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BRAC Commission

FAX – 3 Pages

AUG 10 2005

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TO: BRAC Commission

August 10, 2005

**CC: Marilyn Wasleski,
Senior Analyst, Review & Analysis**

Attached is a letter to Marilyn Wasleski, Senior Analyst, Review & Analysis dated July 27, 2005. Please enter this into the record. Thank you.



July 27, 2005

Ms. Marilyn Wasleski, Senior Analyst
Review and Analysis
Base Closure and Realignment Commission
2521 South Clark Street
Suite 600
Arlington, Virginia 22202

Re: Cleveland DFAS Facility Costs

Dear Marilyn:

As we continue to gather information to prepare a valid analysis of facility costs for the Cleveland DFAS operation, one thing has become quite clear – the information that has been provided to us makes reaching a reliable conclusion extremely difficult.

We are convinced that the cost per square foot (\$29.21) used in the DOD computations for Military Value is incorrect. As I pointed out in my email message to you (July 19), we believe that the cost is \$15.73 if the GSA cost and fees are correct. But even this is debatable. At every turn, we uncover additional information from different sources that sheds doubt on the entire DOD analysis. As an example, the data contained in *GSA on the Web* with regard to the annual cost per square foot for Cleveland DFAS raises questions. The 2005 cost per square foot is reported to be \$22.09. When additional costs are added to this amount, it increases to \$31.06. And despite the fact that we are unable to validate the additional costs, this cost per square foot is simply outside the bounds of logic, especially when compared to the cost per square foot just one year earlier of \$10.62 (plus added costs). Why did the cost per square foot more than double in one year? We assume that this data is irrelevant with respect to the computation of Military Value since it was to have been based on FY 2003 information. But it does raise questions. It would be illogical for any business or government agency to remain in such a high cost facility.

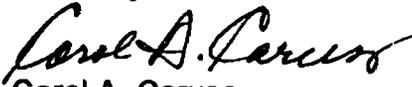
The list of questions and concerns continues to grow, but a thorough analysis may never result in a timely and accurate finding. If it becomes impossible to find an "apples to apples" comparison in this important metric, we urge you to focus on future costs. Specifically, what will it cost DFAS Cleveland to continue to operate in their existing home or a new facility? That question forms the basis for the analysis that everyone should agree is the critical determinant.

As was presented to Commissioner Newton on June 23 and referenced in Mr. Nance's testimony on June 27, the Greater Cleveland community is fully committed to building a new facility to house the current and future DFAS workforce. The details are contained in our report to the Commission, but the key points are worth repeating. This facility would be completed prior to the 2009 deadline for meeting anti-terrorism standards and would be in full compliance with those requirements. Additionally, the cost per square foot, fully loaded, is estimated to be \$14.00 per square foot and remain static for a twenty-year lease. A facility such as this would meet or exceed future DFAS needs and would also be attractive to private sector occupants.

If, for any reason, a decision is made to stay in the current site (the Anthony Celebrezze federal building), we would work to reduce current and future costs. Given the fact that the Indianapolis DFAS operation was able to upgrade that location while, at the same time, reducing their costs, we are confident that an equally creative solution can be found for Cleveland.

As you continue your work, we urge you to look at the future, not the past. When all factors are considered – facility costs and options, work force, performance, and economic impact – the excellent people, performance and value of Cleveland DFAS become even more evident.

Sincerely,



Carol A. Caruso
Senior Vice President