# DEFENSE BASE REALIGNMENT AND CLOSURE COMMISSION

FINAL DELIBERATIONS

Thursday, August 25, 2005

AFTERNOON AND EVENING DELIBERATIONS

1:17 PM

Regency Room C

Hyatt Regency Crystal City

2799 Jefferson Davis Highway

Arlington, Virginia

COMMISSIONERS:

HON. ANTHONY J. PRINCIPI, presiding

JAMES H. BILBRAY

HON. PHILIP E. COYLE

ADMIRAL HAROLD W. GEHMAN, USN-Ret.

GENERAL JAMES T. HILL, USA-Ret.

JAMES V. HANSEN

GENERAL LLOYD W. NEWTON, USAF-Ret.

SAMUEL K. SKINNER

BRIGADIER GENERAL SUE TURNER, USAF-Ret.

CHAIRMAN:

THE HONORABLE ANTHONY J. PRINCIPI

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ALSO PRESENT:

CHARLES BATTAGLIA, Executive Director

DAVID HAGUE, General Counsel

BOB COOK, Deputy Director for Research and Analysis

RUMU SARKAR, Associate General Counsel

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P R O C E E D I N G S

CHAIRMAN PRINCIPI: The Commission hearing will come to order. The first item will be to return to the amendment that was offered by Secretary Skinner on section 173 dealing with the medical centers slated for closure. I think we've resolved my concerns and I'm prepared to support the amendment, but I would want to have the motion, the amendment, read into the record and then open it up for any further discussion before we vote on it.

Secretary Skinner or General Turner.

COMMISSIONER SKINNER: We'll be right with you. I put it aside here and now I'm trying to figure out where I put it aside to.

(Pause.)

CHAIRMAN PRINCIPI: I believe the motion was read into the record. There may not be a need to do it again. The motion effectively maintained a medical center or community hospital at Keesler Air Force Base in Fort Knox.

COMMISSIONER BILBRAY: Mr. Chairman, do we have a copy of the amendment?

COMMISSIONER SKINNER: 173. I'm just trying to find out where 173 is.

CHAIRMAN PRINCIPI: I have the amendment,



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Secretary.

COMMISSIONER SKINNER: Okay, good.

CHAIRMAN PRINCIPI: That the Commission finds that when the Secretary of Defense made medical Joint Cross Service recommendation 12, convert inpatient services to clinics, he substantially deviated from the Final Selection Criteria 2, 5, and 7 and the Force Structure Plan; that the Commission strike paragraph F and I and convert the medical center into a community hospital; that the Commission find this change and recommendation as amended are consistent with the Final Selection Criteria and the Force Structure Plan.

Is there a second?

COMMISSIONER TURNER: Second.

CHAIRMAN PRINCIPI: Are there any recusals?

(No response.)

CHAIRMAN PRINCIPI: Is there any further discussion?

(No response.)

CHAIRMAN PRINCIPI: All in favor?

(A show of hands.)

CHAIRMAN PRINCIPI: All opposed?

(A show of hands.)

MS. SARKAR: Mr. Chairman, I'm not exactly positive, but this is the vote as I report it out: seven

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yeas, two nays, and zero recusals. Is that correct?

CHAIRMAN PRINCIPI: Thank you.

Hearing no further motion to amend, we'll vote on whether to approve the Secretary's recommendation as amended and find that is consistent with the Final Selection Criteria and the Force Structure Plan. Is there a second?

COMMISSIONER TURNER: Second.

CHAIRMAN PRINCIPI: All in favor?

(A show of hands.)

CHAIRMAN PRINCIPI: All opposed?

(No response.)

MR. VAN SAUN: Thank you, Mr. Chairman. We're ready to move on to the headquarters and support activity, Joint Cross Service Group number 17. It's at section 135 of the bill: collocate Navy Education and Training Command and Navy education and training professional development and technical center.

The effect of this recommendation is relocation of both commands to Navy Support Activity, Millington, Tennessee. I introduce Carol Schmidt to discuss the rest of the item.

MS. SCHMIDT: DOD's justification is the collocation of these two commands with activities with common functions, such as the Bureau of Naval Personnel,



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Navy Manpower Analysis Center, and Navy Personnel Research and Development Center, thereby facilitating the creation of a Navy Human Resources Center of Excellence and eliminating personnel redundancies and excess infrastructure capacity.

DOD's COBRA estimates a one-time implementation cost of $33.3 million, with payback expected in 10 years. The net present value over 20 years is a savings of $14.4 million. This recommendation affects approximately 640 personnel.

(Slide.)

This slide summarizes key issues that were developed during analysis of the recommendation and are grouped by their associated selection criteria.

The community is energized against the relocation of the Navy's training headquarters away from a major training installation and DOD training area. The community believes that the majority of the workforce will not relocate from the Panhandle of Florida to southwestern Tennessee.

This recommendation would relocate NETC from an installation that ranks number 40 to an installation that ranks number 68. It is the staff's assessment that this recommendation and the expenditure of resources to effect the move are unnecessary. If the personnel reduction

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savings factor is eliminated, the net present value over 20 years converts to a cost of $4.2 million, with payback expected in 20 years.

It is the staff's assessment that by removing the headquarters out of this DOD training area there will be a negative impact on DOD's stated objective of enabling jointness. In summary, it is the staff's assessment that the Secretary deviates from Final Selection Criteria 1, 3, 4, and 5.

Mr. Chairman, this concludes my prepared remarks.

CHAIRMAN PRINCIPI: Thank you.

Admiral Gehman.

COMMISSIONER GEHMAN: Thank you, Mr. Chairman. As other Commissioners have indicated before, normally I would like to support my service on their recommendation here. This organization that we're talking about is a three-star admiral command who is in charge of the education and training facilities across the entire United States of the U.S. Navy. He is located at one of the facilities that he is in charge of right now, Pensacola, and it would move him to Naval Support Activity, Millington, Tennessee, where manpower personnel things are currently done.

As indicated by the briefer, there's no payback.

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As a matter of fact, there's a net cost. The synergies of locating the chief of training and education with the person who manages the writing of orders and personnel matters and things like that is not -- there might be some, but it doesn't knock you over.

This recommendation does not meet the tests that we have established here and when the time is correct I will offer an amendment to reject the Secretary's motion.

CHAIRMAN PRINCIPI: Is there any other discussion, questions?

(No response.)

CHAIRMAN PRINCIPI: Admiral Gehman, your amendment.

COMMISSIONER GEHMAN: Mr. Chairman, I move that the Commission find that when the Secretary of Defense made headquarters activity Joint Cross Service Group recommendation number 17, collocate the Navy Education and Training Command and the Navy Education and Training Professional Development and Technology Center, he substantially deviated from Final Selection Criteria 1, 3, 4, 5, and the Force Structure Plan; that the Commission strike the recommendation; and that the Commission find this change is consistent with the Final Selection Criteria and the Force Structure Plan.

CHAIRMAN PRINCIPI: Is there a second?

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COMMISSIONER NEWTON: Second.

CHAIRMAN PRINCIPI: Any further discussion on the amendment?

COMMISSIONER NEWTON: Mr. Chairman, I would like to align myself with Commissioner Gehman. This is the right thing to do. I have worked with this command before. It is my opinion that they are located at the right place. They are there with the other training work that's being done. This would not cost if they remain where they are. They have facilities and so on.

So I think this is the right move.

CHAIRMAN PRINCIPI: Thank you.

Anything further?

(No response.)

CHAIRMAN PRINCIPI: Are there any recusals?

(No response.)

CHAIRMAN PRINCIPI: We will now vote on the amendment. All in favor?

(A show of hands.)

CHAIRMAN PRINCIPI: All opposed?

(No response.)

MS. SARKAR: Mr. Chairman, the vote is unanimous. The motion is approved.

CHAIRMAN PRINCIPI: Thank you.

Are there any other amendments?

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(No response.)

CHAIRMAN PRINCIPI: Hearing no motion to amend, we vote on whether to approve the Secretary's recommendation and find that it's consistent with the Final Selection Criteria and the Force Structure Plan. Is there a second?

COMMISSIONER GEHMAN: We are voting on the Secretary's?

CHAIRMAN PRINCIPI: Recommendation as amended.

COMMISSIONER GEHMAN: We struck it, so I'm not sure.

CHAIRMAN PRINCIPI: Okay, I'm sorry. I apologize. We do not need that, thank you. One vote is plenty.

MR. VAN SAUN: Thank you, Mr. Chairman. We'll move on to the next item, headquarters activities number 18, section 136 of the bill, collocate Army Test and Evaluation Command. This recommendation realigns the Army Test and Evaluation Command with subordinate commands. The recommendation moves this organization from leased facilities in Alexandria, Virginia, to DOD-owned facilities at Aberdeen Proving Ground, Maryland.

I'd like to introduce Tim Abrell to further discuss this item.

MR. EPSTEIN: Thank you, sir.

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The DOD justified these recommendations on the basis that it will gain operational synergy and efficiencies by collocating with subordinate command components currently operating on Aberdeen Proving Grounds. Additionally, this is part of an overall concentration of other Army research and development activities that will create a center of excellence at Aberdeen Proving Grounds. Implementation of these recommendations will also improve force protection and reduce reliance on leased space.

The one-time cost for implementation is $7 million, with an immediate payback. The net present value is a savings of $124 million. This recommendation affects 362 personnel.

(Slide.)

Next slide.

(Slide.)

This slide summarizes the key issues that was developed during the analysis of this recommendation and they are grouped by their associated selection criteria. Under criteria C-2, the community has raised concern that DOD's military value was unfairly biased in its assessment of force protection standards that were not consistent with the standards developed by the Inter-Agency Security Committee tasked with developing and evaluating security

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standards for federal facilities.

Under criteria C-4, the community expressed concern about the loss of intellectual capital that would occur from personnel losses being moved to a facility outside the National Capital Region.

Under criteria C-5, the community felt that the DOD costs were overestimated for facilities and personnel, the models used in DOD's analysis to represent costs for leased spaces and force protection costs were inaccurate.

The staff's assessment reveals that there was no deviation from the Final Selection Criteria.

Next slide.

(Slide.)

CHAIRMAN PRINCIPI: Thank you.

Are there any questions or any discussion? Commissioner Coyle?

COMMISSIONER COYLE: Thank you, Mr. Chairman.

Mr. Abrell, the Army expressed some concerns about this proposal. Could you share that with us?

MR. ABRELL: Yes, sir. In my interview with the commander, he expressed some extreme concerns about loss of personnel he might incur by moving to Aberdeen, Aberdeen Proving Grounds.

COMMISSIONER COYLE: Was there some misunderstanding about whether or not they should move 80



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miles as opposed to a few miles?

MR. ABRELL: Yes, sir. In the initial COBRA analysis it was inputted that they were only ten miles away. But subsequently they did a manual correction of that and I believe the figures are correct.

COMMISSIONER COYLE: Do you have the Army slide that summarizes those issues?

MR. ABRELL: Yes, sir.

(Slide.)

COMMISSIONER COYLE: Mr. Chairman, you'll note that the Army here has expressed concern about the distance that would be involved in this move, separation costs, whether or not military construction costs were adequately figured into the equation, and whether or not there was adequate base support at Aberdeen.

While this particular item involves leased space, I would like to bring up a different issue and so at an appropriate time I would have an amendment which would propose moving this command to Fort Belvoir, where they tell us that they could avoid the loss of key personnel because it's a short distance, and yet still take credit for the savings from moving out of leased space.

In my view, if we did what the command requested here, General Hill's famous words, this would be a no-



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brainer.

COMMISSIONER HILL: I think this is a brainer.

(Laughter.)

COMMISSIONER HILL: First off, this is not the Army input. This is ATEC input, because the Army position, as expressed in the Department, in the Secretary's recommendation, is to move this organization to Aberdeen Proving Ground, where it collocates with and is part of a larger organization to make Aberdeen Proving Ground the test facility for the United States Army.

This was in relation -- I'm assuming when you went out there for the visit and you were asking and they were providing data. So that's their opinion, not -- as opposed to the final analysis worked up by the Secretary of Defense and the Secretary of the Army, correct?

MR. VAN SAUN: Yes.

COMMISSIONER HILL: The other thing I would say to my good friend Mr. Coyle, who has been voting here about not putting all those people at Belvoir, this is one more big large chunk of Belvoir that gets filled up. ATEC in my opinion belongs just where the Secretary said it should be, and which was the staff's assessment also, at Aberdeen Proving Ground.

CHAIRMAN PRINCIPI: Is there any further discussion on this, on this issue?



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(No response.)

CHAIRMAN PRINCIPI: Commissioner Coyle, do you wish to offer an amendment?

COMMISSIONER COYLE: I do, Mr. Chairman. I think it's important to support the ATEC commander. There are issues of independence, not unlike those that we've already supported in the case of the naval activity at Corona. So I would like to offer an amendment.

Mr. Chairman, I move that the Commission find that when the Secretary of Defense made headquarters and support activities Joint Cross Service Group recommendation 18, consolidate Army Test and Evaluation Command, ATEC, headquarters, he substantially deviated from Final Selection Criteria 1 and the Force Structure Plan; that the Commission strike the language, quote, "relocating and consolidating Army Test and Evaluation Command, ATEC, with its subcomponents, at Aberdeen Proving Ground, APG, Maryland," close quotes, and insert in its place, quote, "relocating Army Test and Evaluation Command, ATEC, to Fort Belvoir, Virginia," close quotes; and that the Commission find this change and the recommendation as amended are consistent with the Final Selection Criteria and Force Structure Plan.

Mr. Chairman, this is exactly the kind of conflict that we will run into in putting leased space



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activities on Fort Belvoir or any other military installation without military justification. We will say, well, there isn't room to put something on Fort Belvoir or some other military installation, even if that's where the command wants to go for the military value that they believe that entails.

Thank you very much.

CHAIRMAN PRINCIPI: Thank you.

Is there a second?

COMMISSIONER BILBRAY: Second.

CHAIRMAN PRINCIPI: Any further discussion?

(No response.)

CHAIRMAN PRINCIPI: We'll vote on the Motion 136-4a -- excuse me. Are there any recusals on this?

(One hand raised.)

CHAIRMAN PRINCIPI: All in favor?

(A show of hands.)

CHAIRMAN PRINCIPI: All opposed?

(A show of hands.)

MS. SARKAR: Mr. Chairman, the vote is two yeas, six nays, one abstention. The motion fails.

CHAIRMAN PRINCIPI: Thank you.

Are there any further amendments?

(No response.)

CHAIRMAN PRINCIPI: Hearing no further motion to



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amend, we vote on whether to approve the Secretary's recommendation and find that it's consistent with the Final Selection Criteria and the Force Structure Plan. Is there a second?

COMMISSIONER NEWTON: Second.

CHAIRMAN PRINCIPI: All in favor?

(A show of hands.)

CHAIRMAN PRINCIPI: All opposed?

(A show of hands.)

MS. SARKAR: Mr. Chairman, the vote is six yeas, two nays, one abstention. The motion is approved.

MR. VAN SAUN: Thank you, Mr. Chairman. Next is headquarters and support activities number 19. That's section 137 of the bill, consolidate civilian personnel offices within each military department and the defense agencies.

(Slide.)

On the first slide you will see the Army's part: relocate two civilian personnel operations centers, consolidating with three currently existing centers. That will realign Fort Richardson, Alaska, realign Rock Island Arsenal, Illinois.

(Slide.)

The next slide will be for the Navy. It realigns the Human Resources Center Northeast installation

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in Philadelphia, realigns Human Resource Service Center Southeast at Stennis Space Center, Mississippi, realigns Human Resource Service Center Southwest, leased in San Diego, and realigns Human Services Center Pacific, Honolulu, Hawaii.

(Slide.)

The next slide is the Air Force will relocate five civilian personnel offices to Randolph Air Force Base, Texas, realigning from Wright Patterson Air Force Base, Ohio, Robins Air Force Base, Georgia, Hill Air Force Base, Utah, Tinker Air Force Base, Oklahoma, and Bolling Air Force Base in D.C.

(Slide.)

The last slide is for defense agencies, which will realign Jefferson Davis Highway leased installation, realign the Department of Defense education activity in Arlington, and realign the Defense Information Systems Agency in Arlington.

Mr. Chairman, the next recommendation for -- excuse me. I will turn it over to Carol Schmidt. I was looking for one more slide, sorry. Go ahead, Carol.

MS. SCHMIDT: Mr. Chairman, Commissioners, I'm going to depart somewhat from the standardized presentation. Because the effects of this recommendation and the associated issues are more easily described



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through the use of graphics, I will show the appropriate chart during the discussion of the related issue.

(Slide.)

DOD's justification is the reduction of excess capacity, reduction of use of leased space, and achievement of manpower savings through consolidation of like functions and, finally, support of the administration's urging of federal agencies to consolidate personnel services. DOD's COBRA estimates a one-time implementation cost of $97.5 million, with payback expected in 4 years. The net present value over 20 years is a savings of $196.7 million. This recommendation affects 3 military and 1,630 civilians.

(Slide.)

I invite your attention to the chart that depicts the effects of the recommendation on Army civilian personnel operations centers.

There are no issues regarding the realignment of the CPOC at Fort Richardson, Alaska, to Fort Huachuca, Arizona. However, there is an issue with the realignment of the CPOC at Rock Island Arsenal. The Rock Island CPOC was ranked first in military value among the 25 DOD personnel offices. In response to the request for rationale for relocating Rock Island CPOC, OSD BRAC clearinghouse's response confirmed that the relocation was



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based on Army's BRAC process that identified Rock Island Arsenal for recommended closure.

The Army decided not to close Rock Island Arsenal in the final stages of the BRAC process. That along with other changes directed for the civilian personnel recommendation did not allow sufficient time to reanalyze the recommendation. Therefore, there was not fair and equal treatment.

(Slide.)

The next chart depicts the effects of the recommendation on Navy's human resource service centers. The realignment of HRSC Southwest and HRSC Pacific to their respective gaining installations is not at issue. The realignment of HRSC Northeast in a leased installation in Philadelphia to the Naval Support Activity Philadelphia is not an issue.

However, there is an issue with the associated realignment of HRSC Southeast. HRSC Southeast is located on Stennis Space Center, a federally owned level one security-rated facility whose tenants, who include SEAL's, Special Boat Unit 22, pay a fair share of the base's operating costs. However, because of DOD's assumption with regard to leased space the facility received the values applied to leased space. Thus there was not fair and equal treatment.



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(Slide.)

The next slide depicts Air Force's relocation of civilian personnel offices at Wright Patterson in Ohio, Robins in Georgia, Hill in Utah, Tinker in Oklahoma, and Bolling in D.C. to Randolph Air Force Base, Texas. However, this action as recommended would deprive the associated losing installations of mandatory personnel management advisory services, otherwise referred to as non-transactional functions.

OSD BRAC clearinghouse's response to a specific query indicated this was not Air Force's intention. Transactional functions -- next slide, please.

(Slide.)

Transactional functions of Defense Commissary Agency's Human Resources Division and the Civilian Personnel Service -- I'm sorry -- and the civilian personnel offices of the Washington Headquarters Service and the DOD Education Activity, all located in Arlington, Virginia, would realign to the customer support office of the Defense Logistics Agency in Columbus, Ohio.

The transactional functions of the civilian personnel office of the Defense Information Systems Agency in Arlington, Virginia, would relocate to the civilian personnel office of Defense Finance and Accounting Service in Indianapolis, Indiana.



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There are no issues associated with these alignments. It is the staff's assessment that, with regard to Army's Rock Island Arsenal, CPOC, Navy's HRSC Southeast, and Air Force's civilian personnel offices' non-transactional functions, the Secretary deviated from selection criteria 1, 2, and 4.

Mr. Chairman, this concludes my prepared remarks.

CHAIRMAN PRINCIPI: Thank you.

Any questions or discussion?

COMMISSIONER SKINNER: Yes. Let me just -- I think it's a very adequate, very excellent presentation. I have an amendment that I will be making to cover the two issues that we talked about, that Carol talked about. This is an issue in the case of Rock Island of fundamental fairness. This is the number one-ranked office and they didn't even get to make their case because of bureaucracy, and I think they ought to have the opportunity to make their case.

I would also remind everybody that if we approve this alignment and hold out Rock Island, the agency will still have the ability in the overhaul to reorganize if they think that's appropriate. But at least they get to make their case.

The other issues on Stennis have already been



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discussed.

CHAIRMAN PRINCIPI: Are there any amendments?

COMMISSIONER SKINNER: Yes, I have an amendment. I move that the Commission find that when the Secretary of Defense made headquarters and support activities Joint Cross Service Group recommendation 19, consolidate civilian personnel offices within each military department and the defense agencies, he substantially deviated from Final Selection Criteria 1, 2, 4, and 5 and Force Structure Plan; and the Commission strikes paragraphs B and D of chapter 5, section 137; and that also in paragraph H of chapter 5, section 137, the Commission strikes the language "realign Wright Patterson Air Force Base, Ohio, by relocating the civilian personnel office" and insert in its place the language "realign Wright Patterson Air Force Base, Ohio, by relocating the transactional functions of the civilian personnel office"; append the sentence "Retain sufficient positions to perform the personnel management advisory service and the non-transactional functions necessary to support Wright Patterson Air Force Base, Ohio, civilian workforce" to paragraph G of chapter 5, section 137; also, to append the sentence "Retain sufficient positions and personnel to perform the personnel management advisory services and non-transactional functions necessary to support Robins



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Air Force Base"; append the sentence "Retain sufficient personnel and positions to perform the personnel management advisory services and non-transactional functions necessary to support Hill Air Force Base civilian workforce" to paragraph I of chapter 5; and append the sentence "Retain sufficient positions and personnel to perform the management advisory systems and non-transactional functions necessary to support Tinker Air Force Base, OK, civilian workforce" -- "Oklahoma, civilian workforce" to paragraph J of chapter 5, section 137; and to append the sentence "Retain sufficient positions and personnel to perform the personnel management advisory services and non-transactional functions necessary to support Bolling Air Force Base, D.C., civilian workforce" to paragraph K of chapter 5, 137; and that the Commission finds that this change and the recommendations as amended are consistent with the force selection criteria -- Final Selection Criteria and Force Structure Plan.

I move that.

CHAIRMAN PRINCIPI: Is there a second?

COMMISSIONER NEWTON: Second.

CHAIRMAN PRINCIPI: Is there any discussion on the amendment?

COMMISSIONER SKINNER: Just don't ask me to read



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it again.

CHAIRMAN PRINCIPI: Are there any recusals?

(A show of hands.)

CHAIRMAN PRINCIPI: Two recusals.

We will vote on Motion No. 137-4a. All in favor?

(A show of hands.)

CHAIRMAN PRINCIPI: All opposed?

(No response.)

MS. SARKAR: Mr. Chairman, the votes are seven yeas, no nays, two abstentions. The motion is approved.

CHAIRMAN PRINCIPI: Thank you.

Are there any further amendments?

(No response.)

CHAIRMAN PRINCIPI: Hearing no further motion to amend, we will vote on whether to approve the Secretary's recommendation as amended and find that it is consistent with the Final Selection Criteria and the Force Structure Plan. Is there a second?

COMMISSIONER NEWTON: Second.

CHAIRMAN PRINCIPI: All in favor?

(A show of hands.)

CHAIRMAN PRINCIPI: All opposed?

(No response.)

MS. SARKAR: Mr. Chairman, the vote is seven



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yeas, no nays, two abstentions. The motion passes.

MR. VAN SAUN: Thank you, Mr. Chairman. We're going to go right past 143. We'd like to come back to that one a little bit later this afternoon. We'd like to start with the next item, section 145. Before we start on 145, I'd like to switch to section 196 and that's an additional on the DFAS, on the DFAS add. So without going any further, I would like to turn it over to the analyst on this to give you a full rundown on the DFAS add and the section 145. Over to Marilyn Wasleski.

(Slide.)

MS. WASLESKI: Good afternoon.

Because the DFAS adds action is connected with the original DOD recommendation, my presentation will discuss both actions. The Defense Finance and Accounting Service recommendation is to consolidate the agency's 26 sites into three major centers located at Denver, Colorado, at Buckley Annex, Columbus, Ohio, and Indianapolis, Indiana, with a small contingent of personnel remaining at DFAS Arlington and Cleveland for liaison support functions and contractor oversight respectively.

Next slide, please.

(Slide.)

The justification for the DOD recommendation is



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to accomplish a major facilities reduction in business line mission realignment. The COBRA data show a one-time cost of $282 million, annual recurring savings of $120 million, an immediate payback, and a net present value of over a million -- a billion, sorry.

The recommendation relocates over 7,000 personnel and eliminates approximately 1300 due to savings from consolidation.

Next slide, please.

(Slide.)

The issues developed as they relate to the relevant selection criteria are as follows. In the out years, DFAS' workforce will continue to decrease because of technology and efficiency improvements. Holding onto DOD-owned property could be a liability for such an organization. As workload and personnel decrease, being in GSA property and similar types of properties provides more flexibility to release space back.

The DFAS in Denver located on Buckley Annex is an Air Force-owned property. The annex is approximately 38 acres. DFAS occupies 78 percent of the building on the property. Other organizations on this property can be relocated or closed. There is reuse potential within the Denver area.

Therefore, this installation offers the



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opportunity for a complete closure. Closing Buckley Annex could avoid $6.4 million in military construction costs for DFAS and over $6 million in total recurring base operating support costs that have a net present value savings of over $90 million.

The economic impact on Denver is not significant. The DFAS at Columbus, while on a DOD-owned property, does not provide for full closure opportunity. The DFAS at Indianapolis is a GSA property which provides for future flexibility in mission needs.

DOD did not consider economic impact in its decision process. The two sites that will be more severely impacted than others from this round of base closures are Limestone, Maine, and Rome, New York.

Next slide.

(Slide.)

On July 19th the Commission added the three gaining sites in order to perform a comprehensive review of the recommendation and review all sites equally. Staff analysis of the total recommendation indicates that closing DFAS Denver will enable the total closure of Buckley Annex. If the Commission chooses to close the DFAS in Denver, DFAS will require another major site in order to provide DFAS with its desire to retain anchor sites for business operations and strategic redundancy.

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According to DOD, the next major site in their selection process will be the DFAS in Cleveland, Ohio.

Staff proposes keeping open DFAS Limestone, Maine, and Rome, New York. The two sites will be able to provide DFAS with needed capacity for business line realignment and strategic redundancy. Doing so will also mitigate the economic impact on the areas surrounding these two locations.

The COBRA data show a one-time cost of $254 million, annual recurring savings of over $100 million, an immediate payback, and net present value of over a billion dollars. This proposal relocates over 6500 personnel and eliminates approximately 1100 civilians due to savings from consolidation.

Next slide, please.

(Slide.)

The staff-proposed scenario is to close all DFAS sites except Cleveland, Ohio, Columbus, Ohio, Indianapolis, Indiana, Limestone, Maine, and Rome, New York, and realign FAS Arlington to the sites that remain open while retaining a contingent of personnel for liaison support to DOD.

This concludes my presentation. If you have any questions I'd be happy to take them.

CHAIRMAN PRINCIPI: Thank you very much. I



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certainly concur with your recommendations. I think they are very well thought out and I think it goes a long way to supporting the Defense Department's need for consolidation, but does so in a way that provides for that strategic redundancy, keeps offices open in areas that would have a tremendous economic impact, and I think it's very well balanced. We're very grateful for your work and very supportive.

General Hill.

COMMISSIONER HILL: Mr. Chairman, I'd like to echo that. I think this is one of the best actions done by this particular BRAC team. It highlights the invaluable value of our staff and their professionalism.

When we first started looking at the DFAS recommendation, when it first popped out at us, someone flippantly said: Well, you could do this from India. And it seemed to be the classic no-brainer. But that's not true, because as we began to look at the DFAS sites -- and I visited two of them -- we found out that the closures in fact you couldn't do flippantly discuss people, because it was about people and it was about jobs and it was about lives.

Ms. Wasleski would not let us off the hook on this and she would not simply accept the fact that the DOD recommendation on its face was right, and it was certainly



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not about the fairness of it. She took that on and she wouldn't let us quit.

We've got a better proposal. It's a fairer proposal. It makes more money for the Department and it still does the right things in terms of efficiency, and it keeps faith with some of the smaller communities around. I just want to thank Ms. Wasleski for a job well done.

MS. WASLESKI: Thank you.

COMMISSIONER NEWTON: Mr. Chairman.

CHAIRMAN PRINCIPI: General Newton?

COMMISSIONER NEWTON: Yes, Mr. Chairman. I would like to associate myself with Commissioner Hill in all of his remarks. He is absolutely right on target when he said this was really all about people. There are several of us very concerned about how you bring an institution that is so critical to our men and women of 26 different locations down to 3 in such a rapid period of time.

I voiced in several places that I visited that this was not about the colonels and the generals and the senior NCO's getting their pay. This was about that young airman who just came into our armed forces last year or six months ago. This was about them and their families getting their pay and getting it on time. So we wanted to be very careful about the disruption as we brought this



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down, as well as we wanted to be careful that there was redundancy in the mission.

Now, I do want to commend DFAS and the DFAS leadership, whose director just slipped my mind --

MS. WASLESKI: Mr. Gatty.

COMMISSIONER NEWTON: Gatty. I do want to commend them for the great work, not only the proposal which they put together in this BRAC, but what they have been doing in years before this BRAC to be a very efficient and a very responsive organization. They've been doing that very well. As a matter of fact, beyond this BRAC DFAS will plan to continue to draw down as it gets new tools and become more efficient in the process.

So those are my comments, Mr. Chairman. I do have an amendment at the appropriate time.

CHAIRMAN PRINCIPI: Thank you, General Newton. I certainly associate myself with my friends' comments, General Hill and General Newton. I'm especially pleased with the selections of the five sites. As I indicated in a previous hearing, when Lowry Air Force Base was closed and was backfilled with a DFAS site to help offset the significant economic impact, the fact that it came off the -- it was on the list to be closed. We are restoring it. I think we're keeping faith with the people of Limestone.

But they've also proved their mettle because I



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believe they're one of the highest quality DFASes in the system and customer satisfaction indices show them to have done a superb job. I'm sure that's true at the other sites as well.

We now have another installation that is -- numerous DFAS installations. The Commission added for consideration to the Secretary's list additional recommendation 6, DFAS Denver, Colorado, to appear at chapter 11, section 196 of the bill. Commissioner Newton will present the recommendation in the form of a motion, No. 196-4b. This requires seven votes to approve and we will vote only one time on the motion.

General Newton.

COMMISSIONER NEWTON: Thank you, Mr. Chairman. Mr. Chairman, I move that the Commission find that when the Secretary of Defense failed to recommend the closure of the Defense Finance and Accounting Service site in Denver, Colorado, he substantially deviated from the Final Selection Criteria 3 and 4 and the Force Structure Plan; that the Commission add to the list of installations to be closed or realigned Defense Finance and Accounting Service Denver, Colorado; that the Commission find that when the Secretary of Defense made headquarters and support activities Joint Cross Service Group recommendation 37, Defense Finance and Accounting Service, he substantially



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deviated from the Final Selection Criteria 3, 4, and 6 and the Force Structure Plan; that the Commission strike headquarters and support activities recommendation 37, Defense Finance and Accounting Service, and insert in its place "close the Defense Finance and Accounting Service DFAS sites at Denver, Colorado, Rock Island, Illinois, Pensacola Saufley Field, Florida, Norfolk Naval Station, Virginia, Lawton, Oklahoma, Pensacola Naval Air Station, Florida, Oklahoma" -- I'm sorry -- "Omaha, Nebraska, Dayton, Ohio, St. Louis, Missouri, San Antonio, Texas, San Diego, California, Pacific Ford Island, Hawaii, Patuxent River, Maryland, Charleston, South Carolina, Orlando, Florida, Lexington, Kentucky, Kansas City, Missouri, Seaside, California, San Bernardino, California, and Oakland, California, relocate the functions performed at these locations to the DFAS sites at Cleveland, Ohio, Columbus, Ohio, and Indianapolis, Indiana, Limestone, Maine, and Rome, New York, grow the DFAS sites -- the DFAS site at Cleveland, Ohio, to not less than 1500 full-time equivalent, grow the DFAS site at Limestone, Maine, to not less than 600 full-time equivalent, and grow the DFAS site at Rome, New York, to not less than 1,000 full-time equivalent, maintain not less than the current full-time equivalent at the DFAS sites of Columbus, Ohio, and Indianapolis, Indiana; assign functions among the DFAS



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sites retained to provide for strategic redundancy in all critical tasks; realign the Arlington, Virginia, site by relocating all functions to the remaining DFAS sites except the minimum essential DFAS liaison staff to support the Under Secretary of Defense-Comptroller, Chief Financial Officer, military service chief financial officer, and Congressional requirements, which will be retained in the National Capital Region; and that the Commission find this additional recommendation and change to the existing recommendation as amended are consistent with the Final Selection Criteria and the Force Structure Plan."

CHAIRMAN PRINCIPI: Is there a second?

COMMISSIONER HILL : Second.

CHAIRMAN PRINCIPI: Is there any discussion on the amendment? Secretary Skinner.

COMMISSIONER SKINNER: I just want to associate my comments with General Hill's and General Newton's. I would just also observe that, in addition to restructuring the DFAS recommendation slightly, this also ensures that the DFAS site at Cleveland, Ohio, which is the center DFAS facility for the accounting, payment, and reimbursement for National Guard and Army Reserve and Marine Reserve and those reservists who are serving in theater, and have tremendous problems in their initial call-up in getting

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services accomplished and getting paid on time, that after putting a task force on this, Mr. Zackdaddy put the people in at Cleveland. They've been handling it very well. It's working very well. Families now know where to go, and this amendment would also ensure that those families and the soldiers, sailors, and airmen in the theater will have their accounting taken care of correctly, and I applaud this amendment.

CHAIRMAN PRINCIPI: Are there any recusals?

(A show of hands.)

CHAIRMAN PRINCIPI: All in favor?

(A show of hands.)

CHAIRMAN PRINCIPI: All opposed?

(No response.)

MS. SARKAR: Mr. Chairman, the votes are seven yeas, zero nays, two abstentions. Because this is an add, seven votes are required. The motion is adopted. Thank you.

CHAIRMAN PRINCIPI: Thank you. Thank you, staff.

MR. VAN SAUN: Thank you, Mr. Chairman.

I would now like to go back to section 143, headquarters and support activity, 35 item, consolidate, collocate active and reserve personnel and recruiting centers for Army and Air Force. This recommendation



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combines the Army and Air Force personnel-related actions.

Army Human Resources Command leased facilities are realigned from Alexandria, Virginia, Indianapolis, Indiana, and St. Louis, Missouri, and relocated and consolidated at Fort Knox, Kentucky. Air Force realigns the processing functions of the Air Reserve Personnel Center in Denver, Colorado, to Randolph Air Force Base, Texas, and relocates their individual mobilization augmentee operation to Robins Air Force Base, Georgia, and realigns Robins Air Force Base, Georgia, by relocating the Air Force Reserve Recruiting Service to Randolph Air Force Base.

I would now like to introduce Colleen Turner to further the analysis.

MS. TURNER: Thank you, Mr. Van Saun.

Mr. Chairman and Commissioners, DOD justified this recommendation by stating it creates human resource centers of excellence, improves personnel life cycle and command management, while eliminating leased space and excess capacity. DOD asserts this recommendation supports transformation initiatives to increase the active and reserve component total force integration and effectiveness, provides a continuum of service, and supports the defense integrated military human resource system.

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The one-time cost of this recommendation is $119 million, with an immediate payback and over a $1.8 billion 20-year net present value savings, and it affects approximately 1300 personnel.

(Slide.)

This slide summarizes the key issues, grouped by their associated selection criteria. Regarding the Army, the Missouri community disagreed with the DOD recommendation, asserting instead that the Army's human resources consolidation should occur in St. Louis. However, the findings of the Commission staff supported the DOD recommendation to consolidate the Army Human Resources Command at Fort Knox, Kentucky.

Regarding the Air Force portion of this recommendation, certain elements do not promote the synergy created by other elements. Unlike the Army, who is moving all of their personnel functions to one place, the Air Force is moving their reserve component recruiting and personnel functions away from the primary influence of their parent command. In doing this, DOD creates the potential for mission degradation of very successful current operations.

Also, the benefits of consolidation appear overstated in that the services provided to the multiple and differing categories of the reserve, driven by an



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array of laws applicable to them, do not lend themselves to the kind of overlap the active component could realize.

Lastly, the Air Force portion of this recommend is cost ineffective, with a $6 million 20-year net present value cost rather than savings, which is obscured by being combined with the Army recommendation.

Commission staff supports the recommendation. However, regarding the two Air Force portions related to the substantial geographical realignment of the Air Reserve Personnel Center at Buckley Annex in Denver and the Air Force Reserve Recruiting Service at Robins Air Force Base, Georgia, to Randolph Air Force Base, Texas, the staff determined the Secretary of Defense deviated from criteria 1, 4, and 5.

Mr. Chairman, this concludes my prepared presentation. The staff is prepared to answer any additional questions prior to any motions you might have.

CHAIRMAN PRINCIPI: Thank you very much. I appreciate it.

General Newton.

COMMISSIONER NEWTON: Yes, Mr. Chairman. Thank you very much.

Can you show us the savings? What I'm interested in seeing is the savings which were showed by the Department? And do you have a slide that shows the

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savings if we make the amendment?

I tell you what. While you're thinking about that, let me make the amendment and then it will start to become a bit clearer. Also, do you have a backup slide that shows where these functions would be going?

MS. TURNER: Mr. Gingrich is going to explain the entire COBRA run savings.

COMMISSIONER NEWTON: Okay, very good. I should have known.

MR. GINGRICH: I don't know if I can explain the entire one on this one. Sir, we still -- the current COBRA run that we have from DOD shows the movement of ARPC to Randolph Air Force Base and it keeps everything consistent at ARPC or Buckley Annex, if you will. In the review of that COBRA recommendation, we found inconsistencies and inaccuracies in the BOS costs, the sustainment costs, recapitalization costs with respect to ARPC.

We have requested from the Air Force updated data. We've received that outside of COBRA. We received that in a white paper type document response from the clearinghouse. They attempted to do another COBRA run for us that would close Buckley Annex contingent upon if DFAS moves. We received that back in. The data with respect to Buckley Annex was still inaccurate. So therefore I



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don't have a good cost figure for you.

Now, however, let me just finish the whole thought here. The reason why we did this is because DFAS and ARPC amounted to 99 percent of the population at Buckley Annex. With DFAS being considered by the Commission for movement out of Denver, ARPC already included in one of the Secretary's other recommendations, that left less than one percent. So we saw this as an opportunity, and we started working this about two weeks ago.

We still don't have the right data. The problem is the Air Force has a difficult time because the costs associated with Buckley Annex are in multiple PE, or program element, lines and they're having a hard time.

Now, spreadsheet analysis. What the Air Force told us in their white paper is about $6 million a year to operate. That's simply to operate Buckley Annex. That doesn't count into sustainment and recap, which would also increase the savings associated with the closure of the annex.

So should ARPC continue to go to Randolph or some other place, you will incur or the DOD will incur savings, not substantial, probably somewhere in the neighborhood of $50 million to $100 million net present value over 20 years, for the closure of that annex.



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That's completely back of the envelope type analysis until we can get the right information from the Air Force.

COMMISSIONER NEWTON: I'm sorry. I guess the question comes with their original numbers for the savings vice what you're suggesting now. So it's off by that much? What was their original numbers for the net present value?

MR. GINGRICH: Sir, their original number is $1.89 billion for this entire recommendation. That does not include any closure of ARPC. It includes a savings, using the inaccurate COBRA data, of about $5,000 a year in BOS costs. So even the DOD recommendation right now is confusing, is inaccurate.

COMMISSIONER NEWTON: Yes. Okay, let me share with my colleagues here what my amendment recommends. It recommends, now that we just made the decision that -- the building that DFAS lives in in Denver, Colorado, is at old Buckley Air Force Base -- or the Buckley Annex, I guess it's called -- is the same place where this organization lives. We would like -- we want to move both of them out of those facilities.

So instead of taking the Air Reserve Personnel Center to San Antonio, Texas, we'll move them right up the road to -- Buckley. Yes, I was trying to remember. I got a brain cramp there for a moment. To Buckley Air Force



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Base. That will keep our personnel intact. We get facilities there for them instead of moving them all the way to Texas.

We didn't quite see the synergy, at least this Commissioner did not see the synergy, of bringing them all together in San Antonio. That's not the community they serve. They really serve the Air Reserve headquarters and all of our reservists that are there, and they've been doing that exceptionally well over the years.

So that was the first part of it and that's the part that's in Denver. In this move there was also a move to take the recruiting service, the Reserve Recruiting Service, from the reserve headquarters located at Robins Air Force Base in Georgia and bring that to the active duty recruiting service in San Antonio. We failed to understand why they wanted to do that as well, particularly since again this unit really services reservists. So we didn't see that synergy to bring all of that together.

So that's the two parts to my recommendation, Mr. Chairman, and I'll make that, that amendment, whenever appropriate.

CHAIRMAN PRINCIPI: Do you want to enter the amendment at this time, General?

COMMISSIONER NEWTON: Yes, sir, I'll be happy



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to. Mr. Chairman, I move that the Commission find that when the Secretary of Defense made headquarters and support activities recommendation 33, consolidate/collocate active and reserve personnel and recruiting centers for Army and Air Force, he substantially deviated from Final Selection Criteria 1, 4, and 5 and the Force Structure Plan; that the Commission strike the language "by relocating the Air Reserve Personnel Center processing function to Randolph Air Force Base, Texas, and consolidate them with the Air Force Personnel Center at Randolph Air Force Base, Texas" at chapter 5, section 143; that the Commission strike paragraph C of chapter 5, section 143; and that the Commission find this change and the recommendation as amended are consistent with the Final Selection Criteria and the Force Structure Plan.

Now, again I am talking various paragraphs here in that, in that part of the bill. So if someone has a question on that I am sure that between the analyst and myself we'll be able to answer your questions.

CHAIRMAN PRINCIPI: Well, thank you.

Is there a second?

COMMISSIONER TURNER: Second.

CHAIRMAN PRINCIPI: We'll pause for one moment.

COMMISSIONER SKINNER: Can I ask a question



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while they're conferring?

CHAIRMAN PRINCIPI: Secretary Skinner.

COMMISSIONER SKINNER: It's my understanding that the goal here was to take the Army and the Air Force recruiting and centralize it in Texas and in Fort Knox, and those are the numbers, substantial numbers of savings that were recommended in the recommendation. I'm a little confused as to -- do we have numbers for the amendment and what the cost of the amendment would be versus what the cost and savings would be for the original Secretary-recommended proposal?

MR. GINGRICH: Sir, still operating off of the incorrect data, the cost differential is going to be nominal, if not better, and 20-year net present value resulting in more savings because of the reduction of infrastructure and basically the closure of Buckley Annex.

COMMISSIONER SKINNER: All right. So we were -- the Air Reserve Personnel Center in Denver is at Buckley, is at Buckley Annex now?

MR. GINGRICH: Yes, sir.

COMMISSIONER SKINNER: So we're going to move them across, down the road in Colorado, rather than to move them to Texas?

MR. GINGRICH: Approximately eight miles, I believe it is.



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COMMISSIONER SKINNER: And the Warner Robins stuff will go to Colorado instead of Texas?

COMMISSIONER NEWTON: They'll stay right where they are.

COMMISSIONER SKINNER: That's a major reorganization of the Secretary's recommendation. So I don't see how, if you're not moving Warner Robins -- we have -- The Army stays the same, right? So therefore it would appear to me that in order to judge the military value and costs of the two -- I understand you're having trouble getting the accurate costs from the Air Force generally. But I want to make sure that by making this move we don't actually end up in a -- number one, we accomplish what the Secretary wanted to accomplish with consolidated, consolidated recruiting. And if we can find a better place to do it and it makes -- it has military value and we've added value and it doesn't cost us a whole lot or it's worth the money, I understand it.

But on the other hand, it really looks like we're saying, you're not going to move Warner Robins, we're going to take what was in Colorado and move it across the street, and we're not going to have a combined center of excellence like they've done in the Army. Am I correct; is that what this amendment does?

MS. TURNER: Sir, there are three portions to



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the Air Force recommendations. The Army recommendation is pretty clear. Everything goes to one place. One part of the Air Force recommendation moves the individual mobilization augmentees from the Air Reserve Personnel Center to Warner Robins. There is no disagreement about this. It does create a synergy for those people because that's what they do there.

COMMISSIONER SKINNER: So those people that are going from Denver there will go there anyway?

MS. TURNER: Yes.

COMMISSIONER SKINNER: Okay.

MS. TURNER: The other two portions take functions, the personnel and recruiting reserve services, and put them with the active duty and take them away from the parent command, which is in Warner Robins.

COMMISSIONER SKINNER: Now, doesn't the Army do that, too?

MS. TURNER: No. They bring everyone to the same place. All the personnel commands come together at Fort Knox for human resources.

COMMISSIONER SKINNER: But here we weren't doing that anyway. In other words, the Air Force recommendation does not parallel in concept the Army.

MS. TURNER: Exactly, sir.

COMMISSIONER SKINNER: The Air Force decided we



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were going to do it one way and the Army decided we were going to do it another way.

MS. TURNER: Yes, sir.

COMMISSIONER SKINNER: Not uncommon, by the way, in life.

MS. TURNER: That's exactly how --

COMMISSIONER SKINNER: So basically we are not changing the Air Force's recommendation as to how they do it. We're changing as to where they do it.

MS. TURNER: Sir, we're supporting the piece of it that does create synergy.

COMMISSIONER SKINNER: So we're saying the judgment -- we disagree with the Secretary's and the Air Force's observation of where we get synergies and so we're not only moving it physically, but we're restructuring the Secretary's recommendation?

MS. TURNER: Yes, sir.

COMMISSIONER SKINNER: And would you explain to me why we're doing that, other than we believe it's flawed?

MS. TURNER: Yes, sir. The concept of creating a center of excellence is to create synergy of like forces together. This is well demonstrated in the Army recommendation. However, when you take components like recruiting and personnel away from a parent command and

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put them under the command of the active duty force, you can create sort of a two-boss situation, where they're split in terms of service. And when they are serving the reservists and away from the parent command, it can create a disruption of service rather than the excellent service that they're currently providing. There is a potential for degradation of the service.

COMMISSIONER SKINNER: But the Army has figured out how to do that, because they're putting it all together.

MS. TURNER: Sir, I'm not -- it would not be advisable for me to speak about the rationale behind the different services' decision.

COMMISSIONER SKINNER: Well, I'm just trying to understand, to make sure when we've got $1.9 billion on the table that in reorganizing this and superimposing our judgment on the Secretary and people who've thought this out, that we're not making a mistake. This is not an insignificant change. This is not correcting -- and we've got two different concepts and they're in the same recommendation, which compounds the problem, because we're comparing too. And of course, you have a lot of Air Force experience and I value your judgment on that.

But I'm trying to just make sure. This is a big issue. When you look at the cost savings, it's an



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immediate payback according to the Department. And I want to make sure that I understand -- maybe the others do, but I want to make sure I understand it, that, number one, we're not -- the value that they're getting by, A, reorganization in Air Force will continue to be achieved; that, number two, we're not doing something so fundamentally wrong in the reorganization that is going to compound their problem.

I wonder if we've had communications with them on our thoughts and what their observations are, because as I look at it this is probably as significant -- some cases will say it doesn't make sense or it does make sense, but we're going a little bit further than that, saying we say it does make sense, but this is the way you should have done it, and doing it in a very dramatic way. And I want to know what the Air Force input has been.

And I apologize for taking so much time, but I just need to understand it.

MR. VAN SAUN: Yes, sir. What I'd like to do is jump in. We'll let Colleen answer specifically on the Air Force part, and of course General Newton can as well. But just to frame what you just said, the Army piece of this move is huge and is the saver. It is the big money saver, is on the Army side.

The Air Force side is a relatively small move in



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comparison. In fact, the Air Force move in the original recommendation when you drill down into its piece, the reason it was combined together and not set aside is because it would have had a cost. It was the cost of the Air Force move is what drove it to be combined with the huge savings on the Army side of the move.

So what we're basically doing is actually saving additional money on the Air Force side and doing what makes more sense operationally on the Air Force side. The Army side is a big saver and it's exactly right.

COMMISSIONER SKINNER: What proportion of the savings is Air Force and what is Army?

MR. VAN SAUN: The savings is all Army. The costs are on the Air Force side.

COMMISSIONER SKINNER: And then I guess the only final question I have -- and thank you for your patience -- is has the Air Force been consulted and understand that this is what we're thinking, and have we run the trap, so to speak, to make sure that by approving this we're not doing something that they fundamentally disagree with?

MS. TURNER: Sir, that's a very good question, because I have explored this with all levels of Air Force personnel and am told repeatedly when I talk to one side that the Air Force supports this, the DOD recommendation; and talked to those about whom it impacts and hear a very



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different picture.

COMMISSIONER SKINNER: Well, that's not uncommon in some of these recommendations. I got different opinions on DFAS as I made the rounds, and we've adopted that. So I understand that that would be -- what we're trying to get is -- and maybe that forces us to make a judgment.

Thank you.

COMMISSIONER NEWTON: Two points I think, Mr. Secretary. I'll try to answer your question, but the Chairman also has a point that he wants to make. One, with reference to the savings, and we talked about where those lie, operationally my experience tells me that this recommendation which we are suggesting here is that this organization stay closest to Air Reserve headquarters, not closest to the active headquarters for the personnel system.

COMMISSIONER SKINNER: I understand that. And by the way, I'm not arguing about location. I'm arguing about structure, because I understand what you're saying. It doesn't make a whole lot of sense. But I just want to make sure that by approving this -- I think we've done a pretty good job as we've gone through this process of doing things, consulting, and at least making sure that tomorrow morning we don't get a call that said we made a



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major mistake, or the day after tomorrow, and the fact that you've got a disconnect between the Air Force, and maybe the answer is just one last run before we do an approval. And the Air Force may come back and say, we understand it, and the leaders of the Air Force say, we can live with this. And I'm not saying they should dictate it anyway, but if they're going to come back and say this is just not what we want, even though we think we do, we ought to at least know that before we make the judgment. And it sounds to me like you're getting some operational people say yes and some people no. We're not there every day in the field any more, so you're the ones that have to execute it.

Mr. Chairman, that's my concern.

CHAIRMAN PRINCIPI: Are you suggesting we table this?

COMMISSIONER SKINNER: Well, maybe we only have to table it for five minutes and call one person. I would just like to make sure that --

CHAIRMAN PRINCIPI: Well, I understand. I think it's important that we resolve this. I think it's a very, very important recommendation. It really is part and parcel of the entire business process reengineering transformation that the Air Force and the Army are trying to undertake and the integration of your active and your



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reserve component total force by bringing them together. It's a very, very important recommendation.

It's very important in the cost savings column as well. But we'll table it for five minutes, try to get some clarification. We'll come back to it as soon as we can and dispose of it.

Thank you. Let's move on. We have quite a few -- we still have 17 -- how many items do we have? We have about 13 more items to cover in Joint Cross Service. So we still have a good deal of work to do before we get to the Air Force. I certainly do not want to cut off debate. It has to be a thorough and complete debate, but I just remind my chemicals that we still have a number of recommendations to go through.

COMMISSIONER SKINNER: I got the message.

CHAIRMAN PRINCIPI: Thank you, Mr. Secretary.

MR. VAN SAUN: Thank you, Mr. Chairman.

We are ready to proceed to headquarters and support activities item number 41 at section 146 of the bill for joint basing.

Slide.

(Slide.)

What I'm going to do, sir, in the light of time, instead of reading all of these, we will go to the next slide.

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(Slide.)

These recommendations for joint basing are grouped by type of actions. If they share a fence line and they're having a joint relationship, they become a joint base. On the top line of this chart, joint base, are Lewis and McChord. There are a number of similar ones. In the interest of time, I just won't read them all off.

Next slide.

(Slide.)

Again, we have the joint base McGuire and Lakehurst. These are not collocated, but they're in the same geographic area.

Next slide.

(Slide.)

Again, in this type base they're chopping a function, they're changing a function from one activity to another base, and it becomes the receiver of that function, and they've put it in this joint base section.

Slide.

(Slide.)

Then in this case they're coming from two different locations and bringing it to the single one at Lackland Air Force Base in this case.

So with that, what I'd like to do is go directly



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back to Carol Schmidt to give you further analysis on the entire joint basing item.

MS. SCHMIDT: Thank you, Dave.

DOD's justification for realigning and relocating installation management functions --

(Static over the PA system.)

MS. SCHMIDT: I didn't do that.

-- is that by reducing duplication of effort there is a resulting reduction in manpower and facilities requirements. Intangible results can result from opportunities to consolidate and optimize existing and future contract requirements. DOD anticipates transferring responsibility for base operating support, or BOS, functions and the operations and maintenance, or O and M, portion of sustainment, restoration, and modernization to the designated receiving location.

DOD's COBRA estimates a one-time implementation cost of $50.6 million. The net present value over 20 years is a savings of $2.342 billion. This recommendation affects over 2100 personnel.

(Slide.)

This side summarizes key issues that were developed during our analysis of this recommendation and they are grouped by their associated selection criteria. There are three that I would like to emphasize. First,



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Naval Research Laboratory is a Secretary of the Navy working capital fund activity with unique responsibilities. NRL's continued control of laboratory buildings, structures, and other physical assets is essential to NRL's research mission.

Second, GAO and other reports suggest that a lack of DOD-wide common standards for common support functions and common definitions for those functions are roadblocks to success. This problem has not yet been resolved.

Third, DOD's manpower reductions were determined through a complex formula that, simply stated, was a percentage of bases' populations, with the final number of reductions negotiated between the military services of the affected installations. The manpower savings were directed, not derived.

In summary, this recommendation carries with it many challenges. Senior officials in the Department of Defense have stated that the challenges will be addressed during the implementation. Over the last decade various agencies, including GAO, have agreed, and the staff's assessment is, that this concept has much merit and that consolidation of like functions can garner efficiencies. However, as GAO observed, failures in consolidation appear to have more to do with implementation than with the

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merits of the concept.

Mr. Chairman, this concludes my prepared remarks.

CHAIRMAN PRINCIPI: Thank you.

General Hill.

COMMISSIONER HILL: Thank you very much, Mr. Chairman.

I understand the NRL issue quite well and I think there will be an amendment on that later in this process. But I would like to align myself with this idea and this concept. The dollar values as shown up there I think are way off one way or the other. There's no way to get at that because there is no implementation.

But this is the first step that has been long needed inside the United States military to begin truly running joint bases. We've got to take this step. We've got to begin this realignment. We've got to force the people to come together and figure out what's right and what's wrong and then work their way through this iterative process, and eventually we will get at something. But if we don't make this step, we are truly backing away from a major opportunity that has to happen.

When I commanded Fort Lewis with a fence line with McChord, I would have torn down that fence line. I would have built a fence around the air base. I would



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have had the Air Force run the air base and I would have had Lewis run the rest of it. It would have been a better organization.

I understand service issues with it. We'll overcome them. There are some bright people out there. We really need to get on with this business.

CHAIRMAN PRINCIPI: Commissioner Coyle?

COMMISSIONER COYLE: Thank you, Mr. Chairman.

Ms. Schmidt, could you explain what the piece of this proposal that relates to the Naval Research Laboratory is not an appropriate part of the proposal?

MS. SCHMIDT: Because of its mission, working capital fund requires the agency to, as I understand it, make a profit, and the -- cover their overhead. And the specific buildings and laboratories that are part of their mission must be -- they must maintain control of those buildings in order to ensure that overhead.

COMMISSIONER COYLE: Do I understand correctly that NRL already has an existing agreement with the Naval District of Washington which provides adequately for the management of the property at the Naval Research Lab?

MS. SCHMIDT: Yes, sir. There is a centralized management of functions such as food service, NWR, the exact kinds of service, minus the facilities portion, that this recommendation carries with it.

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COMMISSIONER COYLE: Thank you.

Mr. Chairman, when Mr. Bilbray and I visited out at McChord that was our first -- that was the first time we ran into the implementation issues that joint basing raises. I think that all the Commissioners agree with General Hill that joint basing is what we want to see more of. My concern is that, as Ms. Schmidt said, the numbers that we have on our book have been directed from the top down as part of this DOD recommendation and that there is great uncertainty as to whether or not those numbers would become basically budget bogeys.

For example, when we went out to visit McChord the reduction of 422 direct people that's shown for McChord here in our display, the base had gotten notice that their bogey was now 650 people, and yet Fort Lewis and McChord had not yet had an opportunity to ever meet and talk about whether or not 600 or 400 or 65 or what number was the right number. They had not had the opportunity to work between bases and from the bottom up to arrive at what the right efficiencies might be.

Mr. Chairman, at the appropriate time I would like to offer a perfecting amendment to this proposal. But I believe it is not in any of our books, and so perhaps we could defer this one until we all have it.

CHAIRMAN PRINCIPI: I'd be happy to do that,



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Commissioner Coyle.

Let's move on to the next recommendation. We'll come back to joint basing as soon as we're prepared to do so.

MR. VAN SAUN: Yes, sir. Thank you, Mr. Chairman. We'll move on to the next item, which is headquarters support activity and 49 at your section 149 of the bill, to relocate miscellaneous Department of the Navy lease locations to unspecified DOD-owned space in the National Capital Region. This is similar to previous leased-only items that we have discussed. This is the Navy piece. Over to Carol Schmidt for any additional clarification.

MS. SCHMIDT: Miscellaneous leased space part four. DOD's justification is that the recommendation meets DOD's objective of reducing the Department's reliance on leased space, enhances security for DOD activities, and increases military value by moving activities to installations with a higher military value.

The most likely relocation sites in the National Capital Region are Arlington Service Center, Anacostia Annex, and the Washington Navy Yard for commands such as SPAWAR, any systems management agency, and NAVAIR. In the case of the Lexington Park, Maryland, addresses, Naval Air Systems Command is consolidating its headquarters

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operation at Naval Air Station Patuxent River, Maryland.

DOD's COBRA estimates a one-time implementation cost of $61.7 million, with payback expected in one year. The net present value over 20 years is a savings of $164.7 million. This recommendation affects approximately 1600 personnel.

(Slide.)

This slide summarizes key issues that were developed during analysis of this recommendation. They are grouped by their associated selection criteria and they are the same as you have previously been briefed.

The community is concerned with the leased space ownership and force protection compliance.

The assessment of the staff is the Department neither assessed the individual buildings to determine the terms of the lease nor conducted vulnerability assessments to determine the level of compliance with force protection standards.

Mr. Chairman, this concludes my prepared remarks.

CHAIRMAN PRINCIPI: Thank you.

Secretary Skinner.

COMMISSIONER SKINNER: I do have one question, a short question. Do you have the revised numbers or what are your best numbers as to how much they underestimated



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the costs and overestimated the savings and what are the payback figures that you have?

MR. GINGRICH: Mr. Chairman, I only have a single COBRA run that's been revised by DOD. Those are the numbers that Ms. Schmidt presented. There are no military eliminations or civilian eliminations. This is a savings of overhead and it pays off all on the military construction that's related with it.

I haven't found any inconsistencies with the costs or savings.

COMMISSIONER SKINNER: When the time comes, I am going to move we approve this based on the numbers.

CHAIRMAN PRINCIPI: Commissioner Coyle.

COMMISSIONER COYLE: Mr. Chairman, we've had I think enough debate on leased space. But I have to point out that this one is different. Not only did the Department not assess the vulnerability of the existing locations in order to have a basis to decide to move from a force protection point of view, not only did they provide no justification for why they want to move other than they just want to get out of leased space, but they don't even identify where they would go. The locations are to be determined.

So I don't see how we know, how the Department would know, whether they're going to save money or not.



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Until they identify the locations where they might move, look to see whether or not military construction is required at those locations, and what other costs will be entailed, we can't tell whether this is a gainer or a loser from a cost point of view.

COMMISSIONER SKINNER: I would only observe that I assume the normal process of relocation would occur and the recommendation is they get out of leased space and into government-owned space, and that's what a savings would be based on. If it doesn't make economic sense, I can't believe the comptroller of the Navy and the Office of Management and Budget is going to let them do it. So it's on that basis I make the recommendation.

CHAIRMAN PRINCIPI: Commissioner Coyle, do you have an amendment?

COMMISSIONER COYLE: No.

CHAIRMAN PRINCIPI: Congressman Bilbray.

COMMISSIONER BILBRAY: I just wanted to associate myself with Commissioner Coyle. I voted for many of these getting out of leased spaces to go to specific areas. But I think that in arguments that were made in the regional hearings about giving up leased space that the question is why are we doing this, why not simply the military as these leased locations come to an end, the leases come to an end, they don't move out to Fort Belvoir



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or the Navy Annex or wherever they may go.

I am really concerned that possibly those that argue that we're maybe exceeding our authority in BRAC are correct and these things will be struck down some time in the future. So I'm going to continue -- if they have a goal, it's a realignment, they come together, the synergy is there, I will support that type of giving up the leases. But I believe the military should take this on as their own responsibility as these leases come due to move out and not ask a BRAC Commission to do their work for them.

CHAIRMAN PRINCIPI: Thank you.

I'll offer a motion to approve headquarters and support activities Joint Cross Service Group recommendation 49, relocate miscellaneous Department of Navy leased locations, appearing at chapter 5, section 149 of the bill. I move the Commission find the headquarters and support activities Joint Cross Service Group recommendation 49 is consistent with the Final Selection Criteria and Force Structure Plan.

Is there a second?

COMMISSIONER SKINNER: Second.

CHAIRMAN PRINCIPI: Are there any recusals?

(One hand raised.)

CHAIRMAN PRINCIPI: All in favor?

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(A show of hands.)

CHAIRMAN PRINCIPI: All opposed?

(A show of hands.)

MS. SARKAR: Mr. Chairman, the votes are four yeas, four nays, and one abstention. The motion is rejected.

CHAIRMAN PRINCIPI: Mr. Van Saun.

MR. VAN SAUN: Thank you, Mr. Chairman. We'd like to go back to the joint basing, section 146, and check Motion 146-3 Alpha. The wording on that has both the components -- towards the end it has a paragraph or a section on the manpower savings shall not be directed, and they are in as stated. So I believe the motion is there if you would like to consider that motion.

(Pause.)

CHAIRMAN PRINCIPI: Counsel just reminded me that, in the absence of five votes, the Secretary's recommendation is approved. On the last motion that I made, 149-1, there were not five votes to disapprove the recommendation. Therefore it carries.

Please proceed.

MR. VAN SAUN: Thank you, Mr. Chairman. We'd like to revisit section 146, the motion for 146-3 Alpha has a section concerning the directed vice derived manning, that was the wording I believe the Commissioner



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was looking for. If you could review that, maybe we can get to that motion.

COMMISSIONER COYLE: Ms. Schmidt, the motion that you wrote last night, that I don't think Dan saw until early this morning, is not the one that I have in front of me.

CHAIRMAN PRINCIPI: We don't have the motion.

COMMISSIONER COYLE: I'd like to offer one. I just don't --

CHAIRMAN PRINCIPI: We'll table until we have it.

(Ms. Schmidt hands document to Chairman Principi.)

CHAIRMAN PRINCIPI: Thank you.

(Pause.)

COMMISSIONER COYLE: I'm sorry about the confusion, Mr. Chairman. But I think we still have a disconnect. If we could just hold this off a little while longer.

CHAIRMAN PRINCIPI: That would be fine, Commissioner Coyle. Let's proceed with the next recommendation, please.

MR. VAN SAUN: Thank you, Mr. Chairman. We now move to section 198 of the bill, medical command headquarters. This was an additional item that was added

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at our earlier hearing. I'd like to go right ahead and start off by just introducing Ethan Saxon, who will discuss this item with you.

(Slide.)

MR. SAXON: Good afternoon.

The additional recommendation in section 198 would relocate the Army Surgeon General, Navy Bureau of Medicine, Air Force Surgeon General, Air Force Medical Support Agency, Air Force Medical Operations Agency, TRICARE management activity, and elements of OSD Health Affairs and MEDCOM to a force-protected installation within the National Capital Region.

These medical commands currently occupy the Potomac Annex in Washington, D.C., Bolling Air Force Base, D.C., and leased space in Northern Virginia. The recommendation would enable the medical commands to be sited at a single location where they can share resources, reduce base operating costs, and remain accessible to other command activity within the Department of Defense.

(Slide.)

As previously stated, the recommendation comes from the Commission's decision on July 19, 2005, to examine medical command headquarters in the National Capital Region and determine if there were mission or savings benefits from a possible realignment.



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A single medical command facility shared by each of the surgeons general and TRICARE management activity will support future mission capabilities and their ongoing joint initiatives. During the Commission's base visit with Dr. Winkerwerder, the Assistant Secretary described the joint initiatives in DOD health care already under way in the areas of finance, research, and technical support. These activities would be further supported by having a single site host all medical command activity.

Next, the recommendation supports Secretary Wynn's transformation guidance for the 2005 BRAC process in two significant respects. First, it consolidates multi-location headquarters, such as the Air Force Surgeon General's Office, which is spread across Bolling and Skyline. Second, it closes stand-alone headquarters such as the Potomac Annex.

Locating the headquarters together can reduce the cost of operations and common support activity. The recommendation would require $106.2 million implement over 6 years and yield a 20-year net present savings value of approximately $300 million. Altogether, 1300 personnel across the medical commands would be realigned.

The Commission addressed three main issues in its analysis of the recommendation. First, the medical commands have a working group planning for a unified

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medical command in response to a presidential budget directive for submission into the 2008 budget. Implementation of the recommendation would have to occur in coordination with the unified medical command decision so that the medical commands would move to a shared facility in 2009 or 2010.

Second, in public hearings the community argued that either leased space or Bolling Air Force Base should be considered for a gaining location. The recommendation as written accommodates these concerns.

Third, the community raised a concern regarding the potential loss of workforce due to relocation or lengthy commute times to a relocated medical command headquarters. This issue would be resolved during the implementation period.

Next slide.

(Slide.)

It is the staff assessment that the Secretary deviated from final recommendation selection criteria 1, 2 and 4 in not recommending the relocation of the medical command headquarters to a shared facility. I am prepared to answer any questions prior to a motion you may wish to offer on this recommendation.

CHAIRMAN PRINCIPI: Thank you.

General Turner.

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COMMISSIONER TURNER: Thank you, Mr. Chairman.

This has been an interesting add to consider. It goes back to something that I become more sure of the older that I get, and that is that things, words that we throw around easily, like leadership, setting strategic direction, inter-service cooperation, and true jointness flows from the top down -- some of the recommendations that we've been asked to look at that are really aimed at achieving jointness -- and we approved one earlier today with the recommendation to move all of the medical enlisted training to San Antonio -- I just don't believe that true jointness can flow from the bottom up. It can be helped, but it's not going to happen if the -- if it becomes the perception that the leadership at the top is doing its own thing.

So I think that this motion that I'm going to offer today reflects this belief. It doesn't direct jointness. It doesn't direct consolidation of the services. But it does offer the opportunity to position everyone in a geographically helpful way, which I think may assist everyone in achieving the unity and jointness that everyone pretty much agrees is the indicated -- or is the desired end state.

So at the appropriate time, Mr. Chairman, I will offer the motion.



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CHAIRMAN PRINCIPI: Thank you, General Turner. I certainly support your efforts in this regard. I agree with you, I think bringing the various agency heads together will create synergy, will create closer working relationships and coordination and collaboration. I commend the Department for undertaking the unified medical command. I think it's long overdue, but I think this is a step in the right direction.

Are there any further comments or questions?

(No response.)

CHAIRMAN PRINCIPI: Do you want to offer a motion in support?

COMMISSIONER TURNER: Yes, sir, I'd be happy to. The new title of this is "To relocate medical command headquarters." I move that the Commission find that when the Secretary of Defense failed to recommend the collocation of the medical command headquarters, he substantially deviated from the Final Selection Criteria 1, 2, and 4 and the Force Structure Plan; that the Commission add to the list of installations to be closed or realigned the recommendation, relocate medical command headquarters; close the Potomac Annex in the District of Columbia; realign Bolling Air Force Base, District of Columbia; realign Skyline leased space in Falls Church, Virginia; collocate the Navy Bureau of Medicine, the

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Office of the Surgeon General of the Air Force, the Air Force Medical Operating Activity, and the Air Force Medical Support Activity, the Office of the Secretary of Defense for Health Affairs, TRICARE management activity, the Office of the Army Surgeon General, and the U.S. Army Medical Command to a single contiguous site that meets the current Department of Defense anti-terrorism force protection standards for new construction at either the National Naval Medical Center, Bethesda, Maryland, Bolling Air Force Base, District of Columbia, or federally owned or leased space in the National Capital Region and consolidate common support activity, at chapter 11, section 193 of the bill; and that the Commission find that this additional recommendation is consistent with the Final Selection Criteria and Force Structure Plan.

CHAIRMAN PRINCIPI: Is there a second?

COMMISSIONER SKINNER: Second.

CHAIRMAN PRINCIPI: Are there any recusals?

(One hand raised.)

CHAIRMAN PRINCIPI: This will take separate votes since it's an add to the Secretary's proposal. All in favor?

(A show of hands.)

CHAIRMAN PRINCIPI: All opposed?

(No response.)



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MS. SARKAR: Mr. Chairman, the vote is eight for, none against, one abstention. The motion is approved.

CHAIRMAN PRINCIPI: Thank you.

Are you finished?

MR. VAN SAUN: Yes, sir -- no, we're not finished. We have a few more to go, and we have some we can clean up right now. I think Commissioner Coyle has his language that he desires for the joint basing on section 146.

CHAIRMAN PRINCIPI: Commissioner Coyle.

COMMISSIONER COYLE: Thank you, Mr. Chairman. I apologize. As usual, the staff was way ahead of me and my eyes weren't working properly.

Mr. Chairman, I move that the Commission find that when the Secretary of Defense made headquarters and support activities Joint Cross Service Group recommendation 41, joint basing, he substantially deviated from the Final Selection Criteria 1 and 4 and the Force Structure Plan; that the Commission strike the language, quote, "Naval Research Laboratory (NRL)," close quote, where it appears in paragraph D, chapter 5, section 146 of the bill; and that the Commission find this change and the recommendation as amended is consistent with the Final Selection Criteria and the Force Structure Plan; and that,



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further, the Commission makes the additional statement: "NRL is a Secretary of the Navy working capital fund activity. Real property and BOS functions integral to the research and industrial functions at NRL will remain with the commanding officer. Because of Navy's centralization of installation management functions, Naval District Washington provides non-mission-related services to NRL already, such as morale, welfare, and recreation, and food services. This is not intended to alter that relationship." And further, as pertains to the entire joint basing recommendation, the Commission states that manpower savings shall not be directed, as they are in the DOD proposal, but must be derived from standard manpower and functional analysis studies and cooperative joint determinations between the affected installations. Moreover, the Department of Defense must provide DOD-wide standards for delivery of services and common definitions for those services before installation management functions are relocated from the losing activities.

Thank you, Mr. Chairman.

CHAIRMAN PRINCIPI: Thank you, Commissioner Coyle.

General Hill.

COMMISSIONER HILL: Mr. Chairman, I think that's a very well-written amendment and I associate myself with



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it, not only for the NRL piece, but also for the last paragraph. We've had discussions with the Department. Any of us that were in junior or senior positions in the U.S. military have seen higher headquarters direct things for which they knew nothing about and we had to live with them. Someone sitting in the Pentagon deciding that it takes two people to run the housing office at Fort McChord might be one of those answers.

What this does, it says to the commander at McChord Air Force Base and the commander of Fort Lewis to sit down together, sort this out, and tell the Department, along with standardized procedures, what needs to be done, and that's the only way to do it and it was the correct thing to do.

CHAIRMAN PRINCIPI: Is there any further discussion?

(No response.)

CHAIRMAN PRINCIPI: Is there a second to the amendment?

COMMISSIONER HILL: Second.

CHAIRMAN PRINCIPI: Are there any recusals?

(One hand raised.)

CHAIRMAN PRINCIPI: All in favor of the amendment?

(A show of hands.)

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CHAIRMAN PRINCIPI: All opposed?

(No response.)

MS. SARKAR: Mr. Chairman, the votes are eight yeas, no nays, one abstention. The motion is approved.

CHAIRMAN PRINCIPI: Are there any further amendments?

(No response.)

CHAIRMAN PRINCIPI: Hearing no further motion to amend, we will vote on whether to approve the Secretary's recommendation as amended and find that it is consistent with the Final Selection Criteria and the Force Structure Plan. Is there a second?

COMMISSIONER NEWTON: Second.

CHAIRMAN PRINCIPI: All in favor?

(A show of hands.)

CHAIRMAN PRINCIPI: All opposed?

(No response.)

MS. SARKAR: Mr. Chairman, the vote are eight in favor, no nays, one abstention. The motion is carried. Thank you.

MR. VAN SAUN: Thank you, Mr. Chairman. We're ready to proceed to our technical Joint Cross Service Group. Let me get the slide up for that.

(Slide.)

Mr. Chairman, the last of the Joint Cross



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Service Groups that we'll address today is the technical group, chapter 10 of the bill. We will consider the nine recommendations shown on this slide. First will be section 176. Slide.

(Slide.)

Excuse me. That's 178. I misspoke.

(Slide.)

Section 178 of the bill is to collocate extramural research program managers. The Office of Naval Research, the Air Force Office of Scientific Research, the Army Research Office, and the Defense Advanced Research Project Office, and the Defense Threat Reduction Agency all relocate to the National Medical Center, Bethesda.

Slide.

(Slide.)

I would like to introduce Ashley Buzzell, who is the analyst on this one.

MS. BUZZELL: Thank you, Mr. Van Saun.

Mr. Chairman, Commissioners: The Department of Defense justified the relocation of the extramural program management function, citing it enables technical synergy by placing research managers at one location and enhances the organizations' force protection posture by moving them from leased space onto a military installation.

DOD's COBRA estimates a one-time implementation



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cost of $153.4 million, with payback expected in 2 years. The net present value over 20 years is a savings of $572.7 million. This recommendation affects approximately 1,000 personnel.

(Slide.)

This slide summarizes key issues that were developed during the analysis of this recommendation and are grouped by their associated selection criteria. First, the mission capabilities of the functions may be impacted. The communities maintain that by placing the extramural research program managers behind a military fence line it may hinder their ability to successfully perform their mission because it restricts their key partners' access to them. They argue visibility and accessibility is mission critical.

Furthermore, the Virginia community maintained that, with the exception of the Army Research Office, Durham, North Carolina, a collocated center of excellence currently exists in Northern Virginia which already promotes inter-agency synergy and is easily accessible to their key partners. Also, liaison offices were established to further facilitate inter-agency requirements.

Concerns have also been raised about the available space at the Bethesda campus as relating to the



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then-proposed and now approved Walter Reed National Military Medical Center. Staff assessment reveals there was deviation from final criteria 1 and 2 as relating to mission and the availability of space at the receiving installation.

This is the end of my prepared testimony. Thank you.

CHAIRMAN PRINCIPI: Thank you.

Is there any discussion? Commissioner Coyle.

COMMISSIONER COYLE: Thank you, Mr. Chairman. At the appropriate time I would like to offer a motion to strike. As Ms. Buzzell explained, we heard both from the affected research offices and from their customers that they already have a center and it's important to be close to easy access to that center, as they have today.

CHAIRMAN PRINCIPI: Is there any further discussion before we go to the amendment?

(No response.)

CHAIRMAN PRINCIPI: Commissioner Coyle.

COMMISSIONER COYLE: Thank you, Mr. Chairman. This is Motion 178-2. I move that the Commission find that when the Secretary of Defense made technical Joint Cross Service Group recommendation 5, collocate extramural research program managers, he substantially deviated from Final Selection Criteria 1, 3, 4, and 5 and the Force



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Structure Plan; that the Commission strike the recommendation; and that the Commission find this change is consistent with the Final Selection Criteria and the Force Structure Plan.

CHAIRMAN PRINCIPI: Is there a second?

COMMISSIONER NEWTON: I second the motion.

CHAIRMAN PRINCIPI: Discussion on the amendment?

(No response.)

CHAIRMAN PRINCIPI: Are there any recusals on Motion 178-2?

(One hand raised.)

CHAIRMAN PRINCIPI: All in favor of the amendment?

COMMISSIONER HILL: Of the amendment?

CHAIRMAN PRINCIPI: Of the amendment.

COMMISSIONER HILL: To strike.

CHAIRMAN PRINCIPI: To strike.

(A show of hands.)

CHAIRMAN PRINCIPI: All opposed?

(No response.)

MS. SARKAR: Mr. Chairman, the vote are eight yeas, no nays, one abstention. The motion is approved.

MR. VAN SAUN: Thank you, Mr. Chairman. We move on to the next tech item, section 176, Joint Cross Service Technical Group item number 6.

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COMMISSIONER COYLE: It's 179 here.

MR. VAN SAUN: Excuse me, 179. 179, tech 6, proposed consolidation of air and space C4ISR research, development, and acquisition, test and evaluation activities.

Slide.

(Slide.)

This recommendation provides for the realignment of Wright Patterson Air Force Base, Ohio, Maxwell Air Force Base, Alabama, and Lackland Air Force Base, Texas, by relocating air and space information systems research and development, acquisition, to Hanscom Air Force Base, Massachusetts. The recommendation also realigns Eglin Air Force Base, Florida, by relocating air and space sensors, electronic warfare and electronics and information systems test and evaluation to Edwards Air Force Base, California.

I'd like to introduce Les Farrington, the analyst on this item.

MR. FARRINGTON: Good afternoon.

DOD justified the recommendation on the basis of: one, a reduction of the number of technical facilities engaged in air and space sensors, electronic warfare, and electronics and information systems RDAT and E; and two, increased efficiency of RDAT and E operations by creating a multi-functional center of excellence in a



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rapidly changing area of C4ISR.

The one-time cost to implement this recommendation is about $254 million, with a payback period of 8 years. The net present value of this recommendation through 2025 is $238 million and about 2,000 people are potentially impacted.

(Slide.)

This slide summarizes the key issues that were developed during analysis of this recommendation and are grouped by the associated selection criteria. First, the recommendation to relocate activities to Hanscom would combine facilities with dissimilar functions, which limits gains in efficiency and may result in reduced readiness. For example, the Maxwell Gunter community stated that it is primarily engaged in operations sustainment of information technology for legacy combat systems, not RDAT and E.

Similarly, the Dayton community stated that Wright Patterson's Defense and Fielding Systems Group acquires commercial off-the-shelf software, assists customers with business process engineering, and evaluates business solutions for fielded operational support systems.

Lastly, the Lackland Air Force Base community stated that relocation of its Cryptologic Systems Group,



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which currently provides a one-stop shop for cryptologic systems, not only decreases efficiency but also adversely affects the warfighter. This group I'm sure you recall was previously discussed during an earlier part of these final deliberations.

Overall, Commission staff found that these organizations do not perform the research, development, and acquisition mission that is performed at Hanscom Air Force Base.

Communities also raised concerns over the loss of intellectual capital and the high cost of living in the New England area.

Second, with regard to the recommended relocation of air and space centers, electronic warfare, and electronics and information systems T and E, personnel from Eglin to Edwards Air Force Base, the community identified concerns over understated cost estimates and whether the recommendation would result in a more efficient use of existing infrastructure.

Commission staff believes that relocating Eglin to Edwards would reduce synergy that currently exists between operational organizations and users. Further, a new facility was recently constructed at Eglin to support command and control testing for a total cost of about $17 million. Eglin is also rated higher than Edwards in

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military value in this category.

In summary, the Commission staff assessment reveals that there was deviation from Final Selection Criteria 1 and 4. Mr. Chairman, this concludes my presentation. I'm open to questions.

CHAIRMAN PRINCIPI: Thank you.

Questions, discussion? Admiral Gehman.

COMMISSIONER GEHMAN: Mr. Chairman and colleagues, this is the first -- this is the first of several of these issues which my colleague Commissioner Hill would say is a brainer. These are hard ones. They all kind of fall into one category and that is, by the DOD creating a bucket called research and development, test and evaluation and acquisition, they have swept up so many functions into one bucket, functions which in some cases are alike and overlap and which in some cases do not and are not alike and do not overlap.

They have then left it to us to sort out which of these things should move and which of these things should not move. It's very difficult to sort your way through this.

In this particular case, I need to ask the staff a couple of questions to help us sort our way through it, but this is very difficult and they have put us in a very difficult position by creating this label, RDTE and A.



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I'll give you a case in point where I'm concerned with this. If you have a -- if you have a government-owned, contractor-operated plant and the contract says that after the product is finished that it will be inspected by a civil service government person and then will be packaged by a civil service government position, you could say that person is in the acquisition business. But yet he's got to be there. So this is very difficult, okay.

Mr. Farrington, tell me about the Eglin to Edwards move? Can you tell me what these people do and whether or not they are related to actual flying and operational test and evaluation of electronic systems?

MR. FARRINGTON: No, this is basically information systems testing. They do have the synergy, as I mentioned, with the inhabitants or the people at Eglin. Eglin has the resources they need there. They do an excellent job there. There is really no reason to move a number of people, and it's a small number of people, to Edwards for coordination. They do the testing there and it should still be done there, but it's not the flying type testing.

COMMISSIONER GEHMAN: Okay, all right. Thank you very much. But the testing is done there?

MR. FARRINGTON: Yes, yes.

COMMISSIONER GEHMAN: Does Eglin or Edwards have



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a higher military value for information systems?

MR. FARRINGTON: I believe Eglin has a higher military value.

COMMISSIONER GEHMAN: All right. Thank you very much. And in the case of the Maxwell Gunter case, that's a fairly large move. Do they do research and development there?

MR. FARRINGTON: No, sir.

COMMISSIONER GEHMAN: They do not do research and development there?

MR. FARRINGTON: No, that's correct.

COMMISSIONER GEHMAN: My understanding -- I visited there and my understanding is they do, they essentially do maintenance and operation of legacy or existing systems.

MR. FARRINGTON: Yes, sir. They have an excellent synergy with DISA there and they work very well with them and they run the Air Force network operations center, as you know, run by the -- owned by the Eighth Air Force, but run by Maxwell Gunter.

COMMISSIONER GEHMAN: The network operations center which they run there reports to whom?

MR. FARRINGTON: Eighth Air Force.

COMMISSIONER GEHMAN: Which is not at Hanscom Air Force Base, I assume?



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MR. FARRINGTON: No, sir.

COMMISSIONER GEHMAN: Thank you very much.

You see, Mr. Chairman, what the problem is here. So we're having to shred these things apart to see whether or not the DOD recommendation passes the test. In my particular case -- in this particular case I have an amendment to offer which kind of splits this in half. But in this case I'm pretty confident we got it right, but I'm telling you, we're going to be faced with a bunch of these this afternoon where I honestly do not know if we got it right or not. In this case I think we do.

So I'm prepared to offer an amendment after the discussion period.

CHAIRMAN PRINCIPI: The whole concept here is to consolidate, go from six RDAT and E centers to two; am I correct? Is there really any magic to six? Do we need to have six to do basically the same thing, space centers, electronic -- what are all the functions that they're doing?

COMMISSIONER GEHMAN: Mr. Chairman, you're right. The DOD rationale was to consolidate six centers which reportedly do RDTE and A into two. But the fact of the matter is that several of those centers don't do research and development or test and evaluation or acquisition. Several of them actually do operations or



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maintenance or something else, but they may have a title that sounds like it. See, there's the problem.

Or else you may have 1,000 people at a place and 50 of them do R and D. So the recommendation is to move the whole outfit because 50 people do it. This is going to come up all afternoon, Mr. Chairman. Get yourself ready.

CHAIRMAN PRINCIPI: I'm ready.

COMMISSIONER GEHMAN: In this particular case, I made the visit to one of these installations and was able to sort through it pretty accurately. I think that the Eglin recommendation has been well thought out. So in this particular case I believe that we have the right solution. But yes, you've put your finger on what the problem is.

MR. FARRINGTON: Sir, one of the problems that I have or the staff has is Hanscom Air Force Base does not have this mission, operations sustainment, support type functions that are done in this recommendation, included in this recommendation. So moving those functions to an activity that really doesn't have that mission just for collocation purposes may not increase military value, especially since we've seen the operation that's done with these fielded systems.

So I think you have kind of an apple and orange



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here. I know the intent of this recommendation is to move the center of mass to Hanscom in the New England area. It's a highly enriched IT community. It has 65 colleges and universities, etcetera. But nonetheless, we're still talking about an operations and support type mission to an RDAT and E type mission.

CHAIRMAN PRINCIPI: What do you suggest we do, Admiral?

COMMISSIONER GEHMAN: If the discussion period is over, I'm ready to offer an amendment. In this particular case my confidence level is very, very high. Later on we'll have more problems.

CHAIRMAN PRINCIPI: Will your amendment basically strike the --

COMMISSIONER GEHMAN: No, no. It just modifies it. We're going to try and separate.

CHAIRMAN PRINCIPI: Do you wish to offer it at this time?

COMMISSIONER GEHMAN: Are you ready? Then I will offer an amendment. I move that the Commission find that when the Secretary of Defense made Technical Joint Cross Service Group recommendation number 6, consolidate air and space C4ISR research, development, acquisition, test and evaluation, he substantially deviated from the Final Selection Criteria 1 and 4 and the Force Structure



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Plan; that the Commission strike the language "realign Wright Patterson Air Force Base, Ohio, Maxwell Air Force Base, Alabama, and Lackland Air Force Base, Texas, by relocating air and space information systems research, development, acquisition to Hanscom Air Force Base, Massachusetts," quote, and replace it with the language which reads, quote, "realign Maxwell Air Force Base, Alabama, by relocating air and space information systems research and development and acquisition to Hanscom Air Force Base, Massachusetts," where it appears in paragraph A, chapter 10, section 179 of the bill; and that the Commission strike paragraph B, chapter 10 -- that's the Eglin part -- chapter 10, 179, to the bill; and that the Commission find this change and the recommendation as amended are consistent with the Final Selection Criteria and Force Structure Plan.

CHAIRMAN PRINCIPI: What have we done here now?

COMMISSIONER GEHMAN: What we have done is we have taken at Maxwell Gunter a very, very large organization and I believe we have properly sliced it into its pieces, part of which move to Hanscom and part of which do not. Is that correct, Mr. Farrington?

MR. FARRINGTON: Yes. I understand there's a few people at Maxwell that do RDA work, how many of which I'm not sure.



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COMMISSIONER GEHMAN: That's right.

CHAIRMAN PRINCIPI: And what about the function at Wright Pat and Lackland?

MR. FARRINGTON: The Lackland function is not at all related to the function that's done at Hanscom, nor is the Wright Patterson portion.

COMMISSIONER GEHMAN: The Lackland piece is the cryptological unit that must remain at Lackland.

MR. FARRINGTON: Right, that needs to stay intact.

COMMISSIONER GEHMAN: Intact and at Lackland.

COMMISSIONER SKINNER: So what's the change in the economics and payback and number of personnel that are moved with this amendment?

MR. GINGRICH: We don't have that number yet, sir.

CHAIRMAN PRINCIPI: So are we consolidating? Are we consolidating here, going down from six centers engaged in air and space sensors, electronic warfare, and electronic information systems RDAT and E, or are we staying with --

MR. VAN SAUN: I think the answer is first, Chairman, there really aren't six centers here. These are six functions that have been Google searched, in my simple term, where the names and some of the things they do sound



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the same, but when we dug into them they're not the same. So there really aren't six different centers consolidating. They are some unique function things, and we have broken those functions out.

For example, the crypto piece at Lackland, it needs to stay at Lackland. We've already talked about that.

CHAIRMAN PRINCIPI: Even if the functions are somewhat different, does it make good sense to create two centers of excellence in the performance of these various RDAT and E functions? Do we need to have six, even if they're doing things differently? I mean, the whole idea is to create greater synergy, greater cost effectiveness.

COMMISSIONER GEHMAN: Mr. Chairman, in this particular case, in this particular case, the functions which are being recommended to be realigned are not RDT and A functions. What's happened is you are sweeping up like-sounding names of things.

CHAIRMAN PRINCIPI: So they're really quite different?

COMMISSIONER GEHMAN: That is my point. They are really quite different things.

CHAIRMAN PRINCIPI: That's fine.

COMMISSIONER GEHMAN: And that's what we're trying to sort out, when we've created this great big



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fishnet called RDTE and E and have swept up inappropriate things in it. So that's what the recommendation is designed to fix.

For example, at Maxwell Gunter they have a 24 hour a day, 7 day a week, non-tactical operational network surveillance system. They don't buy things, they don't research things, they don't test things. They're just operating the network. They don't even report to Hanscom. They report to the Eighth Air Force. So that's what we're trying to eliminate.

CHAIRMAN PRINCIPI: Thank you.

COMMISSIONER BILBRAY: Mr. Chairman.

CHAIRMAN PRINCIPI: Yes.

COMMISSIONER BILBRAY: I'd like to ask staff. Originally it shows there were a thousand people being transferred to Massachusetts; is that correct?

MR. FARRINGTON: Yes.

COMMISSIONER BILBRAY: How many under this amendment would be going there?

MR. FARRINGTON: Probably about 700 -- I'm sorry -- about 300 from Wright Pat.

CHAIRMAN PRINCIPI: Any further discussion?

COMMISSIONER SKINNER: This doesn't affect the piece that goes from Eglin to Edwards, right?

MR. FARRINGTON: No, the piece that would go



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from Wright Pat to Hanscom.

COMMISSIONER SKINNER: Yes, but it doesn't affect the Eglin?

MR. FARRINGTON: No, no. It does not.

COMMISSIONER GEHMAN: Actually, I don't know. I'll ask Mr. Farrington this, but in answer to Commissioner Skinner's question, I would imagine that by leaving the operation of the OSSG at Maxwell Gunter probably increases the payback, I would imagine. Does it not?

MR. FARRINGTON: Yes.

COMMISSIONER GEHMAN: I mean, we're improving the money here.

MR. FARRINGTON: But I guess my concern here is that by moving the people at Wright Patterson -- and what those people do with the commercial, off-the-shelf software to the business solutions that they work on -- I'm not sure that's going to help create the center at Hanscom. I still think it's a dissimilar function.

The communities all chipped in on this one. They were all strongly against not only moving to Hanscom, but the kinds of mission that they do are so unlike the RDT and E work that they do at Hanscom.

COMMISSIONER GEHMAN: Let me make one other comment about this. Mr. Farrington, if I don't have this



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exactly right I know you'll correct me on this. These entities at Wright Pat, Eglin, Lackland, and Maxwell Gunter either now or recently have been realigned to work for a single office which is in Hanscom Air Force Base. There was some interest by that director of that office to have all of these things that work for him to be there with him. But we found that to be not a persuasive argument for moving thousands of people who aren't doing anything that has to do with what they do at Hanscom.

Did I get that wrong, Mr. Farrington?

MR. FARRINGTON: No, you're correct.

COMMISSIONER NEWTON: Mr. Chairman.

CHAIRMAN PRINCIPI: Yes.

COMMISSIONER NEWTON: There are a couple pieces of this that I can personally speak to, and that's the one at Lackland. Their operation is closest to their customer at Lackland. And there are a couple other parts to Lackland that you'll hear about later, and all of that needs to stay together at Lackland to continue to provide the service which they're doing to the customer there, the cryptological part of this business.

The ones that we're speaking to in Maxwell, as Commissioner Gehman mentioned, it is all operational. It has nothing to do with research and development and I see no reason to spend the money to move that.



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COMMISSIONER GEHMAN: Do you have the bubble chart? Can we make the bubble chart come up, just so we can see it?

MR. VAN SAUN: Yes, we'll go back to it.

(Slide.)

COMMISSIONER GEHMAN: What we're talking about here, of course, is the Wright Patterson piece and the Maxwell piece being realigned and the Lackland piece dropping out.

MR. VAN SAUN: Yes, sir.

CHAIRMAN PRINCIPI: Is there any further discussion?

COMMISSIONER TURNER: Yes, I have a question, Mr. Chairman. I keep reading this and I'm not getting it. Is there anything that's going to remain at Maxwell Gunter of this group?

COMMISSIONER GEHMAN: Yes, most of what they do at Maxwell Gunter will remain at Maxwell Gunter.

COMMISSIONER TURNER: Well then, maybe I have an earlier version of the motion, because that's not what mine says.

COMMISSIONER SKINNER: I have the same issue. It looks to me like we're striking the language realigning Wright Patterson, Maxwell Air Force Base, and Lackland and then adding "realign Maxwell Air Force Base by relocating



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air and space information systems research and development and acquisition," the same language that was up above --

COMMISSIONER TURNER: Yes.

COMMISSIONER SKINNER: -- to Hanscom.

CHAIRMAN PRINCIPI: Can you answer that question?

COMMISSIONER SKINNER: So it looks to me like we're taking it out for all three and then putting it back in as it relates to Maxwell. I think what we're trying to do is make sure that the operational people don't get swept up with the research people, and if they want to combine research, that are truly doing research, testing, evaluation and development and acquisition, we won't let that get in the way of the people that are operating this, that appear to have swept in by one big broom.

Is that correct, Admiral Gehman?

COMMISSIONER GEHMAN: That is correct. I'm going to ask the analyst here to help me with the language, though. You're exactly right.

COMMISSIONER SKINNER: I'm not so sure the language that we've got before us does exactly that.

MR. VAN SAUN: Sir, I'd like to sit on this for the moment. We do need to get a clarification on the motion clearly and we can move on to the next item, get that clarification and have the motion back before you.



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CHAIRMAN PRINCIPI: Very good. We'll take a 15-minute break. I might say that it does not appear we're going to get to Ellsworth and Cannon this afternoon. I think we probably will do those first thing in the morning, and Grand Forks as well. So I know there are folks who have been waiting anxiously this afternoon. Looking at the hour, 3:30, we still have about seven, six or seven more to do. So I think for planning purposes we'll do Cannon, Ellsworth, and Grand Forks beginning at 8:00 a.m. tomorrow morning.

We stand in recess for 15 minutes.

(Recess from 3:31 p.m. to 3:53 p.m.)

CHAIRMAN PRINCIPI: I call the hearing back to order.

Mr. Van Saun.

MR. VAN SAUN: Thank you, Mr. Chairman. We'll go back to section 179 and to Les Farrington, I think, and over to Commissioner Gehman.

COMMISSIONER GEHMAN: Mr. Chairman, I told you this was going to be hard.

CHAIRMAN PRINCIPI: You did.

COMMISSIONER GEHMAN: Let's try this again. My opening comment was that in sweeping up all of these functions in this great big basket called research and development, test and evaluation and acquisition, that we



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have swept up all kinds of activities which don't necessarily do these things, but they sound like they do.

So I think the best way to do this is I will have the analyst -- I'll go through each one of these and we'll ask the analyst how many people are involved in the recommendation and how much of this function is research, development, test and evaluation and how much is not, and we'll see whether it's convincing to my fellow Commissioners or not, see if that helps us settle it.

(Slide.)

Let's start, Mr. Farrington. We'll start. We have our bubble chart up here. So we'll start with Wright Patterson. How many people are involved and how many of those people are research and development, test and evaluation kinds of people and should move?

MR. FARRINGTON: Are you talking about the numbers that are in the recommendation, not on the base as a whole; is that correct?

COMMISSIONER GEHMAN: Oh, no, no. Just in the recommendation.

MR. FARRINGTON: Okay. I don't have the exact numbers for each of those bases, that split, because it's very, very difficult to make. But I would say the predominant number involved in this recommendation as far as Wright Pat is largely acquisition.



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COMMISSIONER GEHMAN: Now, according to the COBRA run I see here 62 military and 542 civilians. Karl?

MR. FARRINGTON: 542, 542.

MR. GINGRICH: Yes, sir.

COMMISSIONER GEHMAN: And you say that the vast majority of those people do not do research, development, or test and evaluation?

MR. FARRINGTON: Correct.

COMMISSIONER GEHMAN: Now, let's take the next one, Maxwell. Maxwell, I show 1275 people. Of those people, how many do research and development?

MR. FARRINGTON: Less, very few.

COMMISSIONER GEHMAN: Almost a handful?

MR. FARRINGTON: 25.

COMMISSIONER GEHMAN: 25. Thank you very much.

Lackland. Lackland, the COBRA run shows 54 people, 12 military and 42 civilians.

MR. VAN SAUN: They need to stay where they are for the other reason, the crypto.

COMMISSIONER GEHMAN: And they need to stay where they are for other reasons.

MR. VAN SAUN: We've already taken care of those in other actions.

COMMISSIONER GEHMAN: So that comes out.

Eglin Air Force Base, this COBRA run shows 28



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military and 50 civilians, 78 people. What portion of those do research and development?

MR. FARRINGTON: Very, very few, sir. They're primarily in T and E, not RDA, primarily T and E. Probably 5 percent.

COMMISSIONER GEHMAN: All right. So for my Commissioners, if my colleagues are satisfied with that answer, that a tiny fraction of these, of these very large number of people here, thousands of people, actually do C4ISR research and development and test and evaluation, and most of them are kind of field activity people. Most of them are field kind of activity people and they are not research and development people.

I am prepared -- and that this Commission cannot sort out the difference. We cannot go down to the individual worker and figure out whether 25 people should move or 1200 people should move, because there's a big difference.

I would then offer a motion when the discussion period is finished to strike this recommendation whenever you're ready, Mr. Chairman.

COMMISSIONER NEWTON: Mr. Chairman.

CHAIRMAN PRINCIPI: I'd just like to -- so we have research, development, and acquisition, test and evaluation, and of the some -- how many people are



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involved here, some 2,000 people? Almost 2,000 people. We're saying just a handful do the research, development, test and evaluation, and the others are just doing miscellaneous acquisition or operational?

Are you sure? Do you have your figures correct?

MR. FARRINGTON: Well, as far as Maxwell goes, I can talk to that one specifically.

CHAIRMAN PRINCIPI: Okay, tell me about Maxwell. What exactly again, what do the people do?

MR. FARRINGTON: Operations sustainment systems.

CHAIRMAN PRINCIPI: What is "operations" -- I'm sorry. What does "operations sustainment equipment" mean?

MR. VAN SAUN: Let me try, Chairman. This is the legacy system piece, such as software on existing systems, legacy programs. These are the guys that have to maintain the software operational on what amounts to old and legacy systems throughout. It takes -- it's the people that keep those, the programmers, if you will, that keep those things going. That's why it's a legacy.

CHAIRMAN PRINCIPI: Can you do the research and development without these people?

MR. VAN SAUN: Yes, sir, absolutely. They are not part of the advance and the new future world. They're part of keeping the current world running, absolutely, sir.

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COMMISSIONER GEHMAN: In addition to that, Mr. Chairman, most of these people actually operate -- they're shift workers on a 24 hour a day, 7 day a week operations network center which monitors the non-tactical Air Force data networks, like maintenance scheduling and logistics ordering, for intrusion and hackers.

In that sense, they report to the commanding general of the Eighth Air Force. That's what most of these people do. They're shift workers.

COMMISSIONER NEWTON: Absolutely, that's exactly what they do at Maxwell.

CHAIRMAN PRINCIPI: So this is just not an accurate description or title of what they do. I'm not saying it's misleading, intentionally misleading or anything of that nature, but it's just when you read "research, development, test and evaluation," you see a real technical, futuristic, and that's simply not what these people do.

MR. FARRINGTON: That's true, sir.

CHAIRMAN PRINCIPI: Okay, let's strike.

I'm sorry. General Hill?

COMMISSIONER HILL: It was just a dumb idea done by people trying to do something right and it didn't work, and we need to get rid of it, to put a fine point on it.

CHAIRMAN PRINCIPI: Well, I guess you -- okay.



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COMMISSIONER NEWTON: But you know what, Mr. Chairman? I can't disagree with anybody.

COMMISSIONER SKINNER: I just wonder if there isn't something here to save. Maybe we word the resolution, reword it so that to the degree there are purely people involved in purely research and not operational, etcetera, etcetera, they have the flexibility to move them, rather than just throwing -- because there must be 50 or 100 people involved, and maybe they could do it on their own. But 100 people, you obviously can move 100 people if you want to without using the BRAC.

COMMISSIONER NEWTON: And sir, that's what I would offer. I think this amendment has this exactly right. If we leave that caveat, then we'll look around and we'll have all of these people up in Hanscom.

CHAIRMAN PRINCIPI: All right. Admiral Gehman.

COMMISSIONER GEHMAN: Thank you very much, Mr. Chairman. Mr. Chairman, I move that the Commission find that when the Secretary of Defense made Technical Joint Cross Service Group recommendation number 6, consolidate air and space C4ISR research, development, acquisition, test and evaluation, he substantially deviated from the Final Selection Criteria 1 and 4 and the Force Structure Plan; that the Commission strike this recommendation; and that the Commission find this and is consistent with the

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Final Selection Criteria and the Force Structure Plan.

CHAIRMAN PRINCIPI: Thank you.

Is there a second?

COMMISSIONER NEWTON: Second.

CHAIRMAN PRINCIPI: Are there any recusals?

COMMISSIONER COYLE: Yes, Mr. Chairman. I recuse.

CHAIRMAN PRINCIPI: All in favor of the motion.

(A show of hands.)

CHAIRMAN PRINCIPI: All opposed?

(One hand raised.)

MS. SARKAR: Mr. Chairman, the votes are seven yeas, one nay, one abstention. The motion is agreed.

CHAIRMAN PRINCIPI: Thank you.

MR. VAN SAUN: Thank you, Mr. Chairman. We'll move to the next one, section 181, Joint Cross Service Group Tech number 9. This proposes the consolidation of maritime C4ISR research, development, acquisition, test and evaluation. What I'd like to do is we'll go through these slides in the interest of time and go to the bubble chart and we'll just stop there for a second.

(Slides.)

This has a number of movements and pieces, and what I'd like to do is now go to the second bubble chart.

(Slide.)

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If we need to, we can switch back and forth between the bubble charts to get a grasp of all the moving parts and pieces involved in this recommendation.

I'm going to turn it over to the senior analyst. We'll give Les a rest for a minute and we'll get over to David Epstein, who did the analysis on this one.

MR. EPSTEIN: Thank you, Dave.

Chairman Principi, Commissioners: So that you can take a longer look at this and the list of activities that are involved, let me just point out to you, for those of you who visited Naval Surface Warfare Center Dahlgren or Naval Base Ventura County, you saw sites involved in several different recommendations. Also, for the recommendations that involved Dahlgren and Naval Base Ventura County, you only saw a piece of the total recommendation being addressed today.

(Slide.)

DOD justified this recommendation as a way to reduce the number of technical facilities engaged in research, development, and acquisition and test and evaluation of maritime sensors, electronic warfare, and electronic systems. DOD designed this recommendation to create multi-functional centers of excellence in the rapidly changing field of maritime C4ISR.

The one-time cost to implement this



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recommendation is $106 million, with payback period of one year. The net present value of this recommendation through 2025 shows a savings of $455 million. This recommendation impacts about 1200 personnel.

Slide, please.

(Slide.)

This slide shows in summary what we believe to be the key issues that should drive a decision in this matter. In researching the scope of the issues, we initially thought that relocating the East Coast headquarters of Naval Space and Warfare Command, SPAWARS, in Norfolk with the fleet commander was a mistake, given the much larger SPAWAR population in Charleston. But we came to understand that this decision was appropriate.

However, Commission staff identified several key concerns about recommended relocation of work to Point Loma, California. The first issue deals with the recommended relocation of information system research from Newport, Rhode Island. This recommendation deals with a virtual submarine which is housed in several buildings at Naval Undersea Warfare Center, or NUWC, a tenant of Naval Station Newport, Rhode Island. This virtual submarine has the vital command and control pieces of an operating submarine, that is combat control, sonar, periscopes, radio, weapons launchers, fire control, and weapon

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control. This is the only such system in the U.S. Navy.

The proposal in question would move only the radio room to San Diego. Our research led us to conclude that the potential problems in synchronizing the California-based radio room with other parts of the submarine 2,800 miles away in Newport could probably be accommodated. However, communication timing issues with GPS satellites became problematic because even extremely small timing differences would yield very different solutions if you're trying to respond electronically with a missile attempting to intercept a simulated attack coming at you at hundreds or thousands of miles an hour.

Our research indicated that the risks in this effort are not insignificant, success is not ensured. Furthermore, Newport may have to large recreate this capability.

The second issue deals with the relocation of Dahlgren's weapon system integration work to Point Loma. This work ties together the entire combatant functions of a surface ship. What is at issue here, as at Newport, is the breakup of a system of systems, and it doesn't close the base or the project. This would destroy the integration of many parts of a ship's operations, starting with target detection and acquisition through destruction.

Commission staff notes that if the radio room is



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-- next slide, please.

(Slide.)

Commission staff notes that if the radio room is left at Newport and the weapons system integration is left at Dahlgren, one-time costs would be reduced from about $106 million to about $73 million, the net present value of the 20-year savings would increase by about $20 million, the payback would be immediate instead of starting in one year, and the saving during the implementation period would be about $117 million instead of $89 million.

In summary, the Commission staff assessment reveals there was a deviation from the Final Selection Criteria 1 and 4 because of the contents of the fourth paragraph within this recommendation. However, we note that the remaining actions will reduce the number -- the amount of work and the number of installations doing C4ISR work.

Mr. Chairman, this concludes my prepared presentation. Staff is prepared to answer any questions you or the other Commissioners may have.

CHAIRMAN PRINCIPI: Thank you.

Congressman Bilbray.

COMMISSIONER BILBRAY: Yes. I'm going to have a motion, but I'd like to ask Mr. Epstein. Staff has



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recommended that we strike paragraph D of chapter 10, section 181 of the bill. Would you explain exactly what that does?

MR. EPSTEIN: Sir, that would leave the virtual radio room in Newport, it would leave the ship integration work in Dahlgren, and it would also leave some work Naval Surface Warfare Center Fort Hueneme, which is part of the Naval Base Ventura County complex.

COMMISSIONER BILBRAY: So it's exactly what you went over a minute ago.

Mr. Chairman, I will be offering a motion to remove those sections from the recommendation when you're ready for it.

CHAIRMAN PRINCIPI: Is there any further discussion?

(No response.)

CHAIRMAN PRINCIPI: Please offer your motion.

COMMISSIONER BILBRAY: Thank you. I move that the Commission find that when the Secretary of Defense made Technical Joint Cross Service Group recommendation number 9, consolidate maritime C4ISR research, development, acquisition, test and evaluation, in doing so he substantially deviated from the Final Selection Criteria 1 and 4 and the Force Structure Plan. I move that the Commission strike paragraph D of chapter 10,



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section 181 of the bill; and that the Commission find this change and the recommendation as amended are consistent with the Final Selection Criteria and Force Structure Plan.

CHAIRMAN PRINCIPI: Is there a second?

COMMISSIONER NEWTON: Second.

CHAIRMAN PRINCIPI: Is there any discussion on the amendment?

(No response.)

CHAIRMAN PRINCIPI: Section D realigns Naval Base Ventura County, California, Naval Surface Warfare Center Dahlgren, Virginia, and Naval Station Newport, Rhode Island, by relocating maritime information systems research, development, acquisition, test and evaluation to Naval Submarine Base Point Loma, San Diego, California, and consolidating with the Space Warfare Center to create the new Space Warfare Systems Command Pacific, Naval Submarine Base Point Loma, San Diego, California. This amendment will strike that realignment.

Are there any recusals?

(A show of hands.)

CHAIRMAN PRINCIPI: All in favor? All in favor of the amendment?

(A show of hands.)

CHAIRMAN PRINCIPI: All opposed?



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(No response.)

MS. SARKAR: Mr. Chairman, there are seven ayes, no nays, and two abstentions. The motion is approved.

CHAIRMAN PRINCIPI: Are there any further amendments?

(No response.)

CHAIRMAN PRINCIPI: All in favor of the recommendation as amended, of the Secretary's recommendation, and find that it is consistent with the Final Selection Criteria and the Force Structure Plan, please so indicate.

(A show of hands.)

CHAIRMAN PRINCIPI: All opposed?

(No response.)

MS. SARKAR: Mr. Secretary, the votes are seven yeas, no nays, and two abstentions. The motion carries.

CHAIRMAN PRINCIPI: Thank you.

Mr. Van Saun.

MR. VAN SAUN: Thank you, Mr. Chairman. We'll move on to section 182, Joint Cross Service Technical Group number 12, consolidate Navy strategic test and evaluation.

Slide.

(Slide.)

This recommendation realigns Patrick Air Force



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Base, Cape Canaveral, Florida, by relocating nuclear test and evaluation at the Naval Ordnance Test Unit to Strategic Weapons Facility Atlantic, Kings Bay, Georgia. I introduce the analyst for this, Les Farrington, again to give you the analysis.

MR. FARRINGTON: DOD justified this recommendation on the basis that it realigns the stand-alone East Coast test facility working in full-scale nuclear T and E at Cape Canaveral into a fully supported Navy nuclear operational site at Kings Bay to gain synergy and security, fleet operational support, and mission support infrastructure. Recent changes in anti-terrorism force protection requirements, the recent establishment of the Western Test Range in the Pacific, and the programmatic decision to no longer require land-based pad launches at Cape Canaveral all lead to the realignment and relocation of this function the Kings Bay.

The one-time cost to implement this recommendation is $86.4 million, with a payback period of 7 years. The net present value of this recommendation through 2025 is $61.4 million and about 200 people are potentially impacted.

Next slide.

(Slide.)

This slide summarizes the key issues that were



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developed by staff during analysis of this recommendation and are grouped by their associated selection criteria. Kings Bay does not perform the test and evaluation function. It performs a strategic operational mission. The addition of the nuclear test and evaluation mission would represent a significant added responsibility for Kings Bay.

Staff identified three issues associated with the recommendation. One, existing day to day working relationships and synergy with the Naval Ordnance Test Unit at Cape Canaveral testing personnel, with several organizations such as the Air Force's 45th Space Wing, would be lost. Two, the testing mission and schedule would be significantly impacted because of the issue -- because of the loss of scarce flight test engineers, increasing missile test workload, and the need for training at Kings Bay. And three, inflated cost savings from eliminating personnel that increases the payback period from 7 to 10 years.

In summary, Commission staff assessment shows that there was deviation from Final Selection Criteria 1, 4, and 5. This concludes my statement. I'd be glad to take any questions.

CHAIRMAN PRINCIPI: Are there any questions or discussion on this?



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COMMISSIONER HILL: Yes, Mr. Chairman. I'm going to propose a strike on this, a strike amendment for this recommendation. The one-time cost of $86 million, it only pays back over 20 years $61 million, and in fact all the mission has to take place at the Cape. What they're doing is they're moving a test and evaluation element to a fleet operation of submarines thinking there's synergy there. But in point of fact there is very little apparent synergy that we can see.

COMMISSIONER NEWTON: Mr. Chairman.

CHAIRMAN PRINCIPI: Yes, General.

COMMISSIONER NEWTON: Any conversation with the Department that -- do we have any idea about what they had in mind here?

MR. FARRINGTON: This is primarily to put the activity, the testing and the strategic people in the same place. The problem as staff sees is that they have excellent synergy on the Cape. Testing is still going to have to be done there. You're going to have people transiting back and forth more than you would if the people remained there and the facilities. But to recreate and spend a significant amount of money to recreate the capability at Kings Bay, who doesn't have that mission, we have a problem with that. We have concern about that.

It seems that it's working well now. Why spend



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the $86 million and not get return for 10 years when you already have a situation that's working fine right now? We don't see a real increase in military value by necessarily collocating the two.

CHAIRMAN PRINCIPI: As I read this justification, it's very difficult for me to try to second guess or disapprove this recommendation. This recommendation realigns the stand-alone East Coast facility working in full-scale nuclear test and evaluation at Cape Canaveral into a fully supported Navy nuclear operational site at Kings Bay to gain synergy and security, anti-terrorism force protection, fleet operational support and mission support infrastructure.

Since 1956 the fleet ballistic missile program in support of the Trident -- Kings Bay is a Boomer base -- has executed land-based pad as well as sea-based SSBN test launches, which are supported by the Naval Ordnance Test Unit at Cape Canaveral. Recent changes in anti-terrorism requirements, the recent establishment of the Western Test Range in the Pacific, and the programmatic decision to no longer require land-based launches at Cape Canaveral all lead to the realignment, relocation of this function to Kings Bay.

That sounds to me as a very, very strong justification to do what the Navy is requesting here. Do



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you find substantial deviation in that justification?

MR. VAN SAUN: Sir, let me take that question. In essence, what goes on at the Cape must continue to go on at the Cape. What they wanted to do -- and it appeared the synergism would come from the fact that the folks in Kings Bay today handled those missiles and weapons systems. That's a very special category, as you know.

The people that handle them at the Cape handle them not for the mission, but strictly for the test. They randomly select missiles to fire. That random selection is made exterior from the vessel. It pulls into port down there in the Cape, they rig it for a telemetry shot, and then they go straight back out on the range. That's exactly how they function.

The people in Kings Bay, while they handle the same material, what their purpose is is totally different. The amount of MILCON required in Kings Bay, it would not even roll in on existing space there because existing space is fully dedicated to the real world mission that they do.

So this was one that fell more in the Google search. Although it sounds good, when you actually go down and peel that onion back the place where the job will be done most of the time is right where they are today, and from staff's analysis it didn't make sense to go ahead



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and make that move, sir.

COMMISSIONER GEHMAN: Mr. Chairman, maybe I can help. Maybe I can help you here. This stand-alone test and evaluation organization in the old days did three things. One, it's part of the Air Force range test facility. It's an Air Force range, and when the Navy's shooting down there Navy personnel interchange, mix in with the range, with the range people to read the telemetry and to operate the systems, but it's still an Air Force range. That mission has to still happen.

The second thing that they do, that they used to do, is they used to conduct land-based tests of Navy missiles. They used to prepare Navy missiles for land-based tests. They no longer need to do that. The Navy's not doing that any more.

The third thing that they do is they still conduct random testing of missiles that are actually loaded on submarines at random. They still have to do that. The preparation of this missile to be fired must be done down at Cape Canaveral and Navy people go down and they put the telemetry on the missile, they make sure the warheads don't go off. We won't go into any details here, but they do a lot of things.

What this recommendation does is, because one of



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the three missions has been eliminated, they want to reduce 73 people and that's the bottom line. The way they're going to get at the 73 people is by moving the organization to Kings Bay, where they could prepare the submarine at Kings Bay, but they still got to go down to Cape Canaveral to do the testing part.

So whether it should be relocated for that fairly flimsy reason or not is the question before this Commission.

CHAIRMAN PRINCIPI: General Newton.

COMMISSIONER NEWTON: Mr. Chairman, you read something about security or for better -- I can't imagine them not having the security they need down at the Cape.

CHAIRMAN PRINCIPI: Well, that's what it says. It says to gain synergy and security, anti-terrorism force protection. Then they go on to say, recent changes in anti-terrorism force protection requirements, and on and on, leads to this realignment and relocation of this function to Kings Bay, overall to realize a significant synergy in support functions and costs while maintaining mission capability.

COMMISSIONER NEWTON: I can't imagine the Space Shuttle not being secure.

MR. VAN SAUN: The Cape Canaveral port complies with the security and force protection, and in this case



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more so than the people, more so of what they handle. It is properly protected where it is, so it's almost a misnomer, and that also was to us a surprise, that they said that, because it's already that way where it is.

MR. FARRINGTON: I'd like to just add one thing. As a matter of fact, at Cape Canaveral you have ready almost immediate access to the open ocean. At Kings Bay you have transit time to get to the open ocean. It seems to me that that would make a submarine more vulnerable in going from Kings Bay to the open ocean than it would from Cape Canaveral on a T and E mission.

COMMISSIONER GEHMAN: Once again, Mr. Chairman, it's a ten-year payback. The real issue here, the function could be done at either place. The issue is the payback is essentially in the reduction of force. The payback is in the reduction of personnel.

CHAIRMAN PRINCIPI: Very well. Any further discussion?

(No response.)

CHAIRMAN PRINCIPI: Do we have the motion?

COMMISSIONER HILL: I have a motion, Mr. Chairman. I move that the Commission find that when the Secretary of Defense made Technical Joint Cross Service Group recommendation 12, consolidate Navy strategic test and evaluation, he substantially deviated from Final



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Selection Criteria 1, 4, and 5 and the Force Structure Plan; that the Commission strike the recommendation; and that the Commission find this change is consistent with Final Selection Criteria and Force Structure Plan.

CHAIRMAN PRINCIPI: Is there a second?

COMMISSIONER GEHMAN: Second.

CHAIRMAN PRINCIPI: Are there any recusals?

(No response.)

CHAIRMAN PRINCIPI: All in favor?

(A show of hands.)

CHAIRMAN PRINCIPI: All opposed?

(One hand raised.)

MS. SARKAR: Mr. Chairman, the votes are eight yeas, one nay, no recusals. The motion is approved.

CHAIRMAN PRINCIPI: The next recommendation?

MR. VAN SAUN: Thank you, Mr. Chairman. To move on to section 184, Joint Cross Service Technical Group number 15, create a Navy Integrated Weapons and Armaments RD and A, T and E Center.

Let's cut to the next chart.

(Slide.)

Leave it there.

This research, development, acquisition, test and evaluation would realign nine activities on these two slides, all to Naval Air Weapons Station China Lake.



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Next slide.

(Slide.)

Back up one slide.

(Slide.)

The largest portion of this move is out of the Ventura County Navy area, which comprises Point Mugu Naval Air Station and Port Hueneme, NSWC Port Hueneme. I will turn it over to David Epstein who will go ahead and explain all the moving parts and pieces here.

MR. EPSTEIN: Thank you, Dave.

(Slide.)

While we have the other slide back up, let me give you a little bit of background that's really essential to understanding what the issue is here. There are three bases that are pretty much involved in most of this recommendation. Naval Base Ventura County was previously two separate commands, Naval Air Station Point Mugu and Naval Base Port Hueneme. Today these are now operated as a single command and each of the two pieces of real estate host several tenants. The Port Hueneme piece of real estate has one tenant that is part of this discussion and that is Naval Surface Warfare Center Port Hueneme. The other piece of real estate hosts several tenants also. One of these tenants is Naval Air Warfare Center Weapons Division Point Mugu. That is the real



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estate perspective on Naval Base Ventura County.

Let's talk about the management of the technical function. For about 13 years, Naval Air Warfare Center Weapons Division China Lake and Naval Air Warfare Center Weapons Division Point Mugu have been operated as a single command. The commander of these activities told us that they have wrung out the duplication and the overlap. He told us that they work efficiently as -- and I quote -- "a single university with two campuses."

Next slide, please.

(Slide.)

The justification for this recommendation is similar to the one I discussed a few minutes ago. This recommendation consolidates weapons and armaments work, primarily at China Lake. It has the additional goal of increasing efficiency and eliminating overlapping infrastructure. The recommendation enables technical synergy and positions the DOD to exploit center of mass scientific, technical, and acquisition expertise with weapons and armament RDAT and E, a specialty site at Dahlgren, and an energetics site.

The COBRA shows that this action has a one-time cost of $343 million, a net implementation cost of $160 million, annual recurring savings of $52 million, payback period of 7 years, and a net present value of $350



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million.

Next slide, please.

(Slide.)

In talking with Navy officials, employees, community groups, etcetera, we heard numerous issues before raised. Although there are some differences of opinion from base to base, the issues generally can be broken down into three general categories. These are failure of DOD to follow the BRAC rules, loss of intellectual capital and project delay, and cost. You've heard a lot of the problems before about the problems with the BRAC rules, so I won't bore you with those.

The second issue is comprised of both loss of intellectual capital and the impact on vital projects that are vital to the national defense. The employees insist they will not move, that there is a risk of tremendous brain drain, in their words. However, Navy officials believe that 40 to 50 percent of the employees will actually make the move. Furthermore, there are many large companies in the area that have plenty of similar expertise that DOD can draw from.

A DOD official stated that, quote, "brain drain," unquote, is a temporary problem and, based on experiences of prior BRAC rounds, they know of no program that has been adversely affected through the loss of



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intellectual capital. He pointed out that DOD has 6 years to implement the BRAC recommendations, providing ample time to mitigate the impact.

On the other hand, during the base visit to Dahlgren we were told that only 15 to 20 percent of the employees made the 100-mile move from Naval Surface Warfare Center White Oak in the northern suburbs of D.C. during the prior BRAC. Various vital projects may be delayed.

(Slide.)

Most of the resistance to this recommendation comes from the combined issue of loss of intellectual capital and the impact on national security. In the opinion of the staff members who have done the base visits and talked with the officials, there are several key issues that you have to address. Do all project personnel have to be collocated to work together on high tech projects, or does the two-campus system work? Do you want to manage more for the present, in which case you would tend to leave work at both Naval Base Ventura County and China Lake, or more for the future, in which case you might have a little bit more inclination towards China Lake?

However, Naval Base Ventura County groups say that they are thoroughly involved in the systems of the



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future and in addition some of the existing systems are migrating to the aircraft of the future.

Finally, do you believe that a loss of intellectual capital, particularly with respect to a move to China Lake in the high desert, is a reasonable cause or source for concern?

We thought you would first take a look at the Ventura County part of the move and then, based on your mental decision on that piece, you'd logically attack the rest of the scenario. We asked DOD that question and it finally presented a COBRA which they made clear was one that reflected a scenario that they did not support.

The third issue is how much you will save. Both Naval Base Ventura County and China Lake proudly told us of how they had wrung out the duplication and further reductions were unlikely and unnecessary. However, the employees also explained that delaying projects costs money and that training several thousand new employees with critical technical skills will be very expensive.

We attempted to identify the costs and savings of different parts of the nine moves so that we could compare the DOD estimated costs with excursions and other alternatives, but these were not very successful.

In conclusion, staff assessment reveals there was deviation in criteria C-1 and C-4 for the Final



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Selection Criteria. I'm prepared to answer any of your questions. Thank you.

CHAIRMAN PRINCIPI: Thank you.

COMMISSIONER BILBRAY: Mr. Chairman.

CHAIRMAN PRINCIPI: Yes, Congressman Bilbray.

COMMISSIONER BILBRAY: Mr. Chairman, when you're ready I do have a motion. Both Commissioner Coyle and myself visited both Port Hueneme and Point Mugu. Both Commissioner Coyle and myself both visited the Ventura bases. We looked at all these facilities and I'll tell you, the estimation that you've been shown here by the Navy on reproducing these systems or these buildings and these capital improvements in China Lake is way underestimated. Almost some of the buildings alone are as much as they're claiming for the whole move.

It's one of those kind of things like Commissioner Coyle has brought up before in different things. Yes, you could do it, but why? It's working very well like it is. There's synergy between the two groups.

We will lose a lot of people. If you've been to Santa Barbara and that area and what it's like to live in that area and then you move yourself out to the desert, to China Lake, it's a drastic difference. It's one of the best places in the world to live and I think we'll lose a



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lot of people. There's a lot of high tech people here that could get jobs in the L.A. area just like that.

I'm going to make a motion to strike after everybody's had their input at this time.

CHAIRMAN PRINCIPI: Well, here's another recommendation that I'm having difficulty wanting to disapprove. I believe the justification is well stated. I appreciate the fact that not everyone will want to move to China Lake, but I have to assume that our military leadership, both uniformed and civilian, gave this serious thought and it would not adversely impact on our research, development, acquisition, test and evaluation center, and that there's good justification to consolidate some of these disparate functions and bring them together at one location.

I'm almost led to believe that perhaps we made a mistake by not putting China Lake on the closure list because everyone seems that they just -- no one will ever go to China Lake, and that perhaps that was the mistake we made. I don't believe that, but nonetheless it seems to be a real bias against China Lake.

Any time you ask people will they move, I think their first indication is no, they will not move. I really find it difficult to rely upon surveys.

So anyway, I'm inclined to support the



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recommendation.

MR. VAN SAUN: Mr. Chairman, maybe I can help you a little bit with how the staff came to our analysis. First of all, to understand that both of these activities, Point Mugu and out at China Lake, work for Navy Air Systems Command here in Washington, and the commands that work for him -- and these don't involve numerous of other people. It's strictly inside the Navy. There already are common program managers, already have the common people working together. They actually have an airplane that flies back and forth.

The value of China Lake is tremendous. It is the number one military value test range that the Navy has. That's exactly why it is there. It does the job today what they want it to do tomorrow, and it will continue to be that program range.

The problem, the issue is that the people that are doing the work, the work at both Mugu, Port Hueneme, and China Lake, already have the common boss, already do what you just said. So the question is not so much the brain drain issue. They have all the people they need to do this job, and this job isn't a consolidation to save people. It's a consolidation for the sake of consolidation, that did not surface, as near as we can tell, from inside the Navy, but came inside of the Joint



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Cross Service Groups.

CHAIRMAN PRINCIPI: Well, it just seems to me that the Navy leadership is trying to get their hands around this large organization of research, development, test and evaluation centers that have grown up over the years throughout the country and trying to bring greater coordination and consolidation, cost effectiveness.

This has a $433 million cost savings, at least the COBRA cost savings, that are contained in our book, not the number that we saw on the slides, unless the number in the book is incorrect. I have a $433 million 20-year net present value savings.

Any further discussion?

COMMISSIONER NEWTON: Yes, Mr. Chairman. I'm where you are with reference to the savings. I'm not sure -- I guess my question is why do we have a different number on the slide vice what we have in the book? Have we gotten more data or what's going on?

MR. GINGRICH: Sir, on the number of COBRA runs, DOD has found errors or the Commission has pointed out errors. DOD has replied back with a revised COBRA run. What is displayed on the charts here, that was briefed, is a savings net present value of $349 million. That is the current DOD baseline for this recommendation.

COMMISSIONER NEWTON: What is the one-time cost?



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MR. GINGRICH: One-time cost, $343 million.

CHAIRMAN PRINCIPI: Is there any further discussion?

COMMISSIONER BILBRAY: Yes, Mr. Chairman. You know, one thing that you don't realize in this is the fact that a lot of this move was predicated on Corona moving to Ventura, Ventura then moving out and going to China Lake. We turned down Corona. They're not moving there now. And if you move these facilities out, you're going to have a lot of empty facilities at Ventura at the time. I don't know if that makes a lot of difference.

But the fact is it's one of those kind of things that it's a beautiful base, it works well. Their are sound chambers and testing chambers are fantastic. And just to move them out and spend all this money and disrupt what is working well is something that I'm very concerned about.

Maybe, Mr. Epstein, you were with us out there. For instance, one of the things we saw out there was the fact that one of these movements was the targets. The targets that they were going to move to China Lake are the ones that go out in the ocean that they fire at, and in this case Point Mugu is right on the coast. They admitted that it was a stupid thing, everybody. How could you take the targets 200 or 300 miles inland and not do it?



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So there's whole sections that doesn't make sense in this movement. It was just a movement for movement's sake and that's all it is.

CHAIRMAN PRINCIPI: Well, I disagree with that assertion, movement for movement's sake. That's difficult for me to believe, that the Navy leadership would do such a thing.

Are all of these organizations under NAVAIR?

MR. EPSTEIN: No, sir. The three organizations that we were just talking about, two of them -- that is, Point Mugu and China Lake -- are NAVAIR activities. Port Hueneme is a NAVSEA activity and the others belong to a variety of organizations.

CHAIRMAN PRINCIPI: Thank you.

Congressman Bilbray, do you wish to offer your amendment?

COMMISSIONER COYLE: Mr. Chairman, I am recused on this item. However, I think it's fair for me to point out that 90 percent of the moves that are proposed here are intra-California, from one part of California to another part of California; and that the numbers that we have in our book, the numbers that have been provided by Navy leadership, and the numbers provided by the Joint Cross Service Group do not agree; and that the staff has had a dilemma about that. Maybe, Dave, you could comment



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further about that.

MR. EPSTEIN: Thank you, sir. There's one other comment that I'd like to make that's I think pretty directly related to that. That is a lot of the savings that come about from this whole move if you look at the whole original picture are through the elimination of roughly 15 percent of the jobs. That's across the board, and what the apparent reality of the situation is is that the overlap and duplication between Point Mugu and China Lake -- there are like 1900 people leave that base and there's about 15 percent of them don't get to China Lake. So there's a claimed savings there that doesn't seem possible it's going to materialize, given the fact that they've already been under a single commander and they've supposedly wrung out all of their duplication. And they are industrially funded, so they have reason to keep their costs down.

I'm not sure if that totally answers your question.

MR. FARRINGTON: I'd like to add one thing, Commissioner Coyle, to your concern about the numbers. We too are concerned about the numbers. The number problem --and it's existed since day one. I hope it's resolved now with the current numbers that we have that are certified. It's the number of people required to operate the sea



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range, which is the critical part of what they do at Point Mugu. That's the target support, the lab support, all the people that are required to use and operate that sea range.

The numbers we originally got were about, I think, 825, 830 people to run that range. The number now is 330. It's a question of how many should stay and how many should move. So that's been the heart of some of our problems with trying to get the numbers straight. I don't know if it's 330 or 880, but it's probably somewhere in between. But I don't know the exact number.

CHAIRMAN PRINCIPI: Congressman Bilbray, do you wish to offer an amendment?

COMMISSIONER BILBRAY: Yes, I'll make my motion. I move that the Commission find that when the Secretary of Defense made the Technical Joint Cross Service Group recommendation 15, to create a naval integrated weapons and armament research and development, acquisition, test and evaluation center, he substantially deviated from the Final Selection Criteria 1 and 4 and the Force Structure Plan; that the Commission strike the recommendation; and that the Commission find this change is consistent with the Final Selection Criteria and Force Structure Plan.

CHAIRMAN PRINCIPI: Thank you.

Is there a second?



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(No response.)

CHAIRMAN PRINCIPI: There being no second, the motion is defeated.

Mr. Van Saun -- I'm sorry. We'll have to vote on the underlying motion. Are there any further motions on this?

(No response.)

CHAIRMAN PRINCIPI: Hearing no further motion to amend, we will vote on whether to approve the Secretary's recommendation and find that it is consistent with the Final Selection Criteria and the Force Structure Plan. All in favor?

COMMISSIONER NEWTON: Second.

(A show of hands.)

CHAIRMAN PRINCIPI: All opposed?

(A show of hands.)

MS. SARKAR: Pardon me, Mr. Chairman. I was not able to record Commissioner Gehman's vote.

COMMISSIONER GEHMAN: (indicating).

MS. SARKAR: Thank you.

Thank you for your patience, Mr. Chairman. The vote is six in favor, one against, two abstentions. The motion carries.

CHAIRMAN PRINCIPI: Thank you.

Mr. Van Saun.

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MR. VAN SAUN: Thank you, Mr. Chairman. We'll move to the next, section 186, Joint Cross Service Technical Group number 19, proposes the creation of an integrated weapons and armaments specialty site for guns and ammunition. This will realign -- I will read these through because I think it's important for me to do that -- realign the Adelphi Laboratory Center, Maryland, the Naval Surface Warfare Center Division, Crane, Indiana, realign the Fallbrook, California, Detachment of the Naval Surface Warfare Division Crane, realign Naval Surface Warfare Center Division Dahlgren, realign the Louisville, Kentucky, Detachment of Naval Surface Warfare Center Division Port Hueneme, realign Naval Air Warfare Center Weapons Division China Lake, realign Naval Surface Warfare Center Division Indian Head, Maryland; realign Naval Surface Warfare Center Division Earle, New Jersey.

You can see it on the next chart.

(Slide.)

This takes eight different locations and it moves the integrated weapons and armaments specialty functions from the eight locations and locates them at Picatinny Arsenal in New Jersey.

I'd like to go back to David Epstein for more analysis.

MR. EPSTEIN: Thank you, Dave.



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This recommendation realigns and consolidates gun and ammunition facilities working in weapons and armaments RD and A. Picatinny is the center of military value in gun and ammunition, weapons and ammunition, research, development, and acquisition, with the largest workload of any other DOD facility. Picatinny is the DOD's single manager for conventional ammunition.

This recommendation includes Army and Navy RD and A activities. It promotes jointness, enables synergy, and positions the DOD to exploit scientific, technical, and acquisition expertise within the weapons and armaments RD and A community that currently reside at this DOD specialty location.

Movement of the packaging work to Picatinny Arsenal will create a joint center of excellence and provide synergy in armament development for the near future and beyond, featuring a joint packaging, handling, shipping and transportation center, particularly important in this current time of high demand for guns and ammunition by all the services.

It is not surprising that, with eight different losing organizations, there are a variety of issues. But before going through those let me address the COBRA facts. This recommendation involves a one-time cost of $116 million, there's a 13-year payback, over 20 years the net



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present value savings is about $350 million, and this would involve the relocation of about 800 employees.

As I started to say, brain drain and disagreement with the DOD estimated costs and savings were fairly consistent arguments. The next couple of slides show a few of the issues that were cited repeatedly at the individual Navy bases. There were also issues that you've heard before about organizations that were considered as losers, like Crane in Indian Head, that were thought to be going away and never had a chance to compete for new business.

(Slide.)

With regard to the loss of intellectual capital, several organizations, including Crane, Dahlgren, Louisville, Indian Head, Earle, and Fallbrook, indicated concern about the loss of intellectual capital. The communities generally estimated employee losses of about 80 percent, but Navy officials believe that 40 to 50 percent of the employees will actually make the moves.

The cost of housing in Picatinny in northern New Jersey is a key factor in reluctance to move.

(Slide.)

There was also concern about delay in various national security programs and this is very much related to the issue of loss of intellectual capital.



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(Slide.)

Continuing in the area of mission performance in C-1, there's a question of encroachment. For example, bases like Crane, with about 100 square miles, Indian Head with less but less exposure to population, China Lake, Fallbrook, have little or no encroachment issues, as does Picatinny. Some of the organizations, like Crane, Dahlgren, and Fallbrook, have more ability to be quick response and agile.

There certainly are strong measures and indications of jointness already, particularly at Crane and Indian Head. Some of the activities, like Fallbrook, Dahlgren, Crane, China Lake, opposed access to testing and evaluation facilities. Several of them pointed out that these recommendations take away a good part of their core business.

As far as cost concerns, there is obviously some large up-front costs, there is questionable payback, there is a lot of training costs potentially for replacement employees. A lot of the employees said that the savings is keyed to this 15 reduction in civil service billets. Finally, originally we thought that there might be a severe economic impact on Crane, but, given what's gone on for the last day and a half, that appears no longer to be the case.

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The staff assessment summary shows that there are several issues relative to C-1 and C-4 that should be dealt with. But the other parts of the recommendation make progress towards consolidation. The specific areas that we have concerns with are: first, the Special Operations guns and ammo work that takes place at Crane today; second, the over-water gun work that's done at Dahlgren; third, we believe and reinforce the idea of a guns and ammunition center in Picatinny, which has the demonstrated RD and A capability; and fourth, a concentration in a proclaimed center of excellence for energetics at Indian Head where possible and at China Lake, where special provisions have to be used for particularly the large explosives.

That concludes my testimony. If you have any questions I'll be glad to try to address them.

CHAIRMAN PRINCIPI: Thank you.

Mr. Gingrich, could you clarify the 20-year net present value savings? Our detail book shows a savings, 20-year savings of $32 million. I think the slide showed significantly more.

MR. GINGRICH: Yes, sir. The slide was incorrect. The one-time costs were accurate, $116,000 -- $116 million. The net present value is a savings of $32,581,000. The data in front of you is correct; the



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data on the slide was incorrect.

CHAIRMAN PRINCIPI: Thank you.

Are there any questions or discussion on this recommendation?

COMMISSIONER SKINNER: I have a couple questions.

CHAIRMAN PRINCIPI: Yes.

COMMISSIONER SKINNER: I believe there's an amendment and I want to make sure that we understand what the amendment does.

COMMISSIONER NEWTON: Do you want me to read it?

COMMISSIONER SKINNER: I'll let you read it. That would be great.

COMMISSIONER NEWTON: Mr. Chairman, with your permission I'll read the proposed amendment and then we can discuss it if we like.

CHAIRMAN PRINCIPI: I think that's an excellent idea.

COMMISSIONER NEWTON: Thank you. I move that the Commission find that when the Secretary of Defense made Technical Joint Cross Service Group recommendation 19, create an integrated weapons and armaments specialty site for guns and ammunition, he substantially deviated from Final Selection Criteria 1, 2 and 4 and the Force Structure Plan; that the Commission append the language



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"except energetics RD and A and T and E in support of Special Operations" to paragraph B of chapter 10, section 186 of the bill; that the Commission strike paragraph D of chapter 10, section 186 of the bill; that the Commission strike the language "development and acquisition to Picatinny Arsenal" from paragraph F of chapter 10, section 186 of the bill, and insert in its place "development and acquisition, except energetics, to Picatinny Arsenal"; that the Commission strike the language "development and acquisition to Picatinny Arsenal, New Jersey, from paragraph G of chapter 10, section 186 of the bill, and insert in its place "development and acquisition, except energetics, to Picatinny Arsenal, New Jersey, consolidate energetics RD and A and T and E at Indian Head, Maryland, except the RD and A and T and E at China Lake"; and that the Commission find this change and the recommendation as amended are consistent with the Final Selection Criteria and Force Structure Plan.

With that said, I think -- why don't you go through and tell us specifically what I just said in something we can understand.

MR. EPSTEIN: Sir, what you said is correct. I do want to make it clear to the Commissioners, though, that the guns and ammunition work other than Special Operations work will go to Picatinny, as originally



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requested.

COMMISSIONER NEWTON: Okay. Can you share with us then from this language that I just read clearly what's in each one of those buckets?

MR. EPSTEIN: I'll do my best, sir. The first element deals with the Special Operations Forces work that's done in support of those organizations at Crane, Naval Surface Warfare Center Crane. The reason that this was requested, and this got support from fairly high levels, is that Crane has ammunition on site, it's got a limited manufacturing capability, and it has sort of a broad range, not of basic research, but of development, limited acquisition, test and evaluation, lots of land, no encroachment issues. They have a zone around the base that precludes development. So it makes sense to take advantage of their soup to nuts approach to solving problems in days or weeks, not months or years.

COMMISSIONER SKINNER: I visited Crane and, to put it even in simpler English, this is the center of excellence for Special Operations weapons and weaponry and they work directly with special operators all over the world, including those in theater, to improve weapons on a real-time basis in the field. It was thought, after looking at that, that that is a real-time implementation and improvisation, and to disrupt that at this time would



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be inappropriate.

Is that fair, Mr. Epstein?

MR. EPSTEIN: Yes, sir.

COMMISSIONER NEWTON: Can you share with us also then how many people out of this group are we talking about? Are we talking about the entire group?

MR. EPSTEIN: No, sir. I believe it's somewhere in the area of 80 to 100 people that would not go, but over half of them would go.

COMMISSIONER NEWTON: Okay, thanks. Continue.

MR. VAN SAUN: Commissioner Newton --

CHAIRMAN PRINCIPI: I'm sorry, I didn't hear that. Could you say that again, please? How many people would not be moving to Picatinny Arsenal?

MR. EPSTEIN: I believe it would be somewhere in the area of 80 to 100 people.

CHAIRMAN PRINCIPI: 81?

MR. EPSTEIN: 80 to, between 80 people and 100 people.

COMMISSIONER NEWTON: But that was just for the special ops part of it.

MR. EPSTEIN: Correct. Over 100 people would be moving.

COMMISSIONER NEWTON: But Mr. Chairman, that's just the special ops part of this.



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CHAIRMAN PRINCIPI: Correct.

COMMISSIONER SKINNER: And that's out of the total at Crane that would be moving of 200-plus, right?

MR. EPSTEIN: Yes, sir.

CHAIRMAN PRINCIPI: And then you have the --

MR. VAN SAUN: Commissioner, on the Dahlgren piece, to simply answer that, that's the large gun over water testing part on the large Navy gun. They have to do it in Dahlgren regardless. It's a small part of the motion, and they would have to go on temporary duty back to Dahlgren to do this work anyway. So that's the reason for the large over-water gun piece to remain at Dahlgren.

CHAIRMAN PRINCIPI: That makes sense. I was there and visited Dahlgren. I don't think that can be replicated at Picatinny. So it would have to be there.

MR. EPSTEIN: Thank you, Dave. Dahlgren of course also has the R and D expertise in big guns.

The third area that we were talking about is the concentration of the guns and ammo work that would be moved from Indian Head to Picatinny, and that specifically excludes the energetics work.

Finally, it takes the energetics work that's currently at Picatinny and moves it to Indian Head, thus reinforcing both centers of excellence, for energetics in Indian Head and guns and ammunition at Picatinny.



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CHAIRMAN PRINCIPI: But for the most part we are creating this integrated center, a center of excellence at Picatinny? We are carving out pieces that don't make sense to move, but we are still really approving the thrust of what they want to accomplish here.

COMMISSIONER NEWTON: Yes, sir.

CHAIRMAN PRINCIPI: Is that correct?

MR. EPSTEIN: Yes, sir. Yes, sir.

CHAIRMAN PRINCIPI: Thank you.

Is there any further discussion?

(No response.)

CHAIRMAN PRINCIPI: Is there a second on the amendment?

COMMISSIONER HILL: Second.

CHAIRMAN PRINCIPI: Are there any recusals?

(A show of hands.)

CHAIRMAN PRINCIPI: All in favor of the motion?

(A show of hands.)

CHAIRMAN PRINCIPI: All opposed?

(One hand raised.)

MS. SARKAR: Mr. Chairman, the votes are six ayes, one nay, and two abstentions. The motion carries.

CHAIRMAN PRINCIPI: Are there any further amendments?

(No response.)

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CHAIRMAN PRINCIPI: Hearing none, we will vote on whether to approve the Secretary's recommendation as amended and find that it's consistent with the Final Selection Criteria and the Force Structure Plan. Is there a second?

COMMISSIONER HILL: Second.

CHAIRMAN PRINCIPI: All in favor?

(A show of hands.)

CHAIRMAN PRINCIPI: All opposed?

(One hand raised.)

MS. SARKAR: Mr. Chairman, the vote was six in favor, one against, and two recusals.

CHAIRMAN PRINCIPI: Thank you.

Dave.

MR. VAN SAUN: Thank you, Mr. Chairman. We'll move on to section 187, Joint Cross Service Technical item number 22, Defense Research Service laboratories.

Slide.

(Slide.)

This recommendation will close Air Force Research Lab Mesa, Arizona, realign Air Force Research Laboratory Hanscom, Massachusetts, realign Rome Laboratory, New York, realign Army Research Laboratory Langley, Virginia, and Army Research Laboratory Glenn, Ohio, realign Air Force Research Laboratory Wright



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Patterson Air Force Base, Ohio, realign the Army Research Laboratory, White Sands Missile Range, New Mexico.

As you can tell by the chart, there's a lot of moving pieces here as well, so I'm going to turn it back over to Les Farrington for his analysis.

MR. FARRINGTON: Thank you.

The Department of Defense believes that the recommendation positions it to exploit center of mass scientific, technical, and acquisition expertise. DOD cost and savings estimates provide for a one-time investment of $164.6 million, with breakeven or payback expected in the fourth year. The recommendation potentially impacts about 930 people.

Next slide, please.

(Slide.)

This slide -- what's on this slide identifies the issues identified by the staff. I'm going to talk mostly about the first two, which are particular issues that the staff has concern with. The last three I can talk to the extent you want to talk, but staff reviewed and analyzed community comments very closely and talked to DOD officials as well as Joint Cross Service Group people and we have no problem with the last three on this slide. They don't violate any BRAC criteria.

Now, with respect to the first two, DOD's



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recommendation was -- I'm sorry. DOD's recommendation was based on its desire to establish a center of mass in information technology in the Boston area. The Boston area was selected because it provides a high concentration of academic institutions and provides sector high tech firms to provide a steady pool of highly qualified job applicants.

The Rome community argued that the personnel from Wright Patterson's Information Systems Directorate should be transferred to Rome, where the headquarters organization is already established, rather than establishing a second satellite location at Hanscom. Commission staff note that the Rome research site was initially identified for closure by the Joint Cross Service Team. Staff review and analysis shows that DOD's military value analysis rated the Rome site significantly higher than either Wright Patterson and Hanscom for the information technology research focus area.

Commission staff supports the concept of establishing and retaining a single site for information technology research, rather than the multiple sites as suggested by DOD. Moreover, staff notes that if sensor mission is relocated from Rome to Wright Patterson, which consolidates the sensor mission at a single site, as we are suggesting for information technology, the space could



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be backfilled to minimize any additional MILCON requirements.

Just one thing. What's happening here in terms of Rome is Rome's sensors, aircraft sensors, are being moved to Wright Patterson, a single site which is the headquarters, with high military value. On the other hand, though, in the information technology directorate that's being split. That's being proposed to be split and moving it to Hanscom. But Rome is the headquarters for that information technology directorate and that's where it ought to go to enhance their military value, which is already high.

So it's a good synergism for the three sensor sites to go the Wright Patterson and for the information technology site to be transferred to Rome.

The other issue that the staff identified is a recommendation relating to the allocation -- relocation, I'm sorry, of Army Research Lab White Sands Missile Range, New Mexico, to Aberdeen Proving Ground. That was rationalized by its desire to consolidate geographically dispersed research activities performing similar work. DOD's recommendation noted that some of the employees potentially impacted by this proposal might need to be retained at White Sands to support ongoing T and E work at the missile range, the number of which has not been



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determined.

The White Sands community voiced concerns over the exact number of research personnel to be relocated to Aberdeen, noting that there was very little overlap in the work assigned to the two facilities. In addition, they voiced concerns over the cost effectiveness of relocating only a portion of staff to Aberdeen and the potential adverse impact on the White Sands T and E function.

Commission staff asked DOD to unbundle -- this one COBRA has all these actions in one particular COBRA -- asked DOD to unbundle the COBRA and the cost and savings analysis revealed a 100-year payback.

While there appears to be some overlap in atmospheric research capabilities resident at both Aberdeen and White Sands, staff believes DOD's recommendation provides a poor return on investment and if accepted will potentially adversely impact overall mission effectiveness at the missile range.

One second, please.

(Pause.)

Commission staff's assessment reveals that there was deviation from selection criteria 1 and 4 and 5 in recommending the relocation of the White Sands Army Research Lab to Aberdeen Proving Ground. In addition, staff believes the Secretary deviated from selection



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criteria 1 in recommending the relocation of the Information Systems Directorate from Wright Patterson to Hanscom Air Force Base.

Mr. Chairman, this concludes my presentation.

CHAIRMAN PRINCIPI: Thank you very much.

Are there any questions, discussion?

(No response.)

CHAIRMAN PRINCIPI: Are there COBRA numbers that we have, Mr. Gingrich, are they correct, Karl?

MR. GINGRICH: Yes, sir, they are.

CHAIRMAN PRINCIPI: Thank you.

Commissioner Coyle.

COMMISSIONER COYLE: Thank you, Mr. Chairman. At the appropriate time I would have an amendment to modify this proposal in accordance to what Mr. Farrington just described.

Perhaps you could put the bubble chart back up and we could go through each of those pieces quickly.

(Slide.)

As I understand it, you have no issue with the proposed moves within the Army?

MR. FARRINGTON: That's correct.

COMMISSIONER COYLE: So for those who can see the bubble chart, the proposed moves to the right there that are all Army-proposed moves that move various



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functions to Aberdeen --

MR. FARRINGTON: I'm sorry, I have one problem with the move to Aberdeen. That's the part from White Sands, the laboratory.

COMMISSIONER COYLE: Beg your pardon. And the reason you have raised an issue with the Army piece at White Sands is because the Army needs to have that test capability at White Sands in order to do test work?

MR. FARRINGTON: Yes, sir. And those people working in those specific laboratories need to support the test work at White Sands.

COMMISSIONER COYLE: Right. And if I understand correctly, that White Sands piece has a 100-year payback?

MR. FARRINGTON: Yes, sir.

COMMISSIONER COYLE: If that.

MR. FARRINGTON: Yes, sir.

COMMISSIONER COYLE: But the top two pieces you have no issue with, and the amendment that I'm going to offer has those go forward.

MR. FARRINGTON: No, that's right.

COMMISSIONER COYLE: Now, on the left side of the chart, if I understand it correctly, in the information systems area, you are recommending that the functions at Wright Patterson that are proposed to go to Hanscom should instead go to Rome Laboratory, New York,



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and the reasons for that is that Rome is the current headquarters for information systems and it also has a higher military value.

MR. FARRINGTON: Yes, sir.

COMMISSIONER COYLE: Do I have that correct?

MR. FARRINGTON: Yes, sir.

COMMISSIONER COYLE: Thank you.

Mr. Chairman.

CHAIRMAN PRINCIPI: General Hill.

COMMISSIONER HILL: Mr. Chairman, I will align myself with Mr. Coyle, especially in the area of the White Sands Missile Range. If you will recall, in sworn testimony at the New Mexico hearing the former head of the White Sands Laboratory stood up in and very succinct format told us that the mission could not be performed at Aberdeen because of space limitations and that all the customers for the organization are at White Sands and it simply must remain at White Sands, and I buy that.

CHAIRMAN PRINCIPI: General Newton.

COMMISSIONER NEWTON: Thank you, Mr. Chairman.

Can you share with us the number of people in that bubble, as well as the number of people in the information systems bubble? And if you don't have that specifically, give me a ballpark?

MR. FARRINGTON: Ballpark, the information



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systems people that we're talking about that would realign, it's about 80 people.

COMMISSIONER NEWTON: Okay.

MR. FARRINGTON: And the White Sands people, that portion would be about 20, 25.

COMMISSIONER NEWTON: Very good. Thank you.

CHAIRMAN PRINCIPI: Commissioner Coyle, your amendment?

COMMISSIONER COYLE: Thank you, Mr. Chairman. I move that the Commission find that when the Secretary of Defense made Technical Joint Cross Service Group recommendation 22, Defense Research Service-led laboratories, he substantially deviated from Final Selection Criteria 1, 4, and 5, and the Force Structure Plan; that the Commission strike the language "Information Systems Directorate to Hanscom Air Force Base, Massachusetts" and insert in its place "Information Systems Directorate to Rome Laboratory, New York," where it appears in paragraph D, chapter 10, section 187 of the bill; that the Commission strike paragraph F, chapter 10, section 187 of the bill; and that the Commission find this change and the recommendation as amended are consistent with the Final Selection Criteria and Force Structure Plan.

CHAIRMAN PRINCIPI: Is there a second?



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COMMISSIONER NEWTON: Second.

CHAIRMAN PRINCIPI: Is there any further discussion?

(No response.)

CHAIRMAN PRINCIPI: Are there any recusals?

(One hand raised.)

CHAIRMAN PRINCIPI: All in favor of the amendment?

(A show of hands.)

CHAIRMAN PRINCIPI: All opposed?

(No response.)

MS. SARKAR: Thank you, Mr. Chairman. The votes are eight votes for, none against, and one abstention. The motion carries.

CHAIRMAN PRINCIPI: Are there any further amendments?

(No response.)

CHAIRMAN PRINCIPI: Hearing no further motion to amend, we will vote on whether to approve the Secretary's recommendation as amended and find that it is consistent with the Final Selection Criteria and Force Structure Plan. Is there a second?

COMMISSIONER NEWTON: Second.

CHAIRMAN PRINCIPI: All in favor?

(A show of hands.)



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CHAIRMAN PRINCIPI: All opposed?

(No response.)

MS. SARKAR: Mr. Chairman, the votes are eight ayes, no nays, and one abstention. The motion is approved. Thank you.

MR. VAN SAUN: Thank you, Mr. Chairman. We'll next go to section 188, Joint Cross Service Technical Group number 24, establish centers for fixed wing air platform research, development, and acquisition, test and evaluation.

Chart.

(Slide.)

As indicated on this chart, DOD has proposed that the research, development, and acquisition functions for fixed wing aircraft should be consolidated at Wright Patterson Air Force Base. In addition, DOD has recommended that Wright Patterson's live fire testing capability should be relocated to the Naval Air Weapons Station China Lake, California.

Now we will go back to Les Farrington to further the analysis.

MR. FARRINGTON: DOD plans that RDAT and E work be conducted at two primary sites, Wright Patterson Base and Naval Air Station Patuxent River, while retaining several specialty sites, including work on aircraft launch



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and recovery systems at Naval Air Engineering Station Lakehurst, New Jersey.

DOD stated that implementation of this recommendation would complete consolidation of fixed wing RDAT and E activities initiated in previous BRAC rounds. DOD believes that its recommendation will increase efficiency in RDAT and E and leverage existing infrastructure. DOD also stated that consolidating live fire testing at China Lake should increase efficiencies by reducing overall manpower requirements and eliminating redundancies that currently exist between the two sites.

DOD stated that implementation of this recommendation will require an investment of $17.7 million, with a breakeven and payback within 9 years. The recommendation potentially affects 47 people.

Next slide, please.

(Slide.)

This slide summarizes the key issues that were developed during analysis of this recommendation in our group by their associated selection criteria. The first and most significant issue concerns the likely negative impact on Air Force mission capabilities if live fire test operations are relocated to the Navy's facility on the West Coast. The community stated that closing the Wright Patterson test facility and relying solely on the use of



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Navy-owned facilities would clearly reduce quality and timing of critical test operations and schedules for Air Force-unique weapons systems. Rather than closing the Wright Patterson test facility and spending an estimated $14.2 million to replicate similar facilities on the West Coast, China Lake, officials suggested that the two existing facilities could be more efficiently operated as a composite organization and a memorandum of agreement developed by the two services. Such an arrangement could be implemented outside the BRAC process.

(Slide.)

In summary, staff assessment reveals that there was deviation from Final Selection Criteria 1. I'd be happy to answer any questions that you may have.

COMMISSIONER GEHMAN: Mr. Chairman.

CHAIRMAN PRINCIPI: Yes, Admiral.

COMMISSIONER GEHMAN: Mr. Farrington, there's really two pieces here. The first piece is the realign Tinker, Robins, and Hill.

MR. FARRINGTON: Yes.

COMMISSIONER GEHMAN: By moving the fixed wing part to Wright Pat.

MR. FARRINGTON: Yes.

COMMISSIONER GEHMAN: I don't have any problem with that. The second one is relocating this fixed wing-



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related live fire test and evaluation to China Lake. How many people at Wright Patterson are we talking about moving to China Lake that do live fire test and evaluation?

MR. FARRINGTON: I think that's about 22 people, sir.

COMMISSIONER GEHMAN: Can we look at the COBRA data? I mean, I'm looking at the COBRA data here and it looks like it's one or two people. Can you tell?

MR. GINGRICH: That would take me a minute, sir.

COMMISSIONER GEHMAN: All right.

I'm guessing that in the Air Force -- and I'll defer to my colleague on this -- that the number of people that do live fire test and evaluation at the Air Force numbers in the thousands, and the one or two or twelve people that are at Wright Patterson are probably program managers or test directors or something like that, and they aren't really going to wire things together and build fuses and stuff like that, and they probably ought to stay at Wright Patterson.

MR. FARRINGTON: Sir, the live fire testing is different than the operational development type testing that you're probably familiar with. It's a very specialized kind of testing that looks at vulnerability of systems to live fire. They don't always blow things up.



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It's some simulation, some actual firing, but it's basically a very specialized kind of testing.

You're exactly right, there aren't many people involved with that, unlike the other parts, the other T and E that's done throughout the Department of Defense. We just felt that -- staff feels that this expertise is already in existence at Wright Pat and we ought to leave it there, and why --

COMMISSIONER GEHMAN: You and I are arguing the same thing, but you've got to help me with this. You've got to tell me what these people do. Can you tell me what these people do? It may be that their function is far more related to what they do at Wright Pat than it is -- I know they blow things up at China Lake, but it's highly likely that these people are far more related to the programs at Wright Patterson than they are to live fire testing at China Lake.

MR. FARRINGTON: That's correct.

COMMISSIONER GEHMAN: Can you help me with that?

MR. FARRINGTON: Well, these people are both management type people --

COMMISSIONER GEHMAN: That's what I thought.

MR. FARRINGTON: -- and some testing people, but basically management type people.

COMMISSIONER NEWTON: Question. Do we know what



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organization they're planning to be a part of at China Lake? I'm trying to see the tie at China Lake. Is that where they would normally go if they're not doing simulation? Is that where they would normally go to do their work, at China Lake, I'm assuming?

MR. FARRINGTON: Can you repeat that question, please?

COMMISSIONER NEWTON: Yes, a two-part question. One, do we know what kind of organization they would be a part of when they go to China Lake? Who do they attach themselves to or who do they come under, as well as in their normal work today, if they're not doing simulation I would assume that back at Wright Pat where all of our labs are they do some simulation work there, as you indicated. But when they're going to really blow something up, they would just go out TDY to China Lake; is that fair?

MR. FARRINGTON: And use those facilities, correct.

COMMISSIONER NEWTON: Okay, thanks.

MR. FARRINGTON: Now, there is an organization, the Director of Operational Test and Evaluation within OSD, that does manage and control live fire testing done both at China Lake and Wright Pat.

COMMISSIONER NEWTON: Okay, thank you.

CHAIRMAN PRINCIPI: Not moving people because we



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have experts at different locations to me shouldn't be a reason in and of itself that we don't move people. We have live fire -- at least my understanding is that we have live fire testing at both China Lake and Wright Patterson. Both places do it.

MR. FARRINGTON: Yes, sir.

CHAIRMAN PRINCIPI: And the Defense Department believes that we can create greater synergy and greater cost effectiveness if we had it at just one location. And it would make no difference to me whether it was at China Lake or at Wright Patterson. But why do we need to have it at both places?

MR. FARRINGTON: Well, sir, it's the question of expertise. The Air Force has the expertise to do live fire testing at Wright Pat.

CHAIRMAN PRINCIPI: So should we reverse it and move it out of China Lake to Wright Pat?

MR. FARRINGTON: I don't know the answer to that, sir. It's a very small piece we're talking about.

CHAIRMAN PRINCIPI: Well, I know. But again, there's a certain amount of overhead and inefficiency when you have it at two locations. With such a small number of people, consolidate them at one location, wherever it might be. And I'm not advocating sending it to China Lake. If the expertise is at Wright Pat, move the people



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out of China Lake to Wright Pat. Gosh knows, the previous recommendation we moved a lot of people to China Lake.

MR. FARRINGTON: That's true.

CHAIRMAN PRINCIPI: What makes most sense from a military value perspective?

MR. FARRINGTON: Well, staff believes that it makes sense to leave those live fire people that are associated with live fire at Wright Pat because they have the expertise, they have the knowledge. And if that is moved to China Lake, those people may not move. And we may not get any priority -- the Air Force may not get priority at China Lake. I don't know.

CHAIRMAN PRINCIPI: Well, that's a whole other issue going to jointness. But I would assume if there are experts at Wright Pat there must be some experts at China Lake. I don't know. But I just think that the recommendation is to consolidate them to bring greater synergy, greater effectiveness. Now, if there's a substantial deviation in that, what is it?

MR. GINGRICH: Admiral Gehman, to get back to your question, sir, there are no positions moving from Wright Patterson to China Lake. There's a transfer of about 623 tons of mission equipment, but there are no personnel transfers.

CHAIRMAN PRINCIPI: Well, why are we opposing



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sending equipment and ammunition?

MR. VAN SAUN: We're not, sir.

CHAIRMAN PRINCIPI: We're not?

MR. VAN SAUN: We're not opposed to sending equipment, the equipment, no, sir.

COMMISSIONER GEHMAN: Well, I'm just looking. The COBRA run that's in the book here, Mr. Gingrich, when I do my arithmetic it looks like one military and ten civilians are moving, which I'm not even sure why we bother with this. I mean, this is below the threshold.

CHAIRMAN PRINCIPI: I agree, Admiral. Let's move on.

COMMISSIONER GEHMAN: I have no motion.

CHAIRMAN PRINCIPI: You have a motion?

COMMISSIONER GEHMAN: No.

CHAIRMAN PRINCIPI: Okay. What do we do? Where are we?

MR. VAN SAUN: May I suggest, Mr. Chairman, we support DOD's position and move on.

CHAIRMAN PRINCIPI: Should I make a motion we approve the Secretary's recommendation? Okay. Give me a motion, any motion? It's getting too late. We've had too much Joint Cross Service.

MR. VAN SAUN: We have salvation ahead. We're almost done.

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CHAIRMAN PRINCIPI: I move that the Commission find that the Technical Joint Cross Service Group recommendation 24, to establish centers for fixed wing air platform research, development, acquisition, test and evaluation, is consistent with the Final Selection Criteria and the Force Structure Plan. Is there a second?

COMMISSIONER NEWTON: Second.

CHAIRMAN PRINCIPI: All in favor?

(A show of hands.)

CHAIRMAN PRINCIPI: All opposed?

(One hand raised.)

CHAIRMAN PRINCIPI: Are there any recusals that we want to just note for the record?

COMMISSIONER COYLE: Mr. Chairman, since we've determined that in this recommendation no jobs move in or out of California, I vote aye.

CHAIRMAN PRINCIPI: Okay. Are you finished?

MR. VAN SAUN: No, sir, not quite finished. I said almost finished.

COMMISSIONER HILL: Could I make a statement here then, before we move on to the next one? This brings -- this highlights the complexities of these issues, as Admiral Gehman brought out to us what seems to be light years ago. But it also shows you how, both in terms of our staff analysis you can miss things that seem apparent

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and also how the DOD analysis can miss things that seem apparent, because of the complexity of the issue and because in fact you may or may not have walked out and looked and counted each person.

So I think that that's important for us all to keep into account as we move forward with this.

CHAIRMAN PRINCIPI:

COMMISSIONER NEWTON: I agree.

CHAIRMAN PRINCIPI: Yes, Admiral?

COMMISSIONER GEHMAN: I agree with Commissioner Hill. I would ask my colleagues a question here, and we can't answer it, but I want it in the record and we may get back to it. In these cases where we can't really tell what the Department meant by these recommendations, I want it clear to all the communities involved all across the country and to these technical centers all across the country that the legislation governs. That is, if it says move a function from here to there, the legislation governs.

The COBRA runs, which I believe are illustrative, I believe -- and that's what I've got to ask my colleagues about. The COBRA runs are not -- do not govern. If we say move a function from place A to place B and half the people look like it's appropriate and half the people don't look and you have an accompanying COBRA



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run with it, that is not a license for the Secretary of Defense to move the number of people which is in the COBRA run.

If I have that wrong, I need to be sorted out, because it's just not reasonable, as you can see from the agony that we've been going through here, that this Commission can get down to the individual worker and determine whether or not he should move or not, and it is not the intent of this Commission to pretend that it can do that.

If I don't have that right and that's not the sense of the Commissioners, I'm sure they'll straighten me out.

Thank you, sir.

COMMISSIONER SKINNER: I would agree with Admiral Gehman. I think what we're talking about when we make these decisions are taking the functions that they've defined and move the people that are really involved in that function if in fact they're really involved. In some cases they've put numbers down that means that maybe 222 people spend a couple hours a day or a couple hours a week working on something and they classify all of them into that category when in fact it's maybe five or ten full-time equivalents. So they should be moving the five or ten full-time equivalents, not taking 300 people who work



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on it part-time and moving them across the country or eliminating their jobs, and I hope they're doing that.

CHAIRMAN PRINCIPI: Thank you.

Mr. Van Saun.

MR. VAN SAUN: Thank you, Mr. Chairman. I would like to turn to section 190, Joint Cross Service Technical Group number 28, realign Naval Air Warfare Center Weapons Division Point Mugu.

MS. SARKAR: Mr. Chairman, may I interrupt at this point. I'm sorry, I was not asked to report back on Vote No. 188 and as it turns out there was some confusion with regard to Commissioner Skinner's vote. This was the vote on the fixed wing discussion.

CHAIRMAN PRINCIPI: Yes.

MS. SARKAR: I have the yeas. Could I have the nays? And, Commissioner Gehman, you did recuse yourself; is that correct, sir?

COMMISSIONER GEHMAN: No.

COMMISSIONER HILL: I was recused.

MS. SARKAR: Could I have a re-vote then for Motion 188-1, to approve.

CHAIRMAN PRINCIPI: Okay. Do you want us to --

MS. SARKAR: I'm sorry to interrupt.

CHAIRMAN PRINCIPI: Do you want to do the yeas and nays?



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MS. SARKAR: Yes.

CHAIRMAN PRINCIPI: Certainly. All those in favor?

(A show of hands.)

MS. SARKAR: Thank you.

CHAIRMAN PRINCIPI: All those opposed?

(No response.)

MS. SARKAR: Thank you, sir. The vote is eight in favor, none opposed, and one recusal. The motion is passed. Thank you. Sorry for the interruption.

CHAIRMAN PRINCIPI: Mr. Van Saun.

MR. VAN SAUN: Thank you, Mr. Chairman. We're back onto section 190, which proposes the consolidation of Navy Sensors Electronic Warfare and Electronics Research development, acquisition, and test and evaluation functions.

(Slide.)

As indicated in the chart, the Navy sensors, electronic warfare, and electronics RDA and T and E work is to be relocated from Point Mugu, California, to China Lake. Now over to Les Farrington for another explanation.

MR. FARRINGTON: This recommendation proposes to eliminate redundant infrastructure between Point Mugu and China Lake. DOD believes this proposal will provide for more efficient use of the remaining assets, including the



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electronic combat range and other integration laboratories at China Lake.

DOD cost and savings estimates provide for a one-time investment of $72.7 million, with breakeven or payback expected in 12 years. The recommendation potentially impacts 379 people.

Next slide, please.

(Slide.)

This slide summarizes the key issues that were identified during analysis of this recommendation and are grouped by the associated selection criteria. Commission staff identified three issues associated with this realignment.

First, both Point Mugu and China Lake perform electronic warfare RDAT and E. China Lake is ranked higher than Point Mugu for military value in two of these categories. It is rated significantly higher than Point Mugu in test and evaluation, primarily because of its electronic warfare test range capability. Point Mugu works on the current EA-6B electronic warfare aircraft while China Lake works on the advanced EA-18G EW aircraft.

Point Mugu and China Lake are managed both by Naval Air Systems Command and any consolidation of electronic warfare functions can be done by that command.

Second, a major concern expressed by the



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community is the potential loss of intellectual capital and whether people will relocate from the California coast to the desert. The real question is whether there will be significant impact on readiness and mission interruption if the people working on electronic warfare as envisioned by this recommendation elect not to move.

Third, the DOD COBRA runs show a long, 12-year payback period with a one-time cost of $72 million, which includes $43.9 million for lost labor due to moving and costs for temporary stand-up of mission capability to prevent down time. No personnel were eliminated in this COBRA.

Commission staff acknowledges that both Point Mugu and China Lake are ranked very high in military value. However, consolidation of these activities can be accomplished without BRAC at an appropriate time based on workload or cost considerations. The current management arrangement seems to be working fine and if work needs to be shifted NAVAIR has the authority to make it happen.

In summary, Commission staff analysis reveals there was deviation from Final Selection Criteria 1, 4, and 5. Thank you.

CHAIRMAN PRINCIPI: Thank you. Is there another instance where we have two facilities, Point Mugu and China Lake, basically performing the same type of



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functions?

MR. FARRINGTON: Yes, sir, they're both performing the EW function. They're not duplicative. They perform work on different systems. They both do the testing and laboratory type work.

CHAIRMAN PRINCIPI: And they both come under the same commander, who can basically divide up the work and allocate the resources?

MR. FARRINGTON: Yes, sir. And I might add that that activity is a working capital fund, so they have to make sure there's a good business case to do whatever they do and at the right time.

CHAIRMAN PRINCIPI: Mr. Gingrich, Karl, could you clarify the COBRA numbers? The slide was different from what we have in our detail book.

MR. GINGRICH: Yes, sir. One-time costs, $72.699 million; 20-year net present value, savings of $16.8 million; a 12-year payback; an annual recurring of $6.7 million savings.

CHAIRMAN PRINCIPI: 16.9?

MR. GINGRICH: Yes, sir, that's a savings.

CHAIRMAN PRINCIPI: I think the slides may have had a different number, but that's fine.

COMMISSIONER GEHMAN: Mr. Chairman.

CHAIRMAN PRINCIPI: Admiral Gehman.



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COMMISSIONER GEHMAN: Thank you, sir.

In this case we have two centers of electronic warfare expertise in the Navy, one at China Lake which is a brand new, just beginning, emerging center to work on the new G model F-18 which will be the jammer of the future; and we have a legacy system center at Point Mugu, which works on the EA-6B and all of its systems.

Both of these centers work for the same guy. They are both capital working fund-funded centers. They have to compete just like a contractor for the jobs. And if the work goes to China Lake, then the people go to China Lake. If the work goes to Point Mugu, then the people go to Point Mugu.

Over the period of the next 15 years or 12 years, the EA-6B is going into retirement. Its electronic warfare support engineers will have to find other things to do and the work on the new G model F-18 will get larger and larger and larger. The question that the community has, it's a legitimate one, is that nature will take its course here, economics will rule, and over a period outside the BRAC window the people and the money will slowly shift to China Lake by the nature of things.

The question is, should we slam-dunk it before the EA-6B goes into retirement by making it inside the BRAC window or should we just allow nature to take its



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course? The commander has the authority to do everything he needs to do. The work will follow the money. We've already given Point Mugu a fairly large pill to swallow here this afternoon. Point Mugu is not closing anyway because they run the sea range.

I would suggest that this is one where it could be the Navy's looking for some help here, but the fact of the matter is that this is one where nature will fix this and economics will drive on a more orderly basis than what we are proposing to do here.

CHAIRMAN PRINCIPI: Do we have a motion to strike?

COMMISSIONER GEHMAN: I do.

CHAIRMAN PRINCIPI: Who would like to offer that motion?

COMMISSIONER GEHMAN: I will. There's no other discussion?

COMMISSIONER NEWTON: That's fine with me.

CHAIRMAN PRINCIPI: Please, Admiral Gehman.

COMMISSIONER GEHMAN: I haven't heard him speak recently.

CHAIRMAN PRINCIPI: I'm sorry. General Newton.

COMMISSIONER NEWTON: Sir, I do have a motion. I move that the Commission find that when the Secretary of Defense made Technical Joint Cross Service Group



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recommendation 28, Navy sensors, electronic warfare, and electronics research and development and acquisition, test and evaluation, he substantially deviated from the Final Selection Criteria 1, 4, and 5 and the Force Structure Plan; that the Commission strike the recommendation; and that the Commission find this change is consistent with the Final Selection Criteria and the Force Structure Plan.

CHAIRMAN PRINCIPI: Is there a second?

COMMISSIONER TURNER: Second.

CHAIRMAN PRINCIPI: Is there any further discussion?

(No response.)

CHAIRMAN PRINCIPI: Are there any recusals?

(No response.)

CHAIRMAN PRINCIPI: All in favor of the amendment to strike?

(A show of hands.)

CHAIRMAN PRINCIPI: All those opposed?

(No response.)

MS. SARKAR: Mr. Chairman, the vote is unanimous. The motion is approved.

CHAIRMAN PRINCIPI: Thank you.

Mr. Van Saun.

MR. VAN SAUN: Thank you, Mr. Chairman. That concludes our first round of presentations by our group.

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I have one that will be tabled until tomorrow. It's already on the table and that's section 128, education and training number 14 for undergraduate pilot and navigator training. We'll save that for tomorrow to line up with the Air Force items.

I have two little ones to clean up from today and I believe we'll start with section 171, Joint Cross Service medical number 9. That's the hospital out at McChord Air Force Base. I believe we have a motion on the table.

CHAIRMAN PRINCIPI: Okay.

COMMISSIONER NEWTON: Yes, Mr. Chairman. This refers to the alignment of the hospital, the medical part, of Fort Lewis and McChord Air Force Base. I move that the Commission find that when the Secretary of Defense made Medical Joint Cross Service recommendation 9, McChord Air Force Base, Washington, he substantially deviated from the Final Selection Criteria 2, 3 and 4 and the Force Structure Plan; that the Commission strike the language "realign McChord Air Force Base, Washington, by relocating all medical functions to Fort Lewis, Washington," and insert in its place "realign McChord Air Force Base, Washington, by reorganizing medical functions on the Madigan Army Medical Center, Fort Lewis, Washington. McChord Air Force Base medical function will be



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reorganized and relocated as directed by the commander, Madigan Army Medical Center"; and that the Commission find this change and the recommendation as amended are consistent with the Final Selection Criteria and the Force Structure Plan.

CHAIRMAN PRINCIPI: Is there a second?

COMMISSIONER HILL: Second.

CHAIRMAN PRINCIPI: Are there any recusals?

(No response.)

CHAIRMAN PRINCIPI: All in favor of the amendment?

(A show of hands.)

CHAIRMAN PRINCIPI: All opposed?

(No response.)

MS. SARKAR: Mr. Chairman, the vote is unanimous. The motion is adopted. Thank you.

CHAIRMAN PRINCIPI: Hearing no further motion to amend, we will vote on whether to approve the Secretary's recommendation as amended and find it to be consistent with the Final Selection Criteria and the Force Structure Plan. Is there a second?

COMMISSIONER GEHMAN: I second.

CHAIRMAN PRINCIPI: All in favor?

(A show of hands.)

CHAIRMAN PRINCIPI: All opposed?

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(No response.)

MS. SARKAR: Mr. Chairman, the vote is unanimous. The motion is adopted. Thank you.

CHAIRMAN PRINCIPI: Thank you.

MR. VAN SAUN: Thank you, Mr. Chairman. We have one more to clean up. It is section 143, headquarters and support activity number 35. We contacted senior leadership in the Air Force on both the active and reserve side and they have no pushback on our recommendation that was put on the table. Both the reserve and active side said that the proposal, the motion that was made, they support or could support.

They're very supportive of the DOD recommendation, no question there. But they -- sir.

I'd like to have one clarification for Commissioner Skinner. One of the reasons they look a lot different between the Army and the Air Force side is that the Air Force had already taken a lot of the consolidation savings and already done that work and this is tweaking on their side, while the Army, it's a major realignment to get them to where they want to go. That's why the Army has so much savings. They actually save a number of people by doing this. The Air Force has already taken that savings by past actions.

So this is a matter of aligning it, and I'd like



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to go back to the motion on the table.

COMMISSIONER NEWTON: Yes, Mr. Chairman. I think first we should bring up -- I think you have a slide that shows the direction of flow for the personnel.

MS. TURNER: Show the map.

(Slide.)

This map describes the Army movement from Arlington, Indianapolis, and St. Louis to Fort Knox, Kentucky, and the recommended moves from Denver to San Antonio and Warner Robins to San Antonio. The motion's related to having the Denver -- part of the Denver group go the Buckley Air Force Base, which is eight miles away, the piece that goes to Warner Robins to continue, but not to have the Warner Robins piece go to San Antonio, and the other piece from Denver to San Antonio.

COMMISSIONER NEWTON: Thank you very much.

CHAIRMAN PRINCIPI: Do you have an amendment?

COMMISSIONER NEWTON: I have an amendment. I move that the Commission find that the Secretary of Defense made headquarters and support -- when the Secretary of Defense made headquarters and support activities recommendation 33, consolidate/collocate active and reserve personnel and recruiting centers for Army and Air Force, he substantially deviated from Final Selection Criteria 1, 2, 4 and 5 and the Force Structure Plan; that



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the Commission strike the language in paragraph B of chapter 5, section 143 of the bill, "by relocating a reserve center processing function to Randolph Air Force Base, Texas, and consolidating them with the Air Reserve Personnel Center at Randolph Air Force Base, Texas," and insert in its place "by relocating the Air Reserve Personnel Center to Buckley Air Force Base, Denver, Colorado"; that the Commission strike paragraph C of chapter 5, section 143; and that the Commission find this change and the recommendation as amended are consistent with the Final Selection Criteria and the Force Structure Plan.

Let me correct one statement I made. I said "criteria 1, 2, and 4 and 5"; it should be "1, 4 and 5."

CHAIRMAN PRINCIPI: And this will supersede any other amendment that may have been offered? I don't think we --

COMMISSIONER NEWTON: I'm sorry?

CHAIRMAN PRINCIPI: We didn't have another? This is the first motion on this, the first amendment?

COMMISSIONER NEWTON: Yes, sir.

CHAIRMAN PRINCIPI: Okay. Is there a second?

COMMISSIONER SKINNER: Second.

CHAIRMAN PRINCIPI: Any recusals?

COMMISSIONER GEHMAN: Yes.



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CHAIRMAN PRINCIPI: All in favor?

(A show of hands.)

CHAIRMAN PRINCIPI: All opposed?

(No response.)

MS. SARKAR: Mr. Chairman, the votes are eight in favor, none against, one abstention. The motion is approved.

CHAIRMAN PRINCIPI: Hearing no further motion to amend, we'll vote on whether to approve the Secretary's recommendation as amended and find it to be consistent with the Final Selection Criteria and the Force Structure Plan. Is there a second?

COMMISSIONER COYLE: Second.

CHAIRMAN PRINCIPI: All in favor?

(A show of hands.)

CHAIRMAN PRINCIPI: All opposed?

(No response.)

MS. SARKAR: Again, Mr. Chairman, the vote is eight for, none against, one abstention. The motion is approved. Thank you.

MR. VAN SAUN: I thank you, Mr. Chairman. That concludes Joint Cross Service for the day. We have one item we'll pick up tomorrow with the Air Force.

CHAIRMAN PRINCIPI: Thank you. Thank you, Dave. I want to really express on behalf of all Commissioners



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extraordinary gratitude to you and to your entire team. You had a large number of issues, very complex, and you handled them superbly. Thank you very, very much. Thank you all for doing such a splendid job.

We'll now move to Air Force --

MR. VAN SAUN: I sent most of them home.

CHAIRMAN PRINCIPI: A well-deserved break in a couple of weeks.

Speaking of well-deserved breaks, we'll take one and then we'll return and begin Air Force recommendations. We'll take on Galena, Eielson, Kulis-Elmendorf, and Onizuka Air Force Base -- Air Force Station. And that'll complete our deliberations for this evening.

COMMISSIONER HILL: When are we going to return?

CHAIRMAN PRINCIPI: 15 minutes.

(Recess from 5:45 p.m. to 6:05 p.m.)

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EVENING SESSION

(6:05 p.m.)

CHAIRMAN PRINCIPI: Mr. Cirillo.

MR. CIRILLO: Today, this evening, we're going to kick off the Air Force. Before we start that, I believe we have two witnesses that need to be sworn in, Mr. Small and Mr. Hall.

CHAIRMAN PRINCIPI: Please stand for the administration of the oath.

(Staff members rise.)

MS. SARKAR: Thank you, Mr. Chairman.

Gentlemen, please raise your right hand for me. Do you swear or affirm that the testimony you are about to give and any evidence you may provide are complete and accurate to the best of your knowledge and belief, so help you God?

STAFF MEMBERS: I do.

MS. SARKAR: Thank you.

Thank you, Mr. Chairman.

MR. CIRILLO: Thank you, Mr. Chairman.

At this time I'd like to introduce Mr. Ken Small. He's the Air Force team leader and he'll kick off the first portion of the Air Force with some introductory comments, as well as introducing the first three items that we'll discuss this evening. Mr. Small.

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(Slide.)

MR. SMALL: Good afternoon, Chairman Principi and Commissioners.

Today the Air Force team is prepared to present the results of our review and analysis of three Air Force actions. I wish to digress to a personal remark. My team wishes to thank all persons and groups who have presented information to us during the last two months. Many groups visited the Commission to express information that they knew to have importance in actions that affected their future jobs and family locations. The serious, polite, thoughtful and composed presentations exhibited by those citizens makes me proud to be an American.

Next slide.

(Slide.)

We are at section 195, Galena FOL, Alaska. Mr. Chairman, Commissioners, this action, which was added by the Commission, calls for closing Galena Airport Forward Operating Location, Alaska. Galena Airport serves as a forward operating location or FOL for air intercept aircraft based at Elmendorf, Alaska.

Next slide.

(Slide.)

The Galena FOL is maintained on a small commercial airport by contract personnel. The contract



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calls for the FOL to be able to support 150 personnel on 24 hour notice and 350 personnel with a week, although the normal deployment is two to four aircraft and 60 personnel.

We believe that the mission could be conducted at Eielson Air Force Base, about 270 miles east. That was the reason for the add. No military or civilian personnel are based at Galena, so there will be no transfer of DOD personnel.

Mr. Craig Hall will discuss the justification.

MR. HALL: Good evening, Chairman, Commissioners. This is the staff's justification for considering Galena for closure. The rationale for maintaining two FOL's, or forward operating locations, in Alaska was derived during the Cold War. However, the security environment has changed and the requirement for maintaining two FOL's does not appear valid.

Further, improved intelligence capabilities increases our warning time to potential intrusions into U.S. air space. Under a separate DOD recommendation, Eielson Air Force Base would be realigned, but the airfield and combat alert center where this mission could be conducted would be left intact. Conducting the mission from Eielson rather than Galena might require the Air Force to launch aircraft slightly sooner to perform the



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mission and may require an additional refueling sortie, but that difference should have little operational impact.

With respect to cost and savings, DOD did not have certified data on the financial aspects of the Galena closure. However, we were able to obtain some data and cost estimates about the savings for this closure. There would be some one-time costs associated with the Galena closure, such as moving equipment and making some improvements to the Eielson combat alert center. In total, the Air Force estimates them to be $6 to $11.5 million.

The Air Force would save about $12 million a year, which is about what it costs to operate Galena. The net present value of this action is about $165 million.

As mentioned earlier, Galena is operated by a small number of contractor personnel. Closure would not impact DOD military or civilian personnel.

Next slide, please.

(Slide.)

I have listed the key issues, grouped by the appropriate selection criteria. While Galena's location does present some advantages over Eielson Air Force Base as a forward base of operations, that advantage is minimal. The DOD has declared that closing Galena does not present unacceptable risk to the NORAD mission.

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Galena has also served as an alternate landing site for aircraft based at other locations in the event of bad weather or mechanical problems. The community believes not maintaining Galena for emergency landings will present unnecessary risk to the Air Force's use of ranges in northwest Alaska as well as to the air sovereignty mission. Thus the community reports that if Galena FOL were to close that the Air Force help offset the cost to maintain the runway to be able to support an emergency landing.

However, according to the Air Force closing Galena would not present significant risk as other measures could be taken depending on the specific circumstances.

Next, a few other federal agencies currently operate on the Galena Airport and would be negatively impacted if the Air Force left. For example, Galena is used by the Bureau of Land Management as a base for firefighting in west central Alaska. There are also state and local government activities on the airport that would be negatively impacted.

Staff agrees that operating out of Galena would become more expensive for these agencies, but that increased cost would be modest compared to the dollars saved by the Department of Defense.

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Finally, the economic impact of a Galena FOL closure would be substantial. Galena has a population of about 675 people and of that about 340 in the workforce. The local community estimates that if Galena FOL closes and other federal agencies relocate their activities almost a third of Galena's workforce would be impacted. To minimize this impact, the community requests that if the Commission were to direct closure of Galena that it be deferred to the end of the BRAC implementation period. This will allow the other federal agencies to budget for the higher operating costs of remaining at the Galena Airport and for the community to create a sound redevelopment plan.

Chairman, that concludes my prepared remarks.

CHAIRMAN PRINCIPI: Thank you.

It's my understanding that Galena will remain as a commercial airport when it ceases to be an FOL?

MR. HALL: That's right, sir. It is currently a commercial airport and it would probably continue to be so.

CHAIRMAN PRINCIPI: So the other federal agencies should be able to utilize the commercial airport after?

MR. HALL: At some increased cost to them.

COMMISSIONER BILBRAY: Mr. Chairman, on that,



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there's 40 people that work up there. About 16 live on base. They're going to turn it into an airport like some of the others in Alaska. They're not going to keep up the pavement. They're going to become a dirt field, and of course a snow field during the winter. But the savings are substantial, and we understand the plight of the community. It's a very small community, maybe 2,000 people in the whole county. So 40 jobs are pretty important to them. But the cost is just way out of line for what we do.

CHAIRMAN PRINCIPI: Thank you.

Is there any further discussion?

COMMISSIONER NEWTON: Mr. Chairman.

CHAIRMAN PRINCIPI: Yes, General Newton.

COMMISSIONER NEWTON: Yes, Mr. Chairman. One question for the team. When last have we had alert birds at Galena, do you know?

MR. SMALL: It was about two years ago.

COMMISSIONER NEWTON: Thank you.

CHAIRMAN PRINCIPI: Commissioner Coyle.

COMMISSIONER COYLE: Thank you, Mr. Chairman.

Mr. Bilbray and I visited up at Galena, as is required by our rules. And of course we wanted to go ourselves whether the rules required it or not, to really see what the situation was there. The community could not



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have been nicer in the way they worked with us.

Obviously, they are very concerned about this recommendation. It impacts them in many ways. As Mr. Hall has already explained, it's a big economic impact to the community. There's a school that uses Air Force buildings. They're concerned about the degree to which the airport can be kept up without the support of the Air Force and a variety of other matters that have already been touched on.

Their greatest concern is that the Air Force not pull the plug on them, in effect that they be given enough time to work with state and local elected officials to mitigate the impact of this closure. I believe, Mr. Hall, we have received correspondence from Senator Stevens and others that indicates that such support from elected officials will be forthcoming; is that correct?

MR. HALL: That's correct, Commissioner Coyle.

COMMISSIONER COYLE: Accordingly, Mr. Chairman, I am prepared to offer a motion whenever you would like.

CHAIRMAN PRINCIPI: If there's no further discussion, Mr. Coyle, would you offer the motion.

COMMISSIONER COYLE: Thank you, Mr. Chairman. I move that the Commission find that when the Secretary of Defense failed to recommend the closure of Galena Forward Operating Location, Alaska, he substantially deviated from



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Final Selection Criteria 4 and the Force Structure Plan; that the Commission add to the list of installations to be closed or realigned the recommendation "Close Galena Forward Operating Location, Alaska," at chapter 10, section 195 of the bill; and that the Commission find this additional recommendation is consistent with the Final Selection Criteria and Force Structure Plan.

CHAIRMAN PRINCIPI: I believe that's chapter 11. Am I correct?

COMMISSIONER COYLE: Beg your pardon.

CHAIRMAN PRINCIPI: Chapter 11, that's fine. Thank you, Commissioner Coyle.

Is there a second?

COMMISSIONER BILBRAY: Second.

CHAIRMAN PRINCIPI: This is an add. This will require seven votes. All in favor?

(A show of hands.)

CHAIRMAN PRINCIPI: All opposed?

(No response.)

MS. SARKAR: Mr. Chairman, the vote is unanimous. The vote requires seven Commissioners to vote in favor. It's passed. Thank you.

CHAIRMAN PRINCIPI: I'd like to proceed to Kulis-Elmendorf if we can next. No? We're not ready for Kulis?



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MR. SMALL: No.

COMMISSIONER NEWTON: Mr. Chairman, Mr. Chairman.

CHAIRMAN PRINCIPI: Yes?

COMMISSIONER NEWTON: I'd like to go back to Galena just for a moment, reference the request that the community had. I'd like to have it in the report language that requests the Department to work with the community so that they can extend this as long as they possibly can, so that they can help that transition with the community.

CHAIRMAN PRINCIPI: Absolutely. I think that's an excellent suggestion and we can add that report language to the report. I've talked with the Governor of Alaska and he's assured me that the state of Alaska is going to work with the people of Galena as well to effect a smooth transition.

MR. SMALL: We'll be pleased to do that.

CHAIRMAN PRINCIPI: Thank you.

Can we proceed to Onizuka? Is that possible now?

MR. SMALL: Onizuka? Yes, sir.

(Slide.)

We need -- okay, we have Onizuka up, sir. This recommendation calls for the closure of Onizuka Air Force Station, California, and relocation of its mission to



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Vandenberg Air Force Base. We are at section number 184, gentlemen. I'm sorry I didn't preface that.

Onizuka currently hosts a backup node of the Air Force satellite control network, as well as a tenant Defense Information Systems Agency satellite mission. Onizuka has no primary assigned Air Force Space Command operational mission after it was realigned during the 1995 BRAC. Onizuka also has another tenant with a classified mission that is being phased out outside of the BRAC process.

This recommendation calls for both Air Force and Defense Information Systems Agency missions to be relocated to Vandenberg Air Force Base, California. Vandenberg currently hosts one of the Air Force satellite control network remote tracking stations.

Mr. Hall will discuss the justification.

MR. HALL: Thank you.

(Slide.)

This is the Department's justification for the recommendation. According to the Department, this recommendation consolidates satellite command and control operations while reducing excess infrastructure. Onizuka currently hosts the Air Force satellite control network second node and scheduling backup mission, but has no primary assigned operational mission. Onizuka also



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supports classified tenant missions that are anticipated to be phased out during the BRAC implementation period.

Onizuka Air Force Base was also identified as having seismic and anti-terrorism force protection constraints, with no buildable land to mitigate these limitations. Vandenberg Air Force Base on the other hand offers better force protection.

The chart also shows the costs and savings associated with this recommendation, including a $210 million net present value savings and a payback of five years. Closing Onizuka impacts about 280 DOD personnel. Finally, there are no environmental remediation costs.

Next.

(Slide.)

Onizuka was realigned during BRAC of 1995 as its backup satellite mission remained at Onizuka along with a classified tenant mission. With the classified mission being phased out, closing Onizuka is now justified. Relocating the mission to Vandenberg is consistent with existing policy on geographic separation of primary and secondary nodes. The primary node is at Schriever Air Force Base, Colorado.

There are no issues or concerns expressed by the community on this recommendation. Staff analysis revealed no significant impediments to implementing this



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recommendation.

That concludes my prepared remarks.

CHAIRMAN PRINCIPI: Thank you, Craig.

Is there any discussion? Are there any questions? Commissioner Coyle.

COMMISSIONER COYLE: Thank you, Mr. Chairman.

This is a proposal which, except for undistributed or overseas reductions which are unidentified as far as location might be, this is a proposal which is entirely intra-California and the jobs that are shown to be moved are from one location in California to another.

Mr. Hall said that there were no concerns expressed by the community and I want to pursue that for just a second. The community here did not have the kinds of resources that other communities we've heard from have. This is a community that could not afford to hire experts in COBRA models and to do other kinds of analysis. But nevertheless these are real people who have real jobs and they are very concerned and somewhat frustrated by the process, in that they don't have the wherewithal to do some of the things that other communities more widely affected can bring resources to address.

So I want to ask Mr. Hall and Mr. Gingrich, in your review of this proposal did you find any areas where



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the DOD justifications, their costs, projected cost savings, or their arithmetic was incorrect?

MR. HALL: Commissioner Coyle, I looked at that. Based on some work done at Vandenberg, there were some modest increased costs at relocating missions to Vandenberg, but those are factored into the original DOD COBRA numbers. It extends the payback by one year, five to six years. I consider that impact to be modest. But we did look at that, sir.

COMMISSIONER COYLE: Karl, do you have anything to add there?

MR. GINGRICH: Mr. Coyle, I concur with Mr. Hall's assessment.

COMMISSIONER COYLE: Thank you very much.

CHAIRMAN PRINCIPI: Are there any further questions?

COMMISSIONER NEWTON: Yes, Mr. Chairman, just one. I missed what you said about environmental cleanup or environmental cost or something like that. Can you share that with me again?

MR. HALL: That was zero, the environmental. The estimated -- and this is DOD's figure. The estimated remediation cost is zero according to the Department of Defense. That's their numbers.

COMMISSIONER NEWTON: That just seems real



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strange to me. Not even five dollars?

MR. HALL: Not even five dollars, sir.

CHAIRMAN PRINCIPI: Is there anything further?

COMMISSIONER SKINNER: I have a motion. Mr. Chairman, I move that the Commission find that the Air Force recommendation 12, Onizuka Air Force Station California, is consistent with the Final Selection Criteria and the Force Structure Plan.

CHAIRMAN PRINCIPI: Is there a second?

COMMISSIONER NEWTON: Second.

CHAIRMAN PRINCIPI: All in favor?

(A show of hands.)

CHAIRMAN PRINCIPI: All opposed?

(No response.)

MS. SARKAR: Mr. Chairman, the vote is unanimous. The motion is approved.

CHAIRMAN PRINCIPI: Eielson Air Force Base.

(Slide.)

MR. SMALL: Yes, sir. We are now at section 79, Eielson Air Force Base, Alaska; Moody Air Force Base, Georgia; and Shaw Air Force Base, South Carolina. This recommendation realigns Eielson Air Force Base, Alaska, by redistributing all of its active component aircraft to other bases. However, under the recommendation Eielson



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would remain open in so-called "warm" status to be able to host large-scale exercises and to continue to support an Air National Guard unit which would remain at Eielson Air Force Base.

Next slide.

(Slide.)

Good. Under this recommendation, as you can see, the distribution. Eielson’s 18 F-16 aircraft would be distributed to Nellis Air Force Base, Nevada. Also under this recommendation, Moody and Shaw would swap maintenance functions for electronic warfare pods and engines.

Mr. Hall will discuss the justification.

MR. HALL: Thank you, Ken.

(Slide.)

Here is the Department's justification for realigning Eielson. Eielson’s military value is high because of its proximity to valuable air space and ranges. However, it's an expensive base to operate, given its location in interior Alaska. Thus, to reduce costs the Air Force recommends realigning Eielson by removing all of its active duty aircraft, but keeping it open in warm status.

Under the recommendation, roughly two-thirds of Eielson would remain fully operational to host large-scale



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exercises and also an Air National Guard unit which would remain at Eielson. One-third would not be fully operational, but would be available to meet surge or contingency requirements.

Next, according to the Department this recommendation would also redistribute aircraft to bases with high military value to create larger, more efficiently sized squadrons.

Finally, the maintenance actions at Moody and Shaw complement force structure moves and anticipate these bases as workload centers.

(Slide.)

This slide also lists the Department's cost and savings estimates for this recommendation. These figures were revised to reflect a site survey completed at Eielson after the original recommendation was made in May. It shows nearly $2 billion in net present value savings and a payback of one year. This recommendation also affects about 2700 military and civilian personnel.

Next slide.

(Slide.)

Here I have listed the key issues grouped by the appropriate selection criteria. First, the justification to realign Eielson was based on cost. The community argues that Air Force subjugated military value for cost



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savings in its decision. Despite its high military value, Eielson would lose all of its fighter aircraft, some to bases with a slightly lower military value.

Staff found Eielson’s military value was undisputed. What distinguishes Eielson from other fighter bases is its range complex. It's about three times the size of the Red Flag Complex at Nellis Air Force Base, Nevada, and is also highly instrumented. Its operations are unencroached on the ground and in the air.

Second, the community argues that Eielson’s valuable range complex would go underutilized with no fighter aircraft permanently based at Eielson. The Air Force notes its intention to increase the number of large-scale exercises at Eielson, which would increase the use of the range. However, staff found that it is uncertain as to whether this is possible or affordable in today's operational and budget environment, particularly in light of fewer host aircraft at Eielson.

Fourth, the lack of A-10 aircraft at Eielson may limit joint training opportunities with the Army. But staff found that there were more training opportunities at Moody Air Force Base in Georgia, which would receive most of Eielson’s A-10's. Moody is close to a large number of Army and Special Forces units in the southeastern United States.

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With respect to cost and savings, we found that Air Force significantly underestimated the costs of maintaining Eielson as a warm base. After the original recommendation was made, a site survey was conducted at Eielson to determine more precisely what was required to maintain Eielson in warm status. This effort determined that an additional 1,000 DOD and contractor personnel were needed at Eielson than originally estimated.

I also note that the economic impact in the Fairbanks, Alaska, area will be substantial. Nearly 9 percent of jobs will be lost. The community feels that estimate is understated as it fails to fully account for indirect job loss due to the remoteness of Fairbanks.

Chairman, that concludes my prepared remarks.

CHAIRMAN PRINCIPI: Thank you very much.

I have to leave momentarily and will turn the chair over to General Hill, who will have my proxy. I just want to say I'm very familiar with Eielson, have been there many times, most recently with my fellow Commissioners. It's difficult for me to understand how you maintain Eielson in a warm status when you have temperature swings from 95 degrees to minus 50 in the wintertime, very, very difficult. It's a great base with great ranges.

I'm hopeful that the amendment that we have



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will, that will be offered by Congressman Hansen, will serve to move it more towards an open status, although I understand aircraft will be moving out of Eielson. But I just wanted to make that statement before departing.

General Hill, I'll turn it over to you.

COMMISSIONER HILL (presiding): Do we have any discussion? Mr. Hansen, would you like to make your amendment first and then we will have the discussion?

COMMISSIONER HANSEN: Why don't I make my amendment and speak to the amendment? Would that be all right, Mr. Chairman?

COMMISSIONER HILL: That would be fine.

COMMISSIONER HANSEN: The amendment is 79-2. I move that the Commission find that when the Secretary of Defense made Air Force recommendation 6, Eielson Air Force Base, Alaska, Moody Air Force Base, Georgia, and Shaw Air Force Base, South Carolina, he substantially deviated from the Final Selection Criteria 1, 3, 4, and 5 and the Force Structure Plan; that the Commission strike the recommendation; and that the Commission find this change is consistent with the Final Selection Criteria and Force Structure Plan.

That is the amendment, and the reason for the amendment -- and I think the emphasis by Mr. Hall has been on Eielson, and those of us who visited the base, that was



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the emphasis. You know, the Armed Services Committees of Congress -- and having sat on one for 22 years, I've got some knowledge of that -- they're always in a position to determine how do you set the budget, how do you set what you do. And it's always predicated on the threat.

My guess, spending that time in Alaska and talking to so many very important people who have been there and the history of Alaska, is the threat can be the Pacific Rim and it can be places like People's Republic of China, it can be North Korea. It can be areas of that nature.

Well, Senator Stevens gave all of us a book called "The Thousand Mile War," and I read that book. A fascinating book talking about the history of Alaska and how these things came about and how we've established defense up there.

Well, as you look at it one of the finest bases I've ever visited is Eielson. You know, I look around this room and every time I've gone to a base in this visiting bit everyone has talked about their wonderful air space and their test and training range. Those of us from Utah have always bragged about the Utah Test and Training Range. It's good, but it's nothing compared to what Eielson has. In fact, in the Lower 48 I've never seen one.

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(Slide.)

These guys can take off and they're a thousand miles in any direction right from the end of the runway. They also have got zero to 60,000 feet of clear air space. This is one of -- probably one of the most fantastic test and training ranges that we have ever seen.

Be that as it may also, you get into the idea of what the Chairman alluded to and that is the weather. Now, I have to admit it gets a little cool up the report from time to time, and they stop flying at 50 below zero. But the weather is kind of prohibitive.

The lieutenant general in charge of Alaska, we really pushed him on that point. We said: Give us the whole story on the weather. He said: Look, he said, if you're going to make it a warm base, bulldoze it down. He said: I will tell you that at a certain below zero we will have the drywall will fall off the walls. At 50 below the glass shatters. The thing will just cave in. You don't keep them in a warm status.

And the amount of coal -- and it slips my mind how much it was, but it was absolutely awesome, the amount of coal it takes to keep those places all in Alaska relatively warm. So I don't think you can keep it in a warm status. If the lieutenant general says bulldoze it down if you're going to put it in warm status, that's



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pretty good criteria in and of itself.

They have so many things going for them that I think that it would be rather foolish on our part to put this in a warm status. I think it's a fantastic base and one that many people would like to go to. The people that are stationed there love the place. They say they have to occasionally deviate for a moose running around or a bear going through their garbage, but other than that they can handle all those little minor discrepancies that come up.

So, Mr. Chairman, I feel that we should take this amendment and I would urge my colleagues to support Amendment 79-2, which would strike the recommendation of the Pentagon.

COMMISSIONER HILL: Mr. Hansen, I believe that what you meant to propose was Motion 79-3 Alpha.

COMMISSIONER HANSEN: Well, I looked at both of them and I'm not quite sure, and I wish we had had these a little earlier. But 79-3 moves the aircraft and keeps the F-16's. But it would seem to me that if we take Motion 79-2, it covers the whole thing and we'll leave it for the Air Force to work it out.

I'd be happy to yield to General Newton if he had a comment on that.

COMMISSIONER NEWTON: Yes, sir. I would be happy to comment on that. The 79-3a in this situation



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would be the better alternative because the strike language in that one takes the F-16's out of this transfer and this realignment and leaves them at the base, while the A-10's proceed on to the base down in Moody. So that would be -- and instead of just having a warm base, we would now have an operational F-16 unit that would be there, along with the 135's that are there. Is that correct with reference to the 135's?

MR. HALL: That's correct, sir.

COMMISSIONER NEWTON: Okay, real fine.

So therefore I would recommend the Motion No. 79-3a.

COMMISSIONER HANSEN: I would accept that. Do you agree with that, Mr. Small?

MR. SMALL: Yes, sir. I think 79-3a is more consistent with what your objectives might be to accomplish.

COMMISSIONER HANSEN: To accomplish our objectives?

MR. SMALL: Yes, sir, 79-3a.

COMMISSIONER HILL: So I would ask you, Mr. Hansen, to withdraw the previous motion and read 79-3a if that would be your intent.

COMMISSIONER HANSEN: Thank you. I move that the Commission find that when the Secretary of Defense



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made Air Force recommendation 6, Eielson Air Force Base, Alaska, Moody Air Force Base, Georgia, and Shaw Air Force Base, South Carolina, he substantially deviated from the Final Selection Criteria 1 and 5 and the Force Structure Plan; that the Commission strike the language "the 354th Fighter Wing F-16 aircraft will be distributed to the 57th Wing, Nellis Air Force Base, Nevada, 18 aircraft," as it appears in paragraph A, chapter 3, section 79 of the bill; and that the Commission find this change and the recommendation as amended are consistent with the Final Selection Criteria and Force Structure Plan.

That's the motion.

COMMISSIONER HILL: Thank you, Mr. Hansen.

I would associate myself --

COMMISSIONER NEWTON: I second.

COMMISSIONER HILL: Is there a second?

COMMISSIONER NEWTON: Second.

COMMISSIONER HILL: I would align myself with this motion. The argument of keeping it warm just simply is not a good argument. I think this is the correct approach, and I would yield to Jim.

COMMISSIONER SKINNER: Mr. Chairman, I had the opportunity to go to Alaska during the Exxon Valdez several times. I landed at Elmendorf Air Force Base every time and had the opportunity to ride first-hand in the



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back seat of an F-15 over that space. So I know Elmendorf very well. And it's my understanding -- and I wonder if maybe the analyst can explain to me how many air bases we have in Alaska, what the composition of the fleet is at each of those, and how they supplement each other?

I know when I was there we had F-15's at Elmendorf and we're talking now about another. I'm just trying to understand the threat and why the composition that's been suggested is appropriate.

MR. HALL: Sure, I can address that. There are two major Air Force bases in Alaska, Elmendorf and Eielson. Eielson currently has F-16's and A-10 fighter aircraft and the KC-135 guard unit. Again, this recommendation on Eielson would remove the active duty A-10 and F-16 aircraft.

COMMISSIONER SKINNER: What does Elmendorf have?

MR. HALL: Elmendorf currently has F-15 aircraft. There's another recommendation on Elmendorf which would remove some of those F-15 aircraft. Elmendorf is slated to receive FA-22's to replace those F-15's in a couple years.

COMMISSIONER SKINNER: So what would the force structure in Alaska look like when that transition is complete based on this recommendation and the Force Structure Plan? How many aircraft and of what types will



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we have in Alaska, and how does that compare to the threat that's there?

MR. HALL: Based on the DOD recommendation, it would take all the A-10's and F-16's out of Eielson, so you'd have zero of those up there. You'd have 24 F-15's left at Elmendorf and you would have some FA-22's coming in in FY '08. I do not know the precise number. I don't know whether that's set or not.

There are also some KC-135 tankers, a guard unit of eight or twelve aircraft, up at Eielson. There's also some mobility aircraft down at Elmendorf, as well as a guard unit in Anchorage that has C-130 aircraft as well as some rescue helicopters.

COMMISSIONER SKINNER: As I understand it, that is our major line of defense in the northern territory.

MR. HALL: The F-15's at Elmendorf pull the air sovereignty mission related to what I talked earlier to about Galena. Now, what we just did with closing Galena, there's also another forward operating location, a small base in King Salmon, Alaska. A recommendation would have that alert mission also performed up at Eielson in the northern part of Alaska.

MR. SMALL: Yes, sir, if I can just footnote that. Specifically, there's 48 F-22's in the future for Elmendorf. This action you're discussing is at Eielson at



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Fairbanks, and the motion that you have in deliberation at the moment leaves the F-16's at Eielson, allows the Air Force to move the A-10's to Moody, which you will hear more about tomorrow.

COMMISSIONER HILL: Are you done, Mr. Skinner?

COMMISSIONER SKINNER: I'm just trying to figure out how many fighters, how many fighters we'll have up the report and how many aircraft of each type, that's all.

MR. SMALL: Let me just summarize this. At Eielson you will have 24 F-16's. They have two purposes, both air to air and an air to ground mission. They are relatively advanced weapons systems. You will have at the end of, say, two years, say three years from now, you will have at Elmendorf two squadrons, two full squadrons of Air Force FA-22, regular Air Force, that has tremendous capabilities to go fast for a long way. You will also have outside of the BRAC picked up some C-17 airlift at Elmendorf. There will be eight KC-135R tankers at Eielson, one of which stands an alert mission today and probably will into the foreseeable future.

COMMISSIONER SKINNER: Thank you.

COMMISSIONER HILL: Mr. Bilbray.

COMMISSIONER BILBRAY: Mr. Chairman, it's obvious that the planes that are going to go from here are going to Nellis Air Force Base, Nevada, not far from my



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home, and therefore I have to recuse myself from voting on this matter.

COMMISSIONER HILL: Thank you.

General Newton.

COMMISSIONER NEWTON: Thank you. I would just like to share a couple of comments of how critical Eielson Air Force Base is to the Air Force mission. We talked about how wonderful the range is and you're certainly right on target, Commissioner Hansen, on that one. And therefore this range plays a very critical role in the continuing training of Air Force aviators and also our coalition partners who come and train with us at that location.

The idea of these F-16's remaining there allows us then to not only try to keep a warm base, but keep an active base. These F-16's can go and work with the Army, which is also there right down the road, as well as engage in combat training with those aircraft that will come in from other locations as part of an operation we call Cope Thunder.

So again, this plays a very, very important role for the Air Force, in the Pacific theater particularly, and a number of our allied forces that come to participate there.

COMMISSIONER HILL: Is there further discussion?



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(No response.)

COMMISSIONER HILL: Hearing no further discussion, we will vote on whether to approve the motion as read by Mr. Hansen. All in favor of the motion, please raise their hands.

(A show of hands.)

COMMISSIONER HILL: All opposed?

(No response.)

COMMISSIONER HILL: And with one recusal.

I exercise the written proxy executed by Commissioner Principi and I vote for the motion for Chairman Principi.

COMMISSIONER GEHMAN: Two recusals.

COMMISSIONER HILL: Two recusals.

Are there any other motions to amend?

(No response.)

COMMISSIONER HILL: Hearing no further -- what are the numbers?

MS. SARKAR: Thank you, Mr. Chairman. The numbers are seven in favor, none against, two recusals. Therefore the motion is approved.

COMMISSIONER HILL: Thank you.

Hearing no further motions to amend, we will vote on whether to approve the Secretary's recommendation as amended and find it to be consistent with the Final



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Selection Criteria and the Force Structure Plan. All in favor, raise their hands.

(A show of hands.)

COMMISSIONER HILL: All opposed?

(No response.)

COMMISSIONER HILL: I exercise the written proxy executed by Commissioner Chairman Principi and I vote for the Secretary's recommendation as amended.

MS. SARKAR: Thank you, Mr. Chairman. The vote is seven for, none against, two abstentions. The motion carries. Thank you.

MR. CIRILLO: Mr. Chairman, at this time we recommend that we continue the Air Force proceedings until tomorrow and proceed with the rest of the Air Force program.

COMMISSIONER HILL: That may be the best recommendation made all day. Now, is there anybody who would like to say anything before we convene for the evening?

(No response.)

COMMISSIONER HILL: We stand adjourned until 8:00 o'clock tomorrow morning.

(Whereupon, at 6:45 p.m., the meeting was adjourned, to reconvene at 8:00 a.m. on Friday, August 26, 2005, the following day.)

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