



DEPARTMENT OF THE NAVY

OFFICE OF THE SECRETARY
1000 NAVY PENTAGON
WASHINGTON, DC 20350-1000

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IAT/JAN

23 December 2004

MEMORANDUM

Subj: MINUTES OF THE INFRASTRUCTURE EVALUATION GROUP (IEG)
MEETING OF 16 DECEMBER 2004

Encl: (1) 16 December 2004 IEG Meeting Agenda
(2) Recording Secretary's Report of IEG Deliberations on
16 December 2004

1. The forty-ninth meeting of the Department of the Navy (DON) Infrastructure Evaluation Group (IEG) was convened at 1003 on 16 December 2004 in room 4D447 at the Pentagon. The following members of the IEG were present: Ms. Anne R. Davis, Special Assistant to the Secretary of the Navy for all matters associated with BRAC 2005 (Special Assistant for BRAC), Co-Chair; Gen William L. Nyland, USMC, Assistant Commandant of the Marine Corps (ACMC), Co-Chair; ADM John B. Nathman, USN, Vice Chief of Naval Operations (VCNO), Co-Chair; VADM Justin D. McCarthy, USN, Deputy Chief of Naval Operations for Fleet Readiness and Logistics (N4), Member; VADM Kevin J. Cosgriff, USN, Deputy and Chief of Staff, U.S. Fleet Forces Command, Member; BGen Martin Post, USMC, Assistant Deputy Commandant for Aviation (AVN), serving as alternate for LtGen Michael A. Hough, USMC, Deputy Commandant for Aviation (AVN), Member; Ms. Carla Liberatore, Assistant Deputy Commandant for Installations and Logistics (I&L), Headquarters, U.S. Marine Corps, serving as alternate for LtGen Richard L. Kelly, USMC, Deputy Commandant for Installations and Logistics (I&L), Member; Dr. Michael F. McGrath, Deputy Assistant Secretary of the Navy, Research Development Test & Evaluation (DASN(RDT&E)), Member; Mr. Robert T. Cali, Assistant General Counsel, Assistant Secretary of the Navy, Manpower & Reserve Affairs (M&RA), Member; Mr. Ronnie J. Booth, Navy Audit Service (NAVAUDSVC), Representative; Mr. Thomas N. Ledvina, Navy Office of General Counsel (OGC), Representative; Mr. David W. LaCroix, Senior Counsel, Infrastructure Strategy and Analysis; CDR Robert E. Vincent II, JAGC, USN, Recorder; LCDR Vincent J. Moore, JAGC, USNR, Recorder; and Capt James A. Noel, USMC, Recorder.

2. The following members of the DON Analysis Group (DAG) were present: Mr. Thomas R. Crabtree, Director Fleet Training (N7A),

Subj: MINUTES OF THE INFRASTRUCTURE EVALUATION GROUP (IEG)
MEETING OF 16 DECEMBER 2004

U.S. Fleet Forces Command; Mr. Paul Hubbell, Deputy Assistant Deputy Commandant for Installations and Logistics (Facilities) Headquarters, U.S. Marine Corps; Ms. Ariane Whittemore, Assistant Deputy Chief of Naval Operations for Fleet Readiness and Logistics (N4B); Mr. Michael Akin, Deputy Commander, Navy Installations Command, alternate for RADM Christopher E. Weaver, USN, Commander, Navy Installations Command/Director, Ashore Readiness Division (OPNAV N46); Mr. Michael F. Jaggard, Chief of Staff, Assistant Secretary of the Navy for Research, Development and Acquisition (ASN(RD&A)); and CAPT Thomas Mangold, USN, alternate for RDML(sel) Charles Martoglio, USN, Director, Strategy and Policy Division, N51.

3. The following members or representatives of the Functional Advisory Board (FAB) were present: VADM Gerald L. Hoewing, USN, Chief of Naval Personnel and Deputy Chief of Naval Operations for Manpower and Personnel; RADM Jay Cohen, USN, Chief of Naval Research; RADM William R. Klemm, USN, Deputy Commander, Logistics, Maintenance, and Industrial Operations, SEA-04, NAVSEASYSKOM; RADM(sel) Alan S. Thompson, SC, USN, Director, Supply, Ordnance and Logistics Operations Division, N41, OPNAV; Mr. Michael Rhodes, Assistant Deputy Commandant for Manpower and Reserve Affairs (M&RA), Headquarters, U.S. Marine Corps; RDML Mark Hugel, USN, Deputy Director, Fleet Readiness Division, N43B, OPNAV; Col Michael J. Massoth, USMC; CAPT Albert J. Shimkus, NC, USN; CAPT William Wilcox, USN; and, Mr. Thomas B. Grewe.

4. The following members of the IAT were also present: Mr. Dennis Biddick, Chief of Staff; Mr. John E. Leather; CAPT Jason A. Leaver, USN; Mr. Andrew S. Demott; CAPT Gene A. Summerlin, USN; CAPT Matthew A. Beebe, CEC, USN; CAPT Jan G. Rivenburg, USN; CDR Judith D. Bellas, NC, USN; CDR Stephen J. Cincotta, USN; and, CDR Beth L. Hartmann, CEC, USN. All attendees were provided enclosure (1). Ms. Davis presented the minutes from the 9 December 2004 IEG meeting for review and they were approved.

5. The IEG moved into deliberative session at 1004. See enclosure (2). The meeting adjourned at 1143.



Anne Rathmell Davis
Co-Chair, IEG

TAB 1



Infrastructure Evaluation Group

16 December 2004
1000-1200
Pentagon, Room 4D447

Meeting called by: Chairs

Recorder:

Capt Noel

----- Agenda Topics -----

Review and approve minutes of IEG Meeting of 9 Dec 04 Ms. Davis

Deliberative Session : Ms. Davis

- Scenario Data Call Status
- Scenario Development
 - Close Oceana, to MCAS Beaufort
 - Close Oceana, to Moody AFB
 - Fenceline Closure – Whiting Field
- COBRA Overview
- Scenario Analysis
 - DON-specific HSA:
 - Reserve Center Summary
 - DON-specific Operational:
 - Pascagoula
 - New London
 - Gulfport
- JCSG/ISG Issues
- Outstanding Issues/Status
- Next Steps
- IEG/FAB Open Discussion

Administrative

- Next meeting 30 Dec 04, 1000-1200, 4D447

Other Information

Draft minutes of 9 Dec 04 IEG meeting provided [To IEG members only]
Report of 9 Dec 04 IEG deliberative session provided [To IEG members only]
Other Read Aheads [To all attendees]

TAB 2



INFRASTRUCTURE ANALYSIS TEAM

ODASN (IS&A), 2221 South Clark Street, Suite 900, Arlington, VA 22202

(703)-602-6500

RP-0338
IAT/JAN
21 Dec 2004

MEMORANDUM FOR THE INFRASTRUCTURE EVALUATION GROUP (IEG)

Subj: REPORT OF IEG DELIBERATIONS OF 16 DECEMBER 2004

Encl: (1) DON Analysis Group Brief to IEG of 16 December 2004
(2) USD (AT&L) memo of 14 December 2004

1. The thirty-third deliberative session of the Department of the Navy (DON) Infrastructure Evaluation Group (IEG) convened at 1004 on 16 December 2004 in room 4D447 at the Pentagon. The following members of the IEG were present: Ms. Anne R. Davis, Co-Chair; Gen William L. Nyland, USMC, Co-Chair; ADM John B. Nathman, USN, Co-Chair; VADM Justin D. McCarthy, USN, Member; VADM Kevin J. Cosgriff, USN, Member; BGen Martin Post, USMC, alternate for LtGen Michael A. Hough, USMC, Member; Ms. Carla Liberatore, alternate for LtGen Richard L. Kelly, USMC, Member; Dr. Michael F. McGrath, Member; Mr. Robert T. Cali, Member; Mr. Ronnie J. Booth, Navy Audit Service, Representative; and, Mr. Thomas N. Ledvina, Navy Office of General Counsel (OGC), Representative. The following members of the DON Analysis Group (DAG) were present: Mr. Thomas R. Crabtree, Mr. Paul Hubbell; Ms. Ariane Whittemore; Mr. Michael Akin, alternate for RADM Christopher E. Weaver, USN; Mr. Michael F. Jaggard; and, CAPT Thomas Mangold, USN, alternate for RDML(sel) Charles Martoglio, USN. The following members or representatives of the Functional Advisory Board (FAB) were present: VADM Gerald L. Hoewing, USN; RADM Jay Cohen, USN; RADM William R. Klemm, USN; RADM(sel) Alan S. Thompson, SC, USN; Mr. Michael Rhodes; RDML Mark Hugel, USN; Col Michael J. Massoth, USMC; CAPT Albert J. Shimkus, NC, USN; CAPT William Wilcox, USN; and, Mr. Thomas B. Grewe. The following members of the IAT were also present: Mr. Dennis Biddick, Chief of Staff; Mr. David LaCroix, Senior Counsel; Mr. John E. Leather; CAPT Jason A. Leaver, USN; Mr. Andrew S. Demott; CAPT Gene A. Summerlin, USN; CAPT Matthew A. Beebe, CEC, USN; CAPT Jan G. Rivenburg, USN; CDR Robert E. Vincent II, JAGC, USN; CDR Judith D. Bellas, NC, USN; CDR Stephen J. Cincotta, USN; CDR Beth Hartmann, CEC, USN; LCDR Vincent J. Moore, JAGC, USNR; and, Capt James A. Noel, USMC. All attendees were provided enclosures (1) and (2).

Subj: REPORT OF IEG DELIBERATIONS OF 16 DECEMBER 2004

2. Ms. Davis used slide 3 of enclosure (1) to update the IEG on the status of the scenario data call (SDC) process as of 14 December 2004, noting that the number of SDCs is climbing dramatically. 365 JCSG scenarios are now posted in the OSD scenario tracking tool.

3. Ms. Davis used slide 5 of enclosure (1) to discuss the status of scenario development for the DON Aviation Operations Function. During its deliberative session on 9 December 2004, the IEG directed the DAG to develop a scenario to close NAS Oceana, VA and move the assets to MCAS Beaufort, SC, since it appears to have favorable environmental conditions for basing supersonic jet squadrons. The DAG developed and recommended this scenario for presentation to the IEG during its 14 December 2004 deliberative session. Additionally, the DAG noted that Moody AFB, GA could potentially serve as a receiving site because it appears to have the necessary infrastructure and operational characteristics for a Navy Master Jet Base (MJB), and that further analysis will allow DON to better understand the available flexibility for Navy east coast tactical aviation (TACAIR) laydown. Accordingly, the DAG decided to recommend an additional scenario to the IEG to close NAS Oceana and move the assets to Moody AFB. After reviewing the quad charts and scenario alignment assessments (see slides 37-40 of enclosure (1)), the IEG approved posting the following scenarios to the OSD scenario tracking tool subject to further refinement, and issuance of SDCs:

a. Close NAS Oceana, VA. All F-18 squadrons, station aircraft and VR-56 squadron move to MCAS Beaufort, SC. All VF squadrons disestablish or transition to VFA and the AIMD will move or consolidate to Base X.

b. Close NAS Oceana, VA. All F-18 squadrons, station aircraft and VR-56 squadron move to Moody AFB, GA. All VF squadrons disestablish or transition to VFA and the AIMD will move or consolidate to Base X.

The IEG noted that while E&T JCSG scenarios may remove aviation training functions from Moody AFB, its availability will depend on Air Force plans for basing its operational aviation assets.

4. Ms. Davis used slide 6 of enclosure (1) to brief the IEG on a possible fenceline closure scenario for NAS Whiting Field, FL. She stated that during its 14 December 2004 deliberative session, the DAG reviewed and approved a fenceline closure scenario since four E&T JCSG scenarios independently move

Subj: REPORT OF IEG DELIBERATIONS OF 16 DECEMBER 2004

functions out of and uncover NAS Whiting Field (E&T-0044, E&T-0046, E&T-0047 and E&T-0048). After reviewing the quad chart, scenario alignment assessment and scenario description (see slides 41-43 of enclosure (1)), the IEG approved posting the following scenario to the OSD scenario tracking tool subject to further refinement, and issuance of a SDC:

Close NAS Whiting Field, FL. All remaining activities/tenants are to be disestablished.

Ms. Davis noted that the IAT will refine the SDC responses but hold the information until it is determined whether any of the E&T JCSG scenarios become candidate recommendations.

5. Ms. Davis used slides 8-14 of enclosure (1) to brief the IEG on Cost of Base Realignment Actions (COBRA), a model used to calculate costs, savings, and return on investment of proposed realignment and closure actions. She noted that OSD assigned the Department of the Army as the lead Service for the COBRA model and directed its use by the Services and JCSGs. Ms. Davis stated that the OSD COBRA Joint Process Action Team (JPAT) refined the COBRA model used in all previous BRAC rounds by: increasing installation specific data; adding enclave cost calculations; and improving the algorithms for base operating support (BOS), median home price, rehabilitation factors and military construction (MILCON). See slide 9 of enclosure (1).

6. Ms. Davis noted that COBRA is a macro model that estimates the one-time and recurring costs and savings, the number of years required to obtain a return on investment (ROI), and a twenty-year net present value of costs and savings associated with a specific closure or realignment action. She noted that it allows for standardized comparisons across the Services, Defense Agencies and JCSGs, but emphasized that it does not provide "answers" or budget quality detail. Ms. Davis stated that standard factors, static installation data, and dynamic scenario data are entered into the COBRA model to produce a total of twelve reports (e.g., Realignment Summary Report, Recurring Cost Summary Report). See slides 11-12 of enclosure (1). She noted that the four most significant cost considerations are: personnel salaries; sustainment, restoration and modernization (S/RM); BOS; and MILCON. See slide 13 of enclosure (1). Ms. Davis noted that initial reviews of COBRA data identified the need to: eliminate duplication of BOS, S/RM and mission costs that are already included in the COBRA model; apply a consistent rule set for calculating TRICARE costs that allows the Medical JCSG to resolve medical manpower and military

Subj: REPORT OF IEG DELIBERATIONS OF 16 DECEMBER 2004

construction costs at the conclusion of analysis; and develop written guidance on the treatment of costs attributable to BRAC actions (e.g., parking, incremental MILCON) to ensure that they are calculated consistently. This rule set will be used by the DAG and shared with the DON JCSG representatives.

7. Ms. Davis used slide 16 to outline a four-step process for IEG COBRA analysis. Step one will involve IEG review of COBRA data and issues that have been refined by the DAG. In step two, the DAG will conduct Selection Criteria 6-8 analyses and Risk assessments, and draft DON candidate recommendations. In step three, the IEG will review draft candidate recommendations packaged by DON-specific functional areas to assess the aggregate costs and impacts of candidate recommendations by function. Step four will involve integrating Service and JCSG candidate recommendations, examining the aggregate impacts of all candidate recommendations, reviewing matured fenceline closure scenarios, and de-conflicting scenarios. Ms. Davis noted that steps one through three will occur in the near term while step four will occur after the JCSGs and ISG have completed their analyses.

8. Ms. Davis used slide 17 of enclosure (1) to discuss the status of scenario development for the HSA DON Reserve Centers Function. She noted that 36 scenarios have been issued to close or realign 36 of the 197 activities in the HSA DON Reserve Centers universe (25 Navy Reserve Centers (NRCs) and 11 Navy and Marine Corps Reserve Centers (NMCRCs) or Inspector-Instructor Staff units (I&I)). Additionally, Ms. Davis reminded the IEG that 51 Joint Action Scenario Team (JAST) scenarios consider opportunities for joint action in this functional area. She stated that, during its step one Reserve Centers COBRA analysis, the IEG will review a sample COBRA brief and reminded the IEG that the fundamental assumption for NRC scenarios is that reservists will be absorbed at existing NRCs.

9. The IEG reviewed the COBRA analysis for the scenario to close NRC Horseheads, NY, including the scenario description, Disposition of Billets/Positions, One-Time Costs/Savings Summary, Recurring Costs/Saving Summary, Key Elements of Recurring Savings, and Return on Investment (ROI) Summary reports. See slides 18-23 of enclosure (1). The IEG noted that the elimination of military billets listed on the "Disposition of Billets/Positions" report does not imply a force structure reduction, but characterizes the cost implications for the scenario. See slide 19 of enclosure (1). Additionally, the IEG noted that the steady-state savings reflected on the ROI summary

Subj: REPORT OF IEG DELIBERATIONS OF 16 DECEMBER 2004

report indicate annual savings after the BRAC implementation period in 2011. The IEG then reviewed the COBRA summary for the 25 NRC scenarios (see slide 24 of enclosure (1)) and directed the DAG to continue with scenario analysis for these scenarios, i.e., conduct the criteria 6-8 analyses and risk assessments.

10. Ms. Davis used slide 25 of enclosure (1) to discuss the status of scenario development for DON Specific Operations Functions. The IEG conducted step one COBRA analysis for the following scenarios:

a. Close NAVSTA Pascagoula, MS scenarios (DON-0001, relocate assets to NAVSTA Norfolk, VA and DON-0002, relocate assets to NAVSTA Mayport, FL). The IEG reviewed the COBRA model results that indicate an immediate ROI and net present value savings of \$652.4 million and \$645.8 million respectively. The IEG noted that the Coast Guard would face increased costs of operation as a result of these scenarios. The IEG further noted that it may be necessary to enclave or relocate Defense Common Ground Station-Navy Unit 2, and that the latter may impact homeland defense synergies with the Coast Guard. The IEG also noted that these scenarios will either require an enclave for the Lakeside Support Facility or an increase in per diem costs for Pre-commission units. The IEG directed the DAG to continue with scenario analysis. See slide 26 of enclosure (1).

b. Realign NAVSTA Norfolk, VA and relocate 11 SSNs to SUBASE New London, CT (DON-0004). The IEG reviewed the COBRA model results that indicate there is no ROI for this scenario and net present value costs of \$237.62 million. The IEG noted that the recurring cost of contract personnel vice eliminated Industrial personnel, the requirement for a floating drydock (\$93 million) to accommodate additional submarines, and personnel and medical costs (i.e., first identification of the need for a consistent rule set for calculating Tricare costs) are outstanding issues for this scenario. See slide 27 of enclosure (1). The IEG directed the DAG to continue refining the data for this scenario.

c. Close CBC Gulfport, MS and relocate to MCB Camp Lejeune, NC (DON-0008). The IEG reviewed the COBRA model results that indicate ROI of 100+ years and net present value costs of \$509.06 million. The IEG noted that MILCON costs of \$688 million at MCB Camp Lejeune and competition for available space because of USMC force structure increases are outstanding issues for this scenario. See slide 28 of enclosure (1). The

Subj: REPORT OF IEG DELIBERATIONS OF 16 DECEMBER 2004

IEG directed the DAG to continue refining the data for this scenario.

11. The IEG received the following JCSG status updates:

a. Supply and Storage. RADM(sel) Thompson advised the IEG that the regional strategic distribution point strategy is a new approach but is not expected to adversely impact DON depot maintenance and fleet concentration areas. Additionally, he noted that NAVSEA 08 is receptive to considering the relocation of nuclear materials if recommended by a Supply and Storage JCSG scenario.

b. Headquarters & Support Activities. Mr. Rhodes advised the IEG that the JCSG is not reviewing all leased space in the National Capital Region, e.g., Office of Naval Intelligence leased space and the Navy Annex. Additionally, he noted that the five regional mobilization sites created by the JCSG's scenarios are expected to handle unit processing. Individuals will continue being supported locally and Marine Expeditionary Force mobilization will continue at the home base. Mr. Rhodes further noted that the JCSG is considering DON suggested alternate locations for MARFORRES and appears to be adopting a hybrid solution relocating MARFORRES from NSA New Orleans to NAS JRB Belle Chase. Lastly, he noted that the Air Force is apparently resistant to HSA Installation Management scenarios that create joint solutions.

c. Education and Training. VADM Hoewing advised the IEG that the co-location of advanced undergraduate flight training with JSF initial training and operational squadrons remains an issue that has not been resolved by the ISG. He noted that the proposed consolidation of intelligence training at Goodfellow AFB (E&T-0040) could break Navy and Marine Corps synergies. The IEG expressed concern that this scenario could result in a loss of DON competency. VADM Hoewing noted that E&T JCSG scenarios (0004 and 0017) remove elements of Marine Corps Combat Service Support School from MCB Camp Lejeune, thereby breaking synergies gained by co-location with operational forces. The IEG tasked CFFC to ascertain the fleet's position concerning these JCSG scenarios. Lastly, VADM Hoewing noted that the privatization of the Defense Language Institute (DLI) at Monterey could break synergies gained by co-location with the Naval Post-graduate School. The IEG requested that an option be explored to align DLI with an alternate military installation that could provide supervised housing for junior enlisted students.

Subj: REPORT OF IEG DELIBERATIONS OF 16 DECEMBER 2004

d. Industrial. RADM Klemm updated the IEG concerning the JCSG's approach for Naval Aviation Maintenance. He noted that there are two basic approaches. The first approach consolidates this function into a minimum number of sites and is supported by the Air Force because it favors depots with capacity and growth potential. This could likely result in Air Force Aviation Logistics Centers being receiver sites at the expense of the NADEPs. This approach has significant cost and responsiveness issues for DON. DON favors the Fleet Readiness Centers approach that merges intermediate and depot level maintenance capabilities into six regions and reduces the workload at the NADEPs and Joint Aviation Depots with a rotating Service command structure. The IEG noted that this issue should be raised as a DON issue at the ISG. RADM Klemm also noted that the directed closure analysis of Naval Shipyards is not supportable since four shipyards are required for the next 10-15 years based on the current 20-year Force Structure Plan. Accordingly, the closure of any one shipyard yields high risks.

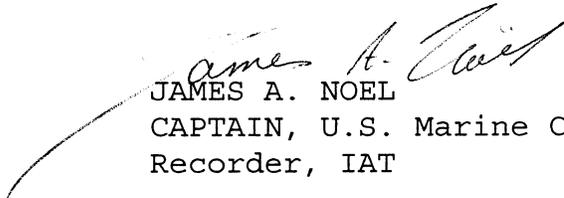
e. Technical. RADM Cohen informed the IEG that a number of Technical JCSG scenarios break synergies of the Naval Warfare Centers and could impact DON capabilities. He noted that despite strong DON objections the JCSG continues to review options to transform the DON Command, Control, Communication, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) acquisition model and that this could adversely affect the Navy.

12. Ms. Davis used slide 33 of enclosure (1) to discuss a number of outstanding issues. Dr. McGrath will work with RADM Cohen to address the acquisition transformational ideas that appear to be originating from the Technical JCSG. In response to the draft OSD Comptroller memorandum, the Air Force has submitted its position on the appropriate metric for measuring the efficiency and effectiveness of outcomes in terms of unit costs. The IEG noted that DON should submit its position on an accurate cost metric. Ms. Davis informed the IEG that she met with U.S. Northern Command (NORTHCOM) and United States Strategic Command staff on 10 December 2004. NORTHCOM expressed concern that DON scenarios that remove all DON assets from a geographic area may impact the homeland defense mission. She advised that DON will continue to work with NORTHCOM to better identify and understand homeland defense mission requirements and impacts on DON capabilities. The IEG reviewed enclosure (2), noting that OSD has directed the JCSGs not to register any new scenarios after 20 December 2004 without ISG authorization. Lastly, Ms. Davis reminded the DON JCSG Representatives to ensure that JCSG deliberations are accurately recorded, and

Subj: REPORT OF IEG DELIBERATIONS OF 16 DECEMBER 2004

emphasized the importance of DON Principals' involvement in deliberations.

13. The deliberative session adjourned at 1143.



JAMES A. NOEL
CAPTAIN, U.S. Marine Corps
Recorder, IAT