



DCN 8838

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
2521 SOUTH CLARK STREET, SUITE 600
ARLINGTON, VA 22202
TELEPHONE: 703-699-2950
FAX: 703-699-2735

July 1, 2005
DSE #22^{Chairman:}

The Honorable Anthony J. Principi

Commissioners:

The Honorable James H. Bilbray
The Honorable Phillip E. Coyle, III
Admiral Harold W. Gehman, Jr., USN (Ret.)
The Honorable James V. Hansen
General James T. Hill, USA (Ret.)
General Lloyd W. Newton, USAF (Ret.)
The Honorable Samuel K. Skinner
Brigadier General Sue Ellen Turner, USAF (Ret.)

Executive Director:
Charles Battaglia

Mr. Bob Meyer
Director
BRAC Clearinghouse
1401 Oak St.
Rosslyn VA 22209

Dear Mr. Meyer:

I respectfully request a written response from the Department of Defense concerning the enclosed document:

- Base Closure & Realignment Commission question
- Question for the record
- Community input
- COBRA Please see below

OTHER: Some recommendations which are comprised of multiple parts show a total savings, but the individual parts may reflect losses. For each Navy and Joint Service recommendation, please provide the key financial numbers (one-time cost, annual recurring savings, net savings (cost) during implementation, return on investment year, and net present value over 20 years) for each recommended movement that does not show a savings during the 20 year horizon.

I would appreciate your response by July 1, 2005. Please provide a control number for this request and do not hesitate to contact me if I can provide further information concerning this request.

Yours sincerely,

Frank Cirillo
Director
Review & Analysis

Enclosures (5): Questions for the record to the Secretary of Defense, Secretary of the Army, Secretary of the Navy, Secretary of the Air Force and the Under Secretary of Defense (Acquisition and Technology).



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

August 5, 2005

The Honorable Anthony J. Principi
Chairman
Defense Base Closure and Realignment Commission
2521 South Clark Street
Arlington, VA 22202

Dear Chairman Principi:

This is in response to the July 1, 2005 request from your staff (DSE #22) concerning multi-part recommendations. Specifically, we were asked the following:

Some recommendations which are comprised of multiple parts show a total savings, but the individual parts may reflect losses. For each Navy and Joint Service recommendation, please provide the key financial numbers (one-time cost, annual recurring savings, net savings (cost) during implementation, return on investment year, and net present value over 20 years) for each recommended movement that does not show a savings during the 20 year horizon.

Analysis of the Department of the Navy (DoN) recommendations finds one scenario that may meet the criteria of the question: Recommendation DON-0084A combined scenarios DON-0084 and DON-0067A. The original DON-0067 scenario moved HMLA 775 Det A from Cambria Regional Airport, Johnstown, PA, to Naval Air Station (NAS) Willow Grove, PA, which projected a savings. The original DON-0067A scenario moved HMLA 775 Det A from Cambria Regional Airport, Johnstown, PA, to McGuire Air Force Base (AFB), NJ, to accommodate scenario DON-0084, which closes Willow Grove and moves assets to McGuire AFB. The original DON-0084 scenario projected a savings; the DON-0067A scenario appears to project a loss. The key financial metrics for DON-0067A are contained in the table below:

<u>Metric</u>	<u>Value</u>
One-Time Cost	\$5.83 Million
Annual Recurring Savings	\$108 Thousand
Net Implementation Costs	\$5.37 Million
20-Year Net Present Value	(\$4.27) Million
Expected Payback	100+ Years

The DON-0067A scenario does not project a savings because it includes military construction of \$5.45 million. Taken individually, it appears that the Willow Grove scenario projects a savings, but the Cambria scenario does not unless it is combined with the Willow Grove scenario. Actually, this is a function of "which scenario comes first." Both NAS Willow Grove and McGuire AFB have available excess

capacity. If the assets at Cambria move to NAS Willow Grove, no construction is required and the payback is projected to be rapid. If the assets at Cambria were to move to McGuire AFB without the assets at NAS Willow Grove also moving there, no construction is required and the payback is projected to be rapid. The Cambria-to-McGuire AFB scenario taken individually does not pay off is because the NAS Willow Grove scenario was assumed to have filled all available infrastructure at McGuire AFB, thereby requiring construction to receive HMLA 775 Det A. If all construction had been attributed to the Willow Grove scenario, each scenario would have paid off individually.

Although the move of HMLA 775 Det A does not project a savings when integrated with the Close NAS Willow Grove recommendation, there are other reasons justifying this action. The relocation of HMLA Det A consolidates this unit with the Marine Air Group with which it trains, and provides it with more capable training, maintenance and personnel support services available at the larger base. This was the justification of the original scenario before it was integrated with the NAS Willow Grove closure recommendation, and the justification is still valid.

The Joint Cross Service Groups are in the best position to respond to requests pertaining to their recommendations.

I trust this information satisfactorily addresses your concerns. If we can be of further assistance, please let me know.

Sincerely,



Anne Rathmell Davis
Special Assistant to the Secretary of the Navy
for Base Realignment and Closure