

2005 BRAC COMMISSION REGIONAL HEARING

TUESDAY, JULY 19, 2005
1:30 PM

106 DIRKSEN SENATE OFFICE BUILDING
WASHINGTON, D.C.

COMMISSIONERS PRESIDING:

ANTHONY PRINCIPI, FORMER SECRETARY OF VETERAN'S
AFFAIRS

JAMES H. BILBRAY, FORMER MEMBER OF CONGRESS;

PHILIP COYLE, SENIOR ADVISOR TO THE CENTER FOR DEFENSE

INFORMATION;

ADMIRAL HAROLD W. GEHMAN, JR., FORMER NATO SUPREME ALLIED

COMMANDER;

JAMES V. HANSEN, FORMER CONGRESSMAN;

GENERAL JAMES T. HILL, FORMER COMBATANT COMMANDER, U.S.

SOUTHERN COMMAND;

GENERAL LLOYD WARREN NEWTON, FORMER COMMANDER OF AIR EDUCATION

AND TRAINING COMMAND;

SAMUEL KNOX SKINNER, FORMER CHIEF OF STAFF FOR GEORGE H. W. BUSH;

GENERAL SUE ELLEN TURNER, AMERICAN BATTLE MONUMENTS COMMISSION

CHAIRMAN:

ANTHONY J. PRINCIPI

WITNESSES:

CHARLES BATTAGLIA, EXECUTIVE DIRECTOR, DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION;

FRANK CIRILLO, DIRECTOR, REVIEW AND ANALYSIS, DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION;

JIM HANNA, NAVY TEAM LEADER, DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION;

HAL TICKLE, SENIOR ANALYST, DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION;

BRIAN MCDANIEL, SENIOR ANALYST, DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION;

JOE BARRETT, SENIOR ANALYST, DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION;

C.W. FURLOW, SENIOR ANALYST, DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION;

BILL FETZER, SENIOR ANALYST, DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION;

MARILYN WASLESKI, SENIOR ANALYST, DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION;

SYD CARROLL, SENIOR ANALYST, DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION;

ETHAN SAXON, ASSOCIATE ANALYST, DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION;

KEN SMALL, AIR FORCE TEAM LEADER, DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION;

TANYA CRUZ, SENIOR ANALYST, DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION;

TIM MACGREGOR, SENIOR ANALYST, DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION;

MIKE FLINN, SENIOR ANALYST, DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION;

CRAIG HALL, SENIOR ANALYST, DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

MR. PRINCIPI: Good afternoon and welcome to one of the more important meetings of Base Closure and Realignment Commission.

We are here this afternoon to consider options, a list of possible alternatives to some of the military installations that the secretary of Defense has recommended for closure or major realignment.

On July 1, 2005, on behalf of the commission, I forwarded to Secretary Rumsfeld a series of questions seeking explanation and comment on a number of installations we felt warranted further consideration. The commission needed this installation information before we could proceed with any consideration of adding additional installations for realignment or closure to the May 13th recommendation list. By law, the secretary of Defense had at least 15 days to respond. On July 14 the acting deputy secretary of Defense, Gordon England, did respond to the commission's letter. Indeed, the commission is most grateful for such a timely response since it allowed us to remain on our very tight schedule and to prepare for our Defense Department witnesses who appeared before the commission yesterday.

I want to emphasize that we are not here today to produce a final list of closures and realignments. We will not take that definitive action until the latter part of August. Our deliberation today may add more bases for further consideration, and consideration only, not because we have determined that we need to realign or close more bases than the secretary of Defense has recommended, but because we want to make sure the best possible closure or alignment choices are made consistent with the criteria established in law. In essence, this is

part of our due diligence to independently and comprehensively consider all options.

We are as a commission most acutely aware of the anxiety communities experience when faced with the prospect of losing an important military presence in their area. Through our site visits and regional hearings, we have witnessed firsthand the close relationships between so many communities and the military members that make those communities home -- very, very aware of the anxiety in those communities.

Our job as an independent commission is to render a fair judgment on the secretary of Defense's recommendations. In a limited number of cases, we cannot make that fair assessment without first being able to make direct comparisons between installations that are part of the secretary's recommendations and similar installations that were not included in the May 13th recommendation list. But we scrubbed those very carefully to keep that list very, very short.

Simply put, seven commissioners who may vote in the affirmative today to add a base for further consideration does not necessarily mean that base will be realigned or closed. It means that for us to do an honest and independent and comprehensive job in analyzing that particular military sector, we now have the opportunity to examine the broader picture. We will assess those installations in the same open and fair manner we have looked at installations that were included on the secretary's recommendation list. At least two commissioners will visit any installation that we add for further consideration, and representatives of those communities will be given ample opportunity to

testify in a regional hearing just like those that have occurred during the past month.

In August we will once again invite the secretary of Defense, the service secretaries and chiefs and other Department of Defense officials to provide us with their comments before we begin our final deliberations and voting in late August. And as we continue this process towards those final deliberations, let me say once again: We are not conducting this review as an exercise in sterile cost accounting. This commission, every commissioner is committed to conducting a clear-eyed reality check that we know will not only shape our military capabilities for decades to come but will also have profound effects on our communities and on the people who bring those communities and our military installations to life.

I would like to take a moment to review how we will proceed today. I have asked Charles Battaglia, the commission executive director, and Frank Cirillo, the director of review and analysis, to give us a short presentation, after which we will hear from the leaders of the commissions Army, Navy, Air Force and joint cross-service teams. These experts will take us through the various options they have prepared at our request.

I want to thank them for the tremendous amount of work and the extraordinary hours that the entire BRAC staff have put into this effort.

Following the presentation on each installation, the commission will vote on whether to add that installation to the list for consideration; to pass seven affirmative votes will be required.

As in the case for all witnesses before this commission, our staff members testifying today must also be under oath as required by the Base Closure and Realignment Statute. I now request all of our witnesses, this panel and all other witnesses, to please stand for the administration of the oath by Dan Cowhig the commissioners' designated federal officer.

(Oath administered.)

Thank you.

Mr. Battaglia you may begin.

MR. BATTAGLIA: Thank you, Mr. Chairman.

As you noted, the commission has gathered to review those installations being considered for addition -- for closure or realignment that would be in addition to the secretary of Defense's recommendations presented to the commission on May 13th.

Now the staff has initiated review for each installation under consideration and will present the results of that review and any comments received to date in order to facilitate any discussions or questions that you and the other commissioners may have for your deliberations here today.

The commission has, of course, heard from the Department of Defense regarding our considerations, both by letter and by testimony yesterday, and we will review those comments for you as well.

We anticipate that we will formally decide -- that you will formally decide which, if any, of those installations will be added for further considerations. Such actions will then allow commissioners to

visit those locations and take public testimony to support thorough analysis over the next several weeks prior to our final deliberations.

As you noted, the governing statute requires seven affirmative votes to add any installations reviewed today for consideration, and if added would also require seven votes during the final deliberations in late August to actually close or realign the selected items.

I will now turn the presentation over to Mr. Frank Cirillo, the commission director of review and analysis. He will introduce the specific items under review.

MR. CIRILLO: Thank you, Mr. Battaglia.

Mr. Chairman, commissioners, please refer to the (wiring ?) chart on your left and note the specific actions that will be under review today. Each item will be discussed in the order shown.

First, Mr. Jim Hanna will introduce the Navy-related actions under consideration, followed by Mr. Ken Small (sp) for the Air Force actions, and finally, Mr. -- (name inaudible) -- will introduce the broader joint-cross-service-related items.

The respective analysts will cover rationale for consideration, specific issues identified in any cost and base realignment action model, or COBRA, calculations available.

We will also introduce the status of analysis conducted to date.

The formal addition of any installation today will allow the initiation of a comprehensive, in-depth review to assure fair and open consideration prior to the commission's final deliberations.

We will also review the specific comments, as Mr. Battaglia pointed out, presented by the Office of Secretary of Defense for each item as

well as any related comments identified by the Government Accountability Office in their July 1st, 2005, report on the process and their recommendations.

Most importantly, for each action under review today, we will identify the specific options that will be available to the commission during the final deliberations, should you vote to add an installation for further consideration and review.

David Cowhig, our general counsel, and Diane Carnevale, our director of administration operation, will assist in any call for votes resulting from motions offered during today's deliberations.

Before I turn the presentation over to the respective team leaders, I call your attention to this map reflecting the actions under consideration today. What we've done is graphically portray each of the 16 specific locations, using the red diamonds, that will be visited by the commission, should the whole complement of considerations be added for adoption for in-depth review and analysis.

As you'll see during the deliberations, a few of the recommendations have more than one installation involved. Throughout the presentation, the matrix graphic on your left will either be displayed on the screen or available for review on the mounted board you also see before you.

And now, Mr. Jim Hanna will present the Navy-related considerations as well as introduce the respective analysts.

Jim?

MR. HANNA: Thank you, Mr. Cirillo.

Good afternoon, Mr. Chairman and commissioners. As you can see, the Navy-Marine Corps team has explored five items for your consideration for further investigation. Two of these, Naval Air Station Brunswick, Maine, and Pearl Harbor Ship Yard in Hawaii, are to allow a more thorough investigation of recommendations already forwarded by the Department of Defense. Many of these items were considered by the Department of Defense but not included in their final set of recommendations forwarded on the 13th of May.

Where available, we have used the results of the appropriate cost of base realignment action model run, more commonly referred to as COBRA. You will see this reflected in our slides. We will discuss our reasons for exploring these considerations along with potential costs and savings. We will also depict the numbers of military and civilian personnel directly assigned to the bases in order to portray a sense of the magnitude of the potential change. As these facilities are not yet added to our list of facilities to be considered for action, we have not investigated the indirect costs of any of these decisions.

You will see a slide that will portray the Department of Defense's original position during their BRAC deliberations, any community issues we have been able to glean in the course of our work to date, and our assessment of the item being discussed for your consideration. We will then show the Department of Defense's position as reflected in their recent reply to the chairman's letter of 1 July, 2005, as well as any applicable Government Accountability Office finding in their report of the same date. Finally, we will ask for any questions, clarification

you may need on the particular facility being discussed or a motion for specific action.

We will begin with Mr. Hal Tickle, our lead analyst for Naval Air Station Brunswick, Maine; Mr. Michael Kessler assists him.

Hal?

MR. TICKLE: Thank you, Mr. Hanna.

Mr. Chairman, commissioners, as stated before, this presentation addresses the consideration to add closure of Naval Air Station Brunswick, Maine to the Department of Defense list of recommendations presented to the commission in May.

Brunswick is one of two East Coast-site stations for the P3 maritime patrol and reconnaissance squadrons. The other site is at Naval Air Station Jacksonville, Florida.

Next slide, please.

The secretary of Defense's recommendation, DON18, realigns NAS Brunswick and relocates its aircraft, personnel, equipment and support to NAS Jacksonville; all other tenant activities -- there are over 30 -- would remain in place. In the closure scenario, NAS Brunswick's aircraft, personnel, equipment and support would also relocate to NAS Jacksonville. Several activities would be relocated to as yet to be determined sites; included would be the Survival, Evasion, Resistance and Escape School, or survival school, a mobile construction battalion, a Marine security unit, and an Army recruiting battalion. Some activities and functions would be disestablished.

Next slide, please.

Closure, unlike realignment, would reduce excess capacity by removing aircraft hangars, maintenance shops, ramp space and other aviation support requirements at Brunswick to offset the additional construction required at NAS Jacksonville. Using the COBRA run's data furnished by the Department of Defense, closure would result in nearly four times more savings than realignment. Closure would also provide NAS Brunswick property redevelopment options to the local community to offset economic impact. That opportunity is not available with the Department of Defense realignment recommendation. Adding the closure scenario to the list of recommendations would provide the commission with a range of options -- close, realign or leave the base as is.

Next slide, please.

Department of Defense COBRA data shows that if implemented the closure proposal would result in the relocation or termination of over 3,200 total military and civilian positions, as shown. The Department of Defense realignment recommendation relocates or terminates about 2,400 total positions -- 2,300 military and 100 civilian.

Department of Defense COBRA data is shown here with realignment on the left and closure on the right. Although one-time costs are greater for closure, net implementation costs, annual recurring savings, payback period and net present value with 2025 are all more positive in the closure scenario.

Some community issues with the realignment recommendation -- such as strategic location, loss of military response capabilities -- I anticipate would be greater with the closure scenario. How economic impact is determined would be common to either realignment or closure

scenario. Department of Defense uses the nearest metropolitan statistical area to determine impact; the community's position is that use of the Brunswick "micropolitan" labor area is a more accurate measure. Other issues, such as potential environmental impact, may apply only to the closure scenario. All issues will be evaluated by staff analysts.

Next, please.

The commission asked the Department of Defense what considerations were given to a complete closure of Naval Air Station Brunswick, Maine, and what were the driving factors in deciding on realignment. Their response is summarized here:

The Department of Navy, after extensive deliberations, recommended closure. The Infrastructure Executive Council, which is the senior deliberative body in the Department of Defense BRAC process, modified the closure recommendation to a realignment recommendation because of the desire to retain strategic presence in the northeast and for a surge capability. There were no Government Accountability Office specific comments about either scenario.

In summary, this provides the option to add closure to the Department of Defense recommendation to realign Naval Air Station Brunswick, Maine.

This concludes my prepared testimony. The staff is prepared to answer questions prior to any motions the commissioners may have.

MR. PRINCIPI: Thank you very, very much, Mr. Tickle.

Have any commissioners recused themselves from deliberating and voting on the air station? (No audible reply.)

Thank you.

Are there any questions, or is there any further discussion?

Admiral Gehman?

I'm sorry. Go ahead, Congressman Bilbray.

MR. BILBRAY: Yes, Mr. Chairman, what I believe the Pentagon has done with the Air Station Brunswick is the fact they've given the community the worst of both worlds. The fact is, if they leave it realigned, they take away the personnel, or substantially all the personnel, but yet the people of that area cannot use or redevelop the area. For that reason, I'm going to vote yes to put this on the list with the inclination that I would not vote for realignment under any circumstances but would either vote for leaving it like it is or closing it as the best option for the community and for the military.

MR. PRINCIPI: Thank you.

Admiral Gehman.

ADM. GEHMAN: Mr. Tickle, or anybody else: The DOD justification given was -- for realignment rather than closure -- was something called strategic presence. Can anybody define what that is for me?

MR. TICKLE: The full explanation, Admiral, was the Department of Navy did develop and analyze a scenario to close NAS Brunswick. And when combined with other aviation recommendations, the closure would have reduced the excess capacity from 19 percent to 8 percent. Such a recommendation not only allowed consolidation of maritime patrol operations on the East Coast, with attendant increased maintenance and training efficiencies and other savings.

Now during this review of scenario analysis --

MR. : (Off mike) -- strategic presence --

MR. TICKLE: -- yes -- they expressed concerns that closing Brunswick could result in diminished strategic flexibility as well as impact future basing flexibility.

ADM. GEHMAN: For the Navy or for the Department of Defense?

MR. TICKLE: This was deliberations within the Department of Navy at the time.

Further, at the IEC, they talked about reviewing additional analysis that IEC determined that NAS Brunswick should be realigned instead of closed to retain an active presence in New England for homeland defense and surge capability.

MR. HANNA: Sir, in elaboration, there were no defined missions for strategic presence. It was just the ability to have a field from which they could stage forces as necessary, whether they were maritime patrol aircraft, fighter craft. But they were unspecified as far as the particulars of strategic --

ADM. GEHMAN: So we have a situation where the original rationale, which was excess ramp and hangar capacity, which was the original rationale for closing -- that now cannot be used as a rationale anymore because they're realigning, and therefore, the hangars and the ramp all stay there. And we substitute a rationale called surge and strategic presence, which we don't know what that is.

I kind of agree with my colleague here. I would be inclined to vote to support the recommendation that we put it on the closure list, just to make sure we have all options, but I would think that we would -- my own inclination would be that if those are legitimate

considerations -- strategic presence and surge -- that we should -- we may well add missions for Brunswick from other services, particularly since it will be the last remaining Department of Defense operating airfield in New England.

Thank you, Mr. Chairman.

MR. PRINCIPI: Mr. Skinner.

MR. SKINNER: One of the recommendations that's not before us today is the closing of the Otis Air National Guard Base at Massachusetts.

Mr. Hanna, is anybody -- and one of the negatives of that, as you know, is the United States Coast Guard has a major presence there. Do you know if the Coast Guard has looked at -- as an option -- the Brunswick Naval Air Station, even in a different composition -- would be an acceptable candidate for the Coast Guard?

MR. HANNA: Sir, that hasn't -- we haven't seen any analysis to indicate that. The field is certainly capable of handling the Coast Guard's inventory of aircraft. But we have not seen any indications at that end of the calculus.

MR. SKINNER: Now just so we're clear -- remind everybody: There's a number of tenant organizations on that property as well, as I recall. What is it, 30?

MR. HANNA: Yes, sir, it is over 30.

MR. SKINNER: Over 30 tenant organizations on that. So a complete closure would impact those 30, and those are part of the things that you'd be looking at, I assume, in the costs of relocating those and what they are and what's the military value or lack of military value in relocating some of those.

MR. TICKLE: Yes, sir. And as we mentioned, the survival school, mobile construction battalion, Army recruiting battalion, and Marine security unit are among those that would be relocated or need to be relocated. And yes, sir, we would have to analyze what those respective costs are, where they would go, and so on.

Sir.

MR. HANNA: And we would ensure that we visited to ensure we captured every tenant command that's at that base.

MR. SKINNER: Remind me that -- and maybe -- that by realigning, the real realignment leaves all those that are present there, except the Navy squadron.

MR. TICKLE: Yes, sir.

MR. SKINNER: Now does the Navy not have authority outside of the BRAC to relocate a squadron and airplanes to another location?

MR. HANNA: Yes, sir, they do have the ability to locate -- under military authority to locate -- relocate military personnel and those attendant equipments. The issue would be if you go over the BRAC limits for civilian personnel as part of that organization.

MR. SKINNER: And what is the number -

MR. HANNA: That's 300.

MR. SKINNER: And what's the number of civilians that are related to the surveillance squadron?

MR. TICKLE: Three hundred and ninety-five.

MR. SKINNER: Okay. So the number -

MR. TICKLE: No, for the realignment, about 100.

MR. SKINNER: So therefore, where I'm going at -- it appears to me that they could have moved the air squadron to Jacksonville with the military personnel and 100 civilian jobs -- left the facility as it is and done their own realignment without coming to the BRAC. Am I correct?

MR. HANNA: It would appear so, sir.

MR. SKINNER: Okay. So I'm -- you know, I just bring those points home because I think that it's clear that, you know, what we're doing here by realigning is just doing something that the Navy could do otherwise. And I'm just not quite sure if that's all they want to do why they even brought it before us. But because it's here, we now have to look at it.

Thank you.

MR. PRINCIPI: Yes, Mr. Hansen, Congressman.

MR. HANSEN: Mr. Chairman, is a motion in order?

MR. PRINCIPI: As soon as we finish with -- (off mike) -- and then I will call for the yeas and nays.

MR. HANSEN: I see. But I was -- is there a motion on the table, what I'm asking?

MR. PRINCIPI: There will be no motion. Upon the completion of discussion and questions, I will -

MR. HANSEN: So that's the rules that we're going to follow that way?

MR. PRINCIPI: Yes, that's correct.

MR. HANSEN: You will put it on the table and then you'll call for the yeas and nays. So a motion would not be necessary from any member of the commission?

MR. PRINCIPI: That's correct. Yes, sir.

MR. HANSEN: Thank you.

MR. PRINCIPI: I would just like to add a few comments to build upon what Secretary Skinner mentioned with regard to Otis. And I will vote to add Brunswick to the list for further consideration; however, I remain very concerned with the recommendations to close just about all remaining military facilities in the Northeast and New England particularly -- Portsmouth, Brunswick, New London, Otis, Niagara Falls in Upstate New York and other facilities -- virtually abandoning that section of the country from our operating base. And I think it's something that -- I hope the commission will carefully consider as we move forward.

Are there any other questions or comments?

There being no further questions -

GEN. NEWTON: Mr. Chairman, I would just like to add to what you and many of the other commissioners have said. Some of us will either be repeating exactly what you said, but we feel very strongly that way as well.

MR. PRINCIPI: There being no further questions or comments, I will call for the yeas and nays.

Those in favor of adding Brunswick to the list, please raise your hand.

Those opposed.

MR. COYLE: Mr. Chairman, considering that other options for Naval Air Station Brunswick can be adequately addressed later in the normal BRAC process, I vote no.

MR. PRINCIPI: Thank you.

And the vote?

MS. SARKAR: Thank you, Mr. Chairman.

The vote is 8 ayes, 1 nay; therefore, the Naval Air Station Brunswick, Maine will be considered for closure or to increase the extent of realignment.

Thank you, Mr. Chairman.

MR. PRINCIPI: Thank you, Counsel.

You may proceed with the second installation.

MR. HANNA: Thank you, sir.

I would like to introduce our analyst for the Broadway Complex in San Diego, Mr. Brian McDaniel.

MR. MCDANIEL: Thank you, Mr. Hanna.

Good afternoon, Mr. Chairman, commissioners.

My presentation this afternoon focuses on the question of whether or not the Navy's Broadway Complex, an isolated 14-acre parcel in downtown San Diego, should be considered for addition to the list of recommended candidates for base realignment and closure.

Next slide, please.

Consideration regarding a potential fence-line closure of the Navy's Broadway Complex requires review of whether the Navy's functional activities -- currently using the Broadway complex primarily for office space -- can be consolidated. To enhance force protection and mission

effectiveness, reduce operating costs and capture savings, the likely candidate for gain is the Naval Station San Diego, located a few miles south of the Broadway complex. The naval station is not only the Navy's property manager for Broadway, it was also identified by the department's Joint Cross-Service Group for Headquarters and Support Activities as having an excess capacity in office space. There are no requirements and the Department of Defense BRAC report did not contain a recommendation to close the Broadway complex.

Next slide, please.

Before I review the reasons for considering the Broadway annex, I'd ask you to draw your attention to the aerial photograph on the screen to your right.

The Navy's Broadway Complex is located on the city's western edge, adjacent to San Diego's growing downtown business core and waterfront redevelopment area. Beginning in the 1920s, the Navy began using this property as a supply center. Today, however, the Navy uses Broadway and its three remaining buildings to house the headquarters of the Navy Region Southwest, the Readiness Command Southwest and the San Diego Fleet Industrial and Supply Center. The balance of the property is used for parking, and the Navy recently disposed of the supply pier to the city of San Diego.

Reasons identified to consider adding Broadway include opportunities to eliminate excess space and property, enhance security and force protection, co-locate Navy support functions with Navy customers, produce economic benefits for the department and the

communities, allow the commission to consider relocation of Navy activities.

Next slide.

This next slide, as you can see, depicts the number of personnel working at the Broadway Complex in fiscal year 2003. Relocation of the tenant activities located on Broadway would potentially affect 142 military and 827 civilian jobs. The impact of moving these jobs is expected to be nominal, because at this time staff can only assume the Navy will move all or most of these jobs to other naval installations in San Diego due to their nature and function.

Next slide.

As I mentioned previously, because the Department of Defense did not recommend Broadway for closure, it did not conduct an economic analysis. So the extent and timing of potential costs, savings and paybacks associated with this consideration would require further analysis.

Next slide.

The next slide highlights potential issues and captures known department and community positions as well as preliminary staff findings. The likely issues revolve around benefits linked to closing underused Navy buildings and land, mission requirements, efficient use of excess capacity, located inside the fence line of a more secure Navy installation, and potential cost savings.

In terms of existing excess capacity, the Department of Defense identified the Naval Station San Diego as having excess office space totaling more than 400,000 square feet.

Another area for further analysis is the property's potential to generate significant economic benefits the department may choose to redirect into facility requirements at other installations.

Recent published economic reports and discussions with economic development officials familiar with similar downtown parcels and current market values indicate Broadway's highest and best use value today could range from \$200 per square foot up to \$500 per square foot, or more than \$300 million for the 14-acre parcel.

Another issue surrounding this prospective consideration is the community reaction as well as its potential impact on the local economy, infrastructure and surrounding environment.

As you know, San Diego community leaders spoke in support of adding Broadway at last week's regional hearing in Los Angeles. This initial community reaction coupled with the assumption that the Navy would relocate the current tenants within Broadway -- within the Broadway economic region of influence and the existence of a development agreement already in place between the Navy and the city of San Diego should mitigate most potential impacts.

Next slide.

Mr. Chairman, in response to your letter in which you question the Department of Defense on why the Navy Broadway Complex was not recommended for closure, the department responded by stating: One, all activities and functions located at Broadway were evaluated, and two, the Navy BRAC analysis did not develop a recommendation to close Broadway because none of the activities were recommended for relocation or realignment. The department concluded by asserting that although the

Navy recognizes the anti-terrorism and force protection benefits, scarcity of available Navy waterfront property in San Diego suggests that disposal of Broadway is better addressed outside the BRAC process.

The Government Accountability Office's review of the department's BRAC process did not address the Navy's Broadway complex.

Next slide.

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

MR. PRINCIPI: I thank you, Mr. McDaniel.

Are there any questions or any comments?

Mr. Bilbray.

MR. BILBRAY: Me again.

I talked to the chairman of the House Armed Services Committee, Mr. Hunter, yesterday, and he tells me that the Navy is intending to try to work with the developer to trade the Broadway property for up to 2,000 home sites on the naval base in San Diego to provide housing on base for a lot of personnel that are having to live off base at very high prices. Therefore, I'm deeply concerned that if we go forward with the BRAC process and close this particular facility that this takes away the latitude of the Navy to be able to work out this kind of deal, because in the past, there's a pecking order on who gets this property. Now I'm told that the current law may be -- and our counsel can answer that question -- gives more latitude in this BRAC than in previous BRACs. So therefore, I intend to vote no, but the fact is, I'm hoping the Navy

comes forward with a plan that the majority of the board later will vote no so they can move forward on those housing personnel.

MR. PRINCIPI: Mr. Coyle, do you want to make a statement?

MR. COYLE: Thank you, Mr. Chairman.

During our public meeting on May 19th, I announced that I would recuse myself from deliberations and voting on recommendations that substantially impacted California. I base that recusal on the ethics agreement that each commissioner signed as a condition of their nomination. As I understood that agreement and as I continue with this understanding, it would not affect my ability to deliberate or vote on recommendations for realignments that would occur, if at all, entirely within the state of California. Accordingly, I will deliberate and vote on this issue. California will neither gain nor lose from this potential action.

Thank you.

MR. PRINCIPI: Thank you, Mr. Coyle.

Admiral Gehman.

ADM. GEHMAN: I agree with Commissioner Bilbray. My understanding of the current state of the law is that regardless of BRAC action here, the Department of Defense and the Department of the Navy has the option of entering into economic development agreements to dispose of this property for the benefit of the local community. Do we -- whether or not we can answer that question here and now, I'm not sure, but nothing in our action today changes any of that, because by just adding this to the list, all we're going to do is find out whether or not this is true or not. And so -

MR. : That's correct.

ADM. GEHMAN: -- I agree with the commissioner, but I believe the way to get to the bottom of how to dispose of this property is to put it on the list.

MR. PRINCIPI: Thank you, Admiral Gehman.

Mr. Skinner.

MR. SKINNER: Well, I brought this up yesterday, and I think it continues to be an issue. What we're dealing with now -- and the next one is a similar situation -- we're dealing with property which has a high economic value in the community. Some of the cases it's not the case, but in these two that we're looking at now and next -- the Marine Corps Recruit Training Center and this -- do. And I think it's important that we -- as we work our way through these deliberations, we make sure that we're not -- as I think Congressman Bilbray said, we're making sure we're not doing anything inconsistent with getting the highest and best value for the Defense Department out of the property, because it's MILCON that's being used to build the replacement. And we're not allowed under the process to take that under consideration in making our decision.

But on the other hand, it is -- and I would also would like to -- and maybe we can explore how we go about that, especially with the Armed Services Committee or somebody else -- but I think it's time to revisit this whole concept of making the property available to federal and then state and then local and then, you know, municipal agencies basically for free when it has a high economic value. In the case of these two properties, I'd guess that it's over a billion dollars. So I think we

have to work our way through it so that we don't put ourselves in a situation -- we are for something that causes them to have to take that property and turn it over for free rather than getting -- and the ideal thing would be, because they paid for it, they developed it, the Defense Department ought to get that money back, whether it's for housing or anything else.

And I think we need to encourage whatever we -- whoever we need to encourage to let us have the ability to do that.

MR. PRINCIPI: Thank you, Mr. Skinner.

General Newton.

GEN. NEWTON: Yes, sir, Mr. Chairman. In looking at the language which we got back, I'm not sure what it truly says to us, the language that was just illustrated by Mr. McDaniel. And so I join my colleagues in saying we need to take a look at this for all of the reasons which they have pointed out.

MR. PRINCIPI: Thank you, General.

MR. SKINNER: I forgot to ask a question. Is the 400,000 feet of Naval Air Station San Diego sufficient to handle all of the work that would be transferred from the Broadway complex? Because I didn't see in our documents how many square feet they now use, and I know there's 400,000. So I just would like that clarified for the record.

MR. MCDANIEL: They currently use approximately 450(,000) to 500,000 square feet for admin space. But I'd like to point out that most of that is in converted warehouses, and so the efficiency of that space and how they use it would need further analysis.

MR. SKINNER: Okay. Thank you.

MR. PRINCIPI: Thank you.

I, too, will vote to add the Broadway Complex to the list for further consideration. I'm very, very familiar with this property, and I believe it has the potential, based upon further analysis, to be a win-win for the Navy and for the San Diego community.

A redevelopment of the Broadway Complex is nothing new. I had the pleasure to work with the Department of Navy back in 1988 when they first considered the redevelopment of the Broadway Complex and spent millions of dollars negotiating a development agreement with the city of San Diego, hired a first-rate architect out of San Francisco to do a land use planning where they were going to lease this property to a developer and to build mixed-use commercial in return for class A office space.

I think it's consistent with the concerns that Mr. Bilbray expressed whereby the Navy could use the equity in the land to obtain housing or whatever it might be. But I think it does have great potential for the Navy and for the community of San Diego and deserves further analysis.

Are there any other questions or comments?

There being none, I will ask for the yeas. Those in favor of adding the Broadway Complex, please raise your hand and hold it for a moment while we get a tally.

Those opposed.

Counsel, the vote.

MS. SARKAR: Thank you, Mr. Chairman.

The vote is 8 ayes, 1 nay; therefore, the Navy Broadway Complex San Diego, California, will be added to the list of installations to be considered by the commission for closure or realignment.

Thank you.

MR. PRINCIPI: Thank you, Counsel.

Mr. Hanna.

MR. HANNA: Thank you, Mr. Chairman.

I would now like to introduce our analyst for Marine Corps Recruit Depot San Diego, Mr. Joe Barrett.

MR. BARRETT: Thank you, Mr. Hanna.

Mr. Chairman and commissioners, our presentation considers closing Marine Corps Recruit Depot -- otherwise known as MCRD -- San Diego, California, in consolidating the recruit training at MCRD, Parris Island, South Carolina. The two MCRDs provide the recruit training for the Marine Corps.

This realignment -- the list of realignment and closure recommendations presented to the commission by the secretary of Defense does not contain any actions associated with my -- with the consideration covered by my briefing. Although this scenario was explored by the Department of the Navy's Infrastructure Evaluation Group, this scenario was not included in the final list of recommendations.

In addition to the major move of MCRD San Diego to Parris Island, this consideration also includes the movement of Headquarter 12th Marine Corps District, Headquarter Western Recruiting Region, and USMC's

recruiter school. The location of these movements are to be determined by the Marine Corps.

DOD's military construction, known as MILCON -- COBRA data stated: A requirement of 428 million for all the gaining locations. The MILCON involves 117 construction projects covering approximately 2.9 million square feet. MCRD San Diego currently occupies 2.5 million square feet. Our analysts indicate these numbers are excessive. I will elaborate on a later slide.

With Parris Island having the higher military value, this consideration would establish a single training site for recruits whereby training operations, combat administrative and management functions, instructional staff, support personnel and infrastructure are reduced and consolidated.

As a result of the BRAC '93, Navy successfully consolidated three training centers into a single training site. There was a one-time cost of \$374 million, a nine-year payback, and \$75 million annual savings. So consolidations have successfully been accomplished and significant savings realized.

If implemented, this consideration will affect a number of military and civilian personnel assigned at MCRD San Diego. DOD COBRA data show that 1,289 positions involving 500 -- excuse me -- 951 military, 338 civilian would be affected. The basis for MCRD San Diego personnel figures have not been verified or analyzed. We have requested personnel information updates.

Next slide, the recent DOD scenario data shows a one-time cost for this consideration of \$570 million. The cost payback period calculated

by COBRA model is 100-plus years. And the net present value from the proposal of 2025 is estimated at \$365 million.

It is interesting to know that this scenario was proposed in BRAC '95. Shown in '05 dollars, there was a one-time cost of \$295 million, a two-year payback, and a 20-year savings of \$520 million. This represents over a billion-dollar swing in 10 years.

Therefore, we believe that the DOD COBRA model overstates MILCON, personnel and other costs that can be achieved by this consideration.

For example, by comparing MILCON projects in the DOD COBRA data with facilities that exist at MCRD Parris Island, and deleting duplicate facility projects, reducing personnel numbers, adjusting base operating support and eliminating housing construction costs due to public-private venture, the revised COBRA data of July 12 shows an estimated one-time cost of \$260 million, an eight-year payback, and a 2025 net present value savings of \$143 million. We believe these numbers to be more representative of the actual savings which can be realized.

Here I have summarized the significant issues associated with this consideration and highlighted positions of the DOD community and the BRAC staff analysts.

Land capacity. Initially, the Department of Navy's Infrastructure Evaluation Group, according to a November 2004 deliberative minutes, stated that MCRD Parris Island has apparent excess capacity -- i.e., billable acres to absorb required military construction. However, the Marine Corps stated otherwise in yesterday's hearings. Staff findings are to be determined on this issue.

Payback by 2025. DOD scenario does not pay back until 2111, 100-plus years. We disagree, because the revised COBRA (one ?) show that there is a disparity in the numbers with significant variance.

Environmental impact. Environmental impacts at MCRD Parris Island is questioned by DOD. Staff findings are to be determined on this issue.

When asked why the department did not consider closing MCRD San Diego, California, DOD emphasized three issues: geocentric recruiting and recruit training; two, excessive payback period; and three, the recruit pipeline requirements cannot sustain a single point of failure. However, Government Accountability Office in its recently released report regarding the BRAC process stated that the Navy's reason for not pursuing the closing of MCRD San Diego was due to cost consideration and extended payback periods.

In summary, this consideration provides for the closing of MCRD San Diego, California, consolidating the recruit training at MCRD Parris Island.

Mr. Chairman, this concludes my prepared testimony. Staff is prepared to answer questions prior to any motions commissioners might have.

MR. PRINCIPI: Thank you.

Mr. Hanna, do you have anything to add?

MR. HANNA: No, sir. We are in coordination with the Marine Corps on this as we provide background analysis for this consideration, and we are continually updating the numbers.

MR. PRINCIPI: Thank you.

Are there any questions or comments?

I'll start at the -- well let's see. I said -- (inaudible).

Mr. Hansen?

MR. HANSEN: Thank you, Mr. Chairman.

I think of all the things we've been looking at over the last week, this one has more conflicting evidence and the evidentiary material could be debated on either side of this thing. You can bring in the people from California; they'll have quite an argument.

But as you look at this, you look at our largest state is California. It probably has more recruits than any other place is California. And I verified today, that more of them come out of California than other areas. And they tell me that, from the Mississippi River west, they go to San Diego. And in that particular area in San Diego, they have quite a facility. I mean, it's huge, it's got a lot of new facilities, new buildings, new mess hall, new everything. And so you may recall that yesterday I was talking to the General Nyland and asked him the question if these figures were correct. And it came out around 500 and something million (dollars) to replicate it in Parris Island. Admiral Gehman has got a letter contrary to that, but it's still -- what was it, 360 million, something like that -- which is still a tremendous amount of money to go to those areas.

And I look at that, these guys are on the ground, this is an expeditionary force. We're always talking, everyone compares it to the Air Force and the Navy. Well, the Air Force and the Navy don't have a platform. There's only so many ships you can put Navy guys in. There's so many airplanes you can put them in. But how many kids are going to

kick down doors in Fallujah and places such as that? This is the guy that's on the ground; they have lost more. I've talked to Duncan Hunter this morning, the chairman's committee, said that they have lost more than any other group, especially at the first part, the Marines lose more than anybody.

So they've got a recruiting problem; they've got both of these things to do. And then the one that really kind of bothers me is I called down there and found out that there's 560 acres in Parris Island, and a pretty good chunk of that, around a third, is critical habitat. Now that critical habitat means that you don't use it. It has the same thing in other areas and, of course, that's a sore point with me. You all know that, that I get a little uptight with the endangered species act and all the things they do. In fact, I think if Congress had a real backbone in them they would do their very best to change the 1973 Endangered Species Act, that it didn't apply to military areas. I see my buddies out there -- nod yes on this.

And take that into consideration because it's a really critical thing.

Therefore I vote no on this.

I really think the Marines are our first line of defense about -- anything happens, it's those guys. And I think it's imperative that they have these two training centers, and I personally would vote no.

Thank you, Mr. Chairman.

MR. PRINCIPI: Admiral Hill, I'm sorry.

ADM. HILL: I think that regardless of how the numbers come out, and I agree that we've had more moving numbers on this issue than in any

other -- and big moves of numbers, you know, sometimes 100 percent at a swat.

Regardless of how the numbers come out, and regardless of any financial efficiencies that might be gained with the payback of eight years by this presentation -- you change the numbers just a little bit and it becomes ten years or 12 years or whatever.

I am convinced that the methodology that the Marine Corps uses to replenish its force, which is unlike the other forces, is essentially a predominantly first-term force. I mean, the Marine Corps unabashedly says that they're not looking for 40 percent re-enlistment rates or anything like that. They have a predominantly young force which they replenish every year. And for reasons of summer surge, protecting the summer surges and things like that, I am inclined to support their methodology because I find the savings, while I agree with the staff's presentation that over 10 years or some number of years you could probably save some money, I would not want to tinker with this rather fragile force-building methodology that they have, which is unique to them. The other three services are concerned about re-enlistment rates, and they do want people to stay in more than the Marine Corps.

So I would be inclined to be nervous about tinkering with this rather fragile system that they have and depends upon two recruiting stations.

And, Mr. Chairman, one other thing, too, that is I hope maybe some other commissioner -- I don't want to take up all the time, but we have heard nothing about the economic value of this property or anything like that, and I hope somebody will say something about it.

MR. PRINCIPI: Yes, Mr. Skinner?

MR. SKINNER: If you look at that map, you'll see that that property is strategically located in downtown San Diego, basically in downtown San Diego and right near the airport, as I recall and, in fact, one of the most land constructed airports in the United States.

Putting a value on that property of several hundred million dollars or more is not inappropriate.

Now that's only relevant because we haven't been able to take that into consideration. There are also -- (inaudible) -- to the community, but whether you -- they make an argument that they need one on the West Coast, one recruit training depot on the West Coast and one on the East Coast. They also, if you look at it where it's located now -- it may have been in 1941 when it was built the right place at the right time. Today, you wouldn't put a Marine Corps recruit depot in the middle of San Diego. Number one you couldn't afford to do it, and number two, you wouldn't do it. And number three, they're not anywhere close to their training areas.

So if you look at what happens, while it is a desirable place to take your basic training, unlike Fort Leonard Wood, not that there's anything wrong with Fort Leonard Wood -- (laughter) -- that it is not where you would put it, you'd put it next to.

So I would make the point whether we do it here or they do it or not, the economic value -- they could probably get enough economic value out of this property to build -- whether it's at Parris Island or somewhere else -- a world-class recruit training depot next to their

training area where they wouldn't have to bus every day that would be functionally appropriate.

And I think that we don't have to -- if the recommendations before us is -- the thought is it would be closed and moved to Parris Island, if you buy General Nyland's argument, which he makes very persuasively, that they are unique and need two, I think you could also make a very good argument that we could address not only that, and by the way, I think if Duncan Hunter thought he could get \$500 million and develop the economic area in San Diego like he believes the Broadway complex offers and get that money into the defense budget to build a new Marine Corps recruit depot wherever it is, with that money, it would be world class. It would be -- by the way you could design it with the necessary inner-city warfare centers that you need to fight the wars in Iraq and Afghanistan, and you could have world-class facility.

Now I don't know how that plays out, Mr. Chairman, but for that reason alone, I'd like to at least explore that.

So I'm going to vote yes that it be put on there, but I'm not going to prejudge any of it. And I agree with the general, in the bottom line, there has to be a persuasive case that it's in the best interest of the fighting men and women of the United States Marine Corps in order to make this decision. And I'm not making that decision.

But I would like to explore it more to see where it goes and what we could do. And we might end up having a win-win for everybody, and I think this is one of the unique opportunities we're going to have in the next few years to do that as a nation and I'd like to take advantage of it.

So I'm going to vote yes.

MR. PRINCIPI: Thank you, Mr. Skinner.

General Newton?

GEN. NEWTON: Yes, Mr. Chairman.

I'd like to point out that I firmly believe that it is extremely, extremely critical for anyone of our services to create an environment where young Americans are willing to walk forward and step up and volunteer to join our all-volunteer force. It is very clear to me that the Marine Corps here has a solution to that particular set of circumstances.

And it's been working exceptionally well, as the General mentioned on yesterday.

I want to caution us -- when we reference this to the other services, I want to caution us not to think of the one size fits all, because each one of our services have a very unique culture that is aligned with that service and that's what drives people to put their hands up and volunteer by that service. And so taking that approach can lead us down the wrong road, and there is not a dollar value that can be attached in any meaningful way to describe that value of that culture to that given service.

And therefore, even though these numbers have moved around drastically, we won't know until we go and take a deeper look to find those numbers. With all of that said, it will not persuade me, I don't think, to say no to the request for the Marine Corps to keep this just as they have it.

MR. : Thank you, Mr. Chairman.

I align myself with Admiral Gehman and General Newton. The culture issue is important and they have to be allowed to do -- it's been working and it would be something we would be tinkering with at our own peril, I think.

I would like, though, to express in a formal manner my displeasure with the number issue. It was not gone the way it should go, and we need to continue to say that to both the Department of the Navy and the Marine Corps.

MR. PRINCIPI: Thank you.

I would just add that I too express my displeasure with the Marine Corps on the numbers issues. I greatly appreciate General Nyland's efforts this morning to provide us with the correct numbers. However, we've received certified data, sworn testimony that really has been very, very inconsistent.

I'm also troubled by the 1995 official COBRA run that showed a \$500 million savings, and that, in fact, turned to a \$570 million cost 10 years later with a 100-year payback.

What's even more troubling to me is that the Navy could propose closing New London naval shipyard down -- naval submarine base down, moving all of the attack submarines to Norfolk and Kingsbay, building all new piers and facilities to house those submarines, housing, relocating what amount to a submarine university, with \$750 million in assets in New London to Kingsbay, Georgia, and the cost is half of what it would cost to consolidate MCRD San Diego and MCRD Parris Island. To me, that is totally unrealistic and totally unreliable.

But having said that, I'm going to withdraw the issue of MCRD from further consideration.

Yes, Mr. Coyle?

MR. COYLE: Mr. Chairman, consistent with my recusal, I would like my vote recorded as abstained.

MR. PRINCIPI: Well we can --

MR. COYLE: I presume there's no vote, so I don't need to comment on it.

MR. PRINCIPI: Well I was just going to withdraw the issue because, obviously, the votes are not there so it's --

MR. COYLE: Yes, but I would have been a negative also.

MR. PRINCIPI: Sorry?

MR. COYLE: I would have voted no.

MR. PRINCIPI: That's fine. Would you prefer to have a recorded vote? We can do that now.

MR. SKINNER: I don't care about the vote, I just think it's a unique opportunity for the United States Marine Corps, whether they want one or two, and I think they make a persuasive argument for two, but it's not in the right place.

And I think they, whether they do it through BRAC, and it's obvious they're not going to do it through BRAC, they ought to give serious consideration to taking the land value there, like they're doing it for housing, and build a world-class -- if they want to really do it, build a world-class with world-class barracks, with world-class -- next to a training area, and they could get the money out of a value of the

property in San Diego and build a world-class facility wherever it is, and I hope they do it, even though they won't do it through BRAC.

MR. : Mr. Chairman --

MR. PRINCIPI: Admiral Gehman?

ADM. GEHMAN: Mr. Chairman, listening to my colleagues up here, it occurred to me, and I have no knowledge of this, but it occurred to me that there is more sympathy for a proposal which reads something like, Close MCRD and relocate it to a site to be determined on the West Coast, than a proposal which directs them to move it to Parris Island.

A proposal like that would allow us to explore the economic value of MCRD, still allow the geo-centric recruiting that the Marine Corps uses, allow them to have two boot camps, and if it does not turn out to be an economically feasible plan, then we drop it.

But a proposal like that would satisfy both the Marine Corps and our ability to explore the economic value of the property.

So I don't know how procedurally -- if you want to vote the first one down and then receive a -- it's our commission, we can tell them to do anything we want, so I'll leave it to you. (Laughter)

MR. : -- (inaudible).

MR. PRINCIPI: Well, I appreciate that, Admiral Gehman. Let's confer with counsel on the specifics here to see if we can do that.

MR. : You know, Mr. Chairman, any -- even if we could do that by law, it seems to me that this commission in 20 days could hardly do the analysis to make that as a decent recommendation.

MR. PRINCIPI: Well then I'll ask the staff whether they can do the analysis in 20 days. (Laughter)

Mr. Hanna?

MR. HANNA: I think we can do the analysis on MCRD San Diego and get those cost figures. I think the finding a suitable location in 20 days with all of the analysis that would have to go into that is probably a step too far with the amount of time we have before final preparations.

MR. PRINCIPI: Well, there being no further questions or discussion, I will ask for a vote, which would include an option for Pendleton, for example, or Parris Island, a consolidation or to have a Marine Corps recruit depot in California at Camp Pendleton by stating that all those in favor of adding Marine Corps Recruit Depot San Diego, California, to the list of installations to be considered by the commission for closure or realignment, please raise your hand.

MR. : As amended?

MR. PRINCIPI: I'm sorry?

MR. : As amended, right?

MR. PRINCIPI: As amended.

All those opposed say nay.

MR. : -- vote.

MS. SARKAR: Thank you, Mr. Chairman.

The vote is six nays, two ayes, and one recusal. Therefore the Marine Corps Recruit Depot San Diego, California, will not be added to the list of installations to be considered by the commission for closure or realignment as amended.

MR. PRINCIPI: Thank you.

MS. SARKAR: Thank you, Mr. Chairman.

MR. PRINCIPI: Mr. Hanna?

MR. HANNA: Thank you, sir.

I'd like to introduce our analyst for Naval Shipyard Pearl Harbor, Mr. C.W. Furlow

MR. FURLOW: Thank you, Mr. Hanna.

Mr. Chairman, Commissioners, my presentation focuses on the Naval Shipyard and intermediate maintenance facility, Pearl Harbor, Hawaii, which provides depot and intermediate-level maintenance to both the surface ships and submarines of our Pacific Fleet.

This consideration relocates the depot maintenance function from the naval shipyard Pearl Harbor to the remaining shipyards while retaining the ship intermediate repair function at the naval station Pearl Harbor. The list of realignment and closure recommendations presented to the commission by the Secretary of Defense contains one action associated with this consideration, which is Department of Defense recommendation DON-23 entitled Recommendation for Closure, Naval Shipyard Portsmouth, Kittery, Maine.

The Portsmouth closure recommendation relocates the depot maintenance function to the remaining three shipyards at Puget Sound, Washington; Pearl Harbor, Hawaii; and Norfolk, Virginia; relocates the submarine maintenance engineering planning and procurement command, which is a tenant activity at the naval shipyard Portsmouth, to the Norfolk shipyard and closes the entire Portsmouth facility.

There are currently four naval shipyards performing depot-level ship refueling, modernization, overhaul and repair work. This consideration to realign the naval shipyard and intermediate maintenance

facility Pearl Harbor recognizes that: One, the Department of Defense has determined there is excess capacity in the aggregate across the four shipyards; Two, reducing the excess capacity involves closing either naval shipyard Pearl Harbor or naval shipyard Portsmouth; And three, the naval shipyard Pearl Harbor has a lower military value score than the other four shipyards.

Acceptance of this consideration will provide the commission with the option to complete a more thorough analysis of naval shipyard depot capability. Specifically, a more in-depth analysis of excess capacity in the shipyard and a better understanding of the reasons the Department of Defense chose to close a shipyard with higher military value.

If implemented, this consideration will affect the number of military and civilian personnel assigned to the shipyards. Data provided by the Department of Defense COBRA analysis shows that approximately 3,700 permanent positions would be relocated from the naval shipyard Pearl Harbor. Approximately 1,070 would relocate to the remaining three shipyards and approximately 2,700 positions would be eliminated, resulting in substantial savings.

Additionally, 1,400 positions would remain at Pearl Harbor to conduct the intermediate maintenance function. For comparison, I have included the data for the Department of Defense recommendation for closure of the naval shipyard Portsmouth. Data provided by the Department of Defense analysis for that recommendation shows that approximately 4,200 permanent positions would be relocated from the naval shipyard Portsmouth. Approximately 1,400 would relocate to the

remaining three shipyards, and almost 2,800 positions would be eliminated, again resulting in substantial savings.

Next chart, please.

Again on this slide, I have provided the available COBRA data for both the consideration to realign Pearl Harbor and the DOD recommendation to close Portsmouth. This data shows a one-time cost for the Pearl Harbor consideration of \$485 million. The cost-payback period calculated by the COBRA model is three years, with a net-present value of the savings from this consideration through 2025 estimated at \$1.29 billion.

As shown on the third column of this chart, available COBRA data shows a one-time cost for the Portsmouth recommendation of approximately \$448 million. The cost-payback period calculated by the COBRA model is four years, with a net-present value of the savings from this recommendation through 2025 estimated at \$1.26 billion.

Next chart, please.

This slide summarizes the significant issues associated with this consideration and highlights the positions of the Department of Defense, community and BRAC analysis staff on each one, if a position is known at this time. While there is not much filled in on this chart, it is important to note that although the naval shipyard Pearl Harbor accumulated the lowest military value score, the Department of Defense selected the naval shipyard Portsmouth for closure because it is the only closure which could both eliminate excess capacity and satisfy retention of the strategically placed shipyard capability.

If implemented, the total direct and indirect job changes would affect 1.3 percent of the economic area employment for the Honolulu, Hawaii metropolitan statistical area.

Next chart, please.

Mr. Chairman, in response to your letter dated 1 July 2005, in which you questioned why the naval shipyard Pearl Harbor was not recommended for closure, the Department of Defense states the following:

One, the industrial joint cross-service group found excess capacity sufficient to justify closure of one shipyard;

Two, the Department of Defense COBRA analysis indicated that realigning the naval shipyard Pearl Harbor depot function would produce greater net present-value savings than realigning the naval shipyard depot function; however, the net present-value savings associated with the Department of Defense fence-line closure of the naval shipyard Portsmouth produces about the same amount of savings as realigning the depot function at the Pearl Harbor shipyard;

Three, the military value score for Portsmouth was slightly higher than Pearl.

And four, military judgment favors retention of naval shipyard Pearl Harbor because of its strategic location and multiplatform capabilities.

Additionally, combatant commander of the Pacific expressed operational concerns with a closure of the Pearl Harbor shipyard.

This concludes my prepared presentation. The staff's prepared to answer any questions, -- (inaudible) -- to any motions that commissioners might have.

MR. PRINCIPI: Thank you.

Are there any questions or comments?

Admiral Gehman?

ADM. GEHMAN: Thank you, Mr. Chairman.

For my colleagues, I think that there are -- this is a very complicated issue, but I think that there are two questions that this commission needs to be sure that it knows the answers to.

The first question is, is there, and if there is, how much, excess industrial capacity in the four federal shipyards is there really? The Department of Defense has indicated that there is excess capacity. Community inputs have indicated that there's not excess capacity. So we need to determine is there excess capacity or not, and it's not clear to me that we know the answer to that at this stage.

The second question is if there is excess capacity, why did the Department of Defense elect to close the shipyard with the higher military value, rather than the shipyard with the shipyard with the lower military value?

In the military value equation, such things as efficiencies and geographic locations, things like that, are already in the equation, so you can't count -- I mean, they want us to count them twice. I believe that we need to -- in order to thoroughly go through these very, very, very tough questions, I think we need to do the complete analysis, which is recommended by the staff.

Now I will tell you that this particular recommendation makes no economic sense whatsoever. For example, turning the Pearl Harbor shipyard into Pearl Harbor intermediate maintenance facility and not

doing overhauls, just means that those overhauls have to be sent some other place. There's no cost saving. As a matter of fact, that's going to cost more because now you're going to pay twice.

The overheard Pearl Harbor Navy Shipyard is spread across its industrial activity. If you do less industrial activity, you got to put more overhead on a smaller base. So they're already bad mandate rates will just go up higher. So the Navy's going to pay twice now, they're going to pay for a ship to go to Bremerton for overhaul, and they're going to pay higher rates at Pearl Harbor Navy Shipyard.

But regardless of that, I am not satisfied that we know the answer to the two basic questions. Is there really -- and I use the term, I like to use the term excess, excess capacity. In other words, I think it's okay if there is 10 percent excess capacity or 15 percent excess capacity. I would be concerned if there was 40 percent excess capacity, but if there's only -- I need to know whether that there is excess capacity and if so, if there is, then why did the Department elect to pick up the shipyard with the higher military value?

For that reason, I would vote for this study. But the proposal, as presented, has absolutely no economic value whatsoever.

Thank you, Mr. Chairman.

MR. PRINCIPI: Okay.

GEN. HILL: I agree completely with Admiral Gehman, with a possible of one exception.

The combatant commander's views, the strategic location of Pearl Harbor in the Pacific is the overriding issue here. Period. It should not be closed in any way.

Having said that, I am not persuaded that Portsmouth should be closed either. I'm not sure of the excess capacity.

But there is no reason to vote for this option and consideration to insure that we have an adequate study of the excess capacity as we've had discussions with the staff.

So for that reason, I vote against this -- considering this option -- but I do agree that we need to have a very hard look at what is excess capacity in today's environment.

MR. PRINCIPI: Mr. Skinner?

MR. SKINNER: I agree with General Hill. I agree with Admiral Gehman, too. This doesn't make any economic sense and if it's close, then the strategic value being in Pearl Harbor appears to me to weigh in favor of Pearl Harbor as it's currently constituted.

I think the issue on Portsmouth, which -- they make a very compelling issue of a world-class shipyard is whether or not we need that capacity, not only now but in the next 20 years, and I think we need to study that and should study it and will study it, and I would say that, Go ahead and keep Pearl Harbor on the table to try to solve the Portsmouth issue is, probably given the numbers that I've seen so far, probably very problematic, so I vote no, too.

MR. PRINCIPI: General Newton?

GEN. NEWTON: Yes, Mr. Chairman, while I somewhat agree with my colleagues, I also see an opportunity for us to get down the road a ways here and have our hands tied now because we can't go and look at Pearl Harbor. And so I think we should leave all of the options open. That's

the only way to insure that we can collect all of the data we think we're going to need to weigh on this particular problem.

Therefore, I would be voting in favor of placing this on the list.

MR. PRINCIPI: Mr. Coyle?

MR. COYLE: Mr. Chairman, I agree with the logic put forward by Admiral Gehman. If excess capacity were the only standard, we would close the outer loop of the beltway because it isn't gridlocked 24 hours a day.

So I vote yes.

MR. PRINCIPI: Are there any other questions or comments on this matter?

There being none, I ask all those in favor of adding Naval Shipyard Pearl Harbor Hawaii to the list of installations to be considered by the commission for closure and realignment, please raise your hand. Those opposed.

Please call the vote.

MS. SARKAR: Could I have one more nay please?

MR. PRINCIPI: You want the nays again.

MS. SARKAR: Thank you, Mr. Chairman.

The vote is five ayes, four nays. Therefore, the Naval Shipyard Pearl Harbor Hawaii will not be added to the list of installations to be considered by the commission for closure or realignment. There are no recusals.

Thank you, Mr. Chairman.

MR. PRINCIPI: Thank you, Mr. Skinner.

MR. SKINNER: I think and I hope that we will get the full capacity issues out of Pearl Harbor, even though they're not on the list. I assume we'll be able to -- by voting no, I did not want to preclude us from getting all the necessary information we need to analyze the capacity of all our shipyards, and hopefully we'll get it whether we voted yea or nay.

MR. PRINCIPI: Mr. Hannah.

MR. HANNAH: On that, Commissioner Skinner, it would have been easier with Pearl. I think we can get enough of an answer to be able to make an informed analysis for you by the end of the summer.

MR. HILL: And I would also like to add to Mr. Skinner's comment in that I would, in a public forum, urge the Department of Navy to be very forthcoming in this, so in point of fact we can get at for this commission's purview this excess capacity issue.

MR. PRINCIPI: Mr. Hannah.

MR. HANNAH: Thank you, sir.

I would like to introduce our analysts for the fifth item, another easy one, Naval Air Station Oceana. Mr. Bill Fetzer.

MR. FETZER: Thank you, Mr. Hannah.

Good afternoon, Mr. Chairman and commissioners.

This presentation considers closing the Navy's master jet base located at Oceana Naval Air Station in Virginia Beach, Virginia, and relocating all squadrons, personnel, equipment and support to a suitable alternative site to be determined by the Navy.

According to Oceana's commanding officer, NAS Oceana is the busiest master jet base in the nation, with approximately 220,000 operations per

year at the main airfield, and another 100,000 operations per year at Fentress Field.

Fentress is the Navy's outlying training site located seven miles to the southwest of Oceana in Chesapeake, Virginia. Field carrier landing practice is conducted at Fentress to simulate the critical landing techniques required for safe flight operations at sea.

At NAS Oceana alone at least one landing or takeoff occurs on the average every 2.5 minutes, 24 hours a day, seven days a week. For Fentress Field a landing or takeoff occurs every 5.3 minutes, 24/7.

Next slide. Approximately 10,000 military and civilian personnel, and 244 jets, and associated support equipment, would be transferred from Oceana. Consequently, a significant amount of military construction will be required to upgrade an existing base along the East Coast or establish a new modern jet base on the East Coast.

The list of realignment and closure recommendations presented to the Commission by the Secretary of Defense in 2005 contains two minor realignments concerning NAS Oceana, and affects less than 100 personnel.

Next slide.

The primary reason to consider NAS Oceana for closure is the increasing encroachment of the surrounding community. Despite significant efforts by the Navy and local community leaders over the last 30 years to limit the encroachment, developers demands and property rights issues have trumped the Navy's objections to new building in the high noise and accident potential zones, also known as APZs.

Since 1975 reportedly 73 percent of the development proposals that the Navy objected to were subsequently approved by the Virginia Beach

City Council over the Navy's objections. As an example, the small red circle in the upper right edge of the Vugraph shows the location where in 2003 a new condominium development was proposed to the city of Virginia Beach.

As depicted, that site lies within the APZ 2 for the runway 23 approach to Oceana, the nearest point to which aircraft may descend to as low as 700 feet during instrument approaches.

The commanding officer of NAS Oceana opposed that development in writing to the city council on June the 5th, 2003, stating that residential land use was incompatible within the designated APZ and noise zones, and should be prohibited.

In November, 2003, the city council approved that project over the Navy's objections.

The air space and field boundary encroachment continues to constrain the present operational and training capability of the jets operating at Oceana and Fentress Field.

As I mentioned earlier, over 100,000 day-and-night training operations are conducted at Fentress Field annually. The most critical training required of naval aviators is the landing and takeoff from aircraft carriers. This skill requires precise piloting techniques, and needs to be practiced frequently, resulting in a high number of airport evolutions, primarily takeoffs and landings, or touch and goes.

This goes on throughout the day and well into the night. The situation creates a high-noise environment within five miles of the associated airfields. Night training is now difficult to replicate at

Fentress Field because of the ambient light caused by the encroaching development.

Rather than flying the same pattern altitudes and approach paths that they would use when operating around aircraft carriers at sea, the aviators must adjust their flight patterns to comply with noise-abatement procedures demanded by neighborhood developments near Fentress Field.

Accepting this consideration to close NAS Oceana will provide the Commission with the opportunity to study alternatives for closure or further realignment of NAS Oceana.

Next slide.

This chart shows the proposed number of military and civilian personnel that would be transferred, and billets that could be eliminated by the consideration to close NAS Oceana. With a total direct impact to just over 10,000 people including over 1,600 civilians.

Next slide.

During the BRAC process, the Navy ran four COBRA scenarios for closing NAS Oceana, including relocating the master jet base to Beaufort, South Carolina; Pensacola, Florida; Whiting Field near Pensacola; and Moody Air Force Base near Valdosta, Georgia.

Beaufort was rejected for economic reasons, that included a 100-year payback. The two Pensacola area bases were rejected due to encroachment and the lack of over-water range availability. The COBRA data for moving the Navy master jet base to Moody provided the indicated results with over 70 percent of the one-time costs attributed to Navy construction.

Available COBRA data shows a one-time cost for this proposal of \$494 million. The cost payback period is 13 years, and the net present value of the savings from this proposal through 2025 is estimated at \$36 million.

Additional COBRA data estimates the one-time costs to transfer all U.S. Air Force assets to Moody to be an additional \$179 million.

Next slide.

This Vugraph summarizes two primary issues associated with this consideration. The first issue deals with encroachment of the airfield boundaries and flight paths. Although Oceana has a relatively high military value, ranking sixth out of 34 Naval and Marine Corps air stations, encroachment has wide-ranging implications for the first three military value criteria.

Criteria one, the impact of current and future readiness. Criteria two, the availability of facilities and associated airspace at the existing and receiving locations. And criteria three, the ability to accommodate contingency mobilization, surge and future total force requirements at the existing location.

Clearly, encroachment of NAS Oceana affects the Navy's ability to train and operate. The Navy considered several closure scenarios, but rejected all because of cost or the inability to gain access to a suitable site near potential East Coast over-water training areas and ranges.

Because NAS Oceana has been in operation at the present location since it was established in 1941, on 360 acres of swampland, the community position is mixed. Reportedly several thousand citizens are

opposed to the increasing jet noise, but many more thousands support the retention of NAS Oceana as the Navy's master jet base.

The other primary issue deals with the sheer volume of personnel and equipment that would be relocated from Oceana and is also related to three separate criteria. Criteria six, the economic impact on the existing communities of the Virginia Beach area, and whatever the Navy decides -- and wherever the Navy decides to establish a new master jet base.

Criteria seven, the ability of the infrastructure of both the existing and potential receiving communities to support forces, missions and personnel.

And, finally, criteria eight, the environmental impacts associated with that many people and aircraft relocating to a new site.

Next slide.

The Department of Defense responded to the commission's 1 July request for information regarding NAS Oceana. The Navy examined several alternatives for an East Coast master jet base, including Moody Air Force Base.

Moody was considered a feasible alternative to Oceana, but it has a number of factors that make it less desirable than retaining Oceana, including the one-time military construction costs of \$363 million.

Oceana is considered by the Navy to be the most suitable option of all East Coast technical aviation bases. However, encroachment at Oceana presents significant challenges to long-term operational requirements.

According to the secretary's letter, the best basing alternative for East Coast tactical aviation would be to build a new 21st-century master jet base, but such action would occur outside the BRAC window that ends in 2011.

The GAO reported that the Navy considered several options for closing NAS Oceana, but was unable to find a suitable cost-effective alternative.

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

MR. PRINCIPI: Thank you, Mr. Fetzner.

Admiral Gehman.

ADM. GEHMAN: Mr. Chairman, as I indicated in public previously I'm going to recuse myself from any matters having to do with the State of Virginia. Thank you, sir.

MR. PRINCIPI: Thank you, Admiral.

Mr. Coyle.

MR. COYLE: Thank you, Mr. Chairman. The other day General Turner asked an insightful question, which was, is the encroachment at Oceana beginning to impact the training syllabus for the Navy, to which I believe the answer was, yes.

Some people have said that this is a question not of if but when. Mr. Hannah and Mr. Fetzner, do you agree that this is not an if but a when situation?

MR. FETZNER: Yes, sir. In fact, as you heard in the testimony that the Navy hasn't fully formulated those plans. And we do hear that they

are considering a new master jet base, as testified by the secretary of Defense.

MR. COYLE: And would your staff analysis, the analysis that you would do if this went forward, help the Navy to develop the best options?

MR. FETZER: I would be presumptuous in saying that I could help the Navy at this point in time, sir.

MR. COYLE: Thank you.

MR. HANNAH: Mr. Chairman?

MR. PRINCIPI: Yes. Mr. Coyle.

MR. COYLE: Thank you. You mentioned it was \$363 million.

MR. FETZER: That's military construction sir.

MR. COYLE: And could you break that down?

MR. FETZER: Yes, sir.

MR. COYLE: Whose figure is that?

MR. FETZER: This is a COBRA model.

MR. HANNAH: While he's getting the paper, we used Moody as an illustrative sample so we could get some costing figures for order-of-magnitude presentation, and they did consider the movement, what it would cost to recreate the master jet base in its current configuration at another location.

MR. FETZER: It looks like there's about 30 to 40 specific items here, including runways, aircraft aprons, hangars, aircraft maintenance shops, exchange, commissaries, BEQs, essentially this would be for Moody, and that is because Moody Air Force Base presently has about half

the hangar and runway capacity that the Navy would seek for the master jet base.

MR. COYLE: Is there a possibility of encroachment at Moody? It seems like that's the standard. Every time you get into it there's another commanding officer coming in and saying that we've got encroachment.

I think all past five of their logistic centers in the Air Force had that problem. And are we just going transfer that same problem to Moody? What would be your opinion?

MR. FETZER: I believe we would transfer some encroachment problems. But they have more buildable acres down there, and they could accommodate that building.

But at this point, as the secretary of Defense testified, that's a World War II-era base, and they probably would have to do significant building on that base as well. Besides the new building, so that we'd have to do rehabilitation.

MR. COYLE: Thank you.

MR. PRINCIPI: General Hill.

GEN. HILL: This is, in my view, the most perplexing and complex issue that we faced. And if you recall during the initial hearing with the C&O (ph), I asked him the question, why didn't you close Oceana?

And Admiral Clark, whom I have a tremendous amount of respect for -- in fact he's an E.F. Hutton person for me; when Admiral Clark talks, I listen -- said that he wanted to close Oceana. He simply couldn't find any other alternative.

I hear that, but then also in our discussions, in our deliberations, in our looking at this with the staff, I am also persuaded -- we've got to try to help the Navy figure out an answer to this, because we are, in fact, going to have a major disaster at Oceana, now, sooner rather than later.

So I think we need to work this. When we had Admiral Willard here yesterday, he kept referring to the fleet training base and keeping all the wings together as the optimum solution. It seems to me -- and we may not be able to find it -- but I would like to work over the next several weeks as we look at this -- I'm going to vote yes on this -- to work with the Navy to see if there are some other alternatives to help them in the near term, near to mid term, to allow them to get to the long-term solution to this issue.

A thing that pops into my mind is that there is more than ample space, training space, air space and ramp space at Naval Air Station Kingsville, Texas, to do a lot of this training. There is berth space at Ingleside to put a carrier there. I'm not talking about reassigning it, but in pulling it back, you could put the carrier there; you could do the training.

There are alternatives, it seems to me, that we ought to work our way through, that are in front of the BRAC commission at this point. So I would point yes for this.

MR. PRINCIPI: Mr. Skinner.

MR. SKINNER: Well, I'm not afraid of a big project. But I'm afraid this project is a little bit too big. I think the Navy has a serious problem. I think they recognize they have a serious problem. I

think listening to Admiral Clark and others, who I also have a lot of respect for, I think they have not found an alternative absent building a master jet base somewhere in the southeast over the next, you know, 15 years or so.

I think that is a huge, huge challenge, having been involved in the development of the airport in Denver. I know how big that big was, and that's, well, it's of equal size and it's an equal magnitude.

I'm not so sure -- I would love to help. While I wasn't afraid to have the commission get involved in a building a new Marine Corps recruit depot in San Diego, or in California, I just don't know what we can -- what I'm worried about is the dissipation of our staff, and I don't think we can really get the answer we want.

And I'm also convinced that the Navy recognizes, and they've got a lot of good people, they've got people that can work on this, and if I thought there was a way we could help them by studying it ourselves, I would vote yes to keep it on. But I don't think there is anything we can do in as somebody said 20 or 30 days with a lot of other work we have to do on a lot of issues.

I'm not so sure that would be a valuable expenditure of our time that we're not already -- or it could be duplicated by the Navy as they work this problem. So I would vote no.

And I'd offer -- General Hill and I are absolutely on the right thing, we ought to -- if we could do something to help I would vote yes. But I don't see that we can really bring any real added value.

MR. PRINCIPI: I'm going to let you respond to that, and apprise the commissioners as to the capability of the staff to address some of

these very complex issues in a very short period of time. I think there is a --

So it's your general consensus that something needs to be done at some point, but what is the best approach to take with regard to Oceana.

MR. HANNA: Yes, sir, thank you.

Unlike some of the other scenarios that were proposed, a lot of work has gone on both on our own staff and within the Department of Defense that we can draw on as we investigate. So I think there is an opportunity to at least come up with something useable and useful in the August deliberations, should you choose to consider this.

MR. SKINNER: The staff believes that they have the capability to bring some added value. I have a lot of confidence in the staff, so I guess I'll support that recommendation, given the fact that the staff believes that with everything they have, they can provide something as a result of this that will answer the objective that I know everybody on the panel has, even those that are recused, to try to help the Navy do whatever it can.

So if you believe you can do it and not compromise your other work, then I'll support that, because it would bring real value to the Navy.

MR. HANNA: We do, Mr. Skinner.

MR. PRINCIPI: There being no further questions or discussion, I call for the vote. All those in favor of considering Naval Air Station Oceana, Virginia, for closure or to increase the extent of realignment, please raise your hand.

All opposed, say nay.

MS. SARKAR: Thank you, Mr. Chairman. The vote is seven ayes, one nay, one recusal. Therefore Naval Air Station Oceania, Virginia, will be considered for closure, or to increase the extent of realignment. Thank you, Mr. Chairman.

MR. PRINCIPI: Thank you. I apologize Mr. Bilbray. We'll take a 10 minute recess.

(Recess.)

MR. PRINCIPI: The BRAC Commission is back in session. We'll now the Air Force team.

Is that correct, Mr. Cirillo?

MR. CIRILLO: Yes, sir. Thank you, Mr. Chairman, commissioners. We will proceed with Mr. Ken Small, who is Air Force team leader, who introduced comments and recommendations and considerations for today.

Mr. Small?

MR. SMALL: Thank you, Mr. Cirillo. I am the team leader for the Air Force team. This afternoon my analyst will present to the commission four potential adds, meaning that we are considering actions which we consider worthy of further analysis. Up until now, my analysts have been visiting bases and smaller installations named by the secretary of Defense in his report to you in May. In order to conduct in-depth analysis, we desire that the commission consider these presentations today, only for a decision to conduct further analysis.

We have accumulated the suggestions for additional further actions for commission. We will start with Moody Air Force Base, Georgia. Tanya Cruz will discuss Moody.

Tanya?

MS. CRUZ: Mr. Chairman, commissioners, my presentation to you today covers the realignment of Moody Air Force Base in Valdosta, Georgia, to make room for a Navy move from Naval Air Station Oceania in Virginia. Moody Air Force Base is presently the home of five Air Force training and support squadrons, with 122 aircraft, and approximately 5,000 military and civilian personnel.

Next slide.

Under this consideration, all U.S. Air Force assets at Moody Air Force Base would be required to relocate to other suitable facilities. The current list of realignment and closure recommendations contains three minor realignments associated with Moody. The maintenance move between Moody and Shaw Air Force Base involves moving base-level ALQ-184 for intermediate maintenance from Moody to Shaw and, in turn, relocating base level TF-34 engine intermediate maintenance from Shaw to Moody.

Under the same recommendation, the Department recommends relocating 12 A-10s from Eielson Air Force Base in Alaska to Moody. The Department of Defense also recommends relocating 36 A-10 aircraft from Pope Air Force Base to Moody. Additionally, the current Department of Defense position realigns Moody by relocating its primary phase of fixed-wing pilot training and introduction to fighter fundamental training, along with the associated aircraft, namely the T-6s and T-38s, to multiple Air Force bases.

Next slide.

The primary reason to consider adding Moody Air Force Base for further realignment is to provide a potential location for Naval Air Station Oceania's master jet base. As previously mentioned, the

operational training capability at Oceania is significantly constrained by air space and field boundary encroachment. For initial analysis pertaining to this potential add, the staff assumes that all major units at Moody would have to depart the base and be relocated to other locations. For purposes of the COBRA analysis, the Air Force has given -- (inaudible) -- to select the future locations for the departing units.

Placing Moody as an addition to the Secretary's list would allow the staff to formally explore this option through in-depth analysis. If voted on today, the commission could consider the realignment of Moody Air Force Base to make it an Navy installation. The chart on this slide shows the manpower implications of redistributing all of Moody's Air Force forces and functions. As a result, the net personnel loss would be 4,603 military positions and 268 civilian positions, with a total direct impact of 4,889. Again, these numbers reflect Air Force departure from Moody. The numbers do not consider the arrival of any Navy units, which would comprise approximately 10,000 people.

Next slide, please.

As previously discussed by my colleagues, the Navy ran four COBRA scenarios for closing Naval Air Station Oceania. To briefly recap one such scenario, included relocating the master jet base to Moody Air Force Base in Valdosta, Georgia. To carry out this realignment, the COBRA run shows a one-time cost of 494 million (dollars), with a payback period of 13 years. The Air Force also ran a scenario which considers the departure of Air Force assets for an Oceania move to Moody. The COBRA data from this run shows a one-time cost of approximately 179

million (dollars), with a payback period of one year and a net-present value of those savings in 2025 of 1.5 billion (dollars).

Next slide.

There are four issues currently associated with this scenario. The first issue deals with the impact on total force and operational readiness. There are a number of Air Force assets currently at Moody Air Force Base that would need to be relocated to suitable Air Force installations. Those assets include the manpower, as well as the aircraft, associated with the 820th Security Forces group and the combat search-and-rescue forces.

As the disposition of these assets will be left to the Department of Defense, the impact on the receiving locations and communities is currently unknown. The second issue also discussed in the Oceania presentation corresponds to the availability of facilities at Moody. Closing NAS Oceania and relocating its personnel, aircraft and equipment to Moody would require a significant amount of military construction. A substantial amount of MILCON would also be necessary to build additional runways, hangars and ramp space. In addition, there's a substantial shortfall in personnel support facilities needed to meet the requirements. At present, there are approximately 300 on-base family housing units at Moody, with an additional 350 slated for construction and 95 for demolition. For a total projected 555 units of military family housing.

The third issue is related to the availability of suitable training areas. At Moody there are currently no over-water training ranges owned or operated by Moody, which are necessary for naval flight training

operations. In addition adding upwards of 200 naval aircraft to the air-to-ground or air-to-air training airspace in the region, could produce challenges in scheduling of air space use.

The fourth issue summarized on the slide deals with economic impact on existing communities near Moody Air Force base. Relocating approximately 10,000 personnel to an MSA with employment at approximately 60,000 will result in a direct net increase in jobs of almost 10 percent. But the community believes it could support additional 15,000 military personnel, given the current of status of on-base housing at Moody as well as other quality-of-life considerations, the community's ability to absorb such a population increase is questionable.

Next slide, please?

In a July 1 BRAC commission letter, we asked the Department of Defense to provide comment to the following question: What consideration was given to the realignment of the master jet base located at NAS Oceania, Virginia to Moody Air Force Base, Georgia? The community responded, in the case of realignment to Moody Air Force Base, while it was considered a feasible alternative, it would incur significant one-time cost, almost 500 million (dollars), and result in a long payback period, 14 years. We concluded the best long-term basing alternative for East Coast Navy tactical aviation would be to build a new 21st century naval air station able to accommodate legacy and planned high-performance aircraft, but such action would optimally occur outside the BRAC window.

In addition, DOD commented that relocating to Moody or another existing location, within the timeframe of this BRAC would require extensive infrastructure upgrades, significant time and resources and still would not obtain the operational or quality-of-life standards expected of this century. GAO's BRAC report did not comment specifically on DOD's recommendations for Moody.

Last slide.

I would like to reiterate that if voted in favor of today, Moody Air Force Base would be added for consideration to DOD's lists of recommendations for closure or realignment to make way for a Navy move to Oceania to Moody. This potential add would complement existing OSD recommendations for changing missions at Moody, by opening up the full range of potential activities at Moody for additional analysis by the staff.

Mr. Chairman, commissioner, this concludes my presentation. The staff would be happy to address any questions you or the other commissioners have prior to any motions made.

MR. PRINCIPI: Thank you, Ms. Cruz.

General Newton?

GEN. NEWTON: Yes, Mr. Chairman. Mr. Chairman, we discussed earlier how truly difficult and critical the issue of relocating the mission at Oceania. As a result, for all of the many reasons that was pointed out by the staff, Moody should not be on this list. Let me illustrate a couple of things. I noted, and I wanted to make a comment. A couple of folks have talked about Moody being a World War II base.

Let me dispel that right now. It certainly started in WWII, but it's far from being a World War II base today.

It's a modern Air Force base like many of our Air Force bases. I just wanted to get rid of that. The next is, by adding Moody to the list it limits us from looking at all of the other possible opportunities of where we might be able to help the nation to take this mission, and so for that reason, primarily I would say Moody should not be on this list. We've already discussed the significant cost that's there as well as the Air Force, in coordination with the Navy, and there's been lots of dialogue that has taken place there; we've had that in testimony. But as well, the Navy, -- I mean Air Force have done a lot of coordination with the Army. And their plan for the future, as recommended by the Secretary, is that they will do a very important mission that will be in the joint arena here with the United States Army, and I think that's extremely, extremely important.

So, I would suggest that Moody not be added to the list for realignment and closure.

MR. PRINCIPI: Thank you, General Newton.

Admiral Gehman.

ADM. GEHMAN: Mr. Chairman, once again, as I previously announced, I'm going to recuse myself from this issue, since Virginia is a loser -- (inaudible).

MR. PRINCIPI: Thank you, Admiral Gehman. Are there any other questions?

Are there any other questions, any comments?

And I would just associate myself with the remarks of General Newton. I think a decision on Oceania, to do further analysis, to broaden the scope, to look at all the various options for the Navy makes a great deal of sense.

I will now call for the vote.

On this issue of Moody, all those in favor of considering Moody Air Force Base, Georgia for closure or to increase the extent of realignment, please raise your hand. All those opposed.

GEN. NEWTON: I'm not so sure I understand the vote, Mr. Chairman.

MR. PRINCIPI: The vote yes is to close Moody, the vote nay is to -

-

GEN. NEWTON: The vote to add Moody on to the list.

MR. PRINCIPI: The vote to add Moody on to the list is an aye, and the vote to take it off the list is a nay. All those in favor adding Moody to the list for closure, please raise your hand. All those opposed.

MS. SARKAR: Thank you, Mr. Chairman. The vote is one aye, seven opposed, one recusal. Therefore Moody Air Force Base, Georgia will not be considered for closure or to increase the extent of realignment at this time. Thank you, Mr. Chairman.

MR. PRINCIPI: Thank you, counsel. Mr. Small?

MR. SMALL: Yes, sir, we have a little chair shuffle here, and we'll be right with you, sir.

Mr. Chairman, sorry for the delay. Mr. Tim MacGregor will discuss Grand Forks.

MR. MACGREGOR: Good afternoon, commissioners, Mr. Chairman.

The next action for your consideration is the closure of Grand Forks Air Force Base, North Dakota. The current OSD recommendation for Grand Forks is realignment. The OSD recommendation directs all of Grand Forks' 44 KC-135R aircraft to five bases: two active duty, two Air National Guard, and one Air Force Reserve. The original recommendation also results in the loss of 2645 direct manpower positions, leaving 614 in place at Grand Forks.

The details of the closure action being briefed now for your consideration differ from the OSD recommendation in two significant ways. First, closure results in the loss of all authorized positions at the base, including the 614 that the realignment action would have left. And second, the closure action does not specify receiving locations from the tanker aircraft. This action specifies that the forces and functions currently at Grand Forks will be distributed at the secretary of the Air Force's discretion, in accordance with the law. As a result, specific requirements for receiving locations are not available for analysis, since the locations may differ than those originally proposed in the OSD recommendation. Air Force 37 is the primary recommendation with this action. Air Force 38 is closely related. Since the Air Force is on record as stating that they intend to base unmanned aerial vehicles at Grand Forks. And those UAVs will be operated and maintained, in part, by personnel from Hector International Airport Air Guard Station, which, under Air Force 38, loses all of its aircraft, but no manpower authorizations.

There are several reasons that the closure action have been levied for your consideration. First, as late as this past 26 of April, the

Air Force's base closure executive group, the BCEG, approved Grand Forks for closure. Eight days later, on May 4th, OSD's infrastructure executive council, the IEC, approved a modification to the recommendation. The IEC minutes state, quote, "to address a strategic presence issue, discussed at the IEC, the Air Force presented to the IEC, a modified recommendation. The proposal would change the status of the Grand Forks recommendation from a closure to a realignment to address strategic presence issues.

The installation would eventually host an association with the Air National Guard unit at Fargo, North Dakota, Hector Field, in an emerging mission. Grand Forks, rather than Ellsworth, was selected as the base to retain to address the strategic presence issue because Ellsworth did not have a better reserve component association possibilities. The IEC agreed to change its recommendation from a closure to a realignment."

As the mission compatibility index rankings, Grand Forks ranked lowest in military value in the tanker category of all current active-duty tanker bases. Grand Forks was ranked number 40 of 154 total bases in tanker MCI. As a reminder, the Air Force rated 154 installations in each of 8 categories, including airlift, bomber, fighter, tanker and others. Of note, Ellsworth Air Force Base South Dakota, though not currently a tanker base, was ranked number five tanker base overall, a position higher than all active duty tanker bases. Minot Air Force Base, North Dakota, at number 43 was ranked below Grand Forks.

The third reason this closure action is before you today is the status of the 614 manpower positions remaining at Grand Forks. Based on the BRAC recommendations and current programmatic data available to the

commission, after the tankers leave Grand Forks, the 614 people have no specific mission to support.

Fourth, though senior Air Force leaders are repeatedly on record as intending to base UAVs at Grand Forks, there is no current programmatic data available for that mission. Specifically, there's no stated UAV arrival date, quantity or requirement for support personnel. At yesterday's hearing, the Air Force vice chief of staff reiterated the service's intent to base UAVs at Grand Forks and made references to budgetary data. We are in the process of gathering that data now.

Fifth, due in part to information provided to the commission during the base visit and the regional hearings, adding Grand Forks for closure gives the commission further opportunities for review and analysis.

And lastly, if voted affirmatively, the commission will have the option of fully closing Grand Forks, in addition to options to either realign or leave completely open. As noted on this slide, closing Grand Forks will result in the loss of approximately 3500 direct, authorized positions. With the inclusion of estimated indirect job losses, this action will result in approximately 6,600 total jobs lost.

This table compares COBRA data from OSD's original recommendation to realign Grand Forks, noted in the middle column, with data prepared depicting the complete closure of Grand Forks, noted in the far right column. You can see that one-time costs to close Grand Forks are approximately \$3 million less than realignment, while the 20-year net present value for closure is approximately \$674 million greater than realignment.

There are four primary issues known at this time that are being addressed regarding this proposal.

First, the UAV mission. As previously noted, the most senior Air Force leaders indicated their intent to base UAVs at Grand Forks, with associated responsibilities at Hector Field. As you'll recall, General Moseley, the vice chief of staff of the Air Force testified under oath at yesterday's hearing about the service's intent to base a family of UAVs at Grand Forks. We have also noted that Grand Forks may be used as a potential future base for a new tanker aircraft, once DOD makes a decision on the KC-135 replacement program.

While a potential UAV mission is strongly supported by both North Dakota communities, Grand Forks and Fargo, there is no UAV full programmatic data that the commission can quantitatively analyze. Though as previously noted, based on yesterday's testimony, we have requested and begun to receive programmatic data germane to the original realignment recommendation. Adding Grand Forks as a closure gives both the DOD and the commission greater opportunity to analyze detailed data regarding the emerging UAV mission.

Second, we need to look more closely at the issue regarding the loss of a facility helping to provide strategic presence. DOD cited its primary reason for changing Grand Forks from a closure to a realignment during its deliberative process eight days before their BRAC recommendations were published, was to address a strategic presence issue in the north-central United States. It's worthwhile to note that there are three additional bases in the north-central region. Minot Air Force Base, which is not slated for either realignment or closure, is

196 miles to the northwest. Hector International Air Guard Station, recommended for realignment, is located in Fargo, North Dakota, 73 miles to the southeast. And Ellsworth Air Force Base, South Dakota, an installation that OSD recommended for closure, is located 387 miles to the southwest of Grand Forks.

Third, the OSD realignment recommendation leaves 614 manpower authorizations at Grand Forks, with an estimated annual \$1,500 million for base operating support, or BOS. Under the current recommendation, the 614 personnel in BOS have no specific mission to support. Considering Grand Forks for closure would give both DOD and the commission greater opportunity to specify and analyze what those people and costs will support in preparation for potential emerging missions, or what savings might be gained if the base is selected for closure versus realignment with no specific mission.

Lastly, please note that a closure action will result in the loss of approximately 10 percent of the jobs in the metropolitan statistical area, versus 7.4 percent loss estimated with the original realignment recommendation. In its response to Chairman Principi's letter to Secretary Rumsfeld on July 1st, the DOD reiterated that its intent is to keep Grand Forks open both a strategic, regional presence and to accept future UAV missions. The letter also noted that it was the Air Force who proposed to the infrastructure executive council that Grand Forks be changed from closure to realignment.

In effect, the Air Force changed its recommendation, and DOD approved the change. With regard to UAVs, the DOD letter states, quote, "Future specific plans for UAVs are undefined in BRAC, in terms of

numbers and timing. However the post-BRAC intent of the Air Force is to dovetail an emerging mission with the departure of the old mission." The DOD adds, "growth of this mission will include transition to the Predator MQ-9, eventually adding the global hawk UAV.

In their recent analysis of DOD's 2005 BRAC recommendations, the GAO made several specific references to Grand Forks, to include, noting that Grand Forks was changed by the IEC from closure to realignment a week before the OEC BRAC release. GAO cites DOD made a military judgment call to keep the base to maintain a strategic presence in the north-central United States, though GAO also noted that Minot Air Force Base is also located in North Dakota and is not affected by any BRAC recommendation.

The GAO also reports analysis of the Air Force recommendation identified some issues that the BRAC commission may wish to consider, such as the projected savings from military personnel reductions, impact on the Air National Guard, impact on other federal agencies and other issues related to the realignments of several main bases, including Grand Forks Air Force Base.

Mr. Chairman, that concludes my prepared presentation. As a reminder, if voted in favor of today, the commission will add Grand Forks for consideration for closure as opposed to OSD's original recommendation to realign. I'll gladly address any questions that you or the other commissioners may have prior to any motions that you might make.

MR. PRINCIPI: Thank you, Mr. MacGregor. General Newton?

GEN. NEWTON: Yes, Mr. Chairman. Mr. Chairman and fellow commissioners, we have heard testimony from several DOD leadership officials on what they feel is the importance of Grand Forks to the future vision of the United States Air Force. Clearly moving the UAV mission there is important to that vision, as well as I'm not terribly surprised that the data is not there that supports funding for UAVs going to Grand Forks at this time. I mean, many of us already know there's lots of turbulence in this part of the mission area for the Department of Defense.

Therefore, again, I think we as commissioners need to consider very seriously that desire as well as the statements that have been made by the Air Force and the Department of Defense leadership on keeping Grand Forks open.,

MR. PRINCIPI: Thank you, General Newton. I'll just add that I, too, have had discussions with senior Air Force officials and listened intently to the testimony yesterday by the vice chief of staff, General Moseley, about the importance of Grand Forks and the emerging mission requirements that he has programmed for Grand Forks. I further questioned him on the possibility that the commission may elect to reverse the decision on Ellsworth and, if that were to happen, would that change his position with regard to Grand Forks. He assured me that it would not as betting UAVs at Grand Forks would not want to do so at Ellsworth. So, I once again, associate my comments with that of General Newton.

Mr. Skinner?

MR. SKINNER: I have a question. How many -- under their proposal, they plan to move how many military and how many civilians out? Do you remember, Tim?

MR. MACGREGOR: Yes, sir. After the current proposal -- I don't have those numbers in front of me. It was approximately 20 -- Mr. Gingrich will provide that.

MR. GINGRICH: Mr. Commissioner, according to the COBRA runs in the realignment of Grand Forks' existing DOD recommendation, a total of 1,876 military civilian will be eliminated in this scenario and a total of 1,283 military and civilian will be realigned. Of the realigned, 146 officers, 836 enlisted, and 301 civilians will be realigned out of Grand Forks.

MR. SKINNER: So, it's 301, they're right over the -- what's the threshold on civilians to be considered by BRAC?

MR. MACGREGOR: 300.

MR. SKINNER: 300? Okay. So, the point is it had been 299 instead of 301 they could have done what they were wanting to do without going to the BRAC on realigning the fuel tanker fleet. Is that correct? Am I correct in my interpretation?

MR. CIRILLO: Technically correct, sir.

MR. SKINNER: Well, maybe it's only here because of the 301, but I think if it had been 296 it would probably have still been here anyway. I guess I can't argue with the 301 versus 396 that took it into the threshold. But, the point I'm making is the Air Force had a lot of flexibility to move the tankers and the squadron without presenting it to the BRAC. But, having presented it to the BRAC, and the fact that the

facility would have been open anyway, and listening to the mission that is for it, it doesn't appear to me to make -- I don't want to vote -- I've been told not to vote. But, it seems to me that there is a good argument not to -- I won't vote, but I'll say there's a good argument not to close it.

MR. GINGRICH: Mr. Commissioner, just to clarify the numbers. 301 civilians were being realigned. There is also 241 that were being eliminated. So, if you total those two numbers, they cross over the 300 threshold.

MR. SKINNER: Oh, okay. So it's realigned or, or -- okay. Good. That wasn't one of those other centers. Thank you.

MR. PRINCIPI: Mr. Bilberry?

MR. BILBRAY: Yes. I'd like to make my statements supporting what chairman and General Newton said in support of this particular proposition.

MR. PRINCIPI: Thank you, Mr. Bilberry. Mr. Coyle?

MR. COYLE: Thank you, Mr. Chairman. Mr. Small, Mr. MacGregor, you've already commented about the sworn testimony we received yesterday from General Moseley that there will be a UAV mission at Grand Forks. You say you have asked for programmatic data and you are beginning to get that?

MR. MACGREGOR: Yes, sir. That's correct. It's not data that specifically identifies Grand Forks for those UAVs. But, it is demonstrating the increase in procurement and in the procurement lines of the UAVs, which our assessment would conclude is probably more than a single base, such as Beale would be able to support. At some point, the

Air Force will need at least one, and I'm certain more down the road, facilities to bed down those UAVs.

MR. COYLE: Does it appear to you that you're going to get the programmatic data relative to those UAVs that you are going to need for your analysis?

MR. MACGREGOR: The programmatic data they have had available to date? Yes sir, we will.

MR. COYLE: Now, the Air Force has also attested in conversations that Grand Forks will have a continuing tanker mission. Have we requested programmatic data from the Air Force on that mission?

MR. MACGREGOR: We have not requested specific information regarding Grand Forks about the current program. The current status of the tanker replacement program is pending the results of the analysis of alternatives. As has been referenced in the past couple of years, in 2003 the Air Force presented to the Congress what it called the tanker road map, in which it specified that Grand Forks was to be the second of three bases to bed down, which at the time was the new KC-767, and would be the first of those three bases to have a complete set of aircraft.

But, with the demise of the KC-767 lease, the Air Force has specifically deferred primary reference to bed down locations of tanker replacement aircraft pending the results of the analysis of alternatives.

MR. COYLE: But, eventually, the Air Force is going to need new tankers.

MR. MACGREGOR: Yes, sir.

MR. COYLE: And this fracas with the tankers is going to get settled?

MR. MACGREGOR: Yes, sir.

MR. COYLE: Could we ask the Air Force for programmatic data with respect to the tanker mission?

MR. SMALL: Mr. Coyle, we have officially gone through the clearinghouse, received an answer back on the status of the tanker study, which is kind of the lynch pin of most of this discussion. It is in progress. It is coming to closure. Whether it comes to completion before this commission has fulfilled its mission, TBD.

I was not encouraged by it, but we did specifically ask and we have on the record a request for the study.

MR. COYLE: Does this commission --- do you feel it will be necessary for this commission to vote yes in order to get the information you need from the Air Force?

MR. SMALL: No, sir.

MR. COYLE: Thank you.

MR. PRINCIPI: Admiral Gehman?

ADM. GEHMAN: The realignment proposal, not our proposal, but the program or proposal of record the DOD realignment is the realignment of all the tankers out of Grand Forks. Is that correct?

MR. MACGREGOR: Yes, sir, that's correct.

ADM. GEHMAN: Which is a large number, right?

MR. MACGREGOR: Forty-four primary authorized aircraft, yes, sir.

ADM. GEHMAN: Now, is that proposal, the Department of Defense recommendation that's on the table, is that one of those proposals that

the GAO has commented upon in which credit for savings was taken from military spaces saved, whereas the military are actually just transferred to another base; and, therefore, the savings are inappropriately applied?

MR. GINGRICH: Mr. Commissioner, that is a correct statement. They have assumed significant military savings from the elimination of military personnel and the associated housing allowance with those personnel. In our initial calculations for Grand Forks realignment, it's approximately 80 percent of the overall savings.

ADM. GEHMAN: So, about 80 percent of the savings we question?

MR. GINGRICH: Yes, sir.

ADM. GEHMAN: So --

MR. GINGRICH: And, we would have to go back to get a more accurate figure, although 80 percent is probably in the ballpark. We would have to go back, rerun the COBRA run --

(Cross talk.)

ADM. GEHMAN: Without the --

MR. GINGRICH: -- moving those military personnel to another location.

ADM. GEHMAN: Right.

MR. GINGRICH: Yes, sir.

ADM. GEHMAN: Right. Okay. So, in the Department of Defense recommendation as it is right now, the savings, the payback, all that kind of stuff is -- we don't know what we have here. It's questionable.

MR. MACGREGOR: It includes manpower costs, yes, sir.

ADM. GEHMAN: Right. Which are wrong. At least, according to the GAO. okay, so, that's problematic to me. The recommendation as it stands essentially has no savings in it. So, okay.

MR. SMALL: If we're talking about the 614 residual and whether the complete closure would eliminate those 614 residual positions, and we deduce here that those numbers have zero value as far as our discussion, you are absolutely correct, sir. We're talking about zero.

ADM. GEHMAN: Good. Okay. Now, on the other side, then, the reason that this recommendation was turned into a realign at the last minute, according to the DOD letter, was to ensure something called -- by the same question I asked about Brunswick -- this thing called strategic presence in the north central part of the United States.

Now, as you rightly showed in your maps, there are several ways to show strategic presence in the north central part of the United States. We have one Air Force Base right down the road, which is staying open, Minot. Then we have another Air Force Base, Ellsworth, which is recommended for closing. And, if assuming that we are going to take the Department of Defense at their word and they want to keep strategic presence up in that area, it occurs to me that there are several ways to meet the Department of Defense requirement to keep strategic presence.

We could close this base and keep the other one open. We could close this base and keep the other one open. Or, we could close the other one and keep this one open.

So, it seems to me that the only way that we can compare is by treating both bases the same. That is, make them both closers and see which one sorts out. Are you with my logic here?

MR. SMALL: Yes, sir.

ADM. GEHMAN: Okay. So, since the realignment numbers were wrong, there's no savings in the realignment, or 20 percent of the savings maybe so 80 percent of the savings are not there. The rationale is presence. Then, we have to look at both bases and treat them equally is the way I look at it.

Unless I have got this wrong or you want to make a comment on my position.

MR. PRINCIPI: I would have a question -- clarification. If Grand Forks was closed, the vast majority of the savings wouldn't be there either. Whether it was realigned or closed, most of the savings are from the transfer of military personnel. So, either way the cost savings are erroneous. Am I correct?

MR. MACGREGOR: Sir, from my understanding of the way the COBRAs were run, the manpower costs associated with both Grand Forks and Ellsworth were included and may, by some, be considered erroneous. Yes, sir.

ADM. GEHMAN: But, at least if we treated the two bases the same, we would be able to compare apples to apples and oranges to oranges.

MR. PRINCIPI: I think from a strategic presence, you're absolutely correct. However, the Air Force has made clear, at least to me, that it would not be an apples to apples comparison because if Ellsworth were to remain open, if the commission decided to do that, the Air Force would not want to have bombers and a new generation of tankers and UAVs at Ellsworth. I mean, that was their response when I asked that very question that Admiral Gehman has just -- yes, sir.

(Cross talk.)

MR. MCGREGOR: It would likely be very difficult to mesh those three separate and distinct missions together on one airfield.

MR. SKINNER: But, on another point, they have made it clear that they believe the UAV mission belongs -- if they had the choice between the two, they would still put them in North Dakota. That's their preferred place. And, if they have enough UAVs, it's my understanding there would be no room for any traffic. So, the Ellsworth -- putting UAVs and maybe you have a better feel for it because you have worked with them -- but if there are enough UAVs and you have to clear the airspace, then having any flying mission other than UAVs at a particular base is problematic. Is that a fair statement.

MR. MACGREGOR: Yes, sir. In very broad terms, the UAVs require as unfettered and uncluttered airspace as possible. As we've seen during the course of hearings and other testimony from both South and North Dakota, the national airspace structures don't really touch those areas at all. So, in very broad pictures, both areas seem to have a pretty good opportunity to operate UAVs.

Previous experience has shown, though, with certain UAVs and their missions, operations require that an airfield be closed or sanitized at times for periods I have seen up to about 30 minutes after a UAV departs and 30 minutes prior to a UAV arrival. That all operations at the field were ceased pending the arrival or departure of that UAV.

MR. SKINNER: So, it makes an argument that if there is going to be a UAV mission, which the Air Force has said there's going to be, and it's going to be somewhere in that area, we clearly ought to take that

into consideration whatever facility, and they'll have their choice, probably, based on airspace and everything. We don't want to close a facility which might be one of the few facilities that would be available for UAVs, which require this unfettered airspace in broad spaces.

MR. MACGREGOR: Yes, sir. And one thing of note, too. When many folks think of UAVs, they think of fairly small aircraft. But, in terms of a Global Hawk, the wingspan of a Global Hawk, I believe, is that of a 737. And, newer versions are getting bigger. I stood next to one and I come -- I'm 6'2" -- and I come up to about the midpoint on the fuselage. It's a very large aircraft and it will require, and in significant numbers on the ramp, will require a significant amount of ramp space and space to operate.

MR. CIRILLO: Mr. MacGregor, if I could. Could you discuss? -- there's a suggestion that we discuss the military value scores of the Air Force for UAVs of the three installations that are under discussion right here, Minot, Ellsworth and Grand Forks. Just to give the commissioners a reminder of that.

MR. MACGREGOR: In terms of the UAV, the scores for Grand Forks were marginally higher than those of Ellsworth. When you break out the UAV MCI into four categories, Ellsworth scored higher than Grand Forks in two of those four categories. Their points, and I don't have the exact number at my fingertips, but it was within one to two percentage points. So, again, Grand Forks and Ellsworth were fairly compatible.

You will also see certain delegations and others have brought up issues that Ellsworth was ranked as the highest UAV base in the area by

a study conducted by Air Combat Command. But, I would note that Ellsworth was the only base in that area that was assessed by Air Combat Command. There were five total bases assessed. Minot and Grand Forks were not included in that assessment.

MR. SKINNER: If you look at these numbers, is it correct that it's about \$57 million to keep the base open? If I look at annual recurring savings of 173 and a realignment in 226.6 on a closure, that's roughly - - you know, am I correct in doing that? I just wonder what it's going to cost to keep the base open until the UAV mission becomes live?

MR. MACGREGOR: The best number that I have seen that really that speaks, and I'll defer to our COBRA specialist, was that it was a minimum of \$15.3 million annual base operating support costs. That does not include any costs associated with the manpower.

MR. SKINNER: 50.3?

MR. MACGREGOR: 15.3.

MR. SKINNER: 15.3.

MR. GINGRICH: Grand Forks, in current day operation, spends about \$26 million in base operation support. After the realignment, if the DOD recommendation goes through, that will drop down to \$15.4 million, or 42 percent leftover. So, if you put the same amount of people and equipment back in, you are likely to incur the original costs of about \$26.5 million per year to operate.

MR. SKINNER: Thank you.

MR. GINGRICH: That's just in BOS, not sustainment and recap.

MR. SMALL: Can I make a footnote to that, sir? This is just Small's -- too many years doing this stuff. You can close an airbase and

you can open an airbase. When you're halfway in between, you still have to maintain the airbase or you pay the repair to bring it back to shape. So, those numbers are probably the range, not necessarily the absolute what it will cost to stay open. What are its costs to stay closed? Because, depending -- if you go low, then you're going to probably incur costs at the other end when you try and go back in.

MR. PRINCIPI: Admiral Gehman?

ADM. GEHMAN: Mr. Chairman, not to beat a dead horse, but, I believe what I heard was that the distinction between Ellsworth and Grand Forks, as it ranked in the Air Force rankings for both UAVs and tankers and everything else, is so close as to be indistinguishable. Therefore, I feel that we need to treat the two bases the same in order to make this decision. That's the point I was making.

MR. MACGREGOR: Sir, just a point of clarity on that. In the UAV MCI, they are very close. In the tanker MCI, Ellsworth is fifth and Grand Forks was fortieth.

MR. PRINCIPI: And that's with bombers still at Ellsworth? In other words, if you kept --

(Cross talk.)

MR. MACGREGOR: No, sir.

MR. PRINCIPI(?): Okay.

MR. MACGREGOR: No, sir. The way the Air Force did it is they looked at each installation. They completely stripped it of all its aircraft and all it did was that specific mission. So, in terms of tankers, that was only as a stand-alone tanker base, not including the bombers.

MR. PRINCIPI: Not including the bombers. Okay.

MR. CIRILLO: And, in the Air Force's recommendation for Grand Forks, they pointed out, as just implied, that Grand Forks scored lower than any of the other tanker installations in military value. I believe it is rated as a tanker base.

MR. MACGREGOR: But, the other point that is germane is one of the reasons DOD cited for considering Grand Forks and not Ellsworth for the UAV mission was the notion of associating the Guard unit at Hector Field, which under current recommendations loses all of its aircraft but maintains all of its personnel. Having visited both installations, the folks at Hector are really excited about the opportunity to participate in a new emerging mission. That's something that General Wood, Mr. Wynne, General Moseley all spoke to yesterday was the ability to integrate our Guard partners in future Air Force mission.

MR. PRINCIPI: Thank you. Are any members recused from voting on this measure? Is there any further discussion or questions?

There being none, all those in favor of considering Grand Forks Air Force Base, North Dakota, for closure or for considering an increase in the extent of realignment, please raise your hand? (Pause.) All those opposed, please raise your hand? (Pause.)

Counsel?

MS. SARKAR: Yes, Mr. Chairman. The vote is three ayes, seven nays. Therefore -- there are no recusals. Sorry. Sorry. Excuse me. My fault. (Laughter.) I thought I'd throw in my own vote. Pardon me, Mr. Chairman. The vote stands at three ayes, six nays. Therefore, the Grand Forks Air

Force Base, North Dakota, will not be considered for closure or to increase the extent of realignment at this time.

Thank you, Mr. Chairman.

MR. PRINCIPI : Thank you. Let's proceed to Pope Air Force Base.

Mr. Small?

MR. SMALL: Thank you, Mr. Chairman. We have two gentlemen at the table that are going to work in sequence here. But, we brought them both up just to avoid the next chair shuffle. We will now discuss Pope Air Force Base. Mr. Mike Flinn will discuss Pope for you.

MR. FLINN: Good afternoon, commissioners. I would like to present a consideration for furthering the realignment of Pope Air Force Base.

(Inaudible.)

Can you hear me now?

I would like to present a consideration for furthering the realignment of Pope Air Force Base. The purpose for considering this add is to allow an alternative that was carried late into the development of the OSD BRAC report. This gives the commission the latitude to compare the OSD proposed action for leaving some airplanes at Pope Air Force Base to the alternative removal of all primarily assigned aircraft. Acceptance of either recommendation results in Pope reverting back to Fort Bragg and release of a majority of Air Force facilities back to the Army.

The current Department of Defense recommendation is to realign Pope Air Force Base. This realignment will be accomplished by transferring A-10s to Moody Air Force Base and C-130E aircraft to Little Rock Air Force Base, Arkansas, to consolidate the active duty C-130 fleet there.

The departing aircraft will be replaced with C-130Hs from Yeager Airport Air Guard station and Pittsburgh International Airport Air Reserve station to form an Air Force Reserve active duty associate unit. The Air Force Reserve command operation and maintenance manpower would also be relocated to Pope Fort Bragg and Pittsburgh would be closed. The operations, maintenance and expeditionary combat support would come from Mitchell Field Air Reserve station, Wisconsin. Property accountability would be transferred to the Army.

Related recommendations include Army-6 and -8. Army-6 relocates the Forces Command, or FORSCOM, VIP explosive ordnance support headquarters from Fort Gillem to Pope. Similarly, Army-8 relocates headquarters FORSCOM and headquarters Army Reserve Command from Fort McPherson to Pope.

The primary reasons for considering Pope for further realignment are noted on this slide. The Air Force base closure executive group considered Pope for closure as late as 19 April 2005. C-130s were ultimately retained to satisfy a request from the Army. However, locating C-130 Hs at Pope will not provide any strategic airlift capability. Because local jump qualification and current requirements are estimated to exceed the capability of the associate C-130 unit, both the training and strategic airlift needs will require augmentation from planes that are not based at Pope.

Finally, Title 32 considerations complicate the transfer of aircraft from Yeager to Pope. This slide depicts the potential loss of personnel relevant to the recommendation for further realigning Pope. This further realignment will increase direct personnel losses by 1,729

over the original OSD recommendations. However, these potential losses will be offset by gains associated with the Army recommendations.

With the relocation from Fort Gillem and Fort McPherson, a total direct loss for Fayetteville is reduced to 1,549. This loss is further offset by higher-paying positions associated with the headquarters of both the Army Reserve Command and FORSCOM.

Additionally, private housing turnover will increase commissions for realtors and commercial revenue will increase as a result of these headquarters relocations.

Next slide.

This table provides COBRA data results for the further realignment of Pope Air Force Base. Note that for a net implementation cost of \$6.4 million, accrued over a five-year period from 2006 to 2011, the net savings at year 2025 will be \$1.3 billion.

Next slide.

There are several issues related to this ad. As a result of reported discussions between the Air Force and the Army prior to the final OSD report to the commission, the Air Force recommended replacing a wing of active duty Air Force C-130E craft with an Air Force Reserve active duty associate squadron. However, some of the replacement C-130 Hs would come from Yeager Airport Air Guard station and may be encumbered by the issues related to Title 32 and relocation of state assets outside of the state where assigned.

As part of the original OSD recommendation, Fort Bragg will assume the basic operation and maintenance of facilities associated with Pope. Some concerns have been raised about the ability of the Army to operate

and maintain a major airport. The staff note that the Army operates large strategic launch platforms at other locations, including Biggs Field at Fort Bliss and Gray Field at Fort Hood.

A central issue pertaining to this recommendation is the informal operational training currently available where Army commanders can discuss mutual needs, tactics and limitations with their Air Force counterparts. The formal Air Force ground control functions, however, remain at Fort Bragg in all scenarios.

Next slide, please.

The acting deputy secretary of Defense response quoted here is part of the discussion contained in the July 14 OSD letter to the commission. Other operational functions that will remain at Pope Air Force Base include the aerial port squadron, air-to-ground command and control units, part of a training squadron and aeromedical evacuation squadron.

OSD notes that new opportunities for on-going joint operations will continue with planned deployment of air assets to Pope Fort Bragg.

The Air Force claimed a total net annual recurring savings of about \$36 million for not providing base operation support and re-capitalization and sustainment of facilities on Pope. Alternatively, the Army estimated total annual recurring costs for these areas to be about \$19.5 million.

The staff would like the opportunity to further investigate this difference of conclusions between the Defense and the government accountability office.

Next slide.

In closing, the purpose of this add consideration is to further realign Pope and return its assets to the Army. This add will allow further analysis of the military impacts and costs associated with removing permanently assigned aircraft from Pope while retaining their associated support organizations. We emphasize that the intent of this add is not to close the airport, but to transfer its operation to the Army in a manner consistent with airfield at other Army installations. The jump training support mission and strategic force projection mission capabilities will continue to be served, with or without assigned aircraft at Pope.

Are there any questions that I may answer at this time, prior to any motions that might be made?

MR. PRINCIPI: Thank you, Mr. Flinn.

Have any commissioners recused themselves from deliberating and voting on this measure? (No audible response.)

General Hill.

MR. HILL: Thank you, Mr. Chairman.

I think that this recommendation to add this and to study it from the staff is a solid one. Just given the differences in the amount of dollar savings, it requires us, I think, to take a hard look at this. The Army can clearly run Pope as it's configured in this thing. So we ought to take a look at this.

MR. PRINCIPI: Admiral Gehman.

MR. GEHMAN: I want to make sure that I understand -- my colleagues understand what this proposal is. The original DOD recommendation is to

move the active A-10 Wing out -- and we don't propose to -- we're happy with that? We're not relooking at that?

MR. FLINN: No -- yes, sir. We're not revisiting the A-10 issue, sir.

MR. GEHMAN: All right.

The original proposal is to move the 43rd Airlift Wing's 25 C-130s out?

MR. FLINN: Yes, sir.

MR. GEHMAN: And we're not looking at that?

MR. FLINN: Yes, sir. The trade -- this is really the C-130 discussion and --

MR. GEHMAN: I'm coming -- don't worry. I'm coming to --

MR. FLINN: Okay, you're getting there. I'll shut up, sir.

MR. GEHMAN: The original proposal -- the Department of Defense's -- the Department of Defense recommendation specifically says: Transfer all the real property to the Army. Do you want me to quote it? I just looked it up.

MR. : Yes.

MR. FLINN: It says transfer property accountability, yes, sir.

MR. GEHMAN: That's correct. So the airfield is being transferred to the Army, under the original proposal?

MR. FLINN: Yes, sir.

MR. GEHMAN: Okay. So I'm still looking for what we're studying here.

Now, the only thing that's moving in are two Air National Guard C-1 -- eight-plane C-130 squadrons?

MR. FLINN: Sixteen C-130s.

MR. GEHMAN: Two eight-plane --

MR. FLINN: Right, yes sir.

MR. : Yes, sir. One's a Guard, one's a Reserve.

MR. GEHMAN: Right. Okay. And what you're proposing is that we study not doing that; is that right?

MR. FLINN: That's correct.

MR. GEHMAN: So what you're doing is you're taking one little piece out of this great Air National Guard mess that we have, taking one little move out of it and deciding that we're going to study it all by itself?

MR. FLINN: In the context of Pope --

MR. GEHMAN: Mr. Chairman, I think this is out of order.

MR. : I disagree.

MR. GEHMAN: Well, okay, that's -- I believe that the original DOD proposal already covers the transfer of the real property to the Army; that whether the Army can operate it for \$19 million a year or \$22 million a year or \$23 million, that's none of our business. We don't care how much it's going to cost them to operate it. The Army can operate the airfield, that's stipulated; nobody has any problem with that.

And so the question is, should we take one of the scores and scores of C-130 moves, take it out of context and study it by itself. And so I'm lost about that.

MR. PRINCIPI: Thank you.

General Newton.

MR. NEWTON: Well, I think by taking a look at this part, it could certainly shed a different light on other moves with reference to C-130s. And as a result of that, I want to give us every opportunity to do that. Yeah, I agree with you that this is one small part of what's happening in North Carolina and what's happening at Pope. But it could be a very important part, and it certainly has an impact on the Air National Guard.

MR. : Mr. Chairman?

MR. PRINCIPI: Yes -- but I -- just a quick question. Following up with Admiral Gehman said, this would no longer be, quote, "Pope Air Force Base," this would be Fort Bragg Army Air --

MR. FLINN: Likely it would be -- yes, sir, likely it would be Pope Field at Fort Bragg. And the Army would own the asset, the Army would run base ops, the control tower, maintain the airfield.

MR. PRINCIPI: And what would be the command structure for the Air Reserve and the Air Guard? I mean, how do they interrelate with the Army?

MR. FLINN: Well, the Guard disappears -- in the recommendation that's in the book, the Guard disappears. The unit becomes a 16 U.E. Air Force Reserve active duty associate unit. And that would be --

MR. PRINCIPI: And they were a tenant -- and they were a tenant at --

MR. FLINN: They would be tenant on an Army installation. Associated with them and still remaining and not discussed in the book, really, is the fact that the Air Force's Air Medical Evacuation Squadron that is there now would remain as a tenant, as would the command element

to work the air-to-ground warfare that are embedded in the Army, and all those elements stay. And the aerial port stays, which is the magic that makes the load-out for Fort Bragg work.

MR. SKINNER: As I understand it, the 16 aircraft are -- eight are coming from Yeager, and eight are coming from Milwaukee.

MR. FLINN: No. Eight are from Yeager, and eight are from Pittsburgh, sir. They're --

MR. SKINNER: I was in Milwaukee, and they think they're going to Bragg.

MR. FLINN: Their ground people are. The ECS --

MR. SKINNER: Oh, that's right. The ground -- the unit is going to Bragg, but they're taking the airplanes and giving them to the active Army.

MR. FLINN: They're going to -- no. Sir --

MR. SKINNER: Active Air Force.

MR. FLINN: The planes are going to Little Rock Air Force Base.

MR. SKINNER: Yeah. Okay.

MR. FLINN: The planes go to the Air Force --

MR. SKINNER: That's the active Reserve --

MR. FLINN: Yes.

MR. SKINNER: -- the Reserve component at Little Rock. Aren't they going to the active Army -- active Air Force?

MR. PRINCIPI: There's a National Guard unit. There's a mobility wing there. And there's a training wing at Little Rock Air Force Base.

MR. SKINNER: Okay.

MR. PRINCIPI: I'm not sure exactly where those specific planes will come from Mitchell to Little Rock.

MR. FLINN: But physically, the planes do go to Little Rock, sir.

MR. SKINNER: And I guess is by -- we don't know how this is all going to play out, with the Guard, with the Reserves, with the 130s and everything else. But it appears to me by keeping this alive, if things fall out one particular way, there would really be no reason to have Pope Air Base other than a few little support facilities if, in fact, the aircraft arrived and there was a major -- no, that is correct.

MR. SMALL: No. I'm sorry. No, no. No. The 82nd Airborne requires --

MR. SKINNER: Oh, no, no. I understand what they need. But I'm saying from the Air Force's viewpoint, if the Air Force has no -- oh, no, I understand we need the facility. All I'm saying is, is to who operates it, the major argument for operating it -- being operated by the Air Force is because, number one, they've got active C-130s, associate units, or active airplanes, there and support functions that support Fort Bragg.

MR. SMALL: I don't think -- I don't think it's going to be operated by the Air Force. That's where I was confused at the outset. I thought there was -- even if we rejected this recommendation, at some point in time an Air National Guard or an Air Reserve unit could -- they could work out some kind of joint sharing agreement where --

MR. SKINNER: Oh, no. I understand that. But right now, as it's set up, we couldn't close Pope Air Force Base, even if they didn't have any airplanes, and all of the stuff coming in was coming in to support

Fort Bragg. You'd still have it open, but they wouldn't have any aircraft, depending on what happened, and it'd be a small support -- so I'm getting -- the point is that the Army is going to have a major control of it. It's still going to be called an air force base rather than Pope or Fort Bragg Army Airfield.

MR. SMALL: It will leave under the original recommendation from OSD, and we would not modify it by what we're discussing right now. The airfield, the real estate would return to the Army. The Army would operate the airfield: base ops, control tower, weather services, crash-fire, et cetera. The Air Force would be tenant -- and I'd say "Air Force" in a generic term. It could be Air Force Reserve/Guard. But the Air Force activity there would be tenant there. What we're discussing now is whether by -- there be 16 airplanes there as a unit equipped -- unit on the ground for missions PVD, but likely involving Fort Bragg, or would the Air Force have the option, through their central scheduling, to provide that mission support by using planes from wherever else.

MR. SKINNER: Okay. And I guess is -- I don't quite understand the original recommendation. If the Army's going to own the -- is going to do most of the management and own the real estate, you know, why did -- why didn't they, you know, give that flexibility to begin with? Why didn't they recommend the Army take it over, we become tenants as we need it?

MR. SMALL: This is a -- this is a little bit of a -- we're in the crack between the last of the Air Force deliberations and the 13 May report. The Air Force in late April was clean closed and out of Pope,

except for those air medical and other associated units we discussed.

(On) 13 May, lo and behold, we see we have 16 airplanes there.

MR. SKINNER: All right. Well, then -- then, all we'd be doing is opening the opportunity to look at the whole thing to see how it comes out.

MR. PRINCIPI: Yes.

MR. GEHMAN: I -- I would suggest that the Department of Defense recommendation is a transfer of all the real property to the Army, and nobody has any -- that's not on the table. The Air Force as a real property manager ceases, stops. That's not even proposed to be discussed.

I think that the issue boils down to this -- and this may be what the staff is trying to get at, but I must admit it's obscure to me -- and that is, should there be any 130s there at all. And that's why I say that in the great mix of hundreds of C-130s moving all over the country, why should we pick this one out to make a big study out of? And that's -- unless we want to put a marker down that because of the unique relationship with the Airborne, that there shall be C-130s there. Now, if that's the question, I could sign up to that kind of a study, but I don't think that's what the question is. So I must admit I do not know the purpose of this recommendation. I still do not know the purpose of this recommendation.

MR. PRINCIPI: Mr. Skinner?

MR. SKINNER: We're beating a horse here, because it looks to me like if we take the airplanes out, we go back -- the only reason they kept it instead of turning it totally over was because they put 16

aircraft in there. If you pull the 16 aircraft out as part of other process, not this process, then you would go back to where you would. But we couldn't do that because we hadn't put ourselves into that position to do it. So I see it as, if by our other actions we end up pulling all the aircraft out, they would want to do what they originally intended to do before they pulled it back and put aircraft in there, and we couldn't do that because we don't have that option on the table. And so therefore, I'd say vote on it because we don't know what's going to happen, and it may come out that way, it may not.

MR. PRINCIPI: Mr. Coyle?

MR. COYLE: I think Mr. Skinner just answered my question. But we all understand we're not going to deal with the Air Guard issues today. We'll deal with that in the future; nor, if this particular item is voted yes today, will we deal with it today. That's going to be decided along with all the others in the future as well.

If the commission votes yes on this item today, does it constrain in any way our examination of the Air Guard issues?

MR. SMALL (?): I don't see any way it would, sir.

MR. COYLE: Thank you.

MR. PRINCIPI: Any further questions or comments? (No response.)

All right, there being no confusion whatsoever -- (laughter) -- why we're doing this, all those in favor of considering Pope Air Force Base, North Carolina, for closure or to consider increasing the extent of realignment, please raise your hand. (A show of hands.) All those opposed, please raise your hand. (A show of hands.)

STAFF: Thank you, Mr. Chairman. The vote is 7 ayes, 2 nays. There are no recusals. Therefore, Pope Air Force Base, North Carolina, will be considered for closure or to increase the extent of realignment at this time. Thank you.

MR. PRINCIPI: Thank you.

Galena Air Force Base. I'm sorry; Forward Operating Location.

MR. SMALL: Yes, sir. Mr. Craig Hall will discuss Galena, sir.

CRAIG HALL (senior analyst, Defense Base Closure and Realignment Commission): Thank you, Mr. Small.

Chairman, commissioners, the next action for consideration is to close Galena Airport Forward Operating Location, located in Galena, Alaska. Galena Airport serves as a forward operating location for air intercept aircraft to respond to unauthorized intrusions to U.S. airspace in northwest Alaska.

Galena is one of two forward operating locations, or FOLs, in Alaska. The other is operated at King Salmon, Alaska, which is not affected by this action.

We believe the commission should consider a Galena closure because its mission could be accomplished at Eielson Air Force Base, Alaska. Eielson is about 270 air miles east of Galena. Under an existing DOD recommendation, Eielson Air Force Base would be realigned, but the airfield and certain facilities that could support the alert mission would be left intact.

Conducting the mission from Eielson Air Force Base rather than Galena might, however, require NORAD to launch aircraft slightly sooner than they would have launched at Galena to intercept aircraft entering

U.S. airspace, but that difference should have very little operational impact.

Next chart.

The Galena FOL is located on a small commercial airport and maintained by DOD contractor personnel. The Galena FOL is used on an as-needed basis when an increased alert posture is declared by NORAD. At one time, the aircraft at Galena were on a 24/7 alert. However, the daily alert mission was relocated to Elmendorf Air Force Base during the early 1990s. The aircraft are based at Elmendorf and sent forward to operate out of Galena when the threat is perceived high.

Galena was converted to a warm base in 1993. The rationale for maintaining two forward operating locations in Alaska was derived during the Cold War era, when the threat level was high. However, the security environment has changed, and the requirement for FOLs may no longer be valid.

Further, the increased performance of the F/A-22 over current air dominance fighters will reduce response times. Ultimately, the basing of F/A-22 aircraft in Alaska, currently planned at Elmendorf in 2008, will improve response times to potential intrusions to U.S. airspace.

If the commission decides to add Galena for consideration, we will work with the Air Force and NORAD to fully evaluate the impact of a Galena closure on NORAD mission requirements.

This slide depicts the personnel implications associated with this proposed action. As mentioned earlier, Galena is operated by a small number of contractor personnel. Closure would not impact DOD military or civilian personnel.

However, there could be other significant savings to the Air Force, such as cancellation of planned improvements to Galena. We understand that this could be significant -- over \$30 million through fiscal year 2012.

Certified DOD data on the financial aspects of a Galena closure do not exist. DOD was unable to generate a COBRA run for this session. However, we were able to obtain some information on the cost to operate Galena. The Air Force pays about \$11 million a year to maintain Galena. There could be other savings to the Air Force, such as cancellation of planned improvements, as I mentioned earlier. However, there could be some one-time costs, such as contract termination costs, potential refurbishment or upgrade to the alert facility at Eielson Air Force Base. But in the end, we believe that this action could result in significant net savings to the Air Force, as much as \$80 (million) or \$90 million over the BRAC implementation period.

There are three issues I'd like to discuss. First, as I mentioned, there is a requirement in a NORAD operational plan with respect to the Galena FOL. Closing Galena would impact execution of the plan and the NORAD air defense mission. However, DOD has stated that closing Galena will not create unacceptable risk to the NORAD NORTHCOM mission accomplishment. Staff believes that this requirement may be met at Eielson Air Force Base.

Second, Galena has been used in the past as an alternate landing location for Eielson. However, since the airfield at Fort Greely, Alaska, has recently reopened, it may be able to serve as an alternate landing site for the aircraft at Eielson.

Finally, the Galena Airport is located in a small community of about 700 people. Our staff estimated a negative job loss of 2.2 percent would result from a Galena closure, based on an economic area of about 2,000 people. There would also be some indirect negative economic impact on the local community.

In response to the commission's July 1st letter, DOD stated that closing the Galena forward operating location in Alaska and moving its missions to Eielson will not create unacceptable risk to NORAD NORTHCOM mission accomplishment. GAO did not comment on Galena in its BRAC report.

Mr. Chairman, that concludes my presentation.

I'd be pleased to answer any questions you have at this time before a motion is made.

MR. PRINCIPI: Have any commissioners recused themselves from deliberating or voting on this issue?

(No audible response.)

Is there any discussion or comments?

MR. HANSEN: Mr. Chairman?

MR. PRINCIPI: Yes, Mr. Hansen.

MR. HANSEN: You know it seems to me that when we were in the Alaska area looking at this, that all of the work that they're doing and everything they do could really be done at Eielson. It also -- when you bring up the idea that the F-22 is coming along, would be able to shorten that time element, would be another big factor in this thing. But I just caution the commission that when we get to the point of talking about Eielson and the recommendations that have been given to us

by the Air Force, that this is a factor right here and it may be taken into consideration.

Personally, I'm going to vote for this. I think it makes sense. I think we can save money. I don't think we're hurting anybody, and I think they're justified in what they're saying. But I just sure hope that we give some really serious thought to it when Eielson comes up because these two are tied very closely together, and if we're going to close this one, we better give some really -- second look at the proposal from Eielson.

Thank you, Mr. Chairman.

MR. PRINCIPI: Am I correct that the Galena facility is both the forward operating location, a Joint FOL, and a commercial airport, and that the commercial airport will remain in existence?

MR. HALL: It is a commercial airport. This recommendation would not close that airport.

MR. PRINCIPI: Thank you.

Is there any further discussion?

Mr. Coyle.

MR. COYLE: Just a clarification question. Mr. Hall, I believe you said the F-22s are slated to go to Elmendorf?

MR. HALL: Correct.

MR. COYLE: So depending on what was decided about Galena, would that suggest that some of those would go to Eielson also?

MR. HALL: No, it would not. They could go forward to Eielson in alert-status, but they would be permanently based at Elmendorf.

MR. COYLE: I understand.

MR. PRINCIPI: General Newton.

MR. NEWTON: Mr. Chairman, I'd just like to clear up a couple of things. One, as Mr. Chairman asked, you mentioned the alternate landing facility. Even if we close this FOL, because it's an airport that we anticipate will stay active, it could still be used an alternate landing. Is that correct?

MR. HALL: That is correct.

MR. NEWTON: Okay.

Final question then. When last have we had airplanes here, forward station, on alert?

MR. HALL: At Galena?

MR. NEWTON: Yes.

MR. HALL: It's been two to three years.

MR. NEWTON: Okay. Thanks.

MR. PRINCIPI: Any further questions or comments?

There being no further discussion, all those in favor of adding Galena Airport Forwarding Operating Location Alaska to the list of installations to be considered by the commission for closure or realignment, please raise your hand.

(No audible response.)

MR. PRINCIPI: Those opposed, please raise your hand.

(No audible response.)

MS. SARKAR: Thank you, Mr. Chairman.

The vote was unanimous. Therefore, Galena Airport Forward Operating Location Alaska will be considered for closure or to increase the extent of alignment at this time.

Thank you, Mr. Chairman.

MR. PRINCIPI: Thank you very much, gentlemen.

Let's proceed to the Joint Cross-Service Group.

MR. CIRILLO: Thank you, Mr. Chairman.

At this time I'm going to be able to introduce Mr. Dave Van Saun. Dave Van Saun is the team leader for the Joint Cross-Service issues, and Mr. Van Saun will introduce the three remaining considerations that are under review for today.

Dave.

DAVE VAN SAUN (Joint Cross-Service Team Leader, Defense Base Closure and Realignment Commission): Thank you, Mr. Cirillo.

Good afternoon, Mr. Chairman and commissioners.

As you can see, the Joint Cross-Service team has explored three items for your consideration for further investigation. First, we'll look at the Defense Finance Accounting Service, DEFAS, with Senior Analyst Marilyn Wasleski.

Marilyn.

MARILYN WASLESKI (Senior Analyst, Defense Base Closure and Realignment Commission): Good afternoon.

The motion before you --

MR. PRINCIPI (?): Okay.

MS. WASLESKI: The motion before you is to consider for closure or realignment the Defense Finance and Accounting Service or DEFAS sites that are the only sites scheduled to gain function from the current recommendation. As you're aware, the associated recommendation with this action is the proposal to close or realign 26 DEFAS sites into

three major centers located at Denver, Colorado; Columbus, Ohio; and Indianapolis, Indiana.

DEFAS's mission is to provide responsive professional finance and accounting services to the Department of Defense and other federal agencies. It is the working capital fund agency, which means rather than receiving direct appropriations, DEFAS earns operating revenue for products and services provided to its customers. Therefore, it is important that it does this at the lowest possible cost.

Next slide.

This consideration will allow the commission to add the three gaining sites so all DEFAS sites can be examined equally. There are no requirements at this time, and as previously stated, the related recommendation is to close or realign 26 DEFAS sites into three major centers.

The reasons for consideration are as follows. To review DEFAS's military-value criteria, staff believes DEFAS used military-value criteria that does not accurately reflect DEFAS operations. For example, being on a DOD installation carried more weight than locality pay. Given the fact that personnel costs are about half of DEFAS's budget, it appears that maybe this factor should have been given a higher weight. It would seem that being on a military installation was overemphasized, while personnel costs were underemphasized.

In addition, reviewing all sites may lead to an option that will reduce DEFAS's need to rehab buildings and obtain additional lease space, reduce personnel moves and locality pay costs. It may also help to minimize the economic impact on certain DEFAS sites that are more

severely impacted by the consolidation -- doing all this while still maintaining low operating costs and providing for strategic redundancy of operations.

Further, it will allow staff to perform in-depth analysis. If the commission votes to improve this action under consideration, three additional DEFAS sites will be added for review.

This slide shows the approximate number of additions currently at each of the three gaining sites in the first column and the number of positions to be gained on the DOD recommendation. DEFAS Denver would remain about the same, while Columbus is scheduled to increase by 60 percent and Indianapolis is scheduled to more than double the number of positions currently at the site.

As no final analysis has been completed on this recommendation, no updated COBRA data is available currently.

Staff analysis: In summary, the main issues for this consideration are four issues as follows: It allows for a comprehensive review of the recommendations and ability to perform independent analysis. We'll look at second issues to reduce renovation costs and reduce the need for additional leased space. Choosing additional sites with low-operating costs provide DEFAS savings.

Third, issues to reduce overall personnel costs. Choosing sites with lower locality pay, thus reducing personnel costs, a major portion of DEFAS budget.

Fourth is economic impact. The possibility of retaining sites with severe economic impacts. The DOD position is that an interactive process was used to review all DEFAS locations and the best-valued

solution was chosen using an optimization model; however, it must be pointed out, no economic impact on sites was considered. The community position has yet to be determined.

In response to the commission's letter to DOD, in which you asked why we're keeping DEFAS Denver, Columbus and Indianapolis open and closing remaining DEFAS site, the only scenario considered, the DOD response to this action is that an interative process was used to review all DEFAS locations by using an optimization model to develop a best-value solution that involved no military construction, only funds for reactivation or rehabilitation.

The optimization model was a tool used that allowed the OSD BRAC team to maximize the military value of facilities retained while reducing the excess capacity. The best-value business decision was made to get to the lowest number of sites, while discouraging but allowing for construction of new capacity, encouraging concentration of business lines into centers of excellence, DEFAS' three business lines will be military and civilian pay, contract and vendor pay and accounting services.

The models parameters included maximizing military value, while minimizing number of locations, looking at existing and expansion of excess capacity, also workforce availability, DOD force-protection standards and anchor sites for business operation integrity. There was no GAO comment on this recommendation.

I would like to point out that if this action is not voted on today, it does not preclude the commission from realigning functions that are proposed to go to one of the three gaining sites to other sites

deemed appropriate by the commission to remain open. It follows that by not adding the three sites, the commission cannot realign the sites below their current level or close any of the three sites.

This concludes my prepared testimony. I'm prepared to answer any further questions.

MR. PRINCIPI: Thank you, Ms. Wasleski.

As I understand this recommendation, it really is to assess whether going from -- whether three is the optimal number of DEFAS sites and the locations identified by Defense are the optimal sites.

MS. WASLESKI: Correct.

MR. PRINCIPI: We're not -- okay. And whether to add additional sites to the three. In other words, three, five, seven, whatever that number might --

MS. WASLESKI: Correct.

MR. PRINCIPI: Thank you.

Are there any -- or have any members recused themselves from deliberating or voting on this issue?

Are there any comments or questions?

Mr. Coyle.

MR. COYLE: Ms. Wasleski, do I understand correctly that the Department of Defense itself did not run COBRA calculations for all of the DEFAS sites?

MS. WASLESKI: Correct. They used an optimization model that determined the three sites, whether optimum number and just ran the COBRA on those three sites.

MR. COYLE: So they never did the arithmetic that would have allowed them through the COBRA model --I understand that they ran the optimization model, but they never did the arithmetic with the COBRA model that would have allowed them to compare all these sites?

MS. WASLESKI: Correct.

MR. COYLE: And if we vote yes on this item, you would see that all of those COBRA runs were done?

MS. WASLESKI: Go ahead.

MR. KARL GINGRICH (COBRA Analyst): Mr. Commissioner, let me clarify.

DOD did actually run one COBRA run and that was for the official recommendation that focused consolidating into the three sites. That COBRA recommendation has a net present value in 2025 of \$1.3 billion and has a one-time cost of \$282 million. It is an immediate payback within the first year.

What they did not do is do alternatives and then do those COBRA runs so that not only could you compare potential optimized solutions -- the costs associated with those optimized solutions. With this recommendation, it would allow us to go back there and do that and run some various iterations or alternatives, if you will.

MR. COYLE: That's what I was asking, and I think I understand.

So, for example, you will look at the alternative of, say -- I'm not suggesting that this is in any way the correct answer -- but if we vote yes on this item, you would then do COBRA analysis to determine whether Charleston was a better location than, say, Cleveland or

Limestone be a better location than Charleston. Was that correct that you'll do that?

MS. WASLESKI: We would have to -- when we get to that point. We'd have to do an analysis to get to what would be the more ideal sites to run the COBRA model on.

MR. COYLE: Yes. But to start among other things, you would do COBRA runs for other sites?

MS. WASLESKI: Other scenarios.

MR. COYLE: Thank you.

MR. PRINCIPI: Is it correct to say that several of the current DEFAS locations are located on military installations that were closed in previous BRAC rounds and were located there as perhaps a buffer to the closure or to backfill, to help those communities in some way?

MS. WASLESKI: Correct.

When DEFAS was established, they -- (inaudible) -- picking 26 sites, and many of those sites were chosen on bases that were BRACed in the early '90s in order to ameliorate the economic impact of those closures on those locations.

MR. PRINCIPI: So by closing them it's kind of a double, double shock, a double hit to these communities. That's not to say we don't want to achieve the greatest efficiency and build a good business model, but in the same vein, that's why they were placed there --

MS. WASLESKI: Right. And many of those communities have not fully recovered from that loss 10 years ago from a base closure.

MR. PRINCIPI: So this recommendation would allow us to take a look at this whole issue --

MS. WASLESKI: Correct.

MR. PRINCIPI: -- in a clean slate.

Thank you.

Are there any further questions or comments?

MR. BILBRAY: Mr. Chairman?

MR. PRINCIPI: Yes.

MR. BILBRAY: Just one question.

A lot of these spots like Rome, New York actually have a lot -- they were buildings that existed on this base, and they're government-owned. Is that correct?

MS. WASLESKI: Well Rome is in a government -- Air Force-owned facility --

MR. BILBRAY: Yes.

MS. WASLESKI: -- that lease back one dollar a year.

MR. BILBRAY: So it's actually not only is it economically feasible -- good for the community, it's cheaper because these are buildings and facilities owned -- had been owned by the United States government and are still owned by the United States government?

MR. PRINCIPI: That could very possibly be the case. I think worthy to look at.

Anything further?

Okay. There being no further questions or discussion, all those in favor of adding Defense Finance and Accounting Service Buckley Annex, Colorado, Defense Finance and Accounting Service Columbus, Ohio, and Defense Finance and Accounting Service Indianapolis, Indiana to the list

of installations to be considered by the commission for closure or realignment, please raise your hand.

All those opposed, please raise your hand.

MS. SARKAR: Mr. Chairman, the vote is unanimous; therefore the Defense Finance and Accounting Service Buckley Annex, Colorado, the Defense Finance and Accounting Service Columbus, Ohio, and the Defense Finance and Accounting Service Indianapolis, Indiana will be added to the list of installations to be considered by the commission for closure or realignment at this time.

Thank you, Mr. Chairman.

MR. PRINCIPI: Thank you, Ms. Wasleski.

We'll proceed now to number 11, Professional Development Education.

Next we have for Professional Development Education, Senior Analyst Syd Carroll.

MR. CARROLL: Mr. Chairman, Commissioners.

My presentation focuses on consolidating graduate education programs presently operated independently by the Department of the Navy at its post-graduate school in Monterey, California, and the Department of the Air Force at its institute of technology in Dayton, Ohio, with the language programs conducted by the Army's Defense Language Institute also located in Monterey, California. This consideration would require construction of some facilities in the Monterey, California area to accommodate an increase in students.

The list of realignment and closure recommendations presented to the commission by the Secretary of Defense does not contain any actions associated with this proposal. Although several scenarios were explored

and endorsed by DOD's joint education and training study group, none were included in DOD's final list of recommendations.

The purpose of this consolidation is to combine three schools with similar education missions. Currently both the Navy and the Air Force independently operate schools to provide graduate-level education courses and professional development education programs to service members, DOD civilians and foreign military personnel. The Army relies on universities for its graduate education needs, but does operate the defense language institute in Monterey, California to provide intensive language training for all service departments, DOD agencies and various other governmental agencies and intelligence activities.

This consideration would establish a single center on a university model for post-graduate and language instruction to replace three separate schools with similar missions and duplicate support structures. The emphasis on this consideration is the consolidation of common functions and the reduction of duplicate support and infrastructure. While we believe there may be opportunities to offer consolidated classes covering core curriculum courses in some graduate education programs, the need for continued service-specific instruction is recognized in this consideration.

This consideration -- next slide please. This consideration is an opportunity to provide significant cost savings, reduce educational infrastructure, eliminate operational redundancies, consolidate command management and instructional staffs for like-education programs, enhance the military value of DOD assets, promote further joint-service interaction and allow staff to perform in-depth analysis.

If this action is voted in favor of today, your actions will provide for the realignment of the Naval Post Graduate School, the Air Force Institute of Technology and the Defense Language Institute.

If implemented, this consideration will affect the number of military and civilian personnel assigned to each of the schools. Data provided by the Air Force for COBRA analysis shows that 271 permanent positions and 1,097 students would be relocated under the Air Force Institute of Technology to the Naval Post Graduate School. This represents less than 15 percent of AFIT's annual resident student population for relocation.

Available COBRA data shows a one-time cost for this consideration of \$62.7 million. The cost-payback period calculated by the COBRA model is 11 years. And the net present value of savings from this consideration through 2025 is estimated at 24.1 million (dollars). However, the actual savings from the consolidation may be much greater, as I will explain in a moment.

There are four primary issues being addressed at the present time regarding this consideration.

The first involves the availability of land at the Naval Post Graduate school for construction of additional facilities. There are indications that the available unrestricted land is very limited. Whether this is accurate and whether there is an adequate amount of land is unknown at this time.

Second is the availability of physicians in the Monterey area that accept TRICARE payments. We need to assess the availability of physicians to service an increased student population.

The final two issues involve the actual savings that would be achieved by this consideration.

For example, first is the basis for the number of Air Force students who would be relocated since the 1,097 student figure submitted by the Air Force represents a 71 percent increase over student throughput in previous years.

Secondly, is the accuracy of the military construction costs included in the COBRA analysis, and this is important because they account for 60 percent of the total one-time cost.

Third is the personnel cost savings that can be achieved through personnel reduction from program consolidation, since even a 10 percent reduction in staff through consolidation would result in a savings of nearly \$150 million over what was calculated through COBRA.

And lastly, we believe there are actions that can be taken to save base-operating support costs if the schools are consolidated.

Presently there are separate base structures and work forces for the Navy and Army schools in Monterey, even though they're only about two miles apart. A combined base support structure would reduce the duplicate support staff and cost.

My last slide highlights comments concerning this consideration made by the Department of Defense and the GAO. The DOD told us that maintaining graduate education is a core competency of the department. They also said that consolidation of the Naval Post-Graduate School with the Air Force Institute of Technology was considered during their BRAC deliberations, but consolidating the Defense Language Institute with these schools was not considered.

The GAO in its recently released report regarding the BRAC process stated that various issues uncovered by their work warranted further consideration by this commission. One of these issues involves the last-minute elimination by senior DOD officials of a recommendation to change how post-graduate education and training is provided.

Mr. Chairman, this concludes my prepared presentation. I will be happy to address any additional questions you or the commissioners have prior to any motions you might want to make.

MR. PRINCIPI: Thank you, Mr. Carroll.

Have any commissioners recused themselves from deliberating or voting on any of the three installations just briefed?

MR. BILBRAY (?): Mr. Chairman, consistent with my recusal, I would like my vote recorded as abstained.

MR. PRINCIPI: Thank you.

Are there any questions or comments for the panel?

GEN. NEWTON: Mr. Chairman?

MR. PRINCIPI: Please.

GEN. NEWTON: Sir, I don't have a problem with engaging in the process of deciding whether we should combine these functions. What I do have a problem with is we've decided -- seemingly we've decided already where this function should go. In that regard, it seems like to me we're taking it to possibly a very high-cost area. So instead of us making a decision today that we're going to study this to go to Monterey, we should be studying this to see where's the best place that this should go.

MR. PRINCIPI: Thank you, General. Is that part of the recommendation before us, that this to be consolidated at -- or co-located, I should say, co-located at Monterey or another location? Is that a possibility that might come out of this analysis if we vote in favor of this recommendation?

MR. CARROLL: Chairman, yes sir.

The idea here is to take the good look, take the good analysis and come and look, where is the most effective place to do this.

MR. SKINNER: Well then we would have to as I understand it, we would have to add all three schools -- you were really were adding two and we would have to add all three for either closure or realignment. In order to effectively do that, I think you have to have all three available for realignment or closure.

MR. CARROLL: Correct.

MR. SKINNER: -- (inaudible) --

MR. CARROLL: -- (inaudible) --

MR. SKINNER: -- transfers --

MR. CARROLL: -- closure.

MR. SKINNER: -- but it's a closure if you moving the institute, say, to Columbus, then it's closing it. So I think technically you'd probably have to have that language in there.

MR. CARROLL: That is correct.

MR. PRINCIPI: Okay.

MR. BILBRAY: Mr. Chairman, can legal counsel tell us the wording that went to the Secretary of Defense whether or not we can do what we're talking about doing now without -- I mean, I don't know what the

exact wording went up there, if it was to realign to Monterey, can you now say, but we're going to realign it to the other location?

MR. PRINCIPI: The language as I have before me, and I'm assuming that this is the language that we sent to the secretary, was basically cite the three post graduate schools, Naval Post Graduate School, Monterey, the Defense Logistic Language Institute Monterey and Air Force Institute Technology Wright-Pat to the list of installations to be considered by the commission for closure or realignment. So I think that's generic enough, broad enough to cover the concerns.

Okay?

MR. CIRILLO: And I could read the exact -- in your specific letter, it says what consideration was given to the closure or realignment of the Air Force Institute of Technology Wright-Patterson Air Force Base, Ohio and the Defense Language Institute of Monterey, California with Naval Post-Graduate School California to create a consolidated, professional development education center. That was specifically in your letter to the secretary.

MR. PRINCIPI: I -- Admiral Gehman?

MR. GEHMAN: For the proposal that you have before us, does it not include the possibility of the masters degree part of AFED, which is, of course, a tiny little part of AFED, that there would still be some people there teaching, granting masters degrees, but it would just be part of a post-graduate university? Is that not a possibility, or are -
- ?

MR. CIRILLO: Yes, sir, that is an option.

MR. GEHMAN: In other words, it might be that -- that if they teach aerospace at AFED, which I bet they do, that all the aerospace masters students ought to go there. And the physics students ought to go to Monterey, or something like that.

I kind of agree with General Newton here. We don't want to preclude any options here. We want to look at the best option. Is that -- are we together on that?

MR. CIRILLO: Absolutely, sir.

MR. PRINCIPI: Is there any further consideration, deliberation? Hearing none, all in favor of adding Post-Graduate School, Monterey, California, Defense Language Institute, Monterey, California, and Air Force Institute of Technology, Wright-Patterson Air Force Base, Ohio to the list of installations to be considered by the commission for closure realignment, please raise your hand.

Those opposed please raise your hand.

Counsel?

MS. SARKAR: Yes. Mr. Chairman, the vote was eight ayes, one refusal. Therefore the Naval Post-Graduate School, Monterey, California, Defense Language Institute, Monterey, California, and the Air Force Institute of Technology, Wright-Patterson Air Force Base, Ohio, will be added to the list of installations to be considered by the commission for closure/realignment at this time.

MR. PRINCIPI: Thank you. And thank you, Mr. Carroll.

Mr. Van Saun.

MR. VAN SAUN: Yes, Chairman. We now have our last one to consider today. We're going to realign the Joint Medical Command Headquarters. We have associate analyst Ethan Saxon, assisted by Elisha Manzia (sp).

MR. SAXON: (Off mike.)

MR. PRINCIPI: There we go.

MR. SAXON: Third time's the charm. The action under consideration would establish a single location to house the Army, Navy, Air Force Office of the Surgeons General, TRICARE management activity, OSD Health Affairs, and their combined headquarters support activity. This action would allow the commission to consider closing the Potomac Annex in Washington, D.C., which is home to the Navy Bureau of Medicine, and has excess headquarter capacity of over 80,000 square feet. Other medical commands at Bolling Air Force Base in Northern Virginia would be combined to a single headquarters. The foremost candidate for such a headquarters is the National Naval Medical Center in Bethesda, Maryland. But the action under consideration would allow the commission to examine other potential locations that could accommodate 400,000 square feet of general administrative space and sufficient parking.

There are two associated DOD recommendations. The first is the secretary's recommendation to realign the Walter Reed Medical Center. The second is the secretary's recommendation to establish an extramural research Center of Excellence at Bethesda that would bring together the Defense Advanced Research Projects Agency, DARPA; the Defense Threat Reduction Agency, the Office of the Naval Research, and other DOD research activity. While building both the research center and a medical command headquarters at Bethesda is feasible, the increased

building density drives up the cost of the recommendations. These costs are reflected in the COBRA data that I will present later.

Examining the concept of a joint medical command headquarters would afford the commission the opportunity to review the current infrastructure used by each service in its medical command, and identify duplicative support systems that exist in the current footprint, which includes over 166,000 square feet of excess capacity.

The Potomac Annex could be returned to the city for redevelopment. Meanwhile, other medical commands, which have a shortfall of space, such as the Air Force Medical Support Agency, would benefit from realignment. The secretary has already identified recommendations that would address joint warfighting in medical health care training and research, but unless the headquarters is off the table, this action under consideration would bring the same analysis to bear on the facilities of the commands that oversee medical services. A central medical command could promote jointness, reduce support staff and require less space.

The two charts that you see on the screen represent two options that could be implemented if the actions receives further consideration. And I apologize for the small font. The medical command could co-locate in a facility, retaining largely independent support staff, contractors and operating structures.

Alternatively -- the second chart there -- the medical commands could consolidate in an action that would share resources to a greater extent, resulting in the elimination of support positions in the smaller organizations consolidated, and hence require less space. You can see this reflected in the greater number of eliminations in the

consolidation scenario. Both these figures are drawn from data provided by the HSA Joint Cross-Service Group, using common support personnel savings factors.

It is important to note that in either scenario, the commission would not be considering the establishment of a unified medical command, but of a building which the various Army, Navy and Air Force medical commands would share. The focus of the action under consideration is on the installations, not activities.

As you would expect, COBRA data reveals significantly higher savings from consolidation than co-location. Co-location would yield an estimated annual savings of \$18 million, and savings of \$111 million through 2025. Consolidation would increase projected annual savings to \$42 million, and pay back the initial investment in two years. Both projections are based upon the building at Bethesda, and other locations may yield different data.

Next slide.

Initially, there are three associated issues that the commission could consider. The first is to review the optimum location for the command headquarters with the highest military value. It may be that Bolling Air Force Base, Anacostia Annex or the Walter Reed Army Medical Center is more attractive than Bethesda. The action under consideration would allow the commission to look at all possible locations.

The second issue for the commission to consider in its review and analysis is the associated recommendation to establish a joint extramural research center. Constructing this research facility

increases the density of buildings at Bethesda by an additional 500,000 square feet.

Since the space to build at Bethesda is finite, the commission could consider other suitable locations. For example, the Department of Defense strongly considered building the facility at the Anacostia Annex. Furthermore, DARPA Chief of Staff Ron Kurjanowicz briefed the commission on the 27th of May, 2005, that the move to Bethesda will affect DARPA's ability to successfully perform its mission. Reconsidering the DARPA recommendation would decrease the one-time cost of locating the medical commands there by about approximately \$20 million from the figure presented in the earlier COBRA data. This is because requirements for additional garage parking and other support facilities would be reduced.

This action under consideration would allow the commission to consider all alternatives for the use of Bethesda in its review analysis leading to final deliberation.

Regarding the economic impact, the final issue there, approximately 3,300 jobs would be shifting round the National Capital Region.

The secretary of Defense responded to the commission's request for comment with two key points that addressed the economic considerations of this action, not the inherent military value. The Department of Defense only looked at co-location of medical commands, not consolidation. When the Infrastructure Executive Council voted on the 4th of May, 2005, to retain the Uniformed Service University of Health Sciences, or USUHS, it dropped the proposal for co-location, as early

data suggested it was not as cost-effective just as a stand-alone recommendation.

According to the presentation made at that meeting, however, this decision was made with rough, uncertified data of the National Naval Medical Center, Bethesda. The data included no civilian personnel or contractor savings whatsoever for co-location.

The DOD decision also assumed that the joint extramural center would be placed at the same site, as I mentioned, driving up costs. As the data presented in the earlier COBRA slides indicates, this action would actually yield savings over the next 25 years of between \$110 (million) and \$395 million.

The GAO identified that the DOD examined this proposal for consideration, with no further comment.

A joint medical command headquarters would reduce excess headquarter capacity. This action under consideration would afford the commission the opportunity to examine the best possible location of a medical command headquarters, and in doing so, the commission would be able to review and analyze equally the medical commands in the same process that is already affecting medical care services and research facilities.

This concludes my prepared remarks, and I'm ready to address any further questions prior to any motion you may wish to offer.

MR. PRINCIPI: Thank you, Mr. Saxon, for excellent brief.

General Turner?

GEN. TURNER: Thank you, Mr. Chairman.

In general, I'm very supportive of this proposal, but I do have a lot of questions. This is not something new that the respective medical branches have just started considering; it's been on the table for years. It's my opinion that folks just haven't figured out how to make it happen.

I was encouraged to see that the Joint Cross Service Group did entertain the notion -- I'm not quite sure if they considered both co-location and consolidation. Do you know the answer to that?

MR. SAXON: Yes, Commissioner. The group only looked at the co-location of the commands together, not a consolidation.

GEN. TURNER: Okay. Which probably tells us something at this point in our history. There's no question that today there's questions of excess space. There's probably efficiencies and synergies, to use the words that we heard yesterday, to be gained by co-location. Finding the right location, however, I think, is going to be a fairly big undertaking. But I'm not sure it's our job, but I think it would be interesting and perhaps very helpful to the future of the respective medical branches to provide some assistance in this regard since we have stepped into it.

But I have a lot of questions swirling in my head about it, and I don't know that we can answer them all today. But I'd be interested in whatever my fellow commissioners are thinking about this.

MR. PRINCIPI: Well, thank you, General Turner. I'd just like to comment for a moment. I strongly support this proposal to consider the creation of a Joint Medical Command Headquarters. At a time when the Defense Department is considering or has recommended the co-location or

consolidation of enlisted medical training for corpsmen and medics at one location, I think this is a natural adjunct to that.

I also believe at a time of ever-increasing health care budgets -- at both DOD and, I remember, my agency of government, the VA -- consuming now some \$60-billion-plus in budget authority and outlays at Defense Department and the VA, anything that can be done to bring greater collaboration and coordination amongst the various services to help facilitate that both intra-agency and interagency, I think, could be a step in the right direction. And hopefully, this could help to open the lines of communication even more.

So I tend to support this initiative and consideration.

Admiral Gehman.

MR. GEHMAN: As this involves leased space in Virginia, I'm going to recuse myself from it.

GEN. TURNER: Mr. Chairman?

MR. PRINCIPI: I'm not sure it does, but if -- it will be in Virginia? (Off-mike response.)

GEN. TURNER: Mr. Chairman?

MR. PRINCIPI: Yes?

GEN. TURNER: One other thought before I totally lose track of it. On the slide it shows the Office of the Air Force Surgeon General being in leased space. Is that true? I missed that the first time I looked at it. Are they not all still at Bolling Air Force Base? I know I've been gone 10 years, but --

MR. SAXON: I believe that some of the Air Force medical commands also occupy leased space in either Skyline Drive or the Hoffman Building.

GEN. TURNER: Okay, but the slide says the Office of the Air Force Surgeon, though.

The other thing, just very quickly. We've heard mention a couple of times of possibilities at Bethesda or even the existing Walter Reed campus. Having toured that the other day, I would offer the opinion that there's just not a lot of excess capacity there to build, and I think this would take a good bit of square footage to make happen. I don't think it's going to happen there.

MS. WASLESKI: Commissioner Turner, I think that this particular recommendation will give us the possibility to look at other alternatives besides Bethesda.

GEN. TURNER: I agree. Thank you.

MR. PRINCIPI: Okay. Any further deliberations, comments?

Hearing none, all those in favor of adding Bureau of Navy Medicine, Potomac Annex, District of Columbia; Air Force Medical Command, Bolling Air Force Base, District of Columbia; TRICARE Management Activity, Office of the Surgeons General Military Departments and Office of the Secretary of Defense Health Affairs, all in Leased Space, Virginia, to the list of installations to be considered by the commission for closure or realignment, please raise your hand.

All those opposed, please raise your hand.

MS. SARKAR: Mr. Chairman, the vote is eight ayes, one recusal. Therefore, the Bureau of Navy Medicine, Potomac Annex, District of

Columbia; Air Force Medical Command, Bolling Air Force Base, District of Columbia; and the TRICARE Management Activity Office of the Surgeons General Military Departments and the Office of the Secretary of the Defense Health Affairs, all in Leased Space in Virginia, will be added to the list of installations to be considered by the commission for closure or realignment at this time.

Thank you, Mr. Chairman.

MR. PRINCIPI: Thank you, Counsel. I believe that concludes our deliberations for the day. On behalf of the commissioners, I want to express my deep gratitude to Charlie Battaglia, Frank Cirillo, to all the team leaders and staff of the commission; you are indeed the backbone of our efforts and our work. And we greatly appreciate your time and dedication to this commission.

This hearing is adjourned.

UNCERTIFIED