitted on March 9, 1995. Revisions to the certified data, which were received by the Navy after transmittal of the Base Structure Data Base, were forwarded on March 14, 1995. Final certified data for several COBRA scenarios was transmitted on March 20, 1995.

2. Question: Secretary Gotbaum described the method used by the Services to create a military value ranking for each base in a category which was used to determine closure or realignment choices. Are there any circumstances where the Navy closed or realigned bases which ranked higher than bases not included on the Navy list? If so, please explain the reason for not following the military value rankings.

Answer: There are a number of instances where the Department of the Navy's recommendations close or realign bases with higher relative military value scores than bases which were not affected by recommendations. The reason for these results is inherent in the process followed by the DON, which was identical to that used and validated by the Commission in BRAC-93.

As described in our report on pages 21 to 25, military value analysis was conducted of each subcategory of activities to arrive at a relative score which represented how each activity in a subcategory related to a series of questions which portrayed the characteristics of the subcategory. The results of the military value analysis and the capacity analysis for each subcategory were then used as inputs to the linear programming model used for configuration analysis. For the Department of the Navy, configuration analysis sought to identify that set of installations for each subcategory that both would satisfy the future force structure requirements and would allow the retention of installations whose overall military value average was at least equal to the average of the current set of existing installations. This methodology was developed because of the nature of naval installations, which tend to be multi-functional activities (as opposed to one unit/mission = one base) with locational limitations (e.g., support to the fleet in the Atlantic and Pacific). The restriction on average military value derives from the philosophy that the Department, after base closure, should be in at least as "good" a position as it is now vis-a-vis the installations it retains. The operational flexibility that is central to naval forces depends on operational and forward deployment requirements. As these requirements change, the nature of and requirements for our bases change. As a result, although we use individual activities to arrive at a perspective on the military value of a particular subcategory, the overall value to the Department is

oriented on the aggregate. Configuration analysis allowed us to seek the best installations which would satisfy our future requirements in an operationally feasible manner.

The use of this methodology and the resultant closure scenarios developed do lead to results where installations are recommended for closure as a function of satisfaction of force structure requirements rather than absolute military value. An example of this result, as noted during our testimony before the Commission on March 6, 1995, is Long Beach Naval Shipyard. While Long Beach's military value is about .02 points higher than the military value of Portsmouth Naval Shipyard, Long Beach was selected for closure to eliminate excess shipyard capacity. Portsmouth was considered for closure but not recommended because of concerns over future nuclear force requirements. Another example may be found in training air stations, where NAS Meridian was recommended for closure and NAS Corpus Christi was recommended for realignment. Both have higher military value scores than NAS Whiting Field, which is to be retained. The two recommendations are the result of the various installations' ability to satisfy pilot training requirements, rather than an arbitrary military value cut-off. Given the diverse nature of the activities in the Technical Center subcategory, the Administrative Activities subcategory, and the Reserve Activities subcategory, while military value was helpful in arraying the capabilities of these activities, satisfaction of future capacity requirements was key to the scenarios which were considered and which resulted in the Department's final base closure recommendations.

In summary, the nature of naval bases is such that they do not have equal capacity to support the force structure. In determining which bases to close, we need to be able to retain bases with the best collection of military value that also satisfy capacity requirements. If this analytical approach was not followed, we would either have to keep more excess capacity than we need or to close more base structure than we can operationally afford, resulting in a requirement to build additional capacity at the remaining bases.

3. Question: Some communities have expressed concern about inconsistent levels of cooperation from base commanders in preparing their rebuttals to the DoD proposals. What guidance did the Navy give its base commanders regarding cooperation with local communities during the BRAC process?

Answer: The primary guidance to commanders regarding conduct of the BRAC process was contained in public affairs messages issued on April 15, 1994; January 18, 1995; February 3, 1995; February 15, 1995; February 23, 1995; and February 24, 1995. Key points relating to dealings with local communities are as follows:

- The importance of maintaining open lines of communication between base commanders and local communities cannot be overemphasized. Uninterrupted base participation in face-to-face meetings with community leaders/neighbors is important to reinforce longstanding community partnerships, to address possible rumors and misinformation, and to make sure all our neighbors are getting the big picture. All commands can and should continue to pursue all current and planned community

relations and partnership/outreach activities, but should remain mindful of longstanding Navy policy to remain impartial.

- Prior to the Secretary of Defense's forwarding of the BRAC-95 recommendations to the Commission, no public release of the Navy recommendations, or data or analysis compiled in support of those recommendations, was authorized. However, commands were authorized to respond to inquiries using normally releasable, unclassified information, such as number of employees, military population, payroll, command and tenants' missions, current base contracts, etc.

- Following submission of the DoD recommendations, inquiries received by local commands relating to factual information upon which naval installations were recommended for closure or realignment can be answered to the extent that factual and accurate information is on hand, properly coordinated, and cleared for release by the local command's chain-of-command. Details concerning an installation's mission, size, number of personnel, payroll, and other local information normally releasable may continue to be released. However, commanders were advised to avoid speculation about whether the Commission will approve or disapprove the list of recommendations, what impact closure of a specific installation would have upon local areas or military capabilities, and what savings may be gained.

- There are no restrictions on hosting informational briefings or tours of base facilities for community group representatives. The decisions to accept such visit requests may be made at the command level. With regard to Congressional visits, commanders were advised that members of Congress should be given access to installations for the purpose of learning about base operations and missions and about community relations-related topics, such as the impact of the base on the local community. Further, base commanders should be prepared to provide this type of information to anyone seeking it. The only limitation is that commanders must avoid speculation on whether their installation should or should not be approved for closure or realignment.

- In their official capacities, naval personnel must remain neutral and should avoid the appearance of taking sides relating to a decision to close or realign a certain base. Command officials must exercise discretion in hosting on-base activities, accepting invitations to speak, or attending public functions in their official capacity which could be considered inconsistent with DoD standards of conduct policy or misconstrued as support for any particular cause vis-a-vis BRAC. In their capacities as private citizens, however, DON personnel are permitted to attend hearings, while not in uniform and during off-duty hours.

4. Question: Will the Navy have excess capacity in any major categories or installation groupings if the Secretary of Defense's recommendations are accepted by this Commission? Please elaborate.

Answer: Some excess capacity will remain in virtually every subcategory of activity evaluated by the Department. The nature and extent of the excess varies from subcategory to subcategory. In some cases, elimination of this excess was infeasible due to the configurations of particular types of installations or to the nature of the excess capacity. For instance, in the Training and Education subcategory, significant excess capacity will remain in fleet training activities. While various closure scenarios were considered by the Department for eliminating this excess, given a requirement for fleet training to be located proximate to the fleet and given that most of this excess capacity represents individual classrooms, no obvious, cost-effective solutions could be developed which would eliminate this excess. Likewise, analysis of the Supervisors of Shipbuilding, Conversion and Repair demonstrated that, while there is excess capacity, execution of the workload of these activities is strictly tied to the locations of the private sector contractors to whom ship work has been awarded. Closure of any of these activities with more than nominal future workload requires considerable travel and remote support and offers no appreciable savings.

In other cases, the Department determined that retention of the excess capacity was prudent to protect future flexibility. For instance, in naval stations, the Department determined that it was unwilling to recommend closure of homeporting operations at several installations because of future uncertainty in operational tempo and the size of the active force. While closure of additional naval stations was possible, it is critical to understand that the excess capacity that was calculated based on requirements to have significant portions of the fleet forward deployed at all times. In fact, the capacity that will remain in naval stations and air stations, if the Secretary of Defense's recommendations are accepted by this Commission, will be insufficient to house all of the ships and aircraft that are in the FY 2001 force structure than would be the case if the naval forces were to be viewed as static and in a garrison status. Similarly, in the case of Ordnance Activities, we calculated significant excess capacity. However, no recommendations were issued due to concern over long-term storage requirements (based on the uncertainty of overseas rollbacks, removal of fleet assets, and the ability to demilitarize our existing inventories) and the deficiency identified in outload capacity to transfer ordnance during wartime contingencies.

5. Question: The Navy recommendations include a long list of redirects. What is the value of the military construction costs eliminated by the redirects? Are these costs based on the 1993 COBRA analyses or on the more detailed assessments performed during implementation planning?

Answer: Department of the Navy BRAC-95 redirects would result in construction cost avoidances of $1,305 million. Construction cost avoidance estimates included in our return on investment analyses are a reflection of our most recent assessment of actual implementation requirements.

6. Question: Have the Navy and the Air Force agreed to a fully integrated Undergraduate Pilot Training program? How did this affect the Navy's recommendations to close or realign pilot training bases?

Answer: No. The Deputy Secretary of Defense in an October 24, 1994 memorandum, with the concurrence of the Secretaries of the Air Force and the Navy, approved Air Force and Navy plans to implement joint fixed-wing flight training programs and additional joint training initiatives. Today, these consist of a consolidated initial fixed-wing aircraft training program and three joint NFO programs (advanced navigator, electronic warfare officer, and weapons system officer training). Navy helicopter and carrier aviation training (strike and advanced E2/C2) will not be integrated.

In developing its recommendations, during configuration analysis, the Navy accounted for Air Force training that is projected, under current agreements, to be conducted at naval air stations. Likewise, the Navy adjusted its PTR to reflect training that is scheduled to go to Air Force facilities.

7. Question: The Navy has requested significant changes in the plan for basing aircraft that resulted from the 1993 decision to close Marine Corps Air Station El Toro in California and Naval Air Station Cecil Field in Florida. Please explain what has changed since 1993 that caused the Navy to require such a dramatic change?

Answer: Since BRAC-93 there have been significant reductions in Naval Aviation Forces. For instance, we have retired the A-6 attack aircraft series, reduced the maritime patrol aircraft inventory by about one-third, and eliminated approximately fifty percent of the Navy's F-14 inventory with further reductions forthcoming. After reviewing several options for reducing this excess, we concluded that utilizing existing excess air station capacity and avoiding unnecessary new construction were both more cost-effective and operationally responsive. In the process we were able to avoid incurring about three-quarters of a billion dollars in new construction costs, a clear savings to the taxpayer.

8. Question: When considering the redirect involving Marine Corps Air Stations Tustin and El Toro, did the Navy consider redirecting any aviation assets to March AFB, California? If so, why wasn't the option to use excess capacity at March acceptable to the DON?

Answer: Yes, we did discuss the possible use of March AFB during deliberations. However, since March AFB was previously closed as an operational base, this alternative would have involved the reopening of a previously closed base, which is not consistent with the Department's policy. Additionally, because the Air Force is eliminating the hospital, commissary, exchange and all other quality of life support infrastructure, as part of reopening this facility, we would have been faced with the task of recreating and replicating facilities that already exist at the base to which the Marine Corps aircraft units are currently scheduled to relocate.

9. Question: It appears that the Navy ran a consolidated Cost of Base Realignment Actions, or COBRA, on Naval Air Warfare Center Indianapolis and Naval Surface Warfare Center Louisville. Were closure decisions based on the combined COBRA and not on individual assessments? What are the specific costs to close and the twenty year Net Present

Value for the separate recommendations affecting Indianapolis and Louisville? Please provide separated COBRA information for any other consolidated COBRA analyses.

Answer: Our assessment of the potential closure/realignment of technical centers began with individual activity assessments. During our analysis, we looked at a series of closure alternatives involving Indianapolis, Louisville and NSWC Crane, activities with some similar functions and facilities. Our final decision was to close Indianapolis and Louisville, and as a result, transfer some functions from both activities to a common receiving site, NSWC Crane. Combining these two actions into a single COBRA analysis allowed us to most accurately portray changes in costs associated with this consolidation at NSWC Crane.

The costs and savings associated with the separate Indianapolis and Louisville recommendations are as follows: NAWC Indianapolis: One-Time Costs - $77.6 M, 20 Year NPV (Savings) - $392.1 M; NSWC Louisville: One-Time Costs - $103.9 M, 20 Year NPV (Savings) - $243.7 M.

In two cases, our analysis resulted in a single COBRA run for physically separated installations. In both cases, the analysis was consolidated to more accurately and completely portray an interrelated set of closure/realignment actions, as follows:

a. Indianapolis/Louisville. As noted above, in our final deliberations on technical centers, the closures of NAWC Indianapolis and NSWC Louisville were combined into a single COBRA analysis to most accurately portray changes in costs associated with consolidation at NSWC Crane. As requested, we have broken this analysis into two separate COBRA runs, one for Indianapolis (see Tab 1) and one for Louisville (see Tab 2). The "stand-alone" Indianapolis scenario also includes a revision to the construction cost avoidances shown at Indianapolis (to reflect final certified data). The "stand-alone" Louisville scenario also includes minor revisions to both one-time moving costs and the identification of workload transferred to Watervliet (to reflect final certified data). A revised version of the consolidated Indianapolis/Louisville run, incorporating these revisions, is also provided (see Tab 3).

b. Undergraduate Pilot Training. In the area of Undergraduate Pilot Training, we conducted a single COBRA analysis that comprised two separate installations: (1) closure of Meridian and (2) closure of the training air station at Corpus Christi and subsequent establishment of Naval Air Facility Corpus Christi (to include the redirect of mine warfare helicopters to Corpus Christi). These actions were interrelated, and consequently, more accurate and complete cost and savings estimates were obtained by considering these actions in a single COBRA analysis. For example, the closure of Meridian results in the need to use Corpus Christi for primary flight operations necessary for advanced strike training. Similarly, the consolidation of mine warfare assets is facilitated by the realignment of the training air station mission at Corpus Christi. As requested, we have broken this COBRA analysis into two COBRA runs, one for each of the two separate installations involved in the scenario (Meridian (see Tab 4)

and Corpus Christi (see Tab 5)). The "stand-alone" Corpus Christi scenario also includes a refinement to our estimation of changes in base operating support associated with consolidation of mine warfare assets at NAF Corpus Christi. A revised version of the consolidated Corpus/Meridian COBRA run, incorporating this revision, is also provided (see Tab 6).

In two cases (NAS Cecil Field redirect and MCASs El Toro/Tustin redirect), a single DON recommendation incorporated more than one COBRA run. Based on discussions with your staff, to assist in your evaluation of these recommendations, we have also provided a consolidated COBRA run for each of these two recommendations (see Tab 7 for the East Coast redirect and Tab 8 for the West Coast redirect).

10. Question: Did the 60%-40% depot workload split between public and private facilities required under current law have any effect on the Navy's recommendations? At the present time what are the Navy's public-private depot workload percentages?

Answer: No, the 60/40 requirement did not impact our recommendations. The cumulative effect of all of our recommendations, if approved, will not inhibit our ability to comply with the law. We do not have certified data on the current public-private depot workload percentages, but will obtain such data. The response to this part of the question will be forwarded separately.

11. Question: Minutes from the Navy's Base Structure Evaluation Committee deliberations during the 1993 round state that the Committee was "concerned that there was insufficient capacity on the West Coast for dry-docking carriers and other large ships." Therefore, they agreed not to consider Long Beach Naval Shipyard for closure. What has changed since 1993 that allows you to recommend the shipyard for closure?

Answer: The force structure that drives requirements declined by almost 20% overall since the 1993 BRAC analysis. These reductions are reflected in the 1995 BRAC capacity analysis, which supports the closure of Long Beach Naval Shipyard.

12. Question: According to the Navy's COBRA analysis, the closure of Portsmouth Naval Shipyard results in an immediate return on investment and a 20 year Net Present Value of more than $2 billion and ongoing savings of $150 million per year. Was this level of savings compared to the projected costs of improving the 688-class submarine work capabilities at other shipyards? What is the capability of the private sector submarine builders to do non-refueling submarine overhaul work? Did you consider the use of this capacity in your analysis?

Answer: Our BRAC-95 analysis was based on programmed workload scheduled to be performed in organic naval shipyards. Private sector capability was not considered, and, as specified in the BRAC law, only certified data was utilized. Our analysis identified different combinations of potential naval shipyard closures, some of which included moving

Portsmouth's workload to other naval shipyards. At the conclusion of the analysis process, it was the BSEC's military judgment to remove Portsmouth from further consideration for closure. Future decisions to refuel, defuel and inactivate SSN Class 688 submarines make the precise determination of nuclear requirements difficult, and Portsmouth has a unique role as the center of excellence for the 688 submarine.

13. Question: Based on our staff's preliminary review of the Navy's information, it appears that nuclear shipyard capacity is approximately 40% in excess of needs, yet the Navy is only closing the only shipyard with no nuclear capacity. Please explain why this excess capacity is being carried?

Answer: In analyzing Naval Shipyards, the relevant measure to determine excess capacity was the aggregate capacity of all of the shipyards. Nuclear and non-nuclear capacity were calculated only to see if there were individual capacity limitations. Force structure downsizing has reduced the overall numbers of nuclear ships/submarines, which could support the closure of an additional shipyard. However, in the Department's military judgment with respect to the uncertainty of future nuclear workload (refueling versus inactivation), it was prudent to maintain sufficient organic capability to meet unanticipated nuclear work requirements.

14. Question: Did the Navy consider the alternative of moving Naval Air Warfare Center Point Mugu test and evaluation missions to Naval Air Warfare Center China Lake or Eglin Air Force Base as suggested by the Test and Evaluation Joint Cross-Service Group?

Answer: The DON did not examine the Point Mugu-China Lake alternative, since Pt. Mugu is already part of China Lake. While physically separate, the missions of these activities are interdependent, and both the sea range at Point Mugu and the land ranges at China Lake are required by the Department.

The DON did request a gaining service COBRA response from the Air Force for movement of Point Mugu T&E missions to Eglin AFB. Data was not received, so no further analysis could be performed.

15. Question: The Director of Defense Research and Engineering, in a 13 February 1995 memo, stated, "The laboratories retain significant duplication and excess capacity..." To reduce this excess, the Joint Cross-Service Group recommended the consolidation of C-4I acquisition and R&D at Fort Monmouth and explosives to Picatinny Arsenal and the Naval Air Warfare Center China Lake. The Navy did not accept these alternatives and decided to move C-4I to San Diego and to maintain explosives at Indian Head. Why did the Navy not adopt the alternatives recommended by the Joint Cross-Service Group?

Answer: The alternatives of moving C^4I to either Fort Monmouth or Hanscom AFB were considered, as was a DON alternative of combining Space and Naval Warfare Systems Command with its subordinate element, Naval Command, Control and Ocean Surveillance

Center (NCCOSC), at San Diego. The consolidation at San Diego produced five times as great an annual savings and a 20 year net present value of over $300 M more than either of the two cross-service alternatives.

Regarding movement of explosives to Picatinny and China Lake, COBRA analysis was performed on completely closing Indian Head and moving all functions to China Lake. Our analysis showed that up front costs were very large, both in absolute terms and in relation to potential savings. This fact, coupled with the lengthy payback period, made this alternative unacceptable. The DON requirement for Insensitive Munitions aboard ships is unique within DoD for both explosives and propellants. The replication costs for duplicate Energetics-Explosive facilities at Picatinny, while retaining the facilities at Indian Head required for Propellant efforts, were not cost-effective.

16. Question: Regarding the Navy's decision not to close the Aviation Supply Office (ASO), Philadelphia, the Navy report states: "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." This implies an inaccuracy in the data. Please explain this comment.

Answer: The return on investment for the COBRA scenario which closed ASO and consolidated functions at SPCC was viewed as marginal because of limited savings. In the context of the COBRA analysis, the BSEC recognized that savings were slight because ongoing consolidation efforts between ASO and SPCC are leading to a more efficient organization by reducing the overall cost of operations and that COBRA costs and savings were being measured at a point in time before those consolidation efforts were complete. Once all planned "in-place" management initiatives have been completed, it was likely that fewer savings would accrue than as calculated by the COBRA algorithms for the relocation to SPCC. Additionally, the BSEC felt that the costs and potential inefficiencies of disrupting these consolidation efforts could outweigh the relatively small benefits of the COBRA savings estimates.

17. Question: The Defense Logistics Agency plans to move some of the Defense Industrial Supply Center's mission out of Philadelphia. Did the Navy's analysis relative to the two inventory control points in Philadelphia and Mechanicsburg consider the DLA recommendation and excess office space that it will make available in Philadelphia?

Answer: No. The Navy's analysis focussed on the capacities at the two inventory control points. We were unaware of the DLA recommendation relating to the Defense Industrial Supply Center until after SECNAV's recommendations were forwarded to SECDEF.

18. Question: With regard to closing the facilities on Guam, please explain how operational commanders in the Pacific provided input and participated in the decision?

Answer: As directed by the Secretary of the Navy, the BSEC actively interacted with the major owners/operators of Navy and Marine Corps installations on matters concerning fleet operations, support and readiness. Accordingly, there were a series of BSEC deliberative sessions with the Fleet CINCs, Fleet Marine Force Commanders, Systems Commanders, the Navy and Marine Corps personnel chiefs, and the Navy and Marine Corps Reserve Force Commanders. During these meetings, the BSEC provided information on all aspects of the DON BRAC-95 process including data collection, analytical approaches, capacity and military value analyses, and the development of alternative closure and/or realignment scenarios. These meeting provided CINCPACFLT a direct forum to address the potential operational impacts of BSEC recommendations. Additionally, the CINCs and other major claimants provided the direct responses to COBRA scenario data calls including such information as functions which could be eliminated and/or transferred and the identification of potential receiver sites. The deliberative session discussions and the COBRA scenario responses provided the basis for a clearer understanding of the need to only maintain access to Guam rather than continued presence.

19. Question: The Navy's Detailed Analysis states that the Navy intends to retain the waterfront assets on Guam for contingencies and to support the afloat tender. If the Navy were guaranteed access to necessary facilities in the event of hostilities, would it consider allowing the Government of Guam access to the waterfront? What Navy property on Guam will be disposed of after implementation of the recommendations?

Answer: Decisions regarding the retention of specific waterfront and other property at Naval Activities Guam will not be finalized until the BRAC recommendations are approved. The Navy is, however, committed to closing bases right. Our goal is to empower local communities to play a principal role in determining what happens to a base when it closes. In the case of the facilities in Guam, since our recommendation is clear that we need to maintain access to this strategic location, a careful balance will be struck between community reuse and the retention of the necessary facilities for potential operational contingencies.

20. Question: The Navy's justification for recommending the closure of the Naval Air Facility, Adak in Alaska is that the Navy's anti-submarine warfare surveillance mission no longer requires the facility to base or support its aircraft. According to documents submitted to the Commission, the air facility at Adak has already been drawn down to meet Congressionally-mandated budget reductions and the Navy's overall downsizing initiatives. Does this mean that there has been a decrease in the threat since 1993, or has the mission of anti-submarine warfare that was carried out at Adak been transferred elsewhere?

Answer: The decision on the mission of NAF Adak had already been appropriately made by CINCPACFLT. In fact, certified data relating to capacity and military value indicated that continuous maritime patrol aircraft deployments to NAF Adak were discontinued in FY 1994. The base closure process is not the process by which the DON makes operational decisions. Our decision on Adak was, in part, predicated on the fact that there was no operational need for Adak.

21. Question: As the Navy made its closure and realignment decisions, what role did environmental compliance play in its analysis? For example, did the fact that a base's expansion potential is limited by environmental restrictions play a major role in the analysis? Were bases in Clean Air Act or other non-attainment areas viewed differently from those in attainment areas?

Answer: The Navy issued a comprehensive environmental data call that captured the full range of environmental issues on each base. The presence of environmental management issues, their impact on operations, and any limitations they presented were characterized for each environmental area including endangered/threatened species, cultural/historic resources, wetlands, environmental facilities, air quality, pollution control, hazardous materials, installation restoration sites, Air Installation Compatible Use Zones, and land use. The current and past impact of these environmental issues on base operations and development was included, as appropriate, in the military value analysis. Once closure/realignment alternatives were identified, an environmental summary for each scenario was prepared which noted the anticipated air quality impacts and other anticipated environmental impacts resulting from the action for both closing and receiving bases. In no case did the environmental condition of a base, or the anticipated impact and/or the expansion potential of a receiving base, necessarily preclude a recommendation. Many of the recommendations resulted in a positive environmental impact.

Bases in non-attainment areas were not viewed differently from those in attainment areas. While the air quality status of the area in which a base was located was reviewed as part of the environmental analysis, in no case did air quality impact the process of selection or determination of closure or realignment sites.

22. Question: How many installations recommended for closure in this or prior rounds are expected to have substantial portions of land placed into caretaker status due to unique contamination problems?

Answer: For the installations identified for closure under BRAC-95, no contamination sites have been identified for which recognized/accepted remediation processes are unavailable. Installation restoration site characterization and clean up will continue after operational closure, if not yet completed.

QUESTIONS FROM MEMBERS OF CONGRESS

Senator Christopher J. Dodd (Connecticut)

With respect to the Navy recommendation to relocate the Nuclear Training Commands (NTC) from Orlando to Charleston:

1. Question: How will BRACC Appropriations already committed and spent for planned relocation of NTC at New London, be recouped in this redirection action?

Answer: The 1993 Commission recommended, and Congress and the President concurred in, the closure of Naval Training Center (NTC) Orlando. This recommendation directed the move of a tenant of NTC Orlando, Naval Nuclear Power Propulsion Training Center (NNPPTC), to Submarine Base New London. The Department of the Navy, in accordance with the base closure law, has begun the planning and budgeting process to move this school. The DON will not know what appropriations are able to be recouped until the BRAC-95 recommendations are finalized.

2. Question: How have savings promised in 1993 been recouped in the 1995 recommendations to redirect the NTCs? Are these savings lost permanently?

Answer: The savings calculated in BRAC-93 result from the closure of NTC Orlando, which will still occur. The recommended redirect for NNPPTC does not affect those savings.

3. Question: If the proposed savings and return on investment (ROI) from the redirect of the NTCs are so substantial as to require the 1995 BRACC to overturn the 1993 BRACC decision, why were the savings not recognized in 1993? Was Charleston considered for relocation in 1993?

Answer: The 1993 Commission overturned the DON's recommendation relating to closure of the piers at Submarine Base, New London, making the move of NNPPTC unacceptable because classroom and berthing facilities at New London anticipated to be used for this relocation were no longer available.

Charleston was not considered as a receiving site in 1993. In selecting a receiving site in BRAC-93 for this tenant of NTC Orlando, it was determined that the movement of NNPPTC to Submarine Base New London would create a training center of excellence by locating the NNPPTC with the Submarine School, taking advantage of the infrastructure vacated by the relocation of fleet operational units. In the absence of these facilities, a similar center of excellence will be created by locating the NNPPTC with the Navy Nuclear Propulsion Training Unit and the follow-on training with the moored training ships at Charleston.

4. Question: What methodology was applied to identify Charleston as the new location of the NTCs? What other sites were examined? What were the associated military values and cost?

Answer: During BRAC-95 deliberations, the BSEC recognized that the 1993 Commission's decision to retain the piers at New London had significantly increased military construction (MILCON) costs for relocating NNPPTC to New London, making this receiving site much less attractive. Accordingly, Weapons Station Charleston was introduced as an alternative which will achieve similar expected training synergies and greater savings from reduced MILCON and PCS costs. No other sites were examined. The one-time cost associated with the redirect to Charleston is $147.9 million; the one-time savings is $162.5 million; and the annual recurring savings is $5.3 million.

5. Question: What are the specific flaws in the 1993 BRACC decision that require the proposed redirection at this time?

Answer: The 1993 Commission did not accept the Department of the Navy's recommendation to close the piers at New London, resulting in unavailability of facilities for the NNPPTC move upon the closure of NTC Orlando.

With respect to the Navy decision to close the Naval Underwater Warfare Center (NUWC) in New London, Connecticut:

1. Question: Total estimated costs for BRACC implementation: a detailed (by line item) of cost expenditures to date comparing costs spent or obligated to date vs. costs to complete the redirection as proposed.

Answer: A data call has been issued to obtain certified data to respond to this question. The response will be forwarded separately.

2. Question: A complete accounting of billets and actual personnel transferred from Norfolk, VA to Newport, RI as of this date.

Answer: A data call has been issued to obtain certified data to respond to this question. The response will be forwarded separately.

3. Question: A complete accounting of billets and actual personnel transferred from New London, CT to Newport, RI as of this date.

Answer: A data call has been issued to obtain certified data to respond to this question. The response will be forwarded separately.

4. Question: Savings in personnel and operating costs achieved per year to date at New London.

Answer: A data call has been issued to obtain certified data to respond to this question. The response will be forwarded separately.

5. Question: What would be the impact upon laboratory military value and cost analysis to co-locate all Navy acoustic research and development and system engineering at New London, Connecticut?

Answer: The BSEC did not evaluate such a scenario. The BRAC-95 recommendations relating to acoustic R&D and system engineering complete the steps taken in earlier rounds of base closure to concentrate these functions at NUWC Newport, NUWC Keyport, and NSWC Crane. Appropriate functions from four technical centers (NRL Det Orlando, NAWC Oreland, NAWC Det Warminster, and NUWC New London) will be relocated to NUWC Newport.

QUESTIONS FROM MEMBERS OF CONGRESS

Senator Wendell Ford (Kentucky)

1. Question: In regard to Naval Surface Warfare Center, Louisville, Kentucky would you comment on the data used by the Base Structure Executive Committee to make the decision to place that facility on the list? I have heard the data call information forwarded to the Department of the Navy, by Crane Division and NAVSEA, indicated the cost of moving the Phalanx work, currently being done at Louisville, to Crane, Indiana would be less than official originally determined. I also understand the discrepancies in those figures were brought to the attention of the Inspector General who conducted an audit and verified that indeed the figures submitted were not correct, and the cost of moving the work to Crane, Indiana would be higher than the figures given to the Navy's Base Structure Executive Committee. Please comment on this information. I request that a copy of the Inspector General's audit be provided to this commission.

Answer: The data used by the Base Structure Evaluation Committee (BSEC) is contained in the Base Structure Data Base. The BSEC did not use any data other than that provided through the DON certification process to make a decision. Costs which are provided by the major claimants to the BSEC as part of scenario development data calls were subject to review by the BSEC, which applied military judgment to the inclusion of costs in the COBRA analysis.

With regard to the audit being conducted on the data supplied for the Louisville scenario, although the investigation is not yet complete, it is our understanding that the focus of the audit is primarily on process (data flow up and down the chain of command).

2. Question: Also in the case of Naval Surface Warfare Center, Louisville, how do you evaluate and justify splintering the current work being done by the Louisville workforce of engineers and machinists - those places being Norfolk, Virginia, Port Hueneme, California, and Crane, Indiana? Was not it the determination of an early BRAC Commission to not close the Louisville facility in order to keep the Navy's 5-inch gun work, and now Phalanx work, consolidated and centrally located to ship ports on both coasts of the United States?

Answer: The workload being performed at Louisville is an amalgam of work similar to that being accomplished at a number of other Navy depot and technical activities. Our recommendation consolidates the Louisville workload with other similar depot and engineering efforts at other sites and achieves savings by closing an entire installation.

QUESTIONS FROM MEMBERS OF CONGRESS

Senator Rick Santorum (Pennsylvania)

1. Question: Machinery systems engineering has been migrating to the Naval Surface Warfare Center (NSWC)-Philadelphia for several decades. The BRAC 95 proposal to continue this migration by moving all machinery Research and Development to NSWC-Philadelphia consolidates a majority of machinery systems responsibility in Philadelphia (approx. 2000 people and $800 M worth of machinery facilities) and is a logical progression in reducing infrastructure and improving overall machinery development and performance. In order to provide further reduction in infrastructure, have you considered consolidating the entire function of machinery systems in NSWC-Philadelphia, some of which is still being performed in NAVSEA headquarters?

Answer: No. The BRAC effort is concerned with closing and realigning bases. Workload allocation is a management prerogative that can be accomplished at any time.

2. Question: BRAC 93 decisions included moving the Naval Sea Systems Command from Crystal City to White Oak. The BRAC 95 proposes closing White Oak and moving NAVSEA to the Washington Navy Yard. Was there any consideration given to relocating NAVSEA to the Philadelphia Naval Base?

Answer: No. Given the requirement of Naval Reactors (NAVSEA-08) to be located in the Washington, D.C. area to satisfy responsibilities to the Department of Energy, and the Navy's desire not to fragment NAVSEA Headquarters, relocation options were restricted to the Washington metropolitan area in both the 1993 and 1995 round of base closures.

QUESTIONS FROM MEMBERS OF CONGRESS

Representative Robert A. Borksi (Pennsylvania)

1. Question: In your proposal to close and relocate the Naval Air Technical Services Facility (NATSF) to North Island, CA, you appear to achieve most of your savings by eliminating 52 positions. How is this more cost effective than keeping NATSF in Philadelphia and eliminating those same positions?

Answer: The savings are attendant to the command elimination, the subsuming of regional offices and detachments, and the integration into another NAVAIR organization. This cannot be accomplished in place.

2. Question: In 1993, the Base Closure Commission overturned your recommendation to close and relocate NATSF. In its report, the Commission "found compelling the potential cost savings and reduction in workload" of establishing a central DoD technical publications organization under the auspices of NATSF. To what extent did the Navy work with other services to explore this possibility? Why did the Navy choose not to recommend this idea in its 1995 BRAC recommendations?

Answer: None of the Joint Cross-Service Groups suggested this as an alternative to consider. The Navy felt its decision to send the function to NADEP North Island was sound, fostered proper internal synergies, helped to reduce capacity at the critical NADEP site, and demonstrated good cost savings.

QUESTIONS FROM MEMBERS OF CONGRESS

Representative Stephen Horn (California)

1. Question: The purpose of the base closure process is to reduce as much excess capacity as possible and to save the greatest amount of money. However, the recommended closure of the Long Beach Naval Shipyard closes the least amount of excess capacity, and does nothing to reduce capacity in the nuclear category, where the excess is greatest. Moreover, according to the COBRA data, closure of Long Beach would save less money over the next 20 years than, for example, Portsmouth. Why has the Navy targeted the one shipyard for closure whose closure would do the least in meeting the goals of the BRAC process?

Answer: The Department's process analyzed excess capacity for the entire NSYD/SRF community and then sought solutions to eliminate that excess. Non-nuclear workload can be accomplished in a nuclear shipyard, but nuclear workload cannot be accomplished in a non-nuclear shipyard. While our analysis considered Portsmouth for closure, it was removed from consideration for closure based on the BSEC's military judgment. Future decisions to refuel, defuel and inactivate SSN Class 688 submarines make the precise determination of nuclear requirements difficult, and Portsmouth has a unique role as the center of excellence for the 688 submarine. The Navy is satisfied that its recommendations to close Long Beach Naval Shipyard and SRF Guam result in a significant overall reduction of excess shipyard capacity, with a collective annual savings of $168.4M and a 20 year net present value savings of $2477.6M.

2. Question: In 1991 and 1993, the Long Beach Naval Shipyard was the third highest ranked naval shipyard, behind only Puget Sound and Norfolk. Curiously, the Navy's new military value matrix now ranks Long Beach as below Pearl Harbor in military value and only slightly above the Portsmouth Naval Shipyard. Why has this ranking changed from the two previous base closure rounds?

Answer: In response to constructive criticism by, among others, the Commission and Members of Congress, for BRAC-95, the DON shipyard military value matrix was adjusted where appropriate to be more reflective of the nature and scope of work being conducted at these activities. While this causes the absolute scores for the activities to change, the results are consistent with those of previous rounds. Consistent with the relationships demonstrated in BRAC-93, these industrial activities fall into three distinct groups. As in BRAC-93, Long Beach Naval Shipyard is in the middle group whose military value scores are tightly grouped and which falls below the two large shipyards at Puget Sound and Norfolk. Because the scores are so close, the relative placement of the shipyards in this middle group is affected by changes that were made not only to respond to criticism but also to portray as accurately as possible the characteristics of these activities.

3. Question: From an examination of the Navy's base closure deliberations minutes, it seems as if the Navy only really considered closing two shipyards--Portsmouth or Long Beach--and decided to not recommend Portsmouth for closure because of a desire to retain nuclear repair capability. Were other scenarios actively considered? For instance, was a closure option for Norfolk Naval Shipyard considered, and scenarios run? If not, why not? Was Pearl Harbor considered for closure, or considered for realignment along with Long Beach?

Answer: Every activity within the shipyard subcategory was equally considered. Capacity and military value analyses was conducted on all activities. Using the results of these analyses, possible closure candidates were identified during configuration analysis. In various combinations, the potential candidates were Long Beach, Portsmouth, Pearl Harbor, and SRF Guam. The configuration analysis demonstrated that the Puget Sound and Norfolk shipyards had to be retained to satisfy capacity and military value requirements. The BSEC eliminated Pearl Harbor from further consideration due to its unique strategic location and full service capability. Closure scenario data calls were sent to Long Beach Naval Shipyard, Ship Repair Facility Guam, Naval Shipyard Portsmouth, Surge Dry Docks at Philadelphia, and several technical centers that perform depot level work.

QUESTIONS FROM MEMBERS OF CONGRESS

Representative G. V. (Sonny) Montgomery (Mississippi)

1. Question: I am concerned about how the Navy determines such factors as the pilot training rate (PTR). The certified data which the commission will receive appears to be, quite frankly, a compilation of conclusions rather than a trail of hard facts leading to a conclusion. Is the Navy going to give the Commissioners and the communities access to the critical data used to determine such conclusions as the daytime operations necessary to generate one new pilot? Moreover, will commissioners and communities have access to base operational data? I hope you will provide any requested data directly to Commissioners and affected communities.

Answer: The Navy has provided the Commission and Congress with all the data used in its analysis. If there is any additional information that may be required after a review of the basic data, it will be provided upon request by the appropriate level within the DON. As we have already related in a separate response to a question for the record from the Commission, the Secretary of the Navy has issued specific public affairs guidance to all activities of the Department that provides for their release of unclassified base information.

Specific information on the number of daylight flight operations required per student (for each type and level of undergraduate pilot training) can be found in the Data Call Two (Capacity for Training Air Stations) responses from each training air station under Section: Mission Requirements, Subsection: b. Flight Training, questions 3 and 4. These questions instructed the fleet to base requirements on historic flight operations. The certified responses to these questions were the input for the calculations used in the Navy analysis.

QUESTIONS FROM MEMBERS OF CONGRESS

Representative Robert Underwood (Guam)

Naval Base Guam, Fleet Ind. Supply Center and Ship Repair Facility

1. Question: Mr. Secretary, in your recommendations for BRAC 95, you recommend closing the Ship Repair Facility and disestablishing the Fleet Industrial Supply Center and you recommend reducing and the "mothballing" the waterfront activities of the Naval Base. This eliminates a large source of income for the citizens of Guam, but is does not allow these valuable industrial and port facilities to be used as economic recovery tools for Guam to help replace their lost revenues. Isn't it true that these facilities could be turned over to the Government of Guam for economic development with the proviso that they could be used for military contingency operations at the request of the Federal Government?

Answer: We are committed to working with the local community and the DoD Office of Economic Adjustment (OEA) in the development of a reuse plan to focus the community's intentions and ideas concerning how it desires excess property/facilities to be utilized. In the case of the facilities in Guam, since our recommendation is clear that we need to maintain access to this strategic location, a careful balance will be struck between community reuse and the retention of the necessary facilities for potential operational contingencies. Decisions regarding the retention of specific property on Guam will not be finalized until the BRAC recommendations are approved.

NAS Agana

2. Question: Mr. Secretary, last year this Commission recommended that the Navy consolidate the air operations at NAS Agana with the Air Force operations 10 miles away at Anderson AFB. During the last two years, however, you have disestablished one of the three fixed wing squadrons on Guam and moved the other two to bases on the West Coast. In spite of the Navy's rhetoric two years ago, you have also agreed to return all of the enlisted administrative buildings and the officer housing on a piece of land that is essential for the development of an expanded international aviation complex on Guam. You are also in the process of building 300 brand new family housing units. Isn't it true that with all of these reductions this year you should have quite a bit of excess Navy housing? Isn't it also true that the retention of this one isolated section of family housing has more to do with the view than the need for military housing island-wide?

Answer: The final determination of what facilities will be deemed in excess will not be made until after the BRAC-95 recommendations are approved. As you are aware, even if all of all of our recommendations regarding naval activities on Guam are approved, we will continue to have a significant number of naval personnel on Guam. We are committed to maintaining the highest quality of life possible for those personnel. Retention of necessary

critical married family housing units will be one of our principal objectives. Where excesses may exist, however, you can be assured that we will work with the local community and the DoD Office of Economic Adjustment (OEA) to develop a sound community reuse plan.

Fena Reservoir

3. Question: Mr. Secretary, in your report, you did not mention the large watershed and reservoir at Fena that currently sits outside the Naval Magazine on Guam. It is no longer needed as a "buffer" for Naval Magazine, Guam, and the magazine no longer contains special weapons. In view of the economic hardships these closures will impose of the citizens of Guam, why couldn't this watershed be returned to the Government of Guam for use in its water system and as a "low environmental impact" recreation area?

Answer: Our recommendations did not affect the Naval Magazine on Guam. This facility will continue to execute its full function and mission. Accordingly, all of the current infrastructure and supporting buffers, including the reservoir at Fena, must be maintained.

Navy Water System on Guam

4. Question: Mr. Secretary, I am amazed to hear that the Navy maintains an island-wide water distribution system on Guam that duplicates one maintained by GovGuam. With the disestablishment of most of the Navy activities on Guam, it seems inefficient and expensive for the Navy to maintain a separate system. Are there any other locations in the United States or its Territories where the Navy does not procure water from the local government and maintains its own water system? In light of the huge reductions in the Navy presence and the dichotomy this issue seems to raise, doesn't it make more sense for the Navy to turn its water system over to the Public Utility Agency on Guam, assist Guam financially in consolidating the two systems, and then satisfy its water needs from the Public Utility Agency, as it does in most other locations?

Answer: There are a number of naval installations which operate water treatment and distribution systems, such as China Lake, Roosevelt Roads, and others. With respect to the system in Guam, the continued operation of that system will be evaluated, if necessary, after a final determination is made regarding the retention of naval facilities on the island.

Island-wide Navy Housing on Guam

5. Question: Mr. Secretary, as can be seen from the above points, most of the current Navy activities on Guam that remain from previous closures or reductions are recommended for closure, disestablishment or realignment. No mention is made, however, of the disposal of the large amounts of housing that served those units. Guam has always had a deficit of housing for its civilian population and this housing could be used to provide housing for the citizens of Guam, provide an income stream for GovGuam through lease payments, and provide the Navy with a source of properly maintained military housing in the event of a

Western Pacific military contingency. Wouldn't it seem reasonable to seek the transfer to GovGuam of all Navy housing that does not serve the needs of the few remaining Navy activities? Doesn't it also make economic sense to then combine the remaining Navy housing and the existing Air Force housing under one Federal/DoD housing authority and maintain the transferred Navy housing under rules that permit it to be leased back to the Navy during extended military contingencies?

Answer: The final determination of what facilities will be deemed in excess will not be made until after the BRAC-95 recommendations are approved. As you are aware, even if all of all of our recommendations regarding naval activities on Guam are approved, we will continue to have a significant number of naval personnel on Guam. We are committed to maintaining the highest quality of life possible for those personnel. Retention of necessary critical married family housing units will be one of our principal objectives. Where excesses may exist, however, you can be assured that we will work with the local community and the DoD Office of Economic Adjustment (OEA) to develop a sound community reuse plan.

Navy Command Structure

6. Question: Mr. Secretary, with the disappearance of most Navy facilities on Guam, there does not seem to be a great need for a Navy Admiral command on Guam. Could you not move the remaining overall island-wide Navy Commander and his staff to joint spaces at Anderson AFB on the northern end of Guam and then transfer all the remaining command assets, including the housing area on Nimitz Hill to GovGuam for their economic development?

Answer: Our recommendations do not address the location of the headquarters for the Commander, U.S. Naval Forces, Marianas, nor does the DON use the BRAC process to address flag officer billet requirements. Even if all of all of our recommendations regarding naval activities on Guam are approved, we will continue to have a significant number of naval personnel on Guam. It should be noted that the issue of the amount of presence left on Guam does not detract from the importance that the Department places on access to Guam for purposes of support to operations in that part of the Pacific.

Long-term Economic Impact (Section 30 of the Guam Organic Act)

7. Question: Mr. Secretary, Guam receives quite a bit of funding under section 30 of the Guam Organic Act. Have you included those revenues in your economic impact studies?

Answer: The Office of the Secretary of Defense required that all DoD Components analyze the economic impact on communities through the use of the DoD Economic Impact Data Base (see OSD Policy Memorandum Three). This data base is used to calculate the total potential direct and indirect job change (both as a total number of jobs and as a percentage of economic area employment) which will result from a closure or realignment action. Review of the economic impact methodology by the Joint Cross-Service Group on

Economic Impact confirmed that changes in employment, as calculated by the data base, provided a reasonable proxy for levels of impact associated with other aspects of the economy. These other impacts could include, for example, changes in expenditures, population, number of school age children, local government revenues and expenses, and, in this specific case, revenues to Guam resulting from the provisions of the Guam Organic Act.

8. Question: Mr. Secretary, in light of the closings, realignments and reductions on Guam that you are recommending, there seem to be services that could be provided more efficiently to the remaining Navy personnel and the Air Force through more consolidated activities, now that both are essentially in a caretaker status. Could you not provide some of these services more efficiently by combining such activities as Recreation, Public Works, Housing Management, Medical and Dental?

Answer: Following approval of the BRAC-95 recommendations, we will carefully determine what specific facilities need to be retained at Naval Activities and FISC Guam. We will then revise our infrastructure support requirements, as appropriate, taking into account operational requirements, quality of life, and potential community reuse/dual use. Our goal is the retention of those facilities that are both cost-effective and operationally responsive, which could encompass consolidation with the Air Force support infrastructure.

Page 145

with it.
CHAIRMAN DIXON: General Sullivan?
GENERAL SULLIVAN: General Sullivan. We have the capability to repair these engines at Anniston and Corpus Christi Army Depot. We really have the capability to do this elsewhere.
CHAIRMAN DIXON: Okay.
SECRETARY WEST: Actually, I guess just as significantly, Mr. Chairman, is that as the Secretary, I think I'm responsible for reconciling whatever it is that is interpreted from Secretary Decker's letter on the one hand and our action on the other. I believe I had the benefit of his advice, as well, on this decision. He was certainly with us when we made -- when we reviewed this. So if there are further inconsistencies there to explain, we'll be happy to explain them. But we think we've made the right call on Stratford.
CHAIRMAN DIXON: Yes, well we'll give you the written questions. This is all part of the record. You're comfortable with your decision, notwithstanding what other predecessors may have said, and that's an appropriate answer.
Unless there's anything to come before us this

Page 146

morning, I express the gratitude of my colleagues in the country for this unpleasant work you've done in coming here today and testifying before us and doing your job as you're ordered to do it.
We are in recess until 1:30 promptly.

Page 147

AFTERNOON SESSION
(1:30 p.m.)
CHAIRMAN DIXON: Good afternoon, ladies and gentlemen, and welcome. This is the last of four hearings held yesterday and today by the Commission.
Yesterday and this morning we've heard from and have questioned the Secretaries of the military departments and their chiefs of staff regarding proposed base closures and realignments that affect their branch of service.
This afternoon we are pleased to have with us officials of two defense agencies which have installations included on the Secretary's list of closures and realignments. They are Air Force Major General Lawrence P. Farrell Jr., Principal Deputy Director of the Defense Logistics Agency; and Mr. John F. Donnelly, Director of the Defense Investigative Service; and Mrs. Margie McManamay, who, as I understand it, is in charge of BRAC at the DLA. Is that correct?
MS. McMANAMAY: Yes, sir.
CHAIRMAN DIXON: Mrs. McManamay, I want you to know that we apologize for the fact that you don't have a sign, but we are preparing one, and in the efficient manner in

Page 148

which government functions, almost momentarily I know a sign will appear.
(Laughter)
CHAIRMAN DIXON: I'm sorry we didn't know you were coming, Margie, but we're delighted to have you.
MS. McMANAMAY: Thank you.
CHAIRMAN DIXON: Now, before we go ahead with the testimony and before we begin with the opening statements, let me say that in 1993, as part of the National Defense Authorization Act for Fiscal '94, the Base Closure and Realignment Act was amended to require that all testimony before the Commission at a public hearing be presented under oath.
As a result, all of the witnesses who appear before the Commission this year must be sworn in before testifying. So General Farrell, Mr. Donnelly, Mrs. McManamay, would you please rise and raise your right hands.
(Witnesses sworn.)
CHAIRMAN DIXON: Thank you very much. And if you'll be seated, please, before we begin your testimony and the question rounds, we have a little piece of housekeeping to take care of here.

Page 149

We have said right along to the public-at-large that we're not going to do a lot of add-ons. We're not going to add on 70 or more like they did last time, but obviously, it will be necessary to make some add-ons to the extent that we either disagree with what the services have done or feel like that there are matters that require additional attention that aren't on the list given us.
It seems clear to us that one is not on the list that must be put on the list, and Commissioner Cox has a motion to make in that regard. Commissioner Cox.
MOTION
COMMISSIONER COX: Thank you, Mr. Chairman, and as you mentioned, in light of the discussions yesterday and the uncertainty of whether or not Minot Air Force Base in North Dakota was on the list and therefore could be considered by the Commission, we felt it was important to go ahead and officially place it on the list, allowing us to look at it. Therefore, I move to place Minot Air Force Base on the list of Air Force bases that the Defense Base Closure and Realignment Commission considers for realignment.
CHAIRMAN DIXON: Commissioner Davis.
COMMISSIONER DAVIS: I'd be pleased to second that

Page 150

so that the folks at Minot can get prepared properly so we can go visit.
CHAIRMAN DIXON: It has been moved by Commissioner Cox, seconded by Commissioner Davis that Minot be put on the list. Is there comment? I think Commissioner Cornella wants to say something. Mr. Cornella.
COMMISSIONER CORNELLA: Thank you, Mr. Chairman. I just would like to abstain from deliberations and voting on this matter. Thank you.
CHAIRMAN DIXON: The record will show that Commissioner Al Cornella will abstain from the discussion and from the vote relating to this particular installation. Is there further comment by anyone on the Commission?
(No response.)
CHAIRMAN DIXON: Then our counsel will call the roll. On the motion to include Minot on the list made by Commissioner Cox, seconded by Commissioner Davis, the roll will now be called.
MS. CREEDON: Commissioner Cornella.
CHAIRMAN DIXON: Abstains for the record.
MS. CREEDON: Commissioner Cox.
COMMISSIONER COX: Aye.

Page 151

1 MS. CREEDON: Commissioner Davis.
2 COMMISSIONER DAVIS: Aye.
3 MS. CREEDON: Chairman Dixon.
CHAIRMAN DIXON: Aye.
MS. CREEDON: Commissioner Kling.
6 COMMISSIONER KLING: Aye.
7 MS. CREEDON: Commissioner Robles.
8 COMMISSIONER ROBLES: Aye.
9 MS. CREEDON: Commissioner Steele.
10 COMMISSIONER STEELE: Aye.
11 CHAIRMAN DIXON: And the roll call shows seven ayes
12 and one abstention on the motion by Commissioner Cox seconded
13 by Commissioner Davis. I apologize. I can't even count
14 right today, six ayes, one abstention, and the motion to
15 include Minot on the list is declared passed.
16 General Farrell is it -- do you have an order of
17 preference, gentlemen?
18 GENERAL FARRELL: No, sir.
19 CHAIRMAN DIXON: General Farrell, if you would
20 proceed, please.
21 GENERAL FARRELL: Can you hear me, sir?
22 CHAIRMAN DIXON: I think, for the record, General,

Page 152

1 if you'd be kind enough to talk into the mike for the
2 reporter and for the public-at-large who is viewing this via
3 television. Do you have a lapel mike there somewhere?
4 GENERAL FARRELL: I have one right here, sir.
5 CHAIRMAN DIXON: Perfect.
6 GENERAL FARRELL: Chairman Dixon, Commissioners,
7 it's an honor for us to be here today. I'm General Larry
8 Farrell. I'm the Deputy Director at DLA. I oversaw the
9 executive process for the BRAC '93 round at DLA, and I also
0 oversaw the '95 analysis. Admiral Straw asked me to present
1 the results of the DLA analysis to you today.
I'll be covering something about our mission, how
3 we approach BRAC '95, how we developed other recommendations
4 and finally our summary.
5 The DLA business -- I think we need a little bit of
6 focus there.
7 COMMISSIONER DAVIS: I'm not sure you can, Larry.
8 GENERAL FARRELL: Yes, sir. I've handed out copies
9 so that you can follow along in the briefing, but, basically,
0 since the '93 round, we've produced a strategic plan. We've
1 come up with a lot of initiatives, and we tried to focus how
2 we want to do our business.

Page 153

1 Basically, what we say is we want to be the
2 provider of choice for the military services as a combat
3 support agency anywhere in the world any time of the day.
4 And the way we want to approach our business is to
5 provide requisite readiness at a reduced cost not only in the
6 business areas but in the support for the acquisition area,
7 where we manage the contracts.
8 We want to leverage our corporate resources against
9 large logistics targets and provide price savings to our
0 customers. The three metrics that we're tracking in our
1 Executive Information System in our strategic plan refer to
2 quality, which is better, refer to reducing cycle time, which
3 is faster, and reducing costs, which is our cheaper part.
4 These are the three activities which are affected
5 in our recommendations -- contract management, right here,
6 supply management and distribution management.
7 This is the way we approached our deliberations.
8 We started at a fairly serial way through this, starting
9 first with gathering data, putting out data calls while at
0 the same time we were starting to develop criteria.
It was not until we had fully developed our
2 military criteria and our measures of merit that we actually

Page 154

1 put the data call out. While the data call was going out, we
2 started formulating decision rules that we would use in our
3 deliberations.
4 And when we got the data back, then we went through
5 some excess capacity calculations. We engaged in some
6 interservicing with the Navy and the Air Force, and it wasn't
7 until we did our first COBRA run, which is in the last stages
8 of our process, that we actually took the names off of the
9 activities.
10 Ms. McManamay headed up the working group which
11 performed the calculations, did the data call, and I headed
12 up the executive group. We didn't know which activities were
13 receiving which points until we did the first COBRA run,
14 which was about a month and a half before the process was
15 over. Next slide.
16 This is a hard one to read, and this is really
17 about an hour briefing all by itself, but, basically, it says
18 we recognize that the DOD selection criteria had to be
19 adapted to DLA's business methods and procedures and
20 processes, since we don't have military force structure.
21 We did that crosswalk and accounted for each one of
22 these top four military value in our four measures of merit

Page 155

1 across the right here.
2 Last time around we were criticized by the General
3 Accounting Office for focusing or appearing to focus more on
4 COBRA outputs as a decision-maker rather than military
5 judgment.
6 We reoriented our process this time, added a couple
7 of evaluation tools and declared that the primary decision-
8 maker is going to be military judgment this time. The
9 outputs of all the analysis you see on this slide here for
10 the interservicing that's engaged are only inputs for the
11 final military judgment, and that's the way we approached it.
12 We coordinated closely with the services to follow
13 their decisions because, in some cases, we're tenants on
14 their installations, and when they close and the activity
15 which we're supporting closes, we go, too.
16 We performed, of course, excess capacity analysis.
17 We took a hard look at the force structure plan and, in some
18 cases, used the force structure plan directly to see if we're
19 coming down commensurate with the reductions in the force
20 structure plan.
21 We have concepts of ops, which we developed in each
22 business area following out of our strategic plan and therein

Page 156

1 our report. We did two types of mil value analysis this
2 time, one for activities, one for installations.
3 Last time around we didn't do installations. We
4 noted that the services used it effectively, so we added that
5 piece of analysis. We had our set of decision rules. We
6 performed risk assessments, and we added a commercial model
7 for distribution this time called the SAILS Model, Strategic
8 Analysis of Integrated Logistics Systems.
9 It's a model used by Case, Kodak, people like that,
10 Procter and Gamble. They use it for optimizing their
11 distribution system. It's an optimizing model that solves
12 linear equations, and it gives you the lowest cost for a
13 given depot configuration. So we added that piece of
14 analysis this time.
15 The way we conducted our process early on, the
16 General Accounting Office came to me -- and their
17 representatives are here as well as the DODIG -- and they
18 said, "We want to be a part of your process because we're
19 going to have to audit it."
20 I struck an agreement with them which said that the
21 GAO would sit back and observe and be present in our
22 meetings, have access to all of our ongoing analysis from the

Page 157

first day, which they did, and that the IG would assume responsibility for validating my data.

So I took all my internal review resources, handed them over to the DODIG, struck a deal with Mr. Vander Schaaf and his folks that Wayne Milvon would report to me for purposes of the validation of the data, and that's what we did.

We wanted to get a handle on our facilities, so we let a contract with the Navy Public Works Center in Norfolk to go out and baseline all of our facilities, tell us what kind of condition they're in so that we could enter that data into the military value analysis.

So we know now, we can project out over an eight-year period what we'll have to spend at each facility that we own to bring it up to a certain given comparable baseline. We added inputs from the field. We brought the field people in when we developed our military criteria. They also provided the data we used. I chaired the executive group. Margie chaired the working group, and that's how we proceeded.

These are our decision rules. I won't read them to you, but I just want to emphasize a couple of things. First

Page 158

of all, we want to support the services and customers where they are and where they need us to be supported, and we want to close things as a top priority and to maximize use of overhead, shared overhead, where we exist and optimize the use of installations that we have and all the space on them as nearly as we can. Next slide.

Okay. I'll get into our analysis now. These are the three activities that were impacted. Next line. First, contract management. Our concept of ops says that we oversee $840 billion worth of contracts, and we have three headquarters that perform the oversight functions, and we have one headquarters that performs the international oversight. These guys promote uniform application of contract management rules. Next slide.

This is our workload chart. You can see that in the contract management business procurement dollars are coming down, and this is in the DOD PALMs of the services.

As a result, our contract administration offices, which are overseen by these contract management districts, are coming down about 50 percent, and personnel is coming down through the year 2001 by 42 percent from where we are today.

Page 159

Our decision was based upon the fact that workload was dropping, expanded control was becoming more and more reasonable. We did a mil value analysis, and we noted that the Boston area, the Northeast Contract Management District, has a big concentration of contracts up here.

You note the western region, which is headquartered in L.A., has a large concentration of contract management in the L.A. Basin, and the South is a little bit more scattered.

We made the decision that we could manage the workload and the oversight with two districts, and then the decision came to be, "How are you going to split it? Are you going to split the country east and west or north and south?"

We said, since Boston scored so high, we would make them one of the management activities which would remain, and then we ask ourselves, "Since West and South were so close, which one would it be?

Should we manage the southern half of the country from Atlanta and the northern half from Boston, or should we split it about down the Mississippi River and let Boston take the East and then move the contract management out to the West for the rest of the country?"

And we elected to do it North and South for a

Page 160

number of reasons. Number one, they had a higher mil value here, but we didn't want to manage all of these contracts, large dollar value contracts, space programs, B-2, C-17 three time zones away.

So we elected to split it down the middle and remain with Boston and remain with Los Angeles, and we elected to move the international contract district over to Fort Belvoir and realign them with the headquarters function.

These are the results, a net present value of 165 million and steady-state savings of 13. We had one other action we had to clean up remaining from the '93 round. We were going to realign our western district headquarters from El Segundo to Long Beach, and the language of the '93 BRAC said that we had to effect a trade of a building with the City of Long Beach to do that.

We found out we couldn't do it, that we have to buy one. So we're recommending a redirect, but we changed the language to being able to buy a building rather than the previous plan. We're, actually, going to save more money with this one.

I see Commissioner Cox is frowning. What happened, when the President announced his five-point program, it

Page 161

became apparent to the communities that these facilities were going to fall into their laps without having to put anything out.

So we had thought before that we would be able to trade some closing Navy activities in the Long Beach area for a commercial building somewhere in Long Beach. That deal fell through. So we've got to change the language.

In depots, we had 28 depots prior to '93 BRAC. We took 5 out. We're down to 23 now. We're going to take 5 more out and go down to 18. The ones you see highlighted are what we call stand-alone or general distribution depots, two on the East and West Coast, San Joaquin and Susquehanna, designed for support of the two major regional contingencies in the war plans, large depots, with large throughput capacity.

The rest of these are general distribution depots here, and the small dots are located either with a major fleet activity or with a maintenance activity.

I'm going to drive through how we made our decision. First of all, we recognize that our concept of ops requires us to support two MRCs from the east and the west, and we recognize that San Joaquin and Susquehanna have large

Page 162

capacities, large throughput capacities and large storage capacities.

We elected to consider strongly keeping those in our system. We recognized also that, in our concept of ops, we want to co-locate where we have a major customer, either a maintenance customer or a fleet customer, and then we wanted to accommodate contingency and specialized storage, slow moving, hazardous and things like that, and then to optimize the remaining storage and the system cost.

This is our workload, as you can see. Commissioner Davis asked me about this, but our cubic foot requirement is going from 788 million attainable cubic feet in 1992 down to where we project we'll need about 450 million, round numbers, in the year 2001.

This is commensurate with our workload falloff. When you see the workload lines, in 1992, we were doing 44 million lines a year, and we project that we'll be down about 50 percent by the year 2001. And our personnel in our program are coming down 55 percent. So we've got a lot of excess capacity in the infrastructure.

Commissioner Davis asked me about that, and here are the results. This bar here represents capacity in the

Page 163

cube area, and these representations down here are capacity in the throughput area. So in depots, we measure it two different ways.

You can see that our capacity right now, as we look, we've been reducing some things, lease space and stuff like that. We're at 618 million. Our requirement is at 519 today.

In the future, we project that by reducing some more things and some more lease space, we'll be able to get down to 545, but still our requirement is only going to be 452. So cube is the limiter here.

If you go down to throughput, we've got three types of throughput -- binables, which is less than three cubic feet, averages about nine and a half pounds; open storage and covered bulk storage.

You can see today we're at 45 percent, 23 and 20 percent of capacity, and even after I implement these recommendations that I've got on the table, we'll be at 78, 54 and 28, still a lot of excess capacity in the throughput area, and we'll be sized to cube.

So how do we make the decision? First, our concept calls for us to be where the services need us to be, and when

Page 164

they close the maintenance facility, our concept calls for us to get out.

The Army closed the light vehicle maintenance facility at Letterkenny, which we support. So we elected to close that. They also closed the medium armored vehicle maintenance at Red River, so we elected to get out of there.

And that brought our capacity down to 497, still looking for 452. So what do we do with the rest, though? We said, well, we'll review installation and military value activity values and take a look at capacities.

And see how large San Joaquin and Susquehanna are. That gives you some idea of how large they are compared to the others. And what we did, we noticed that San Joaquin and Susquehanna activity military value are far and away ahead of the other stand-alone depots.

In terms of installation military value, the value of that particular installation to the Department of Defense and DLA, the Columbus facility in Columbus, Ohio, is the winner with New Cumberland second, Richmond third and the Tracy/Sharpe, which is San Joaquin out in California, in fourth.

Once we do that, we said there is a clear

Page 165

distinction in military value for the primary distribution systems on the East and West Coast, so we're going to keep them.

But they've already been facilitized for large throughput to support the war, and those are the only places today where we do airline communications and container consolidation operations.

So once we removed Susquehanna and San Joaquin from consideration, that left four depots -- Ogden, Columbus, Memphis and Richmond. We took a look at all of the mil value again, and we said that even though Columbus is the lowest ranked of our stand-alone depots, we have a need for contingency and specialized storage.

Closing the Columbus depot would not get us an installation closer, so we elected -- we had an idea. We elected to take Columbus and realign it to a slow-moving depot, and it will take about 500 people down to about 50. So we'll still store things there, but we won't be processing workload.

Once we did that, we still have this 66 million cubic feet that we've got to get rid of, and we've got three depots left to consider -- Memphis, Richmond and Ogden. And

Page 166

the decision there was to keep Richmond.

The reason we kept Richmond is because it's ranked third on installation mil value. The public works center analysis of those facilities say they're the best facilities you've got in DLA, and they're going to cost you less to keep them in the future and to maintain them.

It's also a major backup for fleet support at Norfolk. It supports the Norfolk depot. When the Norfolk depot gets overloaded with returns from the fleet, we process it at Richmond.

If I close Richmond, it wouldn't result in a closure, because I've also got a major inventory control point operation there. So I looked at one more piece of analysis, and that was the SAILS model.

The SAILS model optimizes distribution cost. And you can take the SAILS model and you can say close this depot. Keep the rest open. What does the system cost? And it measures transportation cost, and it measures infrastructure cost.

Most important in that calculation are where are your suppliers, and where are your vendors. So the solution you get is a solution that says this is the best place to

Page 167

distribute from, given transportation costs and given the location of your suppliers and vendors, which are a matter of record.

And when you do that and you get down -- once you decide to realign Columbus and you take it out of processing, the model says your cheapest solution is to close Memphis, close Ogden. That's 251 million system cost. That's a model-driven cost.

So our conclusion was we could close two installations -- Ogden and Richmond -- nice installations, but the decision process says not what you close but what you decide to keep to meet your requirements.

So here is our recommendation. As I've said, Letterkenny, Ogden; Red River in Memphis; realign Columbus. The net present value is 874 million, and the steady state savings is 88 million a year.

Moving on to supply centers, we've got five. One of them is specialized for fuels only. We, sort of, set that off to the side because it does a unique mission. Another is a specialist in troop and general support. That's the Defense Personnel Support Center in Columbus, and they do general and troop. They're the only ones that do troop

Page 168

support.

And then we have three other hardware ICPs who do a mixture of weapon system and general workload. We realize, in our strategic plan, that our management of NSNs fall into two categories -- one troop and general and one weapons system.

And we've decided that there is different management methods associated with those. So, in our strategic plan, we're pointing toward consolidating those types of workload. So that the basis for our recommendation.

Here is what a supply center does. A supply center takes demand from customers and determines requirements. It puts out buys and procurement activities. It ensures the quality, and it determines where that's going to be stored or if it's going to be stored or whether it will be shipped directly to the customer from the vendor.

So if it gets a requisition from a customer, there is three things that can happen. One, he can go to a DLA depot, where we've got it stored, and have it shipped to a customer.

He can tell a vendor to ship it to a depot, then we can ship it to a customer, and we've been doing a lot of that

Page 169

over the years in DLA, or one of the new things that we're doing right now is shipping directly from vendors to customers, which is further reducing our storage requirements. Better, faster, cheaper. That's what we're after. Next slide.

This is our workload in the ICP. Our sales dollars are going down 14 percent. The inventory value that we're dealing with at the ICPs that they own is going down 43 percent, and the people are programmed down 32 percent. So the workload is dropping in the ICP area as well.

So our decision, we took a look at mil values, installation mil values, Columbus far and away the winner. The ICP at Columbus is far and away the winner. So that says that you're not going to close down the Columbus operation.

So if you're going to consolidate workload, you've got to choose somewhere else to do it, and we're really left with the decision of where you put all the troop and general. And we decided to take all of the general workload that is presently managed at Columbus, Richmond and DSC and move it to the Defense Personnel Support Center in Philadelphia, making that exclusively responsible for all the troop and general support.

Page 170

So it takes an ICP, which is fairly large, and turns it into a much larger ICP in the Philadelphia area. At the same time, we decided, based upon mil value, to disestablish the industrial center in Philadelphia and transfer all of its workload down to Richmond.

And as a result of that, Richmond gains a little bit, Philadelphia loses a little bit, and Columbus loses a little bit. But we end up closing one of our ICPs, and we end up with one ICP for troop and general and two ICPs for weapons systems support.

This is the impact of our decision -- 236 million, steady state savings 18 million, and the return on investment is immediate here. These are the impacts. I've alluded to these before.

All of our decisions -- the ICP decision in Philadelphia, minus 385. Richmond pluses up a little bit because they get more workload transferred in than they're transferring out.

Columbus loses 365 people due to our depot decision to realign the Columbus depot and 358 do to the fact that they're transferring general workload into the Philadelphia area. That's about 358 people.

Page 171

The disestablishment of the Contract Management District in Atlanta is 169 people in the year 2001, and the really big impacts on the decisions that we made, that we made, were Memphis 1,300 and Ogden 1,100.

Texarkana is a large decision, but as I told you, we're following the Army there. Up at Letterkenny in Chambersburg, that's only 378 for that depot decision up there. Overall, we take about 2,300 people out of the system.

And this is the summary of our decisions -- 23 depots to 18. We're dropping another 22 percent on depots. We're reducing the number of sites. Supply, we're going from five ICPs to four. Contract management we're going to two districts, and we're taking this command and moving it into the headquarters.

The bottom line is reducing of the inventory -- of the plant replacement value that we looked at, we're taking 22 percent of that out, and this is the roll-up of our decisions, $1.3 billion and $120 million a year steady state.

CHAIRMAN DIXON: Thank you, General. I thank you for a very excellent presentation that I'm sure the Commissioners found very helpful. Mr. Donnelly, do you have

Page 172

something to add to that?

MR. DONNELLY: Not to that. I have my own --

CHAIRMAN DIXON: Well, of course. Mr. Donnelly.

MR. DONNELLY: Mr. Chairman, members of the Commission, I'm Jack Donnelly, the Director of the Defense Investigative Service. The principal mission of the Defense Investigative Service is to conduct personnel security investigations for people who are affiliated with the Department of Defense, Defense agencies and Defense industry.

Our second mission is to oversee the handling of classified information in Defense industries to ensure that it's protected in accordance with the security regulations.

The reason for my testimony today is to discuss a single issue concerning the BRAC and the recommendation that it made and agreed to in 1988. The decision was to keep a major DIS component at Fort Holabird, Maryland, and it was a decision with which we agreed at the time.

However, since that time, the deterioration of the building has accelerated and is making relocation essential. This activity at Fort Holabird, which is located in Dundalk, a suburb of Maryland, is the Investigative Control and Automation Directorate.

Page 173

It is organized as a personnel investigation center and a national computer center with an administrative support service. This facility is the heart and the nerve center of the Defense Investigative Service for controlling and directing all DIS personnel security investigations worldwide.

It also provides automation support to our entire agency and certain other DOD agencies. It has a repository of 3 million investigative files. It also maintains an investigative index of all types of investigations conducted by the Department of Defense with 38 million entries.

We have a work force there of 458 civilian employees. They receive and process approximately 775,000 personnel security requests, investigative requests each year, and they respond to 206,000 requests for investigative files a year and provide automated service in support of this mission.

They're presently housed in a Korean War era building located on a seven-acre site owned by the Army. That parcel of land was left over from Fort Holabird, which was almost completed converted to a commercial business park in the mid-1970s.

Page 174

In 1988, the only other DOD activity that remained at Fort Holabird was the Army Crime Records Center, which has been realigned recently. This is the only remaining activity.

We are recommending that this facility be realigned under BRAC '95 to a smaller, modern building to be constructed at Fort Meade on an existing Army installation. Our recommendation is based on the rapidly deteriorating condition of the building.

In the last three years, for example, we have spent over $319,000 for major repairs at this facility. These costs were in addition to $400,000 a year, which we paid to the Army for an interservice support agreement to maintain the building.

We also employ a full-time maintenance staff at this location. We've experienced many serious problems with the building. For example, frequent air conditioning outages during hot summer weather has caused us to dismiss employees on several occasions. We expect these outages to continue because of the age and condition of the air conditioning system.

We also have to call the fire department regularly

Page 175

because of hazardous conditions caused by the wiring. It has a leaky roof, rusted water pipes that break and foul emissions from a nearby yeast plant which is adjacent to the property.

Last year, the Army Corps of Engineers completed an engineering study of the building. That study revealed that the existing building fails to meet many code requirements and contains potential health hazards such as asbestos, led paint and PCBs.

That engineer study concluded that it would cost approximately $9.1 million to renovate this building. If we renovate, we will stir up the environmental problems, and we would still have an old building with the same limitations it has now, and we would also be left with excess base we do not need.

Renovation would also cause a major disruption of our operation because we would have to move to a temporary facility to allow completion of the renovation. We would then have to move back. If we realign instead of renovate, the Army would be free to dispose of this property.

CHAIRMAN DIXON: Mr. Donnelly, you're making a very persuasive case. May I interrupt you?

Page 176

MR. DONNELLY: Certainly.

CHAIRMAN DIXON: Mr. Donnelly, I'm told by staff that everybody has looked at this and thinks that you're a good, honorable man with a just purpose and that you've come here in good faith with a lot of support, and if you will stop talking, I might accommodate you.

(Laughter)

CHAIRMAN DIXON: When I was a kid in the Illinois House, I was 23 years old, and I got up to make my first speech passing a bill, and the board lit up, and I had all the votes. An old fellow sitting next to me said, "Son, shut now, you've won."

(Laughter)

MR. DONNELLY: Thank you, Mr. Chairman.

(Laughter)

CHAIRMAN DIXON: Mr. Donnelly, here's what I'm told. The DOD recommendation is to relocate the Defense Investigative Service Investigations Control and Automation Directorate from Fort Holabird, Maryland, to a new facility to be built on Fort Meade, Maryland, which is only 18 miles away. Is that correct?

MR. DONNELLY: That is correct.

Page 177

CHAIRMAN DIXON: This proceed is a redirect from the recommendations of the '88 Base Closure Commission. Once the Defense Investigative Service vacates the building, the base will be vacant; is that right?

MR. DONNELLY: That is correct.

CHAIRMAN DIXON: This recommendation will not result in a change in employment in the Baltimore area because all affected jobs will remain in that area. 425 personnel will simply relocate, if the recommendation is approved; is that correct?

MR. DONNELLY: That is correct.

CHAIRMAN DIXON: The justification is that Defense Investigative Service is located in a Korean War era building. Buildings in disrepair has cost over $319,000 in repairs since Fiscal '91 in addition to the annual costs of approximately 400,000.

A recent Corps of Engineers' building analysis indicated that the cost to bring the building up to code and to correct the environmental deficiencies would cost the DIS approximately 9.1 million.

A military construction project on Fort Meade is estimated by the Corps to cost only 9.4 million. Is all of

Page 178

1 that correct?
2 MR. DONNELLY: Yes, it is.
3 CHAIRMAN DIXON: Do any Commissioners have any
4 questions at all of Mr. Donnelly before we let him go,
5 because we'll probably pick a lot on poor old General
6 Farrell. Anybody want to pick on Mr. Donnelly?
7 COMMISSIONER DAVIS: I do, sir, having been
8 harassed by his agents over the years.
9 (Laughter)
10 CHAIRMAN DIXON: Well, Mr. Donnelly, I almost got
11 you out of here scott free. Commissioner Davis, what do you
12 want to ask Mr. Donnelly?
13 COMMISSIONER DAVIS: I have two questions. Is the
14 location important, Mr. Donnelly, where you move to?
15 MR. DONNELLY: It is important for a number of
16 reasons. Number one, it's common sense. We have a highly
17 trained staff in the Baltimore area. Major customers are in
18 this area, both the military departments defense agencies.
19 The major recipients of our product, the clearance
20 facilities, are all here, and it just makes sense to stay
21 where the principal business associates are.
22 COMMISSIONER DAVIS: The second question is did you

Page 179

1 look at other alternatives other than building a building?
2 MR. DONNELLY: Yes, we did, Mr. Davis. And in the
3 package that you have, I believe at Tab 3 we have those
4 facilities delineated.
5 COMMISSIONER DAVIS: I think that's sufficient
6 harassment, Mr. Chairman.
7 CHAIRMAN DIXON: Yeah. You didn't treat him too
8 badly. Commissioner Kling has a question, I believe,
9 Mr. Donnelly.
10 COMMISSIONER KLING: Mr. Donnelly, one very simple
11 one. I understand there is some trend toward using more
12 private firms, outside sources to do some of the
13 investigative work; is that correct? Are you out-sourcing
14 more of that, and if so, how would that affect --
15 MR. DONNELLY: We are using what is called
16 nonpersonal service contractors, and these are individuals --
17 it's an interesting term -- that these are individuals that
18 we hire on a contract basis.
19 They're retired federal investigators, and when we
20 have a heavy influx of investigations that is more than we
21 can handle with our regular force, we go out and we hire a
22 number of these. They work on a case-by-base basis at a

Page 180

1 given rate.
2 There is a move to prioritize a lot more of the
3 investigations other than these personnel security
4 investigations with the OPM efforts, it being in the paper
5 recently. That's still up in the air. It's not very easy to
6 do that.
7 COMMISSIONER KLING: So none of that really will
8 really have any major bearing in your new construction.
9 You're still going to need that no matter what you would do
10 as far as out-sourcing?
11 MR. DONNELLY: Precisely.
12 COMMISSIONER KLING: Thank you.
13 CHAIRMAN DIXON: Are there any further questions by
14 any Commissioners of Mr. Donnelly?
15 (No response.)
16 CHAIRMAN DIXON: Mr. Donnelly, we thank you for
17 your kindness in appearing today. We thank you for your
18 presentation, which was an excellent one, and you may leave
19 at any time you choose. If you want to go right now, you
20 may. Nobody will take offense.
21 MR. DONNELLY: Thank you, Mr. Chairman.
22 CHAIRMAN DIXON: Mrs. McManamay, I'm delighted to

Page 181

1 see that they found you a good sign. Is there anything you'd
2 like to say before we start the round of questioning?
3 MS. McMANAMAY: No, sir.
4 CHAIRMAN DIXON: Thank you very much for your
5 attendance today, and we will begin with Commissioner Steele,
6 Major General Farrell.
7 COMMISSIONER STEELE: Good afternoon, General.
8 Thank you for your very thorough presentation. It wiped out
9 a lot of my questions, so it will save some time here.
10 If your recommendations are approved, will there be
11 enough capacity remaining in the distribution depot system to
12 accommodate the inventories that need to be moved from the
13 proposed closed depots during the transition period? You're
14 comfortable with that?
15 GENERAL FARRELL: Yes.
16 COMMISSIONER STEELE: And if there are any
17 unforeseen future operational needs, you would be able to
18 absorb those as well?
19 GENERAL FARRELL: Yes. I've got some statistics
20 you might be interested in. We took a look at what we
21 thought our wartime requirements should be, and we sized it
22 about like Desert Storm.

Page 182

1 So we went back and looked at what our issues were,
2 and our issues are running about 11,500 a day. So we said
3 that's ballpark for what we might have to throughput. You
4 understand in wartime it's not a matter of storage, but it's
5 throughput. You're not storing things. You're pushing it
6 out to the combat theater.
7 So we were pushing out about 11,500 a day in our
8 system. Our normal peacetime load is about 97,000 issues,
9 and if you added another conflict, that would be another
10 11,500. So that all adds up to about 120,000 a day. That's
11 for everything.
12 And if you look at our capacity in surge, our
13 normal operation at one shift a day is 112,000, and surging
14 we go to 309. So the total requirement is 120. So even
15 after I make my recommendations, I still got three times as
16 much throughput in the system to handle that.
17 COMMISSIONER STEELE: Okay. I'm sorry. Excuse me.
18 That begs another question. Is there too much remaining?
19 GENERAL FARRELL: Well, as I briefed in my
20 briefing, we have more throughput capacity than we need, but
21 we don't have -- we had to size to cube, because we have
22 responsibilities to store things for contingency and war

Page 183

1 reserve.
2 So we sized down to cube, but what we're left with
3 is more throughput capacity than we need for war. That's
4 true. And what that says is that we can do it from a fewer
5 number of locations because, if you look at the throughput
6 for just San Joaquin by itself, it's 135,000.
7 For Susquehanna, it's 124. So either one of those,
8 their max throughput compares very nicely with the total
9 system requirement. You wouldn't do it that way, but it just
10 gives you some feeling for how much capacity for throughput
11 we've got.
12 COMMISSIONER STEELE: And forgive me for repeating
13 this, but in storage capacity excess, what kind of percentage
14 of excess capacity exists?
15 GENERAL FARRELL: Well, we're at 619 now, and we've
16 got about 519 on the books. So that's 100 million excess, 17
17 percent.
18 COMMISSIONER STEELE: Okay. I know there are some
19 other Commissioners that are going to follow-up on that area,
20 so why don't we move to another subject.
21 GENERAL FARRELL: If I can make a point, the point
22 is not how much excess capacity we've got today but how much

Page 184

1 we project for the year 2001, and that's how we did our
2 analysis.
3 COMMISSIONER STEELE: Okay. Moving on to Memphis
4 and Ogden specifically, you talked about your other options,
5 and I feel like you've explained that quite well. But I
6 wanted to jump down to just a few concerns that the community
7 had.
8 In your decision to close Memphis Defense
9 Distribution Depot, how much weight was given to its central
10 location and excellent access to all types of transportation?
11 GENERAL FARRELL: They were given credit for their
12 access to transportation. All depots were. And that was
13 based upon the data calls. We asked them, and the
14 installation itself or the activity actually prepared the
15 data call.
16 They sent it up to us, and we awarded the points
17 based upon what they submitted. The thing, when you look at
18 our requirements, is what do you need in the system to
19 perform your wartime mission and your day-to-day peacetime
20 mission. So we approached it that way.
21 One of the models that we looked at was the SAILS
22 model, and I spent a little bit of time talking about that.

Page 185

1 but that SAILS model really tells you where you need to be to
2 support the vendor and the supplier locations which you deal
3 with on a day-to-day basis.
4 So it's, essentially, a peacetime optimizing cost
5 model, and it allows you to do a number of interesting
6 things. You can hold one thing constant and let other things
7 vary, or you can allow the whole system to vary.
8 When you allow the whole system to vary, it tells
9 you that you need to reposition some of the stock that you
10 have today and put it at some different places. And if you
11 just let the model run by itself and tell you where to place
12 all the stuff that you do business with, it tells you to put
13 most of it at Susquehanna and places like Richmond.
14 So it shows a preference for the location of
15 Susquehanna and Richmond. As a matter of fact, you can do
16 things like close one depot and see how it loads up other
17 depots.
18 In every case we looked at, it wants to load up the
19 Susquehanna depot. In fact, if you compute a baseline cost
20 for the system on how you're operating today, if you were to
21 operate most officially and you closed the Susquehanna depot
22 and redistributed the workload, your system costs would rise

Page 186

1 significantly.
2 COMMISSIONER STEELE: Thank you, General. I just
3 have one final question regarding military value. Your
4 Richmond and Columbus depots I see from your charts you rated
5 lowest in the category of activity military value, I believe.
6 And installation military value Richmond is third,
7 and Columbus is first. Just what weight did you give, in
8 general, to the two categories of military value, or did you
9 just look at the numbers you came up with and then exercised
10 your judgment according to the overall recommendation?
11 GENERAL FARRELL: If you're talking about the
12 installation value and what drives the difference, how that
13 differs from activity military value and installation
14 military value, you look at the number of other major
15 activities which are serviced on that installation, and you
16 give them points based upon that.
17 So as an example, when we went out for the data
18 call, Columbus installation in central Ohio, their data call
19 said they had five major activities which they support there,
20 two of which are DLA activities, the depot and the ICP.
21 But they also support the DSA megacenter and the
22 DFAS, which is a major financial center, and they have a

Page 187

1 major Army Guard center there. So it's, essentially, a huge
2 federal installation.
3 So in that mission scope, the military value
4 awarded 150 points, and Columbus got all of it. If you look
5 at Memphis and their answer in that case, Memphis had one
6 significant mission, which is the depot.
7 So they got 30 out of 150 points on that. That was
8 their submission. And you look at the others -- and so the
9 points were awarded based upon their response. It gives you
10 some idea of how to value installations differently from an
11 activity.
12 COMMISSIONER STEELE: Thank you, General. No
13 further questions.
14 CHAIRMAN DIXON: Thank you, Commissioner Steele.
15 Commissioner Cornella.
16 COMMISSIONER CORNELLA: Thank you, Mr. Chairman.
17 General Farrell, as was said, you gave an excellent opening
18 statement, and I just have one or two quick questions for
19 you, and that involves regional headquarters that you were
20 talking about.
21 I note that your recommendation, which addresses a
22 disestablishment of the Defense Contract Management District

Page 188

1 South in Marietta, Georgia, states that the Northeast Boston
2 District supports its area operations office and plant
3 representative offices with a lower ratio of headquarters to
4 field personnel in the southern district located in Marietta.
5 On the surface, it would appear that this measure
6 of efficiency is a reasonable test. In 1993, the Defense
7 Logistics Agency closed two contract management districts,
8 one in Philadelphia and another in Chicago, and I think you
9 did mention that.
10 Subsequent to these closures, I believe the
11 remaining districts were redistricted. I assume that
12 "redistricted" means that the workload was redistributed.
13 So my question is what was the ratio of
14 headquarters to field personnel in the Marietta office as
15 compared to the Boston office prior to that redistricting,
16 and were the two districts more comparable at that point?
17 GENERAL FARRELL: Yes, sir. Prior to BRAC '93 in
18 September of '92, when we looked at that, the Northeast had a
19 ratio of 1 person in headquarters to 11 in the field. The
20 district in Marietta had 1 to 10, and out in the West they
21 had 1 to 15.
22 In other words, you could look at it either they

Page 189

1 had a higher expanded control in the West, or they were more
2 efficient at overseeing the contract operations. But as you
3 saw on the slide there, there is a great concentration of
4 contract missions in the West.
5 In fact, most of their contract oversights are
6 within 40 miles of the headquarters in El Segundo. So you
7 could see where they could, in the West, could probably do it
8 a little more efficiently.
9 At the same time, we had five districts, and I had
10 134 separate contractor operations out there. So that meant
11 that the ratio of districts to actual activities that you're
12 overseeing was 1 to 27.
13 After I did my COBRA in '93, those ratios changed
14 in the Northeast from 1 to 11. It went to 1 to 13. In the
15 South, it went from 1 to 10 to 1 to 12. In the West, it
16 stayed at 1 to 15.
17 And when I had now three districts and 105 separate
18 contract activities to oversee, my ratio now was 1 district
19 to every 35. In BRAC '95, what we're looking at approaching
20 it -- approaching BRAC '95 is 1 to 18 in the Northeast, 1 to
21 13 in the South, 1 to 18 in the West, and with three contract
22 management districts now, I'm only overseeing 90 separate

Page 190

1 contract activities.
2 So my ratio of districts to activities has dropped
3 to 1 to 30. After I do my COBRA '95, my ratio in the
4 Northeast is going to go to 1 to 22, and in the West it's
5 going to go to 1 to 28 people overseeing people.
6 But my number of contract activities overseeing is
7 going to drop significantly, and that's the real measure of
8 oversight. It's going to drop to 64. So I have two
9 districts overseeing 64 activities, and that's down to a
10 ratio of 1 to 32.
11 So you could see that my ratio of contract
12 activities overseeing since before BRAC '93 has gone from 1
13 to 27 down to 1 to 32. So it's about the same.
14 COMMISSIONER CORNELLA: But would that change
15 whether it was Marietta or Boston?
16 GENERAL FARRELL: No, sir.
17 COMMISSIONER CORNELLA: It would be the same,
18 wouldn't it?
19 GENERAL FARRELL: It would be the same. That ratio
20 would be the same. Exactly.
21 COMMISSIONER CORNELLA: All right. I guess that's
22 what I was kind of driving at. If the redistricting

Page 191

1 previously had affected which of those that you would close
2 this round, and evidently it has.
3 GENERAL FARRELL: I think if the South -- to answer
4 your question further, I guess if the South survived, their
5 expanded control, in terms of individuals, would widen a
6 little bit. They would go, probably, to something like 1 to
7 22, if they were the one that survived.
8 COMMISSIONER CORNELLA: Thank you very much.
9 GENERAL FARRELL: Yes, sir.
10 COMMISSIONER CORNELLA: That's all I have,
11 Mr. Chairman.
12 CHAIRMAN DIXON: Thank you very much, Commissioner
13 Cornella. Commissioner Cox.
14 COMMISSIONER COX: Thank you. I understand that
15 the Defense Logistic Agency is testing service delivery
16 program with FedEx. Could you tell us a little bit about
17 this, and will it affect your capacity? If this works, will
18 you see a much less capacity need?
19 GENERAL FARRELL: It's one of the initiatives that
20 we've come up with in the last year. It's a privatization
21 initiative, essentially. And what it says is that can we
22 come up with better ways to distribute high value items?

Page 192

1 Can I find a customer out there who has items that
2 he distributes -- it might be something like a programmable
3 signal processor -- something that's worth $2 million.
4 And what you want is to shorten the pipeline as
5 much as possible so you don't have to buy all the extra
6 spares to fill the pipeline up.
7 And if we could then establish a premium
8 distribution operation anywhere where you could guarantee 24-
9 hour delivery anywhere in the CONUS or 48 hour delivery
10 anywhere overseas, recognizing that the customer would pay a
11 premium for that particular, we were just interested to see
12 if there was anybody interested.
13 So we let a contract with FedEx, and we just
14 happened to have selected the Memphis depot as a place
15 initially to work at, but you can really do it anywhere.
16 Our ultimate -- and you don't need much storage,
17 because these are high value items. There wouldn't be a lot
18 of them. First of all, we don't have any customers yet.
19 Nobody in the services has stepped up to this, and secondly,
20 you could, essentially, do it anywhere.
21 You could do it with any private contractor. So
22 say you closed the Memphis depot and some private operator

Page 193

1 took the Memphis depot over. You could then elect to either
2 store it in FedEx facilities, which they do for other
3 companies, or you could make an arrangement for a lease fee
4 to store it at Memphis.
5 It's a much more efficient way to do it rather than
6 keeping a whole depot open just to do that small operation.
7 So it's really -- that's not a factor in our analysis.
8 COMMISSIONER COX: No. I'm sure it's not a factor.
9 I think it's a very interesting program. The question would
10 be if it would work and be pursued on a greater scale, then
11 maybe we'd be looking at even more excess capacity than we
12 have today, but it doesn't sound like it's taking off at any
13 great speed.
14 GENERAL FARRELL: Not that particular one, but we
15 have a number of other interesting programs underway that are
16 taking off and that are reducing storage requirements
17 throughout the system.
18 COMMISSIONER COX: Good. In 1993, the Base Closure
19 Commission directed that DOD's tactical missile maintenance
20 work be consolidated at Letterkenny. You all are now, as a
21 follow-on, on a Letterkenny recommendation to close.
22 But in light of the '83 decision, was the

Page 194

1 Letterkenny Defense Distribution Depot made -- did you have
2 to make infrastructure changes, and if so, what were the
3 costs?
4 GENERAL FARRELL: We haven't made any adjustments.
5 That missile workload really is not -- we're not associated
6 with that. We're associated with the vehicle workload that
7 was done at Letterkenny.
8 COMMISSIONER COX: All right. So that --
9 GENERAL FARRELL: I believe the Army's decision is
10 to keep the missile workload and to close out the light
11 vehicle, and that's why we're closing down.
12 COMMISSIONER COX: Okay. You mentioned the
13 question of the Defense Contract Management District West, as
14 far as the 1993 BRAC decision, which I believe was to move
15 out of lease space and into a building that, essentially, you
16 could obtain for free in Long Beach.
17 And I understand that given the way the federal
18 Defense Department property could now be distributed that
19 they're not anxious to hand over a building to you. But let
20 me ask you a question about that, because I just don't
21 remember.
22 And that is I thought we were trying to get you out

Page 195

1 of lease space and into something else because it was
2 cheaper. Now you're suggesting that you be given the
3 authority to buy a building to replace the lease space.
4 Assuming the original assumption is wrong, would
5 you be better off staying where you are just in that lease
6 space? Do we have to go find a building, and couldn't we,
7 maybe, find another free building? I realize no building is
8 free.
9 GENERAL FARRELL: Excellent question. But it would
10 most definitely be a lot cheaper for us to leave because
11 we're paying right now a total of $4.5 million a year to be
12 in that GSA building.
13 4.2 million is simply the lease cost, 4.3. About
14 200,000 is real property maintenance and upkeep of the
15 building, which we also pay, and that's not very many people
16 in that building. We've done a survey in the Long Beach
17 area, and we could buy a building about the size we need for
18 4.1 million.
19 COMMISSIONER COX: I see. So in one year --
20 GENERAL FARRELL: Yeah. So it's one year. We
21 could upgrade -- we could renovate that or do whatever we had
22 to do for about another million and a half. So you're

Page 196

1 looking at 5.3 million one-time cost to get out of something
2 that's costing you 4.5 million every year forever.
3 And we estimate that when we go into this new
4 building the upkeep of that would be on the order of
5 $300,000. So once we bought it, we'd be paying $300,000 a
6 year versus 4.5 million a year.
7 COMMISSIONER COX: The upkeep on the current
8 building is 4.5 million. Have you discussed this with GSA?
9 We ran into this in '93, and in some cases, GSA was happy,
10 rather than lose a customer altogether, to work out a lower
11 lease rate.
12 GENERAL FARRELL: The issue last year was the
13 federal center at Battle Creek.
14 COMMISSIONER COX: Right.
15 GENERAL FARRELL: I don't think GSA was too upset,
16 and I don't think they'd be too upset if we left this place.
17 That building in Battle Creek was on the Federal Registry for
18 historic buildings, and our presence there is what kept it
19 open.
20 If we left, you'd have to go through the process of
21 disposing of that building at Battle Creek, which would have
22 been a very painful process for the people there.

Page 197

1 COMMISSIONER COX: In this case, are you the only
2 tenant in the building.
3 GENERAL FARRELL: We are. We actually have -- it's
4 our headquarters plus the Defense Contract Management
5 activity which actually manages contracts in the Los Angeles
6 Basin. So there is two activities there. The second one I
7 didn't BRAC because it wasn't large enough.
8 COMMISSIONER COX: But you would intend to move
9 that as well?
10 GENERAL FARRELL: Yeah. You may be interested to
11 know that we approached the Air Force and asked them if they
12 had space at Los Angeles Airport Station to absorb the whole
13 headquarters so we wouldn't have to buy this building. They
14 didn't have room enough to do that, but they had room enough
15 to absorb the smaller activity.
16 So it wasn't reported because it didn't meet the
17 BRAC criteria, but we're moving the other activity onto the
18 Air Force installation.
19 COMMISSIONER COX: And those activities don't need
20 to be together?
21 GENERAL FARRELL: No, they do not.
22 COMMISSIONER COX: And nothing else in that sort of

Page 198

1 area where you could move onto an existing base?
2 GENERAL FARRELL: Not right where we are. Long
3 Beach is the best option. We could buy something in the
4 L.A. -- right in the El Segundo area, but it would be a
5 little more expensive. We'd be better off in Long Beach, we
6 think.
7 COMMISSIONER COX: Thank you.
8 CHAIRMAN DIXON: Thank you, Commissioner Cox.
9 Commissioner Davis.
10 COMMISSIONER DAVIS: Thank you, Mr. Chairman.
11 General Farrell, as far out as you can see, you've got all
12 your closures in the '95 BRAC. In other words, you're going
13 to be down to your end position?
14 GENERAL FARRELL: As far as we can see.
15 COMMISSIONER DAVIS: And when do you get down to
16 that end position, if it's all approved?
17 GENERAL FARRELL: In terms of BRAC, I think it's
18 about the year 2000 we'll be to everything.
19 COMMISSIONER DAVIS: As some of the services'
20 decisions, obviously the BRAC process is a very complex one.
21 Did any of the service decisions hurt your process at all?
22 GENERAL FARRELL: No, sir.

Page 199

1 COMMISSIONER DAVIS: You weren't forced to change
2 your process at all because any service had made some other
3 decision?
GENERAL FARRELL: No, sir. We accounted for that
in our process.
6 COMMISSIONER DAVIS: We talked about throughput.
7 Your storage, to follow on with, sort of, Commissioner Cox's
8 question, your storage capacity for items that have to be
9 stored for your customers for the demand that's coming out,
10 you've got some initiatives, I'm sure, going on, but do you
11 have as sort of a Just-In-Time initiative that would allow
12 you to release more space in the depot area?
13 GENERAL FARRELL: Right. I can't find my paper on
14 that, but we have a number of things. We talked about
15 premium transportation, which was one.
16 We have a strategy, and we call our strategy By
17 Response By Inventory, BRBI, and it follows on from the
18 commercial way of doing business, which says don't store
19 things in warehouses. Buy from a supplier who is willing to
20 deliver it to you when you need it.
21 And if you've got predictable workload -- we don't
22 have in all the things we store. The war reserve things

Page 200

1 don't have predictable workload associated with them, but a
2 lot of the commercial stuff -- the medicines, the clothing,
3 the food that we buy -- has a predictable demand.
4 So we've invented something we call Direct Vendor
5 Delivery, which says we're going to establish contracts with
6 as many people as we can with an objective to the end of '95-
7 '96 having 50 percent of all of our contracts Direct Vendor
8 Delivery.
9 Now, we haven't really realized the full impact of
10 that strategy yet because we've just undertaken it. So it's
11 likely that if it's successful that will, you know, free up
12 some more stuff, but we're just not far enough along.
13 There is another one we call Prime Vendor that's in
14 the medical area, and here is the way that one goes. We have
15 established 21 regions in the United States to service
16 military hospitals.
17 We've put a winner-take-all contract on the street
18 to supply pharmaceuticals, surgical supplies and general
19 types of medicines to all the military hospitals.
20 And once that guy wins it, his obligation is when
21 the hospital commander calls, to deliver that stuff to him
22 within 24 hours. And we find that not only are we getting 98

Page 201

percent of the stuff within 24 hours now, the hospital
commanders are lowering their retail inventories.
The cost that the hospital commanders are paying is
about 35 percent less than they were paying by going directly
to Johnson & Johnson in a local area.
We estimated our PALM '96, which is already on the
street, we're going to reduce our inventory in medical from
about 270 million down to about 250 just in PALM '96.
Now, we're right now looking at our PALM '97, and I
was talking to our supply guy today, and he told me that he
thinks that we'll reduce that 270 by half in PALM '97. So
that's millions of dollars of inventory that won't have to be
stored somewhere in the medical area.
We're thinking of expanding that to other
categories and commodities like automotive parts, like food,
all the general types of -- you could do it for construction
supplies, and things like that. So it's got great potential.
We're just underway.
COMMISSIONER DAVIS: Okay. One final question.
What percentage of your facilities are leased? Give me a
guess. It's probably very small, but give me a guess --
GENERAL FARRELL: Small right now. Small.

Page 202

1 COMMISSIONER DAVIS: And then if you could submit
2 that for the record, I would appreciate it.
3 GENERAL FARRELL: Yes, sir, we will.
4 COMMISSIONER DAVIS: Thank you, Mr. Chairman.
5 CHAIRMAN DIXON: Thank you, Commissioner Davis.
6 Commissioner Kling.
7 COMMISSIONER KLING: General, I'm not for sure
8 whether your presentation was so thorough that it answered
9 most of our questions or was so thorough that it scared us
10 from asking questions, but either way, good job. Job well
11 done.
12 GENERAL FARRELL: Thank you, sir.
13 COMMISSIONER KLING: Just a couple general and one
14 specific. Do the services, basically, agree with the plan
15 program that you've come up with? Have there been any
16 disagreements from the services with this total program that
17 you're outlining?
18 GENERAL FARRELL: Through our coordination -- our
19 recommendations that we're talking about. Through the
20 coordination with the Army, they had, sort of, wanted us to
21 stay at Red River.
22 They closed the maintenance facility and Red River,

Page 203

1 and when we told the Army that, "If you're closing out, we're
2 leaving, too," the Army said, "Well, you know, if you guys
3 leave, since we made the decision, we're going to have to add
4 those costs to our calculation. That's going to reduce our
5 savings."
6 Of course, they were estimating quite a lot more
7 for costs than we were. So it, sort of, scared them off, but
8 we were pretty insistent. And we made the point that, "If
9 you let us calculate the costs, we'll show you it's not going
10 to cost you nearly as much as you want to." But we can't
11 stay there because that's excess capacity that we don't need
12 to do our job, especially since that maintenance mission is
13 leaving.
14 COMMISSIONER KLING: Which takes me to specifically
15 at the Red River only 12 percent actually is used for the
16 direct support of the Army depot, and 85 percent, I believe,
17 was for the general area or the total mission. Was any
18 consideration specifically to keep it open because of the 85
19 percent workload?
20 GENERAL FARRELL: I'm looking for my paper that has
21 that. You have to look at where Memphis -- I'm sorry, where
22 Red River's workload goes. If you take a look at a printout

Page 204

1 of the tonnage that they ship out and where it goes and you
2 do a percentage calculation, it shows that while only about
3 12 percent is maintenance, the rest of it goes all over the
4 place.
5 Some of it is shipped to San Joaquin, which is a
6 depot that we have that does consolidation. Some of it is
7 shipped to Susquehanna. Some of it is shipped to Fort Hood.
8 It's small percentages, 2, 3 and 4 percent, but it goes all
9 over the place.
10 The point of all that is that there is no reason to
11 keep that depot there to do general distribution because it's
12 really sending it all over the system, and we've got other
13 capacity within the system to be able to accommodate that
14 workload.
15 The real reason we were there in the first place
16 was to do the maintenance mission, by our reckoning. So
17 that's how we approached that analysis.
18 COMMISSIONER KLING: I kind of figured you'd come
19 up with a very good answer with that, General. Thank you.
20 Just a last general question.
21 You set forth a number of reductions that are
22 taking place. Are a lot of those coming forth because of

Page 205

1 closings, or do a lot of them have to do with the direct drop
2 shipments that you're talking about, the higher technology
3 controlling inventory and so forth, or is it just a general
4 combination of both closings and those modernizations in
5 dropped shippings?
6 GENERAL FARRELL: You mean are new initiatives
7 driving a lot of our --
8 COMMISSIONER KLING: Just of your savings you
9 outlined in your program of the amount of reductions in man
10 hours and time and space and so forth that are going to take
11 place.
12 I mean, does a lot of it come from the drop
13 shipping or by the vendors, by the modernizations of controls
14 through computers and, maybe, that type of situation?
15 GENERAL FARRELL: The savings come from – we're
16 talking about distribution?
17 COMMISSIONER KLING: Correct.
18 GENERAL FARRELL: In distribution, savings come
19 from a lot of areas. They come from infrastructure costs by
20 actually closing bases. When you close a base, you download
21 all the real property maintenance, all the guards that you
22 have, the installation command structure that runs that

Page 206

1 installation and all the things you do just to open the doors
2 on the base.
3 You get rid of all of those costs, which are pretty
4 substantial. You also get rid of the portion of the people
5 who are performing that mission, because when that mission
6 goes away, you save part of the people that are associated
7 with that.
8 You say some of indirect supervision. You save
9 some of the direct labor, too, not much, but some. The other
10 savings associated with some of our initiatives are reflected
11 in our inventory reduction figures.
12 If you'll look at where we project our inventory to
13 go, I think we're reducing 108,000 cube – 108 million cube.
14 Part of that is related to direct vendor initiatives, but I
15 can't put my finger on exactly how much.
16 COMMISSIONER KLING: And I don't need a specific,
17 but a good portion of it is coming from that as well now; is
18 that right?
19 GENERAL FARRELL: Some of it. I wouldn't say a
20 great portion. In the future, it will be substantial. The
21 savings will be substantial.
22 COMMISSIONER KLING: Thank you.

Page 207

1 GENERAL FARRELL: Yes, sir.
2 CHAIRMAN DIXON: Thank you, Commissioner Kling
3 Commissioner Robles.
4 COMMISSIONER ROBLES: General Farrell, I'd like to
5 follow-up to Commissioner Davis' questions earlier. In a
6 previous life, I told Chairman Dixon that I would -- I remind
7 him of sitting not in this room but in a room in this
8 building when I was the Army's O&M director and being grilled
9 about the report that had just come out of the press about
10 reputed $30- or $35 billion excess inventory in the
11 Department of Defense and what we were doing to reduce
12 capacity and all that business.
13 I remember Senator Nunn and Senator Dixon asked me
14 some very penetrating questions, and that led to, as you
15 know, a series of initiatives that were -- opportunities that
16 were given to us, the services, by the Department of Defense
17 when a former DLA controller became the deputy -- the
18 controller of -- so I want to talk a little bit about that
19 process because it all relates to this.
20 And I won't get down in the weeds too much, because
21 this is a complex subject, but I do want to talk -- because I
22 think it relates to this, especially since this is a BRAC --

Page 208

1 last round of BRAC, and we had substantial opportunity to
2 save money through efficiencies in the Department's budgets
3 in the out years due to some DLA initiatives.
4 And I'm just trying to get, sort of, an
5 accountability check on how we are on that business,
6 everything from using more commercial specs to Just-In-Time
7 inventory to reducing our warehousing capacity.
8 And all that, as you know, added up to a new way of
9 accounting, which meant we have to pay surcharges for DLA
10 that was added on top of the cost of goods.
11 And I guess I just want to make sure that this
12 recommendation by the DLA is consistent with all of those,
13 those savings are generally going to be realized, there is no
14 hole in the service programs out year readiness budgets, and
15 that you've done all that you can do, and this is a leaner,
16 meaner, more efficient DLA in the supply system for
17 Department of Defense. Is that an accurate depiction?
18 GENERAL FARRELL: That's how we advertise ourself.
19 We advertise ourself as a provider of choice around the world
20 around the clock at better, faster cheaper. That's where
21 we're going.
22 If you read our strategic plan -- we're going to

Page 209

1 give you copies of it -- that strategic plan was not
2 something that was lightly written by one person at night.
3 It was a lot of people involved, and we're very serious about
4 the initiatives in there.
5 You talked about some savings associated with the
6 previous controller and all that, and you're referring to the
7 MRD process, I know. A lot of that accounting was difficult
8 to do, as you know, because one DMRD would come on the table,
9 and there would be some savings associated with that.
10 The next DMRD appeared to overlap that one, and so
11 we lost the accountability. But I'll tell you what DLA has
12 done to try to account for the initiatives in our strategic
13 plan.
14 In our last PALM, we said if we're going to be
15 accountable for saying that we're going to do things better
16 for the services, we have to show them an impact in their
17 prices.
18 And so in our strategic plan, you will see that we
19 have pledged to them that we're going to beat inflation in
20 the prices they pay for their services. We have pledged to
21 them that we're going to bring the distribution charge down
22 from $29 right now to the neighborhood of $20 in the year

Page 210

1 2001.
2 Our surcharge is going for 29 percent now to 21
3 percent in the year 2001. That's in our strategic plan. We
4 have set a price structure for every single commodity we sell
5 out through the year 2001.
6 And in the last PALM, the Office of the Secretary
7 of Defense said, "Here is the inflator line at 3.2 percent,"
8 or the 4, whatever it is this year, "Put that in your plan."
9 We said, "We're not going to do that. We're going to go out
10 and beat inflation, and we're going to put a price value on
11 each one of our initiatives."
12 So we took our initiatives, and we priced them out,
13 and we put them in the PALM. The PALM we submitted was $5.5
14 billion less than what it would have been had we used the DOD
15 inflator, 2.9 billion in supply, 200 million in distribution.
16 So I think we've actually put our money where our
17 mouth is. So the question is going to be are we going to be
18 able to deliver on this process? After we submitted the
19 PALM, we did the first two years of the next budget, and it
20 shows that our prices are actually turning down even from the
21 PALM.
22 COMMISSIONER ROBLES: Well, I really applaud your

Page 211

1 efforts, because those of us who in a former life were
2 involved in this process worried about downstream readiness,
3 and DLA had to get itself right-sized, and it had to be more
4 efficient how to get your surcharges down, and what you're
5 telling me is you've done all that, and this BRAC
6 recommendation, sort of, cements that or crystallizes all
7 that.
8 GENERAL FARRELL: Contributes to that.
9 COMMISSIONER ROBLES: Contributes to that whole
10 process.
11 GENERAL FARRELL: Yes.
12 COMMISSIONER ROBLES: Yes, because it's just a
13 piece of it but I imagine a significant piece of it. Good
14 effort. Switching gears here, let's talk about excess
15 capacity at McClellan Air Force Base.
16 Yesterday, we had the Air Force here, and I asked
17 the question. It was reputed that one of the considerations
18 for their cost analysis of McClellan and where it stood on
19 their military value was a requirement to have some excess
20 capacity available to DLA.
21 And the Chief of Staff of the Air Force said no,
22 that was done after the fact. After the fact -- they said we

Page 212

1 could pony-up excess capacity. Now, my question to you is do
2 you need that extra capacity? Because if you don't, then
3 they put in their analysis a savings which really shouldn't
4 be in that analysis.
5 And I thought I heard you say that you had more
6 than sufficient capacity. So why do you need that capacity?
7 GENERAL FARRELL: I have more than sufficient
8 capacity now, but once I close all the things I propose to
9 close, I would have been at a deficit position of 21 million
10 cubic feet.
11 Let me take you back to the beginning. Myself and
12 Admiral Straw originally were going to submit a BRAC
13 recommendation that had a deficit to our storage capacity in
14 the cube area because we knew that we had so much throughput,
15 and we were going to take a lot of risk, and we were going to
16 submit about 25 million cube deficit.
17 And we were going to hope that we could sustain
18 that recommendation, realizing that the communities were
19 going to come in and argue, "Hey, how can you have that
20 deficit there when you just closed my depot that's got 25
21 million cube? Bring it back on the line to make up for that
22 deficit."

Page 213

1 As we were coordinating with the Air Force and
2 exchanging information, we mentioned to them that we were
3 going to submit with a deficit, and they said, "Do you want
4 more space somewhere?"
5 And we said, "Yeah, if you got it. Where?" And
6 they said, "Anywhere you want it." So we have struck a deal
7 with the Air Force and the Navy, the Navy at Norfolk, to pick
8 up -- we're picking up the Natick hangar at Norfolk that was
9 eliminated in the BRAC '93 round, which is going to give us
10 about 4 million cube.
11 And the Air Force says they will give us up to 30
12 billion cube at their ALCs. So it's not McClellan. It's not
13 Tinker. It's the whole package. And we're now negotiating
14 with the Air Force for that space. The beauty of that is it
15 allows us to close a base, and if, in the future, we don't
16 need it, we could turn it back.
17 COMMISSIONER ROBLES: General Farrell, that's very
18 interesting. So what you're saying, if I understand you
19 correctly, is you don't care where that excess capacity is.
20 It is not necessarily geographic specific that it has to be
21 at McClellan.
22 It could be somewhere else. So if we look at the

Page 214

1 analyses that was done, the costing analyses, we could take
2 the savings attributed to that excess capacity that may be
3 under the McClellan analysis and move it somewhere else, and
4 you would be satisfied? Space is space, I guess?
5 GENERAL FARRELL: Space is space. We would like to
6 have it spread throughout the system.
7 COMMISSIONER ROBLES: But it wasn't a major
8 consideration like it is where you geographically have to put
9 a peer -- I mean, where the peers are for the Navy or some
10 other things?
11 GENERAL FARRELL: No. We're really looking for
12 storage space, and it's not that important. It could,
13 essentially be anywhere, but if they gave it to us all at one
14 place, we'd probably say we'd prefer to have it spread around
15 a little bit.
16 COMMISSIONER ROBLES: Okay. Thank you. Final
17 question, and this is kind of a question of the heart because
18 of my -- when I was in Desert Storm, one of my primary
19 missions was to be the chief logistician and supply officer
20 for one of the Army's tank divisions.
21 And after we came back from Desert Storm, we spent
22 a considerable amount of time going through a lot of lessons

Page 215

1 learned about distribution and the 40-footers and where all
2 the 40-footers were and the distribution out of the various
3 depots, and I know that you all were very much involved in
4 this.
5 In this BRAC recommendation, what, if any, of the
6 lessons learned of Desert Storm were factored into your depot
7 structure and your depot capacity?
8 GENERAL FARRELL: I'd have to say probably not a
9 lot because those were operationals, primarily operational
10 lessons learned. That's my characterization. You're getting
11 me into something I'm not familiar with because that happened
12 before I got to DLA, but I'm somewhat familiar with it.
13 I do know that there was a lot of containers sent
14 that were unopened, that came back unopened. There were a
15 lot of containers sent that got opened, and they pulled one
16 thing out and shut it up, and we got those back.
17 So we had a lot of putting up to do after the war
18 was over, and the reason that was true is because we would
19 get multiple requisitions for the same item, because our
20 system isn't geared to be able to provide the visibility of
21 where that requisition is.
22 Here is what we're talking about is in-transit

Page 216

1 visibility. This is one of the top things that Mr. Jim
2 Clough, Assistant Secretary in OSD, is working right now as a
3 way to work the in-transit visibility problems so that we can
4 tell the soldier in the field where his requisition is so if
5 he doesn't get it in a week submit the requisition again.
6 That's one problem. The other problem is asset
7 visibility, which gives you the visibility not only of your
8 wholesale assets but your retail assets in the system so that
9 you can trade retail assets between services without having
10 to go to a vendor and put an order out to buy something that
11 you already have somewhere in the system.
12 Those two major efforts are not -- I don't think
13 they're going to solve the problem real soon.
14 COMMISSIONER ROBLES: No. And the reason I asked
15 that question specifically is that we shipped probably -- and
16 I don't remember the numbers off the top of my head -- but in
17 the order of magnitude of twice as much stuff as we needed
18 because we couldn't locate it.
19 We can't afford that to do in the future, and
20 certainly, if we have to ship twice as much stuff because we
21 can't locate it, then you're going to keep twice as much
22 stuff in inventory or thereabouts, and then you're going to

Page 217

have twice as much storage capacity.
So there is some importance to making sure that we're fixing that former problem so that the latter problem doesn't exist; i.e., excess inventory, excess capacity.
GENERAL FARRELL: Well, we've done a couple of things. We've got a program with the Army. You've heard of the RF-tag and the automated manifest system? The automated manifest system is a laser card that you could write onto, and you could put it on a pallet. You can put it on a container.
And the soldier in the field has a little reader in his hand. When this thing rolls in, he can take the laser card off of the container, put it in his reader, and it can tell him not only what's in that container but where it is. So if he's after tent poles or mosquito nets or jeeps or whatever, he can get it.
And the other thing is we're putting an RF tag on the containers when they ship so that they can be tracked through the system through satellite so that we know where that transportation control number is. We've actually tried that. We've tried it in Haiti. We tried it in Somalia, and it works pretty good.

Page 218

COMMISSIONER ROBLES: Well, thank you very much. I applaud your efforts. Mr. Chairman.
CHAIRMAN DIXON: Thank you very much, Commissioner Robles. Now, General Farrell, you've done an excellent job. I don't think we're going to need a complete second round. Let me tell you what I intend to do.
I'm going to ask you some general questions the Commissioners have asked me to ask of all witnesses and a few questions from a few congressmen who have sent me questions this afternoon to ask of you.
Then we'll conclude unless anybody on the Commission wants to ask any further questions. I'll simply invite questions after the Commissioners have had a moment to think about this, if anybody thinks of another question they want to ask.
But rather than doing a complete round, I think I'll let any individual Commissioner ask any question. I want to congratulate you on what I think all up here thought was a good presentation and thank Mrs. McManamay who, obviously, did a good support job there in giving you the things that you needed, and we thank her.
Major General Farrell, did the Office of the

Page 219

Secretary of Defense remove or add any installation closures or realignments from your recommendations to the Secretary?
GENERAL FARRELL: No, sir.
CHAIRMAN DIXON: General Farrell, did anyone in the Administration instruct you not to place any specific installation on your list to the Secretary of recommended closures and realignments?
GENERAL FARRELL: No, sir.
CHAIRMAN DIXON: General Farrell, did the Office of the Secretary of Defense instruct your service to place or not to place any specific installations for closure or realignment on your list of recommendations to the Secretary?
GENERAL FARRELL: No, sir.
CHAIRMAN DIXON: Did you or the Office of the Secretary of Defense remove any installations from your recommendations solely for reasons of environmental or economic impact?
GENERAL FARRELL: No, sir.
CHAIRMAN DIXON: Thank you, sir. Now, here are several questions from members of the Congress, and you understand we've invited them to ask questions because they represent the people of this country, and they want to find

Page 220

out the answers regarding matters that affect their districts or states.
This is from the Honorable James B. Hansen, member of Congress from the First District of Utah. He asked me to ask you this:
He says that, "DLA commissioned a Pete Marwick study dated December 1993 which clearly shows that Ogden is by far the single-most cost-effective depot in the DLA system. How did cost of operations factor into your decision when, as a casual observer, it appears that you are closing DLA's most efficient depot?"
A pretty tough question. What's your answer to that one?
GENERAL FARRELL: First of all, the reason we commissioned the study is because of the falling out of BRAC '93. We found or we suspected -- I mean, we tried to do an operational efficiency analysis, and we just weren't simply able, and we wanted to investigate how you do that.
In the end, we decided that you can't say which is the most efficient depot outside of some sort of an analysis on its material handling equipment or something like that.
Part of that we've taken account of in the

Page 221

throughput, but, basically, what we're trying to do in this particular study, and the Pete Marwick guy that did it is here -- he's not sworn -- but, basically, we wanted him to go out and investigate the accounting codes so that when we tried to compare depot to depot -- we inherited a lot of depots from the Navy, a lot from the Army and a lot from the Air Force.
They all had different accounting systems, and even at our own depots -- and we got some of our depot members here -- when they put their financial data together and they put something in GNA, something in indirect and something in direct, they're counting different things.
So that when we get the Memphis input and they say our GNA costs are this and Ogden's GNA costs are this, we don't know how to compare them because they're not, in a lot of cases, counting the same things. So that's why we commissioned the study, to go out and straighten out the accounting codes.
Now, as far as efficiency goes, let me describe how that works. We process three different types of stuff, open, any open stuff, which is big, ugly stuff, you know, props on ships, drive shafts, huge anchor chains, things like that.

Page 222

And then we process binables, which is generally less than three cubes, and it averages about nine and a half pounds. That's the easy stuff, and the smaller the binable the more efficient it is to process it.
And then we process something we called covered bulk. You can make a depot efficient simply by how you workload them. So we don't think it's an issue.
Ogden does a lot of binable workload. They were doing a lot of binable workload. That makes you efficient because you got that kind of -- somebody that's processing the big, ugly stuff is not going to be as efficient because it takes more people and more money to process each issue versus a binable issue.
CHAIRMAN DIXON: Let me see again, if I may interrupt you, General, on the screen, if this person is here that did that, those depots, just for fun. I don't mean to interrupt you, but I understand what you're saying, and I see the validity of it. I just, kind of, wanted to look at all those depots.
But are you saying, basically, that an assertion that Ogden is the most cost-effective won't cut it if we analyze that carefully?

Page 223

1 GENERAL FARRELL: That's right.
2 CHAIRMAN DIXON: Let's say we wanted to look at
3 that suspiciously.
GENERAL FARRELL: If I wanted to take all the
binable workload in the system and put it in Susquehanna,
6 Susquehanna would be the most efficient depot in the system.
7 CHAIRMAN DIXON: And I'd like to see now – let me
8 get that here a minute. It's been long enough ago in the
9 testimony I kind of lost it. There are the six, kind of,
10 main ones there.
11 GENERAL FARRELL: Those are the general
12 distribution or stand-alone depots. They're not associated
13 with a maintenance facility or a major fleet activity.
14 CHAIRMAN DIXON: So when this distinguished
15 congressman from the First District in Utah talks about
16 Ogden, he's talking about one of these six major ones here.
17 GENERAL FARRELL: I think he is. I think he is.
18 CHAIRMAN DIXON: Yeah. And then let me see, now,
19 you left open out of those which ones?
20 GENERAL FARRELL: We left open the Susquehanna
21 complex on the East Coast, which is comprised of New
22 Cumberland, Mechanicsburg, two separate sites. We left open

Page 224

1 the San Joaquin primary distribution system on the West
2 Coast, which is composed of two sites, Sharp and Tracy.
3 CHAIRMAN DIXON: Yeah.
4 GENERAL FARRELL: And we left open the Richmond
5 facility in Richmond, Virginia.
6 CHAIRMAN DIXON: And then closed Columbus, Memphis
7 and Ogden?
8 GENERAL FARRELL: We realigned Columbus –
9 CHAIRMAN DIXON: Realigned Columbus that had a 600
10 and something loss, I remember. You had some loss, but you
11 realigned it.
GENERAL FARRELL: Correct.
CHAIRMAN DIXON: And then closed Ogden and Memphis.
14 GENERAL FARRELL: Yes, sir.
15 CHAIRMAN DIXON: Okay. Now, I guess I have to ask
16 you, do to the fact that I pursued this further, is there an
17 objective analysis of this that supports what you said, or is
18 that entirely a judgment call, or can you show us some kind
19 of – in the record, is there some kind of material support
20 for that that would bear out your decision-making process?
21 GENERAL FARRELL: Well, we did not try to take into
22 account efficiencies of individual depots. We simply didn't

Page 225

1 think that we could calculate it.
2 CHAIRMAN DIXON: Well, I guess what I'm referencing
3 there, General Farrell, and I don't want to pursue this too
4 long right now because I realize that the hour is getting
5 late, and you've done a fine job and made a good
6 presentation, but the other services had this objective
7 system where they gave points and things. Do you use that at
8 all in your process?
9 GENERAL FARRELL: Yes, sir. In the military value
10 analysis, we gave points.
11 CHAIRMAN DIXON: Oh, you do?
12 GENERAL FARRELL: Yes, sir.
13 CHAIRMAN DIXON: So in other words, if we did an
14 analysis of those grading systems, would it support what
15 you've done?
16 GENERAL FARRELL: I believe so, yes, sir. Let me
17 just say anybody can go do an analysis, and you can establish
18 your own criteria, and you can almost make the analysis say
19 what you want it to say.
20 What we did was establish our criteria before we
ever applied any points, and when we did apply the points, we
didn't lift the names off. So we didn't know who was getting

Page 226

1 points and who wasn't.
2 But you can change the analysis simply by changing
3 the measures of merit and the weights which you assign to
4 them. And if you ask each individual depot to do the same
5 analysis, you would get 18 different analyses because they
6 would put the value, probably, on different things, probably
7 on their strengths.
8 CHAIRMAN DIXON: There are a number of other
9 questions that the congressman asks, and we're going to send
10 those to you in writing, General Farrell.
11 Jim Chapman, the Honorable Congressman from First
12 District in Texas regarding the Red River Depot asks these
13 questions. I'm going to send all of them to you because it's
14 somewhat lengthy.
15 But the two I'm going to ask you, he says, "Defense
16 Logistic Agency's basis for analysis for co-located depots
17 was 'when a military service determined that a maintenance
18 depot was surplus to their needs, Defense Logistics Agency
19 would consider closing co-located distribution functions.'"
20 And then he says, "Complete closure of the
21 facility's infrastructure generates the best economic return
22 to the Department of Defense, and my question is since the

Page 227

1 Army recommends leaving the ammunition mission School of
2 Engineering and Logistics and Rubber Products facility open
3 at Red River, and since the operation will require base
4 operation support -- Red River maintenance, sewage, water
5 plant maintenance, rail crew support and power station
6 maintenance, how does just changing the command to Lone Star
7 Army Ammunition Plant reduce the infrastructure costs for the
8 Department of Defense?"
9 GENERAL FARRELL: I'm not sure how to address that
10 question except to say that when the maintenance guys leave,
11 whoever is left is going to bear a proportion, a higher
12 proportion of the installation infrastructure costs that
13 remain behind, and some of those tend to be fixed.
14 The number of people to run installation, guard the
15 gates, that's a fixed. So when one guy leaves, the rest of
16 the people share a higher proportion of the cost. And the
17 reason we didn't stay there is because we didn't need it for
18 distribution.
19 And if we had stayed there, we would have had to
20 have found a reason to stay there. We couldn't find a reason
21 to stay there, and if we did stay there, we would have to
22 find someplace else to close.

Page 228

1 CHAIRMAN DIXON: Well, he's got a number of
2 questions in writing. I'm going to send them to you as well,
3 General. And would you have your shop answer those as soon
4 as you can?
5 GENERAL FARRELL: Yes, sir.
6 CHAIRMAN DIXON: The last question -- and
7 incidentally, this is a series, believe it or not, of 27
8 questions. Relax. I'm not going to ask them, but I'm going
9 to send them to you, all right?
10 But Congressman Harold Ford, the distinguished
11 congressman whose district contains Memphis, asks this
12 question, two questions:
13 "Was the impact a base closure would have on
14 economically disadvantaged communities considered by DLA when
15 they assessed the economic impact and their recommendations?
16 Did DLA compare the overall unemployment rate of the
17 community in relation to the unemployment rate of rest of the
18 state and surrounding areas? And do you believe the
19 Commission should use this comparison as a criterion in its
20 decision-making process?"
21 Now we're getting down to this economic question
22 here. Large unemployment, I take it, in his district

Page 229

1 compared to the state as a whole and the region and so forth.
2 And what is your answer to that?
3 GENERAL FARRELL: We used the economic model that
4 everybody else used. We all used the same model. It was
5 provided to us, and we simply supplied the data into it.
6 And for Memphis, we did look at the economic
7 impact, and our contribution was less than 1 percent in the
8 Memphis area. In fact, our DLA BRAC '95 actions was six-
9 tenths of 1 percent in the Memphis metropolitan statistical
10 area.
11 And in all BRAC '95 actions, including DLA, the
12 impact was minus four-tenths of 1 percent, and in all BRAC
13 actions through all rounds of BRAC in the Memphis area, the
14 impact was 1.5 percent. We looked at all that, and we
15 compared -- not only looked at that, we compared it to two
16 other actions.
17 CHAIRMAN DIXON: Okay. Now, the congressman then
18 goes to the question of military value. He says that, "DLA
19 ranked stand-alone depots for military value," which, of
20 course, you did.
21 "Both the DOD and BRAC use military value as the
22 most important selection criteria," which, of course, is

Page 230

1 correct. Five of the eight criteria are military value.
2 "Among stand-alone depots, DDMT was ranked third in military
3 value and recommended for closure. However, DLA chose to
4 maintain Richmond and Columbus, which ranked fifth and sixth.
5
6 "If military value is regarded so highly, why did
7 DLA completely disregard it with respect to stand-alone
8 depots?"
9 GENERAL FARRELL: I think that, sort of, goes back
10 to my briefing and the rationale. It's not true that just
11 one military type of analysis drove our decision.
12 We used the outputs of all of the analyses to
13 inform our military judgment, and then on balance we made a
14 decision because, in some cases, as you have noted, military
15 value for an activity might be higher than another activity
16 somewhere else, but the installation on which those
17 activities are presently operating may have a different
18 value. It may be reversed, in fact.
19 So once again, the way we took off after this was
20 to, first of all, decide what we needed to support our war
21 plan and our concept of ops.
22 We went through the capacity analysis. We closed

Page 231

1 the followers, and then once we had the excess capacity we
2 had left, we asked, "What do we have to keep to do our job?"
3 And then, as we walked down that road, then what was left
4 became excess.
5 So it wasn't a decision of deciding what to close.
6 Really, the decision process was deciding what to keep.
7 So after we closed the followers at the maintenance
8 depots, we then took a look at the primary distribution
9 sites, which we have facilitized and designated to do the
10 wartime mission, and looked at their military value, which,
11 in both cases, was not only installation value but military
12 activity value was so high that we just took them off and
13 said we're going to keep those because not only of their
14 value in terms of the points they got but how they fit with
15 our war plan.
16 At that point, then, we said we can't close any
17 other depot associated with a fleet activity. We couldn't
18 close Norfolk, as an example. That's the largest fleet
19 activity that we support.
20 We couldn't close San Diego or Puget Sound. Even
21 though Puget Sound is a small depot, it's next to the
22 customer, which we support, and he's still there. So we're

Page 232

1 going to be there.
2 So we took all those other co-located activities
3 off the list, and really what was left now at this point was
4 Memphis, Ogden, Richmond and Columbus, and two of them are
5 going to close.
6 And now it's trying to decide what do you do with
7 those four, and we're looking for specialized storage, and we
8 said if we close Columbus, we don't get an installation
9 closure. We'll close that depot, but we don't get an
10 installation closure.
11 And oh, by the way, you spread a higher proportion
12 of cost to other tenants on the Columbus installation when
13 you close the Columbus depot.
14 If you close the Richmond facility, you close the
15 best facilities we have in the command, as determined by an
16 independent engineering assessment that we hired out to the
17 Navy Public Work Facilities. You also close the facility
18 which backs up the fleet activity at Norfolk.
19 There are other considerations. We didn't give any
20 points to them, but just as a footnote here, all the ozone-
21 depleting substances that we're going to store are going to
22 be stored in the Richmond area, and we have a large hazardous

Page 233

1 storage there, too.
2 We could store those at other places, but Richmond
3 has some nice hazardous facilities, as does Memphis, as does
4 Ogden. But nevertheless, when you look at the fact that
5 you're really, probably, going to keep that supply activity
6 there, DGSC, so what do you gain by closing the Richmond
7 depot?
8 You're closing one of your best of facilities. You
9 close a major fleet backup activity, and you increase the
10 cost to that ICP that's remaining behind.
11 And then we looked at the SAILS model, and the
12 SAILS model says, "I like Richmond and the location that it
13 is. I like it better than Memphis or Ogden." You get a
14 lower distribution system cost when you close Memphis and you
15 close Ogden.
16 So it's a number of factors that you look at, and
17 on balance, when you look at the whole thing, it says realign
18 Columbus to a slow-moving, keep Richmond and close what's
19 left.
20 CHAIRMAN DIXON: Thank you, General. Now, I wonder
21 if any Commissioner, having heard the intervening discussion
22 has any final questions before we adjourn for the afternoon.

Page 234

1 Commissioner Steele, do you?
2 COMMISSIONER STEELE: This is more curiosity versus
3 substantive. Your testing of a premium service delivery
4 program with FedEx, did the U.S. Postal Service bid for that
5 at all?
6 GENERAL FARRELL: We didn't ask them.
7 (Laughter)
8 COMMISSIONER STEELE: Okay. I had to ask. Thank
9 you.
10 CHAIRMAN DIXON: Are you all right, Commissioner
11 Robles?
12 COMMISSIONER ROBLES: I'm fine.
13 CHAIRMAN DIXON: How about you, Commissioner Kling?
14 (No response.)
15 CHAIRMAN DIXON: Commissioner Davis?
16 COMMISSIONER DAVIS: No further questions.
17 CHAIRMAN DIXON: Commissioner Cox?
18 (No response.)
19 CHAIRMAN DIXON: Commissioner Cornella?
20 COMMISSIONER CORNELLA: Yes.
21 CHAIRMAN DIXON: Commissioner Cornella.
22 COMMISSIONER CORNELLA: I had to leave the room.

Page 235

I'm sorry. So if this was answered, just indicate so, and I'll read it in the transcript. And this was a follow-up to the questions I'd asked you earlier on the regional headquarters between Boston and Marietta.

I guess you had indicated to me that the main reason for that decision was the ratio in question of headquarters to field personnel. Was that not correct?

GENERAL FARRELL: No, sir.

COMMISSIONER CORNELLA: Okay.

GENERAL FARRELL: Well, we determined that as the workload was coming down, the procurement dollars were coming way down, as our projection of contract administration offices in which we would have to oversee was coming down, and as the number of personnel in our system was coming way down, we determined that we didn't need three districts to help oversee that activity, and I would emphasize the oversee part.

They do not do contract administration. They oversee the process of contract administration in conjunction with the headquarters here in Virginia.

So we determined that expanded control-wise we could get by with two headquarters rather than with three,

Page 236

and we get a modest savings out of that.

And one of our driving factors in DLA is to reduce overhead, reduce nonessential. We deployed a tool called Activity-Based Costing across the whole command, and we told our people to go out and find those processes which are not adding value to our job to the services, and let's get rid of them, or let's re-engineer them in such a way that we can get rid of that cost.

One of those things is going after overhead. Now, you didn't have to do a re-engineering to discover that here, but that's part --

COMMISSIONER CORNELLA: I understand that, General. What I'm asking is the decision between Boston and Marietta, not whether or not you go from three to two. But what causes the recommendation of Boston over Marietta.

GENERAL FARRELL: Okay. Boston has a much higher military value, and that's because the criteria that were evaluated give points to things like the number of subordinate contract activities which you oversee, your proximity to them, the concentration of them.

And so when all the points rolled in, they had much higher points than either Marietta or the South. I think it

Page 237

was 796 versus less than 700 for the South.

COMMISSIONER CORNELLA: Yeah. It was 795 versus 656, but I notice that between the West and the South that was relatively close.

GENERAL FARRELL: Right. That was the real decision, as to whether to keep the West or to keep the South.

COMMISSIONER CORNELLA: I think you've answered my question. Thank you very much, General.

GENERAL FARRELL: Yes, sir.

CHAIRMAN DIXON: Are you satisfied, Commissioner Cornella?

COMMISSIONER CORNELLA: Yes, I am, Mr. Chairman.

CHAIRMAN DIXON: Commissioner Cox?

(No response.)

CHAIRMAN DIXON: Commissioner Davis?

(No response.)

CHAIRMAN DIXON: Commissioner Kling?

(No response.)

CHAIRMAN DIXON: Commissioner Robles?

(No response.)

CHAIRMAN DIXON: Commissioner Steele?

Page 238

(No response.)

CHAIRMAN DIXON: I'm certainly satisfied. Thank you, Mrs. McManamay, and thank you, General Farrell. This hearing is adjourned.

(Whereupon, at 3:10 p.m., the hearing was adjourned.)

* * * * *

Opening Testimony for DLA BRAC 95

Good afternoon. My name is Major General Lawrence P. Farrell and I am the Principal Deputy Director for the Defense Logistics Agency at Cameron Station in Alexandria, Virginia. I also served as the Chairman for the DLA BRAC Executive Group for the complete duration of this round of the base closure and realignment process.

I would like to first refresh you on DLA's mission, then walk you through DLA's BRAC 95 approach, outline our recommendations, and finally present you with an overall summary of DLA's actions.

DLA is a combat support agency providing worldwide logistics support and related services throughout the Department of Defense in the areas of contract management, distribution management, and inventory management. The Agency's goal is to be the provider of choice, around the clock, around the world, providing logistics readiness at reduced cost thus enabling weapon systems acquisition at reduced cost. To that end, we have implemented many innovative business practices, such as direct vendor delivery, business process engineering, electronic commerce/electronic data interchange which will reduce lead-time and the cost of our services to our customers.

The DLA approach to BRAC 95 was consistent with the Public Law, the Force Structure Plan, the DoD Selection Criteria and OSD policy guidance. Our step-by-step process outlined on this chart lead us to make recommendations which are fully consistent with our DLA Strategic Plan, our Concepts of Operations for our major business areas, and the Force Structure Plan. Military judgment was exercised at each step in the process.

DLA cross-walked the DoD Selection Criteria which were developed for the Military Services to Measures of Merit which allowed us to fully address the Military Value of our activities. We used mission scope, mission suitability, operational efficiencies and expandability as our measures of merit. Using a point system, activities within a category were evaluated in each of these areas and point totals were used to determine the relative Military Value. DLA also performed a Military Value analysis for the six Installations that we manage for BRAC 95. Incidentally, this was an analysis which we did not perform in the BRAC 93 round. It was a valuable tool as we exercised our Military judgment.

Using a variety of inputs that included the DoD Force Structure Plan, Military Value and Excess Capacity analyses, Risk Assessments, and internally developed BRAC decision rules, we applied our Military Judgment to identify feasible closure and realignment alternatives. We costed out these alternatives, came up with recommendations, examined economic, environmental and community impacts, and made our final decisions. The Strategic Analysis of Integrated Logistics Systems model, identified here, is another analysis tool that DLA utilized in BRAC 95 to cost out depot configurations based on transportation and infrastructure costs.

DLA maintained an objective, impartial approach to our analysis process. We contracted with the Navy's Public Works Center Norfolk to conduct an independent assessment of all of our facilities. The DoD Inspector General worked closely with us through every step of our process. They validated our BRAC data as well as our internal analytical processes. They attended all of our Executive Group and decision meetings. The GAO, in their role as independent oversight, analyzed our decision-making process in great detail. They also participated in our Executive Group and decision meetings.

As previously mentioned, the DLA BRAC Executive Group developed a set of decision rules. These rules guided each of our decisions. Adherence to them was monitored continuously. Our basic objectives were to close installations and optimize costs and shared overhead where we elected to stay.

Contract Management, Distribution Depots, and Inventory Management categories of activities impacted by DLA's recommendations.

There are three Defense Contract Management Districts located in Boston, Massachusetts; Atlanta, Georgia; and El Segundo, California, which are responsible for management oversight of the contract administration workload within their geographic districts. The Defense Contract Management Command International located in Dayton, Ohio, oversees contract administration operations outside of the Continental United States. These organizations are responsible for centering contract management oversight within largest contractor concentrations, promoting uniform application of DoD contract administration policy and resource planning.

Our recommendations were based on the workload projections reflected on this chart. Procurement dollars in 1990--$136 billion. The Agency projects a reduction to $78 billion by the year 2001. This is a 43 percent reduction since 1990. As the Department continues to downsize, DLA is projecting a 31 percent reduction in active contracts [463,000 in 1990 to 318,000 in 2001], leading to a 51 percent reduction in the number of contract administration offices, and a 42 percent reduction in personnel.

Based on the statistics we showed you on the previous chart, we determined that there was excess capacity within this category. Looking at the risks associated with any changes, we made the decision that we still needed two districts and that realigning the Defense Contract Management

Command International was feasible. The concentration of workload is reflected on the map in the lower right corner of this chart. Note the high concentration of workload in the Northeastern United States and California.

The DLA recommendation to close the Defense Contract Management District South in Atlanta was based on the high concentration of workload in the Northeast and the high dollar value of weapon systems contracts which are being managed in the Los Angeles basin. We determined that an east to west split of workload made more sense than a north to south split due to the workload concentration on both the East and West coasts and the time zones.

The Defense Contract Management Command International realignment to Fort Belvoir, Virginia, where it will be merged with the Defense Contract Management Command Headquarters, will allow us to take advantage of the location's proximity to the State Department and the international support infrastructure in Washington, D.C. and the surrounding areas.

DLA is also recommending the redirect of the Defense Contract Management District West decision in BRAC 93 to allow us to buy a building in Long Beach, California. DLA has explored the feasibility of moving to a Military installation in the Los Angeles Basin area but we have been unsuccessful. Our analysis indicates that the purchase of a building will result in annual savings of $4.2 million.

Our recommendations will result in a net present value savings of $165.7 million over twenty years and a steady state savings of $13.4 million starting in the year 2000. A total of 348 personnel will be realigned or redirected as a result of these actions and 136 personnel will be eliminated.

These are the 23 Depots we reviewed in our BRAC 95 process. DLA is currently operating four additional Depots located at Charleston, Pensacola, Tooele, and Oakland; however, they were selected for closure in the BRAC 93 process. We did not reconsider these depots during this round of BRAC.

The DLA Distribution Depots receive, store, and issue wholesale and retail materiel in support of DLA and the Military Services. DLA has two types of depots. Those we have identified as stand-alone depots which are in the shaded boxes on this chart.

These depots are "Stand-Alone" in the sense that they are not located with maintenance or fleet support. They distribute a wide range of material to customers in many locations. The remaining depots are collocated depots. These depots are collocated with a major maintenance or fleet customer who is their primary customer. They also provide normal distribution services to other regional customers and some limited worldwide support for specialized Military Service-managed items.

As a combat support agency, DLA must be ready to respond to mobilization requirements for both wartime and peacetime operations. The distribution system must be able to support two Major Regional Conflicts. Our Concept of Operations requires that we remain collocated where we have a major maintenance or fleet customer. DLA will store material in close proximity to customers where demand patterns dictate. We optimize transportation costs between vendors, depots, and customers. We plan to optimize use of the remaining storage while reducing overall system costs. Hazardous material, subsistence, and other specialized commodities will be stored in the minimum number of depots where specialized storage is available.

As reflected on this chart, DLA's physical storage capacity exceeds our current and projected storage space requirements. BRAC 95 provides DLA with the opportunity, on a large scale, to save taxpayer dollars by downsizing to our requirement. By 2001, DLA projects a requirement of 452 million attainable cubic feet. As I will explain in subsequent charts, any deficit realized through our BRAC 95 recommendations will be eliminated by utilizing excess capacity offered by the Services where we already have distribution depots.

Through the force structure drawdown and DLA's initiatives, including optimizing storage space, shifting workload to the private sector, and incentivizing the customer to buy smarter, DLA projects that storage capacity requirements will be reduced by 43 percent by the year 2001. A 52 percent reduction in workload due to reduced inventory requirements and a 55 percent reduction in personnel who support that workload are projected.

Storage capacity or cube is the constraint within DLA relative to how much we can close. We must size our distribution system to meet our customers' requirements. At the end of FY 94, DLA had 618 million attainable cubic feet of storage space while our requirement is at 519 million attainable cubic feet. Our Storage Management Plan which identifies increases to storage requirements such as Army stocks currently stored at Sennaca and Sierra Deports, which are closing in BRAC 95, European returns and decreases resulting from Service and DLA Inventory Reductions place our requirement for the year 2001. DLA closures in BRAC 95 reduce storage capacity by 114 million attainable cubic feet resulting in capacity of 431 million attainable cubic feet. A shortfall of 21 million attainable cubic feet is projected. As indicated earlier, DLA plans to use cross Service transfers, if necessary, at collocated depot locations to make up any deficit in storage capacity.

Throughput capacity is not a constraint. DLA measures its throughput by bin, bulk open storage, and bulk covered storage. Even after implementation of our BRAC 95 recommendations, DLA will still have excess throughput capacity.

The Army recommended closure of two of its maintenance depots at Letterkenny, Pennsylvania and Red River, Texas. Following our Concept of Operations, DLA made the decision that closure of the maintenance activities at these locations eliminated the need for a DLA presence there. Since the Agency did not need the storage capacity, the Agency recommended the closure of the DLA Distribution Depots at Letterkenny and Red River.

This decision still left the Agency with excess storage capacity. Since our Concept states that we will remain at locations where maintenance and fleet customers require dedicated support, no further closures in the collocated category were feasible.

The Agency then examined our Stand-Alone Depots, their Military Value, Installation Military Value, depot throughput and storage capacity, and results of a Strategic Analysis of Integrated Logistics Systems (SAILS) model analysis.

Our Concept of Operations requires two primary distribution depots, one on the East Coast and one on the West Coast to support both wartime and peacetime contingency operations. The two Depots at San Joaquin, California and Susquehanna, Pennsylvania are both large storage depots which are facilitized for high throughput capacity. They both ranked over 250 points higher than the other Stand-Alone Depots in our Military Value analysis. They ranked second and fourth in the Installation Military Value analysis. Both maintain Air Line of Communication and Containerization Consolidation Point capabilities which are essential to support two Major Regional Conflicts. They are located near military water and aerial ports of embarkation for shipping materiel to a war zone--wherever that might be. Both of these depots were removed from further analysis.

After following the Service maintenance depot closures, the Agency still has an excess of over 60 million attainable cubic feet of storage capacity.

Four Stand-Alone Depots remained for review.

The Defense Distribution Depot Columbus, Ohio, ranked lowest in the Stand-Alone Military Value analysis. However, the Columbus installation on which the depot is located ranked number one. Closure of this depot on an installation where DLA and many other Defense tenants are housed would not result in a base closure. While the Agency does not need the throughput capacity of the depot, the storage capacity could be used to store war reserve and slow-moving stocks. This would allow the Agency to dramatically reduce staffing at this location (from approximately 500 down to 50

personnel) while retaining the storage capacity. Therefore, we chose to realign the Depot rather than consider it for closure.

The Defense Distribution Depot Richmond, Virginia, was also removed from further analysis. While it ranked fifth in the Stand-Alone Depot Military Value analysis, the Richmond installation on which it is housed ranked third. As with the Columbus Depot, a closure of the Richmond Depot would not result in a base closure. Additionally, the Richmond Depot serves as a backup to our Depot located at Norfolk, Virginia, which supports the single largest fleet concentration within the United States. The Strategic Analysis of Integrated Logistics Systems (SAILS) model favors Richmond as a storage and throughput site. Based on the results of an independent facilities inspection, this installation is the best maintained in the Agency.

Two depots remained in the Stand-Alone category--the Distribution Depot at Memphis, Tennessee and the Distribution Depot at Ogden, Utah. Both of these depots tied for third place in our Military Value analysis, but the difference between third and sixth place was only 37 points. Both depots are on installations with tenants with a smaller population and number of significant missions resulting in their ranking lowest in our Installation Military Value analysis. Each depot closure will also result in a base closure.

DLA's final recommendations in our depot category are to close the collocated depots at Letterkenny, Pennsylvania and Red River, Texas, as a follow-on to the Army's maintenance closures at those locations. Close the two Stand-Alone Distribution Depots located at Memphis, Tennessee and Ogden, Utah, both of which will result in base closures. Our final recommendation to realign the Distribution Depot at Columbus, Ohio, will allow us to take advantage of the depot's storage capacity for war reserve and slow-moving stocks while dramatically reducing staffing at this location.

These recommendations will result in a Net Present Value savings of $874.4 million over twenty years and a steady state savings of $87.9 million, starting in the year 2001. As a direct result of these BRAC recommendations, 3,148 positions will be realigned and 1,748 positions will be eliminated.

DLA estimates that $58 million in MILCON will be required to implement these recommendations. Approximately $35 million of this cost is for the construction of hardstand for vehicle storage at our Distribution Depot in Anniston, Alabama. Additionally, there are costs included for the renovation of office space and hazardous materiel storage space associated with the closure of our Distribution Depots in Ogden, Memphis and the realignment of Columbus.

The five DLA Inventory Control Points (ICPs) manage over 80 percent of DoD's consumable items. Consumable items, other than fuel, fall into two broad groups: Troop and General Support items and Weapon System items. Because of the unique nature of the Fuels commodity, the Defense Fuel Supply Center (DFSC) was removed from consideration. Since the Defense Personnel Support Center (DPSC) is the primary troop support item manager, it was considered only as a receiver.

Because of the nature of the commodities within the Troop and General Support and the Weapon System group, each requires a different level and intensity of management. Our Concept of Operations focuses our efforts accordingly.

Force Structure reductions have a direct effect on supply management workload. Fewer Service members and less Service investment in major weapons systems reduce demand for consumable items. The Agency is also aggressively pursuing better and smarter ways of doing business, leveraging technology, reducing inventory, and relying more on commercial acquisition practices, particularly for Troop and General Support items.

We project a 14 percent reduction in sales between 1992 and the year 2001. Inventory value projections reflect a 43 percent reduction. This does not include the projected receipt of $6.5 billion in consumble item transfer

between 1992 and 2001. A 32 percent reduction in personnel is projected during this same time period.

DLA analyzed a number of options to achieve more concentrated management of Troop and General Support and Weapon System items. As we proceeded with the analysis, several things became obvious. We would not close Columbus, which primarily manages weapon system items. The Defense Personnel Support Center in Philadelphia has unique experience in managing troop support items, and already manages only Troop and General Support items.

Our analysis of capacity and of the risk inherent in singling-up management of the vast number of Weapon System items led us to conclude that two Weapon System ICPs were necessary and appropriate. 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.

Disestablishing DISC and realigning Federal Supply Classes to achieve two Weapon System ICPs and one Troop and General Support ICP support the Supply Management Concept of Operations, at an acceptable level of mission risk, and an immediate return on investment.

This recommendation will result in a net present value savings of $236.5 million over twenty years and a steady state savings of $18.4 million starting in the year 2001. As a direct reult of this recommendation, 335 positions will be realigned and 408 positions will be eliminated.

Disestablishing DISC and delaying the relocation of DPSC to the Aviation Supply Office installation allows us to realize a cost avoidance by not renovating more warehouse space than necessary.

Assuming no economic recovery, the net impact of our recommendations is a maximum potential loss of 2,296 direct jobs.

DLA's recommendations conform to our Concept of Operations and reflect DoD Force Structure drawdowns. Implementing DLA's recommendations will reduce infrastructure costs, appropriately match the Agency's capacity with its workload, and posture DLA to best meet our customer's requirements at reduced cost.

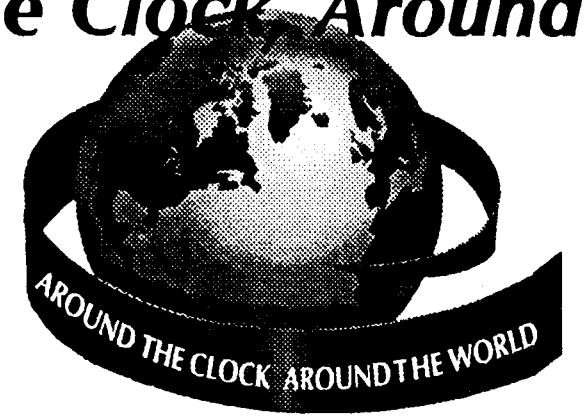
If DLA's recommendations are accepted, the Department of Defense will realize a $1.3 billion net present value savings over 20 years, and a steady state savings of $120 million each year.

DEFENSE LOGISTICS AGENCY

BRAC 95 Detailed Analysis Presentation

DLA: Your Combat Support Agency

Around the Clock, Around the World



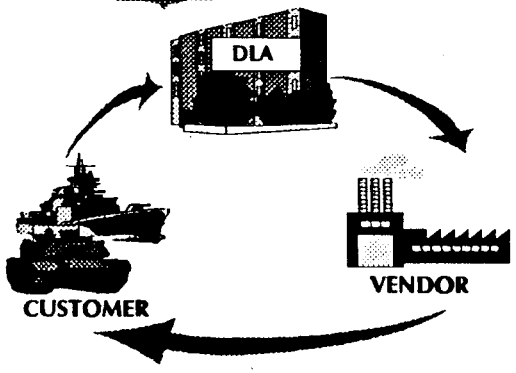
00Z001

Outline

- Mission refresher
- DLA approach to BRAC 95
- DLA Recommendations
- DLA Summary

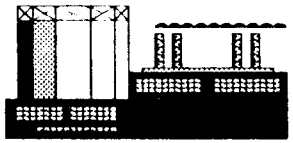
01Z001

The DLA Business



Inventory Management

Contract Management



Distribution Depots

- Provider of choice
- Around the Clock - Around the World
- Providing readiness at reduced cost and helping offset service programmatic cuts
  - By leveraging our corporate resources against global logistics targets, and
  - Finding savings through teams, business practices, and technology breakthroughs

Better - Faster - Cheaper

83Z001

The DLA Approach

DATA PREPARATION & POINT ALLOCATION + EXCESS CAPACITY + MILITARY VALUE ANALYSIS (INSTALLATION & ACTIVITY)

+ BRAC '95 DECISION RULES

+ INTERSERVICE COORDINATION & DLA BRAC EG EXPERIENCE

INDENTITIES REVEALED COBRA ANALYSIS

+ RECOMMENDATIONS FORMULATED

+ COMMUNITY/ ENVIRONMENTAL IMPACT ANALYSIS

MILITARY JUDGEMENT

DLA Recommendations Fully Support the Concepts of Operations and Force Structure Plan

11z001

Our Measures of Merit

DoD BRAC Selection Criteria

Military Value:

1. Current and future mission requirements
2. Availability and condition of land and facilities
3. Ability to accommodate contingency, mobilization, and future force requirements
4. Cost and manpower implications

Return on Investment:

5. Extent and timing of potential costs and savings, including payback

Impacts:

6. Economic impact on communities
7. Ability of infrastructure to support forces, missions and personnel
8. Environmental impact

DoD CRITERIA TRANSLATED INTO DLA MEASURES OF MERIT

DLA Measures of Merit

Mission Scope (DoD selection criteria 1 and 3). The mission assigned to the installation plays an essential role within DoD and additionally benefits non-DoD customers. The functions performed in accomplishing the mission(s) may be unique. The strategic location of the facility and span of control are important to effective mission accomplishment.

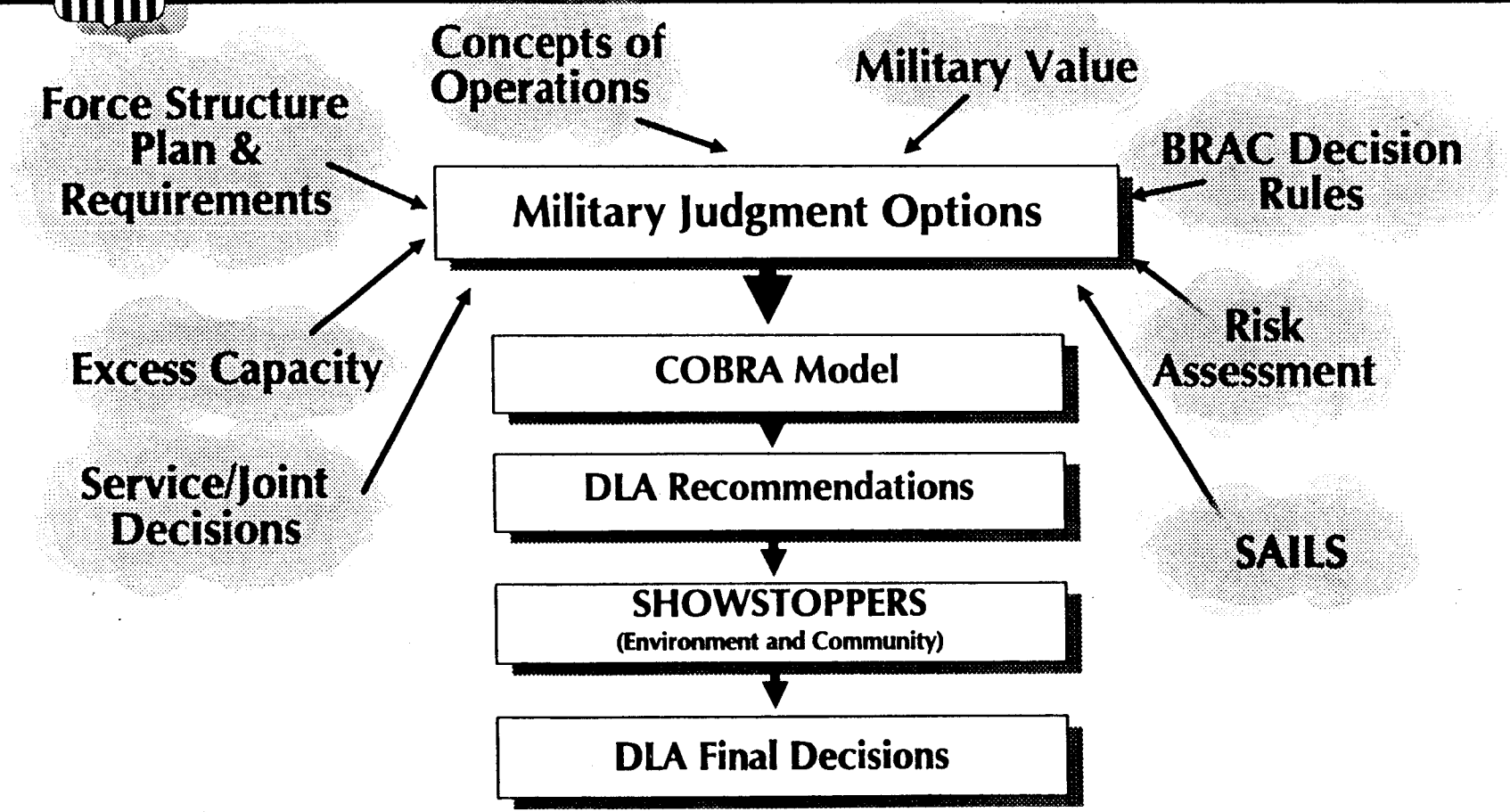
Mission Suitability (DoD selection criteria 1, 2, 3). The installation/activity supports assigned missions. Suitability includes the age and condition of facilities, quality of life, location, and proximity to transportation links.

Operational Efficiencies (DoD selection criteria 2 and 4). The installation/activity's mission is performed economically. Installation/activity operation costs include: transportation, mechanical systems (mechanized material handling equipment, etc.), space utilization, and personnel costs.

Expandability (DoD selection criteria 1, 2, 3). The installation/activity can accommodate new missions and increased workload, including sustained contingencies. Expandability considerations include requirements for space and infrastructure, community encroachment, and increased workload.

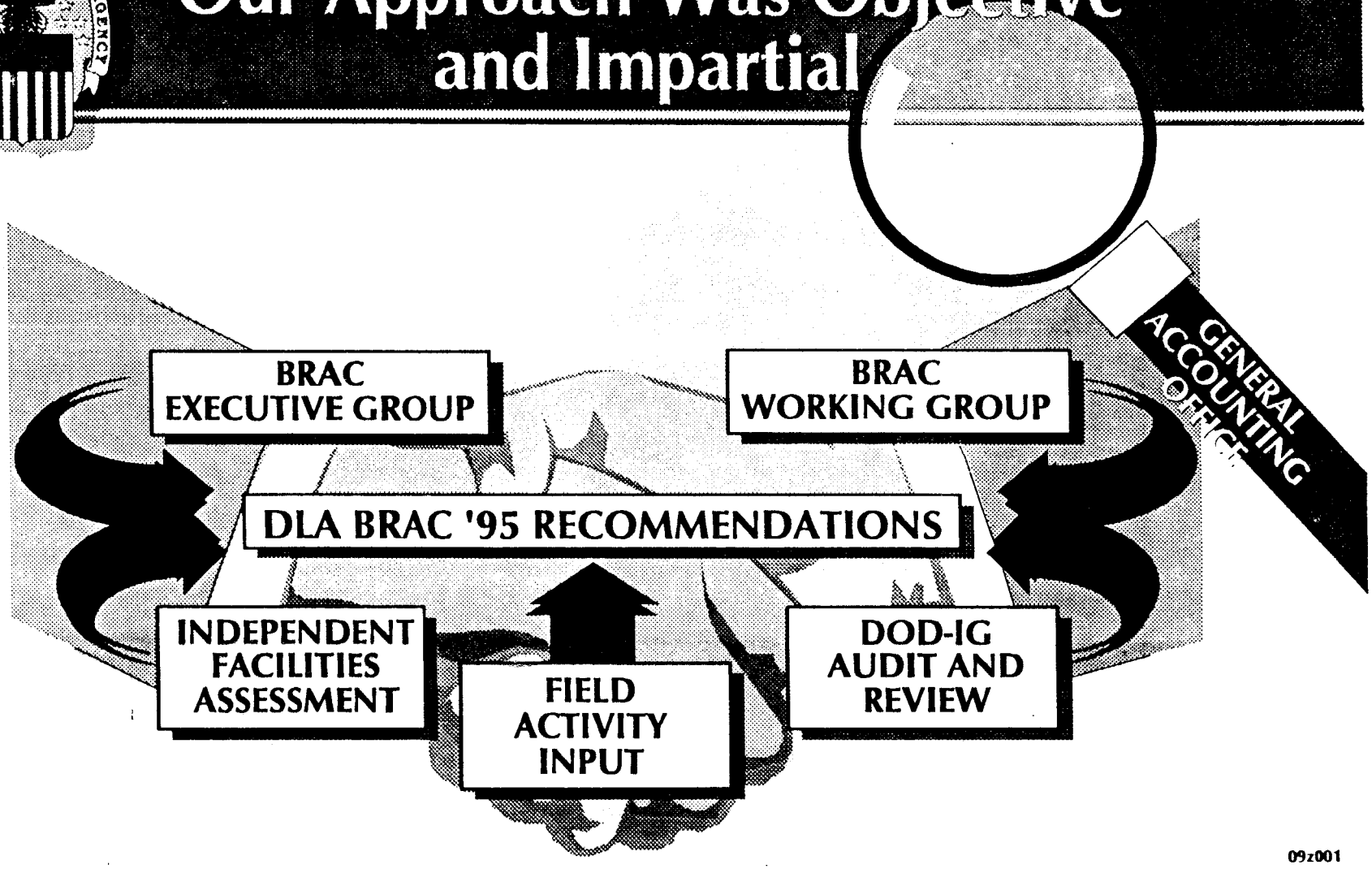
07z001

DLA BRAC Evaluation Tools



05Z001

Our Approach Was Objective and Impartial



09z001

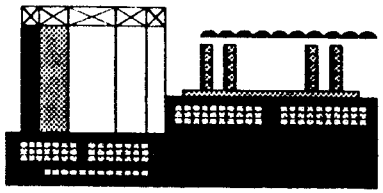
DLA BRAC '95 Decision Rules

- Consistent with the Law, Base Decisions on the DoD Force Structure Plan and the DoD Selection Criteria
- Achieve an Infrastructure Consistent with the DLA Strategic Plan and Business Areas Concepts of Operations
- Consistent with Above, Seek Leanest, Most Cost-Effective Infrastructure by (Not in Rank Order):
  - Minimize Infrastructure Costs;
  - Close as a Top Priority;
  - Eliminate Duplications;
  - Maximize Use of Shared Overhead;
  - Optimize Use of Remaining DLA Space;
  - Maximize Cross-Service Utilization of Bases and Support;
  - Get Out of Leased Space and onto DoD-owned Installations
- Military Judgment Will be the Overarching Criteria for All Decisions–Optimally Satisfy the 4 Military Value Criteria by Balancing Outputs of all Analyses to Achieve Maximum Military Benefit.

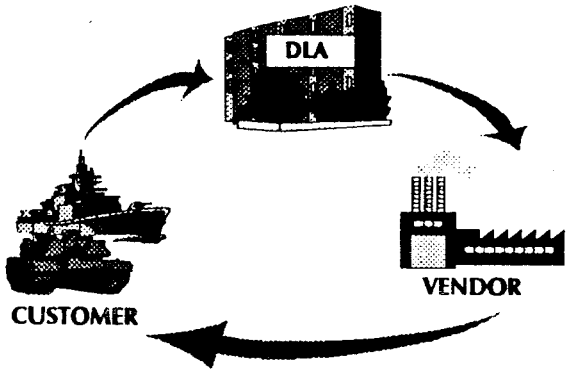
10z001

DLA Activity Categories Impacted

Contract Management



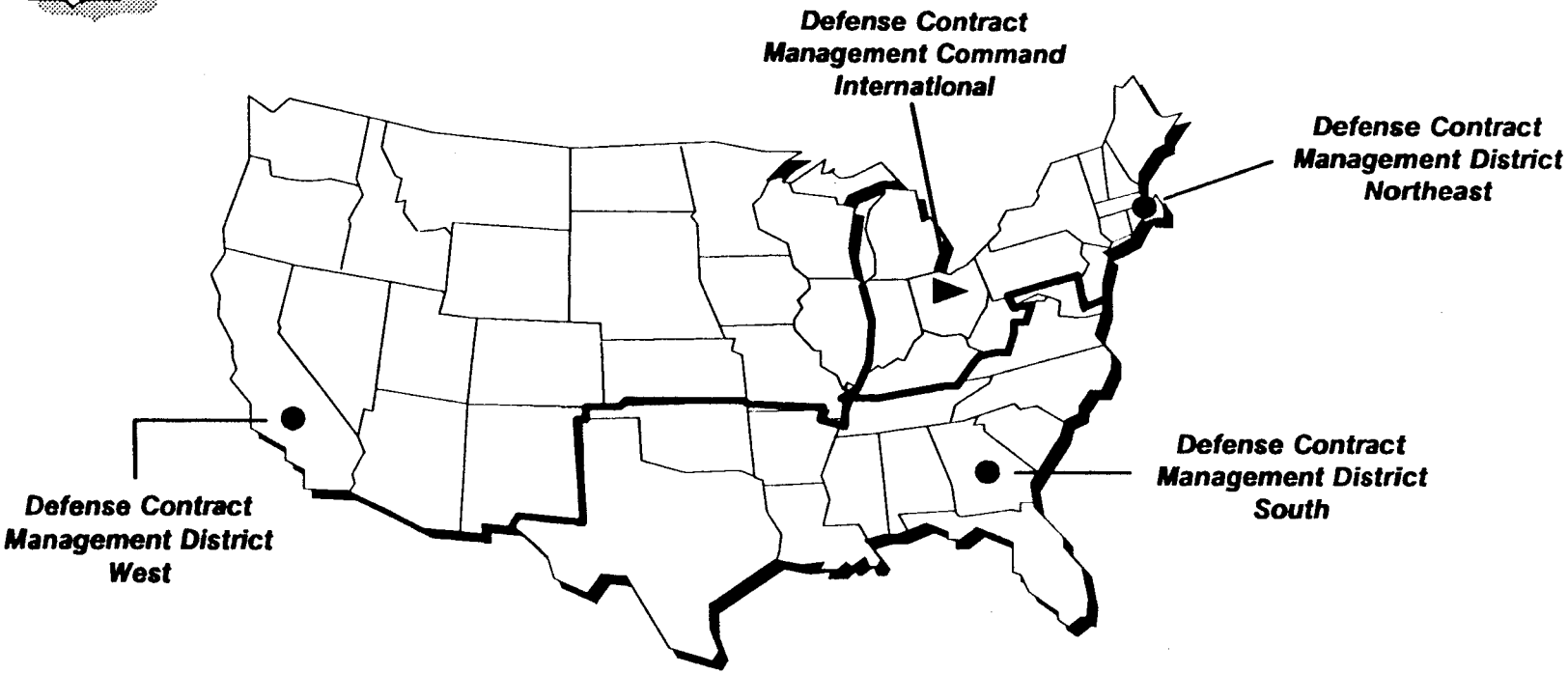
Distribution Depots



Inventory Management

88Z001

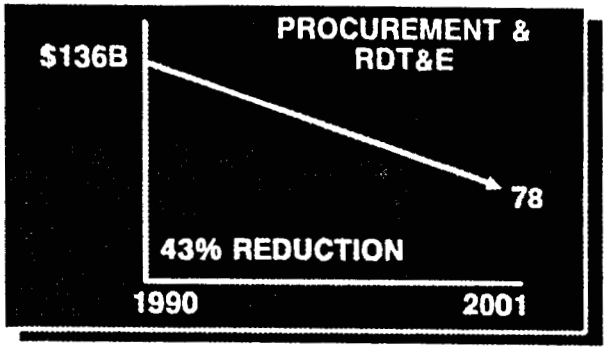
Contract Management Concept of Operations

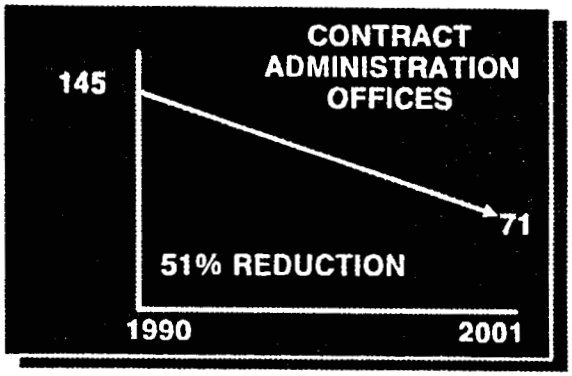


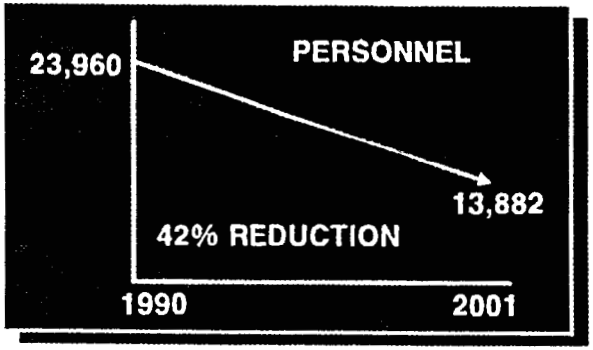
- Center contract management oversight within largest contractor concentration
- Promote uniform application of DoD contract administration policy
- Resource Planning

50z001

DCMC Contract Management CONUS Workload Projection





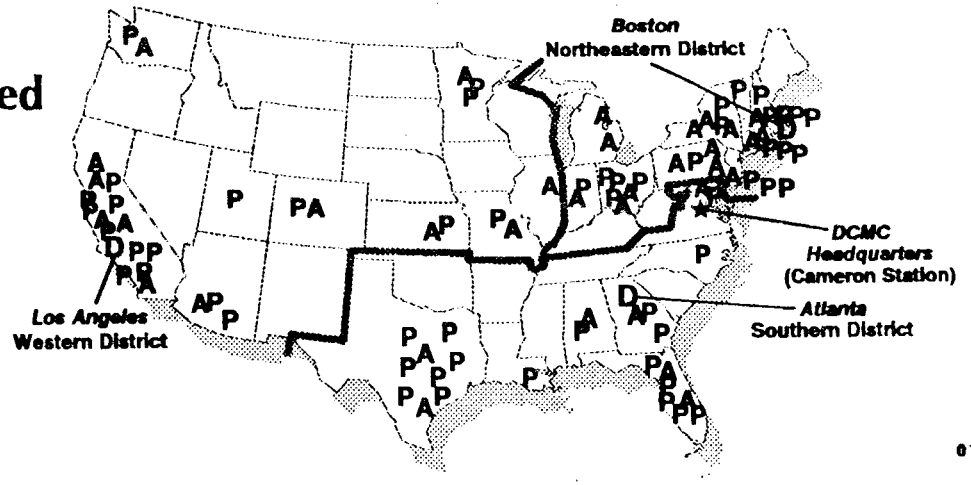


84z001

Contract Management Decision Process

- Workload dropping
  - Excess capacity available
- Two districts required
  - East and West DCMD's necessary
  - Maximum acceptable span of control
  - Consistent with Military Value ranking
- DCMCI can be realigned
  - Management functions merged
  - Efficiencies achieved

MILITARY VALUE		
DCMD Northeast	=	795
DCMD West	=	689
DCMD South	=	656



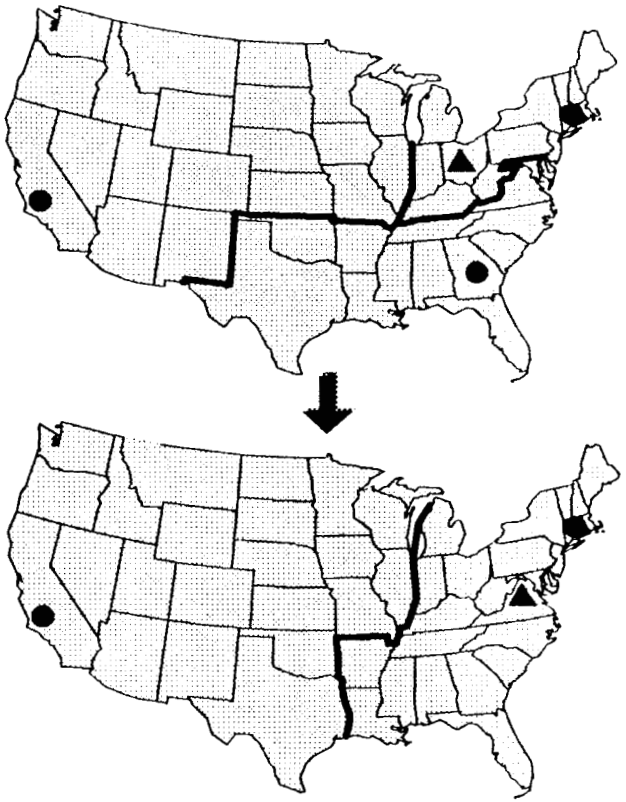
013z001

Recommendation: DCMD Regional Headquarters

Close: DCMDS , Realign DCMCI
Redirect: DCMDW
Period: 1996 ⟶ 1999
Personnel
- Realigned/ Redirected: 348
- Eliminated: 136

MILCON: $5.37M*
Savings ($M)
- NPV (1996 - 2016): -165.7M
- Steady State: 13.4M (FY 00)

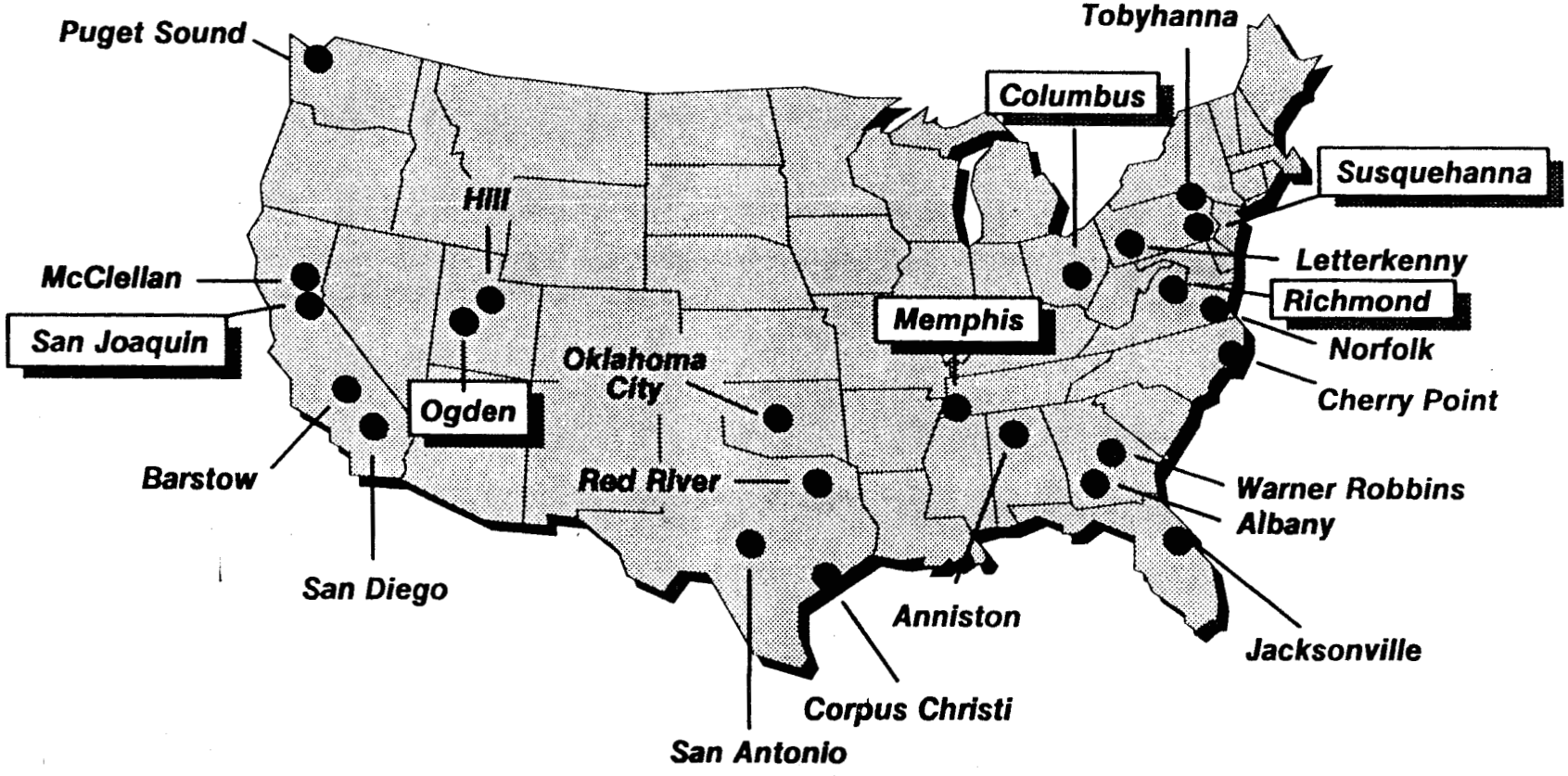
ROI year: Immediate



**Does Not Include $11.0M Cost Avoidance in FY96*

15z001

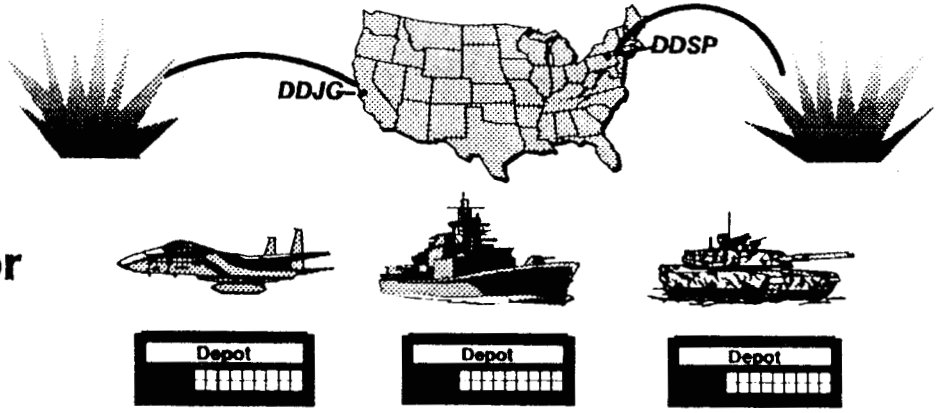
Distribution Management: 23 Distribution Depots, 11 Distribution Sites



63z001

Distribution Concept of Operations

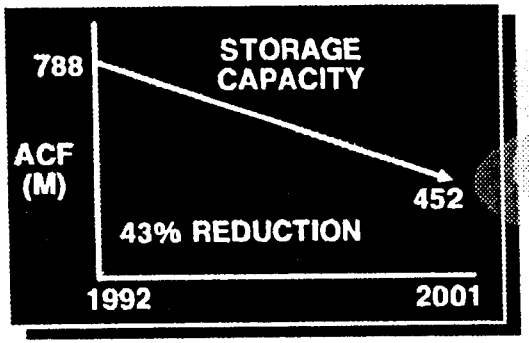
1. Support two MRC's from high throughput/storage facilities east and west coast
2. Colocate where we have a major maintenance/fleet customer
3. Accommodate specialized/ contingency storage requirements
4. Optimize remaining storage
5. Optimize system cost



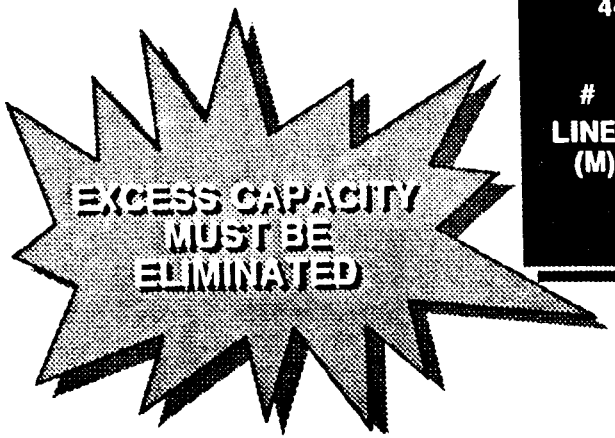
CAPACITY = REQUIREMENT

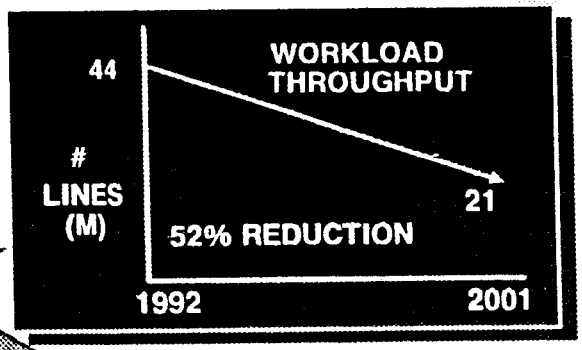
87Z001

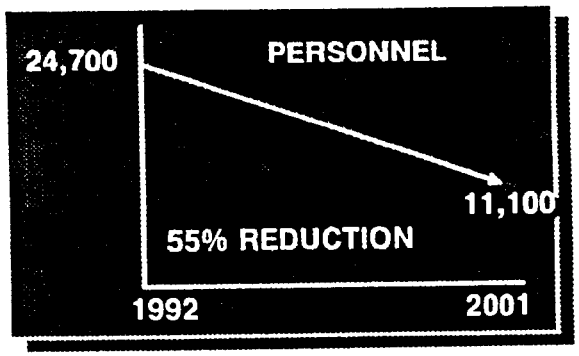
DLA Distribution Workload Projections



UTILIZE SERVICE EXCESS STORAGE SPACE
SHIFT WORKLOAD TO PRIVATE SECTOR
ADJUST FOR REDUCED CUSTOMER DEMAND
ADJUST FOR REDUCED INVENTORY REQUIREMENTS
INCENTIVIZE CUSTOMER TO BUY SMARTER

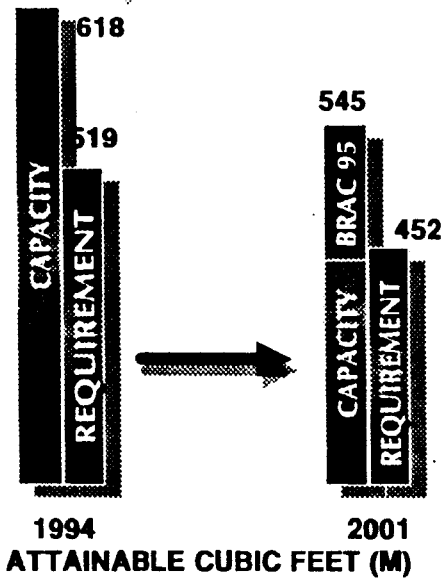






74z001

DLA Distribution Capacity



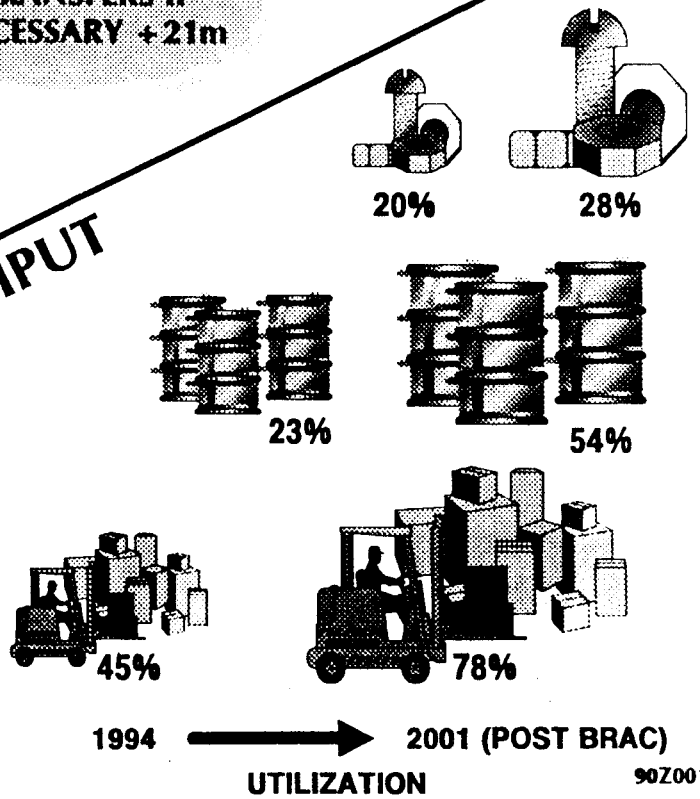
STORAGE

STORAGE CUBE IS THE BRAC LIMITER

CROSS SERVICE TRANSFERS IF NECESSARY +21m

THROUGHPUT

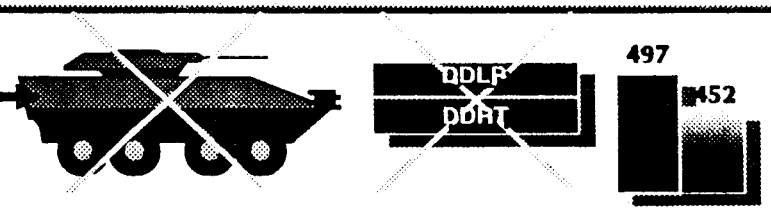
THROUGHPUT IS NOT A PROBLEM



90Z001

Distribution Decision Process

1. Closed Depots Linked to Service Closures
   -- Review CONOPs/Decision Rules
   -- Remaining Collocated Depots Preserved



ACTIVITY MILITARY VALUE	
1. DDJC	822
2. DDSP	759
3. DDMT	505
4. DDOU	505
5. DDRV	481
6. DDCO	468

INSTALLATION MILITARY VALUE	
1. Columbus	767
2. New Cumberland	681
3. Richmond	649
4. Tracy/Sharpe	623
5. Ogden	611
6. Memphis	559

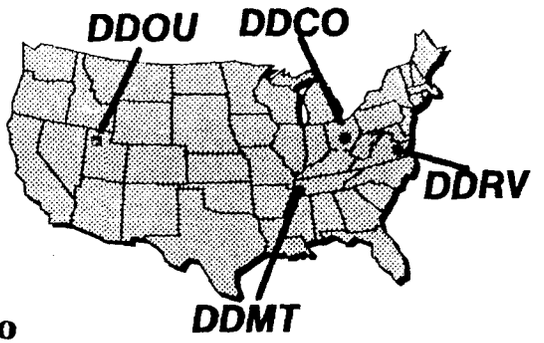
DEPOT CAPACITY	
DDJC	77.9M (ACF)
DDSP	69.6
DDMT	34.0
DDOU	31.8
DDCO	28.6
DDRV	27.3

- Clear Distinction in Military Value Rankings
- East and West Coast PDS's
- Facilitized for High Throughput
- Largest Storage Capacity
- Designated ALOC & CCP Locations

81z001

Distribution Decision Process (Con't)

4. Four depots left for review



5. Convert DDCO to war reserve/slow moving storage vice closure
   - Minimal depot staff remains

6. Still have ~ 60M ACF excess projected, can close two additional stand-alone depots

7. DDRV removed from consideration
   - DDRV third ranked DLA installation
   - Would not result in a closure
   - Major backup for fleet support in Norfolk
   - Optimizes annual system cost in SAILS model
   - Best depot facility condition in DLA

ANNUAL SYSTEM COSTS
SAILS RESULTS, CLOSE:

DDMT	+	DDOU	=	$251M
DDMT	+	DDRV	=	261
DDOU	+	DDRV	=	256

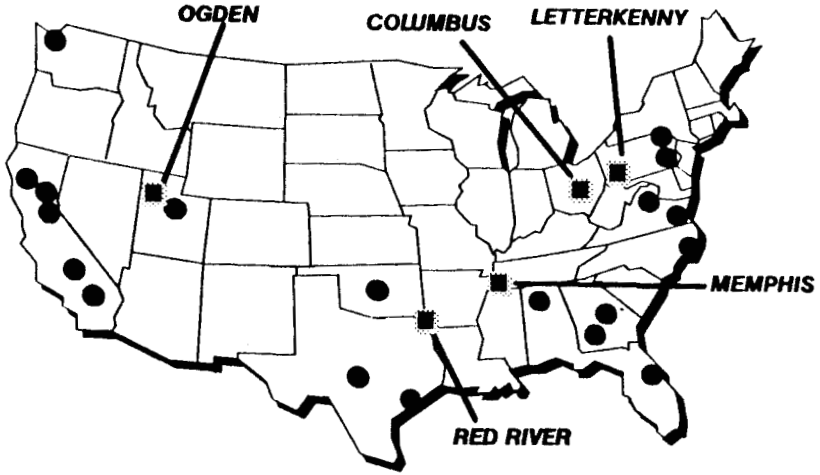
Conclusion: Close two installations

Recommendation: Distribution Sites

Close: Letterkenny, Ogden, Red River, Memphis
Realign: Columbus
Period: 1996 → 2000
Personnel
- Realigned: 3148
- Eliminated: 1748

MILCON: $58.0M
Savings ($M)
- NPV (1996 - 2016): -874.4M
- Steady State: 87.9M (FY 01)

ROI: 2001 (1 yr)

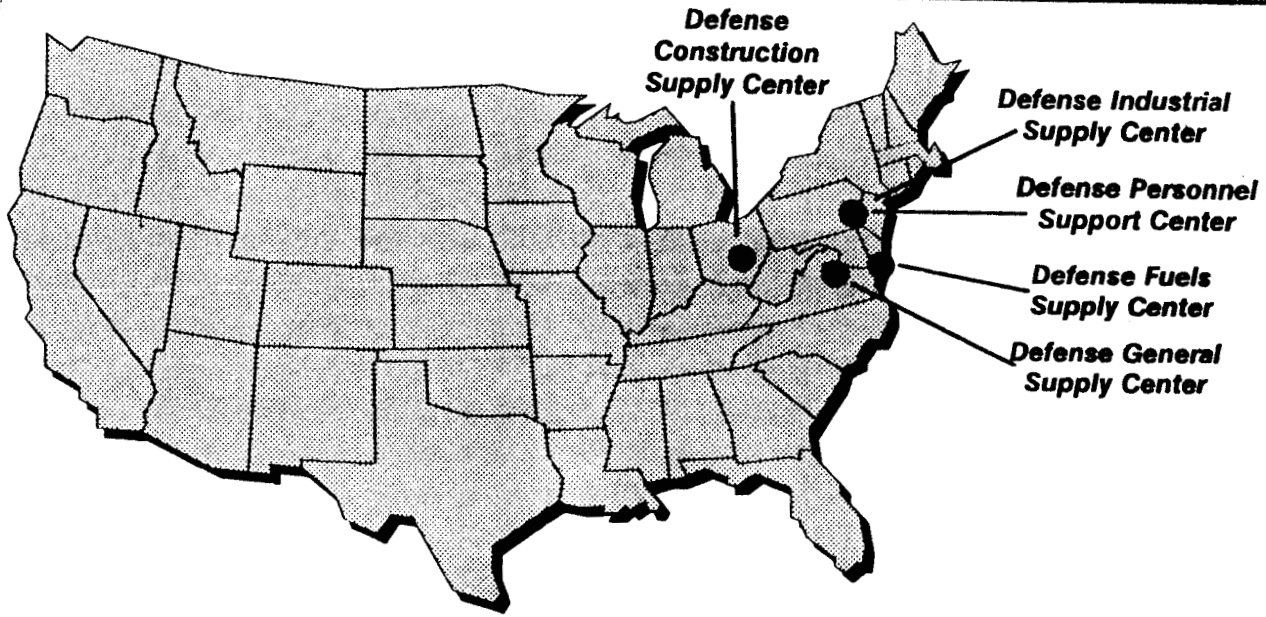


Reduce Capacity to Requirement

- Support customer decisions
- Max use of existing underutilized capacity

232001

Supply Management: Five Inventory Control Points



TWO COMMODITY TYPES MANAGED

Troop & General

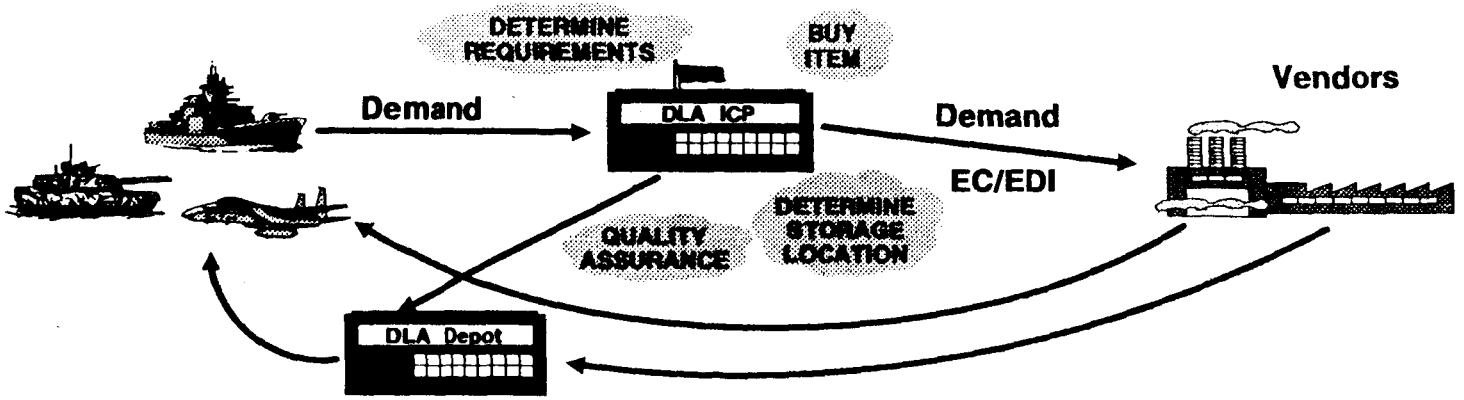
Short Leadtime
Higher Volume
Streamlined Acquisition Process
Readily Available Commercially

Weapons System

Long Leadtime
Specialized Tooling
Not Available Commercially
Tighter Performance Specifications

16z001

Supply Concept of Operations



BETTER, FASTER, CHEAPER

TWO COMMODITY TYPES MANAGED

Troop & General

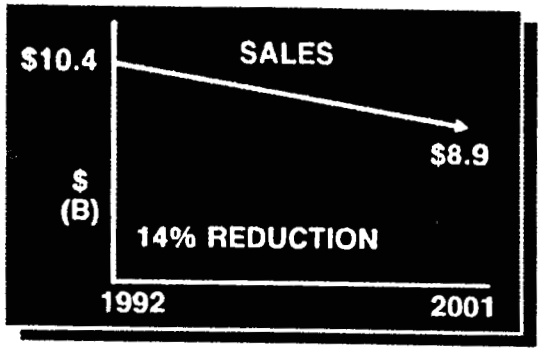
Short Leadtime
Higher Volume
Streamlined Acquisition Process
Readily Available Commercially

Weapons System

Long Leadtime
Specialized Tooling
Not Available Commercially
Tighter Performance Specifications

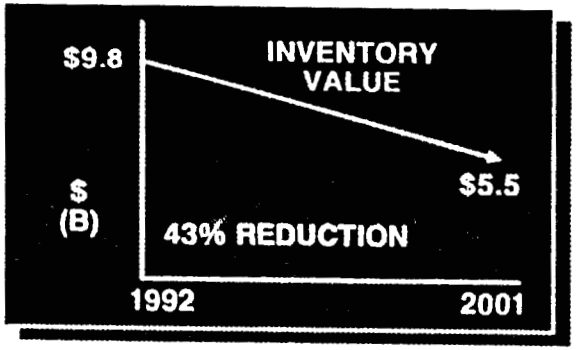
86Z001

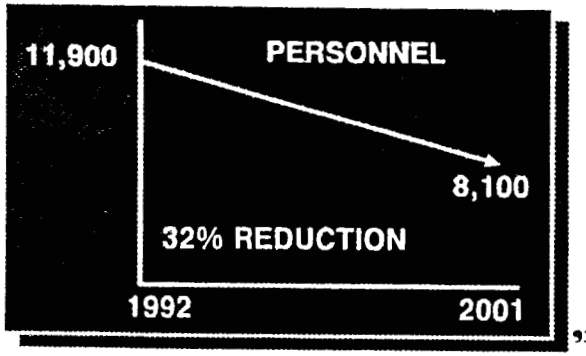
Supply Management Workload Projections



SHIFT SUPPORT TO PRIVATE SECTOR
ADJUST FOR REDUCED CUSTOMER DEMAND

RECEIVING $6.5B INVENTORY FROM SERVICES...EFFECTING SIMILAR REDUCTIONS





93z001

Supply Decision Process

1. CONOPS drives DLA to single up Weapons System and Troop and General Item Management posture
   - Mission risk dictates 2 Weapons System ICP's, 1 T&G

2. Military value removes DCSC from consideration

3. Installation military value strongly supports keeping Richmond installation open

4. Decision: Close DISC
   Single up T&G at DPSC
   Split Weapon System Management between DGSC and DCSC

HARDWARE ICP MILITARY VALUE RESULTS

DCSC	740
DGSC	567
DISC	541

INSTALLATION MILITARY VALUE

1. Columbus	767
2. New Cumberland	681
3. Richmond	649
4. Tracy\Sharpe	623
5. Odgen	611
6. Memphis	559

91Z001

Recommendation: ICPs

Close: DISC, Realign Weapons and T&G Workload

Period: 1996 → 1999

Personnel

Realigned: 335

Eliminated: 408

MILCON: $3.4M*

Savings ($M)

NPV (1996 - 2016): -236.5M

Steady State: 18.4M (FY 01)

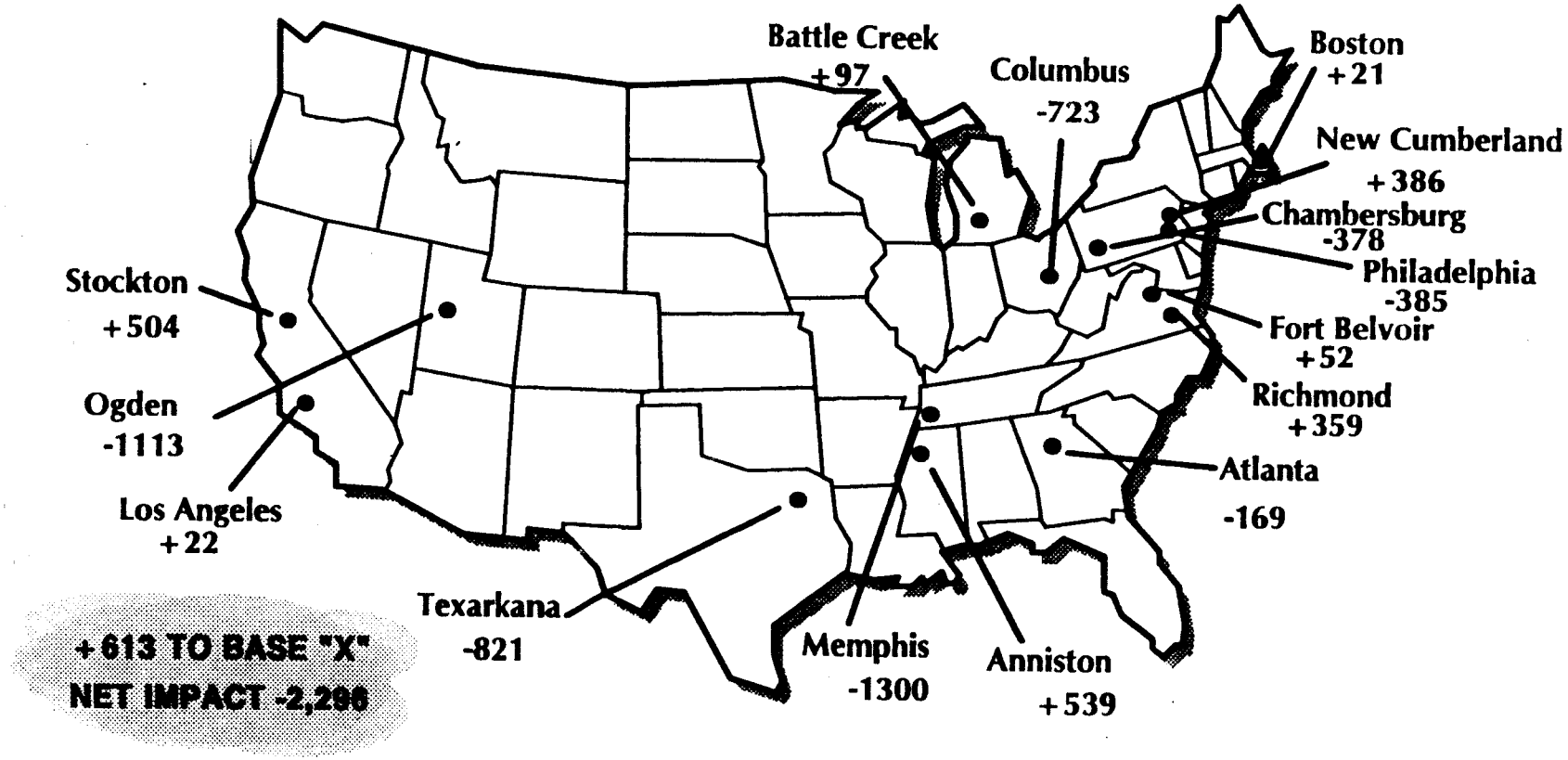
ROI: Immediate

- Supports Concept of Operations
  - One installation closed
  - Most acceptable risk
- Administrative space available
  - Minimized personnel disruption

**Does Not Include a $28.6M Cost Avoidance in FY96*

18z001

BRAC '95 Total Recommendation Personnel Impacts



61Z001

DLA BRAC '95 Summary

DISTRIBUTION		
23 Depots	*18 Depots*	*22%*
11 Sites	*5 Sites*	*55%*
SUPPLY		
5 Inventory Control Points	*4 ICPs*	*20%*
CONTRACT MANAGEMENT		
3 Districts	*2 DCMDs*	*33%*
1 Command	*0 Commands*	*100%*

THE BOTTOM LINE:

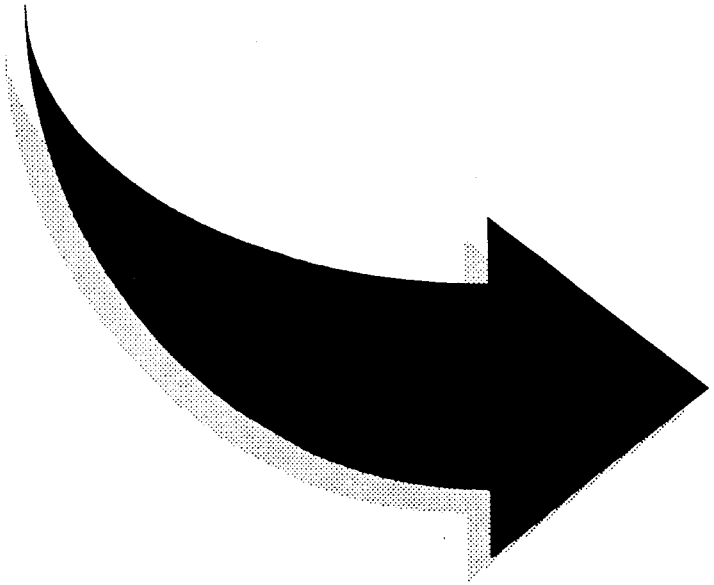
Meeting Customer Readiness and Weapon Systems Acquisition Requirements at Reduced Cost

A Reduction of 22% in Replacement Value of DLA Infrastructure Reviewed, a 4% Reduction in Current Workforce.

60z001

DLA BRAC 95 Recommendations

IF ACCEPTED



Savings

NPV	$-1.3B
SSS	$120M/year

64z001

Defense Logistics Agency
GENERAL

1. Major General Farrell, did the Office of the Secretary of Defense remove or add any installation closures or realignments from your recommendations to the Secretary?

If so, will you please elaborate on the specifics?

2. Major General Farrell, did anyone in the administration instruct you not to place any specific installations on your list to the Secretary of recommended closures and realignments?

If so, which ones and for what reasons?

3. Major General Farrell, did the Office of the Secretary of Defense instruct your Service to place or not to place any specific installations for closure or realignment on your listed recommendations to the Secretary?

If so, will you please elaborate on the specifics?

4. Major General Farrell, will the Defense Logistics Agency have excess capacity in any major categories or installation groupings if the Secretary of Defense's recommendations are accepted by this commission? Please elaborate.

5. Major General Farrell, did you or the Office of the Secretary of Defense remove any installations from the recommendations solely for reasons of environmental or economic impact? Please elaborate.

6. Major General Farrell, given the limitations on the base closure process by current Title 10 restrictions and the fact that excess capacity will more than likely remain after this last and final round under the current Base Closure Law, what method would you recommend for consideration in future base closure efforts?

7. Major General Farrell, have you provided to the commission all of the information that you used in your decision-making process? If not, would you please provide it within the next five days?

Defense Logistics Agency
PROCESS

1. Maj Gen Farrell, could you please explain the overall philosophy the Defense Logistics Agency used this year to decide which of its facilities would be closed or realigned.

What specific factors did you consider when closing or realigning a Defense Logistics Agency facility?

2. Maj Gen Farrell, what determines military value, and what were the points within the military value calculations which differentiated one installation from another?

3. Maj Gen Farrell, how much of your decisions were dependent upon the service's decisions?

Were there any service concerns which were raised which caused you some difficulty? If so, what were they and how were they resolved?

Were all possible options considered? Were there any installations excluded from consideration? If so, why?

4. Maj Gen Farrell, for all of the Defense Logistics Agency's closure and realignment decisions, what will be the total one time costs and steady state savings?

On average, at what year will you begin to break-even? Were there other options which would have yielded more savings? If so, why didn't you select those options?

Defense Logistics Agency
PROCESS, continued

5. Maj Gen Farrell, if all of the recommended closures and realignments are completed, what is the decrease in Defense Logistics Agency personnel by number and cost?

What percentage reduction does this represent?

6. Maj Gen Farrell, do any of your recommendations result in construction cost avoidance's for construction or modifications authorized by the 1991 Commission?

What are those costs and which installations are affected?

Defense Logistics Agency
DISTRIBUTION DEPOTS

BACKGROUND:

The Defense Distribution Depots store and distribute the consumable items managed by the Inventory Control Points. The Department of Defense report recommends that two stand-alone Defense Distribution Depots be closed--the Defense Distribution Depot Memphis, Tennessee and the Defense Distribution Depot, Ogden, Utah with its materials being relocated to other storage space within the Department of Defense Distribution System. This action will result in 1300 direct job losses at Memphis and 1113 direct job losses at Ogden. The report also recommends that two follow-on depots be closed--Defense Distribution Depot Letterkenny, PA and Defense Distribution Depot Red River, TX. This action will result in 378 direct job losses at Letterkenny and 821 direct job losses at Red River.

1. Maj Gen Farrell, what percentage of your overall distribution depot capacity will be reduced by the recommended closures/realignments?

Will there be enough capacity in the remaining distribution depot system to accommodate the inventories that need to be moved from the proposed closed depots during the transition period?

Does this leave you with enough depot capacity to meet any unforeseen future operational needs?

2. Maj Gen Farrell, will the Defense Logistics Agency still have excess depot capacity if all of the recommended closures and realignments are implemented?

If so, why were more facilities not recommended for closure?

Defense Logistics Agency
DISTRIBUTION DEPOTS, continued

3. Maj Gen Farrell, a recent U. S. General Accounting Office report on inventory reduction indicates that the Department of Defense has about 130 million item cube of material that should be excessed.

Could you have closed more depots in this round of BRAC if those inventory reductions were to occur?

4. Maj Gen Farrell, has the transfer of consumable items from the services to the Defense Logistics Agency been completed?

If not, when will this be completed, and how did you factor this into your depot capacity requirements?

5. Maj Gen Farrell, if the excess capacity available to the Defense Logistics Agency through the services was considered, and all the Defense Logistics Agency closure and realignment recommendations are completed, what effect will there be on your capacity requirements if the Commission adds other service maintenance depots to the closure list?

Defense Logistics Agency
DISTRIBUTION DEPOTS, continued

6. Maj Gen Farrell, in 1993 the Defense Logistics Agency stated that there was no need for additional distribution space on the west coast. In fact, I'm told that this year the complex computer model you used for analyzing inventory storage locations also did not support any additional storage requirement on the west coast.

In a recent letter to James Klugh, the Deputy Under Secretary of Defense for Logistics, Vice Admiral Straw stated that the Defense Logistics Agency views any offer of additional space "solely as an insurance hedge" and that "any offers of space to DLA should carry no weight in the determination of whether a base/depot remains open".

On the other hand, at last weeks March 1st hearing, Secretary of Defense Perry stated: "The Defense Logistics Agency was able to this time take into use the logistics facilities capacity available in the Air Force, I believe, especially at McClellan, so that they were able to do some downsizing in the Defense Logistics Agency and make use of Air Force logistics capacity".

I'm told that the Air Force offered the Defense Logistics Agency storage space in the neighborhood of 11 million Attainable Cubic Feet (ACF).

There seems to be some inconsistency here. On one hand your agency indicated that no further requirement exists on the west coast for additional storage capacity. On the other hand, the Secretary of Defense stated that one reason for downsizing rather than closing a major west coast installation was to support the Defense Logistics Agency with additional storage.

General, your recommendation is to close the distribution depot at Ogden. If the recommendation is accepted by this Commission, does the Defense Logistics Agency intend to use any additional storage space other than that which is presently in use by the agency on the west coast?

If so, where and for how long will you require this additional storage?

Defense Logistics Agency
DISTRIBUTION DEPOTS, continued

Did the computer model you used for inventory location (SAILS - Strategic Analysis of Inventory Logistics Systems) in fact indicate that no new storage facilities were required on the west coast?

Did you in any way alter the initial recommendation of the model? If so, how and why?

The Air Force Logistics Center policy is to down size in place rather than close. On the west coast, a large Defense Logistics Agency presence would help justify retention of an installation.

At any time, was there an agreement made with any Air Force or any other individual, internal or external to the Department of Defense, which would assure a continued Defense Logistics Agency presence at any Air Logistics Center.

7. Maj Gen Farrell, the Defense Logistics Agency is reducing the need to store inventories at defense depots through direct vendor delivery and prime vendor programs.

Were future increases in direct and prime vendor deliveries considered when the Defense Logistic Agency's capacity requirements were determined?

If so, what percentage of inventory reductions were attributed to direct/prime vendor delivery?

If this was not considered, why not?

8. Maj Gen Farrell, to what extent did you consider privatizing Defense Logistic Agency functions and/or activities?

Defense Logistics Agency
DISTRIBUTION DEPOTS, continued

9. Maj Gen Farrell, I am aware that the Defense Logistic Agency is testing a premium services delivery program with FedEx. This program allows the Defense Logistic Agency to store high turnover items at a FedEx facility.

What impact could this have on future depot storage capacity requirements if the program is successful?

10. Maj Gen Farrell, your Richmond and Columbus Depots rated lowest in their category of military value analysis. Yet you are recommending the closure of your Memphis and Ogden Depots.

Why didn't you close the Richmond and Columbus Depots?

11. Maj Gen Farrell, what went into the military value analysis decision to close the defense distribution depots at Memphis, Tennessee and Ogden, Utah?

What economic factors were considered?

What other options were considered, and why were these options rejected?

What will your total capacity reduction be as a result of closing these two depots?

What percentage of your total capacity does this represent?

How will the present mission requirements of these depots be handled?

12. Maj Gen Farrell, in your decision to close the Memphis Defense Distribution Depot, how much what weight was given to its central location and excellent access to all types of transportation?

Defense Logistics Agency
DISTRIBUTION DEPOTS, continued

13. Maj Gen Farrell, the Memphis community has stated that the Defense Logistics Agency has been transferring workload from Memphis to other Defense Depots.

Is this contention accurate?

If so, was the Memphis Depot adversely affected in the military value calculation?

14 Maj Gen Farrell, the 1993 BRAC directed that DoD's tactical missile maintenance work be consolidated at Letterkenny.

In light of this, has the Letterkenny Defense Distribution Depot made any infrastructure changes to accommodate the increased workload?

If so, what changes were made, and what were the costs to make these changes?

How much of the Defense Distribution Depot's workload would be directly related to the missile maintenance work versus other customers?

What is presently being stored at the depot?

Defense Logistics Agency
DISTRIBUTION DEPOTS, continued

15. Maj Gen Farrell, only 12% of the Red River Defense Distribution Depot's mission relates to the direct support of the Red River Army Depot.

Did you consider keeping the Red River Defense Distribution Depot open in spite of the Army's decision to close its depot, given that over 85% of its mission is to support other customers?

If so, what consideration was this given?

What costs would there be to the Defense Logistics Agency to maintain the depot versus what it costs them now?

QUESTION FROM SENATOR DAVID PRYOR, ARKANSAS

16. Maj Gen Farrell, the Department of the Army was requested to consider the cost of moving the Defense Logistics Agency activity at the Red River Army Depot in its analysis of total closure costs. The community has estimated the cost to be in excess of $300 million for such a move.

Is this estimate consistent with the costs calculated by the Defense Logistics Agency?

Defense Logistics Agency
DISTRIBUTION DEPOTS, continued

QUESTIONS FROM CONGRESSMAN HAROLD FORD, TENNESSEE

17. After Desert Storm, the DLA undertook a study of its depots' performance, "An Assessment of Container and Rail handling Capabilities at DLA Depots", 30 January 1991.

What were the results of that report, and were they used in the evaluation process?

Why was this report not taken into account?

18. Was the impact a base closure would have on economically disadvantaged communities considered by DLA when they assessed the economic impact of their recommendations?

Did DLA compare the overall unemployment rate of the community in relation to the unemployment rate of the rest of the state and surronding areas?

Do you believe the Commission should use this comparison as a criteria in its decision making process?

QUESTIONS TO BE ANSWERED FOR CONGRESSMAN HAROLD FORD IN WRITING FOR THE RECORD OF THE MARCH 7 BRAC HEARING

1. Did the logistic planners for each branch of the service do their own evalution of DLA's concept of support, or merely accept DLA's recommendation?

2. How will the DLA's recommendatiuons impact the premium service project at DDMT with Federal Express? What was behind the project if it was felt the location of DDMT was a detriment to supply support instead of an asset?

3. Did the SAILS model take into account the increasing wage bases in each industrial area in which the Depots are located? Does it assess the impact on a federal installation'a ability to attract and retain quality workforce in the furture? Does it assess the surroundong community's industrial wage base to project future hiring trends? Which year's labor rates were used in the SAILS model?

	Memphis	Harrisburg, PA*
1991	10.41	10.67
1992	10.42	11.18
1993	10.55	11.52
1994	10.88	11.92

* US Department of Labor, State and Area Employment, Annual averages

. Strategic Logistics Doctrine* emphasizes the importance of the nation's industrial base to the support of our armed forces abroad. Yet, the capacity of the surroundong industrial community to support surge requirements in the area of warehousing, personnel, equipment support (Memphis was able to hire 1000 additional skilled material handlers within three weeks for Desert Storm) has not been factored in. Have interruptions due to weather, strikes, transportation bottlenecks been taken into account? How many days in the last three years have operations been impaired by adverse weather?

* Army Field Manual 100-5, 1993

5. Supply support for contingency operations by doctrine* depend upon strategic airlift. Where is the assessment of strategic airlift capability in this analysis? Is it given the appropriate amount of weight compared to administrative criteria?

* Army Field Manual FM 100-5 Chap 12

6. The DLA ranked stand-alone depots for military value. Both the DoD and BRAC use military value as the most important selection criteria. Among stand-alone depots, DDMT was ranked third in military value and recommended for closure. However, DLA chose to maintain Richmond and Columbus, which ranked 5th and 6th. If military value is regarded so highly, why did DLA completely disregard it with respect to stand -alone depots?

Defense Logistics Agency
INVENTORY CONTROL POINTS

Background:

The Inventory Control Points, which there are presently five, manage DoD's consumable items, such as spare parts, food, clothing, medical, and general supplies. The Department of Defense report recommends that one Inventory Control Point be disestablished--the Defense Industrial Supply Center (Philadelphia, PA)--with its mission being distributed to two of the remaining Inventory Control Points--Defense Construction Supply Center (Columbus, OH) and Defense General Supply Center (Richmond, VA). This action will result in 385 direct job losses at Philadelphia and 335 job gains at Richmond.

1. Maj Gen Farrell, you are recommending a major change in operations at your Inventory Control Points.

Why did you decide to realign your workload by troop and general support and weapon system items?

Why are you proposing only two weapon system inventory control points?

2. Maj Gen Farrell, you are recommending disestablishing one Inventory Control Point, the Defense Industrial Supply Center (DISC) in Philadelphia, and distributing the management of its weapon system-related items to the Inventory Control Points at Richmond (Defense General Supply Center [DGSC)) and Columbus (Defense Construction Supply Center [DCSC]).

Why was the Defense Industrial Supply Center chosen as the Inventory Control Point to be disestablished as opposed to the Defense General Supply Center or the Defense Construction Supply Center?

What military value analysis was done?

What is your risk to having only two weapon system-related items Inventory Control Points?

Defense Logistics Agency
INVENTORY CONTROL POINTS, continued

3. Maj Gen Farrell, The Navy contends that significant synergy exists between the Naval Aviation Supply Office and the Defense Industrial Supply Center and that these two organizations should remain collocated.

Did you evaluate the lost synergy between these two organizations?

What economic factors were considered?

What other realignment options were considered, and why were those options rejected?

4. Maj Gen Farrell, in 1993 you wanted to move two Inventory Control Points--Defense Personnel Support Center and Defense Industrial Supply Center--out of Philadelphia and relocate them into new construction in New Cumberland, PA. The 1993 Commission decision resulted in both organizations remaining in Philadelphia. In 1995 you want to split the two organizations.

What changed between 1993 and 1995 to alter the Defense Logistic Agency recommendation?

5. Maj Gen Farrell, according to your data, your decision to disestablish the Defense Industrial Supply Center will result in a direct loss of only 385 jobs. Currently, there are approximately 1800 civilian employees in this organization.

Will the remaining 1400 jobs be absorbed into the Defense Personnel Support Center (DPSC), which will remain in Philadelphia?

If so, will the increase in the number of line items to be handled at the Defense Personnel Support Center (DPSC) require an increase in the current workforce by 1400 employees?

If not, what will happen to these 1400 employees?

If theses jobs are scheduled to be eliminated, why are they not included in your economic impact analysis?

Defense Logistics Agency
INVENTORY CONTROL POINTS , continued

6. Maj Gen Farrell, how can an increase of only 335 jobs at the Defense General Supply Center in Richmond, VA and no increase in jobs at the Defense Construction Supply Center in Columbus, OH accommodate the relocation of the workload currently being done at the Defense Industrial Supply Center?

7. Maj Gen Farrell, an additional 200,000 to 400,000 consumable items are scheduled to be transferred to the Defense Logistics Agency from the services in 1995.

What is the mix of these items between weapon system and troop and general support?

Are more item transfers planned in the coming years?

With your planned reduction in inventory control points, will you have enough capacity to handle the additional workload? If so, how?

If not, did you consider keeping the Defense Industrial Supply Center open to accommodate the increased workload?

Defense Logistics Agency
INVENTORY CONTROL POINTS , continued

6. Maj Gen Farrell, during BRAC 1993, to accommodate the additional personnel (approximately 3,000) coming to the Aviation Supply Office compound from the Defense Personnel Support Center, it was estimated that there would be approximately $46 million in renovation costs.

Do you still plan to accommodate approximately the same number of employees at this installation?

If so, are building renovations still needed? What are these costs?

If not, why are building renovations not needed?

If total renovation will not be necessary is there a construction cost avoidance if this recommendation is approved?

Did you delay making any extensive renovations at the Aviation Supply Office compound and delay moving the Defense Personnel Support Center to the compound in order to make your current recommendation and thus avoid construction costs?

Defense Logistics Agency
CONTRACT MANAGEMENT DISTRICTS

BACKGROUND:

The Defense Contract Management Districts provide command and control, operational support, and management oversight for 90 Defense Contract Management Area Operations and Defense Plant Representative Offices located throughout the United States. There are presently three Defense Contract Management District Offices. There used to be five. BRAC 1993 approved the disestablishment of two of these offices. The 1995 Department of Defense report recommends that one (Defense Contract Management District South, Marietta, GA) of the three remaining offices also be disestablished with its mission being relocated to the Defense Contract Management District Northeast in Boston, MA and the Defense Contract Management District in El Segundo, CA. This action will result in 169 direct job losses in Georgia and 20 job gains in the two remaining locations.

1. Maj Gen Farrell, would you describe the analysis which resulted in the decision to close the Defense Contract Management District South in Georgia as opposed to the one in Massachusetts or California?

2. Maj Gen Farrell, the Department of Defense report which addresses the Defense Logistics Agency recommendations states that having only two Defense Contract Management District offices presents only 'a moderate risk'.

   What do you mean by 'a moderate risk'?

3. Maj Gen Farrell, the Department of Defense report also states that as a result of the drawdown, you expect a decline in the number of Area Operations Offices and Plant Representative Offices.

   About how many offices do you expect to be eliminated in the future?

Defense Logistics Agency
CONTRACT MANAGEMENT DISTRICTS, continued

4. Maj Gen Farrell, could the remaining two Defense Contract Management District offices handle a further increase in workload should the military system go through a build up without a substantial increase in personnel?

If so, how would this be handled?

If not, how many people would have to be hired at these two locations, and would the additional personnel require the need to obtain additional workspace?

5. Maj Gen Farrell, you recommended the closure of your Contract Management District in Georgia, but I note in your analysis that the Contract Management District in California also ranked low in military value.

Did you consider closing the Western District?

If so, what would be the costs and savings of closing this district versus the one in Georgia?

If not, why was this option not evaluated?

Defense Logistics Agency
CONTRACT MANAGEMENT DISTRICTS, continued

6. Maj Gen Farrell, the 1993 BRAC authorized the Defense Contract Management District West to move from leased space in El Segundo to "Long Beach Naval Shipyard, California, or space obtained from exchange or land for space between the Navy and the Port Authority/City of Long Beach area." You now want, through a redirect action, to expand the options to include "to a purchased office building, whichever is the most cost-effective for DoD."

Have you obtained cost estimates for the purchase of an office building?

How long do you anticipate waiting until a decision is made to move to Department of Defense property or to buy?

If you can't get into a government building, would it be cheaper to stay in leased space?

If so, would it be cheaper to remain at your current location?

Can the District Office be located anywhere in the west coast area?

If so, have you or will you look at existing military installations with excess capacity in both California and neighboring states?

Defense Logistics Agency
ECONOMIC/ENVIRONMENTAL IMPACTS

1. Maj Gen Farrell, to what extent did you analyze the cumulative economic impact of DLA closure/realignment decisions?

How did you define cumulative economic impact?

Did the cumulative economic impact analysis cause you to alter your decision to close or realign any facility?

2. Maj Gen Farrell, are there any environmental concerns or hazards at these locations?

If so, what are they, and what is the cost of resolving them?

Defense Investigative Service
BACKGROUND

DOD Recommendation:

Relocate the Defense Investigative Service (DIS), Investigations Control and Automation Directorate (IC&AD) from Fort Holabird, Maryland, to a new facility to be built on Fort Meade, Maryland, 18 miles away. This proposal is a redirect from the recommendations of the 1988 Base Closure Commission. Once the Defense Investigative Service (DIS) vacates the building on Fort Holabird, the base will be vacant.

Impact:

This recommendation will not result in a change in employment in the Baltimore area because all affected jobs will remain in that area. 425 personnel will relocate if the recommendation is approved.

Justification:

The Defense Investigative Service (DIS) is located in a Korean War era building. The building is in disrepair has cost over $319,000 in repairs since fiscal year 1991 in addition to the annual cost of approximately $400,000. A recent Corps of Engineers building analysis indicated that the cost to bring the building up to code and to correct the environmental deficiencies would cost Defense Investigative Service (DIS) approximately $9.1 million. A military construction project on Fort Meade is estimated by the Corps of Engineers to cost $9.4 million.

Defense Investigative Service
PROCESS

1. Mr. Donnelly, the 1988 Commission stated that the Defense Investigative Service (DIS) Investigations Control and Automation Directorate (IC&AD) was adequately housed at Fort Holabird and should remain there.

Could you please explain to the Commission why you are requesting a change from that decision?

2. Mr. Donnelly, what specific factors did you consider in your decision to move the Investigations Control and Automation Directorate (IC&AD)?

3. Mr. Donnelly, were all possible options considered in the decision to move the Investigations Control and Automation Directorate (IC&AD)?

If so, what other options were considered, and what were the one time costs, steady state savings and break-even years for these options?

If not, why were other options not considered?

4. Mr. Donnelly, if the recommended realignment is completed, will this result in any decrease in Defense Investigative Service (DIS) personnel?

5. Mr. Donnelly, what, if any, is the cumulative economic impact of moving the facility from its present location?

How did you define cumulative economic impact

Defense Investigative Service
COSTS

1. Mr. Donnelly, do you plan to renovate existing facilities at Fort Meade or construct a new building? What are the one time costs associated with moving the facility to Fort Meade?

What are your current operating costs at Fort Holabird?

What are your operating cost estimates at Fort Meade?

2. Mr. Donnelly, your detailed analysis only addresses three options: renovating your existing building; leasing space in the Baltimore area; and constructing a building on Fort Meade.

Are there existing facilities at Fort Meade that could be renovated to meet your needs instead of building a new facility?

If not, are there existing facilities at other Department of Defense locations that could be renovated, which would result in a lower cost than constructing a new building? If so, why were these locations not considered?

3. Mr. Donnelly, when will steady state savings occur if this move is approved?

4. Mr. Donnelly, according to the analysis of your decision to move from Fort Holabird, the Investigations Control and Automation Directorate (IC&AD) is in the process of upgrading the agency's automation system thus decreasing the number of employees by 38% by the year 2001.

Did you account for this decrease in your construction cost estimates?

Defense Investigative Service
COSTS, Continued

5. Mr. Donnelly, once the facility is closed, will Department of Defense be able to sell the land?

If so, what amount do you feel Department of Defense will be able to achieve from the sale of the land?

Has this estimate been obtained from an independent appraiser?

Defense Investigative Service
MILITARY VALUE

1. Mr. Donnelly, what went into the military value analysis decision to move the facility?

2. Mr. Donnelly, the Defense Investigative Service (DIS) military value analysis states that while the current facility is not essential, the geographical area is essential.

Why is the current geographical area essential?

Defense Investigative Service
ENVIRONMENT

1. Mr. Donnelly, are there any environmental hazards at your current location?

If so, what are they and what is the cost of resolving them?

Have these environmental hazards been documented?

TO: Jim Schufreider

FROM: Kim McAfee

RE: Questions for March 7th BRAC Hearing

DATE: March 3, 1995

Thank you for allowing Congressman Ford to submit additional questions on Monday.

A Dixon
R Cox (RC)
B Montoya (BM)
L Klins (LK)
J Davis (JD)
W Steele (WS)
A Cornella (AC)
J. Robles (JR)

Charts
Reese - Banking
DLA - Memphis Banking

HAROLD E. FORD
9TH DISTRICT, TENNESSEE

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WAYS AND MEANS
SUBCOMMITTEE ON HUMAN RESOURCES

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Congress of the United States
House Of Representatives
Washington, DC 20515-4209

March 3, 1995

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

Dear Mr. Chairman:

I respectfully request that you make the following inquiries to Admiral Straw, of The Defense Logistics Agency at the March 7 hearing. I understand that you can accommodate only two questions for oral presentation. I will attach other questions for a written response on the record by Admiral Straw.

Please ask Admiral Straw the following on March 7:

1. After Desert Storm, the DLA undertook a study of its depots' performance, "An Assessment of Container and Rail Handling Capabilities at DLA Depots", 30 January 1991. What were the results of that report, and were they used in the evaluation process? Why was this report not taken into account?

2. Was the impact a base closure would have on economically disadvantaged communities considered by DLA when they assessed the economic impact of their recommendations? Did DLA compare the overall unemployment rate of the community in relation to the unemployment rate of the rest of the State and surrounding areas? Do you believe the Commission should use this comparison as a criteria in its decision making process?

I appreciate your consideration on this urgent matter, and I look forward to hearing from you soon.

Sincerely,

Harold Ford

HAROLD FORD
Member of Congress

QUESTIONS TO BE ANSWERED FOR CONGRESSMAN HAROLD FORD IN WRITING FOR THE RECORD OF THE MARCH 7 BRAC HEARING

1. Did the logistic planners for each branch of the service do their own evalution of DLA's concept of support, or merely accept DLA's recommendation?

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THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

EXECUTIVE CORRESPONDENCE TRACKING SYSTEM (ECTS) # 950301-1

FROM: CHAPMAN, JIM	TO: DIXON
TITLE: REP. (TX)	TITLE: CHAIRMAN
ORGANIZATION: US CONGRESS	ORGANIZATION: DBCRC
INSTALLATION (s) DISCUSSED: RED RIVER ARMY DEPOT	

OFFICE OF THE CHAIRMAN	FYI	ACTION	INIT	COMMISSION MEMBERS	FYI	ACTION	INIT
CHAIRMAN DIXON				COMMISSIONER			
STAFF DIRECTOR	✓			COMMISSIONER			
EXECUTIVE DIRECTOR	✓			COMMISSIONER			
GENERAL COUNSEL				COMMISSIONER			
MILITARY EXECUTIVE				COMMISSIONER			
				COMMISSIONER			
DIR./CONGRESSIONAL LIAISON		✓		COMMISSIONER			
DIR./COMMUNICATIONS				REVIEW AND ANALYSIS			
				DIRECTOR OF R & A	✓		
EXECUTIVE SECRETARIAT				ARMY TEAM LEADER		X	
				NAVY TEAM LEADER			
DIRECTOR OF ADMINISTRATION				AIR FORCE TEAM LEADER			
CHIEF FINANCIAL OFFICER				INTERAGENCY TEAM LEADER	✓		
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:

REQUESTING THAT ALL COMMISSIONERS MAKE A PERSONAL VISIT TO RED RIVER

Due Date: 950303	Routing Date: 950301	Date Originated: 950228	Mail Date:

JIM CHAPMAN
FIRST DISTRICT
TEXAS

2417 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-4301
TELEPHONE: (202) 225-3035

Congress of the United States
House of Representatives
Washington, DC 20515-4301

COMMITTEE
APPROPRIATIONS

SUBCOMMITTEES
ENERGY AND WATER DEVELOPMENT
VA, HUD AND INDEPENDENT AGENCIES

Please refer to this number when responding 950301-1

February 28, 1995

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

Dear Mr. Chairman:

As you know, the Secretary of Defense today recommended the closure of Red River Army Depot and the Distribution Depot Red River in my Congressional District. This decision is a terrible mistake, and I look forward to having the opportunity to present the facts that will bear out that judgement to you and the other Commissioners.

I understand that the base closure statute requires at least one commissioner to visit each site on the Secretary's list of recommended closures and realignments. However, I would like to take the this opportunity to urge you as well as each and every member of the commission to make a personal visit to Red River. I realize it is customary to divide travel responsibilities among the commission, but I believe it only fair that before the final vote is cast that each member get to see up close the impact their decision will have. On behalf of the more than 7000 of my constituents whose livelihoods depend on the Commission's decision, I personally implore you to bring the entire Commission to Northeast Texas to see this tremendous facility in action.

From the standpoint of war-fighting needs, cost effectiveness and quality of service, Red River is simply the best. Please consider this appeal, and I look forward to working with the Base Closure Commission to produce a final product that best serves the American people. With warm regards,

Sincerely,

Jim Chapman
Member of Congress

THIS STATIONERY PRINTED ON PAPER MADE OF RECYCLED FIBERS

JIM CHAPMAN
FIRST DISTRICT
TEXAS

2417 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-4301
TELEPHONE: (202) 225-3035

Congress of the United States
House of Representatives
Washington, DC 20515-4301

COMMITTEE
APPROPRIATIONS
SUBCOMMITTEES
ENERGY AND WATER DEVELOPMENT
VA, HUD, AND INDEPENDENT AGENCIES

March 6, 1995

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

Dear Mr. Chairman:

As you prepare for tomorrow's hearings to consider the closure and realignment recommendations of the Department of the Army and the Defense Logistics Agency, I would like to request to submit the attached questions about the recommendation to close Red River Army Depot and the Defense Distribution Depot Red River in my Congressional District. I understand that representatives of the Red River Defense Fund Steering Committee contacted you last week to let you know that this request would be forthcoming.

Mr. Chairman, I would be very grateful to you if these questions could be asked of the hearing witnesses -- the Secretary of the Army, the Army Chief of Staff and the Director of the Defense Logistics Agency -- during tomorrow's proceedings. It would be extremely helpful to me to have these questions posed to the witnesses at this critical early stage of the BRAC process.

Thank you in advance for you kind attention to the this request, and I look forward to seeing you tomorrow. With warm regards, I am

Sincerely,

Jim Chapman
Member of Congress

Enclosure

THIS STATIONERY PRINTED ON PAPER MADE OF RECYCLED FIBERS

BRAC 95 COMMISSION
QUESTIONS FOR THE ARMY

1. Was the combined military value and cost of closure of the co-located facilities of Red River Army Depot, Lone Star Army Ammunition Plant, Defense Logistics Agency distribution depot (DDRT), and their tenants considered in the overall evaluation as requested of the Army, Defense Logistics Agency, and Department of Defense by the community?

2. In developing workload realignment options, did the Army modify the receiving depots capacity to account for the impact of changes in product mix on depot capacity and will the Army have sufficient depot maintenance capacity with only one tracked vehicle depot to meet its core maintenance workload requirements and hence its readiness requirements?

3. The Army, unlike the Air Force, has claimed savings for the workload reductions due to downsizing. Does this not falsely represent and overstate the BRAC savings and distort the analysis?

BRAC 95 COMMISSION
QUESTIONS FOR DEFENSE LOGISTICS AGENCY

1. Why does data reflected in the COBRA model drastically deviate from data submitted by the installation, specifically the costs associated with movement of wholesale/retail assets in storage at the Defense Distribution Depot Red River to the Defense Distribution depots at Anniston and San Joaquin and to depot "X"?

2. Defense Logistic Agency's basis for analysis for co-located depots was "when a military service determined that a maintenance depot was surplus to their needs, Defense Logistics Agency would consider closing co-located distribution functions." The logic was two fold:

First, the maintenance depot is by far the biggest customer and primary reason for Defense Logistics Agency presence. Question: Since Defense Distribution Depot Red River supports the maintenance function at Red River Army Depot and Fort Hood at equal percentages of overall workload, how does Defense Logistics Agency justify categorizing support to Red River maintenance as being by far Defense Distribution Depot Red River's biggest customer when eighty percent of the customers are off base?

Second, complete closure of the facilities infrastructure generates the best economic return to Department of Defense. Question: Since Army recommends leaving the ammunition mission

School of Engineering and Logistics, and rubber products facility open at Red River and since the operation will require base operations support, Red River maintenance, sewage, water plant maintenance, rail crew support, and power station maintenance, how does just changing the command to Lone Star Army Ammunition Plant reduce the infrastructure costs for Department of Defense?

3. Was the combined military value and cost of closure of the co-located facilities of Red River Army Depot, Lone Star Army Ammunition Plant, Defense Logistics Agency distribution depot (DDRT), and their tenants considered in the overall evaluation as requested of the Army, Defense Logistics Agency, and Department of Defense by the community?

JIM CHAPMAN
FIRST DISTRICT
TEXAS

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Congress of the United States
House of Representatives
Washington, DC 20515-4301

COMMITTEE:
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ENERGY AND WATER DEVELOPMENT
VA, HUD, AND INDEPENDENT AGENCIES

March 6, 1995

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

Dear Mr. Chairman:

As you prepare for tomorrow's hearings to consider the closure and realignment recommendations of the Department of the Army and the Defense Logistics Agency, I would like to request to submit the attached questions about the recommendation to close Red River Army Depot and the Defense Distribution Depot Red River in my Congressional District. I understand that representatives of the Red River Defense Fund Steering Committee contacted you last week to let you know that this request would be forthcoming.

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Thank you in advance for you kind attention to the this request, and I look forward to seeing you tomorrow. With warm regards, I am

Sincerely,

Jim Chapman
Member of Congress

Enclosure

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

Please refer to this number when responding 950313-2

March 10, 1995

Major General Lawrence P. Farrell, USAF
Principal Deputy Director
Defense Logistics Agency
Cameron Station
Alexandria, VA 22304-6100

Dear General Farrell:

I would like to thank you for your recent testimony before the Commission concerning the Department of Defense's 1995 base closure and realignment recommendations.

As I mentioned during the hearing, I would like any questions not asked by the Commission to be answered for the record. The questions are attached. I would appreciate your response to these questions by March 22, 1995 in order that the Commission can consider them early in our deliberative process.

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

Sincerely,

Alan J. Dixon
Chairman

Encl.

Defense Logistics Agency

GENERAL

1. Given the limitations on the base closure process by current Title 10 restrictions and the fact that excess capacity will more than likely remain after this last and final round under the current base closure law, what method would you recommend for consideration in future base closure efforts?

2. Have you provided to the Commission all of the information that you used in your decision-making process? If not, would you please provide it within the next five days?

PROCESS

3. How much of your decisions were dependent upon the Services' decisions? Were there any Service concerns which were raised which caused you some difficulty? If so, what were they and how were they resolved?

4. If all of the recommended closures and realignments are completed, what is the decrease in Defense Logistics Agency personnel by number and cost? What percentage reduction does this represent?

5. Do any of your recommendations result in construction cost avoidances for construction or modifications authorized by the 1991 Commission? What are those costs and which installations are affected?

DISTRIBUTION DEPOTS

6. Capacity

   a. What percentage of your overall distribution depot capacity will be reduced by the recommended closures/realignments?

   b. Will there be enough capacity in the remaining distribution depot system to accommodate the inventories that need to be moved from the proposed closed depots during the transition period?

   c. Does this leave you with enough depot capacity to meet any unforeseen future operational needs?

7. A recent U. S. General Accounting Office report on inventory reduction indicates that the Department of Defense has about 130 million items cube of material that should be excessed. Could you have closed more depots in this round of closures if those inventory reductions were to occur?

8. If the excess capacity available to the Defense Logistics Agency through the Services was considered, and all the Defense Logistics Agency closure and realignment recommendations are completed, what effect will there be on your capacity requirements if the Commission adds other service maintenance depots to the closure list?

9. To what extent did you consider privatizing Defense Logistic Agency functions and/or activities?

10. What percentage of DLA's facilities are leased? Which facilities are leased?

11. Defense Distribution Depot Memphis (DDMT)

a. What went into the military value analysis decision to close the Defense Distribution Depots at Memphis, Tennessee and Ogden, Utah?

b. What economic factors were considered?

c. What other options were considered. and why were these options rejected?

d. What will your total capacity reduction be as a result of closing these two depots?

e. What percentage of your total capacity does this represent?

f. How will the present mission requirements of these depots be handled?

12. In your decision to close the Memphis Defense Distribution Depot, what weight was given to its central location and excellent access to all types of transportation?

13. The Memphis community has stated that the Defense Logistics Agency has been transferring workload from Memphis to other Defense Depots.

a. Is this contention accurate?

b. If so, was the Memphis Depot adversely affected in the military value calculation?

INVENTORY CONTROL POINTS

14. You are recommending a major change in operations at your Inventory Control Points.

a. Why did you decide to realign your workload by troop and general support and weapon system items?

b. Why are you proposing only two weapon system inventory control points?

15. You are recommending disestablishing one Inventory Control Point. the Defense Industrial Supply Center (DISC) in Philadelphia, and distributing the management of its weapon system-related items to the Inventory Control Points at Richmond (Defense General Supply Center [DGSC]) and Columbus (Defense Construction Supply Center [DCSC]).

a. Why was the Defense Industrial Supply Center chosen as the Inventory Control Point to be disestablished as opposed to the Defense General Supply Center or the Defense Construction Supply Center?

b. What military value analysis was done?

c. What is your risk to having only two weapon system-related items Inventory Control Points?

16. The Navy contends that significant synergy exists between the Naval Aviation Supply Office and the Defense Industrial Supply Center and that these two organizations should remain co-located.

a. Did you evaluate the lost synergy between these two organizations?

b. What economic factors were considered?

c. What other realignment options were considered, and why were those options rejected?

17. In 1993 you wanted to move two Inventory Control Points--Defense Personnel Support Center and Defense Industrial Supply Center--out of Philadelphia and relocate them into new construction in New Cumberland, PA. The 1993 Commission decision resulted in both organizations remaining in Philadelphia. In 1995 you want to split the two organizations. What changed between 1993 and 1995 to alter the Defense Logistic Agency recommendation?

18. According to your data, your decision to disestablish the Defense Industrial Supply Center will result in a direct loss of only 385 jobs. Currently, there are approximately 1800 civilian employees in this organization.

a. Will the remaining 1400 jobs be absorbed into the Defense Personnel Support Center (DPSC), which will remain in Philadelphia?

b. If so, will the increase in the number of line items to be handled at the Defense Personnel Support Center (DPSC) require an increase in the current workforce by 1400 employees?

c. If not, what will happen to these 1400 employees?

d. If theses jobs are scheduled to be eliminated, why are they not included in your economic impact analysis?

19. How can an increase of only 335 jobs at the Defense General Supply Center in Richmond, VA and no increase in jobs at the Defense Construction Supply Center in Columbus, OH accommodate the relocation of the workload currently being done at the Defense Industrial Supply Center?

20. An additional 200,000 to 400,000 consumable items are scheduled to be transferred to the Defense Logistics Agency from the Services in 1995.

a. What is the mix of these items between weapon system and troop and general support?

b. Are more item transfers planned in the coming years?

c. With your planned reduction in inventory control points, will you have enough capacity to handle the additional workload? If so, how?

d. If not, did you consider keeping the Defense Industrial Supply Center open to accommodate the increased workload?

21. During BRAC 1993, to accommodate the additional personnel (approximately 3,000) coming to the Aviation Supply Office compound from the Defense Personnel Support Center, it was estimated that there would be approximately $46 million in renovation costs.

a. Do you still plan to accommodate approximately the same number of employees at this installation?

b. If so, are building renovations still needed? What are these costs?

c. If not, why are building renovations not needed?

d. If total renovation will not be necessary is there a construction cost avoidance if this recommendation is approved?

e. Did you delay making any extensive renovations at the Aviation Supply Office compound and delay moving the Defense Personnel Support Center to the compound in order to make your current recommendation and thus avoid construction costs?

CONTRACT MANAGEMENT DISTRICTS

22. The Department of Defense report which addresses the Defense Logistics Agency recommendations states that having only two Defense Contract Management District offices presents only 'a moderate risk'. What do you mean by 'a moderate risk'?

23. The Department of Defense report also states that as a result of the drawdown, you expect a decline in the number of Area Operations Offices and Plant Representative Offices.

a. About how many offices do you expect to be eliminated in the future?

b. How does this breakdown under your current structure of 3 regions and your projected structure of 2 regions?

24. What are the number and value of contracts, and Area Operations Offices and Plant Representative Offices under your current and projected structure?

25. Could the remaining two Defense Contract Management District offices handle a further increase in workload should the military system go through a build up without a substantial increase in personnel?

a. If so, how would this be handled?

b. If not, how many people would have to be hired at these two locations, and would the additional personnel require the need to obtain additional workspace?

26. Can the Defense Contract Management District West (DCMDW) be adequately housed anywhere on the West Coast (i.e. San Francisco area)? Please comment.

ECONOMIC/ENVIRONMENTAL IMPACTS

27. Are there any environmental concerns or hazards at any DLA location recommended for closure or realignment. If so, what are they, and what is the cost of resolving them?

QUESTIONS SUBMITTED BY SENATOR DAVID PRYOR OF ARKANSAS

1. The Department of the Army was requested to consider the cost of moving the DLA activity at the Red River Army Depot in its analysis of total closure costs. The community has estimated the cost to be in excess of $300 million for such a move. Is this estimate consistent with the costs calculated by the Department of Defense?

2. It is my understanding that the Red River Army Depot was recently awarded the 1995 President's Prototype Award in support of the Administration's National Performance Review initiatives. Were such awards for quality and efficiency considered by the Department of Defense in this base closure process?

3. Could you detail the reasoning behind the Department of the Army's recommendation to completely close one of its primary depots and realign another when the other military services appear to have chosen realignment initiatives through "downsizing in place" at their maintenance facilities?

QUESTIONS SUBMITTED BY CONGRESSMAN JIM CHAPMAN OF TEXAS

1. Why does data reflected in the COBRA model drastically deviate from data submitted by the installation, specifically the costs associated with movement of wholesale/retail assets in storage at the Defense Distribution Depot Red River to the Defense Distribution depots at Anniston and San Joaquin and to depot "X"?

2. DLA's basis for analysis for co-located depots was "when a military service determined that a maintenance depot was surplus to their needs, DLA would consider closing co-located distribution functions." The logic was two fold:

First, the maintenance depot is by far the biggest customer and primary reason for DLA presence. Question: Since Defense Distribution Depot Red River supports the maintenance function at Red River Army Depot and Fort Hood at equal percentages of overall workload, how does DLA justify categorizing support to Red River maintenance as being by far Defense Distribution Depot Red River's biggest customer when eighty percent of the customers are off base?

Second, complete closure of the facilities infrastructure generates the best economic return to Department of Defense. Question: Since Army recommends leaving the ammunition mission School of Engineering and Logistics, and rubber products facility open at Red River and since the operation will require base operations support, Red River maintenance, sewage, water plant maintenance, rail crew support, and power station maintenance, how does just changing the command to Lone Star Army Ammunition Plant reduce the infrastructure costs for Department of Defense?

3. Was the combined military value and cost of closure of the co-located facilities of Red River Army Depot, Lone Star Army Ammunition Plant, DLA Distribution Depot Red River (DDRT), and their tenants considered in the overall evaluation as requested of the Army, DLA and Department of Defense by the community?

QUESTIONS SUBMITTED BY CONGRESSMAN HAROLD FORD OF TENNESSEE

1. After Desert Storm, the DLA undertook a study of its depots' performance, "An Assessment of Container and Rail Handling Capabilities at DLA Depots", 30 January 1991. What were the results of that report, and were they used in the evaluation process? Why was this report not taken into account?

2. Was the impact a base closure would have on economically disadvantaged communities considered by DLA when they assessed the economic impact of their recommendations? Did DLA compare the overall unemployment rate of the community in relation to the unemployment rate of the rest of the state and surrounding areas? Do you believe the Commission should use this comparison as a criteria in its decision making process?

3. Did the logistic planners for each branch of the service do their own evaluation of DLA's concept of support, or merely accept DLA's recommendations?

4. How will the DLA's recommendations impact the premium service project at DDMT with Federal Express? What was behind the project if it was felt the location of DDMT was a detriment to supply support instead of an asset?

5. Did the SAILS model take into account the increasing wage bases in each industrial area in which the Depots are located? Does it assess the impact on a federal installation's ability to attract and retain quality workforce in the future? Does it assess the surrounding community's industrial wage base to project future hiring trends? Which year's labor rates were used in the SAILS model?

	Memphis	Harrisburg, PA*
1991	10.41	10.67
1992	10.42	11.18
1993	10.55	11.52
1994	10.88	11.92

*US Department of Labor, State and Area Employment, Annual averages.

6. Strategic Logistics Doctrine* emphasizes the importance of the nation's industrial base to the support of our armed forces abroad. Yet, the capacity of the surrounding industrial community to support surge requirements in the area of warehousing, personnel, equipment support (Memphis was able to hire 1000 additional skilled material handlers within three weeks for Desert Storm) has not been factored in. Have interruptions due to weather, strikes, transportation bottlenecks been taken into account? How many days in the last three years have operations been impaired by adverse weather?

*Army Field Manual 100-5, 1993

7. Supply support for contingency operations by doctrine* depend upon strategic airlift. Where is the assessment of strategic airlift capability in this analysis? Is it given the appropriate amount of weight compared to administrative criteria?

*Army Field Manual FM 100-5 Chapter 12

8. The DLA ranked stand-alone depots for military value. Both the DoD and BRAC use military value as the most important selection criteria. Among stand-alone depots. DDMT was ranked third in military value and recommended for closure. However. DLA chose to maintain Richmond and Columbus. which ranked 5h and 6th. If military value is regarded so highly. why did DLA completely disregard it with respect to stand-alone depots?

9. Defense Distribution Depot Memphis (DDMT) ranked third behind Defense Distribution Depot San Joaquin (DDJC) and Defense Distribution Depot Susquehanna (DDSP). Both DDJC and DDSP are not single entities as DDMT is. DDJC includes two depots (Tracy. CA and the Sharpe Army Depot). DDSP includes the DLA Mechanicsburg Depot and the New Cumberland Army Depot. In fact the Mechanicsburg Depot and the New Cumberland Depots are 11 miles apart. For what reasons were they lumped together. and how did this effect their individual military value scores?

10. DDMT has far superior access to transportation systems (highways. rail systems. airports. etc.). Despite this superiority. DDMT only scored third in the mission suitability section of the military value test. How much weight does this crucial distribution factor carry in the test?

11. DDMT has far superior access to commercial transportation modes and the Department of Defense has recently contracted with the Federal Express Corporation for a premium transportation service where "critical" material can be delivered at maximum speed. Were these factors taken into consideration when rating DDMT?

12. "Direct vendor delivery" was used in the DLA Detailed Analysis as a reason DDMT (and other depots) would see a decline in the need for warehousing and distributing materials. The bulk of DDMT's distribution materials are food supplies. clothing and medical supplies. How much will "direct vendor delivery" have on these particular materials?

DDMT specializes in the assembly of B-rations so that field commanders receive one containerized shipment which includes all necessary materials for a meal (food. salt. water. utensils. etc.) for their particular size force. Will "direct vendor deliveries" replace this system?

13. Why was the Defense Industrial Plant Equipment Center. DDMT's only major tenant activity. moved from Memphis just prior to BRAC 1995? The lack of a major tenant activity hurt DDMT's score on the military value test.

14. Major General Lawrence P. Farrell, Jr., USAF wrote to Congressman Harold Ford that "When we coupled the results of the statutorily prescribed BRAC analysis with the military judgment of our most senior logistics management experts, we determined it is in the best interests of the Department of Defense that DDMT be disestablished. And again, "You and your constituents can be assured that this call was based upon a fair, objective, and well documented review of the facts coupled with our best military judgment regarding the overall status of the United States' military logistics system."

Who are the senior logistics management experts and what did they base their judgments upon?

15. How many days per year are the Mechanicsburg and New Cumberland Depots closed due to weather conditions? How many days per year is DDMT closed due to weather conditions? (DDMT did not close due to weather conditions in 1994)

16. How many days or hours per year is the Harrisburg airport closed per year? How many days or hours per year is the Memphis International Airport closed per year? (Memphis International Airport is closed for an average of less than four hours per year)

17. How far are the Mechanicsburg and the New Cumberland Depots from a major airport?

18. How far are the Mechanicsburg and New Cumberland Depots from a major interstate highway? How many lanes does the road which accesses the highway have?

19. What activities in the last three years, have been withdrawn from Memphis that would have been of value to them, when assessment for military value was done? (Examples, Defense Industrial Plant Equipment Center (DIPEC) and Defense Distribution Region Central both were tenant activities at DDMT moved within this time frame.)

20. Why was the Central Region moved from Memphis to New Cumberland? What prompted this move as it relates to military value?

21. Why was Defense Industrial Plant Equipment Center (DIPEC) moved from Memphis to Richmond, VA?

22. Since the purpose of assessing military value within the DLA BRAC analysis was to assess value added for military purposes, then why was an organization that consisted of a non-military function given points under this system?

23. It has been stated that 124 jobs would be made available in New Cumberland and positions that are moving into the area from other locations was given consideration. However, was any consideration given the fact that the majority of the persons which would be affected are blue collar workers as opposed to the white collar workforce that is moving into the area?

24. It has been stated that DDMT was one of the most efficient organizations within DLA for on time processing of Material Release Orders (MRO's) and their capability to mobilize a large temporary workforce on short notice (i.e. Desert Storm/Shield, Somalia, etc.). If this is a true statement, then what consideration was given to this under your BRAC analysis, if any?

25. In a military environment, why is New Cumberland and Tracy given debarkation value for moving troops, equipment and supplies by water, when today's wars are of a short duration (a few days or weeks)? Airlift is the only means of meeting these timetables as was the situation with Desert Storm and Somalia.

26. What consideration was given to large airlift capabilities by the Tennessee Air National Guard located 2 miles from DDMT? This resource was used in Desert Storm, Somalia support and Panama.

27. Coastal Depots only provide limited jump-off points to Europe and Asia. What about more likely contingencies in South America, where the USA must provide support without allied help? Doesn't a military depot in the center of the country (DDMT) make more sense for logistical support.

QUESTIONS SUBMITTED BY CONGRESSMAN JAMES V. HANSEN OF UTAH

1. The DLA claims to have such overcapacity in warehouses that it is necessary to close Ogden. Yet, DLA has submitted in its FY 1996 military construction budget a $15 million dollar project to construct a **new warehouse** at Tracy, California. If DLA has such overcapacity, why is it building new warehouses?

2. DLA commissioned a "Peat-Marwick" study dated December 1993 which clearly shows that Ogden is, by far, the single most cost-effective depot in the DLA system. How did cost of operations factor into your decision when, to the casual observer, it appears that you are closing DLA's most efficient depot?

3. What are DLA's plans with Ogden's Deployable Medical Unit (DEPMEDS) workload? Where will this work be accomplished?

THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

EXECUTIVE CORRESPONDENCE TRACKING SYSTEM (ECTS) # 950324-11

FROM: M. U. McMANAMAY	TO: DIXON
TITLE: TEAM CHIEF	TITLE: CHAIRMAN
ORGANIZATION: DLA BRAC	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	✓		
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:

RESPONSE TO THE "QUESTIONS FOR THE RECORD" FORWARDED IN LETTER DATED MARCH 16.

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

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

IN REPLY REFER TO CAAJ(BRAC)

23 MAR 1995

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

Please refer to this number when responding 950324-11

Dear Mr. Chairman:

I was pleased to have the opportunity to testify before your panel of Commissioners on 7 March 1995 and to present the DLA BRAC findings and recommendations. As a follow-on, you have requested in your letter of 10 March 1995, No. 950313-2, that additional information be provided for the record. Enclosed is our initial response to your request. The remaining information will be forwarded in the next several days.

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

Sincerely,

M. V. McManamay

1 Encl

M. V. McMANAMAY
Team Chief
DLA BRAC

L. P. Farrell Jr.

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

DLA RESPONSE

TO

BRAC COMMISSION

AND

CONGRESSIONAL INQUIRIES

BRAC Commission Inquiries:

General 1 and 2
Process 3, 4, and 5
Distribution Depots 6, 7, and 10
Contract Management Districts 22, 23, 24, 25, and 26
Environmental 27

Congressional Inquiries:

Senator Pryor of Arkansas 1, 2, and 3
Congressman Chapman of Texas 1, 2, and 3
Congressman Ford of Tennessee 2, 3, 6, 14, 15, 16, 17, 18, 19, and 23

GENERAL

1. Given the limitations on the base closure process by current Title 10 restrictions and the fact that excess capacity will more than likely remain after this last and final round under the current base closure law, what method would you recommend for consideration in future base closure efforts?

The methodology for BRAC 93 and BRAC 95 has afforded a fair and objective process and should be considered for any future base closure efforts.. DLA believes that future base closure efforts must have the force of law to be truly effective and therefore supports Secretary Perry's recommendation to extend the current BRAC legislation.

GENERAL

2. Have you provided to the Commission all of the information that you used in your decision-making process? If not, would you please provide it within the next five days?

Yes, we have provided to the Commission all of the information used in the decision-making process.

PROCESS

3. How much of your decisions were dependent upon the Services' decisions? Were there any Service concerns which were raised which caused you some difficulty? If so, what were they and how were they resolved?

As a Combat Support Agency, DLA follows the military services: that is, our logistical support must be aligned to accommodate mission needs of the services. The area in which our decisions were most dependent upon the Services decisions was the supply distribution depots with the services' maintenance depots. As the military services recommended closure or realignment of any of their maintenance depots, DLA reassessed the value of continuing the collocated depot support accordingly. We also had as one of our options to maximize our use of Service installations. We therefore monitored Service recommendations throughout the process to ensure we took maximum advantage of Service facilities which would remain available subsequent to the implementation of BRAC 95 decisions.

PROCESS

4. If all of the recommended closures and realignments are completed, what is the decrease in Defense Logistics Agency personnel by number and cost? What percentage reduction does this represent?

The decreases associated with BRAC 95 recommendations are as follows:

Decrease in personnel positions:	Permanent Civilian Positions	2,306
	Authorized Military Positions	35
	Total Decrease	2,341
Decrease in personnel costs:	$111,714,861 (per year)	
Percentage reduction:	4.07% (30 September 1994 figures)	
	5.25% (based on FY 1999 personnel end strength projections)	
	5.55% (based on FY 2001 personnel end strength projections)	

PROCESS

5. Do any of your recommendations result in construction cost avoidances for construction or modifications authorized by the 1993 Commission? What are those costs and which installations are affected?

Yes there are three projects which fall into this category. They are listed below by the type of DLA activity;

Inventory Control Points,

Defense Personnel Support Center

The 1993 Base Closure and Realignment Commission directed the Defense Personnel Support Center to move to the Aviation Supply Office Installation in Northeast Philadelphia, where the Defense Industrial Supply Center was already a tenant. In order to do so, existing warehouse space had to be renovated for administrative space.

Force structure drawdowns as well as process improvements are substantially reducing required manpower, and we are programming down accordingly. Delaying the move of the Defense Personnel Support Center for approximately two years, combined with the recommended disestablishment of the Defense Industrial Supply Center, will substantially reduce the number of people to be accommodated at the Aviation Supply Office Installation. Thereby reducing the space required and, the necessity therefore to rehabilitate space. This will result in a cost avoidance in MILCON from our present BRAC 93 recommendation. This cost avoidance is estimated at approximately $25.5 million.

Defense Construction Supply Center

The 1993 Base Closure and Realignment Commission directed the closure of the Defense Electronics Supply Center and relocation of its mission to the Defense Construction Supply Center in Columbus, Ohio. In order to do so, existing space had to be renovated for administrative space.

Force structure drawdowns as well as process improvements are substantially reducing required manpower, and we are programming down accordingly. With the transfer of general support mission to the Defense Personnel Support Center in Philadelphia, we will further reduce the number of people to be accommodated at the Defense Construction Supply Center, thus reducing the necessity to rehabilitate space. This will result in a cost avoidance in MILCON from our present BRAC 93 recommendation. This cost avoidance is estimated at approximately $3.1 million.

Defense Contract Management Districts

The 1993 Base Closure and Realignment Commission directed the Defense Contract Management District West to relocate from GSA leased administrative space in El Segundo, California to Long Beach Naval Shipyard or space obtained from the exchange of land for space between the Navy and the Port Authority/City of Long Beach. However, the President's Five Point Revitalization Plan, which affords the communities the opportunity to obtain installations without substantial compensation, has significantly impacted the Navy's ability to consummate the exchange of land at Long Beach. The Long Beach Naval Shipyard, which was the other BRAC 93 option, has been placed on the BRAC 95 list for closure.

In order to attain the significant savings which result by moving the organization to DoD space, the BRAC 95 recommendation expanded upon the BRAC 93 recommendation to incorporate the purchase of an existing building by the Navy in behalf of DLA. This redirect eliminated the cost of administrative space construction at Long Beach Naval Shipyard and would result in a cost avoidance in MILCON from our present BRAC 93 recommendation. This cost avoidance is estimated from our BRAC 93 calculation at approximately $11.0 million in new construction costs.

We have estimated the purchase of an existing administrative building in the Long Beach area at $4.1 million. In addition, we expect, based upon market surveys, that some renovations can be expected to the available administrative spaces in order to support our mission requirements. These renovation costs are estimated to be $1.2 million.

DLA DISTRIBUTION DEPOTS

6. Capacity

a. What percentage of your overall distribution depot capacity will be reduced by the recommended closure/realignments?

As a result of our BRAC 95 recommendations, overall distribution storage capacity will be reduced by approximately 114 million (M) Attainable Cubic Feet (ACF)* or 18 percent of the FY 94 available storage space. BRAC 95 coupled with actions defined in our Storage Management Plan will reduce our total ACF available in FY01 to 431 M ACF or approximately a 30 percent reduction from FY 94 and a 45 percent reduction from FY 92.

*(Attainable Cubic Feet is defined as the multiplication of the length, width, and height of a warehouse(s) with all aisle and structural loss, ceiling limitations, and workspace deducted. It is the amount of space in a warehouse that can actually be used for materiel storage.)

6b. Will there be enough capacity in the remaining distribution depot system to accommodate the inventories that need to be moved from the proposed closed depots during the transition period?

Yes. We project there will be enough storage capacity in the remaining distribution depot system to accommodate the inventories that need to be moved from the proposed closing depots.

6c. Does this leave you with enough depot capacity to meet any unforeseen future operational needs?

Yes. Combat or contingency capability equates to the surge in throughput capacity to process the additional receipts and issues associated with mobilization from peacetime operations to wartime operations. Although we have sized our storage capacity to match our storage requirement, DLA continues to have significantly more thoroughput capacity that required even with the implementation of all of our BRAC 95 recommendations. Therefore, the distribution system will be capable of supporting the two Major Regional Conflicts as described in the Defense Guidance.

DLA DISTRIBUTION DEPOTS

7. A recent U.S. General Accounting Office report on inventory reduction indicates that the Department of Defense has about 130 million item cube of material that should be excessed. Could you have closed more depots in this round of closures if those inventory reductions were to occur?

The DoD is working a systematic approach to reducing inventory and storage space - one that goes beyond just the impact of BRAC decisions - to downsize storage infrastructure. Between September 1992 and September 1994, the requirement for covered storage decreased 28 percent (181 million occupied cubic feet) and storage capacity was reduced 170 million attainable cubic feet. This was roughly during the same period in which the GAO review was performed; therefore, a significant part of the GAO identified "excess" was disposed of while the review was ongoing. We project that the DoD inventory will be reduced an additional 108 million cubic feet between FY 95 and FY 01. Our BRAC 95 recommendations take this excess inventory into consideration and is reflected in our capacity analysis.

DISTRIBUTION DEPOTS

10. What percentage of DLA's facilities are leased? Which facilities are leased?

In the DLA BRAC 95 scope of analysis, we reviewed 50 separate DLA sites. We currently lease 5 of these sites, or 10%, from non-DoD entities. The sites are listed below:

Site:
Defense Distribution Depot Columbus, Piketon site - Piketon, OH
Defense Contract Management District West Headquaters - El Segundo, CA
Defense Reutilization and Marketing Operations East - Gahanna, OH
Defense Logistics Services Center - Battle Creek, MI
Defense Reutilization and Marketing Service - Battle Creek, MI

Outside the DLA BRAC scope of analysis, again in terms of the number of sites, DLA has approximately 1154 sites around the world. Of the total number of DLA sites, approximately 377, or about 33% are leased from non-DoD entities. Most of the leased sites are small Defense National Stockpile Center sites (63 each), Defense Contract Management Area Offices (195 each) or Defense Fuel Supply Center sites (109 each). A listing of these leased sites is enclosed.

Defense Logistics Agency
Leased Activity List

PLFA	SITE	STATE	CTRY	Lease Type
CCPO	EL PASO	TX	US	GSA-Private Lease
	Total = 1			
DCMAO	BIRMINGHAM	AL	US	GSA-Private Lease
DCMO/RESIDENCY	GADSDEN	AL	US	GSA
DCMO/RESIDENCY	HUNSTVILLE	AL	US	GSA-Private Lease
DCMO/RESIDENCY	MOBILE	AL	US	GSA-Private Lease
DCMO/RESIDENCY	OPELIKA	AL	US	GSA
DCMO/RESIDENCY	TUSCALOOSA	AL	US	GSA
DCMO/RESIDENCY	CAMDEN	AR	US	GSA-Private Lease
DCMO/RESIDENCY	LITTLE ROCK	AR	US	GSA-Private Lease
DCMO/RESIDENCY	LITTLE ROCK	AR	US	GSA
DCMAO	PHOENIX	AZ	US	GSA-Private Lease
DPRO	TUCSON	AZ	US	GSA
DCMO/RESIDENCY	ALAMEDA	CA	US	GSA
DCMO/RESIDENCY	ALAMEDA	CA	US	GSA
DCMO/RESIDENCY	ANAHEIM	CA	US	GSA-Private Lease
DCMO/RESIDENCY	ANAHEIM	CA	US	GSA-Private Lease
DCMO/RESIDENCY	BAKERSFIELD	CA	US	GSA
DCMO/RESIDENCY	BELL	CA	US	GSA
DCMO/RESIDENCY	CITY OF INDUSTRU	CA	US	GSA-Private Lease
DCMO/RESIDENCY	CONCORD	CA	US	GSA-Private Lease
DCMO	EL SEGUNDO	CA	US	GSA-Private Lease
DCMO/RESIDENCY	FREMONT	CA	US	GSA-Private Lease
DCMO/RESIDENCY	GARDEN GROVE	CA	US	GSA-Private Lease
DCMO/RESIDENCY	GLENDALE	CA	US	GSA-Private Lease
DCMO/RESIDENCY	GOLETA	CA	US	GSA-Private Lease
DCMO/RESIDENCY	IRVINE	CA	US	GSA-Private Lease
DCMO/RESIDENCY	LONG BEACH	CA	US	GSA
DCMO/RESIDENCY	LOS ANGELES	CA	US	GSA
DCMO/RESIDENCY	LOS ANGELES	CA	US	GSA-Private Lease
DCMO/RESIDENCY	LOS ANGELES	CA	US	GSA-Private Lease
DCMO/RESIDENCY	ONTAIRO	CA	US	GSA-Private Lease
DCMO/RESIDENCY	OXNARD	CA	US	GSA-Private Lease
DCMO/RESIDENCY	RIVERSIDE	CA	US	GSA-Private Lease
DCMO/RESIDENCY	ROSEVILLE	CA	US	GSA-Private Lease
DCMAO	SAN DIEGO	CA	US	GSA-Private Lease
DCMAO	SAN FRANCISCO	CA	US	GSA
DCMAO	SANTA ANA	CA	US	GSA
DCMO/RESIDENCY	SANTA CLARA	CA	US	GSA-Private Lease
DPRO	SUNNYVALE	CA	US	GSA-Private Lease
DCMO/RESIDENCY	COLORADO SPRINGS	CO	US	GSA-Private Lease
DCMO/RESIDENCY	ENGLEWOOD	CO	US	GSA-Private Lease
DCMO/RESIDENCY	LOVELAND	CO	US	GSA-Private Lease
DCMO/RESIDENCY	BRIDGEPORT	CT	US	GSA-Private Lease
DCMAO	HARTFORD	CT	US	GSA-Private Lease
DCMO/RESIDENCY	HARTFORD	CT	US	GSA-Private Lease
DCMO/RESIDENCY	HARTFORD	CT	US	GSA-Private Lease
DCMO/RESIDENCY	HARTFORD	CT	US	GSA-Private Lease

Defense Logistics Agency
Leased Activity List

DCMO/RESIDENCY	HARTFORD	CT	US	GSA
DCMAO	CLEARWATER	FL	US	GSA-Private Lease
DCMO/RESIDENCY	FL LAUDERDALE	FL	US	GSA
DCMO/RESIDENCY	FL LAUDERDALE	FL	US	GSA-Private Lease
DCMO/RESIDENCY	JACKSONVILLE	FL	US	GSA
DCMO/RESIDENCY	MIAMI	FL	US	GSA-Private Lease
DCMAO	ORLANDO	FL	US	GSA-Private Lease
DCMO/RESIDENCY	SARASOTA	FL	US	GSA-Private Lease
DCMO/RESIDENCY	TALLAHASSEE	FL	US	GSA-Private Lease
DCMO/RESIDENCY	SMYRNA	GA	US	GSA-Private Lease
DCMO/RESIDENCY	TUCKER	GA	US	GSA-Private Lease
DCMO/RESIDENCY	BOSIE	ID	US	GSA-Private Lease
DCMAO	CHICAGO	IL	US	GSA-Private Lease
DCMO/RESIDENCY	CLARKSVILLE	IL	US	GSA-Private Lease
DCMO/RESIDENCY	GRANDVILLE	IL	US	GSA-Private Lease
DCMO/RESIDENCY	PEORIA	IL	US	GSA
DCMO/RESIDENCY	ROCKFORD	IL	US	GSA-Private Lease
DCMO/RESIDENCY	COLUMBUS	IN	US	GSA-Private Lease
DCMO/RESIDENCY	DELPHI	IN	US	GSA
DCMO/RESIDENCY	EVANSVILLE	IN	US	GSA
DPRO	FORT WAYNE	IN	US	GSA-Private Lease
DCMO/RESIDENCY	RICHMOND	IN	US	GSA
DCMO	SOUTH BEND	IN	US	GSA-Private Lease
DCMO/RESIDENCY	VINCENNES	IN	US	GSA
DCMAO	WICHITA	KS	US	GSA
DCMO/RESIDENCY	ASHLAND	KY	US	GSA
DCMO/RESIDENCY	LEXINGTON	KY	US	GSA
DCMO/RESIDENCY	BATON ROUGE	LA	US	GSA-Private Lease
DCMO/RESIDENCY	LAFAYETTE	LA	US	GSA-Private Lease
DCMO/RESIDENCY	SHREVEPORT	LA	US	GSA-Private Lease
DCMO/RESIDENCY	SULPHUR	LA	US	GSA-Private Lease
DCMO/RESIDENCY	HOLYOKE	MA	US	GSA-Private Lease
DCMO/RESIDENCY	NORWOOD	MA	US	GSA-Private Lease
DCMO/RESIDENCY	READING	MA	US	GSA-Private Lease
DCMO/RESIDENCY	WALTHAM	MA	US	GSA
DCMO/RESIDENCY	WORCHESTER	MA	US	GSA-Private Lease
DCMO/RESIDENCY	CATONSVILLE	MD	US	GSA-Private Lease
DCMO/RESIDENCY	SALISBURY	MD	US	GSA
DCMAO	TOWSON	MD	US	GSA
DCMO/RESIDENCY	PORTLAND	ME	US	GSA-Private Lease
DCMO/RESIDENCY	ANN ARBOR	MI	US	GSA
DCMO/RESIDENCY	DETROIT	MI	US	GSA
DCMO/RESIDENCY	DETROIT	MI	US	GSA
DCMO/RESIDENCY	DETROIT	MI	US	GSA-Private Lease
DCMAO	DETROIT	MI	US	GSA-Private Lease
DCMO/RESIDENCY	GRAND HAVEN	MI	US	GSA
DCMAO	GRAND RAPIDS	MI	US	GSA-Private Lease
DCMO/RESIDENCY	JOPLIN	MI	US	GSA
DCMO/RESIDENCY	KANSAS CITY	MI	US	GSA-Private Lease
DCMO/RESIDENCY	SPRINGFIELD	MI	US	GSA-Private Lease
DCMAO	ST LOUIS	MI	US	GSA
DPRO	ST LOUIS	MI	US	GSA

Defense Logistics Agency
Leased Activity List

DCMO/RESIDENCY	TROY	MI	US	GSA-Private Lease
DCMO/RESIDENCY	BLOOMINGTON	MN	US	GSA-Private Lease
DCMO/RESIDENCY	JACKSON	MS	US	GSA
DCMO/RESIDENCY	ASHVILLE	NC	US	GSA
DCMO/RESIDENCY	ASHVILLE	NC	US	GSA-Private Lease
DCMO/RESIDENCY	BRYSON CITY	NC	US	GSA
DCMO/RESIDENCY	CHARLOTTE	NC	US	GSA-Private Lease
DPRO	GREENSBORO	NC	US	GSA-Private Lease
DCMO/RESIDENCY	RALEIGH	NC	US	GSA-Private Lease
DCMO/RESIDENCY	RALEIGH	NC	US	GSA
DCMO/RESIDENCY	LINCLON	NE	US	GSA
DCMO/RESIDENCY	OMAHA	NE	US	GSA-Private Lease
DCMO/RESIDENCY	OMAHA	NE	US	GSA
DCMO/RESIDENCY	LACONIA	NH	US	GSA
DCMO/RESIDENCY	MANCHESTER	NH	US	GSA-Private Lease
DCMO/RESIDENCY	FAIR LAWN	NJ	US	GSA-Private Lease
DCMO/RESIDENCY	FAIRFIELD	NJ	US	GSA-Private Lease
DCMO/RESIDENCY	PARSIPPANY	NJ	US	GSA-Private Lease
DCMAO	SPRINGFIELD	NJ	US	GSA-Private Lease
DCMO/RESIDENCY	LAS CRUCES	NM	US	GSA-Private Lease
DCMO/RESIDENCY	CARSON CITY	NV	US	GSA
DCMO/RESIDENCY	LAS VEGAS	NV	US	GSA
DCMO/RESIDENCY	RENO	NV	US	GSA-Private Lease
DCMO	BUFFALO	NY	US	GSA
DCMO/RESIDENCY	HAUPPAUGE	NY	US	GSA-Private Lease
DCMO/RESIDENCY	MELVILLE	NY	US	GSA-Private Lease
DCMAO	NEW YORK-MANHATT	NY	US	GSA
DCMO/RESIDENCY	ROCHESTER	NY	US	GSA
DCMAO	SYRACUSE	NY	US	GSA-Private Lease
DPRO	AKRON	OH	US	GSA-Private Lease
DCMO/RESIDENCY	CINCINNATI	OH	US	GSA
DPRO	CINCINNATI	OH	US	GSA
DCMAO	CLEVELAND	OH	US	GSA
DPRO	LIMA	OH	US	GSA
DCMO/RESIDENCY	MANSFIELD	OH	US	GSA
DCMO/RESIDENCY	MENTOR	OH	US	GSA-Private Lease
DCMO/RESIDENCY	TROY	OH	US	GSA
DCMO/RESIDENCY	OKLAHOMA CITY	OK	US	GSA
DCMO/RESIDENCY	OKLAHOMA CITY	OK	US	GSA
DCMO/RESIDENCY	OKLAHOMA CITY	OK	US	GSA
DCMO/RESIDENCY	TULSA	OK	US	GSA-Private Lease
DCMO/RESIDENCY	PORTLAND	OR	US	GSA
DCMO/RESIDENCY	ALLENTOWN	PA	US	GSA-Private Lease
DCMO/RESIDENCY	ERIE	PA	US	GSA-Private Lease
DCMO/RESIDENCY	HORSHAM	PA	US	GSA-Private Lease
DCMO/RESIDENCY	IRWIN	PA	US	GSA-Private Lease
DCMO/RESIDENCY	JOHNSTOWN	PA	US	GSA-Private Lease
DCMO/RESIDENCY	MARS	PA	US	GSA-Private Lease
DCMAO	PITTSBURG	PA	US	GSA
DCMO/RESIDENCY	PITTSBURG	PA	US	GSA-Private Lease
DCMO/RESIDENCY	WILKES BARRE	PA	US	GSA-Private Lease
DCMO/RESIDENCY	WILLIAMSPORT	PA	US	GSA

Defense Logistics Agency
Leased Activity List

DCMAO	WYOMISSING	PA	US	GSA-Private Lease
DCMO	YORK	PA	US	GSA-Private Lease
DCMAO	MAYAGUEZ,MAYAGUE	PR		GSA-Private Lease
DCMO/RESIDENCY	PROVIDENCE	RI	US	GSA-Private Lease
DCMO/RESIDENCY	ANDERSON	SC	US	GSA
DCMO/RESIDENCY	COLUMBIA	SC	US	GSA-Private Lease
DCMO/RESIDENCY	FLORENCE	SC	US	GSA
DCMO/RESIDENCY	GREENVILLE	SC	US	GSA-Private Lease
DCMO/RESIDENCY	SIOUX FALLS	SD	US	GSA-Private Lease
DCMO/RESIDENCY	JACKSON	TN	US	GSA
DCMO/RESIDENCY	KNOXVILLE	TN	US	GSA
DCMO/RESIDENCY	KNOXVILLE	TN	US	GSA-Private Lease
DCMO/RESIDENCY	NASHVILLE	TN	US	GSA-Private Lease
DCMO/RESIDENCY	ABLINE	TX	US	GSA
DCMO/RESIDENCY	ADDISON	TX	US	GSA-Private Lease
DCMO/RESIDENCY	AMARILLO	TX	US	GSA
DCMO/RESIDENCY	ARLINGTON	TX	US	GSA-Private Lease
DCMO/RESIDENCY	CORPUS CHRISTI	TX	US	GSA-Private Lease
DCMAO	DALLAS	TX	US	GSA-Private Lease
DPRO	FORT WORTH	TX	US	GSA-Private Lease
DCMO/RESIDENCY	HOUSTON	TX	US	GSA
DCMO/RESIDENCY	HOUSTON	TX	US	GSA-Private Lease
DCMO/RESIDENCY	LONGVIEW	TX	US	GSA-Private Lease
DCMO/RESIDENCY	LUBBOCK	TX	US	GSA
DCMO/RESIDENCY	PASADENA	TX	US	GSA-Private Lease
DCMO/RESIDENCY	PORT AUTHUR	TX	US	GSA-Private Lease
DPRO	RICHARDSON	TX	US	GSA-Private Lease
DCMAO	SAN ANTONIO	TX	US	GSA
DCMO/RESIDENCY	WACO	TX	US	GSA-Private Lease
DCMO/RESIDENCY	ST GEORGE	UT	US	GSA
DCMO/RESIDENCY	WEST VALLEY CITY	UT	US	GSA-Private Lease
DCMO/RESIDENCY	CHARLOTTESVILLE	VA	US	GSA
DCMO/RESIDENCY	NORFOLK	VA	US	GSA-Private Lease
DCMO	BURLINGTON	VT	US	GSA
DCMO/RESIDENCY	AUBURN	WA	US	GSA-Private Lease
DCMO/RESIDENCY	BELLEVUE	WA	US	GSA-Private Lease
DCMO/RESIDENCY	LYNNWOOD	WA	US	GSA-Private Lease
DPRO	SEATTLE	WA	US	GSA
DCMO/RESIDENCY	APPLETON	WI	US	GSA-Private Lease
DCMO/RESIDENCY	CEDAR RAPIDS	WI	US	GSA-Private Lease
DCMO/RESIDENCY	EAU CLAIRE	WI	US	GSA
DCMO/RESIDENCY	GREEN BAY	WI	US	GSA-Private Lease
DCMO/RESIDENCY	LA CROSSE	WI	US	GSA
DCMAO	MILWAUKEE	WI	US	GSA-Private Lease
DCMO/RESIDENCY	RACINE	WI	US	GSA
DCMO/RESIDENCY	MORGANTOWN	WV	US	GSA-Private Lease
	Total = 195			
DCPSO	COLUMBUS	OH	US	GSA-Private Lease
	Total = 1			
DDRE-REMOTE SITE	PIKETON	OH	US	DOE
	Total = 1			

DFSC-FIELD SITE	Kangnam		KO	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Pyongtaek		KO	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Uijongbu		KO	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Waegwan		KO	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Pisa		IT	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Hoevringen		NO	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Muruvik		NO	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Singapore (Senok		SN	COCO/NATO/FOREIGN
DFSC-FIELD SITE	El Ferrol		SP	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Cartagena		SP	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Diyarbakir		TU	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Istris		FR	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Pohang		KO	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Elazig		TU	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Sivas		TU	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Antalya		TU	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Malatya		TU	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Adana		TU	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Larkollen		NO	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Cagliari	SD	SD	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Campbeltown		UK	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Loch Striven		UK	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Loch Ewe		UK	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Machrihanish		UK	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Lisbon		PO	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Augusta Bay		VL	COCO/NATO/FOREIGN
DFSC-FIELD SITE	POL Depot Gaeta		IT	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Bodo		NO	COCO/NATO/FOREIGN
DFSC-FIELD SITE	POL Depot Souda		VJ	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Porto Santo		PO	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Namsos		NO	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Vaernes		NO	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Helguvik		IC	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Turkish NATO PL		TU	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Orland		NO	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Andoya		NO	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Ponta Delgada	AZ	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	NEPS		EU	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Hvalfjordur		IC	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Gangsaas		NO	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Lura		NO	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Tananger		NO	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Peebles Test Fac	OH	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Milazzo		IT	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Moundville/ST Se	AL	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Djibouti (Mobil)		DJ	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Speyer		GE	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Alamogordo	NM	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Hanau		GE	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Hachinohe		JA	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Awali		BA	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Sebarok		SN	COCO/NATO/FOREIGN

DFSC-FIELD SITE	Dubai		TC	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Bremen	GA	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Staten Island	NY	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Jebal Ali (Star)		TC	COCO/NATO/FOREIGN
DFSC-FIELD SITE	AF PL Co.	NC	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Livorno		IT	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Canvey Island		UK	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Gaeta		IT	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Blytheville	AR	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Doraville	GA	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Jacksonville	NJ	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Piney Point	MD	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Port Douglas	NY	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Port Mahon	DE	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Beaufort	NC	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	San Antonio	TX	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Drumwright	OK	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Houston	TX	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	St George Parish		BD	COCO/NATO/FOREIGN
DFSC-FIELD SITE	DFSP Conway	AR	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Athens		GR	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Djibouti (Total)		DJ	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Muscat		MU	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Calnev PL	CA	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	New Haven/Jet Li	CT	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Buckeye PL	WA	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	UKPS		UK	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Kinley PL Corp	ID	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Bay City	MI	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	DYESS PL CO	TX	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Colonial PL	VA	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	ITAPCO PL	GA	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Southern Pacific	AZ	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Kinley PL of CA	CA	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Peru	IL	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Capehart/DFSP Om	NE	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Conoco Pipeline	IL	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Baltimore	MD	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	El Arahal/Spanis		SP	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Carswall PL	TX	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	McCain PL	MS	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Key West	FL	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Holly Corp	CA	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Standard Trans	NM	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	National Automat		US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Montgomery/Stand	AL	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Anacostia/Piney		D.	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Plantation PL	GA	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Santa Fe PL	NM	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Southern Pacific	CA	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	STD Transpipe	GA	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	STD Transpipe Co	VA	US	COCO/NATO/FOREIGN

Defense Logistics Agency
Leased Activity List

DFSC-FIELD SITE	Texas Eastern PL	LA	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Williams PL	NE	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Yellowstone PL	WA	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Buckeye PL	NY	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	Southern Pacific	CA	US	COCO/NATO/FOREIGN
DFSC-FIELD SITE	NIPS		IT	COCO/NATO/FOREIGN
	Total= 109			
DLSC-REMOTE SITE	KALAMAZOO	MI	US	GSA
DLSC	BATTLE CREEK	MI	US	GSA
	Total= 2			
DNSC-FIELD SITE	MOSS LANDING	CA	US	Private Lease
DNSC-FIELD SITE	NEW YORK	NY	US	GSA
DNSC-FIELD SITE	SOMERVILLE	NJ	US	GSA
DNSC-FIELD SITE	NEW YORK	NY	US	GSA
DNSC-FIELD SITE	ARLINGTON	VA	US	GSA-Private Lease
DNSC-FIELD SITE	NEW YORK	NY	US	GSA-Private Lease
DNSC-FIELD SITE	BINGHAMTON	NY	US	GSA
DNSC-FIELD SITE	CURTIS BAY	MD	US	GSA
DNSC-FIELD SITE	SCOTIA	NY	US	GSA
DNSC-FIELD SITE	WARREN	OH	US	GSA-Private Lease
DNSC-FIELD SITE	FORT WORTH	TX	US	GSA-Private Lease
DNSC-FIELD SITE	PAULINE	KS	US	GSA
DNSC-FIELD SITE	PORT CLINTON	OH	US	GSA-Private Lease
DNSC-FIELD SITE	SHARONVILLE	OH	US	GSA
DNSC-FIELD SITE	POINT PLEASANT	WV	US	GSA
DNSC-FIELD SITE	NEW HAVEN	IN	US	GSA
DNSC-FIELD SITE	HAMMOND	IN	US	GSA
DNSC-FIELD SITE	FORT WORTH	TX	US	GSA
DNSC-FIELD SITE	SORBERVILLE	NJ	US	GSA
DNSC-FIELD SITE	BATON ROUGE	LA	US	GSA
DNSC-FIELD SITE	CLEARFIELD	UT	US	GSA
DNSC-FIELD SITE	MARATHON	TX	US	Private Lease
DNSC-FIELD SITE	AUGUSTA	GA	US	Private Lease
DNSC-FIELD SITE	EAGLE PASS	TX	US	Private Lease
DNSC-FIELD SITE	GRAMERCY	LA	US	Private Lease
DNSC-FIELD SITE	BOYLES	AL	US	Private Lease
DNSC-FIELD SITE	HENDERSON	NV	US	Private Lease
DNSC-FIELD SITE	MARIETTA	OH	US	Private Lease
DNSC-FIELD SITE	WORCHESTER	MA	US	Private Lease
DNSC-FIELD SITE	THE DALLES	OR	US	Private Lease
DNSC-FIELD SITE	WEST POINT	NY	US	Bureau of Mint
DNSC-FIELD SITE	BETHLEHEM	PA	US	Private Lease
DNSC-FIELD SITE	GADSDEN	AL	US	CITY
DNSC-FIELD SITE	ARCO	ID	US	DOE
DNSC-FIELD SITE	WENDEN	AZ	US	Govt Property
DNSC-FIELD SITE	NORTHGATE	CO	US	Govt Property
DNSC-FIELD SITE	FORT KNOX	KY	US	Bureau of Mint
DNSC-FIELD SITE	OAK RIDGE	TN	US	DOE
DNSC-FIELD SITE	SAN FRANCISCO	CA	US	Bureau of Mint
DNSC-FIELD SITE	DENVER	CO	US	GSA
DNSC-FIELD SITE	DERRY	PA	US	Private Lease
DNSC-FIELD SITE	ALLOY	WV	US	Private Lease

Defense Logistics Agency
Leased Activity List

DNSC-FIELD SITE	STEUBENVILLE	OH	US	Private Lease
DNSC-FIELD SITE	PINE RIDGE	AR	US	GSA
DNSC-FIELD SITE	MIRA LOMA	CA	US	GSA
DNSC-FIELD SITE	SHUMAKER	AR	US	GSA
DNSC-FIELD SITE	VOORHESVILLE	NY	US	GSA
DNSC-FIELD SITE	THEODORE	AL	US	GSA
DNSC-FIELD SITE	WILMINGTON	DE	US	Private Lease
DNSC-FIELD SITE	MARIETTA	PA	US	GSA
DNSC-FIELD SITE	BELLE MEADE	NJ	US	GSA
DNSC-FIELD SITE	DOUGLAS	AR	US	Private Lease
DNSC-FIELD SITE	MEXICO	MO	US	Private Lease
DNSC-FIELD SITE	BATESVILLE	AR	US	Private Lease
DNSC-FIELD SITE	EAST SAINT LOUIS	IL	US	Private Lease
DNSC-FIELD SITE	GREGORY	TX	US	Private Lease
DNSC-FIELD SITE	EAGLE PASS	TX	US	Private Lease
DNSC-FIELD SITE	RIVERVILLE	VA	US	Private Lease
DNSC-FIELD SITE	BATON ROUGE	LA	US	Private Lease
DNSC-FIELD SITE	LARGE	PA	US	Private Lease
DNSC-FIELD SITE	CHARLESTON	SC	US	Private Lease
DNSC-FIELD SITE	VANDALIA	MO	US	Private Lease
DNSC-FIELD SITE	WHEATFIELD	NY	US	Private Lease
	Total = 63			
DPSC-REMOTE SITE	SALINAS	CA	US	GSA-Private Lease
DPSC-REMOTE SITE	YUMA	AZ	US	GSA-Private Lease
DPSC-REMOTE SITE	CHICAGO	IL	US	GSA
	Total = 3			
DRMS	DRMS HQ	MI	US	GSA
DRMS	DRMS-EAST	OH	US	GSA
	Total = 2			
	Grand Total = 377			

CONTRACT MANAGEMENT DISTRICTS

22. The Department of Defense report which addresses the Defense Logistics Agency recommendations states that having only two Defense Contract Management District offices presents only a "moderate risk." What do you mean by a "moderate risk?"

The span of control resulting from the BRAC 95 decision is not significantly different from the span of control after BRAC 93. We foresee no risk associated with the management of 64 DCMAOs and DPROs from two DCMD locations. The only concern of the HQ staff was associated with the disestablishment of a HQ location and the realignment of that workload among the remaining two districts. This was considered however, to be a manageable or "moderate risk."

CONTRACT MANAGEMENT DISTRICTS

23. The Department of Defense report also states that as a result of the drawdown, you expect a decline in the number of Area Operations Offices and Plant Representative Offices.

a. About how many offices do you expect to be eliminated in the future?

We project a decline in contract administration offices from 103 (including 13 overseas) as of 30 Sep 94, to 71 (including 7 overseas) in 2001.

b. How does this break down under your current structure of 3 regions and your projected structure of 2 regions?

Under the current structure of three regions, there is an average of 30 Area Operations Offices (AOs) and Plant Representative Offices (PROs) per District. Under the projected structure of two regions, there will ultimately be an average of 32 AOs and PROs per District in 2001.

CONTRACT MANAGEMENT DISTRICTS

24. What are the number and value of contracts, and Area Operations Offices and Plant Representative Offices under your current and projected structure?

The data used for the number and value of contracts and Area Operations Offices (AOs) and Plant Representative Offices (PROs) was data as of 30 September 1994, in accordance with Department of Defense guidance. We have added an additional measure, Dollars of Unliquidated Obligations (ULO), because it is a better measure of the work left to be done at the AOs and PROs.

	# AOs/PROs	# Contracts	$ Value	$ULO
Current Structure (30 Sep 94)	90	390,024	$891B	$146B
Projected Structure (2001)	64	314,000	$702B	$130B

CONTRACT MANAGEMENT DISTRICTS

25. Could the remaining two Defense Contract Management District offices handle a further increase in workload should the military system go through a build up with a substantial increase in personnel?

a. If so, how would this be handled?

The Defense Logistics Agency uses DoD Procurement Dollars to project the workload in the out-years. The Defense Contract Management Districts are sized to meet the DoD Procurement dollars.

b. If not, how many people would have to be hired at these two locations, and would the additional personnel require the need to obtain additional workspace?

If there is a growth in workload, it would be reflected in the AOs and PROs. It is unlikely that any foreseeable increase would affect the two DCMDs, unless it were an increase of large magnitude. However, we do not anticipate an increase in the near future.

CONTRACT MANAGEMENT DISTRICTS

26. Can the Defense Contract Management District (DCMDW) be adequately housed anywhere on the West Coast (i.e., San Francisco area)? Please comment.

No. Locating the Defense Contract Management District where the concentration of Contract Administration Offices and the industrial base are located minimizes travel costs. and maximizes the ability to communicate and oversight the workload. Any location within the LA Basin would be more appropriate than the San Francisco area. There is a concentration of contractors (3,200), high dollar value contracts ($127.3 billion obligated) and significant weapon systems related workload (44,000 contracts) in the Los Angeles Basin. Ten of the 14 Contract Administration Offices in California are located in the LA Basin (within 40 miles of the Defense Contract Management District Headquarters).

ECONOMIC/ENVIRONMENTAL IMPACT QUESTION

#27. Are there any environmental concerns or hazards at any DLA location recommended for closure or realignment? If so, what are they, and what is the cost of resolving them?

Yes. Our depots at Ogden, Memphis, Red River, and Letterkenny, and our Defense Contract Management District South (DCMDS) and Defense Contract Management Command International (DCMCI) are included in the DoD Installation Restoration Program, also known as the IRP. In addition, our depots at Ogden, Memphis, and Letterkenny are listed on the National Priorities List, also known as the NPL. Red River, Letterkenny, DCMDS, and DCMCI are tenants at their installation. As such, the host is responsible for the environmental restoration at these facilities. The environmental concerns or hazards at each of our host facilities recommended for closure or realignment are as follows:

Installation	Environmental Areas of Concern
Ogden (DDOU)	Groundwater and Soil
Memphis (DDMT)	Groundwater, Surface Water, and Soil

Each area of concern identified on either the IRP or the NPL is undergoing some type of abatement action -- whether that be in the initial phases of a cleanup action (the remedial investigation), or the latter stages of cleanup (the actual remediation process). Actual and planned compliance costs for the above at DLA host installations, based on certified field data, are as follows:

	Actual and Planned Cleanup Costs (in millions)							
Installation	FY94	FY95	FY96	FY97	FY98	FY99	FY00	FY01
Ogden (DDOU)	5.50	3.80	3.75	4.25	4.75	5.25	2.75	1.25
Memphis (DDMT)	5.42	3.00	2.00	1.10	0.50	---	---	---

Additionally, ongoing asbestos remediation issues are addressed at both locations. At this time, cleanup actions do not prohibit any of the recommendations DLA put forth from being implemented, including the reutilization of the bases.

SENATOR DAVID PRYOR OF ARKANSAS

1. The Department of the Army was requested to consider the cost of moving the DLA activity at the Red River Army Depot in its analysis of total closure costs. The community has estimated the cost to be in excess of $300 million for such a move. Is this estimate consistent with the costs calculated by the Department of Defense?

We do not know the methodology the Texarkana community used to estimate the move of the depot; however, it is NOT consistent with the DLA estimate. Our BRAC 93 experience in estimating movement costs are consistent with our actual budget costs. In fact, they are lower. For example, our estimate for the move of our distribution depot in Tooele, Utah will be about $8M less than our original estimate. We used the same methodology for BRAC 95 fully considering workload and inventory reductions and accelerated attrition. Therefore, we feel confident that our estimate of $60M for moving Red River is reasonable and if anything, conservative.

SENATOR DAVID PRYOR OF ARKANSAS

2. It is my understanding that the Red River Army Depot was recently awarded the 1995 President's Prototype Award in support of the Administration's National Performance Review initiatives. Were such awards for quality and efficiency considered by the Department of Defense in this base closure process?

Not applicable to DLA.

SENATOR DAVID PRYOR OF ARKANSAS

3. Could you detail the reasoning being the Department of the Army's recommendation to completely close one of its primary depots and realign another when the other military services appear to have chosen realignment initiatives through "downsizing in place" at their maintenance facilities?

Not applicable to DLA.

CONGRESSMAN JIM CHAPMAN OF TEXAS

1. Why does data reflected in the COBRA model drastically deviate from data submitted by the installation, specifically the costs associated with movement of wholesale/retail assets in storage at the Defense Distribution Depot Red River to the Defense Distribution depots at Anniston and San Joaquin and to depot "X"?

The DLA activity at Red River was not asked to determine costs to move inventory. They were asked to provide information pertaining to inventory movement in three areas in their data call submission. The first area was the total tonnage of inventory on hand during the data collection period. The second, was their local transportation rate per ton per mile for the movement of bulk freight. The third was an estimated cost per ton for preparing materiel for bulk quantity shipment. For both the depots at Red River and Letterkenny, they were asked to also submit the number and types of vehicles in inventory. In the BRAC office, estimates to move materiel were calculated considering both DLA and coordinated Service inventory reductions and accelerated attrition of materiel at closing sites. Materiel that is excessed by the applicable inventory manager is not considered for movement. Additionally, a closing location will discontinue receipt of new materiel and customer returns but be placed at the top of the list for issuing materiel. The result of these actions will be a much lower level of inventory that has to be moved to the receiving locations when the depot is closed. Once the quantities to be moved were determined, the cost to prepare the stock was calculated per ton by using standard costs for picking, packaging, packing and marking developed by the HQ Distribution Business Office. The costs were predicated on past issues and Defense Base Operating Fund (DBOF) issue costs. Movement costs for vehicles were based on DBOF rates for each particular type of vehicle. The costs for shipping were calculated using transportation rates submitted by the depot in their data call and multiplied by the number of miles from the depot to the projected final destination. This is basically the same methodology used in BRAC 93. Historically, our COBRA estimates have been either consistent with or slightly higher than actual expenditures. Therefore, we feel confident that our estimate for stock movement at Red River is reasonable and if anything, conservative.

CONGRESSMAN JIM CHAPMAN OF TEXAS

2. DLA's basis for analysis for collocated depots was "when a military service determined that a maintenance depot was surplus to their needs, DLA would consider closing collocated distribution functions." The logic was two fold:

a. First, the maintenance depot is by far the biggest customer and primary reason for DLA presence. Since Defense Distribution Depot Red River supports the maintenance function at Red River Army Depot and Fort Hood at equal percentages of overall workload, how does DLA justify categorizing support to Red River maintenance as being by far Defense Distribution Depot Red River's biggest customer when eighty percent of the customers are off base?

As our recommendation states, the maintenance depot is DDRT's primary customer. "Primary" is intended to mean in rank of importance. DLA has a commitment to the Services to provide rapid response distribution assistance by maintaining a distribution presence wherever they have a maintenance depot or major fleet support activity. DLA's co-located presence with the maintenance depot helps maintain a high level of readiness by ensuring maximum responsiveness to activities involved in repair/overhaul of weapon systems essential to our warfighting capability. The Red River Distribution Depot is disestablishing because the Red River Army Depot is closing. The general distribution mission, or that portion of the depot's workload that is not in support of maintenance, can be accomplished from other depots remaining in the system with no degradation in performance. Throughput and storage space requirements can be met by fully utilizing the capacities at our remaining depot installations.

b. Second, complete closure of the facilities infrastructure generates the best economic return to Department of Defense. Since Army recommends leaving the ammunition mission School of Engineering and Logistics, and rubber products facility open at Red River and since the operation will require base operations support, Red River maintenance, sewage, water plant maintenance, rail crew support, and power station maintenance, how does just changing the command to Lone Star Army Ammunition Plant reduce the infrastructure costs for Department of Defense?

Not applicable to DLA.

CONGRESSMAN JIM CHAPMAN OF TEXAS

3. Was the combined military value and cost of closure of the collocated facilities of Red River Army Depot, Lone Star Army Ammunition Plant, DLA Distribution Depot Red River (DDRT) and their tenants considered in the overall evaluation as requested of the Army, DLA, and Department of Defense by the community?

Defense Distribution Depot Red River is closing because the Army recommended closure of the Red River Army Depot. DLA has a commitment to the Services to provide rapid response distribution assistance by maintaining a distribution presence wherever they have a maintenance depot or major fleet support activity. The consideration of tenants is a host responsibility and DLA cannot comment on the Army's evaluation process.

CONGRESSMAN HAROLD FORD OF TENNESSEE

2. Was the impact a base closure would have on economically disadvantaged communities considered by DLA when they assessed the economic impact of their recommendations? Did DLA compare the overall unemployment rate of the community in relation to the unemployment rate of the rest of the state and surrounding areas? Do you believe the Commission should use this comparison as a criteria in its decision making process?

In accordance with Department of Defense (DoD) BRAC Selection Criteria #6, the economic impact on communities, DLA analyzed the economic impact of each of its recommendations using the Economic Impact Data Base provided by DoD. The analysis considered impacts on communities attributable to DLA's BRAC 95 recommendations, cumulative impacts for all DoD component BRAC 95 recommendations, and overall cumulative economic impacts for all BRAC rounds.

The DoD model provides impact data for the metropolitan statistical area where the affected activity is located and is considered an appropriate measure of economic impact.

DLA was unable to compare the overall unemployment rate of the community in relation to the unemployment rate of the rest of the state and surrounding areas since the prescribed model did not provide that capability.

CONGRESSMAN HAROLD FORD OF TENNESSEE

3. Did the logistics planners for each branch of the service do their own evaluation of DLA's concept of support, or merely accept DLA's recommendations?

DLA and the Military Services provided one page summaries of their recommendations to OSD in early February. OSD set up a reading room at that time so that the Services, Defense Agencies, and Senior Staff officials could review the preliminary recommendations. Any concerns or issues were addressed at that time.

A second opportunity was provided to review the Services and Defense Agency draft reports in mid-February. Additionally, the Joint Chief of Staff (JCS) provided the Commanders-in-Chief (CINCs) an opportunity to review the draft reports, to ask questions, and to raise any issues they might have with the draft recommendations.

All issues/concerns were addressed and resolved prior to the final submission of Military Service and Defense Agency reports to the Deputy Secretary of Defense.

CONGRESSMAN HAROLD FORD OF TENNESSEE

6. Strategic Logistics Doctrine* emphasizes the importance of the nation's industrial base to the support of our armed forces abroad. Yet, the capacity of the surrounding industrial community to support surge requirements in the area of warehousing, personnel, equipment support (Memphis was able to hire 1000 additional skilled material handlers within three weeks for Desert Storm) has not been factored in. Have interruptions due to weather, strikes, transportation bottlenecks been taken into account? How many days in the last three years have operations been impaired by adverse weather?

* Army Field Manual 100-5, 1993

In accordance with Department of Defense (DoD) BRAC Selection Criteria #7 ("the ability of both the existing and potential receiving communities' infrastructure to support forces, missions, and personnel"), DLA analyzed each DLA BRAC 95 candidate activity's community. The analysis included consideration of the communities' transportation and utilities infrastructures, climatalogical factors, and the ability of the area to attract and retain personnel. In every instance, the analysis showed that the recommended receiving communities could accommodate the increases in mission and personnel projected for them.

During the period 1 January 1992 - 30 September 1994, DLA's Stand Alone Depots have experienced closures or delayed openings/early closings due to adverse weather conditions as follows:

Depot	Closure	Delayed Opening/Early Closing
Columbus, OH	0	2
Memphis, TN	0	4
Ogden, UT	0	1
Richmond, VA	1	4
San Joaquin, CA	0	0
Susquehanna, PA	5	5

Even though some of our depots were closed or had delayed openings during this period, any emergency requirements would have been handled by essential personnel who would have reported to the depots. We do not consider this data to be operationally significant.

CONGRESSMAN HAROLD FORD OF TENNESSEE

14. Major General Lawrence P. Farrell, Jr., USAF wrote to Congressman Harold Ford that "When we coupled the results of the statutorily prescribed BRAC analysis with the military judgment of our most senior logistics management experts, we determined it is in the best interest of the Department of Defense that DDMT be disestablished. And again, "You and your constituents can be assured that this call was based upon a fair, objective, and well documented review of the facts coupled with our best military judgment regarding the overall status of the United States' military logistics system."

Who are the senior logistics management experts and what did they base their judgments upon?

The DLA senior logistics management experts consists of Flag level military officers and Senior Executive Service (SES) designees who lead specific mission areas within the DLA organization. These individuals represent the positions of the Principal Deputy Director, the Deputy Director for Corporate Administration, the Deputy Director and the Executive Director for Acquisition, the Executive Director for Procurement, the General Counsel, the Comptroller, the Deputy Director for Materiel Management, the Executive Director and the Deputy Executive Director for Supply Management, the Deputy Director, the Executive Director, and the Deputy Executive Director for Distribution Management, the Executive Director for Human Resources, and the Executive Director for Strategic Programming and Contingency Planning. Collectively, these senior level officials were designated as the DLA BRAC Executive Group. Their judgments were based on the following:

a. DoD Force Structure Plan
b. DLA Strategic Plan
c. DLA Concept of Operations
d. BRAC 95 Decision Rules
e. Installation Military Value
f. Activity Military Value
g. Strategic Analysis for Integrated Logistics Systems (SAILS) Model
h. Excess Capacity Analysis
i. Military Service Decisions
j. Risk Assessment
k. COBRA Model Results
f. Their years of military experience were gained by serving in military and civilian positions around the globe over 20-30+ years.

CONGRESSMAN HAROLD FORD OF TENNESSEE

15. How many days per year are the Mechanicsburg and New Cumberland Depots closed due to weather conditions? How many days per year is DDMT closed due to weather conditions? (DDMT did not close due to weather conditions in 1994)

During the period 1 January 1992 - 30 September 1994, DLA's Stand Alone Depots experienced closures or delayed openings/early closings due to adverse weather conditions as follows:

Depot	Closure	Delayed Opening/Early Closing
Memphis, TN	0	4 (1994)
*Susquehanna, PA	5 (1: 1993; 4: 1994)	5 (1: 1992; 4: 1994)

*Includes the Mechanicsburg and New Cumberland locations.

We do not consider this data to be operationally significant.

CONGRESSMAN HAROLD FORD OF TENNESSEE

16. How many days or hours per year is the Harrisburg airport closed per year? How many days or hours per year is the Memphis International Airport closed per year? (Memphis International Airport is closed for an average of less than four hours per year)

Depot	Airport	Days/Hours Closed (1992-1994)
Memphis, TN	Memphis	4 hours per year average
Susquehanna, PA	Harrisburg	105 hours per year average

We do not consider this data to be operationally significant since we rely on Aerial Ports of Embarkation (APOE) for shipment of materiel.

CONGRESSMAN HAROLD FORD OF TENNESSEE

17. How far are the Mechanicsburg and the New Cumberland Depots from a major airport?

We define the term "major airport" as one which is located in a metropolitan area classified by the Federal Aviation Administration as a "large hub" (i.e., passengers leaving the airport(s) in the metropolitan area total 1% or more of all U.S. airline passengers in a year). For DLA's Stand Alone Depots, the distance from the Depot to the nearest "major airport" complex is as follows:

Depot	Nearest Airport	Distance
Memphis, TN	Memphis International	3 miles
Susquehanna, PA*	Harrisburg International	12 miles

* Includes both the Mechanicsburg and New Cumberland locations

DLA does not consider distance to the nearest airport to be relevant since we rely on Aerial Ports of Embarkation (APOE) for shipment of materiel. Distances to APOEs are as follows:

Depot	Nearest APOE	Distance
Memphis	Charleston AFB, SC	671 miles
Susquehanna*	Dover AFB, DE	136 miles

* Includes both the Mechanicsburg and New Cumberland locations

CONGRESSMAN HAROLD FORD OF TENNESSEE

18. How far are the Mechanicsburg and the New Cumberland Depots from a major interstate highway? How many lanes does the road which accesses the highway have?

For purposes of BRAC data collection, DLA defined the term "major interstate highway" to mean a two-numbered interstate highway (and not a three-numbered interstate spur).

Depot	Distance From Major Interstate Highway	Access Road Lanes
Memphis, TN	2 miles	6 lanes
Susquehanna, PA		
New Cumberland	1 mile	4 lanes
Mechanicsburg	3/10 mile	7 lanes

CONGRESSMAN HAROLD FORD OF TENNESSEE

19. What activities in the last three years, have been withdrawn from Memphis that would have been of value to them, when assessment for military value was done? (Examples, Defense Industrial Plant Equipment Center (DIPEC), and Defense Distribution Region Central both were tenant activities moved within this timeframe.)

Other than the examples noted, we know of no large tenant activities that have been withdrawn from Memphis in the last three years. Even if both organizations had been included in our installation Military Value analysis, our recommendation to close DDMT would not have changed.

CONGRESSMAN HAROLD FORD OF TENNESSEE

23. It has been stated that 124 jobs would be made available in New Cumberland and positions that are moving into the area from other locations was given consideration. However, was any consideration given to the fact that the majority of the persons which would be affected are blue collar workers as opposed to the white collar workforce that is moving into the area?

We have interpreted your question to refer to the 293 positions being brought into the Memphis area by the Navy Bureau of Personnel. Based on that assumption, the answer to your question is no. The DLA and Navy actions are separate, unrelated actions.

CAAJ (BRAC)

Honorable Alan 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 letter of 10 March 1995, No. 950313-2, requesting additional information on the DLA BRAC findings and recommendations. Our letter of 23 March 1995 forwarded the first part of our response. Enclosed is the remaining portion which addresses the inquiries from the members of the Commission and Congress.

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

Sincerely,

1 Encl

M. V. McMANAMAY
Team Chief
DLA BRAC

LAWRENCE P. FARRELL
Lieutenant General, USAF
Principal Deputy Director

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

REFER TO CAAJ (BRAC)

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

Dear Mr. Chairman:

Enclosed are responses to questions and associated data that are being forwarded as a result of a recent Congressional request.

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

Sincerely,

6 Encl

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

for Daniel McGinty
GARY S. THURBER
Deputy Director
(Corporate Administration)

INVENTORY CONTROL POINTS (ICPs)

9. To what extent did you consider privatizing Defense Logistics Agency functions and/or activities?

The Defense Logistics Agency has gone through a transition over the last few years in which we have shifted from an "in house" mentality to a "broker of logistics services" mentality. As a result of this transition, we now aggressively seek out opportunities to privatize whenever it makes sense to do so, consistent with our primary mission to support the readiness of the Military forces. The transportation of our material is almost 100 percent privatized, using private carriers for virtually all CONUS material and for many overseas shipments. We have completely privatized the disposal of hazardous waste--our customers simply use our contracts as a vehicle to get hazardous waste directly into the hands of our hazardous waste processing contractors. Our direct vendor delivery program allows us to eliminate Government inventory and refer customer orders directly to the private sector. Privatization of the full inventory control and distribution functions--requirements determination, ordering, receipt, storage, issue and transportation--is being accomplished by selected commodity groups in our Prime Vendor programs.

- Our pharmaceutical items prime vendor initiative has eliminated stockpiles of these items in government warehouses since material can now be ordered via computer from DoD hospitals directly to commercial distributors who deliver the next day, bypassing all Government warehouses.

- Our wood products prime vendor arrangement enables Military customers to obtain needed parts directly from commercial sources.

- Our automotive and heavy equipment parts arrangements are expected to be finalized shortly.

These examples demonstrate that the Defense Logistics Agency aggressively seeks to privatize functions when it makes sense. These privatizing efforts have contributed significantly to a reduction in our storage requirements--allowing us to close more distribution facilities and a reduction in ICP workload--leading to our recommended disestablishment of two ICPs (one in BRAC 93 and one in BRAC 95).

DLA DISTRIBUTION DEPOTS

11. Defense Distribution Depot Memphis (DDMT):

a. What went into the Military Value analysis decision to close the Defense Distribution Depot at Memphis, Tennessee and Ogden, Utah?

DLA considers Military Value to be of prime importance in determining the essentiality of a depot. During the BRAC 95 process, DLA performed two different Military Value analyses. The first is Installation Military Value which assesses the essentiality of the facility both to DLA and to DoD. An activity is reviewed not only for its isolated functional value, but also as it relates to the installation on which it is located. It is dependent in large part on the number and size of significant tenants and total tenant population collocated on the installation. This process is consistent with the methodology used by the Services in formulating their decisions. The second type is Depot Military Value which focuses on determining which depots have large storage and throughput capacities; are located near Military water and aerial ports of embarkation for war-fighting capability enhancement; have excess capacity to become receivers of materiel moving from other locations; can provide distribution support worldwide; and can support our Distribution Concept of Operations in wartime as well as peacetime.

In addition to Installation Military Value and Depot Military Value, our process took into account many decision or management tools. They are the Force Structure Plan; the DLA Strategic Plan; the Decision Rules; the Strategic Analysis for Integrated Logistics Systems (SAILS) Model; Excess Capacity Analysis; Service Decisions; Risk Assessment; and finally the application of the COBRA Model. It is important to note that the value of an activity was predicated on the cumulative results of not one but a combination of the above tools.

The Memphis Depot was not closed based on the Military Value analyses alone. As stated above, DLA considered many analyses and management decision tools, all of which are related to the four DoD Military Value criteria. This is a base closure exercise and our objective is to close bases to the extent that we eliminate the excess capacity in today's system. DLA's workload (lines received and issued) and workforce are shrinking commensurate with the force structure reductions on the order of 52 and 55 percent respectively. Currently, we project significant excess capacity in our cube and throughput requirements as a result of the reduction of demand and inventories. This reduction is forcing DLA to recommend storage capacity reductions of approximately 45 percent over the FY 92 capacity figure. Our Distribution Concept of Operations states that we will maintain as few distribution depots as necessary to achieve our peacetime and wartime mission. DLA will perform distribution support responsibilities at the lowest possible cost to the warfighter, thereby allowing the Services to concentrate their expenditures on weapons systems and warfighting capability; and improvement of quality of life for Service members. The strategy used in making our BRAC 95 recommendations is outlined below.

DLA DISTRIBUTION DEPOTS (Cont'd)

11a. Defense Distribution Depot Memphis (DDMT) (Cont'd)

First, we performed a capacity analysis to determine how much excess capacity was in the distribution system. Next, we followed all Service depot maintenance closures - again as stated in our Concept of Operations--by closing our distribution depots at those installations. Where we still have direct maintenance and fleet support responsibilities, we chose to remain in accordance with our Concept of Operations. Since we still had excess capacity, we focused the remainder of our analysis on our Stand-Alone depots which are those that have no collocated maintenance or fleet customers.

The high Depot Military Value scores for our Susquehanna Depot in Pennsylvania and the San Joaquin Depot in California (more than 250 points) showed they not only support our peacetime requirements but are integral to our concept of supporting the war plan. These depots are state-of-the-art with large storage and throughput capacities and were facilitized to be mega distribution centers by the Army before being transferred to DLA under DMRD 902 in 1992. They maintain Air Line of Communication and Containerization Consolidation Point capabilities. They are strategically located, one on each coast and both are close to Military water and aerial ports of embarkation for shipping materiel to a war zone--wherever that may be. Therefore, DLA chose to retain these two depots.

We then narrowed our focus to our Stand-Alone depots in Columbus, Richmond, Ogden, and Memphis. There were only 37 points difference in these four depots in Depot Military Value; therefore, the Executive Group used other analyses and management tools to complete the decision making process.

The Columbus installation scored number one in our Installation Military Value analysis and is extremely valuable not only to us but also to the Department of Defense as an installation. It has a variety of DoD tenants (the Finance Center, the Systems Design Center, a DISA mega center, an Army Guard HQ, our distribution depot, etc.). The Columbus Depot is collocated with one of the two DLA Weapons Systems Inventory Control Points that is remaining open. Closing the Columbus Depot would not have resulted in a base closure. As stated in our Concept of Operations, we have a need for the storage of slow-moving and war reserve materiel. Since the Columbus installation was staying open and one of our primary imperatives is to maximize facility utilization, the Columbus Depot became a natural to perform this mission. It was recommended for realignment as a site with approximately 50 personnel who will perform caretaker responsibilities for our slow moving and war reserve materiel.

Our Richmond installation has the best facility conditions of any in DLA as noted in an independent study by the Navy Public Works Center. It has also received the Installation Excellence Award two out of the last three years. Our depot there is modern, mechanized, and

DLA DISTRIBUTION DEPOTS (Cont'd)

11a. Defense Distribution Depot Memphis (DDMT) (Cont'd)

has conforming hazardous storage. It is the only activity in DoD performing the ozone depletion cylinder mission. It also acts as a backup support location for the Navy's largest fleet concentration (Norfolk). The Strategic Analysis for Integrated Logistics Systems (SAILS) Model optimizes the distribution system cost relative to the location of customers and vendors. It optimizes the loading of our distribution depots based on infrastructure costs and in-bound and out-bound transportation costs. For example, with respect to covered bulk (2/3 of our transportation costs), the SAILS model clearly showed a distinct preference for the Richmond Depot--second only to Susquehanna--in every scenario we ran. SAILS showed the lowest distribution system cost when the combination of the Memphis and Ogden Depots were closed. The Richmond Depot also has the advantage of being collocated with DLA's second Weapons Systems Inventory Control Point that is remaining open. Closing the depot would not have resulted in a base closure. Therefore, the Richmond Depot was not recommended for closure.

That left only Memphis and Ogden. Although both have excellent facilities in good locations, and have an excellent workforce with a good performance record, they are general distribution facilities and there is nothing unique in their missions that cannot be accommodated in the remaining depot system. Our goal is to size our distribution system commensurate with requirements. Throughput and storage space requirements can be met by fully utilizing the capacities of the other depots remaining in the system. They are not required by our Concept of Operations for our throughput/storage needs to support the warfighter in wartime or peacetime. Therefore, to eliminate remaining excess capacities and to achieve two COMPLETE base closures, we recommended closing both the Memphis and Ogden Depots.

Although all of our depot scenarios resulted in a small cube deficit, we are willing to accept this risk. During deliberations with both the Air Force and the Navy concerning common collocated sites, both Services offered us additional space at those locations where we already have a DLA distribution presence. Acceptance of this additional space, if it is required in the out years, will eliminate any deficit realized by our BRAC 95 recommendations. This recommendation complies with the DLA BRAC 95 decision rules to close installations as a top priority; minimize infrastructure costs by eliminating those locations excess to our needs; maximizing shared overhead at those locations where we already have a DLA presence; and optimizing use of remaining DLA space. Again, as a final point, closing either the Columbus or Richmond Depot would not have achieved an installation closure. (Source: Certified Field Data; 805 report; SIALS Data; Concept of Operations, all certified.)

11b. What economic factors were considered?

We followed DoD guidance in assessing economic impact. As in all our BRAC 95 decisions, the impact of not only the direct jobs but also the indirect jobs were considered. For Memphis, this

DLA DISTRIBUTION DEPOTS (Cont'd)

11b. What economic factors were considered? (Cont'd)

equates to 1,300 direct and 2,049 indirect jobs resulting in an impact on the employment rate of .6 of one percent in their metropolitan statistical area (Memphis, Tennessee-Arkansas-Mississippi).

For Ogden, there are 1,113 direct and 1,834 indirect jobs resulting in an impact of .4 of one percent on the employment rate in their metropolitan statistical area (Salt Lake City-Ogden, Utah).
(Source: Certified Field Data)

11c. What other options did DLA consider?

We analyzed all of our depots and first assessed whether they were essential to a mission need as defined by customer support and our Concept of Operations to support wartime and peacetime distribution requirements. As explained in question 11a, those that were vital to our mission need were retained. The ones that remained became excess. In effect, this process led to a determination of what DLA needs to keep rather than what the Agency needs to close. It is important to note that all depots were considered; however, for reasons discussed in our question 11a response, closing Memphis and Ogden is the best option for BRAC 95. (Source: Certified Field Data and Concept of Operations)

11d. What will total capacity reduction be as a result of closing these two depots?

As a result of closing the Memphis and Ogden Depots, we will reduce storage capacity by 66 million attainable cubic feet. (Source: Certified Field Data and 805 Report)

11e. What percentage of your total capacity does this represent?

The Memphis and Ogden Depot closures represent approximately 11 percent of the storage capacity we had available in FY 94. (Source: Certified 805 Report and Field Data)

11f. How will the present mission requirements of these two depots be handled?

All mission requirements can be fulfilled with no degradation in performance by fully utilizing the remaining depots in the system. Specifically, San Joaquin and Susquehanna will be our primary depots to handle most of the general worldwide distribution. They will be our two main focal points for providing support to our warfighting customers. Richmond will be fully utilized to provide hazardous distribution and additional support to these two depots in wartime or peacetime as well as continuing to provide backup support to the fleet at Norfolk. All our collocated depots will support their maintenance/fleet customers and general distribution

11f. How will the present mission requirements of these two depots be handled: (Cont)

requirements in their geographical area. The Columbus Depot will perform caretaker storage during peacetime and will be augmented as necessary to process war reserve materiel in wartime. While our BRAC 95 recommendations size us to our cube requirement for storage, we still have a significant excess of throughput capacity which provides us a substantial wartime surge capacity. (Source: Certified Concept of Operations and Field Data)

DLA DISTRIBUTION DEPOTS

12. In your decision to close Memphis Defense Distribution Depot, what weight was given to its central location and excellent access to all types of transportation?

In the Depot Military Value Analysis, DLA evaluated access to transportation in two separate areas. The first was the proximity of the depot to the nearest Military aerial and water ports of embarkation. The shorter the distance, the more points earned. This measure is important because it enhances a depot's capability to support a wartime mission because the majority of freight is shipped via military transportation whether it is by air or by sea. DDMT tied for fifth place out of six depots for aerial port distance and fourth out of six depots for water port of embarkation distance.

The second measure was the distance from the depot to commercial air and water modes of transportation for day-to-day movement of materiel in peacetime. Again, the shorter the distance, the greater the number of points earned. DDMT tied for first place out of six depots in both areas.

It is important to note that the commercial transportation infrastructure of the United States is extensive, sophisticated and robust. All of our depots have the necessary access to the nations interstate highway, rail and air systems to support the movement of materiel in a timely manner to any other point in the United States. In today's environment, a more important measure is the depot's geographic location in relation to both customers and vendors. This element was measured using the Strategic Analysis of Integrated Logistics Systems (SAILS) Model. The model evaluates transportation based on in-bound as well as out-bound transportation costs and infrastructure costs to determine the optimum loading of the depot system. The SAILS Model showed a distinct preference for the Susquehanna Depot in Pennsylvania and the Richmond Depot in Virginia. The lowest distribution system cost was realized when the combination of DDMT and DDOU (Ogden) were the depots selected for closure. (Source: Certified SAILS analysis and Field Data)

DLA DISTRIBUTION DEPOTS

13. The Memphis community has stated that the Defense Logistics Agency has been transferring workload from Memphis to other Distribution Depots.

a. Is this correct?

Yes, the Defense Distribution Depot Memphis (DDMT) will experience approximately a 40 percent reduction FY 93 through FY 95. DLA has experienced a 22 percent workload reduction across the distribution system during the same time period, primarily caused by force structure drawdown and our buy response vice inventory initiatives such as prime vendor and direct vendor delivery. Several other initiatives account for the remaining workload reductions at Memphis; similar reductions have occurred at other depots. (Source: Derived from Certified Data.)

(1) Revision of our stock positioning policy caused a significant amount of active item workload to be repositioned to our depots that are collocated with our customers based on their demands. The customers now get supported directly out of the wholesale account, which eliminates duplicate retail inventories and depot double handling. (Source: Data Not Used in BRAC.)

(2) At all Stand-Alone depots some active binnable items are being repositioned to the Integrated Materiel Complex that was planned and constructed during the late 1980's for worldwide support of binnable items. The complex became fully operational in FY 92. In addition, the Eastern Distribution Center also has binnable capacity. Between the Army and DLA, more than $400 million has been expended at DDSP in construction and installation of the most state-of-the-art equipment available. (Source: Data Not Used in BRAC.)

DDSP, when fully utilized, will provide the most cost effective peace time and contingency distribution support. In addition, this depot also has the capacity to meet the DoD projected surge and sustainment supply support requirements to Europe, South America, South West Asia, Africa, and the South Atlantic. (Source: Data Not Used in BRAC.)

b. If so, was Memphis Depot adversely affected in the military value calculation?

No. The amount of workload currently being performed at a specific depot was not the determining factor in the closure decision. In the Depot Military Value analysis, all the depots were scored on their current throughput capacity (receipt and issue processing) and on their ability to expand that capability. Even with the closure of the Defense Distribution Depot Ogden, Utah, (DDOU) and DDMT, DLA will still have excess throughput capacity. (Source: Data Not Used in BRAC.)

CONGRESSMAN HAROLD FORD OF TENNESSEE

13. Why was the Defense Industrial Plant Equipment Center, DDMT's only major tenant activity, moved from Memphis just prior to BRAC 1995? The lack of a major tenant activity hurt DDMT's score on the military value test.

The decision to downsize and to transfer the responsibilities of DIPEC evolved from several OSD initiatives to include Defense Management Report and Program Budget Decisions. Decisions were made well before the BRAC 95 round. If DIPEC had been included in the installation Military Value analysis, neither DDMT's ranking nor our recommendation to close it would have changed. (Source: Data Not Used in the BRAC Process.)

INVENTORY CONTROL POINTS

14. You are recommending a major change at your Inventory Control Points.

a. Why did you decide to realign your workload by troop and general support and weapon system items?

As the Agency makes increasing use of commercial acquisition practices, it has become apparent that two completely different types of management, vendor bases, and even customers are involved. Troop and general support items tend to be commercially available, or very closely related to commercially available items. Weapon system items, on the other hand, tend to be made to Military performance requirements, involve higher safety levels, involve longer procurement lead times, and have considerably less commercial availability. Therefore, we believe focusing organizational attention on a single type of management will increase operational efficiency, while improving the support we provide to our Military customers. (Source: Supply Management Concept of Operations)

b. Why are you proposing only two weapon system inventory control points?

DLA's objective is to manage business processes at the fewest possible sites. Based on programmed Force Structure drawdowns, DLA determined that there was excess capacity in the Supply Management business area. In fact, we believe that efficiencies associated with focusing on one type of management requirement, and other ongoing Business Process Improvements, would make it possible to manage with only one Weapon System Inventory Control Point (ICP). However, getting to that point would put an unacceptable level of stress on the supply system at this time, due to the upcoming transfer of an additional 200,000 to 400,000 consumable items to DLA management and the on-going consolidation of the Defense Electronics Supply Center and the Defense Construction Supply Center (directed by BRAC 93). Therefore, the Agency decided to propose two Weapon System ICPs. (Source: Director/Executive Group Decision)

INVENTORY CONTROL POINTS

15. You are recommending disestablishing one Inventory Control Point, the Defense Industrial Supply Center (DISC) in Philadelphia, and distributing the management of its weapon system-related items to the Inventory Control Points at Richmond (Defense General Supply Center [DGSC]) and Columbus (Defense Construction Supply Center [DCSC]).

a. Why was the Defense Industrial Supply Center chosen as the Inventory Control Point to be disestablished as opposed to the Defense General Supply Center or the Defense Construction Supply Center?

DLA analyzed a number of options to achieve more concentrated management of Troop and General Support and Weapon System items. Disestablishing DISC and realigning DCSC and DGSC was most consistent with the DLA Strategic Plan, the Supply Management Concept of Operations, the DLA BRAC Decision Rules, and the DoD Selection Criteria. DCSC had the highest activity military value, and Columbus had the highest installation military value. Therefore, we would not close DCSC, which primarily manages weapon system items. Richmond has the best facilities of any of our installations, and the Distribution Depot there will remain open. Therefore, we concluded that disestablishing the Defense Industrial Supply Center in Philadelphia was the best alternative. (Source: Certified Data)

b. What military value analysis was done?

The military value of activities within a category, as well as the military value of the installations DLA manages, was assessed. DISC had the lowest military value of the three "hardware" Inventory Control Points (ICPs) (i.e., DCSC, DGSC, and DISC -- DPSC and DFSC were not assigned points because the peculiarities of the commodities managed prevented meaningful comparison of mission scope). The Columbus and Richmond installations also had high installation military value. (Source: Certified Data)

c. What is your risk to having only two weapon system-related items Inventory Control Points?

The Agency has concluded that there is not substantial risk in having only two weapon system-related ICPs. The real risk lies in the rate at which the Agency can transition management responsibility for the materiel. This is not perceived as problematic.

The agency did perceive a substantial risk to having only one weapon system-related ICP. This would potentially create a single point of failure during a time when the Agency was absorbing additional consumable items from the Military Services, and the consolidation

INVENTORY CONTROL POINTS (Cont)

15. c. What is your risk to having only two weapon system-related items Inventory Control Points? (Cont)

of the Defense Electronics Supply Center and DCSC (directed by BRAC 93) was on-going. Ultimately, one ICP would work, but the risk entailed in getting there was too great.
(Source: Director/Executive Group Decision)

INVENTORY CONTROL POINTS

16. The Navy contends that significant synergy exists between the Naval Aviation Supply Office and the Defense Industrial Supply Center and that these two organizations should remain collocated.

a. Did you evaluate the lost synergy between these two organizations?

No. The Navy's perceived synergy between the Naval Aviation Supply Office and the Defense Industrial Supply Center (DISC) is predicated on the fact that DISC currently manages some components of items which the Aviation Supply Office (ASO) manages. The Agency more than adequately supports the Army and the Air Force, and other Navy customers, without any collocation. Modern electronic communications make physical proximity irrelevant in most circumstances. There is no basis for assuming that collocating a DLA and a Service Inventory Control Point (ICP), in itself, produces any appreciable synergy. (Source: Data Not Used in BRAC Process)

b. What economic factors were considered?

Managing commercial-related items from a single ICP will ultimately improve the efficiency of our operation. Furthermore, maintaining two complete DLA Command structures on a single base did not make economic sense. The new Supply Management Concept of Operations provided the means to prevent that without artificially forcing a merger of items requiring different methods of management. (Source: Certified Data)

c. What other realignment options were considered, and why were those options rejected?

DLA considered numerous options for realigning workload and basing the resulting ICPs, including remaining in South Philadelphia (redirecting the BRAC 93 decision to relocate DPSC to the ASO compound in Northeast Philadelphia). Remaining at South Philadelphia is not cost effective, and would reopen a base closed in BRAC 93. Maintaining the status quo (i.e., making no change to DISC or DPSC workload) would not allow fulfillment of our Concept of Operations, and would either incur the cost of maintaining two separate command structures or force an artificial merger of workload requiring different types of management. Moving out of Philadelphia entirely incurred an unacceptable level of mission risk, because the types of commodities currently managed by DPSC are not managed anywhere else in the supply system. Since the ASO compound is remaining open, our military judgment determined that singling-up management of Troop and General Support items at an ICP on the ASO compound was the best option. (Source: Certified Data)

INVENTORY CONTROL POINTS

17. In 1993 you wanted to move two Inventory control Points--Defense Personnel Support Center and Defense Industrial Supply Center--out of Philadelphia and relocate them into new construction in New Cumberland, PA. The 1993 Commission decision resulted in both organizations remaining in Philadelphia. In 1995 you want to split the two organizations. What changed between 1993 and 1995 to alter the Defense Logistic Agency recommendation?

In Base Realignment and Closure (BRAC) 1993, DLA recommended physically relocating the Defense Personnel Support Center (DPSC) and the Defense Industrial Supply Center (DISC). The recommendation was made because DLA proposed closing the DPSC installation and the Navy recommended relocating the Aviation Supply Office and permitting the installation, on which DISC was a tenant, to DLA for operation. DLA did not want to close one installation, only to take over operation of another. Furthermore, DPSC and DISC manage fundamentally different types of items, requiring different methods of management. Merging the two Inventory Control Points (ICPs) would not make sense. Our BRAC 95 recommendation, on the other hand, involves a fundamental restructuring of our supply management system.

Since 1993, the Agency's use of commercial practices and Acquisition Reform initiatives has matured. It has become increasingly obvious that DLA manages two different categories of items: troop and general support items, which are readily commercially available with short lead times, and weapon system-related items, which are less commercially available and tend to conform to Military Standards and Military Specifications. The Agency has developed a new Concept of Operation which reflects the changed operational environment.

What we have proposed in 1995 is the disestablishment of the Defense Industrial Supply Center, Philadelphia, with the weapon system-related items transferring to the Defense General Supply Center, Richmond. We also propose that troop and general items from the Defense Industrial Supply Center, the Defense General Supply Center, and the Defense Construction Supply Center, Columbus transfer to the Defense Personnel Supply Center, Philadelphia. These transfers are consistent with the Agency's new Concept of Operations. This will reduce one ICP with its attendant overhead, and increase the efficiency with which we will manage both weapon system items and troop and general support items. (Source: Supply Management Concept of Operations)

INVENTORY CONTROL POINTS

18. According to your data, your decision to disestablish the Defense Industrial Supply Center will result in a direct loss of only 385 jobs. Currently, there are approximately 1800 civilian employees in the organization.

a. Will the remaining 1400 jobs be absorbed in the Defense Personnel Support Center (DPSC), which will remain in Philadelphia?

The number of jobs in the Philadelphia area being impacted by the BRAC recommendation must be clarified. The loss of 385 jobs in the Philadelphia area in Fiscal Year 1999 is the result of the BRAC decision only, exclusive of all Force Structure drawdown/productivity savings projected to occur between 1996 and 1999.

Force structure drawdowns are substantially reducing workload, and we are programming our manpower down accordingly. DLA projects that the civilian workforce required to manage the items DPSC currently manages will decline by 618 by the end of Fiscal Year 1999. The workforce required to manage the items currently managed by DISC is projected to decline by 354 during the same period. All of the Agency's Inventory Control Points (ICPs) are, and will continue to, size their workforces to the declining workload. (Source: DLA POM)

b. If so, will the increase in the number of line items to be handled at the Defense Personnel Support Center (DPSC) require an increase in the current workforce by 1400 employees?

The increase in items managed by the Defense Personnel Support Center will require an increase in the workforce from the 1994 population. However, workload drawdowns will be occurring at all ICPs during the same period. Had no Base Realignment and Closure action occurred, the Agency projects that the 1999 civilian workforce required in Philadelphia (for both DISC and DPSC) would be 2977. We estimate the Troop and General Support ICP will require 2608 civilian positions. Therefore, the civilian workforce required by the new Troop and General Support ICP in Philadelphia will be 369 less than the projected 1999 workforce if no BRAC action occurred. (Source: DLA POM & Certified Data)

c. If not, what will happen to these 1400 employees?

We expect normal attrition associated with Force Structure drawdowns to continue throughout the implementation period. DISC's workforce will be approximately 1500 in 1999, commensurate with its reduced workload. Workload being transferred in to Philadelphia will generate approximately 1100 new job opportunities in the Troop and

INVENTORY CONTROL POINTS (Cont)

18. c. If not, what will happen to these 1400 employees? (Cont)

General Support ICP. In addition, Weapon System 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 job offers, coupled with the potential vacancies created by anyone in DPSC who choose to retire/resign rather than move from South Philadelphia to Northeast Philadelphia, should provide job opportunities for many of the remaining DISC employees. (Source: DLA POM and Certified Data)

18. d. If these jobs are scheduled to be eliminated, why are they not included in your economic impact analysis?

Public law 101-510 specifically excludes consideration of Force Structure reduction in the BRAC process. Force Structure changes will occur regardless of whether a BRAC action is taken or not.

INVENTORY CONTROL POINTS

19. How can an increase of only 335 jobs at the Defense General Supply Center in Richmond, VA and no increase in jobs at the Defense Construction Supply Center in Columbus, OH accommodate the relocation of the workload currently being done at the Defense Industrial Supply Center.

There is much more involved than the mere relocation of workload. A number of factors are contributing to a substantial reduction in workload at our inventory control points (ICP). Included are:

- Force Structure cuts
- Implementation of several initiatives which shift workload to the commercial sector (e.g. prime vendor, long-term contracting and direct vendor delivery)
- Increasing our reliance on commercial standards, shifting away from more complex military specifications
- Acquisition reform
- The adoption of electronic commerce
- A vastly improved information infrastructure, that will be further improved with the delivery of a modernized standard inventory control point ADP system
- The relocation of workload between ICPs to consolidate like items, further streamline support infrastructure and allow the use of contractual vehicles which span similar commodity groups - making the inventory control point business much more efficient.

The combination of all these factors dramatically reduces the manpower required in our ICPs. This, together with the infrastructure savings associated with closure of the Defense Industrial Supply Center will allow us to absorb the workload of DISC at DGSC with the addition of only 335 additional jobs.

INVENTORY CONTROL POINTS

20. An additional 200,000 to 400,000 consumable items are scheduled to be transferred to the Defense Logistics Agency from the Services in 1995.

a. What is the mix of these items between weapon system and troop and general support?

A clarification must be made regarding the time frame for the transfer of these items to DLA. The only transfer expected to occur in Fiscal Year 1995 is the "clean up" of those remaining items from Phase I of the Consumable Item Transfer. Phase II of the transfer, which is the 200,000 to 400,000 referenced in the above statement, has a target starting date of 1 January 1996 and a scheduled completion date of 30 September 1998.

The DLA Consumable Item Transfer Office estimates that virtually all of these transfer items will be weapon system-related. However, official numbers will come from the DoD baseline which has not yet been completed.

b. Are more item transfers planned in the coming years?

There are no pending transfers following Phase II of the Consumable Item Transfer.

c. With your planned reduction in inventory control points, will you have enough capacity to handle the additional workload? If so, how?

Yes. As indicated in our response to your question 19, the Agency will have enough capacity due to our initiatives set forth to improve ICP productivity. The Agency is using more commercial practices and is trying to expand the roles that these commercial practices play.

d. If not, did you consider keeping the Defense Industrial Supply Center open to accommodate the increased workload?

Capacity is a factor of people and process, not number of locations. The workload associated with the transfer of these items has already been factored into our workload forecasts.

(Source: Uncertified Supply Management Business Plans - not used (directly) in BRAC decision Process)

INVENTORY CONTROL POINTS

21. During BRAC 1993, to accommodate the additional personnel (approximately 3000) coming to the Aviation Supply Office compound from the Defense Personnel Support Center, it was estimated that there would be approximately $46 million in renovation costs.

a. Do you still plan to accommodate approximately the same number of employees at this installation?

No. Force structure drawdowns and productivity/process improvements are substantially reducing workload. We are programming our manpower down accordingly. We anticipate our final DLA population resident at the Aviation Supply Office will be approximately 600 personnel above the current levels, vice the BRAC 93 estimate of 3000. (Source: COBRA Model)

b. If so, are building renovations still needed? What are these costs?

Yes. We estimate that approximately $16.5 million of the $42 million in military construction costs planned for BRAC 93 will be required. Space will still have to be renovated to house the additional administrative personnel that will be resident at Aviation Supply Office following the realignment of general support classes workload, as well as the current South Philadelphia tenants of the Defense Personnel Support Center which will still be moving to the Aviation Supply Office compound. (Source: DPSC Certified Data - DD 1391)

c. If not, why are building renovations not needed?

This question is not applicable, as described in the paragraph above.

d. If total renovation will not be necessary is there a construction cost avoidance if this recommendation is approved?

Partial renovation as a result of BRAC 93 will be necessary as indicated in paragraph b above. The estimated cost avoidance will be approximately $25.5 million. (Source: DPSC Certified Data - DD 1391)

e. Did you delay making any existing renovations at the Aviation Supply Office compound and delay moving the Defense Personnel Support center to the compound in order to make your current recommendation and thus avoid construction costs?

No. The original design agent solicitation was issued in August 1993. We began the project's detailed design in January 1994, and are currently at approximately 30 percent completion. Only after our BRAC 95 recommendation was developed did we see that we could save the taxpayers money and avoid construction costs by delaying the move of people to ASO.

Even with a two year delay in moving from South Philadelphia, we would be within the six year move timeframe allowed by BRAC 93. (Source: MILCON Status Report)

LETTER DATED 27 MARCH 1995, CONGRESSMAN HAROLD E. FORD

2. DDSP (New Cumberland, PA) recently installed pallet racks in their wooden facilities. Did this increase DDSP's storage and throughput capacity? If so, by how much? How was this project funded?

There was a DDSP warehouse racking project that started in January 1993 to convert 4 warehouses, 20 sections, previously used for mechanized bin receipt and issue processing to pallet storage. The warehouses were masonry structures with steel frames. The throughput capacity of these facilities became excess with the operational start up of the Eastern Distribution Center (EDC). This project reduced the DDSP throughput capacity; however provided an additional storage capacity of 6.4 million attainable cubic feet. The additional attainable cubic feet of storage was included in the BRAC 95 analysis along with the other depot cube maximizing initiatives.

The project was funded by a combination of Repair and Maintenance, Minor Construction and Capital Equipment dollars, all under the Defense Business Operations Fund.

LETTER DATED 27 MARCH 1995, CONGRESSMAN HAROLD E. FORD

3. The Distribution Depot storage capacity will decrease by 222M through fiscal year 2001. What storage capacity is identified as "vacate outside BRAC?"

"Vacate outside BRAC" refers to remote sites, some of which DLA inherited under Defense Management Review Decision 902, that have been determined to be excess to DLA's distribution needs. Additionally, it also refers to substandard buildings that are beyond economic repair and have been scheduled for demolition. These actions are included in DLA's Storage Management Plan and were approved outside of the BRAC process. However, in order to provide a crosswalk from the 1992 depot capacity figure of 788 million (M) attainable cubic feet (ACF) to the projected 2001 capacity of 431M ACF, all storage actions, including those unrelated to BRAC, must be taken into consideration when determining the requirement for storage in the out years.

LETTER DATED 27 MARCH 1995, CONGRESSMAN HAROLD E. FORD

4. How many satellite sites do you have and what are their ACF and OCF? What satellite sites will be closed and when?

SITE	ACF (M)	OCF (M)	PROJECTED CLOSURE DATE
Alameda, CA	3.681	2.535	FY97
Atchison Cave, KS	8.104	4.696	N/A
Forbes, KS	1.392	1.392	FY96
*Granite City (MT), IL	1.152	1.032	FY96
*Granite City (RT), IL	2.549	1.109	FY96
Piketon, OH	2.525	2.399	FY97
Rough and Ready, CA	12.425	10.417	N/A
DESC (Storage), OH	6.030	2.710	FY96
Philadelphia (DPSC), PA	14.560	2.040	FY97
Hunters Point, CA	.493	.419	FY95
Wright-Patterson, OH	.715	.629	FY96

* Same site, two managers.

LETTER DATED 27 MARCH 1995, CONGRESSMAN HAROLD E. FORD

6. Was throughput capacity based on design or actual performance? If it was based upon design, what happens during war time if design does not meet its potential?

Both. For purposes of the Depot Military Value Analysis and the awarding of points in Mission Suitability and Expandability, throughput was based on actual performance as reported by each depot in their certified data call. In the Strategic Analysis of Logistics Systems (SAILS) Model, the throughput capacity of the depots was evaluated by an engineering team. Those findings, combined with a fixed configuration of commodities, were input to the SAILS Model. Putting all the Stand-Alone Depots on a "level playing field," in lieu of how they are currently workloaded and stocked, allowed the model to show the combination of depots that rendered the lowest distribution system cost.

As stated in testimony to the Commission on 7 March 1995, even after all the recommended BRAC 95 actions take place, DLA will still have excess throughput capacity in the system to meet surge and mobilization requirements.

LETTER DATED 27 MARCH 1995, CONGRESSMAN HAROLD E. FORD

9. Please provide the COBRA analysis for all of the distribution depots that were not selected for closure or realignment.

Enclosed are the COBRA runs for those scenarios developed on depots that were not recommended for closure. These runs include:

a. Closing Defense Depot San Antonio, Texas (DDST) - "Depot N";

b. Realigning Defense Depot Jacksonville, Florida (DDJF) - "Depot P";

c. Closing Defense Depot Richmond, Virginia (DDRV) - "Depot S";

d. Realigning Defense Depot Richmond, Virginia (DDRV) - "Depot SA";

e. Closing Defense Depot Richmond, Virginia (DDRV) - "Depot SNW";

f. Closing Defense Depot McClellan, California (DDMC) - "Depot T";

g. Closing Defense Depot Columbus, Ohio (DDCO) - "Depot V"; and

h. Closing Defense Depot San Joaquin, California (DDJC) - "Depot W".

We did not develop scenarios and subsequently execute COBRA runs for any other collocated depots since the Services did not indicate that any other respective maintenance depots were being considered for closure or realignment. No COBRA costing was done for Defense Distribution Depot Susquehanna since it was determined early in the process that DLA would retain that depot.

CONGRESSMAN HAROLD FORD OF TENNESSEE

1. After Desert Storm, the DLA undertook a study of its depots' performance. "An Assessment of Container and Rail Handling Capabilities at DLA Depots, 30 January 1991. What were the results of that report, and were they used in the evaluation process? Why was this report not taken into account?

The results of the report concluded that organic rail infrastructure is not required at our Stand-Alone depots. Containerization/intermodalism is the future for DLA/DoD international shipments. It is, however, not dependent on a heavy infrastructure of organic rail locomotives and lines. As such, DDMT does not have a unique infrastructure or location advantage. All DLA depots are capable of supporting intermodal movement of materiel. Therefore, its consideration was not applicable in the evaluation process. (Source: Data not used in BRAC Process)

CONGRESSMAN HAROLD FORD OF TENNESSEE

4. How will the DLA's recommendation impact the premium service project at DDMT with Federal Express? What was behind the project if it was felt that the location of DDMT was a detriment to supply support instead on an asset?

In response to your first question, there will be no impact on the Premium Service project. The current test is a pilot project only. The contract is for 1 year with 2 one-year options. If DDMT does close, there are several alternatives DLA could explore. For instance, if the depot is sold as commercial space, Federal Express may decide to buy/lease the warehouse space. Due to the small number of items identified, DLA could also renegotiate the contract with Federal Express and move the applicable assets to their storage facility in the Memphis area much like they do with their other commercial customers. DLA could use other locations where we have existing depots or go to commercial leased space located near a major transportation company. If DoD chooses to use the Premium Service concept, closing the Memphis Depot would not eliminate that opportunity. It is important to emphasize that Premium Service is not anticipated to have a very large storage requirement. Although having a depot near a major transporter may be an advantage, we do not need a depot to execute this project.

In response to the second part of your question, we do not believe DDMT's location is a detriment to supply support. Our decision to close DDMT was based upon many factors to include: excess capacity in the system; the need for the San Joaquin and Susquehanna depots to support two major regional conflicts; neither DDMT nor DDOU (Ogden) are collocated with a base/installation that is remaining open as in the case of both DDRV (Richmond) and DDCO (Columbus); and finally, neither DDMT nor DDOU are collocated with a major maintenance or fleet customer. Therefore, through a process of elimination, DDMT and DDOU were selected for closure. This action resulted in two complete base closures and supports the DLA BRAC decision rules to close complete installations as a top priority and to reduce infrastructure. (Source: Certified Field Data and 805 Report)

CONGRESSMAN HAROLD FORD OF TENNESSEE

5. Did the SAILS model take into account the increasing wage bases in each industrial area in which the Depots are located? Does it assess the impact on a federal installation's ability to attract and retain quality workforce in the future? Does it assess the surrounding community's industrial wage base to project future hiring trends? Which year's labor rates were used in the SAILS model?

	Memphis	Harrisburg, PA*
1991	10.41	10.67
1992	10.42	11.18
1993	10.55	11.52
1994	10.88	11.92

***U.S. Department of Labor, State and Area Employment, Annual averages**

No. The SAILS Model optimizes the loading of distribution depots based on infrastructure costs and both in-bound and out-bound transportation costs. It only accounts for the wage rates associated with the infrastructure costs as reported by the depots for FY 94. It did not include the direct labor costs associated with storage and issue operations since these would vary based on workload historically assigned vice the capacity of the applicable depots.

In our assessment of each DLA community's ability to support additional forces, missions, and personnel, we analyzed local wage rates, cost of living, and the ability of the area to attract and retain personnel.

CONGRESSMAN HAROLD FORD OF TENNESSEE

7. Supply support for contingency by doctrine, Army Field Manual FM 100 chapter 12, depend upon strategic airlift. Where is the assessment of strategic airlift capability in this analysis? Is it given the appropriate amount of weight compared to administrative criteria?

U.S. strategic airlift of supplies is normally handled at aerial ports of embarkation (APOEs) identified by the Air Mobility Command (AMC). APOEs normally designated by AMC are located at Travis AFB, CA, Dover AFL, DE, Charleston AFB, SC, or Norfolk Air Station, VA. The only assessment of strategic airlift necessary is to determine if each of our depots has access to these designated APOEs. As confirmed in our Depot Military Value analysis, each of them do. Therefore, the appropriate amount of weight was given in this area. (Source: Certified Field Data)

CONGRESSMAN HAROLD FORD OF TENNESSEE

8. The DLA ranked stand-alone depots for military value. Both the DoD and BRAC use military value as the most important selection criteria. Among stand-alone depots, DDMT was ranked third in military value and recommended for closure. However, DLA chose to maintain Richmond and Columbus, which ranked 5th and 6th. If military value is regarded so highly, why did DLA completely disregard it with respect to stand-alone depots?

DLA did not disregard military value when making closure recommendations. DLA considers Military Value to be of prime importance in determining the essentiality of a depot. During the BRAC 95 process, DLA performed two types of Military Value analyses. The first is Installation Military Value which assesses the essentiality of the facility both to DLA and to DoD. An activity is reviewed not only for its isolated functional value, but also as it relates to the installation on which it is located. It is dependent in large part on the number and size of significant tenants and total tenant population collocated on the installation. This process is consistent with the methodology used by the Services in formulating their decisions. The second type is Depot Military Value which focuses on determining which depots have large storage and throughput capacities; are located near military water and aerial ports of embarkation for warfighting capability enhancement; have excess capacity to become receivers of materiel moving from other locations; can provide distribution support worldwide; and can support our Distribution Concept of Operations in wartime as well as peacetime.

In addition to Installation Military Value and Depot Military Value, our process took into account many decision or management tools which are closely related to the four DoD Military Value criteria. They are the Force Structure Plan; the DLA Strategic Plan; the Decision Rules; the Strategic Analysis for Integrated Logistics Systems (SAILS) Model; Excess Capacity Analysis; Service Decisions; Risk Assessment; and finally the application of the COBRA Model. It is important to note that the value of an activity was predicated on the cumulative results of not one but a combination of the above tools.

The Memphis Depot was not closed based on the Military Value analyses alone. As stated above, DLA considered many analyses and management decision tools. This is a base closure exercise and our objective is to close bases to the extent that we eliminate the excess capacity in today's system. DLA's workload (lines received and issued) and workforce are shrinking commensurate with the force structure reductions on the order of 52 and 55 percent respectively. Currently, we project significant excess capacity in our cube and throughput requirements as a result of the reduction of demand and inventories. This reduction is forcing DLA to recommend storage capacity reductions of approximately 45 percent over the FY 92 capacity figure. Our Distribution Concept of Operations states that we will maintain as few distribution depots as necessary to achieve our peacetime and wartime mission. DLA will perform distribution support responsibilities at the lowest possible cost to the warfighter, thereby allowing the Services to concentrate their expenditures on weapons systems and warfighting capability; and improvement

CONGRESSMAN HAROLD FORD OF TENNESSEE (Cont'd)

8. The DLA ranked stand-alone depots for military value...(Cont'd)

of quality of life for Service members. The strategy used in making our BRAC 95 recommendations is outlined below.

First, we performed a capacity analysis to determine how much excess capacity was in the distribution system. Next, we followed all Service depot maintenance closures--again as stated in our Concept of Operations-- by closing our distribution depots at those installations. Where we still have direct maintenance and fleet support responsibilities, we chose to remain in accordance with our Concept of Operations. Since we still had excess capacity, we focused the remainder of our analysis on our Stand-Alone depots which are those that have no collocated maintenance or fleet customers.

The high Depot Military Value scores for our Susquehanna Depot in Pennsylvania and the San Joaquin Depot in California (more than 250 points) showed they not only support our peacetime requirements but are integral to our concept of supporting the war plan. These depots are state-of-the-art with large storage and throughput capacities and were facilitized to be mega distribution centers by the Army before being transferred to DLA under DMRD 902 in 1992. They maintain Air Line of Communication and Containerization Consolidation Point capabilities. They are strategically located, one on each coast and both are close to military water and aerial ports of embarkation for shipping materiel to a war zone--wherever that may be. Therefore, DLA chose to retain these two depots.

We then narrowed our focus to our Stand-Alone depots in Columbus, Richmond, Ogden, and Memphis. There were only 37 points difference in these four depots in Depot Military Value; therefore, the Executive Group used other analyses and management tools to complete the decision making process.

The Columbus installation scored number one in our Installation Military Value analysis and is extremely valuable not only to us but also to the Department of Defense as an installation. It has a variety of DoD tenants (the Finance Center, the Systems Design Center, a DISA mega center, an Army Guard HQ, our distribution depot, etc). The Columbus Depot is collocated with one of the two DLA Weapons Systems Inventory Control Points that is remaining open. Closing the Columbus Depot would not have resulted in a base closure. As stated in our Concept of Operations, we have a need for the storage of slow-moving and war reserve materiel. Since the Columbus installation was staying open and one of our primary imperatives is to maximize facility utilization, the Columbus Depot became a natural to perform this mission. It was recommended for realignment as a site with approximately 50 personnel who will perform caretaker responsibilities for our slow moving and war reserve materiel.

CONGRESSMAN HAROLD FORD OF TENNESSEE (Cont'd)

8. The DLA ranked stand-alone depots for military value...(Cont'd)

Our Richmond installation has the best facility conditions of any in DLA as noted in an independent study by the Navy Public Works Center. It has also received the Installation Excellence Award two out of the last three years. Our depot there is modern, mechanized, and has conforming hazardous storage. It is the only activity in DoD performing the ozone depletion cylinder mission. It also acts as a backup support location for the Navy's largest fleet concentration (Norfolk). The Strategic Analysis for Integrated Logistics Systems (SAILS) Model optimizes the distribution system cost relative to the location of customers and vendors. It optimizes the loading of our distribution depots based on infrastructure costs and in-bound and out-bound transportation costs. For example, with respect to covered bulk (2/3 of our transportation costs), the SAILS model clearly showed a distinct preference for the Richmond Depot--second only to Susquehanna--in every scenario we ran. SAILS showed the lowest distribution system cost when the combination of the Memphis and Ogden Depots were closed. The Richmond Depot also has the advantage of being collocated with DLA's second Weapons Systems Inventory Control Point that is remaining open. Closing the depot would not have resulted in a base closure. Therefore, the Richmond Depot was not recommended for closure.

That left only Memphis and Ogden. Although both have excellent facilities in good locations, and have an excellent workforce with a good performance record, they are general distribution facilities and there is nothing unique in their missions that cannot be accommodated in the remaining depot system. Our goal is to size our distribution system commensurate with requirements. Throughput and storage space requirements can be met by fully utilizing the capacities of the other depots remaining in the system. They are not required by our Concept of Operations for our throughput/storage needs to support the warfighter in wartime or peacetime. Therefore, to eliminate remaining excess capacities and to achieve two COMPLETE base closures, we recommended closing both the Memphis and Ogden Depots.

Although all of our depot scenarios resulted in a small cube deficit, we are willing to accept this risk. During deliberations with both the Air Force and the Navy concerning common collocated sites, both Services offered us additional space at those locations where we already have a DLA distribution presence. Acceptance of this additional space, if it is required in the out years, will eliminate any deficit realized by our BRAC 95 recommendations. This recommendation complies with the DLA BRAC 95 decision rules to close installations as a top priority; minimize infrastructure costs by eliminating those locations excess to our needs; maximizing shared overhead at those locations where we already have a DLA presence; and optimizing use of remaining DLA space. Again, as a final point, closing either the Columbus or Richmond Depot would not have achieved an installation closure. (Source: Certified Field Data, 805 Report, SAILS Analysis, Concept of Operations, Strategic Plan, COBRA Analysis, Force Structure Plan - All Certified)

CONGRESSMAN HAROLD FORD OF TENNESSEE

9. Defense Distribution Depot Memphis (DDMT) ranked third behind Defense Distribution Depot San Joaquin (DDJC) and Defense Distribution Depot Susquehanna (DDSP). Both DDJC and DDSP are not single entities as DDMT is. DDJC includes two depots (Tracy, CA and the Sharpe Army Depot. In fact the Mechanicsburg Depot and the New Cumberland Depots are 11 miles apart. For what reasons were they lumped together, and how did this affect their individual Military Value Scores?

DDJC and DDSP are single depots under a single command with two storage locations only a few miles apart. These depots were combined this way to significantly reduce support staff and eliminate duplication of effort. The depots were established at the very inception of DoD's depot consolidation (DMRD 902) in 1992. In fact these capabilities were major considerations in the decision to consolidate distribution activities under DLA. Their close proximity to Military ports of embarkation and their large throughput and storage capabilities are an integral part of DLA's Concept of Operations and were a factor in the DDJC and DDSP high Military Value scores. (Source: Certified Field Data; Concept of Operations)

CONGRESSMAN HAROLD FORD OF TENNESSEE

10. DDMT has far superior access to transportation systems (highway, rail systems, airports, etc.). Despite this superiority, DDMT only scored third in the mission suitability section of the military value test. How much weight does this crucial distribution factor carry in the test?

There are two types of Military Value. The first is Installation Military Value which assesses the value of an installation not only to DLA but also to DoD. This value is predicated in large part on the number of significant tenants (300 or more personnel assigned) collocated on the installation and the total tenant population. Installation Military Value is weighed heavily in the overall process.

In the Depot Military Value Analysis, points were given in two areas for access to transportation. The first was location of the depot relative to military aerial and water ports of embarkation. In this area, DDMT tied for fourth place out of six depots. The second area was access to various commercial modes of transportation. DDMT tied for first place out of six depots in this area. DDMT does have excellent access to the nation's transportation system. However, it is not significantly greater than access from other DLA depots. All of our depots have the necessary access to the nation's interstate highway, rail and air systems, to support the movement of material in a timely manner to any other point in the United States. Therefore, we believe access to transportation systems was given sufficient weight in our analysis.

It is important to note that a more crucial factor in today's environment is the location of a depot relative to DoD customers and vendors. The Strategic Analysis for Integrated Logistics Systems (SAILS) Model was used to optimize the distribution system cost. It showed a distinct preference for both the Susquehanna and Richmond Depots. In other words, the model chose to load these two depots first - ahead of all others - and also to load them to their maximum capacities because of their close proximity to both DoD vendors and customers. (Source: Certified Field Data and SAILS Analysis - Certified)

CONGRESSMAN HAROLD FORD OF TENNESSEE

11. DDMT has far superior access to commercial transportation modes and the Department of Defense has recently contracted with the Federal Express Corporation for a premium transportation service where "critical" material can be delivered at maximum speed. Were these factors taken into consideration when rating DDMT?

Yes. DDMT's access to commercial transportation modes was considered; however, that access is not considered to be significantly greater at DDMT than at other depots. In reference to the Premium Service contract, the current test is a pilot project only. Success of the project is not predicated on its collocation with any distribution depot. There are many alternatives we could explore. For instance, due to the small number of items identified, we could renogotiate the contract with Federal Express and move the applicable assets to their storage facility in the Memphis area much like they do with their other commercial customers. We could also use other locations where we have existing depots or go to commercial leased space located near a major transportation company. The point is, Federal Express, as well as many other major transportation companies, have multiple locations throughout the United States. If DoD chooses to use the Premium Service concept, closing the Memphis Depot would not eliminate that opportunity. (Source: Certified Field Data)

CONGRESSMAN HAROLD FORD OF TENNESSEE

12a. "Direct vendor delivery" was used in the DLA Detailed Analysis as a reason DDMT (and other depots) would see a decline in the need for warehousing and distributing materials are food supplies, clothing and medical supplies. How much will "direct vendor delivery" have on these particular materials?

By FY 97, the Agency expects to conduct at least 50 percent of its sales using Direct Vendor Delivery (DVD) and Prime Vendor programs. Direct Vendor Delivery passes material from a vendor directly to the customer thus bypassing the traditional distribution and storage operations. Prime Vendor takes DVD a step further, establishing more general pricing agreements, having the vendor perform materiel management functions, and providing for the customer to submit orders directly to the vendor. Food, clothing and textiles, and medical supplies (such as those commodities stored at DDMT) are commodities whose industries are at the forefront in providing "Prime Vendor" type services. The impact of DVD/Prime Vendor on these particular commodities will most probably be greater than for other commodities. However, again, we stress the fact that level of workload, then or now, was not the determining factor in closing DDMT.

12b. DDMT specializes in the assembly of B-rations so that field commanders receive on containerized shipment which includes all necessary materials for a meal (food, salt, water, utensils, etc.) for their particular size force. Will "direct vendor deliveries" replace this system?

No. Neither DVD nor Prime Vendor is currently envisioned to totally replace this system. Neither program includes an assembly requirement; however, we are exploring commercial alternatives to provide assembly of operational rations. We currently accomplish this assembly mission at three depots - Susquehanna, San Joaquin, and Memphis; however, if DDMT is closed, there is sufficient capacity and capability to perform this mission at the remaining two depots.

CONGRESSMAN HAROLD FORD OF TENNESSEE

13. Why was the Defense Industrial Plant Equipment Center, DDMT's only major tenant activity, moved from Memphis just prior to BRAC 1995? The lack of a major tenant activity hurt DDMT's score on the military value test.

The decision to downsize and to transfer the responsibilities of DIPEC evolved from several OSD initiatives to include Defense Management Report and Program Budget Decisions. Decisions were made well before the BRAC 95 round. If DIPEC had been included in the installation Military Value analysis, neither DDMT's ranking nor our recommendation to close it would have changed.

CONGRESSMAN HAROLD FORD OF TENNESSEE

20. Why was the Central Region moved from Memphis to New Cumberland? What prompted this move as it relates to military value?

The Central Region did not move to New Cumberland; it was disestablished. A command decision was made to disestablish the Central Region because the span of control associated with the management of stand-alone and collocated (previously Service operated) depots could be accomplished by two regional headquarters. (Source: Data Not Used in BRAC Analysis)

CONGRESSMAN HAROLD FORD OF TENNESSEE

21. Why was the Defense Industrial Plant Equipment Center (DIPEC) moved from Memphis to Richmond, VA?

The decision to downsize and to transfer the responsibilities of DIPEC evolved from several OSD initiatives to include Defense Management Report and Program Budget Decisions. Decisions were made well before the BRAC 95 round. If DIPEC had been included in the installation Military Value analysis, neither DDMT's ranking nor our recommendation to close it would have changed. (Source: Data Not Used in the BRAC Process.)

CONGRESSMAN HAROLD FORD OF TENNESSEE

22. Since the purpose of assessing military value within the DLA BRAC analysis was to assess value added for military purposes, then why was an organization that consisted of a non-military function given points under this system?

The Defense Logistics Agency is a combat support agency within the Department of Defense and is charged with providing logistical support to the military services, defense agencies, civil agencies, foreign governments and international organizations. It is part of DLA's mission to support civil agencies as provided by agreements with the General Services Administration and the Veterans Administration (three principal wholesale suppliers for the Federal Government) to minimize overlap and duplication in the management of items of supply. Support is also provided to foreign governments and certain international organizations such as NATO in accordance with national agreements established at the OSD level in concert with the White House, Department of State and other Federal Agencies, as appropriate. To properly credit the DLA BRAC activities for their total mission and workload, points were awarded under the military value criteria for the work performed on behalf of both DoD and non-DoD activities. (Source: DLA Mission Statement and Agency Agreements)

CONGRESSMAN HAROLD FORD OF TENNESSEE

24. It has been stated that DDMT was one of the most efficient organization within DLA for on time processing of Material Release Orders (MROs) and their capability to mobilize a large temporary workforce on short notice (i.e., Desert Storm/Shield, Somalia, etc.). If this is a true statement, then what consideration was given to this under your BRAC analysis, if any?

The nature of materiel stored at every depot is different and the accounting system accounts for costs differently. Because of these factors, we could not make a fair and comparable analysis. Therefore, DLA, like the Services, did not assess an activity's performance. (Source: Data Not Used in BRAC Process)

CONGRESSMAN HAROLD FORD OF TENNESSEE

25. In a military environment, why is New Cumberland and Tracy given debarkation value for moving troops, equipment and supplies by water, when today's wars are of a short duration (a few days or weeks)? Airlift is the only means of meeting these timetables as was the situation with Desert Storm and Somalia.

The DLA mission involves the movement of follow-on supply support or sustainment cargo that will more than likely be handled by "second voyage" Fast Sealift Ships, pre-positioned ships, and support transportation from the Ready Reserve Fleet and commercial U.S. Flag vessels. During Desert Storm/Shield, approximately 94.4 percent of the total tons shipped were shipped via routine surface mode.* Although strategic airlift is a vital asset during mobilization, it does not have the capability to handle 100 percent of the cargo. Therefore, airlift is limited to passengers, high-value and high priority cargo. The Susquehanna (New Cumberland and Mechanicsburg Sites) and San Joaquin (Tracy and Sharpe Sites) Depots have debarkation value because they both have Air Line of Communication (ALOC) capability, Containerization Consolidation Points (CCPs), high mechanization with storage and throughput capacities capable of supporting two Major Regional Conflicts (MRCs), and airlift and sealift capability (close proximity to Aerial Ports of Embarkation and Water Ports of Embarkation.)

*Source: Military Sealift Command Lift Summary Reports and USTRANSCOM Situation Reports

Source: Field Data; Concept of Operations - Both Certified

NOTE: During peacetime, less than 1% of total measurement tons shipped OCONUS are shipped via air.

CONGRESSMAN HAROLD FORD OF TENNESSEE

26. What consideration was given to large capabilities by the Tennessee Air National Guard located 2 miles from DDMT? This resource was used in Desert Storm, Somalia support and Panama.

The Tennessee Air National Guard, once mobilized and deployed, will leave Memphis and become part of the military air support system carrying personnel and materiel to the war zone or designated destination. The Joint Chiefs of Staff along with the Unified Commanders will determine use of all military air assets. The airlift support DLA can plan on is provided by the AMC aerial ports at Dover AFB, DE; Charleston AFB, SC; and Travis AFB. CA. (Source: Data not used in BRAC Process on Tennessee Air National Guard location to APOE/s & WPOEs in Certified Field Data)

CONGRESSMAN HAROLD FORD OF TENNESSEE

27. Coastal Depots only provide limited jump-off points to Europe and Asia. What about more likely contingencies in South America, where the USA must provide support without allied help? Doesn't a military depot in the center of the country (DDMT) make more sense for logistical support.

No. South America can be served from East and West Coast ports. This country's strong transportation infrastructure has minimized the value of a depot's central location to support a particular major regional conflict. Today, Defense Distribution Depot Susquehanna, PA, regularly ships seavan containers and air pallets to Panama and Honduras. The seavan containers are shipped via rail to ports in Florida and the air pallets are shipped to the aerial port at Charleston AFB, SC. (Source: Data not used in BRAC Process. Proximity to Air Port of Embarkation and Water Port of Embarkation in Certified Field Data)

CONGRESSMAN JAMES V. HANSEN OF UTAH

1. The DLA claims to have such overcapacity in warehouses that it is necessary to close Ogden. Yet, DLA has submitted in its FY 1996 military construction budget a $15 million dollar project to construct a new warehouse at Tracy, California. If DLA has such overcapacity, why is it building new warehouses?

DLA has programmed for a 243,000 square foot replacement warehouse at our Sharpe facility in California. The planned Military construction cost includes the demolition of the approximately 418,000 square feet of World War II wooden open sheds, which are inefficient to operate and beyond economical repair. As we eliminate excess capacity, the reliability of facilities becomes increasingly critical. An economic analysis prepared for the new smaller warehouse has shown new construction to be the only feasible alternative. (Source: DLA FY '996/97 Biennial Budget Estimates - Feb 1995 - DD Form 1391)

This project has been planned and programmed outside the BRAC process, with the project preliminary design initiated in March 1994, and its construction supports continued depot operations at a critical location.

CONGRESSMAN JAMES V. HANSEN OF UTAH

2. DLA commissioned a "Peat-Marwick" study dated December 1993 which clearly shows that Ogden is, by far, the single most cost effective depot in the DLA system. How did cost of operations factor into your decision when, to the casual observer, it appears that you are closing DLA's most efficient depot?

The Peat Marwick study addressed costs at three DLA depots. The study was intended to provide the basis for a data comparability review of all of DLA's depots in preparation for BRAC 95. Individual depot efficiency was not assessed in this review. The study addressed whether or not there was a "level playing field" for the comparison of depots based on mission cost. The study results indicated that this was not the case. A depot's cost effectiveness is driven by the types and quantities of inventory processed there (which is not determined by the depot itself), and is complicated by the way in which costs are accounted for at each location. The study indicated that there were significant variations in both workload mix and accounting procedures at the three sites reviewed. This prevented direct depot versus depot cost effectiveness comparisons. As a result of this study, depot accounting and reporting procedures were revised prior to BRAC 95 data calls being released. As only three of DLA's then thirty distribution depots were reviewed; no conclusion about "the most effective depot in the DLA system" could be derived from this effort. DLA is driving toward optimizing our total distribution system, and making each of our depots as cost effective as possible, in accordance with our Concepts of Operations.

DLA did not use unit cost comparisons (cost per item received or shipped) in our BRAC analysis. The Peat Marwick study clearly indicated that this would not be fair to any of our depots. DLA did address elements of the cost of operations in our Military Value analysis under the Operational Efficiencies category of our Measures of Merit; using data certified by our field activities. The data elements used for BRAC analysis (Real Property Maintenance, Base Operating Support and Second Destination Transportation) were different from the ones addressed in the Peat Marwick study. (Source: Peat Marwick Study Not Used in BRAC Process. Operational Efficiency data used was from Certified Field Data and derived from MASS Data.)

CONGRESSMAN JAMES V. HANSEN OF UTAH

3. What are DLA's plans with Ogden's Deployable Medical Unit (DEPMEDS) workload? Where will this work be accomplished?

We are currently looking at the various alternatives for accomplishing the DEPMEDS workload, which will ensure the same high level of service to our customers at equal or less cost. There are two options available. One, we could move the mission to another depot in the DLA distribution system where sufficient space exists. Secondly, it could be privatized in a commercial venue. However, in all cases, since this is an Army reimbursable mission, the Army will be a major player in the relocation plans. (Source: Certified Field Data)

#4

BRAC 1995

Defense Logistics Agency

- Adds Hearing

DEFENSE LOGISTICS AGENCY

PRESENTATION FOR

ADDS HEARING

MAY 10, 1995

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
INTERAGENCY ISSUES TEAM

INDEX

ICPs

A - DPSC

B - DGSC

C - DGSC/DPSC

D - ICP/DEPOT CLOSURE

E - BACKUP CHARTS FOR ICPS (DPSC,DGSC,DISC)

DEPOTS (STAND ALONE)

F - SAN JOAQUIN DEPOT

G - RICHMOND DEPOT

H - ICP/DEPOT (DGSC/DDRV)

I - BACKUP DATA FOR STAND ALONE DEPOTS

DEPOTS (COLLOCATED)

J - COLLOCATED DEPOTS

OTHER

K - COMMAND/CONTROL

L - SERVICE AND SUPPORT ACTIVITIES

DEFENSE LOGISTICS AGENCY CATEGORIES

CATEGORY	NUMBER
INVENTORY CONTROL POINTS	[illegible]
DISTRIBUTION DEPOTS	24
COMMAND AND CONTROL	8
SERVICE/SUPPORT ACTIVITIES	3

HIGHLIGHTED CATEGORIES HAVE CANDIDATES FOR FURTHER CONSIDERATION.

DEFENSE LOGISTICS AGENCY CATEGORIES

CATEGORY	NUMBER
INVENTORY CONTROL POINTS	[illegible]
DISTRIBUTION DEPOTS	23
COMMAND AND CONTROL	8
SERVICE/SUPPORT ACTIVITIES	3

HIGHLIGHTED CATEGORIES HAVE CANDIDATES FOR FURTHER CONSIDERATION.

2

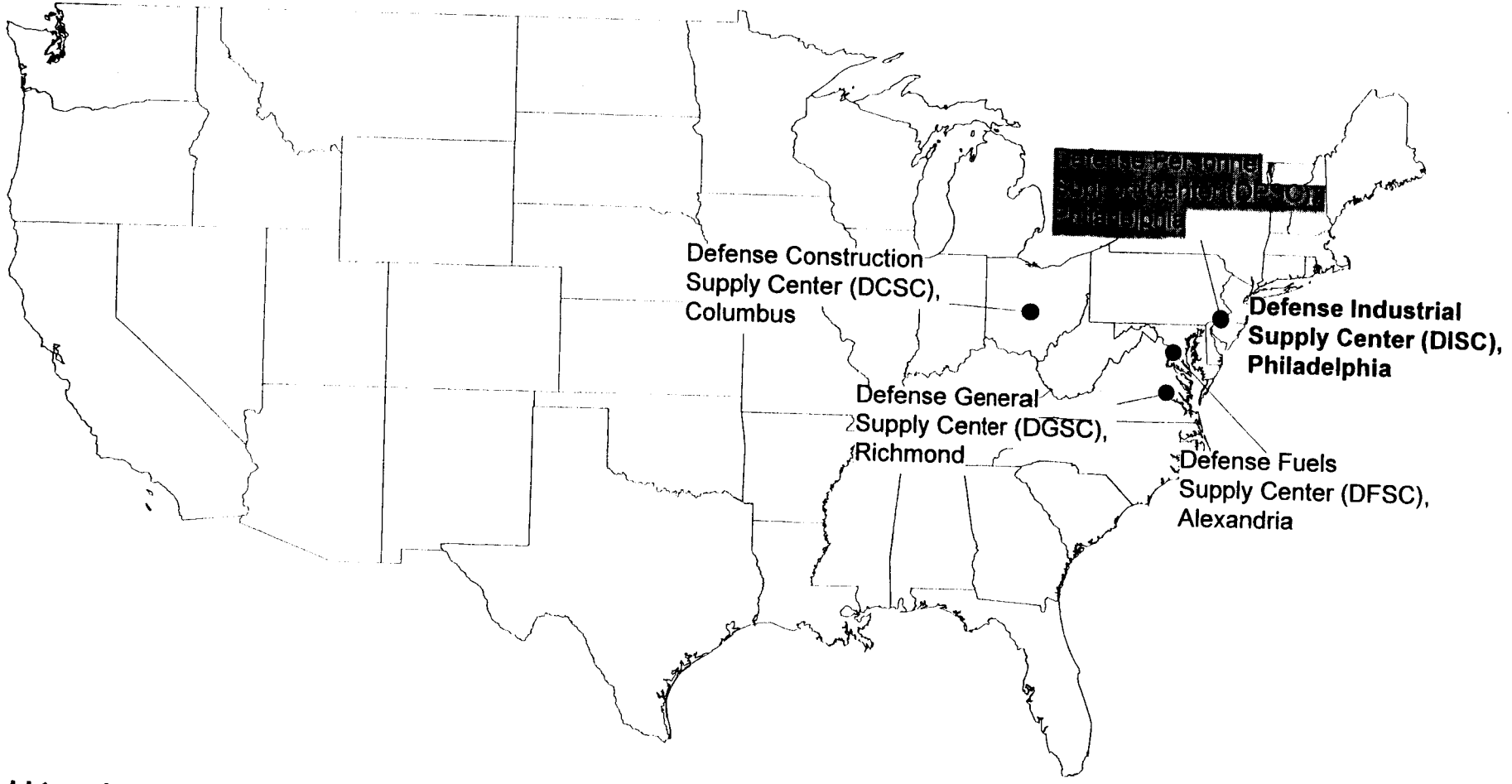
INVENTORY CONTROL POINTS

MILITARY VALUE	INSTALLATION
1	DEF CONSTRUCTION SUPPLY CENTER, COLUMBUS, OH
2	DEF GENERAL SUPPLY CENTER, RICHMOND, VA
3	**DEF INDUSTRIAL SUPPLY CENTER, PHILADELPHIA, PA (D)**
SEPARATE	***DEF PERSONNEL SUPPORT CENTER, PHILADELPHIA, PA (*)***
SEPARATE	DEF FUEL SUPPLY CENTER, ALEXANDRIA, VA

(C) = DoD recommendation for closure
(D) = DoD recommendation for disestablishment
(R) = DoD recommendation for realignment
(*) = *Candidate for further consideration*

3

Inventory Control Points



Bold type indicates DoD recommendation for disestablishment

[redacted] indicates proposed additions

4

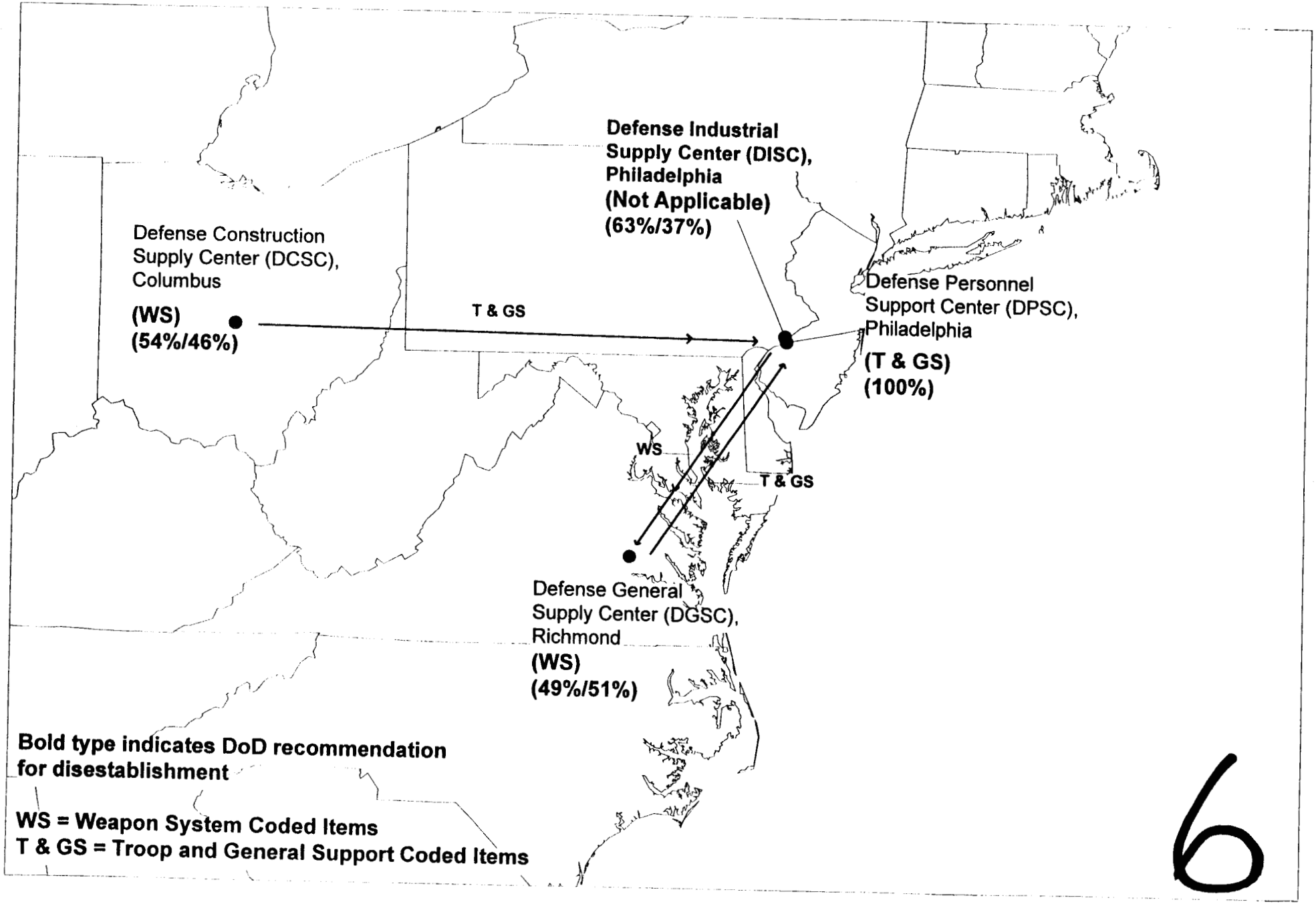
DEFENSE LOGISTICS AGENCY

CONCEPT OF OPERATIONS

INVENTORY CONTROL POINTS (ICPs)

- **Inventory Control Point Functions:**
  - **Purchase of DoD stock for the Services.**
  - **Types of Items.**
  - **Inventory Control Point work is not geographically specific.**
- **Three Inventory Control Point Locations:**
  - **Two Weapon System Inventory Control Points.**
  - **One Troop and General Support Inventory Control Point.**
- **Four Inventory Control Points involved in 1995 DoD Recommendation:**
  - **Defense Industrial Supply Center (DISC)**
  - **Defense General Supply Center (DGSC)**
  - **Defense Construction Supply Center (DCSC)**
  - **Defense Personnel Support Center (DPSC)**

Inventory Control Points
DoD Recommendation



6

INVENTORY CONTROL POINTS

DoD RECOMMENDATION

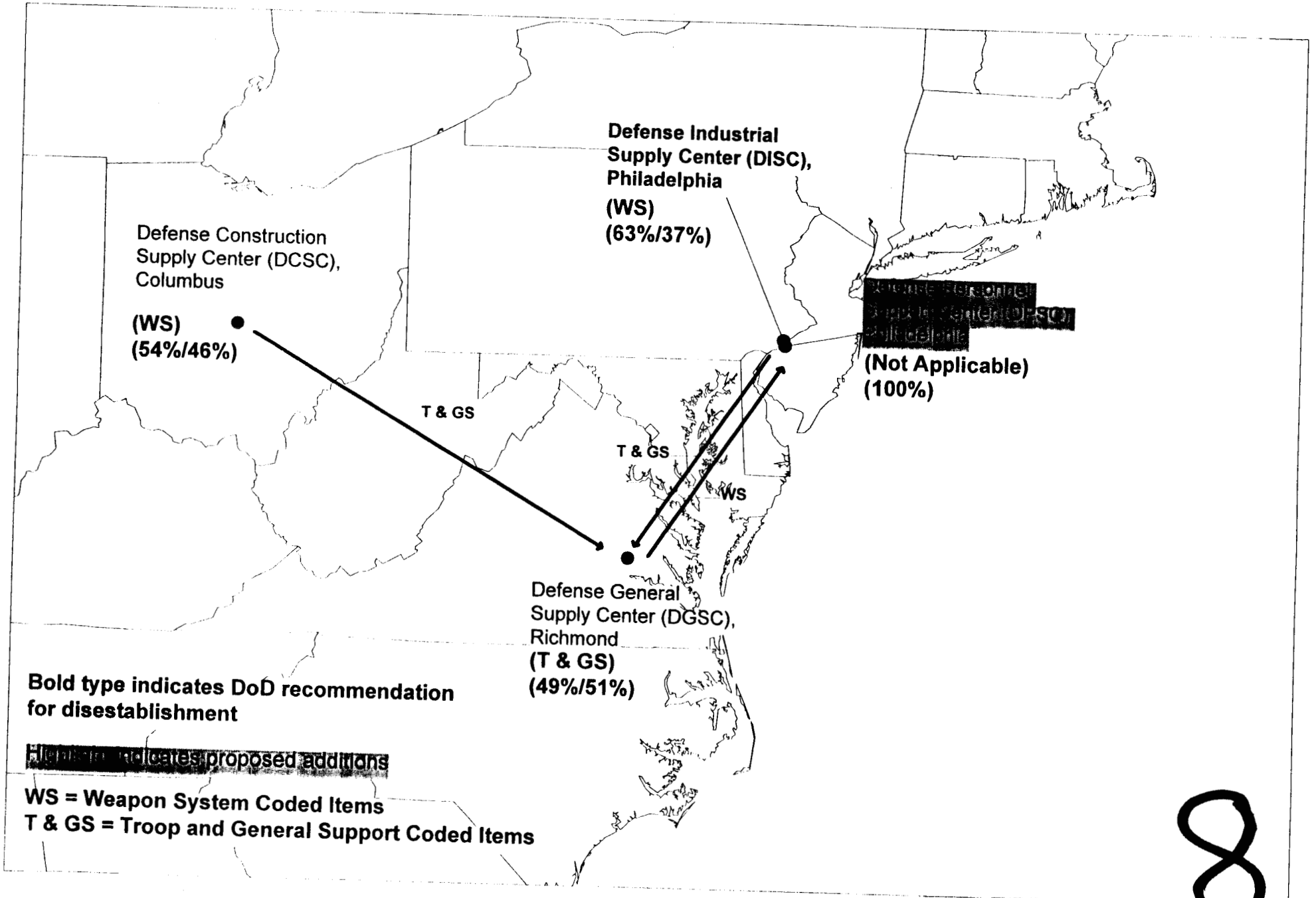
PERSONNEL MOVEMENTS

DoD Recommendation: Disestablish Defense Industrial Supply Center (DISC), Philadelphia, PA. Distribute the management of Federal Supply Classes within the remaining DLA inventory control points (ICP).

Create one ICP for the management of troop and general support items at the Defense Personnel Support Center (DPSC), Philadelphia, PA. Create two ICP's for the management of weapon system related Federal Supply Classes at the Defense Construction Supply Center (DCSC), Columbus, OH and the Defense General Supply Center (DGSC), Richmond, VA.

Inventory Control Point	Personnel Eliminated Military/Civilian	Personnel Realigned Military/Civilian	Personnel Received Military/Civilian	Total Military/Civilian
Defense Construction Supply Center (DCSC)	0/358	0/0	0/0	0/-358
Defense Industrial Supply Center (DISC)	4/46	12/323	0/0	-16/-369
Defense General Supply Center (DGSC)	0/0	0/0	12/323	12/323
Defense Personnel Support Center (DPSC)	0/0	0/0	0/0	0/0
Total	4/404	12/323	12/323	Not Applicable

Inventory Control Points
Alternate Scenario



8

INVENTORY CONTROL POINTS

ALTERNATE SCENARIO

PERSONNEL MOVEMENTS

FOR CONSIDERATION: Study Defense Personnel Support Center (DPSC), Philadelphia, PA **FOR REALIGNMENT** as a **SUBSTITUTION** for disestablishment of the Defense Industrial Supply Center (DISC), Philadelphia, PA.

Create two ICP's for the management of weapon system items at the Defense Construction Supply Center (DCSC), Columbus, OH and the Defense Industrial Supply Center (DISC), Philadelphia, PA. Create one ICP for troop and general support items at the Defense General Supply Center (DGSC), Richmond, VA.

Inventory Control Point	Personnel Eliminated Military/Civilian	Personnel Realigned Military/Civilian	Personnel Received Military/Civilian	Total Military/Civilian
Defense Construction Supply Center (DCSC)	0/358	0/0	0/0	0/-358
Defense Industrial Supply Center (DISC)	0/0	0/0	10/347	10/347
Defense General Supply Center (DGSC)	0/0	10/347	47/1,017	37/670
Defense Personnel Support Center (DPSC)	7/93	47/1,017	0/0	-54/-1,110
Total	7/451	57/1,364	57/1,364	Not Applicable

BASE ANALYSIS
CATEGORY: INVENTORY CONTROL POINTS

DoD RECOMMENDATION: Disestablish Defense Industrial Supply Center (DISC), Philadelphia, PA. Distribute the management of Federal Supply Classes within the remaining DLA inventory control points (ICP). Create one ICP for the management of troop and general support items at the Defense Personnel Support Center (DPSC), Philadelphia, PA. Create two ICP's for the management of weapon system related Federal Supply Classes at the Defense Construction Supply Center (DCSC), Columbus, OH and the Defense General Supply Center (DGSC), Richmond, VA.

FOR CONSIDERATION: Study Defense Personnel Support Center (DPSC), Philadelphia, PA **FOR REALIGNMENT** as a **SUBSTITUTION** for disestablishment of the Defense Industrial Supply Center (DISC). Create one ICP for troop and general support items at the Defense General Supply Center (DGSC), Richmond, VA. Create two ICP's for the management of weapon system items at the Defense Construction Supply Center (DCSC), Columbus, OH and the Defense Industrial Supply Center (DISC), Philadelphia, PA.

CRITERIA	DEFENSE INDUSTRIAL SUPPLY CENTER (D)	DEFENSE PERSONNEL SUPPORT CENTER (*)
MILITARY VALUE	3 of 3	Rated Separately
FORCE STRUCTURE	Not Applicable	Not Applicable
ONE-TIME COSTS ($ M)	16.9	66.6
ANNUAL SAVINGS ($ M)	18.4	21.1
RETURN ON INVESTMENT	Immediate	1 Year
BASE OPERATING BUDGET ($ M)	30.8	Not Applicable
PERSONNEL ELIMINATED (MIL / CIV) PERSONNEL REALIGNED (MIL/CIV)	See separate chart	See separate chart
ECONOMIC IMPACT (BRAC95/CUM)	0.1%/1.2% (Phila.PA) 0.1%/0.1% (Columbus, OH)	0.1%/1.2% (Phila.PA) 0.1%/0.1% (Columbus, OH)
ENVIRONMENTAL	No major impact	No major impact

(C) = DoD recommendation for closure
(D) = DoD recommendation for disestablishment
(R) = DoD recommendation for realignment
(*) = Candidate for further consideration

BASE ANALYSIS
CATEGORY: INVENTORY CONTROL POINTS

ISSUE	DEFENSE INDUSTRIAL SUPPLY CENTER, PA (D)	DEFENSE PERSONNEL SUPPORT CENTER, PA (*)
Meets DLA Concept of Operations	Yes	Yes
Impact on Military Readiness	Moderate Risk	Moderate Risk
Total Lines Managed	1,116,172	170,424
Number of Weapon System Coded Items Managed	706,176	N/A
Number of General Items Managed	409,996	-
Percentage of Weapon System Coded Items Managed at ICP	64%	N/A
Loss of Expertise	Yes	Yes
Job Loss	Yes	Yes
Expansion Capability	Yes	N/A
COBRA Costs Questioned	Cost to Move Items. Cost to Maintain DPSC at its Current Location for 2 Extra Years.	-
Item Management Efficiency	803 Items/Employee	N/A

(C) = DoD recommendation for closure
(D) = DoD recommendation for disestablishment
(R) = DoD recommendation for realignment
(*) = Candidate for further consideration

DEFENSE LOGISTICS AGENCY CATEGORIES

CATEGORY	NUMBER
INVENTORY CONTROL POINTS	
DISTRIBUTION DEPOTS	23
COMMAND AND CONTROL	8
SERVICE/SUPPORT ACTIVITIES	3

HIGHLIGHTED CATEGORIES HAVE CANDIDATES FOR FURTHER CONSIDERATION.

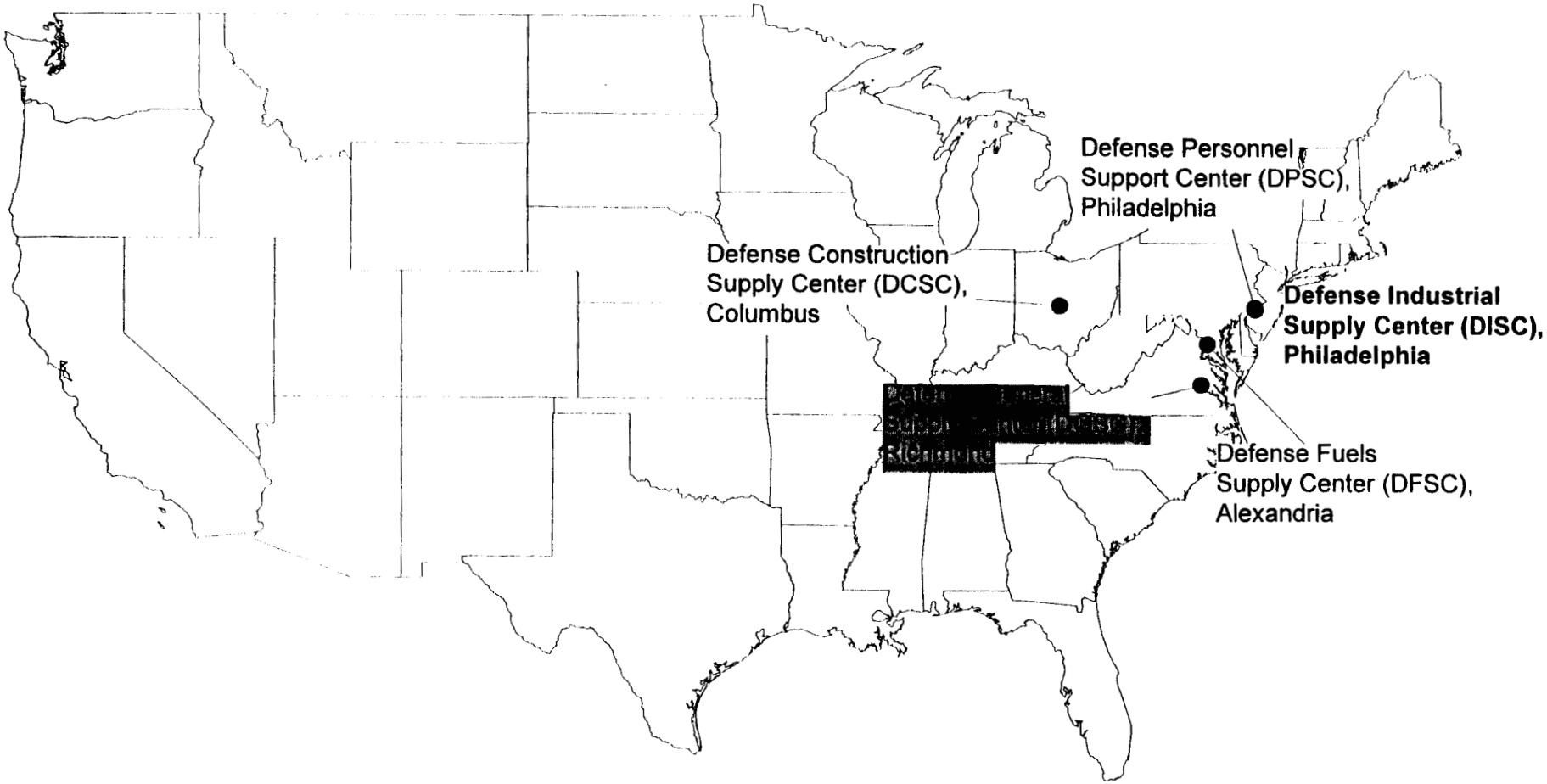
12

INVENTORY CONTROL POINTS

MILITARY VALUE	INSTALLATION
1	DEF CONSTRUCTION SUPPLY CENTER, COLUMBUS, OH
2	*DEF GENERAL SUPPLY CENTER, RICHMOND, VA (*)*
3	**DEF INDUSTRIAL SUPPLY CENTER, PHILADELPHIA, PA (D)**
SEPARATE	DEF PERSONNEL SUPPORT CENTER, PHILADELPHIA, PA
SEPARATE	DEF FUEL SUPPLY CENTER, ALEXANDRIA, VA

(C) = DoD recommendation for closure
(D) = DoD recommendation for disestablishment
(R) = DoD recommendation for realignment
(*) = *Candidate for further consideration*

Inventory Control Points



Bold type indicates DoD recommendation for disestablishment

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14

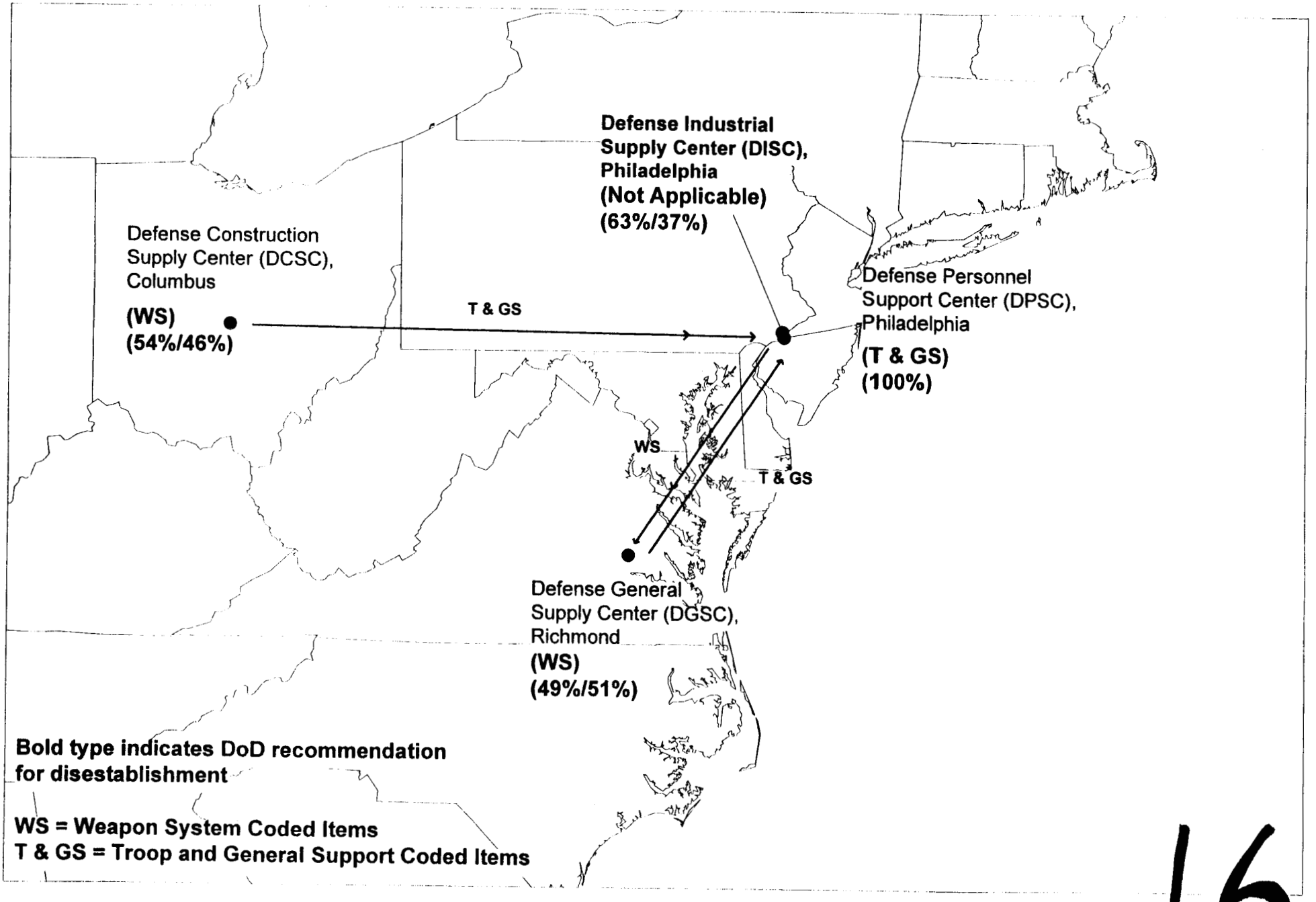
DEFENSE LOGISTICS AGENCY

CONCEPT OF OPERATIONS

INVENTORY CONTROL POINTS (ICPs)

- **Inventory Control Point Functions:**
  - **Purchase of DoD stock for the Services.**
  - **Types of Items.**
  - **Inventory Control Point work is not geographically specific.**
- **Three Inventory Control Point Locations:**
  - **Two Weapon System Inventory Control Points.**
  - **One Troop and General Support Inventory Control Point.**
- **Four Inventory Control Points involved in 1995 DoD Recommendation:**
  - **Defense Industrial Supply Center (DISC)**
  - **Defense General Supply Center (DGSC)**
  - **Defense Construction Supply Center (DCSC)**
  - **Defense Personnel Support Center (DPSC)**

Inventory Control Points
DoD Recommendation



INVENTORY CONTROL POINTS

DoD RECOMMENDATION

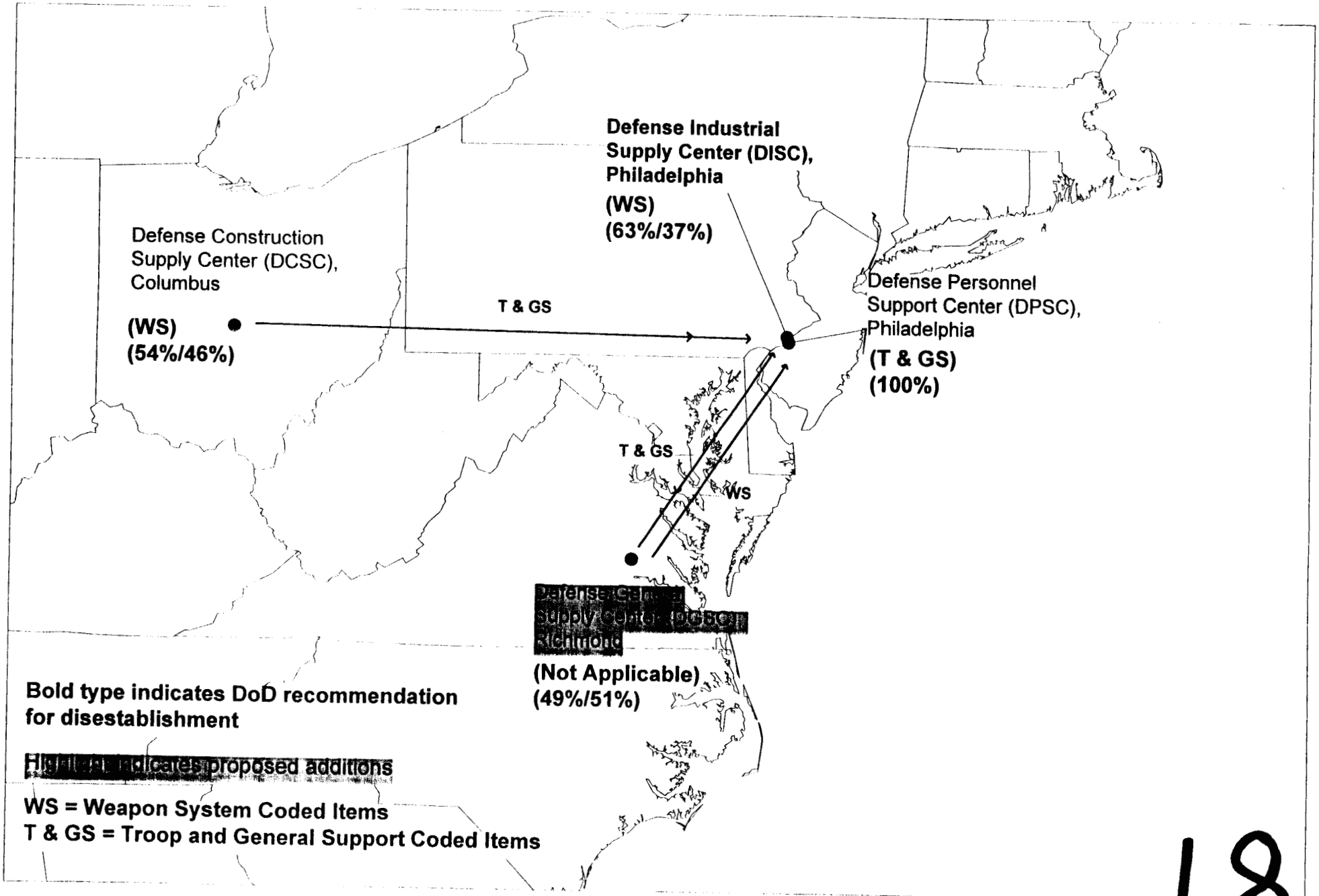
PERSONNEL MOVEMENTS

DoD Recommendation: Disestablish Defense Industrial Supply Center (DISC), Philadelphia, PA. Distribute the management of Federal Supply Classes within the remaining DLA inventory control points (ICP).

Create one ICP for the management of troop and general support items at the Defense Personnel Support Center (DPSC), Philadelphia, PA. Create two ICP's for the management of weapon system related Federal Supply Classes at the Defense Construction Supply Center (DCSC), Columbus, OH and the Defense General Supply Center (DGSC), Richmond, VA.

Inventory Control Point	Personnel Eliminated Military/Civilian	Personnel Realigned Military/Civilian	Personnel Received Military/Civilian	Total Military/Civilian
Defense Construction Supply Center (DCSC)	0/358	0/0	0/0	0/-358
Defense Industrial Supply Center (DISC)	4/46	12/323	0/0	-16/-369
Defense General Supply Center (DGSC)	0/0	0/0	12/323	12/323
Defense Personnel Support Center (DPSC)	0/0	0/0	0/0	0/0
Total	4/404	12/323	12/323	Not Applicable

Inventory Control Points
Alternate Scenario



18

INVENTORY CONTROL POINTS

ALTERNATE SCENARIO

PERSONNEL MOVEMENTS

FOR CONSIDERATION: Study Defense General Supply Center (DGSC), Richmond, VA **FOR REALIGNMENT** as a **SUBSTITUTION** for disestablishment of the Defense Industrial Supply Center (DISC), Philadelphia, PA.

Create two ICP's for the management of weapon system items at the Defense Construction Supply Center (DCSC), Columbus, OH and the Defense Industrial Supply Center (DISC), Philadelphia, PA. Create one ICP for troop and general support items at the Defense Personnel Support Center (DPSC), Philadelphia, PA.

Inventory Control Point	Personnel Eliminated Military/Civilian	Personnel Realigned Military/Civilian	Personnel Received Military/Civilian	Total Military/Civilian
Defense Construction Supply Center (DCSC)	0/358	0/0	0/0	0/-358
Defense Industrial Supply Center (DISC)	0/0	0/0	10/347	10/347
Defense General Supply Center (DGSC)	4/280	23/946	0/0	-27/-1,226
Defense Personnel Support Center (DPSC)	0/0	0/0	13/599	13/599
Total	4/638	23/946	23/946	Not Applicable

BASE ANALYSIS
CATEGORY: INVENTORY CONTROL POINTS

DoD RECOMMENDATION: Disestablish Defense Industrial Supply Center (DISC), Philadelphia, PA. Distribute the management of Federal Supply Classes within the remaining DLA inventory control points (ICP). Create one ICP for the management of troop and general support items at the Defense Personnel Support Center (DPSC), Philadelphia, PA. Create two ICP's for the management of weapon system related Federal Supply Classes at the Defense Construction Supply Center (DCSC), Columbus, OH and the Defense General Supply Center (DGSC), Richmond, VA.

FOR CONSIDERATION: Study Defense General Supply Center (DGSC), Richmond, VA **FOR DISESTABLISHMENT** as a **SUBSTITUTION** for disestablishment of the Defense Industrial Supply Center (DISC). Create one ICP for troop and general support items at the Defense Personnel Support Center (DPSC), Philadelphia PA. Create two ICP's for the management of weapon system items at the Defense Construction Supply Center (DCSC), Columbus, OH and the Defense Industrial Supply Center (DISC), Philadelphia, PA.

CRITERIA	DEFENSE INDUSTRIAL SUPPLY CENTER (D)	DEFENSE GENERAL SUPPLY CENTER (*)
MILITARY VALUE	3 of 3	2 of 3
FORCE STRUCTURE	Not Applicable	Not Applicable
ONE-TIME COSTS ($ M)	16.9	53.4
ANNUAL SAVINGS ($ M)	18.4	37.7
RETURN ON INVESTMENT	Immediate	1 Year
BASE OPERATING BUDGET ($ M)	30.8	54.8
PERSONNEL ELIMINATED (MIL/CIV) PERSONNEL REALIGNED (MIL/CIV)	See separate chart	See separate chart
ECONOMIC IMPACT (BRAC95/CUM)	0.1%/1.2% (Phila.PA) 0.1%/0.1% (Columbus, OH)	0.6%/0.7% (Richmond, VA) 0.1%/0.1% (Columbus, OH)
ENVIRONMENTAL	No major impact	No major impact

(C) = DoD recommendation for closure
(D) = DoD recommendation for disestablishment
(R) = DoD recommendation for realignment
(*) = Candidate for further consideration

BASE ANALYSIS
CATEGORY: INVENTORY CONTROL POINTS

ISSUE	DEFENSE INDUSTRIAL SUPPLY CENTER , PA (D)	DEFENSE GENERAL SUPPLY CENTER , VA (*)
Meets DLA Concept of Operations	Yes	Yes
Impact on Military Readiness	Moderate Risk	Moderate Risk
Total Lines Managed	1,116,172	675,799
Number of Weapon System Coded Items Managed	706,176	328,186
Number of General Items Managed	409,996	347,613
Percentage of Weapon System Coded Items Managed at ICP	63%	49%
Loss of Expertise	Yes	Yes
Job Loss	Yes	Yes
Expansion Capability	Yes	Yes
COBRA Costs Questioned	Cost to Move Items. Cost to Maintain DPSC at its Current Location for 2 Extra Years.	Unknown
Item Management Efficiency	803 Items/Employee	636 Items/Employee

(C) = DoD recommendation for closure
(D) = DoD recommendation for disestablishment
(R) = DoD recommendation for realignment
(*) = Candidate for further consideration

DEFENSE LOGISTICS AGENCY CATEGORIES

CATEGORY	NUMBER
INVENTORY CONTROL POINTS	
DISTRIBUTION DEPOTS	23
COMMAND AND CONTROL	8
SERVICE/SUPPORT ACTIVITIES	3

HIGHLIGHTED CATEGORIES HAVE CANDIDATES FOR FURTHER CONSIDERATION.

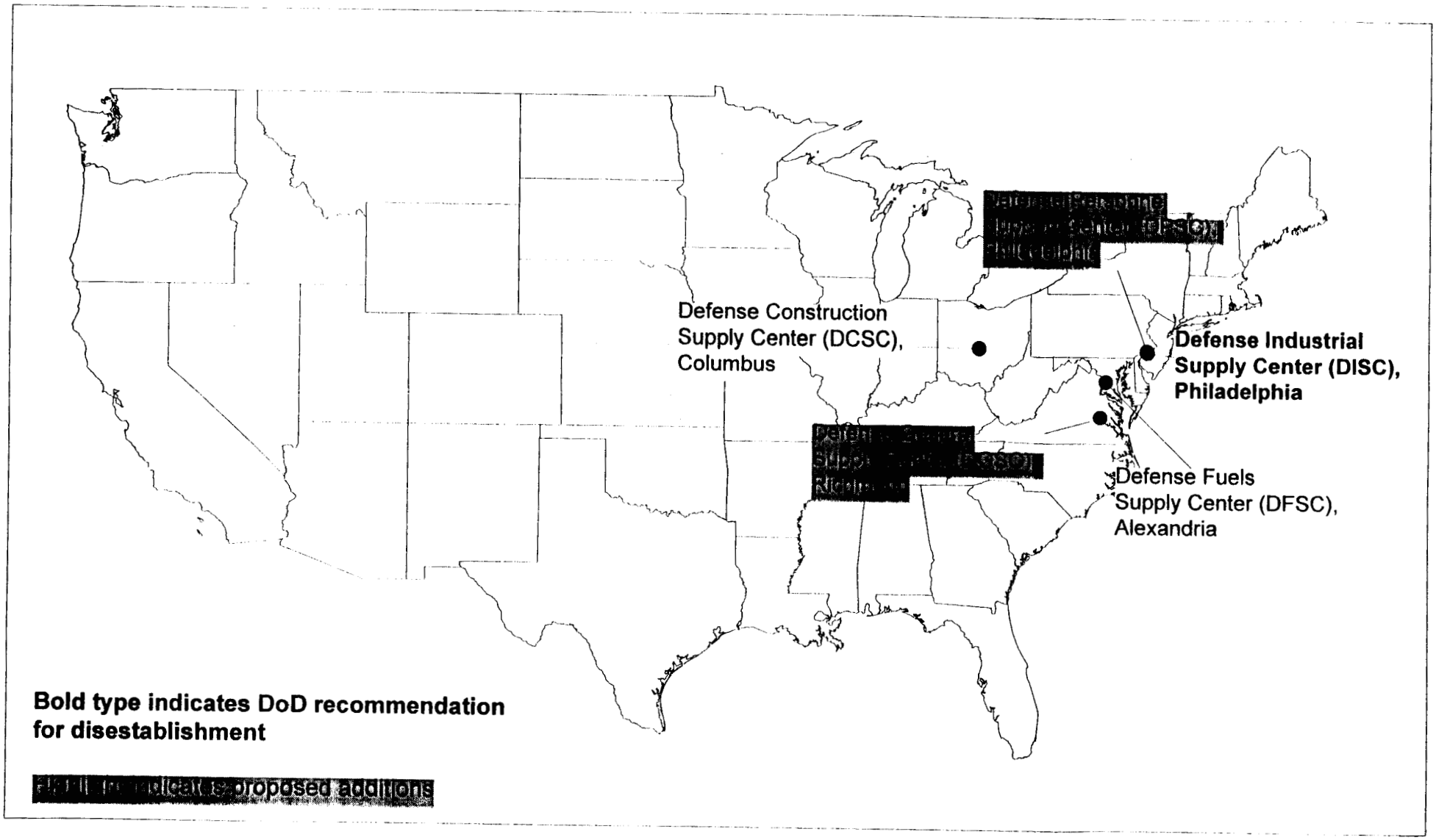
INVENTORY CONTROL POINTS

MILITARY VALUE	INSTALLATION
1	DEF CONSTRUCTION SUPPLY CENTER, COLUMBUS, OH
2	***DEF GENERAL SUPPLY CENTER, RICHMOND, VA (C)***
3	**DEF INDUSTRIAL SUPPLY CENTER, PHILADELPHIA, PA (D)**
SEPARATE	***DEF PERSONNEL SUPPORT CENTER, PHILADELPHIA, PA (*)***
SEPARATE	DEF FUEL SUPPLY CENTER, ALEXANDRIA, VA

(C) = DoD recommendation for closure
(D) = DoD recommendation for disestablishment
(R) = DoD recommendation for realignment
(*) = *Candidate for further consideration*

23

Inventory Control Points



24

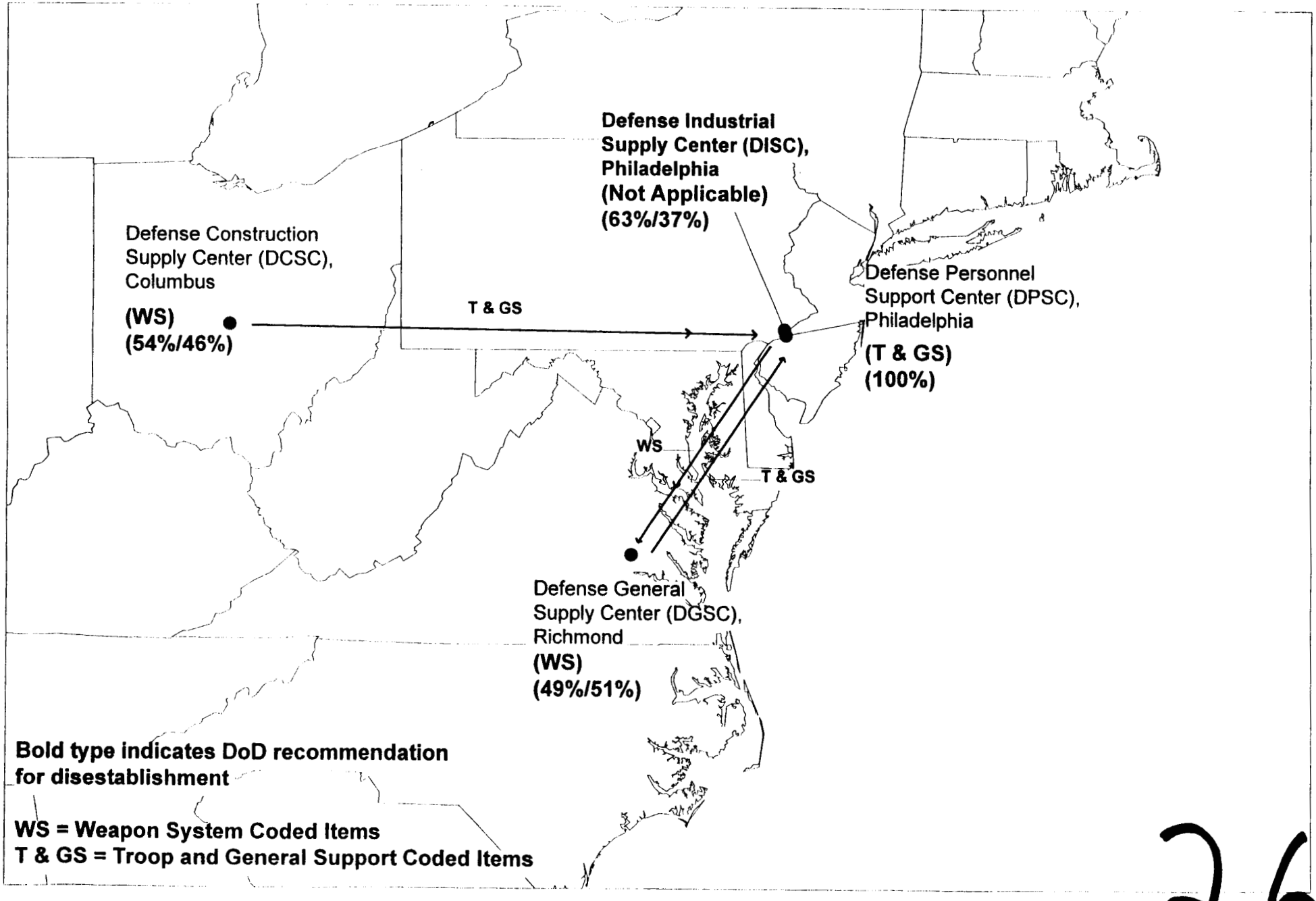
DEFENSE LOGISTICS AGENCY

CONCEPT OF OPERATIONS

INVENTORY CONTROL POINTS (ICPs)

- **Inventory Control Point Functions:**
  - **Purchase of DoD stock for the Services.**
  - **Types of Items.**
  - **Inventory Control Point work is not geographically specific.**
- **Three Inventory Control Point Locations:**
  - **Two Weapon System Inventory Control Points.**
  - **One Troop and General Support Inventory Control Point.**
- **Four Inventory Control Points involved in 1995 DoD Recommendation:**
  - **Defense Industrial Supply Center (DISC)**
  - **Defense General Supply Center (DGSC)**
  - **Defense Construction Supply Center (DCSC)**
  - **Defense Personnel Support Center (DPSC)**

Inventory Control Points
DoD Recommendation



26

INVENTORY CONTROL POINTS

DoD RECOMMENDATION

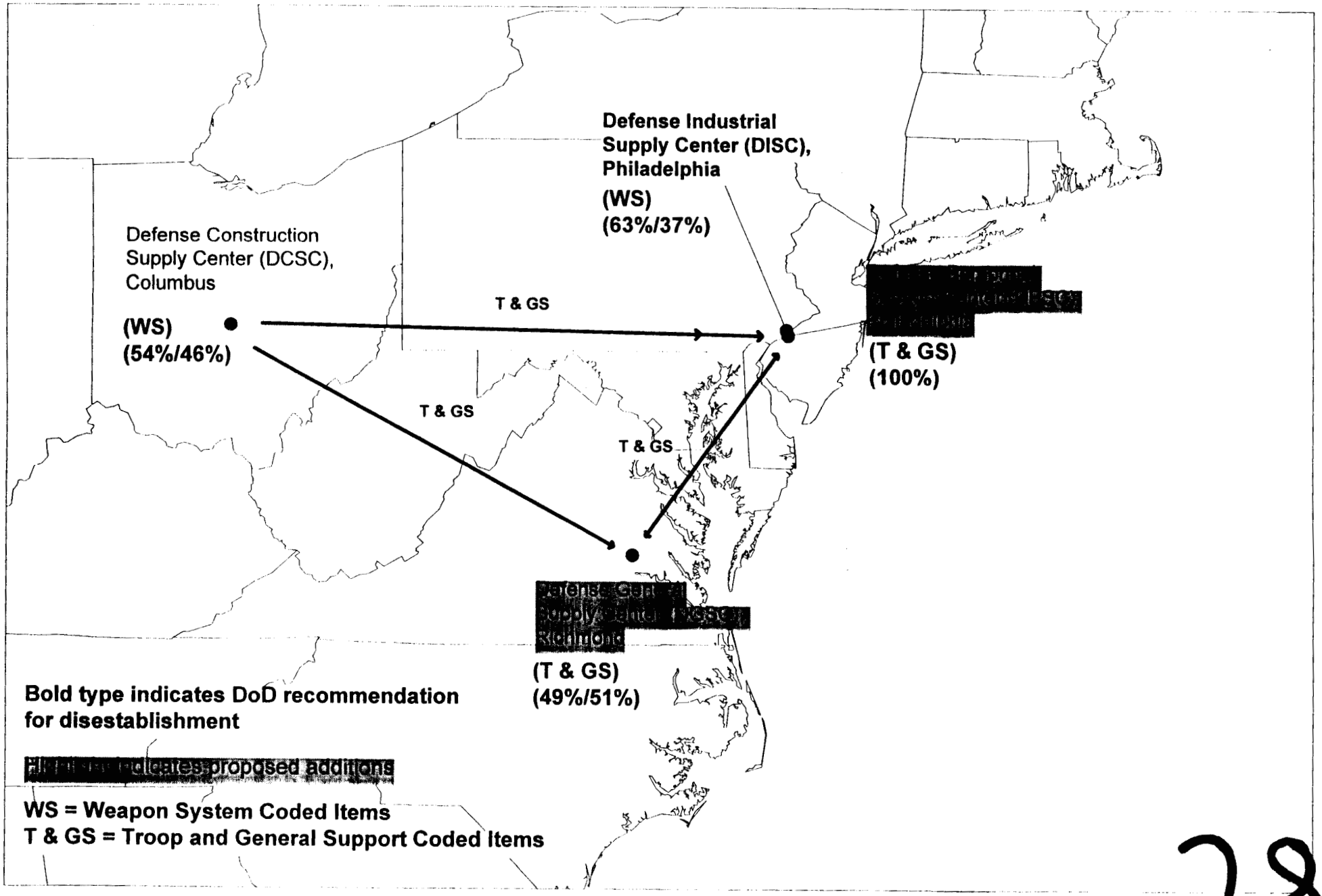
PERSONNEL MOVEMENTS

DoD Recommendation: Disestablish Defense Industrial Supply Center (DISC), Philadelphia, PA. Distribute the management of Federal Supply Classes within the remaining DLA inventory control points (ICP).

Create one ICP for the management of troop and general support items at the Defense Personnel Support Center (DPSC), Philadelphia, PA. Create two ICP's for the management of weapon system related Federal Supply Classes at the Defense Construction Supply Center (DCSC), Columbus, OH and the Defense General Supply Center (DGSC), Richmond, VA.

Inventory Control Point	Personnel Eliminated Military/Civilian	Personnel Realigned Military/Civilian	Personnel Received Military/Civilian	Total Military/Civilian
Defense Construction Supply Center (DCSC)	0/358	0/0	0/0	0/-358
Defense Industrial Supply Center (DISC)	4/46	12/323	0/0	-16/-369
Defense General Supply Center (DGSC)	0/0	0/0	12/323	12/323
Defense Personnel Support Center (DPSC)	0/0	0/0	0/0	0/0
Total	4/404	12/323	12/323	Not Applicable

Inventory Control Points
Alternate Scenario



28

INVENTORY CONTROL POINTS

ALTERNATE SCENARIO

PERSONNEL MOVEMENTS

FOR CONSIDERATION: Study Defense Personnel Support Center (DPSC), Philadelphia, PA **FOR REALIGNMENT** as a **SUBSTITUTION** for disestablishment of the Defense Industrial Supply Center (DISC), Philadelphia, PA.

Create two ICP's for the management of weapon system items at the Defense Construction Supply Center (DCSC), Columbus, OH and the Defense Industrial Supply Center (DISC), Philadelphia, PA. Create one ICP for troop and general support items at the Defense General Supply Center (DGSC) , Richmond, VA.

Inventory Control Point	Personnel Eliminated Military/Civilian	Personnel Realigned Military/Civilian	Personnel Received Military/Civilian	Total Military/Civilian
Defense Construction Supply Center (DCSC)	0/358	0/0	0/0	0/-358
Defense Industrial Supply Center (DISC)	0/0	0/0	10/347	10/347
Defense General Supply Center (DGSC)	0/0	10/347	47/1,017	37/670
Defense Personnel Support Center (DPSC)	7/93	47/1,017	0/0	-54/-1,110
Total	7/451	57/1,364	57/1,364	Not Applicable

INVENTORY CONTROL POINTS

ALTERNATE SCENARIO

PERSONNEL MOVEMENTS

FOR CONSIDERATION: Study Defense General Supply Center (DGSC), Richmond, VA **FOR REALIGNMENT** as a **SUBSTITUTION** for disestablishment of the Defense Industrial Supply Center (DISC), Philadelphia, PA.

Create two ICP's for the management of weapon system items at the Defense Construction Supply Center (DCSC), Columbus, OH and the Defense Industrial Supply Center (DISC), Philadelphia, PA. Create one ICP for troop and general support items at the Defense Personnel Support Center (DPSC), Philadelphia, PA.

Inventory Control Point	Personnel Eliminated Military/Civilian	Personnel Realigned Military/Civilian	Personnel Received Military/Civilian	Total Military/Civilian
Defense Construction Supply Center (DCSC)	0/358	0/0	0/0	0/-358
Defense Industrial Supply Center (DISC)	0/0	0/0	10/347	10/347
Defense General Supply Center (DGSC)	4/280	23/946	0/0	-27/-1,226
Defense Personnel Support Center (DPSC)	0/0	0/0	13/599	13/599
Total	4/638	23/946	23/946	Not Applicable

BASE ANALYSIS
CATEGORY: INVENTORY CONTROL POINTS

DoD RECOMMENDATION: Disestablish Defense Industrial Supply Center (DISC), Philadelphia, PA. Distribute the management of Federal Supply Classes within the remaining DLA inventory control points (ICP). Create one ICP for the management of troop and general support items at the Defense Personnel Support Center (DPSC), Philadelphia, PA. Create two ICP's for the management of weapon system related Federal Supply Classes at the Defense Construction Supply Center (DCSC), Columbus, OH and the Defense General Supply Center (DGSC), Richmond, VA.

FOR CONSIDERATION: Study Defense Personnel Support Center (DPSC), Philadelphia, PA **FOR REALIGNMENT** as a **SUBSTITUTION** for disestablishment of the Defense Industrial Supply Center. Create one ICP for troop and general support items at the Defense General Supply Center (DGSC), Richmond, VA. Create two ICP's for the management of weapon system items at the Defense Construction Supply Center (DCSC), Columbus, OH and the Defense Industrial Supply Center (DISC), Philadelphia, PA.

FOR CONSIDERATION: Study Defense General Supply Center (DGSC) **FOR REALIGNMENT** as a **SUBSTITUTION** for disestablishment of the Defense Industrial Supply Center (DISC). Disestablish Defense General Supply Center (DGSC), Richmond, VA. Distribute the management of Federal Supply Classes within the remaining DLA inventory control points (ICP). Create one ICP for the management of troop and general support items at the Defense Personnel Support Center (DPSC), Philadelphia, PA. Create two ICP's for the management of weapon system related Federal Supply Classes at the Defense Construction Supply Center (DCSC), Columbus, OH and the Defense Industrial Supply Center (DISC), Philadelphia, PA.

CRITERIA	DEFENSE INDUSTRIAL SUPPLY CENTER (D)	DEFENSE GENERAL SUPPLY CENTER (*)	DEFENSE PERSONNEL SUPPORT CENTER (*)
MILITARY VALUE	3 of 3	2 of 3	Rated Separately
FORCE STRUCTURE	Not Applicable	Not Applicable	Not Applicable
ONE-TIME COSTS ($ M)	16.9	53.4	66.6
ANNUAL SAVINGS ($ M)	18.4	37.7	21.1
RETURN ON INVESTMENT	Immediate	1 Year	1 Year
BASE OPERATING BUDGET ($ M)	30.8	54.8	Not Applicable
PERSONNEL ELIMINATED (MIL / CIV) PERSONNEL REALIGNED (MIL/CIV)	See separate chart	See separate chart	See separate chart
ECONOMIC IMPACT (BRAC95/CUM)	0.1%/1.2% (Phila., PA) 0.1%/0.1% (Columbus, OH)	0.6%/0.7% (Richmond, VA) 0.1%/0.1% (Columbus, OH)	0.1%/1.2% (Phila., PA) 0.1%/0.1% (Columbus, OH)
ENVIRONMENTAL	No major impact	No major impact	No major impact

(C) = DoD recommendation for closure
(D) = DoD recommendation for disestablishment
(R) = DoD recommendation for realignment
(*) = Candidate for further consideration

BASE ANALYSIS
CATEGORY: INVENTORY CONTROL POINTS

ISSUE	DEFENSE INDUSTRIAL SUPPLY CENTER , PA (D)	DEFENSE GENERAL SUPPLY CENTER , VA (*)	DEFENSE PERSONNEL SUPPORT CENTER , PA (*)
Meets DLA Concept of Operations	Yes	Yes	Yes
Impact on Military Readiness	Moderate Risk	Moderate Risk	Moderate Risk
Total Lines Managed	1,116,172	675,799	170,424
Number of Weapon System Coded Items Managed	706,176	328,186	N/A
Number of General Items Managed	409,996	347,613	-
Percentage of Weapon System Coded Items Managed at ICP	64%	48%	N/A
Loss of Expertise	Yes	Yes	Yes
Job Loss	Yes	Yes	Yes
Expansion Capability	Yes	Yes	N/A
COBRA Costs Questioned	Cost to Move Items. Cost to Maintain DPSC at its Current Location for 2 Extra Years.	-	-
Item Management Efficiency	803 Items/Employee	636 Items/Employee	N/A

(C) = DoD recommendation for closure
(D) = DoD recommendation for disestablishment
(R) = DoD recommendation for realignment
(*) = Candidate for further consideration

DEFENSE LOGISTICS AGENCY CATEGORIES

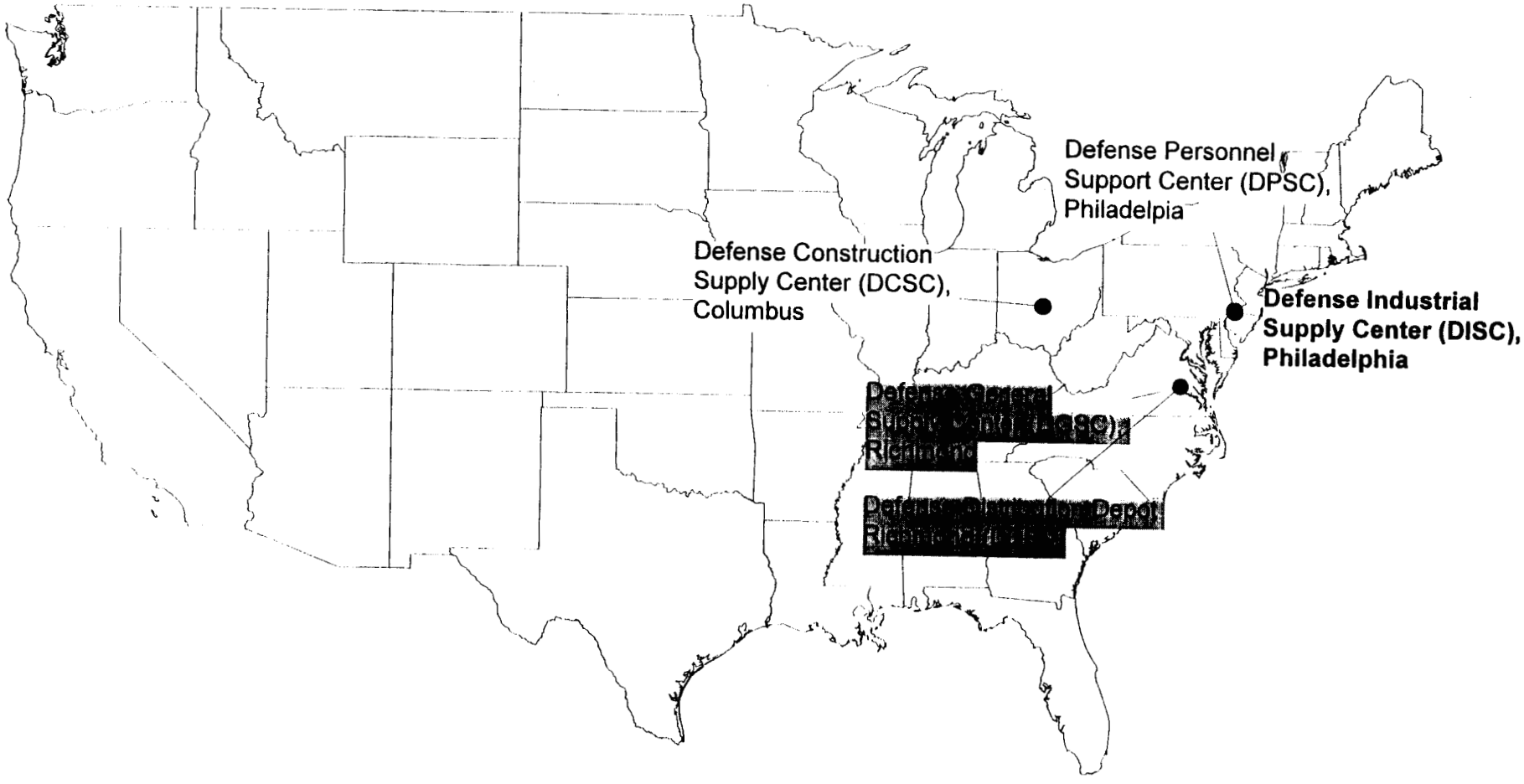
CATEGORY	NUMBER
INVENTORY CONTROL POINTS	[illegible]
DISTRIBUTION DEPOTS	[illegible]
COMMAND AND CONTROL	8
SERVICE/SUPPORT ACTIVITIES	3

HIGHLIGHTED CATEGORIES HAVE CANDIDATES FOR FURTHER CONSIDERATION.

INVENTORY CONTROL POINTS

MILITARY VALUE	INSTALLATION
1	DEF CONSTRUCTION SUPPLY CENTER, COLUMBUS, OH
2	*DEF GENERAL SUPPLY CENTER RICHMOND, VA* *DEF DISTRIBUTION DEPOT RICHMOND* (*)
3	**DEF INDUSTRIAL SUPPLY CENTER, PHILADELPHIA, PA (D)**
SEPARATE	DEF PERSONNEL SUPPORT CENTER, PHILADELPHIA, PA
SEPARATE	DEF FUEL SUPPLY CENTER, ALEXANDRIA, VA

(C) = DoD recommendation for closure
(D) = DoD recommendation for disestablishment
(R) = DoD recommendation for realignment
(*) = *Candidate for further consideration*



Bold type indicates DoD recommendation for disestablishment

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35

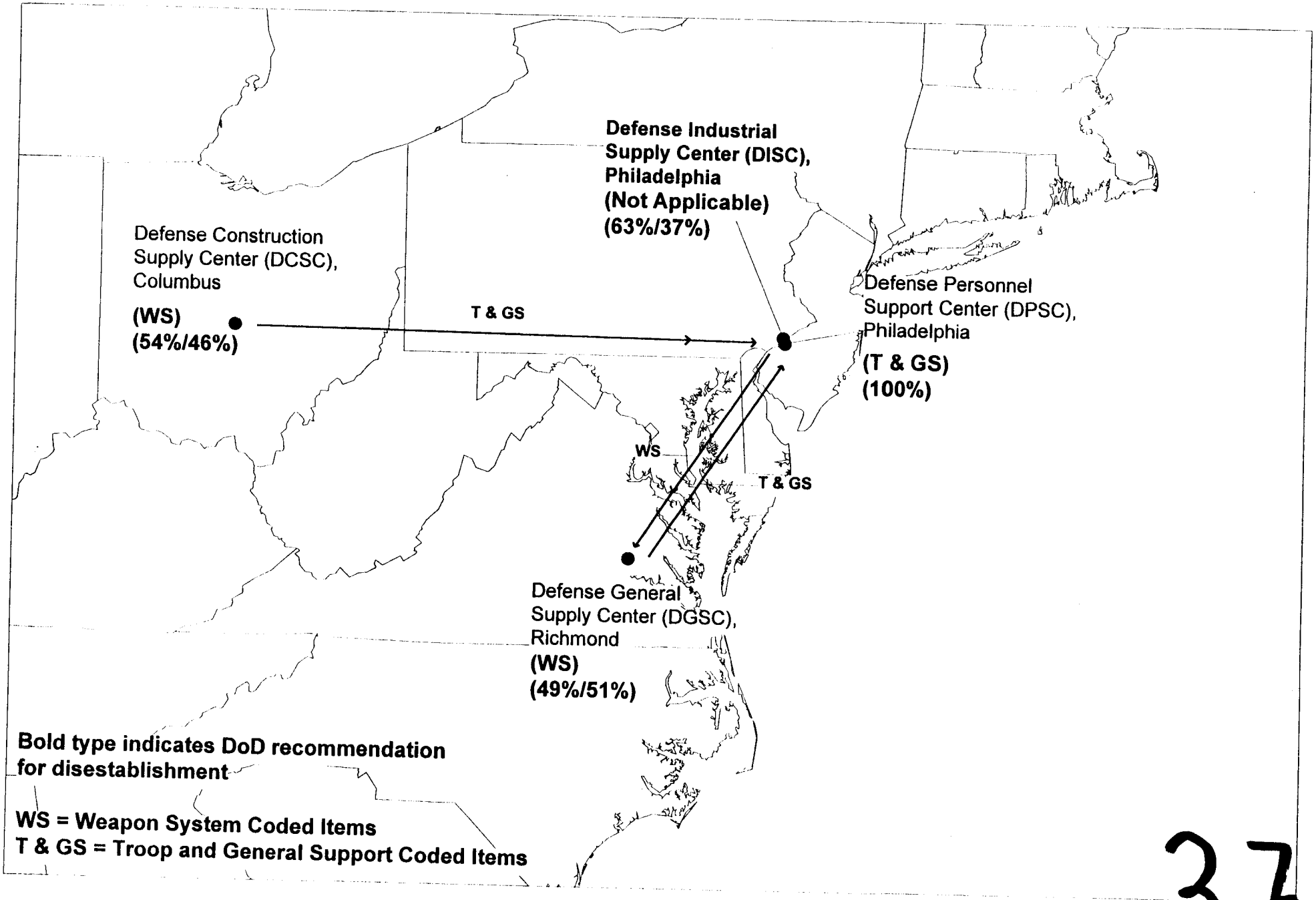
DEFENSE LOGISTICS AGENCY

CONCEPT OF OPERATIONS

INVENTORY CONTROL POINTS (ICPs)

- **Inventory Control Point Functions:**
  - **Purchase of DoD stock for the Services.**
  - **Types of Items.**
  - **Inventory Control Point work is not geographically specific.**
- **Three Inventory Control Point Locations:**
  - **Two Weapon System Inventory Control Points.**
  - **One Troop and General Support Inventory Control Point.**
- **Four Inventory Control Points involved in 1995 DoD Recommendation:**
  - **Defense Industrial Supply Center (DISC)**
  - **Defense General Supply Center (DGSC)**
  - **Defense Construction Supply Center (DCSC)**
  - **Defense Personnel Support Center (DPSC)**

DoD Recommendation



DoD RECOMMENDATION

PERSONNEL MOVEMENTS

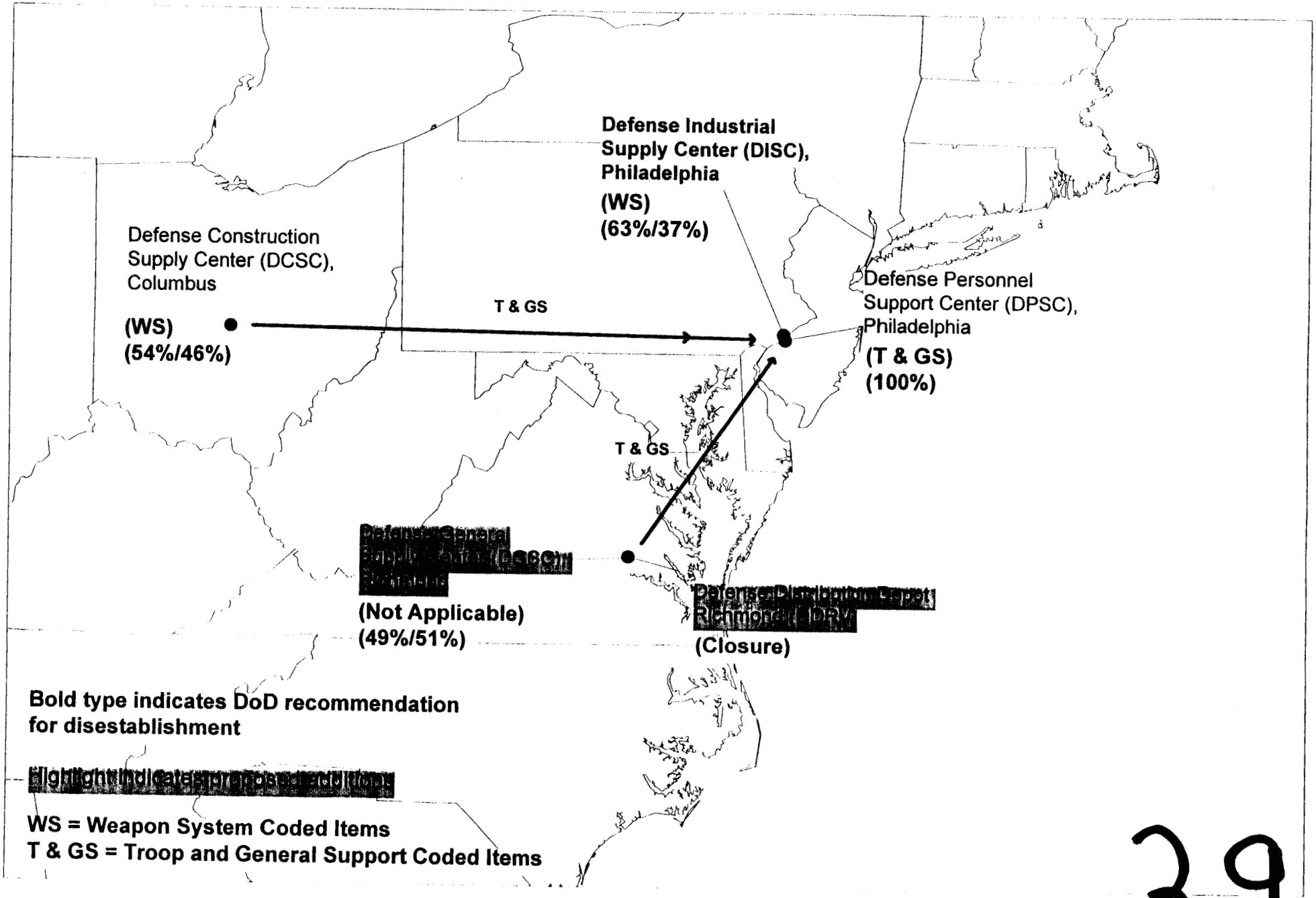
DoD Recommendation: Disestablish Defense Industrial Supply Center (DISC), Philadelphia, PA. Distribute the management of Federal Supply Classes within the remaining DLA inventory control points (ICP).

Create one ICP for the management of troop and general support items at the Defense Personnel Support Center (DPSC), Philadelphia, PA. Create two ICP's for the management of weapon system related Federal Supply Classes at the Defense Construction Supply Center (DCSC), Columbus, OH and the Defense General Supply Center (DGSC), Richmond, VA.

Inventory Control Point	Personnel Eliminated Military/Civilian	Personnel Realigned Military/Civilian	Personnel Received Military/Civilian	Total Military/Civilian
Defense Construction Supply Center (DCSC)	0/358	0/0	0/0	0/-358
Defense Industrial Supply Center (DISC)	4/46	12/323	0/0	-16/-369
Defense General Supply Center (DGSC)	0/0	0/0	12/323	12/323
Defense Personnel Support Center (DPSC)	0/0	0/0	0/0	0/0
Total	4/404	12/323	12/323	Not Applicable

Inventory Control Points

Alternate Scenario



39

INVENTORY CONTROL POINTS

ALTERNATE SCENARIO

PERSONNEL MOVEMENTS

FOR CONSIDERATION: Study Defense General Supply Center (DPSC), Richmond, VA and Defense Distribution Depot Richmond, VA (DDRV) **FOR CLOSURE** as a **SUBSTITUTION** for disestablishment of the Defense Industrial Supply Center (DISC), Philadelphia, PA and Defense Distribution Depot Memphis, TN.

Create two ICP's for the management of weapon system items at the Defense Construction Supply Center (DCSC), Columbus, OH and the Defense Industrial Supply Center (DISC), Philadelphia, PA. Create one ICP for troop and general support items at the Defense Personnel Support Center (DPSC), Philadelphia, PA.

Material remaining at DDRV at the time of closure will be relocated to optimum storage within the DoD Distribution System.

Inventory Control Point	Personnel Eliminated Military/Civilian	Personnel Realigned Military/Civilian	Personnel Received Military/Civilian	Total Military/Civilian
Defense Construction Supply Center (DCSC)	0/358	0/0	0/0	0/-358
Defense Industrial Supply Center (DISC)	0/0	0/0	10/347	10/347
Defense General Supply Center (DGSC)	4/280	23/946	0/0	-27/-1,226
Defense Distribution Depot Richmond (DDRV)	4/386	0/329	0/0	-4/-715
Defense Personnel Support Center (DPSC)	0/0	0/0	13/599	13/599
Total	8/1,024	23/1,275	23/946	Not Applicable

BASE ANALYSIS
CATEGORY: INVENTORY CONTROL POINTS

DoD RECOMMENDATION: Disestablish Defense Industrial Supply Center (DISC), Philadelphia, PA. Distribute the management of Federal Supply Classes within the remaining DLA inventory control points (ICP). Create one ICP for the management of troop and general support items at the Defense Personnel Support Center (DPSC), Philadelphia, PA. Create two ICP's for the management of weapon system related Federal Supply Classes at the Defense Construction Supply Center (DCSC), Columbus, OH and the Defense General Supply Center (DGSC), Richmond, VA.

FOR CONSIDERATION: Study Defense General Supply Center (DGSC) **FOR REALIGNMENT** as a **SUBSTITUTION** for disestablishment of the Defense Industrial Supply Center. Disestablish Defense General Supply Center (DGSC), Richmond, VA. Distribute the management of Federal Supply Classes within the remaining DLA inventory control points (ICP). Create one ICP for the management of troop and general support items at the Defense Personnel Support Center (DPSC), Philadelphia, PA. Create two ICP's for the management of weapon system related Federal Supply Classes at the Defense Construction Supply Center (DCSC), Columbus, OH and the Defense Industrial Supply Center (DISC), Philadelphia, PA.

CRITERIA	DEFENSE INDUSTRIAL SUPPLY CENTER (D)	DEFENSE GENERAL SUPPLY CENTER (*)	DEFENSE PERSONNEL SUPPORT CENTER (*)
MILITARY VALUE	3 of 3	2 of 3	Rated Separately
FORCE STRUCTURE	Not Applicable	Not Applicable	Not Applicable
ONE-TIME COSTS ($ M)	16.9	53.4	66.6
ANNUAL SAVINGS ($ M)	18.4	37.7	21.1
RETURN ON INVESTMENT	Immediate	1 Year	1 Year
BASE OPERATING BUDGET ($ M)	30.8	54.8	Not Applicable
PERSONNEL ELIMINATED (MIL / CIV) PERSONNEL REALIGNED (MIL/CIV)	See separate chart	See separate chart	See separate chart
ECONOMIC IMPACT (BRAC95/CUM)	0.1%/1.2% (Phila., PA) 0.1%/0.1% (Columbus, OH)	0.6%/0.7% (Richmond, VA) 0.1%/0.1% (Columbus, OH)	0.1%/1.2% (Phila., PA) 0.1%/0.1% (Columbus, OH)
ENVIRONMENTAL	No major impact	No major impact	No major impact

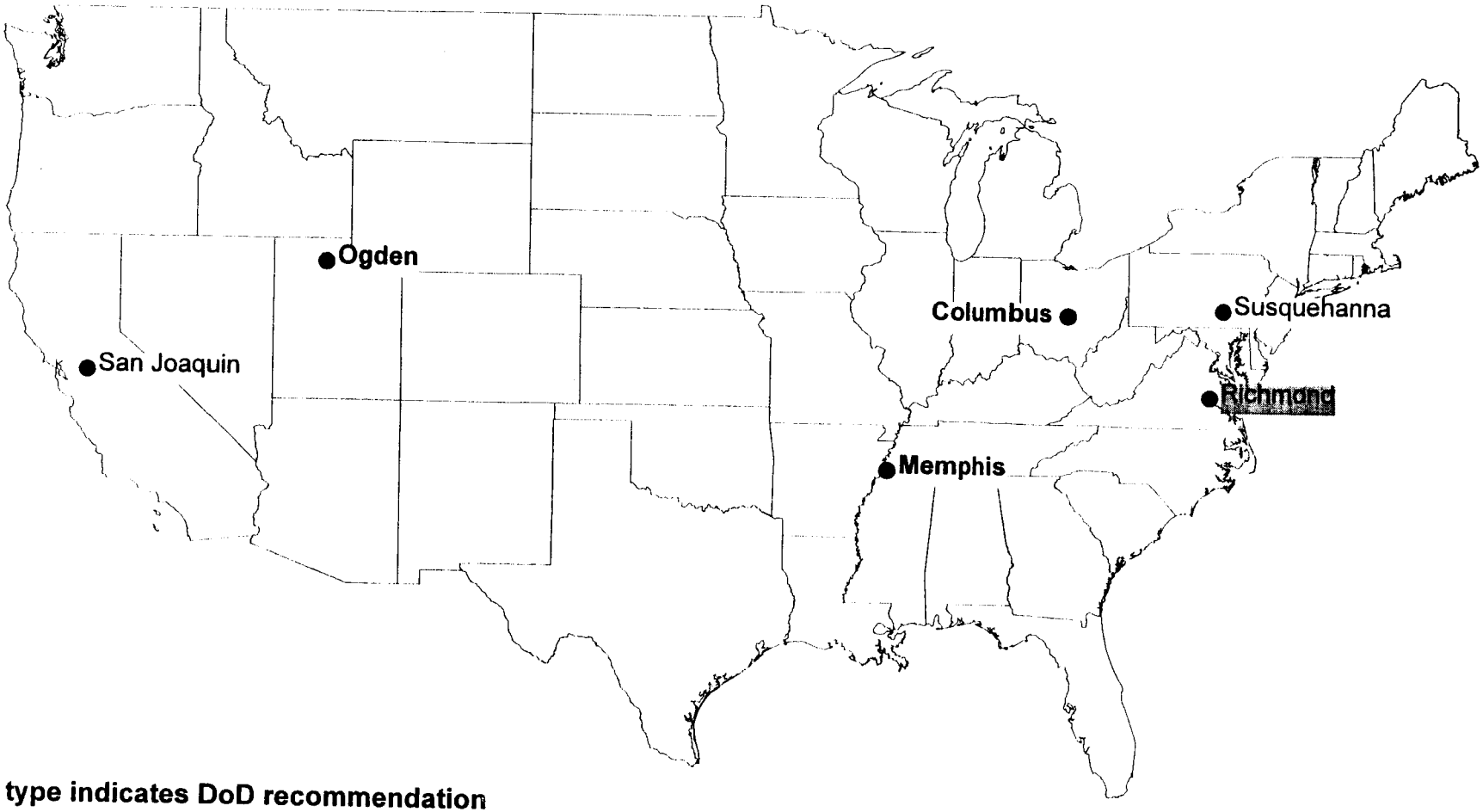
(C) = DoD recommendation for closure
(D) = DoD recommendation for disestablishment
(R) = DoD recommendation for realignment
(*) = Candidate for further consideration

BASE ANALYSIS
CATEGORY: INVENTORY CONTROL POINTS

ISSUE	DEFENSE INDUSTRIAL SUPPLY CENTER , PA (D)	DEFENSE GENERAL SUPPLY CENTER , VA (*)	DEFENSE PERSONNEL SUPPORT CENTER , PA (*)
Meets DLA Concept of Operations	Yes	Yes	Yes
Impact on Military Readiness	Moderate Risk	Moderate Risk	Moderate Risk
Total Lines Managed	1,116,172	675,799	170,424
Number of Weapon System Coded Items Managed	706,176	328,186	N/A
Number of General Items Managed	409,996	347,613	-
Percentage of Weapon System Coded Items Managed at ICP	64%	48%	N/A
Loss of Expertise	Yes	Yes	Yes
Job Loss	Yes	Yes	Yes
Expansion Capability	Yes	Yes	N/A
COBRA Costs Questioned	Cost to Move Items. Cost to Maintain DPSC at its Current Location for 2 Extra Years.	-	-
Item Management Efficiency	803 Items/Employee	636 Items/Employee	N/A

(C) = DoD recommendation for closure
(D) = DoD recommendation for disestablishment
(R) = DoD recommendation for realignment
(*) = Candidate for further consideration

Stand-Alone Depots



Bold type indicates DoD recommendation for closure/realignment/disestablishment

Highlight indicates proposed additions

43

CONCEPT OF OPERATIONS

STAND-ALONE DEFENSE DISTRIBUTION DEPOTS

- **Distribution Depot Functions.**

- **Risk of Storage Shortfall.**

  - **Capacity (30 Sep 1994) - 618 Million Attainable Cubic Feet**
  - **1995 DoD Recommendation - 421 Million Attainable Cubic Feet**
  - **Shortfall - 21 Million Attainable Cubic Feet**
  - **Unused Storage Capacity exists in Collocated Depots**

- **Two Primary Distribution Sites at San Joaquin, CA and Susquehanna, PA.**

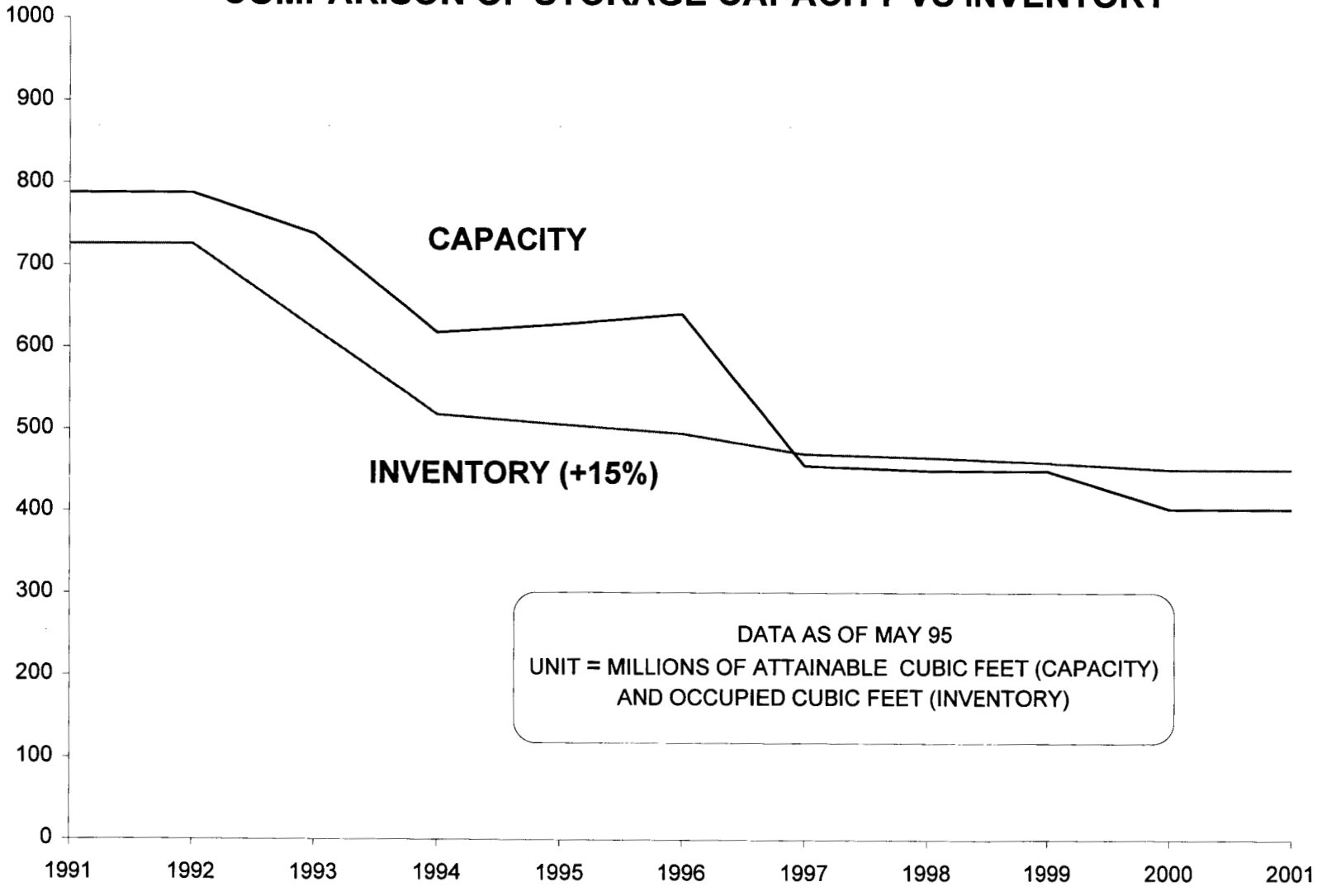
- **One Storage Site for Slow-moving and War Reserve Material at Columbus, OH.**

- **Three Stand-Alone Defense Distribution Depots involved in 1995 DoD Recommendation:**

  - **Defense Distribution Depot Columbus (DDCO)**
  - **Defense Distribution Depot Memphis (DDMT)**
  - **Defense Distribution Depot Ogden (DDOU)**

- **Ogden and Memphis contend flawed DLA analysis.**

DEFENSE LOGISTICS AGENCY
COMPARISON OF STORAGE CAPACITY VS INVENTORY



45

5/9/95

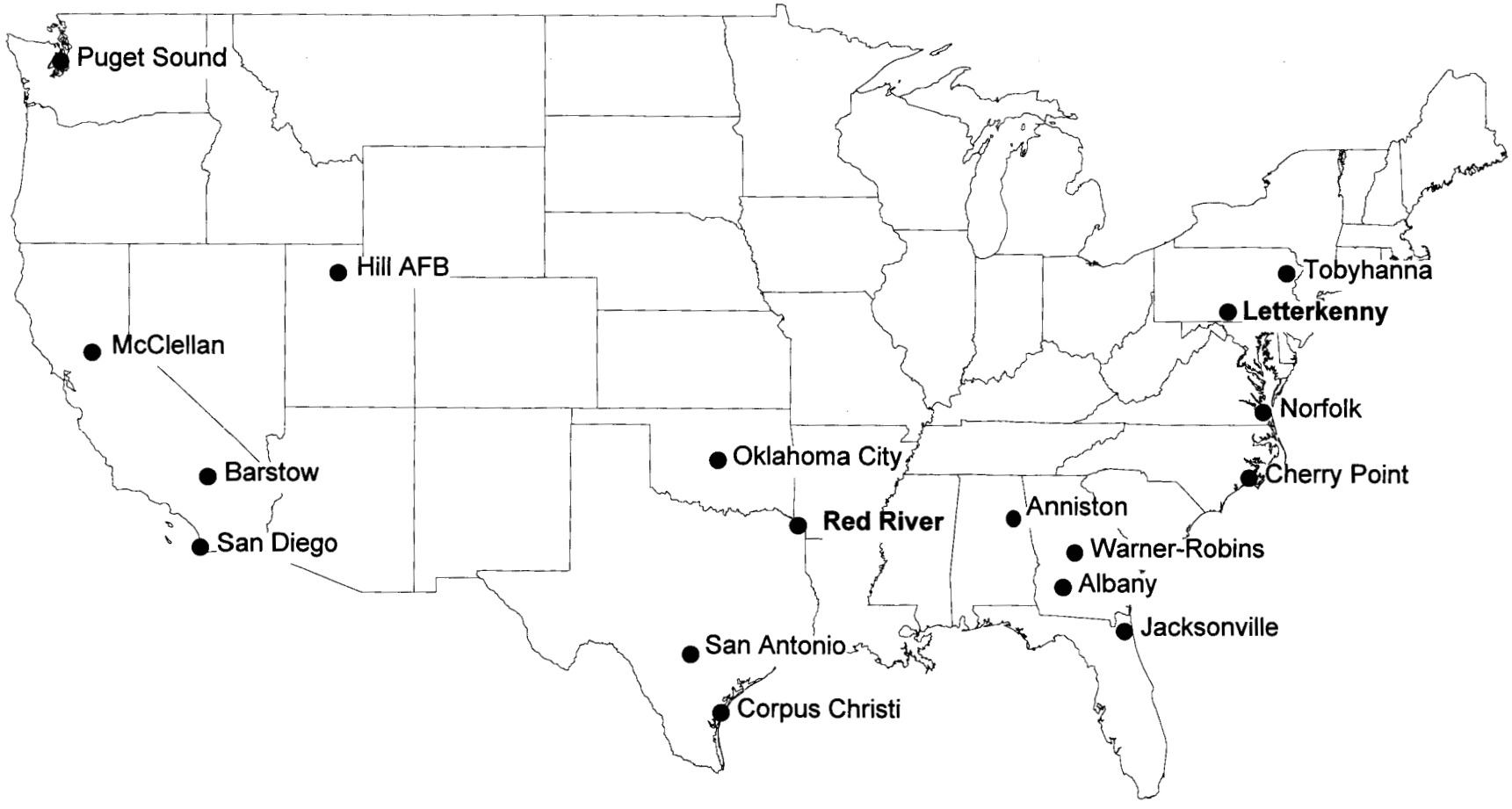
DEFENSE LOGISTICS AGENCY
COMPARISON OF STORAGE CAPACITY VS INVENTORY

YEAR REQUIREMENT	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
DLA STORAGE CAPACITY	788	788	738	618	628	641	456	450	450	404	404
INVENTORY (+15%)	726	726	622	518	506	495	470	466	460	452	452
							DDOU		AF/N	DDRT	
							DDMT		PROVIDE	DDLP	
							DDRV		21M	CLOSE	
							CLOSE		498	452	452

46

5/9/95

Defense Distribution Depots
Collocated Depots



Bold type indicates DoD recommendation for closure/realignment/disestablishment

BASE ANALYSIS
CATEGORY: DEFENSE DISTRIBUTION DEPOTS

DoD RECOMMENDATION: Close Defense Distribution Depot Memphis, Tennessee. As a result of the closure of DDMT, all DLA activity will cease at this location and DDMT will be excess to DLA needs.

FOR CONSIDERATION: Study Defense Distribution Depot Richmond, VA (DDRV) and Defense General Supply Center (DGSC) **FOR CLOSURE**. Material remaining at DDRV at the time of closure will be relocated to optimum storage space within the DoD Distribution System. Workload from DGSC would be distributed among remaining Inventory Control Points.

CRITERIA	DDMT MEMPHIS, TN	DDRV and DGSC RICHMOND, VA (*)
MILITARY VALUE	3 of 6 (Tie)	4 of 6 2 of 3
INSTALLATION MILITARY VALUE	6 of 6	3 of 6 N/A
FORCE STRUCTURE	Not Applicable	Not Applicable
ONE-TIME COSTS ($ M)	85.7	115.2
ANNUAL SAVINGS ($ M)	23.8	58.3
RETURN ON INVESTMENT	3 years	2 Years
BASE OPERATING BUDGET ($ M)	16.8	71.3
PERSONNEL ELIMINATED (MIL / CIV) PERSONNEL REALIGNED (MIL/CIV)	11/555 0/734	See Separate Chart
ECONOMIC IMPACT (BRAC95/CUM)	6%/1.5%	0.9%/1.0% (Richmond, VA) 0.1%/0.1% (Columbus, OH)
ENVIRONMENTAL	No major impact.	No major impact.

(C)= DoD recommendation for closure
(D) = DoD recommendation for realignment
(R)= DoD recommendation for realignment
(*) = Candidate for further consideration

BASE ANALYSIS
CATEGORY: DEFENSE DISTRIBUTION DEPOTS

ISSUE	DDMT MEMPHIS, TN (C)	DDRV And DGSC RICHMOND, VA (*)
Meets Concept of Operations	Yes	Yes
Impact on Military Readiness	Acceptable Risk	Acceptable Risk
DLA Designated Primary Distribution Site	No	No
Military Value versus Installation Military Value	3 - 6	5 - 3
Expansion Capability	Yes	Yes
Job Loss	Yes	Yes
Mechanization	Yes	Yes
Unique Missions	HAZMAT	HAZMAT/Halon
COBRA Cost Questions	Everything costed to move to Base X which is a centrally located depot. Cost to move and construct new hazardous material storage not fully costed.	-
SAILS Model	Support to troops is not a commercial undertaking. Overseas transportation costs are not addressed. Data used inaccurate - $1.3 M in excess infrastructure costs attributed to DDMT.	-

(C) = DoD recommendation for closure
(D) = DoD recommendation for disestablishment
(R) = DoD recommendation for realignment
(*) = Candidate for further consideration

BASE ANALYSIS
CATEGORY: INVENTORY CONTROL POINTS

DoD RECOMMENDATION: Disestablish Defense Industrial Supply Center (DISC), Philadelphia, PA. Distribute the management of Federal Supply Classes within the remaining DLA inventory control points (ICP).

Create one ICP for the management of troop and general support items at the Defense Personnel Support Center (DPSC), Philadelphia, PA. Create two ICP's for the management of weapon system related Federal Supply Classes at the Defense Construction Supply Center (DCSC), Columbus, OH and the Defense General Supply Center (DGSC), Richmond, VA.

CRITERIA	DEFENSE INDUSTRIAL SUPPLY CENTER (D)
MILITARY VALUE	3 of 3
FORCE STRUCTURE	Not Applicable
ONE-TIME COSTS ($ M)	16.9
ANNUAL SAVINGS ($ M)	18.4
RETURN ON INVESTMENT	Immediate
BASE OPERATING BUDGET ($ M)	30.8
PERSONNEL ELIMINATED (MIL/CIV) PERSONNEL REALIGNED (MIL/ CIV)	4/404 (0/358 DCSC - 4/46 DISC) 12/323 (DISC) 16/727*
ECONOMIC IMPACT (BRAC95/CUM)	0.1%/1.2% (Phila., PA) 0.1%/0.1% (Columbus, OH)
ENVIRONMENTAL	No Major Impact

CRITERIA	DEFENSE INDUSTRIAL SUPPLY CENTER (D)
ISSUES	• DLA Concept of Operations • Impact on military readiness. • DISC manages 64% weapon system items; DGSC manages 48% weapon system items. • DISC manages 706,176 weapons coded items versus 328,186 managed at DGSC. • DISC item management efficiency 803 items/employee; DGSC 636 items/employee. • Efficiencies of two ICPs. • Loss of expertise • COBRA costs questioned. • Expansion capability. • Job loss.

(C) = DoD recommendation for closure
(D) = DoD recommendation for disestablishment
(R) = DoD recommendation for realignment
(*) = Candidate for further consideration

BASE ANALYSIS
CATEGORY: INVENTORY CONTROL POINTS

FOR CONSIDERATION: Study Defense General Supply Center (DGSC) **FOR DISESTABLISHMENT** as a **SUBSTITUTION** for disestablishment of the Defense Industrial Supply Center (DISC), Philadelphia, PA.

Create two ICP's for the management of weapon system items at the Defense Construction supply Center (DCSC) , Columbus, OH and the Defense Industrial Supply Center (DISC), Philadelphia, PA. Create one ICP for troop and general support items at the Defense Personnel Support Center (DPSC), Philadelphia, PA. In conjunction with this recommendation, if the Defense Distribution Depot Richmond (DDRV) in Virginia is disestablished, an entire installation can be closed.

CRITERIA	DEFENSE GENERAL SUPPLY CENTER (*)
MILITARY VALUE	2 of 3
FORCE STRUCTURE	Not Applicable
ONE-TIME COSTS ($ M)	53.4
ANNUAL SAVINGS ($ M)	37.7
RETURN ON INVESTMENT	1 Year
BASE OPERATING BUDGET ($ M)	54.8
PERSONNEL ELIMINATED (MIL/CIV) PERSONNEL REALIGNED (MIL / CIV)	4/638 (0/358 DCSC - 4/280 DGSC) 23/946 (DGSC) 27/1,584*
ECONOMIC IMPACT (BRAC95/CUM)	0.6%/0.7% (Richmond, VA) 0.1%/0.1% (Columbus, OH)
ENVIRONMENTAL	No major impact

CRITERIA	**DEFENSE GENERAL SUPPLY CENTER (*)**
ISSUES	• DLA Concept of Operations • DGSC manages 48% weapon system items; DISC manages 64% weapon system items. • DGSC manages 328,186 weapons coded items versus 706,176 managed at DISC. • DGSC manages 347,613 general items, versus 409,996 managed at DISC. • DGSC item management efficiency 636 items/employee; DISC 803 items/employee. • Job loss. • Expansion capability.

(C) = DoD recommendation for closure
(D) = DoD recommendation for disestablishment
(R) = DoD recommendation for realignment
(*) = Candidate for further consideration

BASE ANALYSIS
CATEGORY: INVENTORY CONTROL POINTS

FOR CONSIDERATION: Study Defense Personnel Support Center (DPSC), Philadelphia, PA **FOR REALIGNMENT** as a **SUBSTITUTION** for disestablishment of the Defense Industrial Supply Center.

Create two ICP's for the management of weapon system items at the Defense Construction Supply Center (DCSC) , Columbus, OH and the Defense Industrial Supply Center (DISC), Philadelphia, PA. Create one ICP for troop and general support items at the Defense General Supply Center (DGSC) , Richmond, VA.

CRITERIA	DEFENSE PERSONNEL SUPPORT CENTER (*)
MILITARY VALUE	Rated Separately
FORCE STRUCTURE	Not Applicable
ONE-TIME COSTS ($ M)	66.6
ANNUAL SAVINGS ($ M)	21.1
RETURN ON INVESTMENT	1 Year
BASE OPERATING BUDGET ($ M)	Not Applicable
PERSONNEL ELIMINATED (MIL / CIV) PERSONNEL REALIGNED (MIL/CIV)	7/451 (0/358 DCSC - 7/93 DPSC) 57/1,364 (10/34 DGSC - 47/1,017 DPSC) 44/1,121*
ECONOMIC IMPACT (BRAC95/CUM)	-0.1%/-1.2% (Philadelphia, PA) -0.1%/-0.1% (Columbus, OH)
ENVIRONMENTAL	Not Applicable

CRITERIA	DEFENSE PERSONNEL SUPPORT CENTER (*)
ISSUES	• DLA Concept of Operations • DPSC is almost entirely a Troop Support ICP. • No other ICP manages Troop Support items. This is why DLA rated it separately. • Loss of experienced workforce. • Job loss.

(C) = DoD recommendation for closure
(D) = DoD recommendation for disestablishment
(R) = DoD recommendation for realignment
(*) = Candidate for further consideration

BASE ANALYSIS
CATEGORY: DEFENSE DISTRIBUTION DEPOTS

FOR CONSIDERATION: Study Defense Distribution Depot Richmond, VA (DDRV) and Defense General Supply Center **FOR CLOSURE**. Material remaining at DDRV at the time of closure will be relocated to optimum storage space within the DoD Distribution System. Workload from DGSC would be distributed among remaining Inventory Control Points.

CRITERIA	DDRV and DGSC RICHMOND, VA
MILITARY VALUE	4 of 6 2 of 3
FORCE STRUCTURE	Not Applicable
ONE-TIME COSTS ($ M)	115.2
ANNUAL SAVINGS ($ M)	58.3
RETURN ON INVESTMENT	2 Years
BASE OPERATING BUDGET ($ M)	71.3
PERSONNEL ELIMINATED (MIL/CIV) PERSONNEL REALIGNED (MIL/CIV)	4/386 4/638* 0/329 23/946*
ECONOMIC IMPACT (BRAC95/CUM)	0.9%/1.0%
ENVIRONMENTAL	No major impact.

(C)= DoD recommendation for closure
(D)= DoD recommendation for disestablishment
(R)= DoD recommendation for realignment
(*) = Candidate for further consideration

	DEFENSE GENERAL SUPPLY CENTER (DGSC) (*)
ISSUES	• DLA Concept of Operations • DGSC manages 48% weapon system items; DISC manages 64% weapon system items. • DGSC manages 328,186 weapons coded items versus 706,176 managed at DISC. • DGSC manages 347,613 general items, versus 409,996 managed at DISC. • DGSC item management efficiency 636 items/employee; DISC 803 items/employee. • Job loss. • Expansion capability.

	DEFENSE DISTRIBUTION DEPOT RICHMOND (DDRV) (*)
ISSUES	• DLA Concept of Operations • Ranked 3 of 6 in Installation Military Value Analysis. • Tenant of DLA ICP. • Facilities in excellent condition. • Only place where ozone and halon is stored. • Job loss.

(C) = DoD recommendation for closure
(D) = DoD recommendation for disestablishment
(R) = DoD recommendation for realignment
(*) = Candidate for further consideration

DEFENSE LOGISTICS AGENCY CATEGORIES

CATEGORY	NUMBER
INVENTORY CONTROL POINTS	5
DISTRIBUTION DEPOTS	[illegible]
COMMAND AND CONTROL	8
SERVICE/SUPPORT ACTIVITIES	3

HIGHLIGHTED CATEGORIES HAVE COMMISSIONER CANDIDATES FOR FURTHER CONSIDERATION.

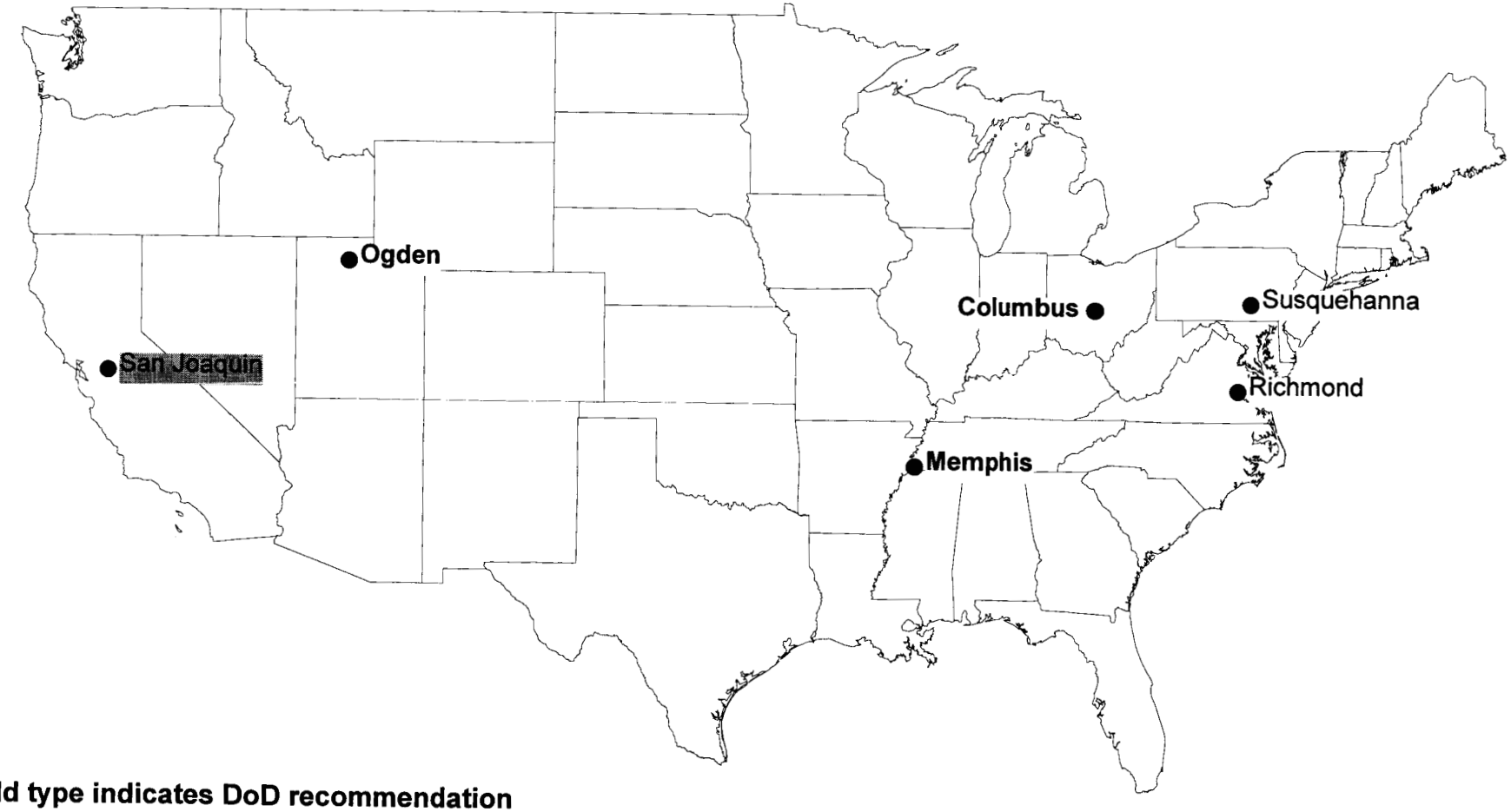
DEFENSE DISTRIBUTION DEPOTS

(STAND ALONE DEPOTS)

MILITARY VALUE	INSTALLATION	
1	*DEFENSE DEPOTS SAN JOAQUIN*	(*)
2	DEFENSE DEPOT SUSQUEHANNA, PA	
3	**DEFENSE DEPOT MEMPHIS, TN**	**(C)**
4	**DEFENSE DEPOT OGDEN, UT**	**(C)**
5	DEFENSE DEPOT RICHMOND, VA	(*)
6	**DEFENSE DEPOT COLUMBUS, OH**	**(R)**

(C) = DoD recommendation for closure
(D) = DoD recommendation for disestablishment
(R) = DoD recommendation for realignment
(*) = *Commissioner candidate for further consideration*

Defense Distribution Depots
Stand-Alone Depots



Bold type indicates DoD recommendation for closure/realignment/disestablishment

Highlight indicates proposed additions

60

DEFENSE LOGISTICS AGENCY

CONCEPT OF OPERATIONS

STAND-ALONE DEFENSE DISTRIBUTION DEPOTS

- **Distribution Depot Functions.**

- **Risk of Storage Shortfall.**

  - **Capacity (30 Sep 1994) - 618 Million Attainable Cubic Feet**
  - **1995 DoD Recommendation - 421 Million Attainable Cubic Feet**
  - **Shortfall - 21 Million Attainable Cubic Feet**
  - **Unused Storage Capacity exists in Collocated Depots**

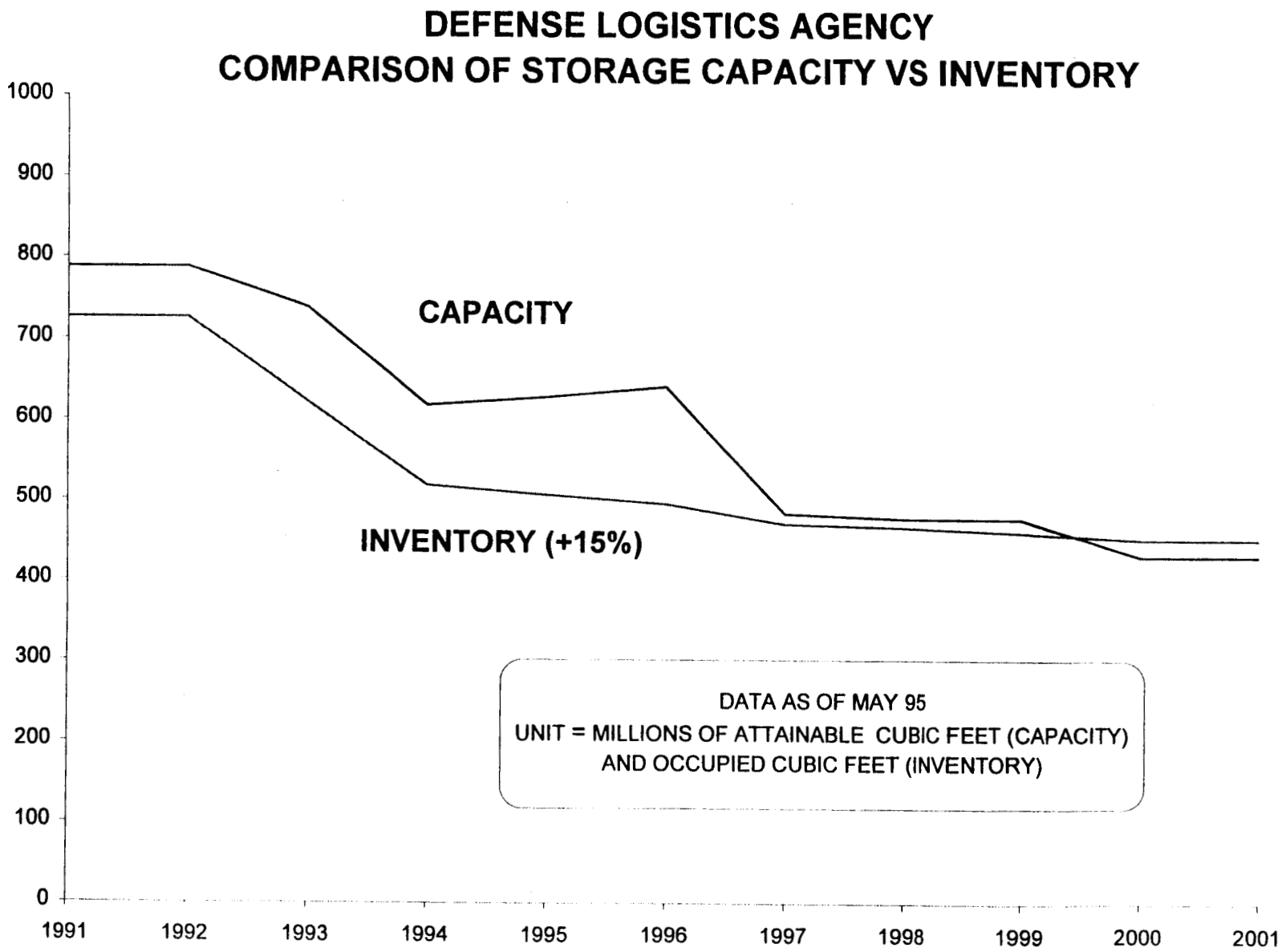
- **Two Primary Distribution Sites at San Joaquin, CA and Susquehanna, PA.**

- **One Storage Site for Slow-moving and War Reserve Material at Columbus, OH.**

- **Three Stand-Alone Defense Distribution Depots involved in 1995 DoD Recommendation:**

  - **Defense Distribution Depot Columbus (DDCO)**
  - **Defense Distribution Depot Memphis (DDMT)**
  - **Defense Distribution Depot Ogden (DDOU)**

- **Ogden and Memphis contend flawed DLA analysis.**

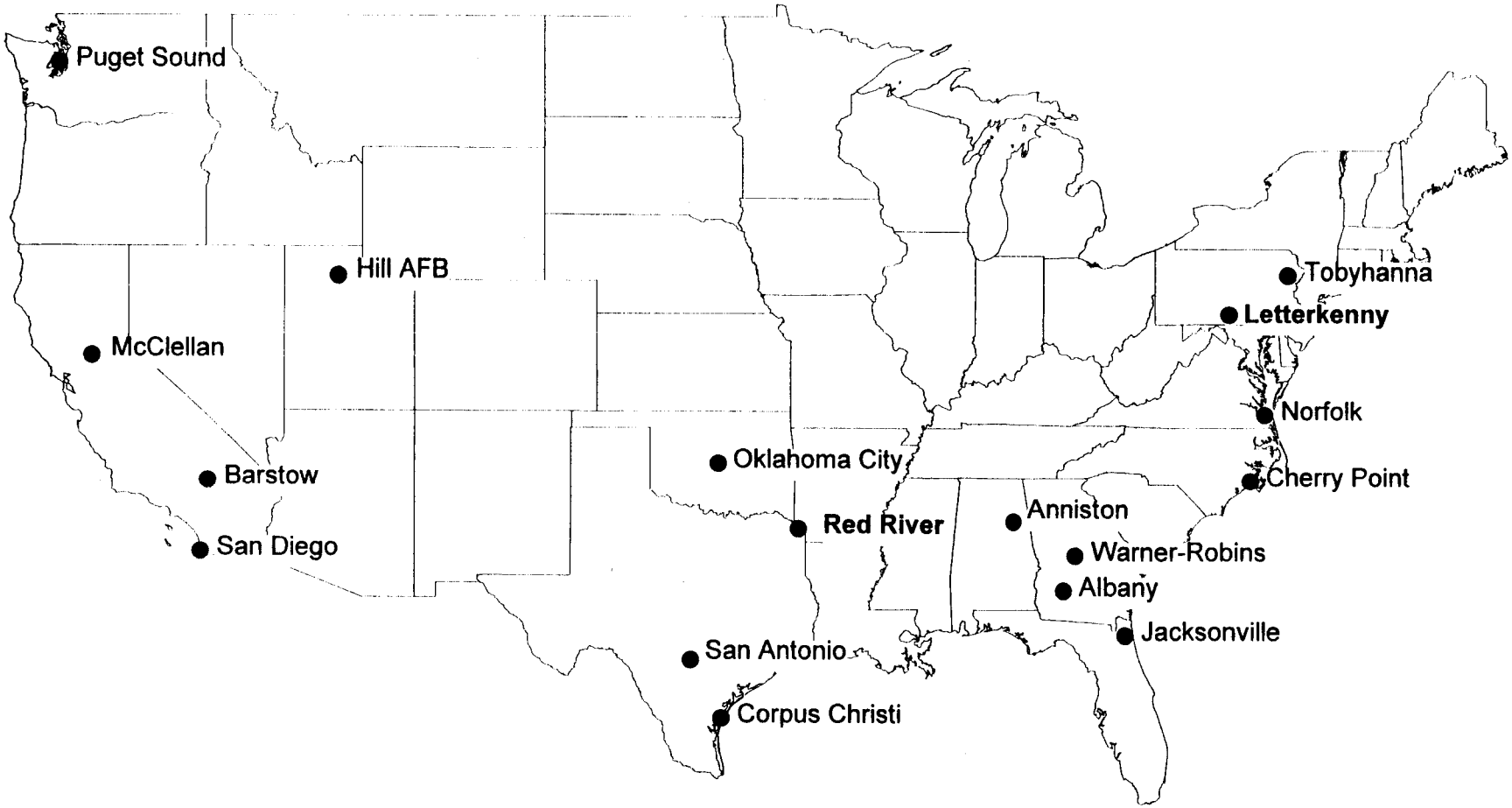

DEFENSE LOGISTICS AGENCY
COMPARISON OF STORAGE CAPACITY VS INVENTORY
1000
900
800
700
600
500
400
300
200
100
0
CAPACITY
INVENTORY (+15%)
DATA AS OF MAY 95
UNIT = MILLIONS OF ATTAINABLE CUBIC FEET (CAPACITY)
AND OCCUPIED CUBIC FEET (INVENTORY)
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001

62

DEFENSE LOGISTICS AGENCY
COMPARISON OF STORAGE CAPACITY VS INVENTORY

[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	788	788	738	618	628	641	483	477	477	431	431
[redacted]	726	726	622	518	506	495	470	466	460	452	452
							DDOU		AF/N	DDRT	
							DDMT		PROVIDE	DDLP	
							CLOSE		21M	CLOSE	
									498	452	452

Defense Distribution Depots
Collocated Depots



Bold type indicates DoD recommendation for closure/realignment/disestablishment

64

BASE ANALYSIS
CATEGORY: DEFENSE DISTRIBUTION DEPOTS

DoD RECOMMENDATION: Realign the Defense Distribution Depot Columbus, Ohio, and designate it as a storage site for slow moving/war reserve material. Active material remaining at DDCO at the time of realignment will be attrited.

Close Defense Distribution Depot Memphis, Tennessee. As a result of the closure of DDMT, all DLA activity will cease at this location and DDMT will be excess to DLA needs.

Close Defense Distribution Depot Ogden, Utah, except for a 36,000 square foot cantonment for Army Reserve personnel. As a result of the closure of DDOU, all DLA activity will cease at this location and DDOU will be excess to DLA needs.

CRITERIA	DDMT MEMPHIS, TN (C)	DDOU OGDEN, UT (C)	DDCO COLUMBUS, OH (R)
MILITARY VALUE	3 of 6 (Tie)	3 of 6 (Tie)	6 of 6
INSTALLATION MIL. VALUE	6 of 6	5 of 6	1 of 6
MEETS FORCE STRUCTURE	Yes, with risk	Yes, with risk	Yes
ONE-TIME COSTS ($ M)	85.7	110.8	7.9
ANNUAL SAVINGS ($ M)	23.8	21.3	11.6
RETURN ON INVESTMENT	3 years	4 years	Immediate
BASE OPERATING BUDGET ($ M)	16.8	31.7	10.4
PERSONNEL ELIMINATED (MIL/CIV) PERSONNEL REALIGNED (MIL/CIV)	11/555 0/734	6/396 2/709	2/287 0/76
ECONOMIC IMPACT (BRAC95/CUM)	0.6%/1.5%	0.4%/0.3%	0.1%/0.1%
ENVIRONMENTAL	No major impact.	No major impact.	No major impact.

(C) = DoD recommendation for closure
(D) = DoD recommendation for disestablishment
(R) = DoD recommendation for realignment
(*) = Candidate for further consideration

BASE ANALYSIS
CATEGORY: DEFENSE DISTRIBUTION DEPOTS

DOD RECOMMENDATION: Realign the Defense Distribution Depot Columbus, Ohio, and designate it as a storage site for slow moving/war reserve material. Active material remaining at DDCO at the time of realignment will be attrited.

Close Defense Distribution Depot Memphis, Tennessee. As a result of the closure of DDMT, all DLA activity will cease at this location and DDMT will be excess to DLA needs.

Close Defense Distribution Depot Ogden, Utah, except for a 36,000 square foot cantonment for Army Reserve personnel. As a result of the closure of DDOU, all DLA activity will cease at this location and DDOU will be excess to DLA needs.

FOR CONSIDERATION: Study Defense Distribution Depot San Joaquin, CA (DDJC) **FOR REALIGNMENT** as an **ADDITION** to the DLA Defense Distribution Depot closure list. DDJC consists of two previously ranked stand-alone depots--Tracy and Sharpe.

CRITERIA	DDOU OGDEN, UT (C)	DDJC-TRACY SAN JOAQUIN, CA (*)	DDJC-SHARPE SAN JOAQUIN, CA (*)
MILITARY VALUE	3 of 6 (Tie)	1 of 6	1 of 6
INSTALLATION MIL. VALUE	5 of 6	X of 6	X of 6
MEETS FORCE STRUCTURE	Yes, with risk	Yes, with risk	Yes, with risk
ONE-TIME COSTS ($ M)	110.8	From COBRA	From COBRA
ANNUAL SAVINGS ($ M)	21.3	From COBRA	From COBRA
RETURN ON INVESTMENT	4 years	From COBRA	From COBRA
BASE OPERATING BUDGET ($ M)	31.7	From COBRA	From COBRA
PERSONNEL ELIMINATED (MIL / CIV) PERSONNEL REALIGNED (MIL/CIV)	6/396 2/709	From COBRA	From COBRA
ECONOMIC IMPACT (BRAC95/CUM)	0.4%/0.3%	-	-
ENVIRONMENTAL	No major impact	No major impact	No major impact

(C) = DoD recommendation for closure
(D) = DoD recommendation for disestablishment
(R) = DoD recommendation for realignment
(*) = Commissioner candidate for further consideration

BASE ANALYSIS
CATEGORY: DEFENSE DISTRIBUTION DEPOTS

ISSUE	DDOU	DDJC-TRACY	DDJC-SHARPE
Meets Concept of Operations	Yes	Yes	Yes
San Joaquin/Susquehanna Exclusion	No	Yes	Yes
Impact on Military Readiness	Acceptable Risk	Acceptable Risk	Acceptable Risk
DLA Designated Primary Distribution Site	No	Yes	Yes
Military Value versus Installation Military Value	3 - 5	1 - 4	1 - 4
Expansion Capability	Yes	Yes	Yes
Shipping Costs	-	Lower	Lower
Depot Efficiency	N/A	N/A	N/A
Job Loss	Yes	Yes	Yes
Mechanization	Yes	Yes	Yes
Unique Missions	HAZMAT DEPMEDS	CCP	CCP
COBRA Cost Questions	-	-	-
SAILS Model	-	-	-

(C) = DoD recommendation for closure
(D) = DoD recommendation for disestablishment
(R) = DoD recommendation for realignment
(*) = Commissioner candidate for further consideration

DEFENSE LOGISTICS AGENCY CATEGORIES

CATEGORY	NUMBER
INVENTORY CONTROL POINTS	5
DISTRIBUTION DEPOTS	
COMMAND AND CONTROL	8
SERVICE/SUPPORT ACTIVITIES	3

HIGHLIGHTED CATEGORIES HAVE CANDIDATES FOR FURTHER CONSIDERATION.

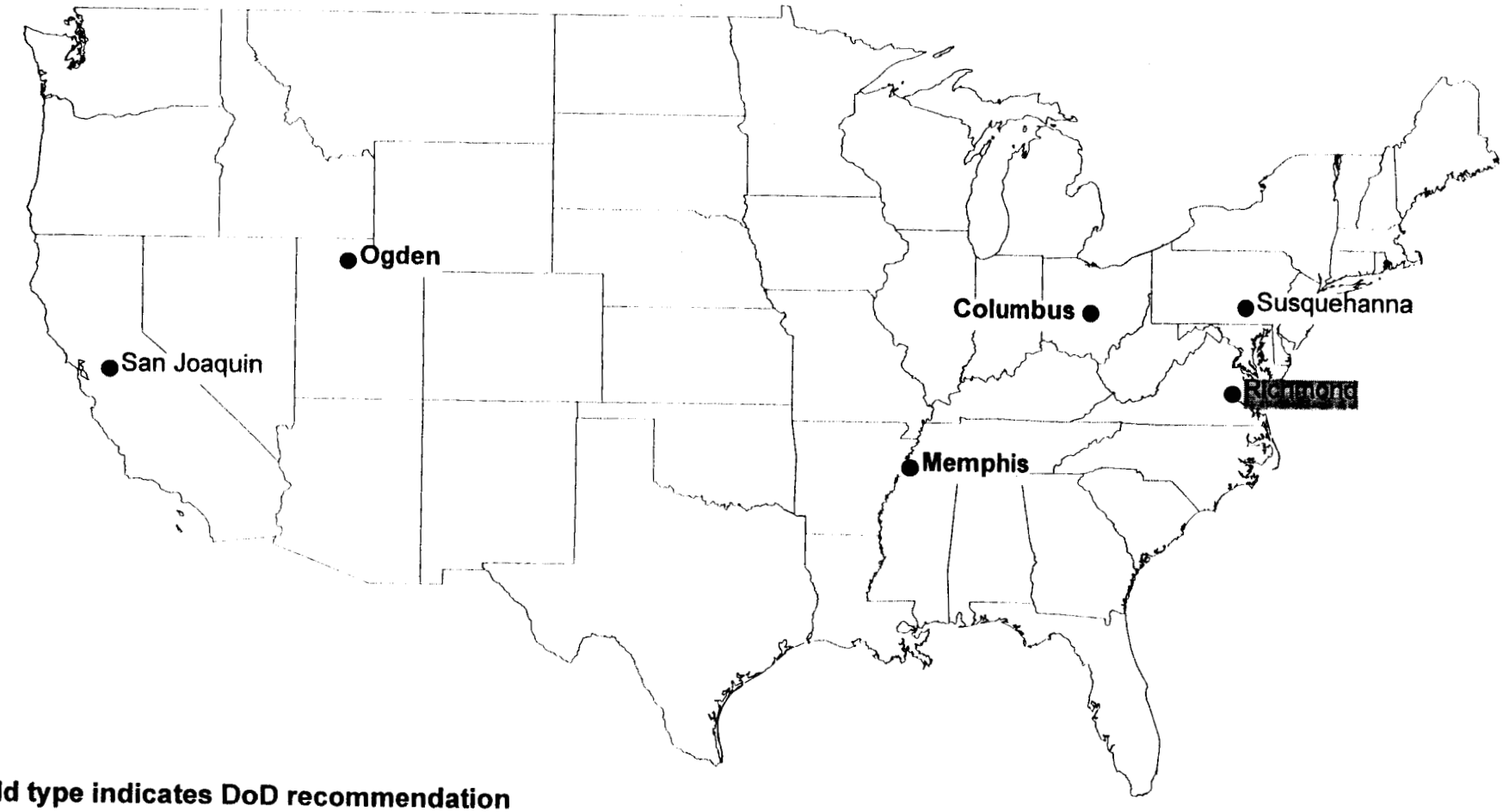
DEFENSE DISTRIBUTION DEPOTS

(STAND ALONE DEPOTS)

MILITARY VALUE	INSTALLATION	
1	DEFENSE DEPOT SAN JOAQUIN, CA	
2	DEFENSE DEPOT SUSQUEHANNA, PA	
3	**DEFENSE DEPOT MEMPHIS, TN**	**(C)**
4	**DEFENSE DEPOT OGDEN, UT**	**(C)**
5	***DEFENSE DEPOT RICHMOND, VA***	**(*)**
6	**DEFENSE DEPOT COLUMBUS, OH**	**(R)**

(C) = DoD recommendation for closure
(D) = DoD recommendation for disestablishment
(R) = DoD recommendation for realignment
(*) = *Candidate for further consideration*

Defense Distribution Depots
Stand-Alone Depots



Bold type indicates DoD recommendation for closure/realignment/disestablishment

Italics indicates proposed additions

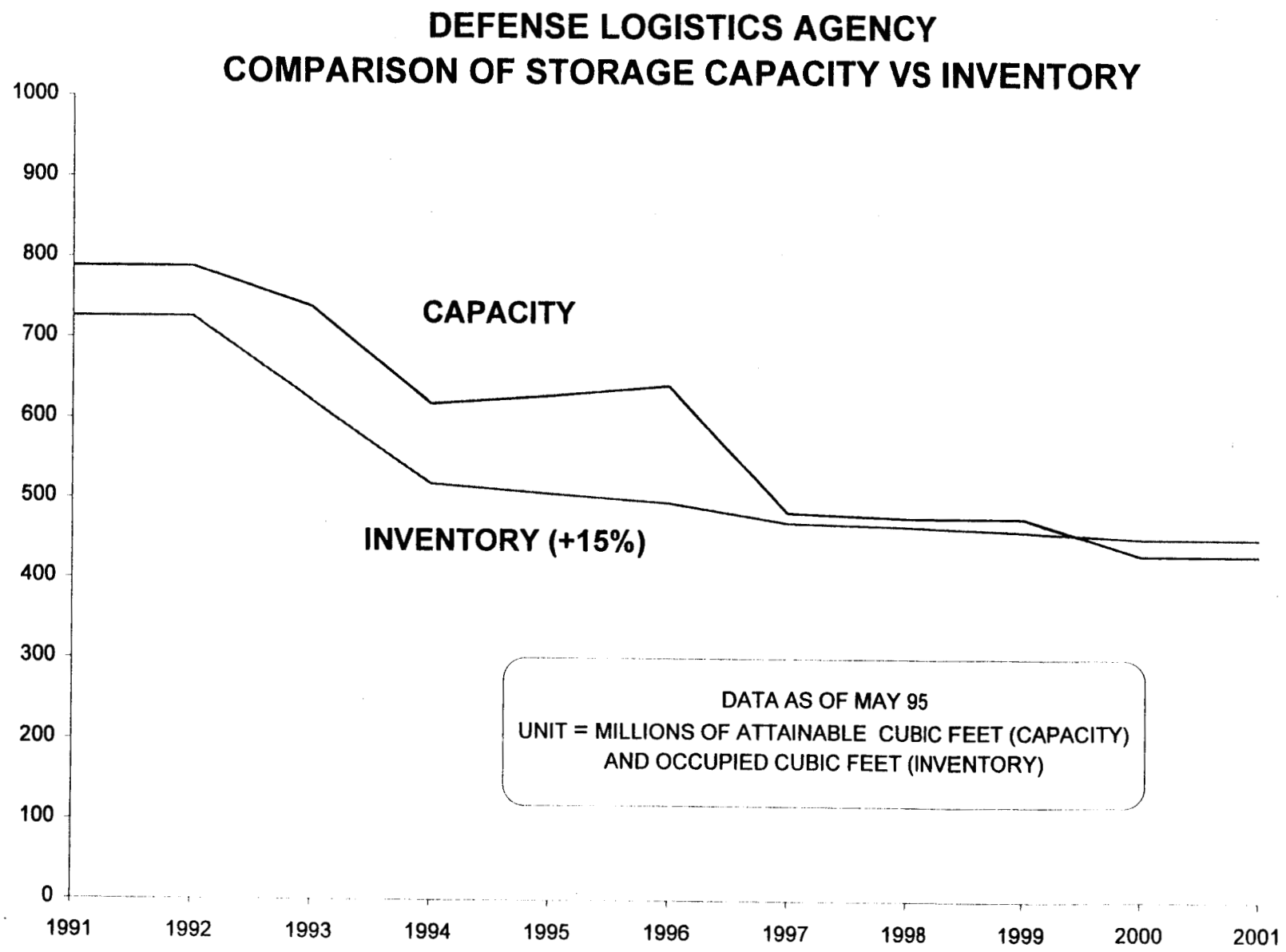
70

DEFENSE LOGISTICS AGENCY

CONCEPT OF OPERATIONS

STAND-ALONE DEFENSE DISTRIBUTION DEPOTS

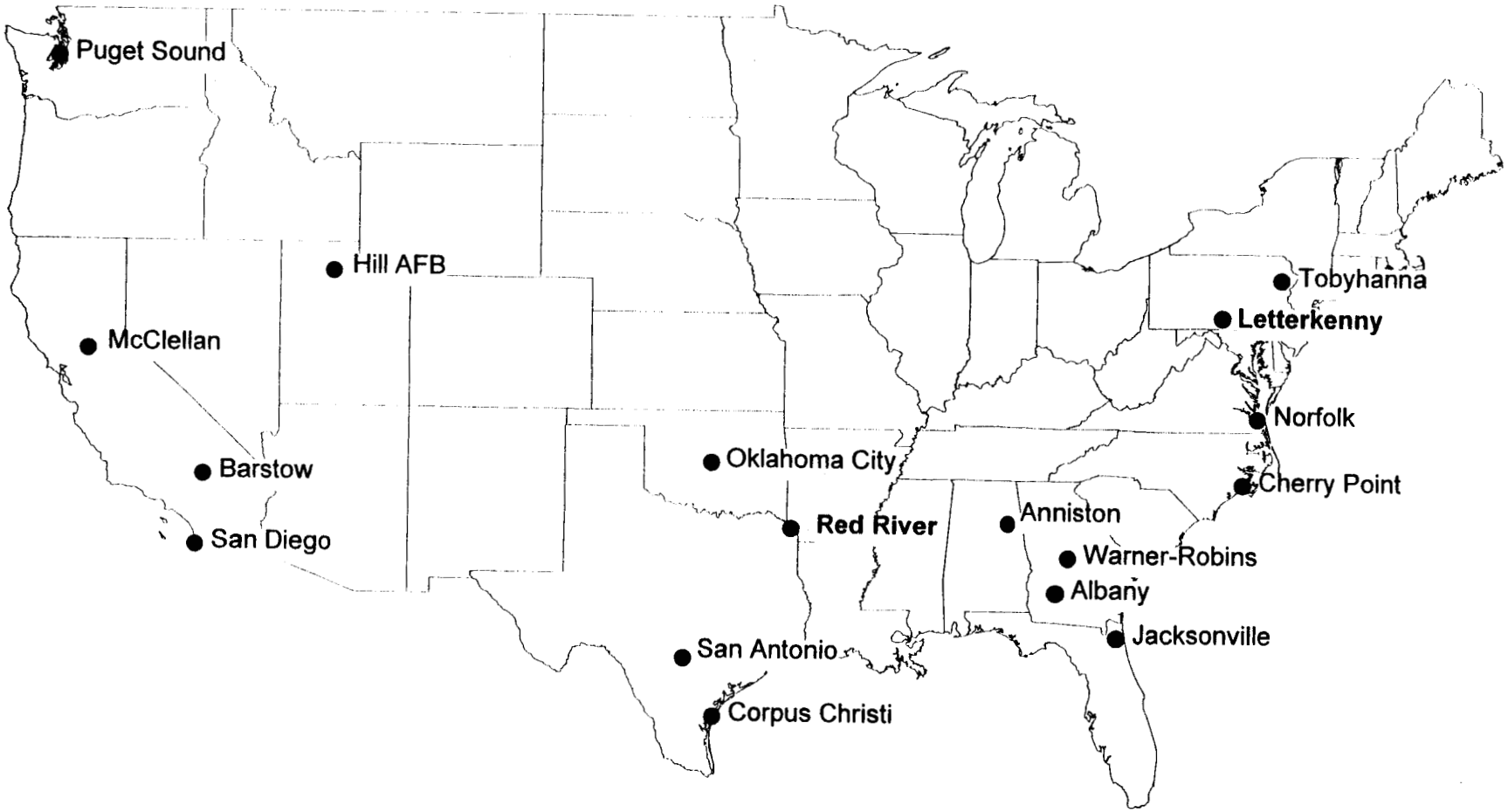
- Distribution Depot Functions.
- Risk of Storage Shortfall.
  - Capacity (30 Sep 1994) - 618 Million Attainable Cubic Feet
  - 1995 DoD Recommendation - 421 Million Attainable Cubic Feet
  - Shortfall - 21 Million Attainable Cubic Feet
  - Unused Storage Capacity exists in Collocated Depots
- Two Primary Distribution Sites at San Joaquin, CA and Susquehanna, PA.
- One Storage Site for Slow-moving and War Reserve Material at Columbus, OH.
- Three Stand-Alone Defense Distribution Depots involved in 1995 DoD Recommendation:
  - Defense Distribution Depot Columbus (DDCO)
  - Defense Distribution Depot Memphis (DDMT)
  - Defense Distribution Depot Ogden (DDOU)
- Ogden and Memphis contend flawed DLA analysis.


DEFENSE LOGISTICS AGENCY
COMPARISON OF STORAGE CAPACITY VS INVENTORY
1000
900
800
700
600
500
400
300
200
100
0
CAPACITY
INVENTORY (+15%)
DATA AS OF MAY 95
UNIT = MILLIONS OF ATTAINABLE CUBIC FEET (CAPACITY)
AND OCCUPIED CUBIC FEET (INVENTORY)
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001

DEFENSE LOGISTICS AGENCY
COMPARISON OF STORAGE CAPACITY VS INVENTORY

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	788	788	738	618	628	641	483	477	477	431	431
[illegible]	726	726	622	518	506	495	470	466	460	452	452
							DDOU		AF/N	DDRT	
							DDMT		PROVIDE	DDLP	
							CLOSE		21M	CLOSE	
									498	452	452

Defense Dis ution Depots
Collocated Depots



Bold type indicates DoD recommendation for closure/realignment/disestablishment

74

BASE ANALYSIS
CATEGORY: DEFENSE DISTRIBUTION DEPOTS

DoD RECOMMENDATION: Realign the Defense Distribution Depot Columbus, Ohio, and designate it as a storage site for slow moving/war reserve material. Active material remaining at DDCO at the time of realignment will be attrited.

Close Defense Distribution Depot Memphis, Tennessee. As a result of the closure of DDMT, all DLA activity will cease at this location and DDMT will be excess to DLA needs.

Close Defense Distribution Depot Ogden, Utah, except for a 36,000 square foot cantonment for Army Reserve personnel. As a result of the closure of DDOU, all DLA activity will cease at this location and DDOU will be excess to DLA needs.

CRITERIA	DDMT MEMPHIS, TN (C)	DDOU OGDEN, UT (C)	DDCO COLUMBUS, OH (R)
MILITARY VALUE	3 of 6 (Tie)	3 of 6 (Tie)	6 of 6
INSTALLATION MIL. VALUE	6 of 6	5 of 6	1 of 6
MEETS FORCE STRUCTURE	Yes, with risk	Yes, with risk	Yes
ONE-TIME COSTS ($ M)	85.7	110.8	7.9
ANNUAL SAVINGS ($ M)	23.8	21.3	11.6
RETURN ON INVESTMENT	3 years	4 years	Immediate
BASE OPERATING BUDGET ($ M)	16.8	31.7	10.4
PERSONNEL ELIMINATED (MIL/CIV) PERSONNEL REALIGNED (MIL/CIV)	11/555 0/734	6/396 2/709	2/287 0/76
ECONOMIC IMPACT (BRAC95/CUM)	0.6%/1.5%	0.4%/0.3%	0.1%/0.1%
ENVIRONMENTAL	No major impact.	No major impact.	No major impact.

(C) = DoD recommendation for closure
(D) = DoD recommendation for disestablishment
(R) = DoD recommendation for realignment
(*) = Candidate for further consideration

7c

BASE ANALYSIS
CATEGORY: DEFENSE DISTRIBUTION DEPOTS

DoD RECOMMENDATION: Close Defense Distribution Depot Memphis, Tennessee. As a result of the closure of DDMT, all DLA activity will cease at this location and DDMT will be excess to DLA needs.

FOR CONSIDERATION: Study Defense Distribution Depot Richmond, VA (DDRV) and Defense Distribution Depot Columbus, OH **FOR CLOSURE**. Material remaining at DDRV at the time of closure will be relocated to optimum storage space within the DoD Distribution System.

CRITERIA	DDMT MEMPHIS, TN (C)	DDRV RICHMOND, VA (C)	DDCO COLUMBUS, OH (C)
MILITARY VALUE	3 of 6 (Tie with Ogden)	5 of 6	6 of 6
INSTALLATION MIL. VALUE	6 of 6	3 of 6	1 of 6
FORCE STRUCTURE	Not Applicable	Not Applicable	Not Applicable
ONE-TIME COSTS ($ M)	85.7	61.8	18.9
ANNUAL SAVINGS ($ M)	23.8	21.2	14.8
RETURN ON INVESTMENT	3 years	2 years	1 year
BASE OPERATING BUDGET ($ M)	16.8	16.5	10.4
PERSONNEL ELIMINATED (MIL/CIV) PERSONNEL REALIGNED (MIL/CIV)	11/555 0/734	4/299 0/329	3/218 0/195
ECONOMIC IMPACT (BRAC95/CUM)	0.6%/1.5%	0.3%/0.4%	0.1%/0.1%
ENVIRONMENTAL	No major impact.	No major impact.	No major impact.

(C)= DoD recommendation for closure
(D) = DoD recommendation for disestablishment
(R)= DoD recommendation for realignment
(*) = Candidate for further consideration

BASE ANALYSIS
CATEGORY: DEFENSE DISTRIBUTION DEPOTS

ISSUE	DDMT	DDRV	DDCO
Meets Concept of Operations	Yes	Yes	Yes
Impact on Military Readiness	Acceptable Risk	Acceptable Risk	Acceptable Risk
DLA Designated Primary Distribution Site	No	No	No
Military Value versus Installation Military Value	3 - 6	5 - 3	6 - 1
Expansion Capability	Yes	Yes	Yes
Job Loss	Yes	Yes	Yes
Mechanization	Yes	Yes	Minimal
Unique Missions	HAZMAT	HAZMAT/Halon	No
COBRA Cost Questions	Everything costed to move to Base X which is a centrally located depot. Cost to move and construct new hazardous material storage not fully costed.	-	-
SAILS Model	Support to troops is not a commercial undertaking. Overseas transportation costs are not addressed. Data used inaccurate - $1.3 M in excess infrastructure costs attributed to DDMT.	-	-

(C) = DoD recommendation for closure
(D) = DoD recommendation for closure
(R) = DoD recommendation for realignment
(*) = Candidate for further consideration

DEFENSE LOGISTICS AGENCY CATEGORIES

CATEGORY	NUMBER
INVENTORY CONTROL POINTS	
DISTRIBUTION DEPOTS	
COMMAND AND CONTROL	8
SERVICE/SUPPORT ACTIVITIES	3

HIGHLIGHTED CATEGORIES HAVE CANDIDATES FOR FURTHER CONSIDERATION.

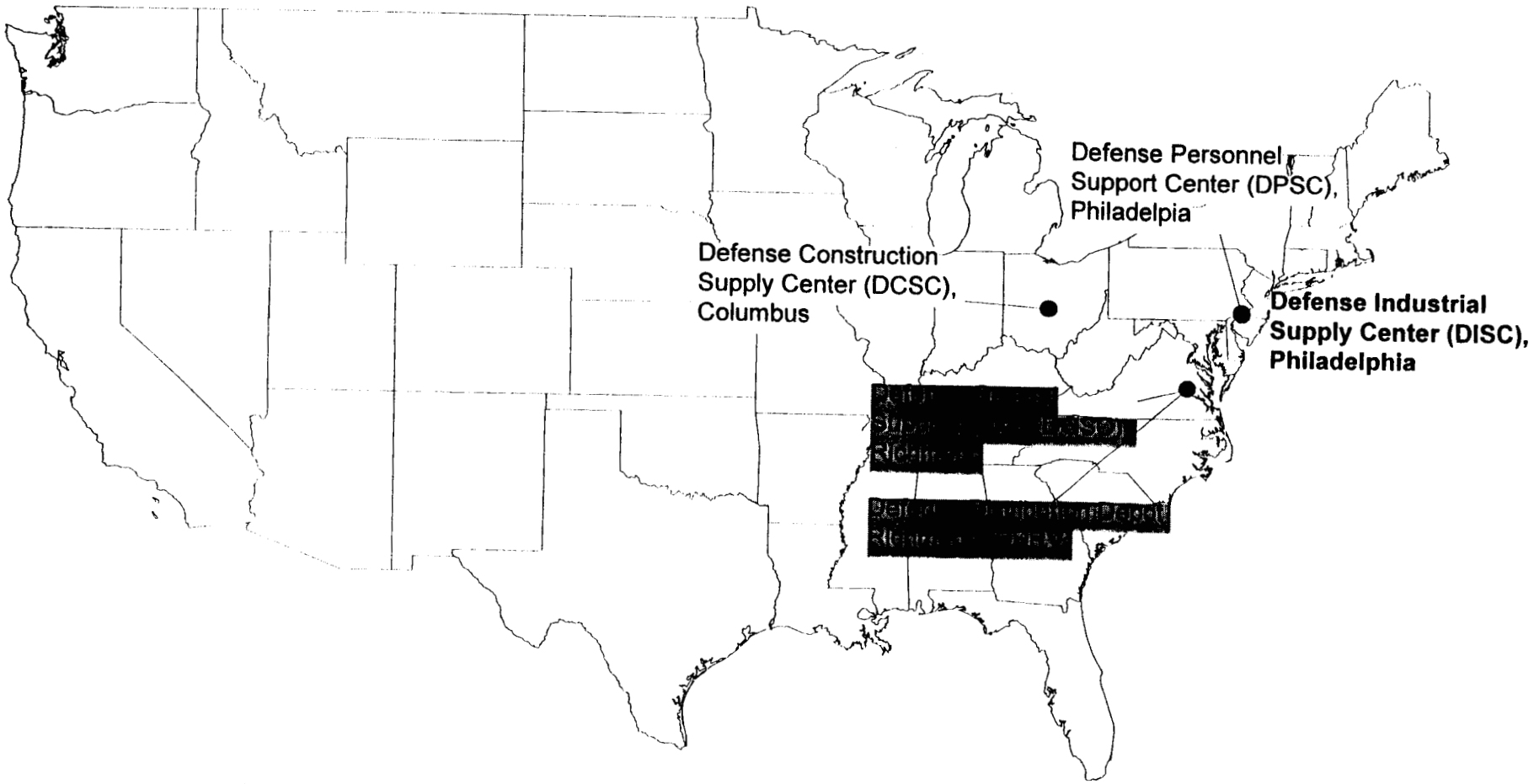
DEFENSE DISTRIBUTION DEPOTS

(STAND ALONE DEPOTS)

MILITARY VALUE	INSTALLATION
1	DEFENSE DEPOT SAN JOAQUIN, CA
2	DEFENSE DEPOT SUSQUEHANNA, PA
3	**DEFENSE DEPOT MEMPHIS, TN** **(C)**
4	**DEFENSE DEPOT OGDEN, UT** **(C)**
5	***DEFENSE DISTRIBUTION DEPOT RICHMOND*** ***(D)*** ***DEFENSE GENERAL SUPPLY CENTER RICHMOND***
6	**DEFENSE DEPOT COLUMBUS, OH** **(R)**

(C) = DoD recommendation for closure
(D) = DoD recommendation for disestablishment
(R) = DoD recommendation for realignment
(*) = *Candidate for further consideration*

Inventory Control Points



Bold type indicates DoD recommendation for disestablishment

[redacted] indicates proposed additions

80

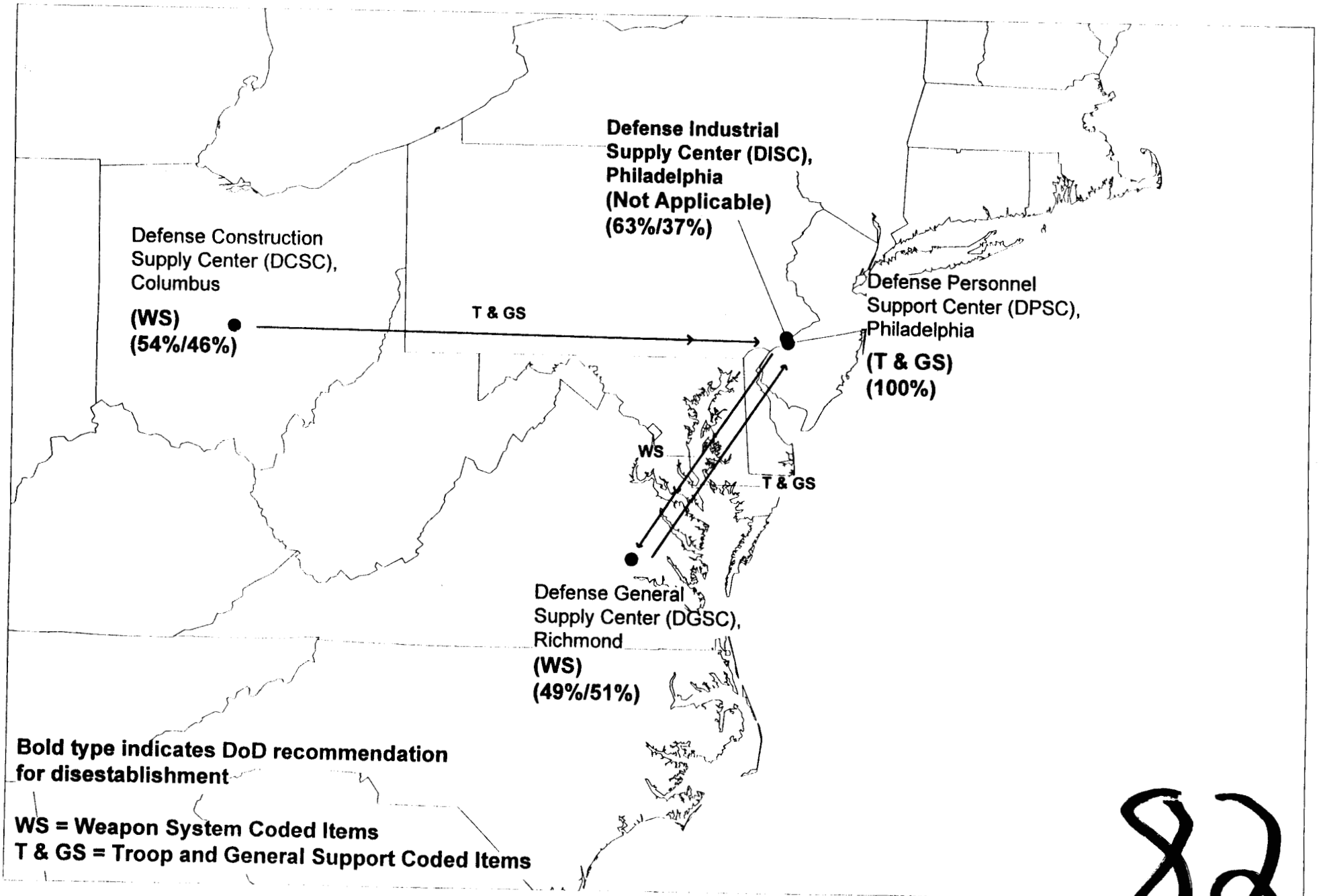
DEFENSE LOGISTICS AGENCY

CONCEPT OF OPERATIONS

INVENTORY CONTROL POINTS (ICPs)

- **Inventory Control Point Functions:**
  - **Purchase of DoD stock for the Services.**
  - **Types of Items.**
  - **Inventory Control Point work is not geographically specific.**
- **Three Inventory Control Point Locations:**
  - **Two Weapon System Inventory Control Points.**
  - **One Troop and General Support Inventory Control Point.**
- **Four Inventory Control Points involved in 1995 DoD Recommendation:**
  - **Defense Industrial Supply Center (DISC)**
  - **Defense General Supply Center (DGSC)**
  - **Defense Construction Supply Center (DCSC)**
  - **Defense Personnel Support Center (DPSC)**

Inventory Control Points
DoD Recommendation



82

INVENTORY CONTROL POINTS

DoD RECOMMENDATION

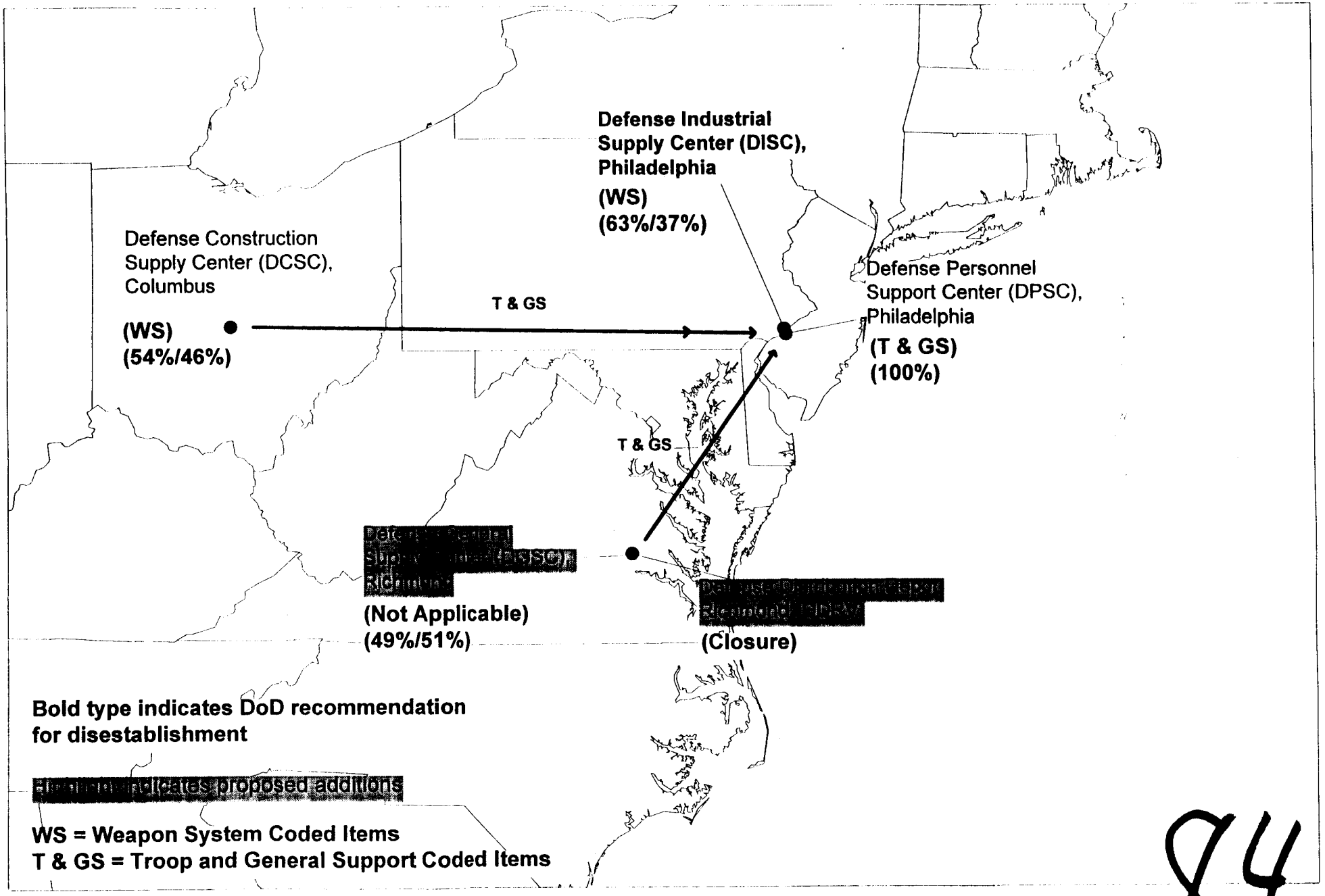
PERSONNEL MOVEMENTS

DoD Recommendation: Disestablish Defense Industrial Supply Center (DISC), Philadelphia, PA. Distribute the management of Federal Supply Classes within the remaining DLA inventory control points (ICP).

Create one ICP for the management of troop and general support items at the Defense Personnel Support Center (DPSC), Philadelphia, PA. Create two ICP's for the management of weapon system related Federal Supply Classes at the Defense Construction Supply Center (DCSC), Columbus, OH and the Defense General Supply Center (DGSC), Richmond, VA.

Inventory Control Point	Personnel Eliminated Military/Civilian	Personnel Realigned Military/Civilian	Personnel Received Military/Civilian	Total Military/Civilian
Defense Construction Supply Center (DCSC)	0/358	0/0	0/0	0/-358
Defense Industrial Supply Center (DISC)	4/46	12/323	0/0	-16/-369
Defense General Supply Center (DGSC)	0/0	0/0	12/323	12/323
Defense Personnel Support Center (DPSC)	0/0	0/0	0/0	0/0
Total	4/404	12/323	12/323	Not Applicable

Inventory Control Points
Alternate Scenario



84

INVENTORY CONTROL POINTS

ALTERNATE SCENARIO

PERSONNEL MOVEMENTS

FOR CONSIDERATION: Study Defense General Supply Center (DPSC), Richmond, VA and Defense Distribution Depot Richmond, VA (DDRV) **FOR CLOSURE** as a **SUBSTITUTION** for disestablishment of the Defense Industrial Supply Center (DISC), Philadelphia, PA and Defense Distribution Depot Memphis, TN.

Create two ICP's for the management of weapon system items at the Defense Construction Supply Center (DCSC), Columbus, OH and the Defense Industrial Supply Center (DISC), Philadelphia, PA. Create one ICP for troop and general support items at the Defense Personnel Support Center (DPSC), Philadelphia, PA.

Material remaining at DDRV at the time of closure will be relocated to optimum storage within the DoD Distribution System.

Inventory Control Point	Personnel Eliminated Military/Civilian	Personnel Realigned Military/Civilian	Personnel Received Military/Civilian	Total Military/Civilian
Defense Construction Supply Center (DCSC)	0/358	0/0	0/0	0/-358
Defense Industrial Supply Center (DISC)	0/0	0/0	10/347	10/347
Defense General Supply Center (DGSC)	4/280	23/946	0/0	-27/-1,226
Defense Distribution Depot Richmond (DDRV)	4/386	0/329	0/0	-4/-715
Defense Personnel Support Center (DPSC)	0/0	0/0	13/599	13/599
Total	8/1,024	23/1,275	23/946	Not Applicable

BASE ANALYSIS
CATEGORY: INVENTORY CONTROL POINTS

DoD RECOMMENDATION: Disestablish Defense Industrial Supply Center (DISC), Philadelphia, PA. Distribute the management of Federal Supply Classes within the remaining DLA inventory control points (ICP). Create one ICP for the management of troop and general support items at the Defense Personnel Support Center (DPSC), Philadelphia, PA. Create two ICP's for the management of weapon system related Federal Supply Classes at the Defense Construction Supply Center (DCSC), Columbus, OH and the Defense General Supply Center (DGSC), Richmond, VA.

FOR CONSIDERATION: Study Defense General Supply Center (DGSC) **FOR REALIGNMENT** as a **SUBSTITUTION** for disestablishment of the Defense Industrial Supply Center. Disestablish Defense General Supply Center (DGSC), Richmond, VA. Distribute the management of Federal Supply Classes within the remaining DLA inventory control points (ICP). Create one ICP for the management of troop and general support items at the Defense Personnel Support Center (DPSC), Philadelphia, PA. Create two ICP's for the management of weapon system related Federal Supply Classes at the Defense Construction Supply Center (DCSC), Columbus, OH and the Defense Industrial Supply Center (DISC), Philadelphia, PA.

CRITERIA	DEFENSE INDUSTRIAL SUPPLY CENTER (D)	DEFENSE GENERAL SUPPLY CENTER (*)	DEFENSE PERSONNEL SUPPORT CENTER (*)
MILITARY VALUE	3 of 3	2 of 3	Rated Separately
FORCE STRUCTURE	Not Applicable	Not Applicable	Not Applicable
ONE-TIME COSTS ($ M)	16.9	53.4	66.6
ANNUAL SAVINGS ($ M)	18.4	37.7	21.1
RETURN ON INVESTMENT	Immediate	1 Year	1 Year
BASE OPERATING BUDGET ($ M)	30.8	54.8	Not Applicable
PERSONNEL ELIMINATED (MIL / CIV) PERSONNEL REALIGNED (MIL/CIV)	See separate chart	See separate chart	See separate chart
ECONOMIC IMPACT (BRAC95/CUM)	0.1%/1.2% (Phila., PA) 0.1%/0.1% (Columbus, OH)	0.6%/0.7% (Richmond, VA) 0.1%/0.1% (Columbus, OH)	0.1%/1.2% (Phila., PA) 0.1%/0.1% (Columbus, OH)
ENVIRONMENTAL	No major impact	No major impact	No major impact

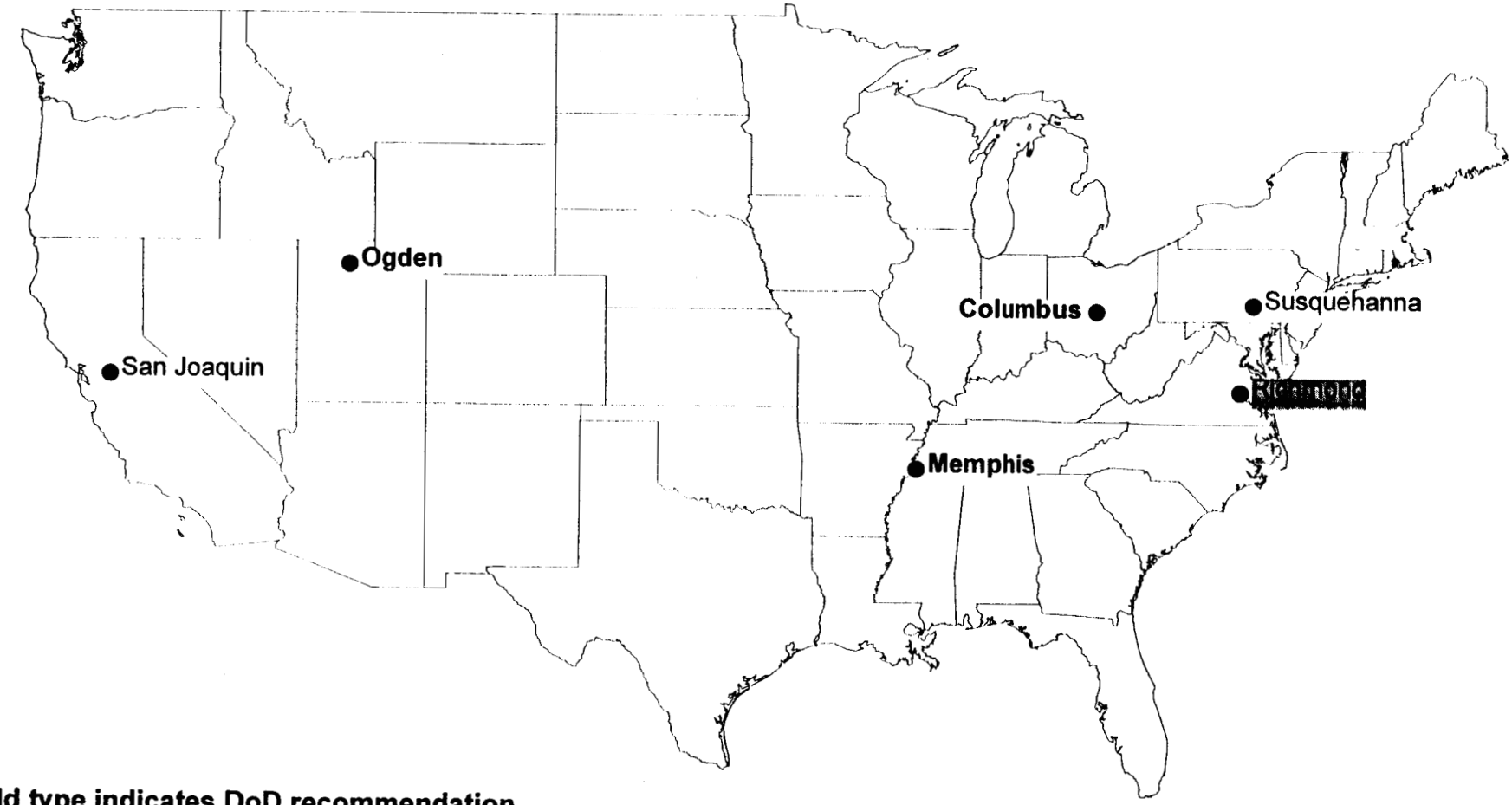
(C) = DoD recommendation for closure
(D) = DoD recommendation for disestablishment
(R) = DoD recommendation for realignment
(*) = Candidate for further consideration

BASE ANALYSIS
CATEGORY: INVENTORY CONTROL POINTS

ISSUE	DEFENSE INDUSTRIAL SUPPLY CENTER , PA (D)	DEFENSE GENERAL SUPPLY CENTER , VA (*)	DEFENSE PERSONNEL SUPPORT CENTER , PA (*)
Meets DLA Concept of Operations	Yes	Yes	Yes
Impact on Military Readiness	Moderate Risk	Moderate Risk	Moderate Risk
Total Lines Managed	1,116,172	675,799	170,424
Number of Weapon System Coded Items Managed	706,176	328,186	N/A
Number of General Items Managed	409,996	347,613	-
Percentage of Weapon System Coded Items Managed at ICP	64%	48%	N/A
Loss of Expertise	Yes	Yes	Yes
Job Loss	Yes	Yes	Yes
Expansion Capability	Yes	Yes	N/A
COBRA Costs Questioned	Cost to Move Items. Cost to Maintain DPSC at its Current Location for 2 Extra Years.	-	-
Item Management Efficiency	803 Items/Employee	636 Items/Employee	N/A

(C) = DoD recommendation for closure
(D) = DoD recommendation for disestablishment
(R) = DoD recommendation for realignment
(*) = Candidate for further consideration

Defense Distribution Depots
Stand-Alone Depots



Bold type indicates DoD recommendation for closure/realignment/disestablishment

[redacted] indicates proposed additions

88

DEFENSE LOGISTICS AGENCY

CONCEPT OF OPERATIONS

STAND-ALONE DEFENSE DISTRIBUTION DEPOTS

- **Distribution Depot Functions.**

- **Risk of Storage Shortfall.**

  - **Capacity (30 Sep 1994) - 618 Million Attainable Cubic Feet**
  - **1995 DoD Recommendation - 421 Million Attainable Cubic Feet**
  - **Shortfall - 21 Million Attainable Cubic Feet**
  - **Unused Storage Capacity exists in Collocated Depots**

- **Two Primary Distribution Sites at San Joaquin, CA and Susquehanna, PA.**

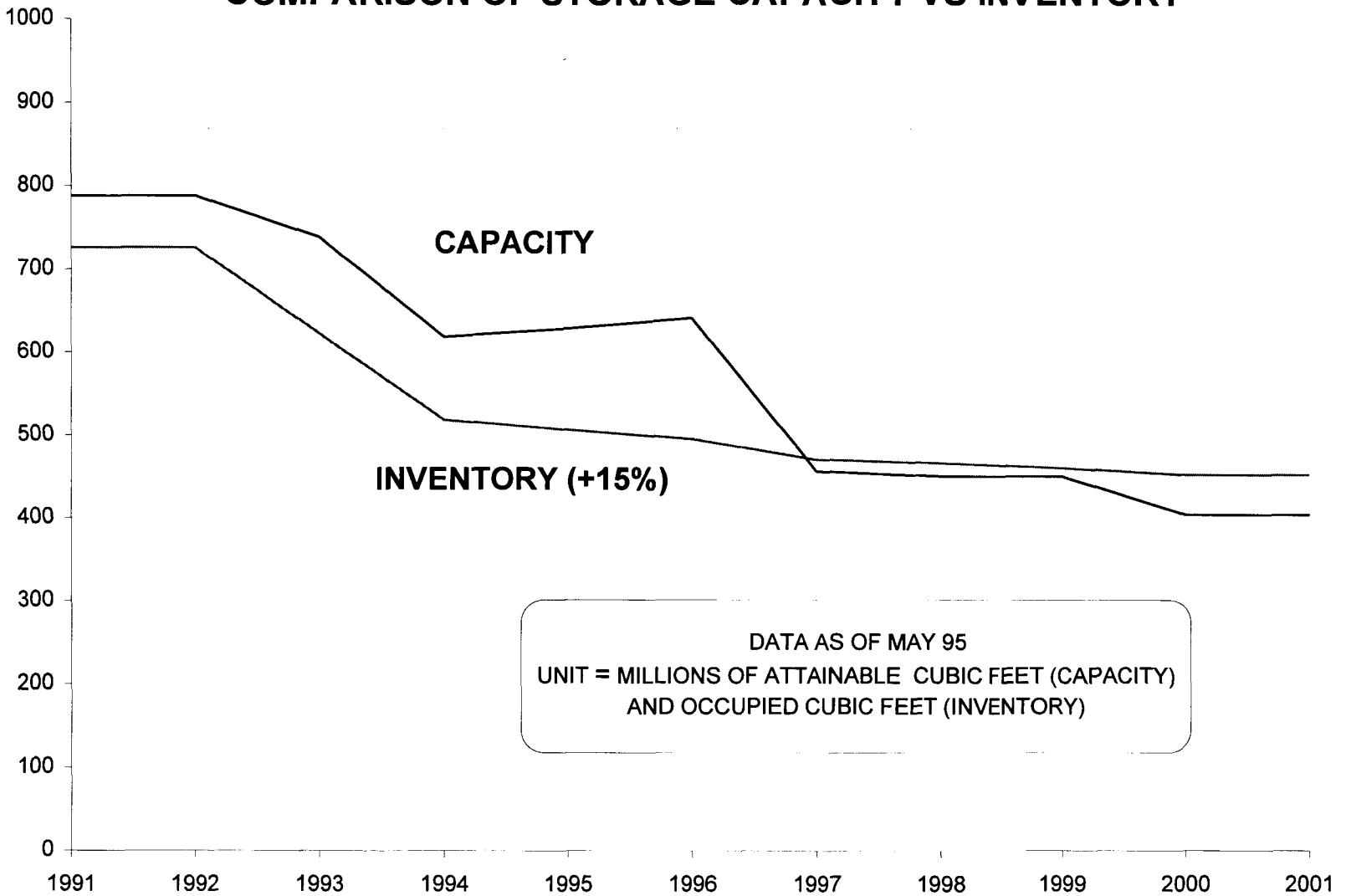
- **One Storage Site for Slow-moving and War Reserve Material at Columbus, OH.**

- **Three Stand-Alone Defense Distribution Depots involved in 1995 DoD Recommendation:**

  - **Defense Distribution Depot Columbus (DDCO)**
  - **Defense Distribution Depot Memphis (DDMT)**
  - **Defense Distribution Depot Ogden (DDOU)**

- **Ogden and Memphis contend flawed DLA analysis.**

DEFENSE LOGISTICS AGENCY
COMPARISON OF STORAGE CAPACITY VS INVENTORY



90

5/9/95

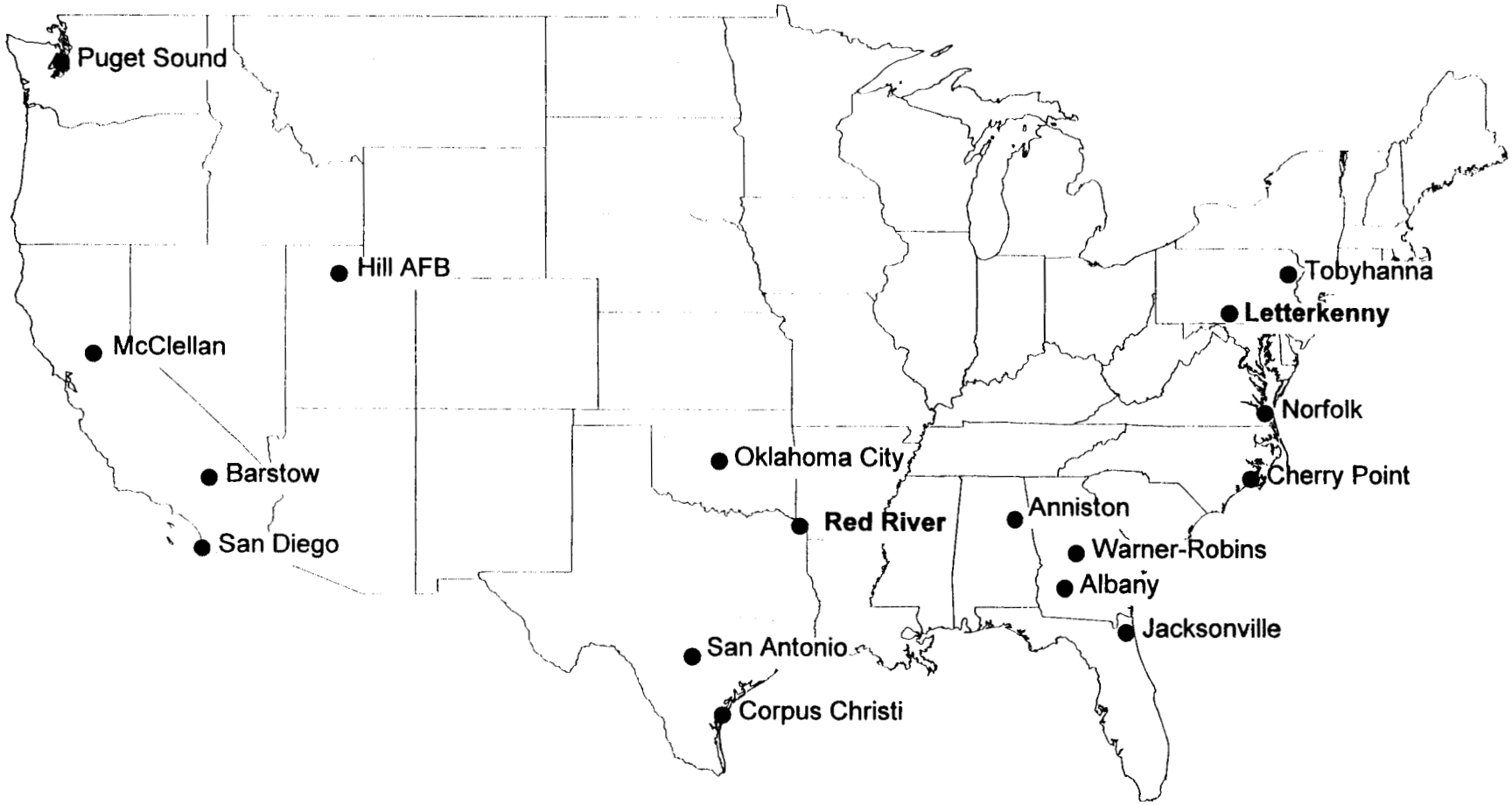
DEFENSE LOGISTICS AGENCY
COMPARISON OF STORAGE CAPACITY VS INVENTORY

YEAR REQUIREMENT	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
DLA STORAGE CAPACITY	788	788	738	618	628	641	456	450	450	404	404
INVENTORY (+15%)	726	726	622	518	506	495	470	466	460	452	452
							DDOU		AF/N	DDRT	
							DDMT		PROVIDE	DDLP	
							DDRV		21M	CLOSE	
							CLOSE		498	452	452

91

5/9/95

Defense Distribution Depots
Collocated Depots



Bold type indicates DoD recommendation for closure/realignment/disestablishment

92

BASE ANALYSIS
CATEGORY: DEFENSE DISTRIBUTION DEPOTS

DoD RECOMMENDATION: Close Defense Distribution Depot Memphis, Tennessee. As a result of the closure of DDMT, all DLA activity will cease at this location and DDMT will be excess to DLA needs.

FOR CONSIDERATION: Study Defense Distribution Depot Richmond, VA (DDRV) and Defense General Supply Center (DGSC) **FOR CLOSURE**. Material remaining at DDRV at the time of closure will be relocated to optimum storage space within the DoD Distribution System. Workload from DGSC would be distributed among remaining Inventory Control Points.

CRITERIA	DDMT MEMPHIS, TN	DDRV and DGSC RICHMOND, VA (*)
MILITARY VALUE	3 of 6 (Tie)	4 of 6 2 of 3
INSTALLATION MILITARY VALUE	6 of 6	3 of 6 N/A
FORCE STRUCTURE	Not Applicable	Not Applicable
ONE-TIME COSTS ($ M)	85.7	115.2
ANNUAL SAVINGS ($ M)	23.8	58.3
RETURN ON INVESTMENT	3 years	2 Years
BASE OPERATING BUDGET ($ M)	16.8	71.3
PERSONNEL ELIMINATED (MIL / CIV) PERSONNEL REALIGNED (MIL/CIV)	11/555 0/734	See Separate Chart
ECONOMIC IMPACT (BRAC95/CUM)	6%/1.5%	0.9%/1.0% (Richmond, VA) 0.1%/0.1% (Columbus, OH)
ENVIRONMENTAL	No major impact.	No major impact.

(C)= DoD recommendation for closure
(D) = DoD recommendation for realignment
(R)= DoD recommendation for realignment
(*) = Candidate for further consideration

BASE ANALYSIS
CATEGORY: DEFENSE DISTRIBUTION DEPOTS

ISSUE	DDMT MEMPHIS, TN (C)	DDRV And DGSC RICHMOND, VA (*)
Meets Concept of Operations	Yes	Yes
Impact on Military Readiness	Acceptable Risk	Acceptable Risk
DLA Designated Primary Distribution Site	No	No
Military Value versus Installation Military Value	3 - 6	5 - 3
Expansion Capability	Yes	Yes
Job Loss	Yes	Yes
Mechanization	Yes	Yes
Unique Missions	HAZMAT	HAZMAT/Halon
COBRA Cost Questions	Everything costed to move to Base X which is a centrally located depot. Cost to move and construct new hazardous material storage not fully costed.	-
SAILS Model	Support to troops is not a commercial undertaking. Overseas transportation costs are not addressed. Data used inaccurate - $1.3 M in excess infrastructure costs attributed to DDMT.	-

(C) = DoD recommendation for closure
(D) = DoD recommendation for disestablishment
(R) = DoD recommendation for realignment
(*) = Candidate for further consideration

STAND -ALONE DISTRIBUTION DEPOTS

MILITARY VALUE VERSUS INSTALLATION MILITARY VALUE

Stand-Alone Depot	Military Value	Installation Military Value
Defense Distribution Depot San Joaquin, CA	1	4
Defense Distribution Depot Susquehanna, PA	2	2
Defense Distribution Depot Ogden, UT	3 (t)	5
Defense Distribution Depot Memphis, TN	3 (t)	6
Defense Distribution Depot Richmond, VA	5	3
Defense Distribution Depot Columbus, OH	6	1

BASE ANALYSIS
CATEGORY: DEFENSE DISTRIBUTION DEPOTS

DoD RECOMMENDATION: Realign the Defense Distribution Depot Columbus, Ohio, and designate it as a storage site for slow moving/war reserve material. Active material remaining at DDCO at the time of realignment will be attrited. Stock replenishment will be stored in optimum space within the distribution system.

CRITERIA	DEFENSE DISTRIBUTION DEPOT COLUMBUS, OHIO (C)
MILITARY VALUE	6 of 6
FORCE STRUCTURE	Not Applicable
ONE-TIME COSTS ($ M)	7.9
ANNUAL SAVINGS ($ M)	11.6
RETURN ON INVESTMENT	Immediate
BASE OPERATING BUDGET ($ M)	10.4
PERSONNEL ELIMINATED (MIL/CIV) PERSONNEL REALIGNED (MIL/CIV)	2/287 0/76
ECONOMIC IMPACT(BRAC95/CUM)	0.1/0.1
ENVIRONMENTAL	No major impact.
ISSUES	• DLA Concept of Operations. • Job Loss. • Ranked 1 of 6 in Installation Military Value Analysis.

(C) = DoD recommendation for closure
(D) = DoD recommendation for disestablishment
(R) = DoD recommendation for realignment
(*) = Candidate for further consideration

BASE ANALYSIS
CATEGORY: DEFENSE DISTRIBUTION DEPOTS

DoD RECOMMENDATION: Close Defense Distribution Depot Memphis, Tennessee. Material remaining at DDMT at the time of closure will be relocated to optimum storage space within the DoD Distribution System. As a result of the closure of DDMT, all DLA activity will cease at this location and DDMT will be excess to DLA needs.

CRITERIA	DEFENSE DISTRIBUTION DEPOT MEMPHIS, TENNESSEE (C)
MILITARY VALUE	3 of 6 (Tie with Ogden)
FORCE STRUCTURE	Not Applicable
ONE-TIME COSTS ($ M)	85.7
ANNUAL SAVINGS ($ M)	23.8
RETURN ON INVESTMENT	3 years
BASE OPERATING BUDGET ($ M)	16.8
PERSONNEL ELIMINATED (MIL/CIV) PERSONNEL REALIGNED (MIL/CIV)	11/555 0/734
ECONOMIC IMPACT(BRAC95/CUM)	0.6%/1.5%
ENVIRONMENTAL IMPACT	No major impact.

(C) = DoD recommendation for closure
(D) = DoD recommendation for disestablishment
(R) = DoD recommendation for realignment
(*) = Candidate for further consideration

CRITERIA	DEFENSE DISTRIBUTION DEPOT MEMPHIS, TENNESSEE (C)
ISSUES	• DLA Concept of Operations • Ranked 6 of 6 in Installation Military Value Analysis. • Memphis is a major transportation hub. • Job loss. • COBRA costs questioned. • The hazardous storage facility was built in 1989 at a cost of $11 million. • The facilities are in excellent condition with only $8 million needed to bring all of the facilities up to par, according to DLA BRAC estimates. This is less than most of the other stand-alone depots. • The Automated Transportation Terminal is the only automated transportation system at any of DLA's depots. • Memphis is the only depot where items can be shipped out as late as 11 p.m. daily because of its close proximity to the Federal Express hub. • The direct financial impact of the Depot is approximately $90 million annually. • Since 1989 there has been approximately $56 million in new construction and procurements. • The Automated Transportation Terminal became operational in April 1994 at a cost of $9 million. It is the only automated transportation system at any of DLA's depots.

(C) = DoD recommendation for closure
(D) = DoD recommendation for disestablishment
(R) = DoD recommendation for realignment
(*) = Candidate for further consideration

BASE ANALYSIS
CATEGORY: DEFENSE DISTRIBUTION DEPOTS

DoD RECOMMENDATION: Close Defense Distribution Depot Ogden, Utah, except for a 36,000 square foot cantonment for Army Reserve personnel. Material remaining at DDOU at the time of closure will be relocated to optimum storage space within the DoD Distribution System. As a result of the closure of DDOU, all DLA activity will cease at this location and DDOU will be excess to DLA needs.

CRITERIA	DEFENSE DISTRIBUTION DEPOT OGDEN (C)
MILITARY VALUE	3 of 6 (Tie with Memphis)
FORCE STRUCTURE	Not Applicable
ONE-TIME COSTS ($ M)	110.8
ANNUAL SAVINGS ($ M)	21.3
RETURN ON INVESTMENT	4 years
BASE OPERATING BUDGET ($ M)	31.7
PERSONNEL ELIMINATED (MIL/CIV) PERSONNEL REALIGNED (MIL/CIV)	6/396 2/709
ECONOMIC IMPACT(BRAC95/CUM)	0.4%0.3%
ENVIRONMENTAL	No major impact.

(C) = DoD recommendation for closure
(D) = DoD recommendation for disestablishment
(R) = DoD recommendation for realignment
(*) = Candidate for further consideration

CRITERIA	DEFENSE DISTRIBUTION DEPOT OGDEN (C)
ISSUES	• DLA Concept of Operations. • Job Loss. • COBRA costs questioned. • Ranked 3 of 6 in Installation Military Value Analysis. • The Ogden Depot has seven unique missions: 1) Deployable Medical Systems (DEPMEDS), 2) Bearings Overhaul, 3) Pipe Refurbishment, 4) Gas Cylinder Overhaul, 5) Tent Repair, 6) Hazardous Material Storage, 7) Electronics Mission. • The DEPMEDS mission is one of the Depot's largest customers. • The Depot is a primary storage site for hazardous materials. • DDOU has devised or prototyped many distribution improvements. • DLA deviated from base closure criteria by not evaluating each installation equally. The Community feels that DLA pre-selected Ogden by not treating each depot separately. • An independent study by Peat Marwick stated DDOU was the most cost efficient of three depots reviewed--California, Pennsylvania, and Utah depots. • Points should not have been awarded on the basis of Consolidated Container Points. • DLA did not evaluated throughput capacity correctly.

(C) = DoD recommendation for closure
(D) = DoD recommendation for disestablishment
(R) = DoD recommendation for realignment
(*) = Candidate for further consideration

BASE ANALYSIS
CATEGORY: DEFENSE DISTRIBUTION DEPOTS

FOR CONSIDERATION: Study Defense Distribution Depot Richmond, VA (DDRV) **FOR CLOSURE**. Material remaining at DDRV at the time of closure will be relocated to optimum storage space within the DoD Distribution System. In conjunction with this recommendation, if the Defense General Supply Center , Richmond is disestablished, an entire installation can be closed.

CRITERIA	DEFENSE DISTRIBUTION DEPOT RICHMOND,VA (*)
MILITARY VALUE	5 of 6
FORCE STRUCTURE	Not Applicable
ONE-TIME COSTS ($ M)	61.8
ANNUAL SAVINGS ($ M)	21.2
RETURN ON INVESTMENT	2 years
BASE OPERATING BUDGET ($ M)	16.5
PERSONNEL ELIMINATED (MIL/CIV) PERSONNEL REALIGNED (MIL/CIV)	4/299 0/329
ECONOMIC IMPACT (BRAC95/CUM)	0.3%/0.4%
ENVIRONMENTAL	No major impact.
ISSUES	• DLA Concept of Operations • Ranked 3 of 6 in Installation Military Value Analysis. • Tenant of DLA ICP. • Facilities in excellent condition. • Only place where ozone and halon is stored. • Job loss.

(C) = DoD recommendation for closure
(D) = DoD recommendation for disestablishment
(R) = DoD recommendation for realignment
(*) = Candidate for further consideration

BASE ANALYSIS
CATEGORY: DEFENSE DISTRIBUTION DEPOTS

FOR CONSIDERATION: Study Defense Distribution Depot San Joaquin, CA (DDJC) **FOR REALIGNMENT** as an **ADDITION** to the DLA Defense Distribution Depot closure list. DDJC consists of two previously ranked stand-alone depots--Tracy and Sharp. Study the possibility of closing part of this installation and realigning the West Coast Primary Distribution Site with the Defense Distribution Depot Ogden.

CRITERIA	DEFENSE DISTRIBUTION DEPOT SAN JOAQUIN , CALIFORNIA (*)
MILITARY VALUE	1 of 1
FORCE STRUCTURE	Not Applicable
ONE-TIME COSTS ($ M)	From COBRA Summary Report
ANNUAL SAVINGS ($ M)	From COBRA Summary Report
RETURN ON INVESTMENT	From COBRA Summary Report
BASE OPERATING BUDGET ($ M)	From COBRA Summary Report
PERSONNEL ELIMINATED (MIL/CIV) PERSONNEL ELIMINATED (MIL/CIV)	From COBRA Summary Report
ECONOMIC IMPACT (BRAC95/CUM)	
ENVIRONMENTAL	No major impact.
ISSUES	• DLA Concept of Operations • Ranked 4 of 6 in Installation Military Value Analysis • Installation designated as Primary Distribution Site. • Currently Container Consolidation Point. • Job loss.

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(D) = DoD recommendation for disestablishment
(R) = DoD recommendation for realignment
(*) = Candidate for further consideration

DEFENSE LOGISTICS AGENCY CATEGORIES

CATEGORY	NUMBER
INVENTORY CONTROL POINTS	5
DISTRIBUTION DEPOTS	
COMMAND AND CONTROL	8
SERVICE/SUPPORT ACTIVITIES	3

HIGHLIGHTED CATEGORIES HAVE CANDIDATES FOR FURTHER CONSIDERATION.

DEFENSE DISTRIBUTION DEPOTS

(COLLOCATED DEPOTS)

MILITARY VALUE	INSTALLATION	
1	DEFENSE DEPOT NORFOLK, VA	
2	DEFENSE DEPOT ANNISTON, AL	
3	**DEFENSE DEPOT LETTERKENNY, PA**	**(D)**
4	***DEFENSE DEPOT SAN ANTONIO, TX (ALC)***	**(*)**
5	**DEFENSE DEPOT RED RIVER,TX**	**(D)**
6	***DEFENSE DEPOT WARNER ROBINS, GA (ALC)***	**(*)**
7	DEFENSE DEPOT SAN DIEGO, CA	
8	DEFENSE DEPOT ALBANY, GA	
9	***DEFENSE DEPOT OKLAHOMA CITY, OK (ALC)***	**(*)**
10	***DEFENSE DEPOT McCLELLAN, CA (ALC)***	**(*)**
11	***DEFENSE DEPOT TOBYHANNA, PA***	**(*)**
12	***DEFENSE DEPOT HILL, UT (ALC)***	**(*)**
13	DEFENSE DEPOT BARSTOW, CA	
14	DEFENSE DEPOT CORPUS CHRISTI, TX	
15	DEFENSE DEPOT JACKSONVILLE, FL	
16	DEFENSE DEPOT CHERRY POINT, NC	
17	DEFENSE DEPOT PUGET SOUND, WA	

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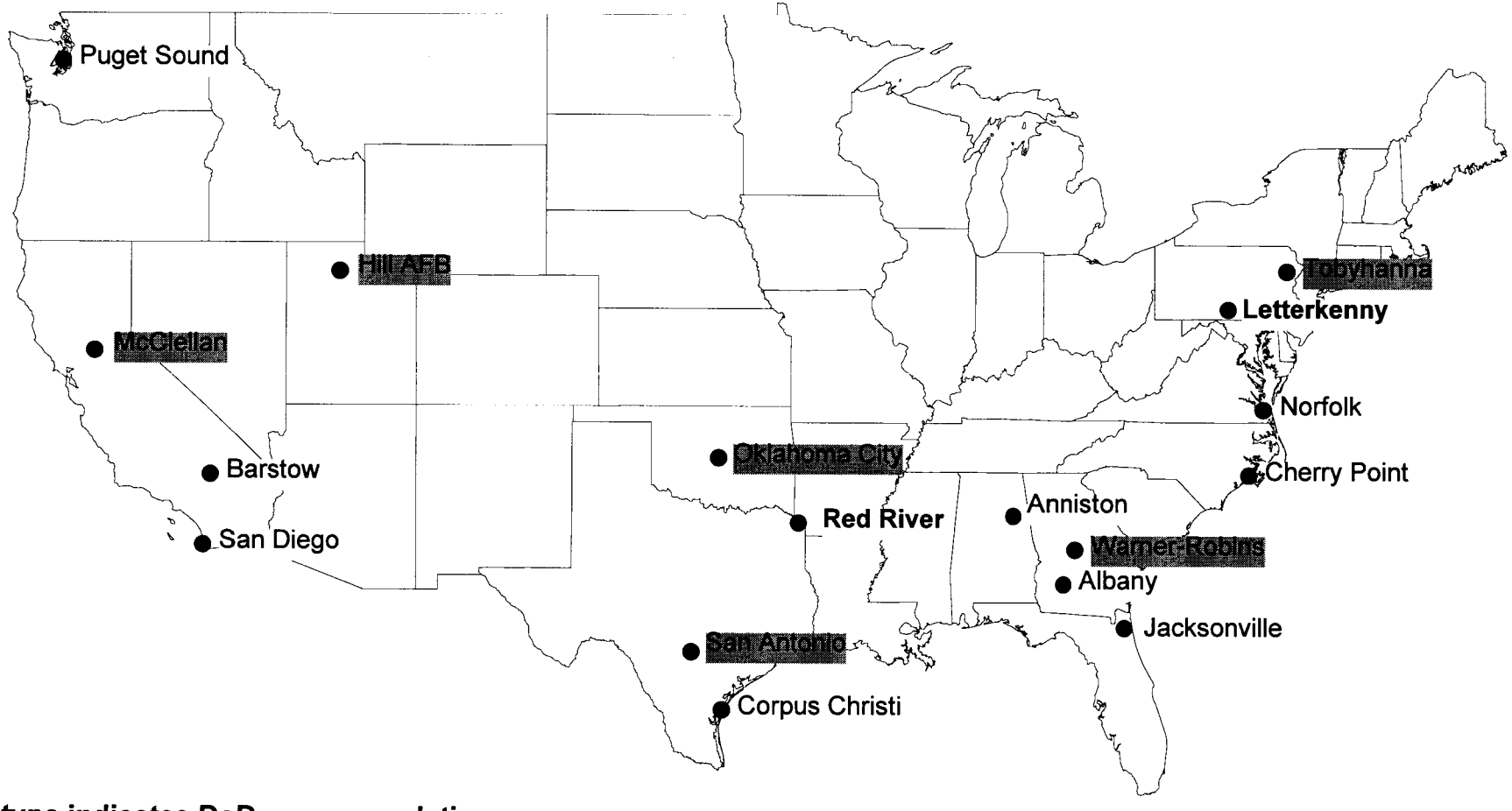
Defense Distribution Depots
Collocated Depots



Bold type indicates DoD recommendation for closure/realignment/disestablishment

Highlight indicates proposed additions

105

DEFENSE LOGISTICS AGENCY

CONCEPT OF OPERATIONS

COLLOCATED DEFENSE DISTRIBUTION DEPOTS

- **Support Maintenance Mission at Collocated Depot.**

COMMAND AND CONTROL

(CONTRACT MANAGEMENT DISTRICTS)

MILITARY VALUE	INSTALLATION
1	DEF CONTRACT MGT DIST NORTHEAST, BOSTON, MA
2	DEF CONTRACT MGT DIST WEST, EL SEGUNDO, CA
3	**DEF CONTRACT MGT DIST SOUTH, MARIETTA, GA (D)**
SEPARATE	**DEF CONTRACT MGT CMD, INT'L, DAYTON, OH (R)**

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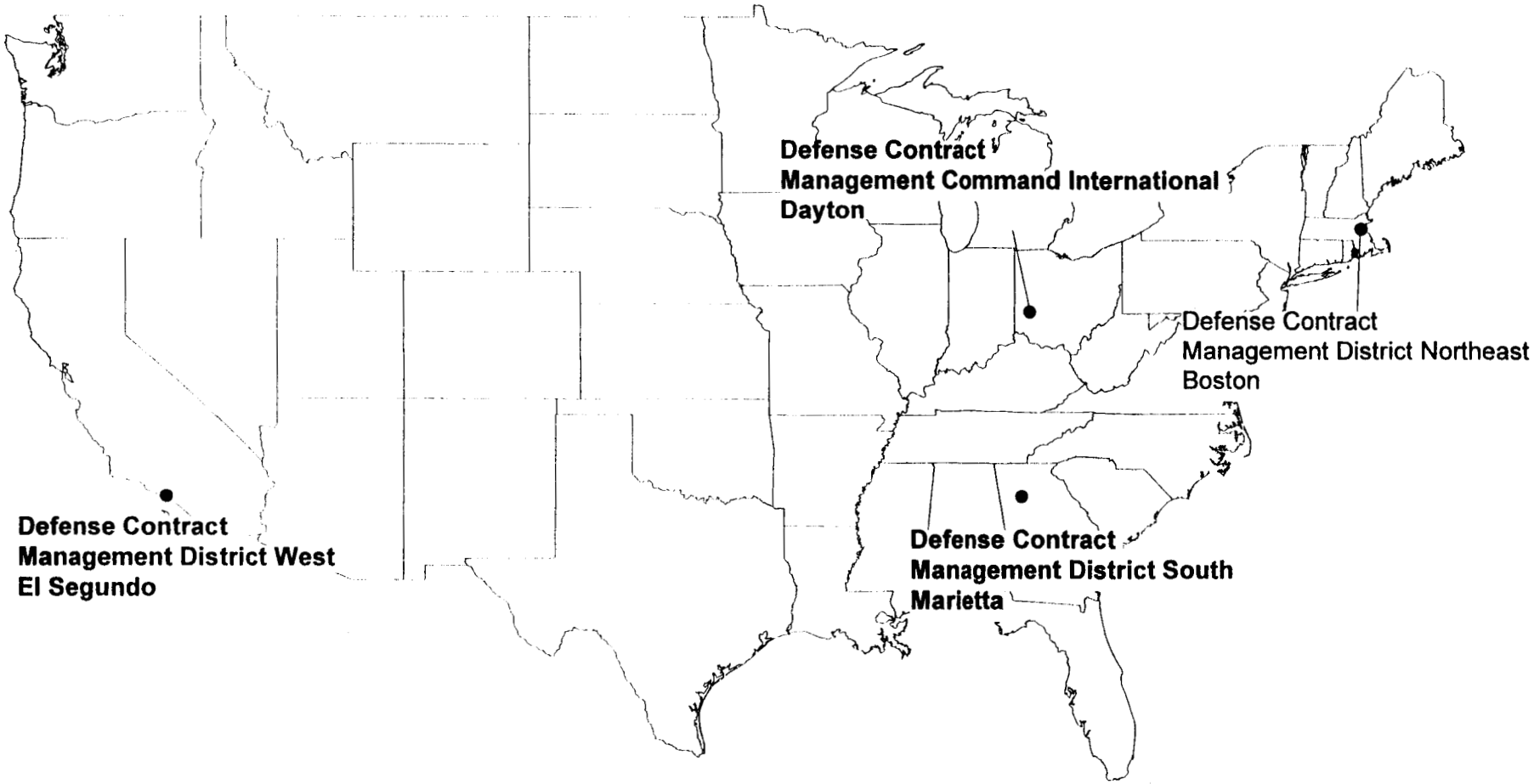
Contract Management



Bold type indicates disestablish/realign/redirect

SERVICE/SUPPORT ACTIVITIES

MILITARY VALUE	INSTALLATION
SEPARATE	DEF LOGISTICS SERVICES CENTER, BATTLE CREEK, MI
SEPARATE	DEF REUTILIZATION & MARKETING SERIVCE,BATTLE CREEK, MI
SEPARATE	DLA SYSTEMS DESIGN CENTER, COLUMBUS , OH

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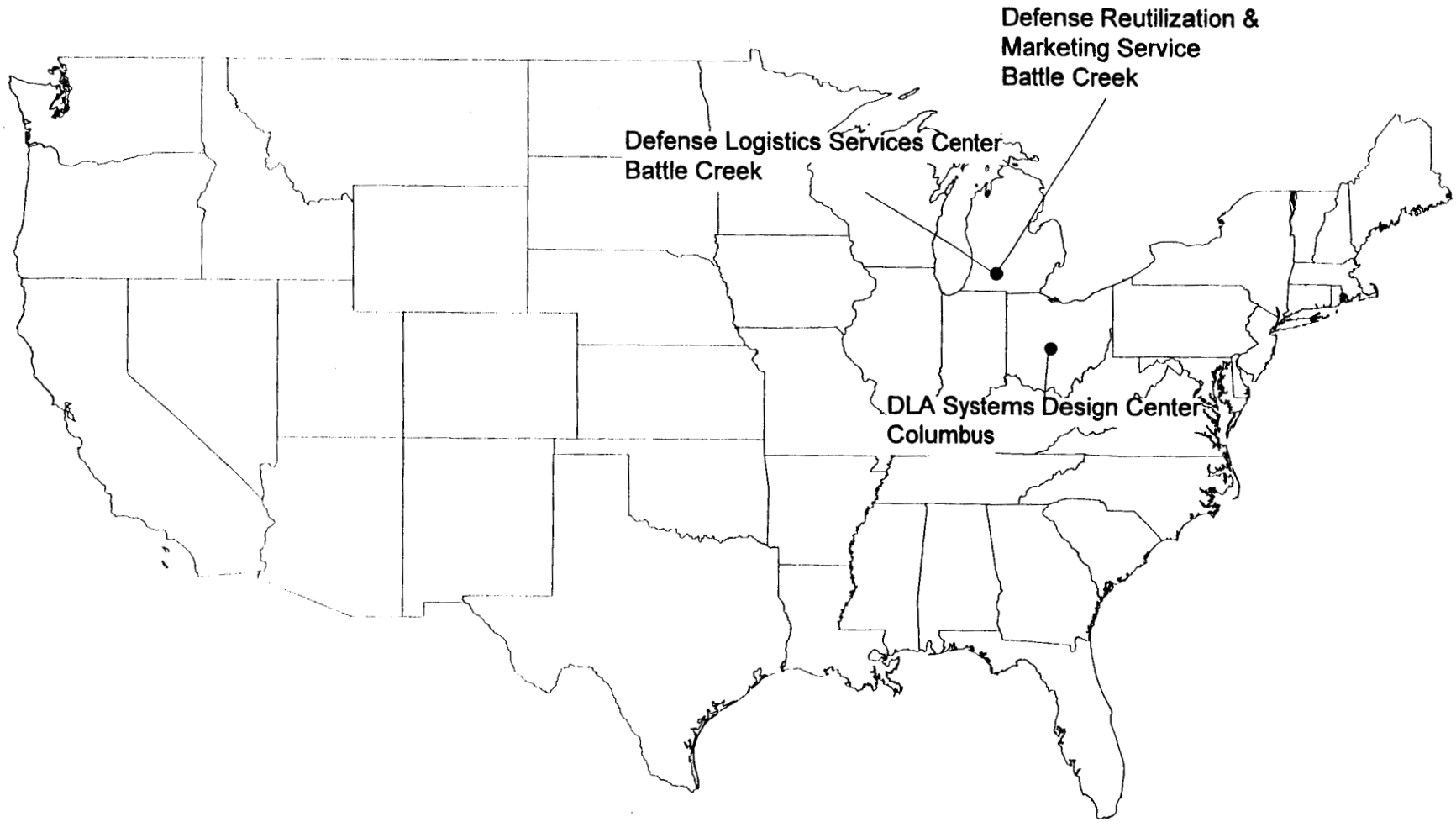
Service/Support Activities